



# GT2025<sup>∞</sup>

THE GREAT TRANSFORMATION BEGINS WITH YOU AND ME





March 29, 2022

*via electronic mail*

**SECURITIES AND EXCHANGE COMMISSION**

Secretariat Building, PICC Complex,  
Roxas Boulevard, Pasay City, 1307

ATTENTION : **DIR. VICENTE GRACIANO P. FELIZMENIO, JR.**  
Markets and Securities Regulation Department

*via PSE EDGE*

**PHILIPPINE STOCK EXCHANGE, INC.**

PSE Tower, 28th Street cor. 5th Avenue,  
Bonifacio Global City, Taguig City

ATTENTION : **MS. JANET A. ENCARNACION**  
Head, Disclosure Department

*via electronic mail*

**PHILIPPINE DEALING & EXCHANGE CORP.**

29th Floor BDO Equitable Tower  
8751 Paseo de Roxas, Makati City 1226

ATTENTION : **ATTY. MARIE ROSE M. MAGALLEN-LIRIO**  
Head – Issuer Compliance and Disclosures Department

Gentlemen:

Attached is the SEC Form 20-IS (Definitive Information Statement) of Aboitiz Equity Ventures Inc. in preparation for its 2022 Annual Stockholders' Meeting for your files.

Kindly acknowledge receipt hereof.

Thank you.

Very truly yours,

**ABOITIZ EQUITY VENTURES INC.**

By:

**MANUEL ALBERTO R. COLAYCO**  
Corporate Secretary

# COVER SHEET

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S.E.C. Registration Number

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( Company's Full Name )

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(Business Address: No. Street City / Town / Province )

**MANUEL ALBERTO R. COLAYCO**

Contact Person

**02-8 886-2338**

Company Telephone Number

1	2		3	1
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Month Day

Fiscal Year

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FORM TYPE

4th Monday of April

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Month Day

Annual Meeting

N/A

Secondary License Type, if Applicable

**SEC**

Dept. Requiring this Doc

N/A

Amended Articles Number/Section

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Total No. of Stockholders

**x**

Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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# NOTICE AND AGENDA OF ANNUAL MEETING OF STOCKHOLDERS

## **ABOITIZ EQUITY VENTURES INC.**

32<sup>nd</sup> Street, Bonifacio Global City  
Taguig City, Metro Manila 1634, Philippines

**NOTICE** is hereby given that the Annual Meeting of the Stockholders of **ABOITIZ EQUITY VENTURES INC.** (the "Company") will be held on **April 25, 2022**, Monday at **2:30 p.m.** (the "2022 ASM"). The meeting will be conducted virtually and will be streamed live from NAC Tower, 32<sup>nd</sup> Street, Bonifacio Global City, Taguig City. The 2022 ASM is accessible through the hyperlink available in the Company's website at <https://aboitiz.com/2022asm> (the "ASM Portal") beginning on March 24, 2022.

The Agenda\* of the meeting is as follows:

1. Call to Order
2. Proof of Notice of Meeting and Determination of Quorum
3. Reading and Approval of the Minutes of the Annual and Special Stockholders' Meetings held on April 26, 2021 and December 10, 2021, respectively
4. Presentation of the President's Report
5. Approval of the 2021 Annual Report and Financial Statements
6. Appointment of the Company's External Auditor for 2022
7. Election of the Members of the Board of Directors
8. Ratification of the Acts, Resolutions and Proceedings of the Board of Directors, Corporate Officers and Management from December 10, 2021 up to April 25, 2022
9. Other Business
10. Adjournment

Only stockholders of record at the close of business on March 23, 2022 are entitled to notice of and to vote at this meeting.

In light of the continuing COVID-19 global pandemic, the Company will once again conduct a virtual stockholders' meeting as a prudent measure to protect the health and safety of its stockholders and as part of the Company's sustainability initiatives. The 2022 ASM will be streamed live through the ASM Portal at 2:30 p.m. (Philippine time) on April 25, 2022.

Stockholders may attend by registering at the ASM Portal beginning March 24, 2022 until 11:30 a.m. on April 25, 2022. Once registered, stockholders may send in questions or remarks through the ASM Portal.

Stockholders may vote through proxy, remotely, or *in absentia*.

Registered stockholders may cast their votes by remote communication or *in absentia* using the online voting platform available at <https://aboitiz.com/2022asm> beginning March 24, 2022. Votes cast by registered stockholders until 11:30 a.m. of April 25, 2022, will be tabulated and presented during the 2022 ASM. Stockholders may still vote after the cut-off time, and the final votes received through proxy and through the ASM Portal will be included in the minutes of the 2022 ASM and posted in the Company's website. The procedures for attendance and voting during the 2022 ASM are included in the Information Statement and will be distributed to the stockholders and published in the Company's website at [www.aboitiz.com](http://www.aboitiz.com) and in the PSE EDGE portal at [edge.pse.com.ph](http://edge.pse.com.ph).

Stockholders may send their duly accomplished proxies on or before the close of business hours on April 18, 2022 to the Corporate Secretary through email at [aboitizboardsecretariat@aboitiz.com](mailto:aboitizboardsecretariat@aboitiz.com) and hard copies at the 18th Floor, NAC Tower, 32<sup>nd</sup> Street, Bonifacio Global City, Taguig City. Validation of proxies will be on April 21, 2022 virtually from the Office of the Corporate Secretary. **WE ARE NOT SOLICITING PROXIES.**

For the Board of Directors:

  
**MANUEL ALBERTO R. COLAYCO**  
Corporate Secretary

\*The rationale for each Agenda item is explained in the attached Annex "A" and may also be viewed at AEV's website at <http://www.aboitiz.com/2022asm> under Annual Stockholders' Meeting in the Investor Relations Page.

**SECURITIES AND EXCHANGE COMMISSION**  
**SEC FORM 20-IS**  
**INFORMATION STATEMENT PURSUANT TO SECTION 20**  
**OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:  
☐ Preliminary Information Statement  
☒ Definitive Information Statement
2. Name of Registrant as specified in its charter: **ABOITIZ EQUITY VENTURES INC.**
3. Province, country or other jurisdiction of incorporation or organization: **PHILIPPINES**
4. SEC Identification Number: **CEO2536**
5. BIR Tax Identification Code: **003-828-269-000-V**
6. Address of principal office: **32<sup>ND</sup> STREET, BONIFACIO GLOBAL CITY  
TAGUIG CITY, METRO MANILA  
1634 PHILIPPINES**
7. Registrant's telephone number, including area code: **(02) 8 886-2800**
8. Date, time and place of the meeting of security holders:  

Date : **APRIL 25, 2022**  
 Time : **2:30 P.M.**  
 Place : Streamed live from NAC Tower, 32<sup>nd</sup> Street, Bonifacio Global City,  
 Taguig City accessible through the link available at the Company's  
 website at <https://aboitiz.com/2022asm>
9. Approximate date on which the Information Statement will be first to be sent or delivered to security holders:  
**MARCH 31, 2022**
10. In case of Proxy Solicitations: **No proxy solicitation is being made.**
11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the Revised Securities Act (Information on number of shares and amount of debt is applicable only to corporate registrants):

**Authorized Capital Stock: ₱10,000,000,000**

Title of Each Class	Par Value	No. of Shares	Authorized Capital Stock
Common	₱1.00	9,600,000,000	₱9,600,000,000
Preferred	₱1.00	400,000,000	₱400,000,000
<b>Total</b>		<b>10,000,000,000</b>	<b>₱10,000,000,000</b>

No. of Common Shares Outstanding as of December 31, 2021 **5,630,225,457**  
 Amount of Debt Outstanding as of December 31, 2021 **₱ 341,350,295,000.00**

Outstanding Fixed-Rate Peso Retail Bonds Issued by the Company:

Issue Date	Series	Amount of Issuance	Maturity Date	Tenor
August 2015	Series C	₱5 billion	August 2027	12 years
June 2019	Series A	₱3.4 billion	June 2024	5 years
June 2019	Series B	₱1.7 billion	June 2029	10 years
November 2020	Series C	₱6.9 billion	November 2023	3 years
November 2020	Series D	₱0.7 billion	November 2025	5 years
August 2021	Series E	₱5 billion	August 2025	4 years
August 2021	Series F	₱5 billion	August 2028	7 years

For a discussion on the Company's bond issuances, please refer to Section C Item 9.



12. Are any or all of registrant's securities listed in a Stock Exchange?

Yes X      No \_\_\_\_

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

**The common stock of the Company is listed at the Philippine Stock Exchange, Inc. (PSE).**

## INFORMATION REQUIRED IN INFORMATION STATEMENT

### A. GENERAL INFORMATION

#### Item 1. Date, time, and place of the 2022 Annual Stockholders' Meeting

Date of meeting : **April 25, 2022**  
Time of meeting : **2:30 p.m.**  
Place of meeting : Streamed live from NAC Tower, 32<sup>nd</sup> Street, Bonifacio Global City, Taguig City accessible through the hyperlink provided in the Company's website at <https://aboitiz.com/2022asm>

Approximate mailing date of this statement : **March 31, 2022**

Complete mailing address of the principal office of the Registrant : **18<sup>th</sup> Floor, NAC Tower,  
32<sup>nd</sup> Street, Bonifacio Global City,  
Taguig City, Metro Manila  
1634 Philippines**

#### Item 2. Dissenter's Right of Appraisal

There are no matters or proposed actions included in the Agenda of the 2022 Annual Stockholders' Meeting ("2022 ASM") that may give rise to a possible exercise by the stockholders of their appraisal rights.

Generally, however, the stockholders of Aboitiz Equity Ventures Inc. (AEV or the "Company", or the "Registrant"), in accordance with Section 80 of the Republic Act (RA) No. 11232 or the Revised Corporation Code of the Philippines ("Revised Corporation Code"), have the right of appraisal in the following instances: (a) in case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence; (b) in case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Revised Corporation Code; (c) in case of merger or consolidation; and (d) in case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

#### Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

- (a) Other than the election to AEV's Board of Directors, no current director or officer of AEV, or any associate of any of the foregoing persons, has substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon in the stockholders' meeting.
- (b) No director has informed AEV in writing that he intends to oppose any action to be taken by AEV at the meeting.

### B. CONTROL AND COMPENSATION INFORMATION

#### Item 4. Voting Securities and Principal Holders Thereof

##### (a) Class of Voting Shares as of March 23, 2022:

Nationality	Class of Voting Shares	Number of Shares	Percentage
Filipino	Common	5,278,970,309	93.76%
Non-Filipino		351,255,148	6.24%
Total No. of Shares Entitled to Vote		5,630,225,457	100%

Every stockholder shall be entitled to one vote for each share of stock held, as of the established record date.

**(b) Record Date**

All stockholders of record as of March 23, 2022 are entitled to notice of and to vote at AEV's 2022 ASM.

**(c) Election of Directors and Cumulative Voting Rights**

With respect to the election of directors, a stockholder may vote in person, by proxy, or through remote communication, or *in absentia*, the number of shares of stock standing in his own name in the stock and transfer book of the Company. A stockholder may vote such number of shares for as many persons as there are directors to be elected. He may also cumulate said shares and give one candidate as many votes as the number of directors to be elected, or distribute the shares on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast by the stockholder shall not exceed the total number of shares owned by him as shown in the books of AEV, multiplied by the number of directors to be elected, and provided further, that no delinquent stock shall be voted.

Section 5, Article I of the Amended By-Laws of AEV provides that voting upon all questions at all meetings of the stockholders shall be by shares of stock and not per capita. Moreover, Section 6 of the same Article states that stockholders may vote at all meetings either in person, or by proxy duly given in writing and presented to the Corporate Secretary for inspection, validation and recording, at least seven days prior to the said meeting. In addition, the Revised Corporation Code now allows stockholders of public companies (such as AEV) to cast their votes through remote communication or *in absentia*.

Nominations for independent directors are accepted starting January 1 of the year in which the nominee director is to serve. The table for nominations closes by February 15 of the year, unless the Board Environmental, Social, and Corporate Governance (ESCG) Committee (*formerly the Board Corporate Governance Committee*), acting as the Nomination and Compensation Committee, unanimously agrees to extend the deadline for meritorious reasons. Section 7, Article I of the Amended By-Laws of AEV provides that nominations for the election of directors, other than independent directors, for the ensuing year must be received by the Corporate Secretary no less than 15 working days prior to the Annual Meeting of Stockholders, except as may be provided by the Board in appropriate guidelines that it may promulgate from time to time in compliance with law.

No discretionary authority to cumulate votes is solicited.

Pursuant to Sections 4, 5, and 6 of Article I of the Amended By-Laws and Sections 23 and 57 of the Revised Corporation Code, which allow for voting through remote communication or *in absentia*, stockholders may access AEV's online web address at <https://abotiz.com/2022asm> beginning on March 24, 2022, in order to register and vote on the matters at the 2022 ASM. Stockholders may cast his/her votes online until 11:30 a.m. on April 25, 2022. A stockholder voting remotely or *in absentia* shall be deemed present for purposes of quorum.

Please refer to **Annex "E"** on the Requirements and Procedure for the Voting and Participation in the 2022 ASM for the detailed and complete information on voting via remote communication or *in absentia*, as well as on how to join the livestream for the 2022 ASM.

(d) Security Ownership of Certain Record and Beneficial Ownership and Management

(1) Security Ownership of Certain Record and Beneficial Owners (more than 5% of the voting shares) as of March 23, 2022:

Title of Class of Shares	Name, Address of Record Owner, and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held and Nature of Ownership (Record and/or Beneficial)	Percentage of Ownership
Common	1. <b>Aboitiz &amp; Company, Inc. ("ACO")</b> <sup>1</sup> Aboitiz Corporate Center, Gov. Manuel A. Cuenco Avenue, Kasambagan, Cebu City (Stockholder)	ACO	Filipino	2,735,600,915 (Record and Beneficial)	48.59%
Common	2. <b>PCD Nominee Corporation (Filipino)</b> <sup>2</sup> 37th Floor, Tower 1, The Enterprise Center, 6766 Ayala Avenue cor. Paseo de Roxas, Makati City, 1226 Metro Manila (Stockholder)	PCD participants acting for themselves or for their customers. <sup>3</sup>	Filipino	997,122,163 (Record)	17.71%
Common	3. <b>Ramon Aboitiz Foundation, Inc. ("RAFI")</b> 35 Lopez Jaena St., Cebu City (Stockholder)	RAFI	Filipino	426,804,093 (Record and Beneficial)	7.58%
Common	4. <b>PCD Nominee Corporation</b> <sup>4</sup> <b>(Foreign)</b> 37th Floor, Tower 1, The Enterprise Center, 6766 Ayala Avenue cor. Paseo de Roxas, Makati City, 1226 Metro Manila (Stockholder)	PCD participants acting for themselves or for their customers. <sup>5</sup>	Non-Filipino	337,091,841 (Record)	5.99%

<sup>1</sup> ACO, the major shareholder of Aboitiz Equity Ventures Inc., is a corporation wholly-owned by the Aboitiz family. No single stockholder, natural or juridical, owns 5% or more of the shareholdings of ACO.

<sup>2</sup> PCD Nominee Corporation (Filipino and Foreign) is not related to AEV. The beneficial owners of the shares held through a PCD participant are the beneficial owners thereof to the extent of the number of shares registered under the respective accounts with the PCD participant.

<sup>3</sup> Each beneficial owner of shares through a PCD participant is the beneficial owner of such number of shares he owns in his account with the PCD participant. AEV has no record relating to the power to decide how the shares held by PCD Nominee Corporation (Foreign and Filipino) are to be voted. Of the 997,122,163 shares held by PCD Nominee Corporation (Filipino), at least 335,420,280 shares or 5.96% of the voting stock of AEV are for the account of Papa Securities Corporation (PapaSec). AEV is not related to PapaSec.

<sup>4</sup> *Supra* Note 3.

<sup>5</sup> *Supra* Note 4.

## (2) Security Ownership of Management as of March 23, 2022 (Record and Beneficial)

Name of Owners and Position	Title of Class of Shares	No. of Shares and Nature of Ownership (Direct and/or Indirect)		Citizenship	Percentage of Ownership
<b>Enrique M. Aboitiz</b> Chairman of the Board	Common	6,000	Direct	Filipino	0.00%
		1,575,360	Indirect		0.03%
<b>Mikel A. Aboitiz</b> Vice Chairman of the Board	Common	10	Direct	Filipino	0.00%
		95,295,945	Indirect		1.69%
<b>Erramon I. Aboitiz</b> Director	Common	1,001,000	Direct	Filipino	0.02%
		77,074,387	Indirect		1.37%
<b>Sabin M. Aboitiz</b> Director/President and Chief Executive Officer	Common	14,415,651	Direct	Filipino	0.26%
		14,744,530	Indirect		0.26%
<b>Ana Maria A. Delgado</b> Director	Common	500	Direct	Filipino	0.00%
		27,591,555	Indirect		0.49%
<b>Justo A. Ortiz</b> Director	Common	1	Direct	Filipino	0.00%
		0	Indirect		0.00%
<b>Romeo L. Bernardo</b> Lead Independent Director	Common	100	Direct	Filipino	0.00%
		0	Indirect		0.00%
<b>Joanne G. De Asis</b> Independent Director	Common	100	Direct	Filipino	0.00%
		0	Indirect		0.00%
<b>Manuel R. Salak III</b> Independent Director	Common	100	Direct	Filipino	0.00%
		0	Indirect		0.00%
<b>Manuel R. Lozano</b> Senior Vice President/Chief Financial Officer/Corporate Information Officer	Common	171,028	Direct	Filipino	0.00%
		248,987	Indirect		0.00%
<b>Susan V. Valdez</b> Senior Vice President and Chief Corporate Services Officer	Common	769,926	Direct	Filipino	0.01%
		320,637	Indirect		0.00%
<b>Manuel Alberto R. Colayco</b> Senior Vice President – Chief Legal and Compliance Officer / Corporate Secretary	Common	45,087	Direct	Filipino	0.00%
		19,630	Indirect		0.00%
<b>Maria Veronica C. So</b> Senior Vice President – Group Treasurer	Common	0	Direct	Filipino	0.00%
		9,617	Indirect		0.00%
<b>Santanina Apolinaria B. Castro</b> First Vice President – Risk Management	Common	0	Direct	Filipino	0.00%
		13,414	Indirect		0.00%
<b>Christine C. Kempeneers</b> Data Privacy Officer	Common	0	Direct	Filipino	0.00%
		500	Indirect		0.00%

<b>Maria Lourdes Y. Tanate</b> Vice President – Group Internal Audit Head	Common	0	Direct	Filipino	0.00%
		74,386	Indirect		0.00%
<b>Mailene M. de la Torre</b> Assistant Vice President – Assistant Corporate Secretary	Common	0	Direct	Filipino	0.00%
		0	Indirect		0.00%
<b>Sammy Dave A. Santos</b> Assistant Corporate Secretary	Common	0	Direct	Filipino	0.00%
		0	Indirect		0.00%
<b>TOTAL</b>		<b>233,678,481</b>			<b>4.15%</b>

### (3) Voting Trust Holders of Five Per Centum (5%) or More of Common Equity

No person holds, under a voting trust or similar agreement, more than five percent (5%) of AEV's common equity.

### (4) Changes in Control

There are no arrangements that may result in a change in control of AEV during the period covered by this report.

## Item 5. Directors and Executive Officers

### (a) Directors and Officers for 2021-2022

The overall management and supervision of the Company is undertaken by its board of directors (the "Board"). The Company's executive officers and management team cooperate with the Board by preparing appropriate information and documents concerning the Company's business operations, financial condition and results of operations for its review.

#### (1) Directors for 2021-2022

The Company's Board is composed of nine directors, three of whom are Independent Directors, five are Non-Executive Directors, and one is an Executive Director. Below is the profile of each director for 2021-2022 with their corresponding positions, offices, and business experience held for the past five years. The directors were elected during AEV's 2021 ASM to serve for a term of one year.

#### **ENRIQUE M. ABOITIZ**

Chairman – Board of Directors

Age: 68

Citizenship: Filipino

Date of First Appointment: May 10, 1999

Tenure: 22 years

#### Committee Memberships:

Chairman - Board Risk and Reputation Management Committee

Member - Board Environmental, Social, and Corporate Governance Committee  
- Board Executive Committee  
- Board Cyber and Information Security Committee

#### Present Positions:

- Chairman of the Board - Aboitiz Equity Ventures Inc.\*
- Vice Chairman of the Board of Directors - Aboitiz & Company, Inc.

Previous Positions:

- Vice Chairman of the Board of Directors - Aboitiz Power Corporation\*

Educational and Professional Background:

- Bachelor of Science in Business Administration, Major in Economics, from Gonzaga University, Spokane, Washington, U.S.A.

Mr. Aboitiz is not connected with any government agency or instrumentality.

**MIKEL A. ABOITIZ**

Vice Chairman of the Board

Age: 67

Citizenship: Filipino

Date of First Appointment: May 15, 2017

Tenure: 4 years

Committee Memberships:

Member - Board Risk and Reputation Management Committee  
- Board Executive Committee

Present Positions:

- Vice Chairman of the Board - Aboitiz Equity Ventures Inc.\*
- Chairman of the Board of Directors - Aboitiz & Company, Inc.\*
- Trustee and Chairman - Ramon Aboitiz Foundation, Inc.

Previous Positions:

- Vice Chairman of the Board - Aboitiz Power Corporation\* (1998 - 2019)
- Vice Chairman of the Board - City Savings Bank, Inc. (2015 - 2016)
- President and Chief Executive Officer - City Savings Bank, Inc. (2001 - 2014)
- Senior Vice President - Aboitiz Equity Ventures Inc.\* (2004 - 2015)

Educational and Professional Background:

- Bachelor of Science in Business Administration from Gonzaga University, Spokane, Washington, U.S.A.

Mr. Aboitiz is not connected with any government agency or instrumentality.

**ERRAMON I. ABOITIZ**

Non-Executive Director

Age: 65

Citizenship: Filipino

Date of First Appointment: May 9, 1994

Tenure: 27 years

Committee Memberships:

Member - Board Audit Committee  
- Board Risk and Reputation Management Committee  
- Board Executive Committee

Present Positions:

- Director - Aboitiz Equity Ventures Inc.\*
- Director - Endeavor Philippines
- Chairman of the Board of Directors - Union Bank of the Philippines\*
- Board Observer - Aboitiz & Company\*

Previous Positions:

- President and Chief Executive Officer - Aboitiz Equity Ventures Inc.\* (2009 - 2019)
- Director / Chairman of the Board - Aboitiz Power Corporation\*
- Executive Vice President and Chief Operating Officer - Aboitiz Equity Ventures Inc.\* (1994 - 2008)
- Trustee - Philippine Disaster Recovery Foundation and Asian Institute of Management

Educational and Professional Background:

- Bachelor of Science Degree in Business Administration, Major in Accounting and Finance, from 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 & Young (2011).

Mr. Aboitiz is not connected with any government agency or instrumentality.

**SABIN M. ABOITIZ**

President and Chief Executive Officer  
Executive Director

Age: 57

Citizenship: Filipino

Date of First Appointment: May 21, 2018

Tenure: 4 years

Committee Memberships:

Chairman - Board Executive Committee

Member - Board Environmental, Social, and Corporate Governance Committee  
- Board Risk and Reputation Management Committee

Present Positions:

- Director/President and Chief Executive Officer - Aboitiz Equity Ventures Inc.\*
- Chairman of the Board - Aboitiz Power Corporation\*, Aboitiz Foundation, Inc., Aboitiz Infracapital, Inc., Aboitiz Land, Inc., CRH Aboitiz Holdings, Inc., Filagri Holdings, Inc., Manila-Oslo Renewable Enterprise, Inc., Republic Cement Services, Inc., SN Aboitiz Power - Benguet, Inc.
- Director/President and Chief Executive Officer - Aboitiz & Company, Inc.\*
- Chairman/Director/President and Chief Executive Officer - Aboitiz Renewables, Inc.
- Director/President - AEV CRH Holdings, Inc.
- Director - Aboitiz Construction International, Inc., Aboitiz Construction, Inc., AboitizPower International Pte. Ltd., AEV International Pte Ltd., Apo Agua Infraestructura, Inc., Lima Land, Inc., Pilmico Animal Nutrition Corporation, Pilmico Foods Corporation, Pilmico International Pte Ltd, Republic Cement & Building Materials, Inc., Therma Luzon, Inc., Therma South, Inc., Unity Digital Infrastructure Inc., Union Bank of the Philippines, Inc., and UnionDigital Bank, Inc.

Previous Positions:

- Executive Vice President and Chief Operating Officer - Aboitiz Equity Ventures Inc.\* (2015 - 2019)
- Senior Vice President - Aboitiz Equity Ventures Inc.\* (2015)
- First Vice President - Aboitiz Equity Ventures Inc.\* (2014 - 2015)

Educational and Professional Background:

- Bachelor of Science Degree in Business Administration, Major in Finance from Gonzaga University, Spokane, U.S.A

Mr. Aboitiz is not connected with any government agency or instrumentality.



**ANA MARIA A. DELGADO**

Non-Executive Director

Age: 41

Citizenship: Filipino

Date of First Appointment: December 11, 2018

Tenure: 4 years

**Committee Memberships:**

Member - Board Audit Committee

**Present Positions:**

- Director - Aboitiz Equity Ventures Inc.\*
- Executive Vice President, Chief Digital Channels Officer and Chief Customer Experience Officer - Union Bank of the Philippines\*
- Director - Aboitiz Infracapital, Inc.
- Director - Hedcor, Inc.
- Director - Lima Land, Inc.
- Director - City Savings Bank Inc.
- Non Executive Director - Singlife Philippines Inc.

**Previous Positions:**

- Director - Aboitiz Land Inc.
- Assistant Vice President for Product Management - Citibank, N.A. (2006 - 2008)

**Educational and Professional Background:**

- Bachelor of Arts degree in Art History/Painting from Boston College
- Master's Degree in Business Administration from New York University Stern School of Business.

Not a director of any other publicly-listed company.

Not connected with any government agency or instrumentality.

**JUSTO A. ORTIZ**

Non-Executive Director

Age: 64

Citizenship: Filipino

Date of First Appointment: May 9, 1994

Tenure: 24 years (until 2017)

**Committee Memberships:**

Chairman - Board Cyber and Information Security Committee

Member - Board Executive Committee

**Present Positions:**

- Director - Aboitiz Equity Ventures Inc.\*
- Chairman of the Board and/or Director - PETNET, Inc, City Savings Bank, Inc., Pilmico Foods Corporation, Concepcion Industrial Corporation\*
- Chairman of the Board - Philippine Payments Management, Inc., Fintech Philippines Association, Inc., Distributed Ledger Technology Association of the Philippines, Inc., Union Digital Bank
- Vice Chairman - Union Bank of the Philippines\*
- Board of Trustees - The Insular Life Assurance Co., Ltd., Philippine Trade Foundation, Inc.
- Member - Management Association of the Philippines, Makati Business Club, World Presidents Organization

Previous Positions:

- Director - Aboitiz Equity Ventures Inc.\* (1994 - 2017)
- Member of Board Audit Committee - Aboitiz Equity Ventures Inc.\* (2006 - 2017)
- Member of Board Risk and Reputation Management Committee - Aboitiz Equity Ventures Inc.\* (2009 - 2017)
- Chairman and Chief Executive Officer - Union Bank of the Philippines\* (1993 - 2017)
- Managing Partner-Global Finance Country Executive - Investment Banking - Citibank, N.A. (1990 – 1993)
- Country Executive-Investment Banking - Citibank, N.A. (1988 – 1990)
- Treasury Marketing Unit Head - Citibank, N.A. (1985 – 1988)
- Relationship Manager for various local, corporate multinational, and public sectors customers - Citibank, N.A. (1979 – 1985)
- Executive Assistant to Asia Pacific Human Resource Executive - Citibank, N.A. (1978 – 1979)
- Management Trainee - Citibank, N.A. (1977 – 1978)

Educational and Professional Background:

- Member of the Claustro de Profesores and Doctor of Humanities Degree (Honoris Causa) from the University of Santo Tomas (UST)
- Economics Honors Program (Magna Cum Laude) from Ateneo de Manila University.

Mr. Ortiz is not connected with any government agency or instrumentality.

**ROMEO L. BERNARDO**

Lead Independent Director

Age: 67

Citizenship: Filipino

Date of First Appointment: April 26, 2021

Tenure: 1 year

Committee Memberships:

Chairman - Board Environmental, Social, and Corporate Governance Committee  
- Board Related Party Transactions Committee

Member - Board Audit Committee  
- Board Risk and Reputation Management Committee

Present Positions:

- Lead Independent Director - Aboitiz Equity Ventures Inc.\*
- Chairman of the Board of Directors - ALFM Family of Funds, Philippine Stock Index Fund, Inc.
- Vice Chairman & Founding Fellow - Foundation for Economic Freedom
- Director - Bank of the Philippine Islands\*, Globe Telecom, Inc.\*
- Independent Director - PHINMA, Inc., RFM Corporation
- Managing Director - Lazaro Bernardo Tiu & Associates, Inc.
- Advisor - GlobalSource Partners
- Member - World Bank Philippine Advisory Group

Previous Positions:

- Lead Independent Director - Aboitiz Power Corporation\*
- Chairman - Federation of ASEAN Economic Societies
- President - Philippine Economics Society
- Undersecretary for International Finance - Department of Finance
- Alternate Executive Director - Asian Development Bank
- Independent Director - BPI Capital Corporation, BPI/MS Insurance Corporation, BPI-Philam Life Assurance Corporation
- Trustee & Member - Philippine Institute for Development Studies

- Advisor to Executive Director - World Bank, International Monetary Fund
- Deputy Chief - Philippine Delegation to the General Agreement on Tariffs and Trade (World Trade Organization)
- Finance Attaché - Philippine Mission to the United Nations
- Faculty Member - College of Business Administration of the University of the Philippines
- Member, Panel of Conciliators - International Centre for Settlement of Investment Disputes
- Various positions - National Power Corporation, Philippine National Bank

**Educational and Professional Background:**

- Bachelor of Science in Business Economics (magna cum laude) from the University of the Philippines
- Master's Degree in Development Economics from Williams College in Williamstown, Massachusetts, U.S.A.

Mr. Bernardo is not connected with any government agency or instrumentality.

**JOANNE G. DE ASIS**

Independent Director

Age: 71

Citizenship: Filipino

Date of First Appointment: April 26, 2021

Tenure: 1 year

**Committee Memberships:**

- Member - Board Environmental, Social, and Corporate Governance Committee
- Board Audit Committee
  - Board Risk and Reputation Management Committee
  - Board Related Party Transactions Committee
  - Board Cyber and Information Security Committee

**Present Positions:**

- Independent Director - Aboitiz Equity Ventures Inc.\*
- Senior Adviser - Morgan Stanley & Co
- Founder and Chairman - Globe Capital Partners LLC, U.S.A.
- Independent Director - Easycall Communications Philippines, Inc., Philippines
- Advisory Board Member - Anneberg Foundation Trust at Sunnylands, U.S.A
- Advisory Council Member - The International Institute for Strategic Studies, London
- Advisor - APEC Business Advisory Council

**Previous Positions:**

- Managing Director - Credit Suisse First Boston, New York City, U.S.A & London, U.K (1989 -1998)
- Director, International - Dillon Read & Company, New York City, U.S.A (1986 - 1988)
- Vice President - Morgan Stanley International, London, U.K (1981 - 1986)
- Associate - Morgan Stanley & Co. New York City, U.S.A (1997 – 1981)
- Advisory to the Treasury Department - Bangko Sentral ng Pilipinas (1984 – 1985)

**Educational and Professional Background:**

- Bachelor of Arts, Major in Communication Arts, from Maryknoll College
- Master of Business Administration from the Columbia University in New York, U.S.A.
- Executive Management Program from Stanford University in Palo Alto California, U.S.A.

Ms. De Asis is not connected with any government agency or instrumentality.

**MANUEL R. SALAK III**

Independent Director

Age: 61

Citizenship: Filipino

Date of First Appointment: 21 May 2018

Tenure: 2 years

**Committee Memberships:**

Chairman - Board Audit Committee

Member - Board Risk and Reputation Management Committee  
- Board Environmental, Social, and Corporate Governance Committee  
- Board Related Party Transactions Committee

**Present Positions:**

- Founder and Managing Director - AlphaPrimus Advisors Inc.
- Adviser for Special Projects - Asian Institute of Management and is a
- Board Director - Ateneo Center for Economic Research Department.
- Independent Director - Maxicare Philippines and a
- Trustee - World Surgical Foundation Philippines.

**Previous Positions:**

- Managing Director, Head of Asia for Clients Coverage and Corporate Finance – ING Bank N.V., (2008 to 2017)
- Managing Director and Country Head Philippines of ING Bank N.V. (1999 to 2008)
- Managing Director and Head of Corporate & Investment Banking of ING Barings Philippines (1999 to 2000)

**Educational and Professional Background:**

- Bachelor of Science Degree in Economics (Honorable Mention) from the Ateneo de Manila University
- Master's degree in Business Management from the Asian Institute of Management (AAA Awardee).

**Various Executive Management Courses From:**

- ING Business Manager Program from the ING Business School, Hamskerk, Netherlands,
- the Institut Européen d' Administration des Affaires ("INSEAD") Leadership Development Workshop in Singapore
- Harvard Business School, U.S.A

He is not a director of any other publicly-listed company. He is not connected with any government agency or instrumentality.

*\*Publicly Listed Companies*

**Performance Assessment and Attendance Reports of the Board**

In accordance with AEV's Revised Manual on Corporate Governance as amended on February 23, 2022, (the "Revised Manual"), the members of the Board and Board Committees conduct an annual self-assessment of their collective and individual performance. In addition, the directors assess the performance of the Company's corporate officers such as the Chairman of the Board, the Chief Executive Officer, the Chief Risk Officer, the Chief Compliance Officer, the Corporate Secretary, and the Group Internal Audit Head.

The members of the Board and the corporate officers are assessed based on the following criteria: (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 of Incorporation, and Amended By-Laws.

In addition, AEV directors are evaluated by its key officers based on the following criteria: (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) reputation. Assessment results are presented to the ESCG Committee as part of the nomination and selection process of incumbent Board members.

The Corporate Governance Code and the Revised Manual 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 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 the Board performance assessment exercise. The results of the assessment, as well as the recommendations from GGAPP, were presented and discussed at the Board ESCG Committee meeting on February 16, 2021.

For more discussion on the Board's (i) performance assessment, and (ii) attendance record at Board, Board Committee, and stockholders' meetings for the year 2021, please refer to Board Matters portion of Part III - Corporate Governance on page 186 of this Definitive Information Statement.

### **Nominations for Independent Directors and Procedure for Nomination**

The procedure for the nomination and election of the Independent Directors is in accordance with Rule 38 of the Securities Regulation Code ("SRC Rule 38"), AEV's Amended By-Laws, and AEV's Guidelines for the Nomination and Election of Independent Directors approved by the Board of Directors on March 23, 2017 (the "Amended Guidelines").

Nominations for Independent Directors were opened beginning on January 1, 2022 until February 15, 2022, in accordance with Section C(1) of the Guidelines. The period may be extended by the unanimous vote of the Board ESCG Committee for meritorious reasons.

SRC Rule 38 further requires the Board ESCG Committee (in its capacity as the Board Nomination and Compensation Committee) to meet and pre-screen all nominees and submit a final list of nominees to the Corporate Secretary, so that such list will be included in the Company's Information Statements. Only nominees whose names appear on the final list shall be eligible for election as Independent Directors. No other nominations shall be entertained after the final list of nominees has been prepared. The name of the person or group of persons who nominates an Independent Director shall be identified including any relationship with the nominee.

On February 16, 2022, the Chairman of the Board ESCG Committee submitted the final list of nominees to the Corporate Secretary. In approving the nominations for Independent Directors, the Board ESCG Committee considered the guidelines on the nominations of Independent Directors prescribed in SRC Rule 38, the Amended Guidelines, and AEV's Revised Manual. Mr. Romeo L. Bernardo, Lead Independent Director, is the incumbent Chairman of the Board ESCG Committee. The other voting members of the committee are Messrs. Sabin M. Aboitiz, Enrique M. Aboitiz, Manuel R. Salak III, and Ms. Joanne G. De Asis, while the ex-officio non-voting members are Mr. Manuel Alberto R. Colayco, Ms. Susan V. Valdez, and Mr. David Jude L. Sta Ana.

Independent Directors shall be elected at the stockholders' meeting during which other members of the Board are to be elected. However, no nominations for Independent Director shall be accepted at the floor during the 2022 ASM at which such nominee is to be elected.

Mr. Romeo L. Bernardo, Ms. Joanne G. De Asis, and Mr. Cesar G. Romero are the nominees for Independent Directors of AEV for the 2022 ASM. They are neither officers nor employees of the Company or any of its Affiliates, and do not have any relationship with the Company which would interfere with the exercise of independent judgment in carrying out the responsibilities of an

Independent Director. Attached as **Annexes "B-1", "B-2", and "B-3"** are the Certifications of Qualification of Messrs. Romero and Bernardo, and Ms. De Asis, respectively.

AEV stockholders, Messrs. Anecito Ranoa, Francis S. Cabanban, and Ms. Josephine Pabriga have nominated Mr. Romero, Mr. Bernardo, and Ms. De Asis, respectively, as the Company's Independent Directors. None of the nominating stockholders have any relation to the respective Independent Director they are nominating.

Mr. Cesar G. Romero is being nominated to the AEV Board for the first time. His profile with the corresponding professional background and experience for the past five years is found below:

**CESAR G. ROMERO**

Independent Director

Age: 56

Citizenship: Filipino

Date of First Appointment: N.A.

Tenure: 0 year

Previous Positions:

- President and Chief Executive Officer - Pilipinas Shell Petroleum Corporation\* (2016 - 2021)
- Vice President-Global Retail Network - Pilipinas Shell Petroleum Corporation\* (2013 - 2018)
- Vice President of Retail Sales and Operations East - Pilipinas Shell Petroleum Corporation\* (2009 - 2013)
- Vice President for Supply – East based in Singapore - Pilipinas Shell Petroleum Corporation\* (2007 - 2009)
- Vice President for Downstream Management Consultancy based in London - Pilipinas Shell Petroleum Corporation\*
- Business Assistant to the Executive Director - Shell's Global Downstream Business
- Shell's Scenario Planning Team - Pilipinas Shell Petroleum Corporation\* (1995)
- Refinery Engineer - Pilipinas Shell Petroleum Corporation\* (1987)

Educational and Professional Background:

- Bachelor of Science in Mechanical Engineering (Cum Laude) from the University of the Philippines
- Master's Degree in Business Administration (with High Distinction) from the University of Michigan
- Mr. Romero attended a variety of management development courses at the London Business School and the Wharton Business School.

Mr. Romero is not a director of any other publicly-listed company.

Mr. Romero is not connected with any government agency or instrumentality.

*\*Publicly Listed Company*

**Other Nominees for the Election as Members of the Board of Directors**

Included in the final list of nominees as conveyed by the Board ESCG Committee to the Corporate Secretary on February 16, 2022, the following were also nominated and qualified as candidates to the AEV Board of Directors for the 2022-2023 term:

**Enrique M. Aboitiz**

**Mikel A. Aboitiz**

**Erramon I. Aboitiz**

**Sabin M. Aboitiz**

**Ana Maria A. Delgado**

**Justo A. Ortiz**

Pursuant to Section 1, Article II of the Amended By-Laws of AEV, nominations for members of the Board, other than Independent Directors, for the ensuing year must be submitted in writing to the Corporate Secretary at least 15 working days prior to the ASM on April 25, 2022, or not later than March 31, 2022.

All other information regarding the positions and offices held by nominees are integrated in Item 5 (a) (1) above.

#### **Officers for 2021-2022**

Below is the list of AEV officers for 2021-2022 with their corresponding positions and offices held for the past five years. Unless otherwise indicated, the officers assumed their positions during AEV's organizational meeting in 2021 for a term of one year.

<p><b>ENRIQUE M. ABOITIZ</b> Chairman – Board of Directors</p> <p><i>Refer to Item 5 (a) (1) for the profile of Mr. Enrique M. Aboitiz.</i></p>
<p><b>MIKEL A. ABOITIZ</b> Vice Chairman – Board of Directors</p> <p><i>Refer to Item 5 (a) (1) for the profile of Mr. Mikel A. Aboitiz.</i></p>
<p><b>SABIN M. ABOITIZ</b> Director / President and Chief Executive Officer</p> <p><i>Refer to Item 5 (a) (1) for the profile of Mr. Sabin M. Aboitiz.</i></p>
<p><b>MANUEL R. LOZANO</b> Senior Vice President/ Chief Financial Officer/ Corporate Information Officer</p> <p>Age: 51 Citizenship: Filipino</p> <p><u>Committee Memberships:</u> Ex-Officio Member - Board Environmental, Social, and Corporate Governance Committee</p> <p><u>Present Positions:</u></p> <ul style="list-style-type: none"> <li>• Senior Vice President/ Chief Financial Officer/ Corporate Information Officer - Aboitiz Equity Ventures Inc.*</li> <li>• Chairman of the Board - Lima Water Corporation</li> <li>• Director - AEV International Pte Ltd. Archipelago Insurance Pte Ltd., Cebu Praedia Development Corporation, FBMA Marine, Inc., Metaphil, Inc., Pilmico Animal Nutrition Corporation, Pilmico Foods Corporation, Pilmico International Pte Ltd., Republic Cement &amp; Building Materials, Inc., Ronesgo Development Corporation, Gold Coin Management Holdings Pte Ltd., Union Bank of the Philippines*</li> <li>• Director and Treasurer - Aboitiz InfraCapital, Inc., Accuria, Inc., AEV CRH Holdings, Inc., AEV Properties, Inc., Aboitiz Impact Ventures, Inc.</li> <li>• Director/Vice President - AEV Aviation, Inc.</li> <li>• Alternate Director - AboitizPower International Pte Ltd., Pilmico Aqua Pte. Ltd.</li> <li>• Chief Financial Officer/Treasurer - Apo Agua Infraestructura, Inc.</li> <li>• Treasurer - Aboitiz Construction International, Inc., Aboitiz Construction, Inc., CRH Aboitiz Holdings, Inc., DDLS Aboitiz Inc.,</li> <li>• Trustee/Treasurer - Aboitiz Foundation, Inc.</li> </ul>

**Previous Positions:**

- First Vice President and Chief Financial Officer/Corporate Information Officer - Aboitiz Power Corporation\* (2014 - 2015)
- Chief Financial Officer – Generation -Aboitiz Power Corporation\* (2008 -2013)
- Chief Financial Officer & Director - Paxys, Inc.\*
- Director - Corporate Finance and Investment at NGL Pacific Ltd.
- Various Positions - Jardine Fleming and CLSA

**Educational and Professional Background:**

- Bachelor of Science in Business Administration degree from the University of the Philippines – Diliman
- Master’s Degree in Business Administration from the Wharton School of the University of Pennsylvania, U.S.A.

Mr. Lozano is not connected with any government agency or instrumentality.

**SUSAN V. VALDEZ**

Senior Vice President and Chief Corporate Services Officer

Age: 61

Citizenship: Filipino

**Committee Memberships:**

Ex-Officio Member - Board Environmental, Social, and Corporate Governance Committee  
Ex-Officio Member - Board Cyber and Information Security Committee

**Present Positions:**

- Senior Vice President and Chief Corporate Services Officer - Aboitiz Equity Ventures Inc.\*
- Director - Unity Digital Infrastructure Inc.
- Trustee - Aboitiz Foundation, Inc.

**Previous Positions:**

- Chief Human Resources Officer - Aboitiz Equity Ventures, Inc.\*
- First Vice President - Chief Reputation Officer and Chief Risk Management Officer - Aboitiz Equity Ventures, Inc.\* (2012 - 2013)
- First Vice President – Chief Reputation Officer - Aboitiz Equity Ventures, Inc.\* (2011 - 2012)
- President and Chief Executive Officer - Aboitiz Transport Systems Corporation (ATSC) (now 2GO Group, Inc.\*) (2009 - 2011)
- Executive Vice President and Chief Executive Officer of 2GO Division - Aboitiz Transport Systems Corporation (ATSC) (now 2GO Group, Inc.\*) (2004 - 2011)
- Executive Vice President and Chief Finance Officer - Aboitiz Transport Systems Corporation (ATSC) (now 2GO Group, Inc.\*) (1994 - 2004)

**Educational and Professional Background:**

- Certified Public Accountant.
- Bachelor of Science in Commerce, Major in Accounting (Cum Laude) from St. Theresa’s College.
- Master’s degree in Business Management from the University of the Philippines, and
- Management Development Program at Harvard Business School, U.S.A.

Ms. Valdez is not connected with any government agency or instrumentality.

Ms. Valdez is not a director of any publicly-listed company.



**MANUEL ALBERTO R. COLAYCO**

Senior Vice President - Chief Legal and Compliance Officer/ Corporate Secretary

Age: 52

Citizenship: Filipino

Committee Memberships:

Ex-Officio Member - Board Environmental, Social, and Corporate Governance Committee

Present Positions:

- Senior Vice President - Chief Legal and Compliance Officer/ Corporate Secretary - Aboitiz Equity Ventures Inc.\*
- Corporate Secretary - Aboitiz Power Corporation\*

Previous Positions:

- First Vice President Chief Legal Officer - Aboitiz Equity Ventures Inc.\* (2017 - 2018)
- General Counsel - AGP International Holdings Ltd., Atlantic, Gulf & Pacific Company of Manila, Inc. (2013 - 2014)
- Executive Director and Assistant General Counsel - J.P. Morgan Chase Bank N.A. (2010 - 2013)
- Vice President and Legal Counsel - DKR Oasis (Hong Kong) LLC (2007 - 2010)
- Associate - Skadden, Arps, Slate, Meagher & Flom, LLP (2000 - 2007)
- Associate - Romulo Mabanta Buenaventura Sayoc & De Los Angeles (1996 - 2000)

Educational and Professional Background:

- Bachelor of Arts in Economics from Ateneo de Manila University, Manila
- Juris Doctor degree from the Ateneo de Manila University
- Master of Laws degree from New York University School of Law, U.S.A.

Mr. Colayco is a member in good standing of the Integrated Bar of the Philippines and the New York State Bar.

Mr. Colayco is not connected with any government agency or instrumentality.

Mr. Colayco is also not a director of any publicly listed company.

**MARIA VERONICA C. SO**

Senior Vice President - Group Treasurer

Age: 50

Citizenship: Filipino

Committee Memberships:

N/A

Present Positions:

- Senior Vice President - Aboitiz Equity Ventures Inc.\*
- Group Treasurer - Aboitiz Power Corporation\*

Previous Positions:

- First Vice President - Deputy Group Treasurer - Aboitiz Equity Ventures Inc.\* (2020 - 2021)
- Vice President - Treasurer Services - Aboitiz Equity Ventures Inc.\* (2019 - 2020)
- Various treasury and finance position - Globe Telecom\* (2001 - 2017)

Educational and Professional Background:

- Bachelor of Science Degree in Business Management from the Ateneo de Manila University.
- Master's Degree in Business Management from the Asian Institute of Management

Ms. So is not connected with any government agency or instrumentality.

Ms. So is not a director of any publicly-listed company.

**SANTANINA APOLINARIA B. CASTRO**

First Vice President – Risk Management

Age: 46

Citizenship: Filipino

Committee Memberships:

Ex-Officio Member - Board Risk and Reputation Management Committee

Present Positions:

- First Vice President – Risk Management - Aboitiz Equity Ventures Inc. \*

Previous Positions:

- Vice President for Corporate Strategy and Business Development - Pilmico Foods Corporation (2017 - 2019)
- Assistant Vice President for Business Development - Pilmico Foods Corporation (2011 - 2017)
- Corporate Planning Manager - ABS-CBN Corporation (2007 - 2011)
- Senior Planning Analyst - San Miguel Purefoods Company (2002 - 2007)
- Senior Associate – Corporate Finance - Arthur Andersen (SGV & Co) - (1996 - 2002)

Educational and Professional Background:

- Bachelor of Arts Degree in Management Economics from the Ateneo de Manila University.
- Master's Degree in Business Administration from the University of the Philippines (Diliman).

Ms. Castro is not connected with any government agency or instrumentality.

Ms. Castro is not a director of any publicly-listed company.

**MARIA LOURDES Y. TANATE**

Vice President - Group Internal Audit Head

Age: 56

Citizenship: Filipino

Committee Memberships:

N/A

Present Positions:

- Vice President - Group Internal Audit Head - Aboitiz Equity Ventures Inc. \*

Previous Positions:

- Chief Audit Executive - Aboitiz Transport System (ATSC) Corporation (now 2GO Group, Inc.) (2009 - 2011)
- Assistant Vice President for Finance - Aboitiz Transport System (ATSC) Corporation (now 2GO Group, Inc.) (2005 - 2009)
- Senior Manager for Finance and Freight - Aboitiz Transport System (ATSC) Corporation (now 2GO Group, Inc.) (2000 - 2005)
- Manager and Head of Corporate Planning and Credit & Economic Research Departments - Prime Bank (1996 - 2000)
- Senior Assistant Cashier - Far East Bank & Trust Company (1986 - 1993)

**Educational and Professional Background:**

- Cum Laude with a degree of Bachelor of Arts in Economics from the University of the Philippines (Diliman).
- Master's in Business Administration from University of the Philippines (Diliman).
- Master's in Engineering and Technology Management from the University of Queensland, Australia.

Ms. Tanate is not connected with any government agency or instrumentality.

Ms. Tanate is also not a director of any publicly-listed company.

**CHRISTINE C. KEMPENEERS**

Data Privacy Officer

Age: 32

Citizenship: Filipino

**Committee Memberships:**

N/A

**Present Positions:**

- Data Privacy Officer - Aboitiz Equity Ventures, Inc.\*

**Previous Positions:**

- Risk Manager - Risk Management Team - Aboitiz Equity Ventures Inc.\* (2017 - 2019)
- Project Manager - Aboitiz InfraCapital, Inc. (2016 - 2017)
- Project Manager - AEV's infrastructure Strategic Business Unit (2016 - 2017)
- Management Associate - Citibank (2015 - 2016)
- Management Trainee - Manager - Union Bank of the Philippines\* (2010 - 2013)

**Educational and Professional Background:**

- Bachelor of Arts Degree in European Studies, International Business Track from the Ateneo de Manila University.
- Master of Business Administration, Major in Finance (with Distinction) from the Asian Institute of Management.
- PARIMA-ANZIIF Certified Risk Professional
- Crisis Management Certified Expert from the BCM Institute
- Certification from the Business Continuity Institute
- Certification from TUV Rheiland as Data Protection Officer.

Ms. Kempeneers is not connected with any government agency or instrumentality.

Ms. Kempeneers is not a director of any publicly-listed company.

**MAILENE M. DE LA TORRE**

Assistant Corporate Secretary

Age: 40

Citizenship: Filipino

**Committee Memberships:**

N/A

**Present Positions:**

- Assistant Vice President - Governance and Compliance and Assistant Corporate Secretary - Aboitiz Equity Ventures Inc.\*

- Assistant Vice President - Aboitiz Power Corporation\*
- Corporate Secretary - Therma Power, Inc., Therma South, Inc., Therma Visayas, Inc., Manila Oslo Renewable Enterprise Inc., Pilmico Foods Corporation, AEV CRH Holdings, Inc., SN Aboitiz Power Group, Enerzones Group, Pagbilao Energy Corporation
- Assistant Corporate Secretary - Cotabato Light & Power Company, Visayan Electric Co., Inc.

**Previous Positions:**

- Senior Associate General Counsel for Governance and Compliance - Aboitiz Equity Ventures Inc.\* (2016 - 2018)
- Associate General Counsel for Legal and Corporate Services - Aboitiz Equity Ventures Inc.\* (2010 - 2014)
- Associate - Esguerra & Blanco Law Office (2007 - 2010)

**Educational and Professional Background:**

- Bachelor of Arts Degree in Political Science (Cum Laude) from the University of the Philippines Diliman.
- Bachelor of Laws degree from University of the Philippines Diliman.
- Graduate Member of the Institute of Corporate Directors

Ms. de la Torre is a member in good standing of the Integrated Bar of the Philippines. She is not connected with any government agency or instrumentality. She is not a director of a publicly-listed company.

**SAMMY DAVE A. SANTOS**

Assistant Corporate Secretary

Age: 37

Citizenship: Filipino

**Committee Memberships:**

N/A

**Present Positions:**

- Senior Associate General Counsel for Governance and Compliance and Assistant Corporate Secretary - Aboitiz Equity Ventures Inc.\*
- Assistant Corporate Secretary - Aboitiz Power Corporation\*
- Assistant Corporate Secretary - Good Governance Advocates and Practitioners of the Philippines

**Previous Positions:**

- Associate General Counsel for Governance and Compliance - Aboitiz Equity Ventures Inc.\*
- Legal Counsel - Alliance Select Foods International\* (2016 - 2017)
- Counsel - Privatization Group and Office of Special Concerns of the Department of Finance (2016)
- Junior Associate - Quiason Makalintal Barot Torres Ibarra Sison & Damaso (2014 - 2016)

**Educational and Professional Background:**

- Bachelor of Arts in Humanities with Professional Certificate in Industrial Economics from the University of Asia and the Pacific, Manila.
- Master of Science in Industrial Economics from the University of Asia and the Pacific, Manila.
- Juris Doctor degree from the Ateneo de Manila University, Manila.

Mr. Santos is a member in good standing of the Integrated Bar of the Philippines. Mr. Santos is not connected with any government agency or instrumentality. Mr. Santos is not a director of a publicly-listed company.

\*Publicly Listed Company

## **Period in which the Directors Should Serve**

The Company's directors serve for a period of one year.

## **Term of Office of a Director**

Pursuant to the Company's Amended By-Laws, the directors are elected at each ASM by stockholders entitled to vote. Each director holds office until the next annual election for a term of one year and until his successor is duly qualified and elected, unless he/she resigns, dies, or is removed prior to such election.

Any vacancy in the Board other than by removal or expiration of term may be filled by a majority vote of the remaining members at a meeting called for that purpose, if they still constitute a quorum. Otherwise, said vacancy must be filled by the stockholders or members in a regular or special meeting called for that purpose. The director so chosen to fill a vacancy shall serve for the unexpired term of his/her predecessor in office.

When the vacancy arises as a result of removal by the stockholders or members, the election may be held on the same day of the meeting authorizing the removal and this fact must be so stated in the agenda and notice of said meeting. In all other cases, the election must be held no later than 45 days from the time the vacancy arose. The director so chosen to fill a vacancy shall serve for the unexpired term of his/her predecessor in office.

When the vacancy prevents the remaining directors from constituting a quorum and emergency action is required to prevent grave, substantial, and irreparable loss or damage to the corporation, the vacancy may be temporarily filled from among the officers of the corporation by unanimous vote of the remaining directors. The action by the designated director shall be limited to the emergency action necessary, and the term shall cease within a reasonable time from the termination of the emergency or upon the election of the replacement director, whichever comes earlier.

## **(2) Significant Employees**

AEV considers the contribution of every employee important to the fulfillment of its goals.

## **(3) Family Relationships**

Messrs. Erramon, Enrique, and Sabin Aboitiz, are brothers. Mr. Mikel A. Aboitiz is the uncle of Ms. Ana Maria A. Delgado. Other than these, no other officers or directors are related within the fourth degree of consanguinity.

## **(4) Involvement in Certain Legal Proceedings as of March 23, 2022**

To the knowledge and/or information of AEV, none of its nominees for election as directors, its current members of the Board or its executive officers is presently involved in any legal proceeding or bankruptcy petition or has been convicted by final judgment, or being subject to any order, judgment or decree, or has violated the securities or commodities law in any court or government agency in the Philippines or elsewhere for the past five years until March 23, 2022, which would put to question his/her ability and integrity to serve AEV and its stockholders.

## **(5) Certain Relationships and Related Transactions**

AEV and its Subsidiaries (the "Group"), in their regular conduct of business, have entered into related party transactions (RPT) consisting of professional and technical services, rental, money market placements, and power sales and purchases. These are made on an arm's length basis.

ACO, the parent company of AEV, and certain Associates have service contracts with either AEV or AboitizPower (parent companies) for corporate center services rendered, such as human resources, internal audit, legal, treasury and corporate finance, among others. These services are obtained from AEV and AboitizPower to enable the Group to realize cost synergies. The parent companies maintain a

pool of highly qualified professionals with business expertise specific to the businesses of the Group. Transactions are priced on an arm's length basis, and covered with service level agreements to ensure quality of service.

ACO and certain Associates are leasing office spaces from CPDC, a Subsidiary of AEV. Rental rates are comparable with prevailing market prices. These transactions are covered with lease contracts for a period of three years.

The Group has cash deposits and money market placements with UnionBank and CitySavings, AEV's banking Associates. These are earning interest at prevailing market rates.

Power generation Subsidiaries sell to certain power Associates based on their respective power supply agreements. Meanwhile, power distribution Subsidiaries purchase from certain generation Associates based on existing power purchase agreements.

A wholly-owned construction and steel fabrication Subsidiary of ACO renders its services to the Group for the construction of new power plants.

The Company's retirement benefit fund (the "Fund") is in the form of a trust being maintained and managed by an independent committee composed of select officers of the Company. The Fund has investments in the equity of the Company, AboitizPower, and UnionBank.

No other transaction, without proper disclosure, was undertaken by the Company in which any director or executive officer, any nominee for election as director, any beneficial owner (direct or indirect) or any member of his immediate family was involved or had a direct or indirect material interest. Other than what has been discussed in this Information Statement and the Company's 2021 Annual Financial Statements, there are no other related party transactions entered into by the Company with related parties, including transactions with directors or self-dealings by the Company's directors.

AEV employees are required to promptly disclose any business and family-related transactions with the Company to ensure that potential conflicts of interest are determined and brought to the attention of management.

AEV's RPT Committee has the mandate to ensure that related party transactions are taken on an arms' length basis and within market rates, with sufficient documentation, and coursed through all appropriate levels of approval necessary. AEV's current RPT Policy continues to ensure that RPTs are conducted at arms-length and at market prices, and undergo the appropriate approval process.

In 2021, the RPT Committee (1) continued to ensure that RPTs are taken on an arm's-length basis and within market rates, with sufficient documentation, and coursed through the appropriate levels of approval; (2) updated the RPT Certification for Directors and Officers in compliance with relevant BIR regulations on the reporting guidelines for the transactions of individuals and juridical entities with related parties; (3) updated its committee charter and the Company's RPT Policy to further strengthen the process of reviewing, reporting, and approval of all RPTs, particularly those falling below the SEC-defined materiality threshold.

For detailed discussion on RPTs, please refer to the notes of the Company's consolidated financial statements.

## **(6) Parent Company**

AEV's parent company is Aboitiz & Company, Inc. It owns 48.59% of the voting shares of AEV as of March 23, 2022.

### **(b) Resignation or Refusal to Stand for Re-election by Members of the Board of Directors**

No director has resigned nor declined to stand for re-election to the Board since the date of AEV's last ASM because of a disagreement with AEV on matters relating to its operations, policies, and practices.

## Item 6. Compensation of Directors and Executive Officers

### (a) Summary of Compensation of Executive Officers

Information as to the aggregate compensation paid or accrued to AEV's Chief Executive Officer and four most highly compensated executive officers, as well as other directors and officers during the last two completed fiscal years and the ensuing fiscal year are as follow:

Name of Officer and Principal Position	Year	Salary	Bonus	Other Compensation
<b>CHIEF EXECUTIVE OFFICER AND FOUR MOST HIGHLY COMPENSATED OFFICERS</b>  <b>1. SABIN M. ABOITIZ</b> <i>President and Chief Executive Officer</i>  <b>2. MANUEL R. LOZANO</b> <i>Senior Vice President and Chief Financial Officer</i>  <b>3. SUSAN V. VALDEZ</b> <i>Senior Vice President and Chief Corporate Services Officer</i>  <b>4. MARIA VERONICA C. SO</b> <i>Senior Vice President – Group Treasurer</i>  <b>5. MANUEL ALBERTO R. COLAYCO</b> <i>Senior Vice President – Chief Legal and Compliance Officer/Corporate Secretary</i>				
<b>All above named officers as of group</b>	<b>Actual 2021</b>	<b>₱115,012,858.00</b>	<b>₱13,813,339.00</b>	<b>₱13,099,689.00</b>
	Actual 2020	₱124,827,093.00	₱12,820,286.00	₱12,078,840.00
	Projected 2022	₱126,514,144.00	₱15,194,673.00	₱14,409,658.00
<b>All other directors and officers as a group unnamed</b>	<b>Actual 2021</b>	<b>₱26,219,583.00</b>	<b>₱3,189,802.00</b>	<b>₱103,699,729.00</b>
	Actual 2020	₱27,379,473.00	₱3,937,891.00	₱78,437,151.00
	Projected 2022	₱28,841,541.00	₱3,508,782.00	₱114,069,702.00

The 2020 Amended By-Laws of the Company as approved by the Securities and Exchange Commission (SEC) on October 1, 2020 defined corporate officers as follows: the Chairman of the Board; the Vice Chairman; the Chief Executive Officer; the Chief Operating Officer; the Treasurer, the Corporate Secretary; the Assistant Corporate Secretary; and such other officers as may be appointed by the Board. For the year 2021, the Company's Summary of Compensation of Executive Officers covers the compensation of officers as reported under Item 5 (a)(1) of the Information Statement.

Except for the regular company retirement plan, which by its very nature will be received by the officers concerned only upon retirement from the Company, the above-mentioned officers do not receive any other compensation in the form of warrants, options, and/or profit-sharing.

There is no compensatory plan or arrangement between the Company and any executive in case of resignation or any other termination of employment or from a change-in-control of the Company.

### (b) Compensation of Directors

#### (1) Standard Arrangements

AEV directors receive a monthly allowance of ₱150,000.00 while the Chairman of the Board receives a monthly allowance of ₱200,000.00. In addition, each director/member and the Chairmen of the Board and the Board Committees receive a per diem for every Board or Board Committee meeting attended as follows:

Type of Meeting	Directors	Chairman of the Board
Board Meeting	₱150,000.00	₱225,000.00

Type of Meeting	Committee Member	Chairman of the Committee
Board Committee Meeting (except Audit Committee)	₱100,000.00	₱150,000.00
Audit Committee	₱100,000.00	₱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 follow:

Name of Director	Total Compensation Received by Directors <sup>6</sup>
<b>ENRIQUE M. ABOITIZ</b> <i>Chairman of the Board</i>	₱6,410,000.00
<b>MIKEL A. ABOITIZ</b> <i>Vice Chairman of the Board</i>	₱4,300,000.00
<b>ERRAMON I. ABOITIZ</b> <i>Director</i>	₱5,625,000.00
<b>SABIN M. ABOITIZ*</b> <i>President and Chief Executive Officer</i>	₱5,050,000.00
<b>ANA MARIA A. DELGADO*</b> <i>Director</i>	₱4,050,000.00
<b>JUSTO A. ORTIZ*</b> <i>Director</i>	₱3,700,000.00
<b>ROMEO L. BERNARDO</b> <i>Lead Independent Director</i>	₱3,950,000.00
<b>JOANNE G. DE ASIS</b> <i>Independent Director</i>	₱3,850,000.00
<b>MANUEL R. SALAK III</b> <i>Independent Director</i>	₱5,680,000.00
<b>EDWIN R. BAUTISTA**</b> <i>Director</i>	₱1,200,000.00
<b>RAPHAEL PERPETUO M. LOTILLA**</b> <i>Lead Independent Director</i>	₱1,580,000.00
<b>JOSE C. VITUG**</b> <i>Independent Director</i>	₱1,580,000.00

## (2) Other Arrangements

Other than payment of the directors' per diem and monthly allowance as previously stated, there are no standard arrangements pursuant to which directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided as a director.

## (c) Employment Contracts and Termination of Employment and Change-in-Control Arrangements

There is no compensatory plan or arrangement between AEV and any executive officer that results or will result from the resignation or any other termination of employment or from a change in the management or control of AEV.

## (d) Warrants and Options Outstanding

To date, AEV has not granted any stock option to its directors or officers.

<sup>6</sup> 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.

\*A portion of the director's compensation was paid to their nominating company.

\*\* Not re-elected during the 2021 ASM



## **Item 7. Independent Public Accountant**

As a matter of policy, the Board Audit Committee (the "Audit Committee") selects, monitors, and reviews the independence, performance and effectiveness, scope of work, and fees and remuneration of the Company's external auditors. The performance of this function is done in consultation with the Chief Executive Officer, the Chief Financial Officer, and the Group Internal Audit Head. When appropriate, the Audit Committee may recommend to the Board of Directors the re-appointment or replacement of the current external auditor.

During the AEV board meeting on March 4, 2022, the Chairman of the Audit Committee reported to the Board that after the evaluation and assessment of the performance of SyCip Gorres Velayo & Co. (SGV) for 2021, the Audit Committee was satisfied with SGV's performance and recommended SGV's re-appointment as the Company's external auditor for 2022.

The Board of Directors discussed the Audit Committee's recommendation, and after discussion, approved the re-appointment of SGV. The Board of Directors has endorsed to the shareholders the re-appointment of SGV as the Company's external auditor for 2022.

The accounting firm of SGV has been AEV's Independent Public Accountant for the last 27 years. Ms. Jhoanna Feliza C. Go will be AEV's new audit partner from SGV beginning 2022. Ms. Go is replacing Ms. Maria Veronica R. Pore who served as AEV's audit partner from 2017 to 2021. AEV complies with the requirements of Section 3(b) (ix) of SRC Rule 68 on the rotation of external auditors or signing partners and the two-year cooling-off period.

Representatives of SGV will be present during the 2022 ASM and will be given the opportunity to make a statement if they so desire. They are also expected to respond to appropriate questions if needed.

There was no event in the past 27 years where AEV and SGV (or the handling partner) had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure.

The Chairman of the Audit Committee is Mr. Manuel R. Salak III, an Independent Director. The other members are Mr. Romeo L. Bernardo and Ms. Joanne G. De Asis, both Independent Directors, and Ms. Ana Maria A. Delgado, and Mr. Erramon I. Aboitiz, Non-Executive Directors of AEV.

## **Item 8. Compensation Plans**

No action is to be taken during the 2022 ASM with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

## **C. ISSUANCE AND EXCHANGE OF SECURITIES**

### **Item 9. Authorization or Issuance of Securities Other Than for Exchange**

No action is to be taken during the 2022 ASM with respect to authorization or issuance of any securities other than for exchange of outstanding securities.

The following is a discussion of the Company's outstanding registered securities.

#### **Recent Issuance of Registered Debt Securities**

##### **(a) Ten Billion Fixed Rate Retail Bonds Issued in November 2013**

On November 11, 2013, SEC issued an Order of Registration and a Certificate of Permit to Sell Securities for AEV's ₱10 bn-retail bonds (the "2013 Bonds"). The 2013 Bonds received the highest possible rating of PRS "Aaa" from Philippine Rating Services Corporation ("PhilRatings"). Of the aggregate amount of ₱10 bn, ₱8 bn were subsequently listed with the Philippine Dealing & Exchange Corporation ("PDEx") on November 21, 2013.

The 2013 Bonds were issued in two series, seven-year bonds with a fixed interest rate of 4.4125% per annum, and ten year bonds with a fixed interest rate of 4.6188% per annum. Interest is paid quarterly in arrears every May 21, August 21, November 21, and February 21 of each year for each subsequent interest payment date at which the bonds are outstanding or the subsequent banking day without adjustment if such interest payment date is not a banking day.

The Company has the option, but not the obligation, to redeem in whole any series of the outstanding bonds, on the following dates or the immediately succeeding banking day if such date is not a banking day: (i) for the seven-year bonds on the fifth year and one quarter and on the sixth year from the issue date; and (ii) for the ten-year bonds on the seventh year, on the eighth year and on the ninth year from the issue date.

AEV received the aggregate net proceeds of ₱8 bn from the offer and sale of 2013 Bonds. The breakdown of the use of proceeds is set out below:

	Projected Usage (Per Prospectus)	Actual Usage
AboitizLand - Joint Venture with Ayala Land, Inc.	₱1,499,600,000.00	₱1,350,000,000.00
AboitizLand - Additional landbank purchases	500,000,000.00	590,000,000.00
AboitizLand - Purchase of Lima Land Shares	1,545,500,000.00	1,546,000,000.00
AboitizLand - Purchase of Lima Land Shares	-	985,000,000.00
<b>Sub-total</b>	<b>3,545,100,000.00</b>	<b>4,471,000,000.00</b>
<b>Payment of Existing Short-term Debt to Finance:</b>		
Capital Infusion into AEV Aviation	500,000,000.00	500,000,000.00
Purchase of UnionBank shares in 2012	1,030,000,000.00	1,030,000,000.00
Purchase of UnionBank shares in 2013	1,768,000,000.00	1,768,000,000.00
<b>Sub-total</b>	<b>3,298,000,000.00</b>	<b>3,298,000,000.00</b>
Aseagas - Liquid Bio Methane Project	622,437,041.00	295,472,520.00
Bond Issuance Costs	79,603,125.00	86,113,658.00
Warchest	454,859,834.00	-
<b>TOTAL</b>	<b>₱8,000,000,000.00</b>	<b>₱8,150,586,178.00</b>

AEV has been paying interest to its bondholders since February 21, 2014.

On November 12, 2021, the Company fully prepaid the outstanding ₱1.8 bn 10-year 2013 Bonds maturing in November 2023, with a redemption price of 101% of its face value.

**(b) Twenty-Five Billion Fixed Rate Retail Bonds Issued in August 2015**

On July 27, 2015, the SEC issued the Order of Registration and Certificate of Permit to Offer Securities for AEV's fixed- rate retail bonds in the aggregate amount of up to ₱25 bn, inclusive of oversubscription (the "2015 Bonds"). The 2015 Bonds were then offered to the public on July 28, 2015 until July 31, 2015. The first tranche, equivalent to ₱24 bn was issued in 2015 in three series, as follows:

Series	Maturity Date	Interest Rate Per Annum
Series A	Five Years and three months	4.4722%
Series B	Seven Years	5.0056%
Series C	Twelve Years	6.0169%

The 2015 Bonds were listed with PDEX on August 5, 2015 for secondary market trading. Interest on the 2015 Bonds is paid quarterly in arrears every August 6, November 6, February 6, and May 6 of each year for each subsequent interest payment date at which the bonds are outstanding.

AEV received the aggregate net proceeds of ₱24 bn from the offer and sale of 2015 Bonds. The breakdown of the use of proceeds is set out below:

	Projected Usage (Per Prospectus)	Actual Usage*
Capital Infusion into Aboitiz Land, Inc.	₱9,892,000,000.00	₱10,000,000.00
Capital Infusion into Apo Agua Infraestructura, Inc.	2,055,000,000.00	14,000.00
Capital Infusion into Aseagas Corporation	311,000,000.00	222,500,000.00
Capital Infusion into PETNET, Inc.	765,000,000.00	125,000,000.00
Full repayment of existing long-term debt to fund purchase of UBP shares in 2010 & 2011	1,188,000,000.00	1,188,000,000.00
Bond Issuance Costs	214,076,625.00	219,925,521.28
Acquisition of a stake in the Philippine business of Lafarge S.A.	9,574,923,375.00	22,234,560,478.72
<b>TOTAL</b>	<b>₱24,000,000,000.00</b>	<b>₱24,000,000,000.00</b>

\* The actual amount spent for the above projects in 2015 reached ₱25.5 bn. The funding came from the ₱24 bn retail bond proceeds and the ₱1.5 bn balance from internally-generated funds.

AEV has been paying interest to its bondholders since November 6, 2015.

On August 10, 2021, the Company fully paid the outstanding seven-year 2015 Bonds amounting to ₱8.47 bn, a year ahead of its 2022 maturity schedule.

### (c) Thirty Billion Fixed Rate Peso Denominated Retail Bonds

On January 29, 2019, the Board approved the issuance of a fixed-rate peso-denominated retail bonds in the aggregate amount of up to ₱30 bn, to be registered under the shelf registration program of the SEC (the “2019 Bonds”). Subsequently, the members of the Board approved the issuance of the first tranche of its 2019 Bonds equivalent to ₱3 bn and with an oversubscription option of up to ₱2 bn (the “First Tranche Bonds”) on March 7, 2019.

On June 3, 2019, the SEC issued the Order of Registration and Certificate of Permit to Offer Securities for AEV’s 2019 Shelf Program and the public offering of its First Tranche Bonds which was issued in two series.

Series	Maturity Date	Interest Rate Per Annum
Series A	Five Years	6.0157%
Series B	Ten Years	6.3210%

The First Tranche Bonds were listed with PDEX on June 18, 2019 for secondary market trading. Interest is paid quarterly in arrears every May 21, August 21, November 21, and February 21 of each year for each subsequent interest payment date at which the bonds are outstanding or the subsequent banking day without adjustment if such interest payment date is not a banking day.

AEV received the aggregated net proceeds of ₱4.94 bn from the offer and sale of First Tranche Bonds.

The breakdown of the use of proceeds is set out below (amount in thousand pesos):

	Projected Usage (Per Prospectus)	Actual Usage
Repayment of Medium-term Loan of AEV International Pte. Ltd.	₱4,936,384	₱4,937,310
Bond issuance costs	63,616	62,690
<b>TOTAL</b>	<b>₱5,000,000</b>	<b>₱5,000,000</b>

On November 5, 2019, the Board approved the issuance of up to ₱10 bn fixed-rate retail bonds (the “Second Tranche Bonds”). The SEC issued the Certificate of Permit to Offer Securities on October 29, 2020 for the Second Tranche Bonds, which was then offered to the public from October 29, 2020 until November 6, 2020. The Second Tranche Bonds, equivalent to ₱7.55 bn including oversubscription, were issued in two series:

Series	Maturity Date	Interest Rate Per Annum
Series C	Three Years	2.8403%
Series D	Five Years	3.3059%

The Second Tranche Bonds were listed with PDEX on November 16, 2020 for secondary market trading. Interest is paid quarterly in arrears every November 16, February 16, May 16, and August 16 of each year for each subsequent interest payment date at which the bonds are outstanding or the subsequent banking day without adjustment if such interest payment date is not a banking day.

AEV received the aggregate net proceeds of ₱7.45 bn from the offer and sale of Second Tranches. The breakdown of the use of proceeds is set out below (in thousand pesos):

	Projected Usage (Per Prospectus)	Actual Usage <sup>7</sup>
Payment of the maturing 2013 Series A Bonds	₱6,200,000	₱6,200,000
Payment of the maturing 2015 Series A Bonds	2,664,112	1,245,578
Partially finance the 2021 equity contributions to Apo Agua for the construction of a hydroelectric-powered bulk water treatment facility in Davao	1,000,000	-
Bond issuance costs	135,888	104,422
<b>TOTAL</b>	<b>₱10,000,000</b>	<b>₱7,550,000</b>

On April 26, 2021, the Board approved the issuance of up to ₱10 bn fixed-rate retail bonds (the “Third Tranche Bonds”). The SEC issued the Certificate of Permit to Offer Securities on July 26, 2021 for the Third Tranche Bonds, which was then offered to the public from July 26, 2021 until July 30, 2021. The Third Tranche Bonds, equivalent to ₱10 bn including oversubscription, were issued in two series.

Series	Maturity Date	Interest Rate Per Annum
Series E	Four Years	3.2977%
Series F	Seven Years	3.3059%

<sup>7</sup> The full allotment for the oversubscription was not availed.

The Third Tranche Bonds were listed with PDEX on August 9, 2021 for secondary market trading. Interest is paid quarterly in arrears every February 9, May 9, August 9, and November 9 of each year for each subsequent interest payment date at which the bonds are outstanding or the subsequent banking day without adjustment if such interest payment date is not a banking day.

AEV received the aggregate net proceeds of ₱10 bn from the offer and sale of the Third Tranche. The breakdown of the use of proceeds is set out below (in thousand pesos):

	Projected Usage (Per Prospectus)	Actual Usage
Refinance facilities drawn to fund the early redemption of the 2015 Series B Bonds	₱8,467,030	₱8,467,030
Partially finance Aboitiz InfraCapital's 2021 equity contributions to Apo Agua to fund its requirements for the construction of a hydroelectric-powered bulk water treatment facility in Davao	750,000	750,000
Finance future funding requirements of Aboitiz InfraCapital in 2022 for its towers project	643,629	-
Bond issuance costs	135,341	133,249
<b>TOTAL</b>	<b>₱10,000,000</b>	<b>₱9,350,279</b>

AEV has been paying interest to its bondholders since September 18, 2019 and February 16, 2021, for the First and Second Tranche Bonds, respectively. The Company started paying interest on the Third Tranche Bonds beginning on November 9, 2021.

#### **Item 10. Modification or Exchange of Securities**

No action is to be taken during the 2022 ASM with respect to modification of any other class of issued securities of AEV, or the issuance or authorization for issuance of one class of securities in exchange for outstanding securities of another class.

#### **Item 11. Financial and Other Information**

No other action is to be taken during the 2022 ASM with respect to any matter specified in Items 9 or 10.

#### **Item 12. Mergers, Consolidations, Acquisitions and Similar Matters**

No action is to be taken during the 2022 ASM with respect to any transaction involving: (i) merger or consolidation into or with any other person or of any other person into or with AEV; (ii) acquisition by AEV or any of its security holders of securities of another person; (iii) acquisition of any other going business or of the assets thereof; (iv) sale or other transfer of all or any substantial part of the assets of AEV; or (v) liquidation or dissolution of AEV.

#### **Item 13. Acquisition or Disposition of Property**

No action is to be taken during the 2022 ASM with respect to acquisition or disposition of any property of AEV.

#### **Item 14. Restatement of Accounts**

No action is to be taken during the 2022 ASM with respect to restatement of any asset, capital or surplus account of AEV.

## D. OTHER MATTERS

### Item 15. Action with Respect to Reports

The following action require approval and ratification from the stockholders during the 2022 ASM:

- (a) Approval of the Minutes of the 2021 Annual Meeting of Stockholders dated April 26, 2021 (A summary and copy of the 2021 ASM Minutes is attached as Annex “C-1”). The approval of the minutes is only with respect to the correctness of the minutes and not as to any of the matters referred therein. The minutes may also be viewed at the Company’s website at: <https://s3-ap-southeast-1.amazonaws.com/aboitizcom-uploads/wp-content/uploads/2021/04/28093313/AEV-Minutes-2021-04.26.2021-Annual-Stockholders-Meeting-Final-Draft.pdf> and covers the following matters:
  - 1) Approval of the minutes of the previous Annual Stockholders’ Meeting on April 27, 2020;
  - 2) Approval of the Annual Report and Audited Financial Statements as of December 31, 2020;
  - 3) Appointment of External Auditor for 2021;
  - 4) Election of the Members of the Board of Directors;
  - 5) Approval of the Increase in the Per Diem of the Chairman of the Board and Chairmen of the Committees;
  - 6) Ratification of the Acts, Resolutions, and Proceedings of the Board of Directors, Corporate Officers, and Management in 2020 until April 26, 2021; and
  - 7) Other Business
- (b) Approval of the Minutes of the 2021 Special Meeting of Stockholders dated December 10, 2021 (A summary and copy of the 2021 SSM Minutes is attached as Annex “C-2”). The approval of the minutes is only with respect to the correctness of the minutes and not as to any of the matters referred therein. The minutes may also be viewed at the Company’s website at: <https://s3-ap-southeast-1.amazonaws.com/aboitizcom-uploads/wp-content/uploads/2021/12/10164457/AEV-Minutes-2021-12.10.2021-Special-Stockholders-Meetingq.pdf> and covers the following matters:
  - 1) Approval and Ratification of the Sale of 1,840,334,941 Common Shares, Equivalent to 25.01% Equity Interest in Aboitiz Power Corporation; and
  - 2) Ratification of the Acts, Resolutions, and Proceedings of the Board of Directors, Corporate Officers, and Management from April 26, 2021 until December 10, 2021.
- (c) Approval of the 2021 Annual Report of Management and Financial Statements of the Company; and:
- (d) General ratification of the acts of the Board of Directors, corporate officers, and the management from December 10, 2021 up to April 25, 2022.

These acts are covered by resolutions of the Board duly adopted during the normal course of trade or business of the Company.

The Company’s President and Chief Executive Officer, Mr. Sabin M. Aboitiz will present the President’s Report during the 2022 ASM. The President’s Report will be an assessment of the Company’s 2021 performance and will include information on any material change in the Company’s business, strategy, and other affairs, if any. The President’s report for the 2022 ASM is not yet available at the time that the Company’s Information Statement is due to be submitted to the SEC on March 31, 2022. It will be uploaded and may be viewed at the Company’s website at <https://aboitiz.com/2022asm> as soon as available before the 2022 ASM.

### Item 16. Matters Not Required to be Submitted

No action is to be taken with respect to any matter that does not require the submission to a vote of security holders.

Ratification of acts, resolutions, and proceedings of the Board of Directors, Corporate Officers and Management from December 10, 2021 up to April 25, 2022.

The resolutions approved by the Board in its regular and special meetings refer only to acts done by the Board of Directors, corporate officers, and management in the ordinary course of business. The board resolutions are enumerated in this Information Statement. The Company also regularly discloses material transactions approved by the Board. These disclosures are available for viewing and can be downloaded at the Company's website at [www.aboitiz.com](http://www.aboitiz.com).

Below is the list of the resolutions approved by the Board of Directors from December 10, 2021 up to the date of this Information Statement:

**Special Board Meeting, December 21, 2021**

- (i) Authority to Infuse Capital to Aboitiz InfraCapital, Inc.

**Regular Board Meeting, January 27, 2022**

- (i) Authority to Infuse Capital to AEV International Pte. Ltd.

**Regular Board Meeting, January 29, 2022**

- (i) Revised Board Risk and Reputation Management Committee Charter; and
- (ii) Appointment of Authorized Representatives to Transfer with the Bureau of Internal Revenue the Company's Application of 2020 Creditable Withholding Tax Refund.

**Regular Board Meeting, February 23, 2022**

- (i) Amendment of Manual on Corporate Governance and Committee Charters;
- (ii) Amendment of the General Trading Policy;
- (iii) Authority to Subscribe to the Stock Rights Offering of UnionBank; and
- (iv) Availment of UnionBank's ASM Platform for the Company's Stockholders' Meetings and to Enter into a Software Sharing Agreement and other relevant agreements.

**Special Board Meeting, March 4, 2022**

- (i) Approve the Conduct of the 2022 ASM through an Online Platform;
- (ii) Approve the Agenda, Venue, and Record Date of the Stockholders Entitled to Vote for the 2022 ASM;
- (iii) Appoint the Board of Election Inspectors for the 2022 ASM;
- (iv) Appoint the Proxy Validation Committee Members;
- (v) Endorse of the Company's External Auditor for 2022;
- (vi) Cash Dividend Declaration;
- (vii) Approve the 2021 Audited Financial Statements;
- (viii) Authority to Transact with the BIR for Tax Treaty Relief Application in relation with the 2022 Cash Dividend Declaration; and
- (ix) Appointment of *Ex-Officio* Member of AEV Board Risk and Reputation Management Committee.

A resolution to ratify the acts, resolutions, and proceedings of the Board of Directors, corporate officers and management from December 10, 2021 up to the date of the 2022 ASM shall be presented to the stockholders for approval.

**Item 17. Amendment of Charter, By-Laws or Other Documents**

No action is to be taken during the 2022 ASM with respect to the amendment of the Company's Charter, By-Laws or other documents.

**Item 18. Other Proposed Actions**

- (a) **Approval of the 2021 Annual Report and Financial Statements.** The proposal is intended to present to the stockholders the results of the Company's operations in 2021, in accordance with Section 74 of the Revised Corporation Code.

The Company's audited financial statements as of December 31, 2021 was integrated and made part of the Company's Definitive Information Statement. The Definitive Information Statement will be distributed to the stockholders at least 15 business days prior to the ASM, and the same will be posted at the Company's website at <https://aboitiz.com> and in the PSE EDGE portal at <edge.pse.com.ph>.

A resolution approving the 2021 Annual Report and Audited Financial Statements shall be presented to the stockholders for approval.

- (b) **Appointment of the Company's External Auditor for 2022.** The proposal is intended to appoint an auditing firm which can best provide assurance to the directors and stockholders on the integrity of the Company's financial statements and adequacy of its internal controls. The Board Audit Committee and the Board of Directors will endorse SGV as the external auditor for 2022 for the stockholders to appoint.

The profile of the external auditor is disclosed in this Definitive Information Statement.

A resolution for the appointment of the Company's external auditor for 2022 shall be presented to the stockholders for approval.

- (c) **Ratification of Acts, Resolutions, and Proceedings of the Board of Directors, Corporate Officers, and Management from December 10, 2021 up to April 25, 2022.** The proposal is intended to allow the stockholders to ratify the acts of the Board of Directors and Officers of the Company as a matter of procedure or policy.

The resolutions approved by the Board in its regular and special meetings refer only to acts done by the Board of Directors, corporate officers, and management in the ordinary course of business. The board resolutions are enumerated in this Information Statement. The Company also regularly discloses material transactions approved by the Board. These disclosures are available for viewing at, and can be downloaded from, the Company's website at <https://aboitiz.com>.

A resolution to ratify the acts, resolutions, and proceedings of the Board of Directors, corporate officers, and management from December 10, 2021 up to the date of the 2022 ASM shall be presented to the stockholders for approval.

## **Item 19. Voting Procedures**

### **(a) Votes Required for Matters Submitted to Stockholders for Approval and Election of Directors**

Section 4, Article I of the Amended By-Laws of AEV states that a quorum for any meeting of stockholders shall consist of the majority of the outstanding capital stock of AEV. Majority of such quorum shall decide on any question in the meeting, except those matters in which the Revised Corporation Code requires a greater proportion of affirmative votes.

For the matters submitted to the stockholders for approval, the affirmative vote of at least a majority of the issued and outstanding capital stock entitled to vote and represented at the 2022 ASM is required to approve the proposed actions. There are no proposed actions in the 2022 ASM that requires approval by a higher percentage of votes from the stockholders.

### **(b) The Method by which Votes will be Counted**

The Company intends to conduct the 2022 ASM through remote communication, in accordance with the Revised Corporation Code and the applicable SEC Circulars. Stockholders who are unable to attend the meeting may execute a proxy in favor of a representative, or vote electronically *in absentia* using a hyperlink at <https://aboitiz.com/2022asm> that is made available beginning on March 24, 2022. Stockholders voting electronically *in absentia* shall be deemed present for purposes of quorum. See **Annex "E"** for complete information on the process for voting via remote communication or *in absentia* and the requirements for doing so.



The method of counting the votes shall be in accordance with the general provisions of the Revised Corporation Code. The counting of votes shall be done by the representatives from the Office of the Corporate Secretary, who shall serve as members of the Election Committee. The voting shall be witnessed and the results verified by a duly appointed Independent Board of Election Inspectors, Luis Cañete & Company, an independent accounting firm.

AEV has not received any information that an officer, director or stockholder intends to oppose any action to be taken at the 2022 ASM.

This Information Statement in SEC Form 20-IS is given free of charge to the stockholders prior to the Annual Stockholders' Meeting of the Company. AEV stockholders may likewise request for a copy of the 2022 Annual Report in SEC Form 17-A which will be given free of charge upon written request. Please write to:

**Office of the Corporate Secretary:**

Aboitiz Equity Ventures Inc.  
NAC Tower, 32<sup>nd</sup> Street,  
Bonifacio Global City  
Taguig City, Metro Manila  
1634 Philippines  
email: [aboitizboardsecretariat@aboitiz.com](mailto:aboitizboardsecretariat@aboitiz.com)

**Attention: Mr. Manuel Alberto R. Colayco**

This Information Statement will also be posted at AEV's website: [www.aboitiz.com](http://www.aboitiz.com)  
and in the PSE EDGE portal at [edge.pse.com.ph](http://edge.pse.com.ph)

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Taguig on March 29, 2022.

**ABOITIZ EQUITY VENTURES INC.**

By:



**MANUEL ALBERTO R. COLAYCO**  
Corporate Secretary

## PART I – BUSINESS AND GENERAL INFORMATION

### A. Item 1. Business of the Registrant

#### *Overview of Business of the Registrant*

**Aboitiz Equity Ventures Inc.**, is the public holding and management company of the Aboitiz Group, one of the largest conglomerates in the Philippines. As of February 28, 2022, it is the fourth largest Philippine conglomerate based on market capitalization. Incorporated on September 11, 1989, the Company was originally known as Cebu Pan Asian Holdings, Inc. Its name was changed to Aboitiz Equity Ventures Inc. on December 29, 1993, and its ownership was opened to the general public through an initial public offering (IPO) of its common shares in 1994.

Driven by the pursuit of advancing business and communities for the nation's development, AEV's core businesses, conducted through its various domestic and international Subsidiaries and Associates across 11 countries, are grouped into five main categories: (a) power generation, distribution, and retail electricity supply; (b) financial services; (c) food manufacturing; (d) real estate; and (e) infrastructure.

On December 10, 2021, the AEV stockholders ratified the sale of 25.01% of the Company's equity ownership in AboitizPower to JERA Asia, an affiliate of JERA, Japan's largest power generation company. Including the shares acquired from ACO, JERA Asia owned 27% of the total outstanding capital stock of AboitizPower after the completion of the transaction. This transaction is expected to unlock significant capital in AEV to fuel the future growth and expansion of its businesses, and at the same time pave the way for future collaboration with JERA towards achieving AboitizPower's renewable energy growth plan and potential collaboration on optimization plans for plant operations and maintenance.

As of March 23, 2022, ACO owned 48.59% of the outstanding capital stock of AEV, 4.17% were owned by directors, officers, and related parties, while the remaining 47.24% were owned by the public.

As of March 23, 2022, AEV had a market capitalization of ₱323 billion ("bn"), with a share price of ₱57.30 per share.

Neither AEV nor any of its Subsidiaries has ever been the subject of any bankruptcy, receivership, or similar proceedings.

The Company's key business groups representing each of its strategic business units (SBU) are as follows:

**Power.** AEV's power generation, distribution, and retail electricity supply businesses are operated through AboitizPower and its Subsidiaries, Joint Ventures, and Associates (collectively, "AboitizPower Group"). Based on Energy Regulatory Commission (ERC) Resolution No. 05-2021, dated March 12, 2021, the power generation business of AboitizPower ("Power Generation Business") is among the leaders in the Philippines in terms of installed capacity. Moreover, AboitizPower has the second largest distribution utility in terms of captive customer connections and energy sales (based on the Department of Energy's (DOE) Distribution Development Plan 2019-2028) and the second largest market share (based on share in total retail market demand and number of customers presented in ERC Competitive Retail Electricity Market Monthly Statistical Data as of November 2020) in the Philippines. AboitizPower is a pioneer in the building and operation of run-of-river mini hydropower plants in the country. Today, through its renewable energy Subsidiaries, AboitizPower has the largest installed capacity of renewable energy under its market control (based on ERC Resolution No. 05-2021 dated April 12, 2021). AboitizPower's common shares are listed on the PSE and as of March 23, 2022, AboitizPower had a market capitalization of ₱260.50 bn, with a share price of ₱35.40 per share.

**Food.** AEV's integrated agribusiness and food company is operated in the Philippines primarily through Pilmico Foods Corporation (Pilmico) and its Subsidiaries, and its international feeds business through Pilmico International Pte. Ltd. (Pilmico International) and its various Subsidiaries and Associates (collectively as the "Food Group"). The Food Group is composed of three segments: (a) feeds and flour; (b) hog and layer farms; and (c) international animal nutrition.

In July 2018, Pilimco International acquired 75% equity interest in Gold Coin Management Holdings, Pte. Ltd. (GCMH) and its Subsidiaries (collectively, the “Gold Coin Group”), expanding AEV’s animal feed business into 11 countries across the Asia-Pacific region. In May 2019, Pilimco International acquired the remaining 25% equity interest in GCMH. The Gold Coin Group is a leading brand in animal nutrition with over 2,711 employees and 21 production facilities, with an installed milling capacity of three million (mn) metric tons (MT) per year as of February 28, 2022. Following the GCMH acquisition, the Company believes that the Food Group is the fourth largest animal feed producer in Southeast Asia based on internal market data of the capacities of major players within the market.

**Financial Services.** AEV’s financial services group is consolidated under its Associate, Union Bank of the Philippines (“UnionBank” or the “Bank”) and its key Subsidiaries, which include City Savings Bank, Inc., a thrift bank, UBP Investments Corporation, a holding company, and UBX Philippines Corporation, and UnionDigital Bank, Inc., the Banks digital and banking arm, an innovation and technology company. UnionBank is a universal banking corporation listed on the PSE. UnionBank is among the top universal banks in the country based on assets as of December 31, 2021, as reported in disclosures made by private universal banks to the PSE. UnionBank had a market capitalization of ₱133 bn, with a price per common share of ₱87.50 as of March 23, 2022.

**Real Estate.** AEV’s development of residential communities is through AboitizLand, Inc. (AboitizLand). As of February 28, 2022, AboitizLand had 13 residential projects in the selling phase across three different product types: lot only, house and lot, and condominiums.

**Infrastructure.** The infrastructure and infrastructure-related investments of the Aboitiz Group are primarily undertaken through Aboitiz InfraCapital, Inc. (Aboitiz InfraCapital) and AEV CRH Holdings, Inc. (AEV CRH). As of February 28, 2022, Aboitiz InfraCapital’s business portfolio includes (i) administrative franchises to provide water and wastewater-related services to residential, commercial and industrial customers in Batangas, Cebu and Davao, among others, (ii) digital infrastructure, (iii) regional airports, and (iv) economic estates projects. AEV CRH is AEV’s partnership with CRH plc, a global leader in the manufacture and supply of building materials and products. AEV CRH acquired Republic Cement & Building Materials, Inc. (RCBM) and together with its Subsidiaries and Affiliates, the “Republic Cement Group”) in 2015. As of February 28, 2022, the Company believes that the Republic Cement Group is one of the country’s leading local cement manufacturing and distribution companies with five integrated plants and one grinding facility in operation across Luzon, Visayas, and Mindanao.

**Others.** AEV’s other investments include holdings in (a) aviation through AEV Aviation, Inc. (AEV Av), (b) insurance through Archipelago Insurance Pte. Ltd. (Archipelago Insurance), and (c) portfolio investments abroad through AEV International.

## **B. ABOITIZ EQUITY VENTURES INC.**

Incorporated on September 11, 1989, the Company was originally known as Cebu Pan Asian Holdings, Inc. Its name was changed to Aboitiz Equity Ventures Inc. on December 29, 1993, and its ownership was opened to the general public through an IPO of its common shares in 1994.

In 2013, AEV transferred its corporate headquarters from Cebu to Metro Manila. The transfer, including the corresponding amendment to the Company’s corporate documents, was approved by the stockholders during the 2013 Annual Stockholders’ Meeting. AEV’s current principal office address is at 32nd Street, Bonifacio Global City, Taguig City, Metro Manila. AEV and its Subsidiaries still maintain administrative and liaison offices in Cebu.

The AEV group strategy is best understood through four strategic pillars that guide it in creating long-term value for all its stakeholders: (i) grow the business, (ii) engage stakeholders, (iii) build human capital, and (iv) execute with excellence.

### *Business Growth*

AEV’s first strategic pillar is to grow the business by continuing to explore businesses that meet the following criteria: (a) well-suited to AEV’s experience and expertise in its existing business segments, (b) has dependable and growing sources of income, and (c) scalable with long-term growth potential. AEV

seeks to grow within the Company's acceptable thresholds for risk, leverage, and returns to maintain sustainable growth. An integral part of AEV's strategy is to keep the Company's balance sheet healthy and to uphold the Company's ability to raise funds through the debt market.

#### *Stakeholder Engagement*

AEV's second strategic pillar is to maximize shared value for all the entities involved in its business through active stakeholder engagement. Direct, regular, open, and respectful dialogue with key stakeholders is seen as an essential element in developing mutually beneficial and sustainable relationships that help unlock value for all parties.

AEV's mission since its founding has been to create long-term value for all its stakeholders. The philosophy of creating shared value is at the core of AEV's fundamentals. AEV believes that the only way for the business enterprise to be truly sustainable and durable for generations to come is if all stakeholders reap rewards from shared value and that AEV's shareholders should not be the only beneficiaries in its value creation efforts.

AEV also aims to drive economic and social development in the areas in which AEV has operations at a local as well as regional and national level. AEV's goal is to expand its reach to society at large and make its shared value accessible to every household.

#### *Human Capital*

AEV's third strategic pillar is to build human capital. This strategy entails strengthening its capability to attract, retain, and optimize top caliber professionals who will not only help manage its businesses, but also work to enhance its capabilities and skills. Talent management and succession planning are at the core of AEV's strategy in relation to human capital.

The Aboitiz Group has always taken pride in leadership excellence across five smooth leadership transitions during the group's history while retaining the simple and entrepreneurial approach that fueled its expansion. This approach has played an integral part in the continuity of AEV's policies and the execution of its strategic business plans over time. Today, as a new generation of leaders of AEV's business takes shape, its leadership team will seek to continue to produce leaders from within the ranks, having a leadership bench that is capable of stimulating healthy change and progress within the organization. In building its future leadership team, AEV aims to seek out people who believe in its purpose and brand promise, whose values are aligned with its core values, and who will thrive in its long-standing culture.

#### *Execution Excellence*

AEV's fourth strategic pillar is to execute with excellence. AEV defines this strategic pillar by its ability to act in a timely and effective manner. AEV works continuously to enhance its business processes across all corporate service units and SBUs to ensure AEV maintains its competitive edge.

AEV believes that a major component to retain this ability to execute swiftly can be attributed to the leadership of the AEV Board. The Board is composed of highly professional directors that work in an environment of respect and collegiality, where active participation, candidness, and robust discussions are not only encouraged but are the norm. The members of the AEV Board include three Independent Directors, five Non-Executive Directors, and one Executive Director, all of whom come from diverse professional backgrounds, such as economics, corporate finance, engineering, accounting, auditing, and investment banking, in addition to experience in the private, government and multilateral agency sectors and other policy-making bodies. The AEV Board is supported by a capable and accountable management team and empowered team members, united in living the time-honored Aboitiz core values of Integrity, Teamwork, Innovation, and Responsibility.

In all its business ventures, AEV has adopted sound corporate governance practices, robust internal controls and compliance monitoring processes, and a well-functioning enterprise risk management system to satisfy the heightened expectations of its various stakeholders. AEV has been recognized by

one of the best-managed companies in the Philippines and in the ASEAN region, and is frequently cited for its commitment to good corporate governance and corporate social responsibility.

#### *Sustainability and Corporate Governance*

Sustainable business practices have enabled the Aboitiz Group to operate commercially for 100 years. A key component of its strategy is to match its business expansion with sustainability initiatives. AEV looks at a triple-bottom line to measure the impact of its activities not only on profit but also on people and the planet. The Company remains committed to strengthening its environmental, social, and governance (ESG) practices and communication strategy. AEV's goal is to grow profitably, while partnering with its stakeholders to create shared value, and minimize its environmental impact.

In 2021, the Company amended its Code of Ethics and Business Conduct, Whistleblowing Policy, and other Company guidelines to further strengthen the company's commitment to corporate governance, particularly on sustainable business practices and ethical corporate citizenship. In addition, the AEV Board reviewed and implemented changes to its governance mechanism (i.e. board engagement, protocols, and board and board committee structure) in alignment with global best practices and the demands of the current business environment (i.e. managing information and cybersecurity risks).

#### *COVID-19 IMPACT*

Since the Philippine government declared a State of Public Health Emergency in March 2020 and implemented various community quarantine measures on business operations, public transportation, social distancing, international travel bans, and health protocols, the Aboitiz Group has been implementing work-from-home arrangements and facility quarantine rotational duty schemes to address any constrained mobility brought about by the community quarantine measures, as well as to ensure the health and safety of the Company's employees while continuing to serve its customers and other stakeholders.

The Company believes that a majority of its industries are resilient and not as vulnerable as other business sectors. It prepared contingency plans for its supply chains and made sufficient adjustments to manage major disruptions. AEV has prepared scenario plans for its businesses and is working to provide accessible health services to all its facilities nationwide.

For the Aboitiz Group, the impact of the COVID-19 pandemic was generally felt as follows:

- a) potential threat to health and well-being of team members and other stakeholders resulting from the spread of the virus; and
- b) constricted/reduced mobility of team members and other stakeholders resulting from the government-imposed quarantines.

The Aboitiz Group's response to COVID-19 was focused on three areas - People, Process, and Technology.

On People, which is the Aboitiz Group's greatest concern, it has established a system in monitoring the COVID-19 cases across the Aboitiz Group. It has developed a "Re-Entry Assessment and Management Program" with its healthcare provider in case there is an urgent need to go to the workplace and regularly monitors them for potential exposure history or infection that may put their colleagues at risk. As of February 28, 2022, 96% of the Aboitiz Group's organic team members had been fully vaccinated with 16% having received a supplementary booster shot. AEV's organic team members are 100% fully vaccinated with 50% having received their supplementary dose as of February 28, 2022.

On Process, the Aboitiz Group is ensuring that each Business Unit prepares its business impact analysis and regularly updates these to include flexible risk mitigation measures. The Aboitiz Group developed and regularly updates the "Group-wide Return to Work Playbook", aligned with the Government's guidelines and ensures access by all team members online.

On Technology, the Company ensured that the Aboitiz Group's virtual private network (VPN) and endpoint security, threat intelligence, and cyber-attack response installation are completed for all team

members as a protection during the work from home set-up. The Aboitiz Group has maximized the use of digital channels for activities that would normally require face to face interactions, while monitoring on daily basis VPN utilizations, information technology (IT) security and IT infrastructure.

All of the Aboitiz Group's businesses are operating and business continuity plans were successfully implemented to ensure adequate and reliable supply of its services and products. Meanwhile, total assistance total contribution to the national COVID-19 response effort has reached over ₱2.2 bn, underscoring the Aboitiz Group's sustained campaign to help address the urgent needs of frontliners and affected communities nationwide.

The continuing community quarantine restrictions imposed by the government affects demand and economic activity. Despite this, the Aboitiz Group's businesses continue to recover and enhance operational resilience.

For the Power Group, the impact of the COVID-19 pandemic was primarily the decrease in demand for electricity as businesses activities were hampered by the government-enforced community quarantines. These quarantines also resulted in reduced mobility to and from the Power Group's existing facilities, and delays in the construction and completion of new facilities.

The Power Group continued to provide the country with the much-needed power supply for hospitals, government institutions, and critical businesses, while ensuring the safety of its teams, partners, and communities. To address the challenges posed by the pandemic, the Power Group developed a program that combines the best of work-from-home, two-week work shifts, and remote plant operations. This will ensure that the Power Group keeps the lights on for the country. It also assessed the current and future modes of operations. This led to the necessity of doing an organizational restructuring, allowing for resiliency and enabling the Power Group to remain efficient, competitive, and sustainable. It is in the planning stages of a return to the workplace program, but will advance with caution. The Dinginin Project is in the final stages of construction, with Unit 1 achieving first synchronization on February 5, 2021. GNP Unit 1 started commercial operations in January 2022 after it was granted by the ERC with a Certificate of Compliance and following the completion of the functional tests required under the EPC. The target for GNP Unit 2's initial synchronization remains to be the second quarter of 2022.

The Financial Services Group's digital strategy and expertise proved its resilience as it is able to continue to service its customers, capture new customers while running bank operations from the homes of the employees of the Financial Services Group.

The impact of COVID-19 and quarantine restrictions on the performance of the Financial Services Group was a continuous increase in its digital customers and digital transactions with the rising need for digital solutions amid this crisis.

Registered digital users of the Bank were at 4.1 mn as of December 31, 2021. Of this 1.3 mn customers were digital accounts opened through UnionBank's Online App.

To cope with the above impact, UnionBank activated its plans to ensure that it provides continuous services to the public while ensuring the health and welfare of its employees. UnionBank implemented a split-workforce arrangement complemented by alternative work arrangements that involves telecommuting and work from home strategies. Most of all, UnionBank's digital capabilities enabled solutions applied in the organization's ways of working and alternative channels to pursue service offerings while mitigating the risks associated with COVID-19. Provisions for loan losses were at ₱4.1 bn as of December 31, 2021, lower by 45% year-on-year as non-performing loans started to stabilize.

In recognition of UnionBank's efforts, it was recognized in both 2020 and 2021 as one of the most helpful banks in the Asia-Pacific region<sup>8</sup> during the COVID-19 crisis.

In a move that is expected to further enable UnionBank to cater to those who are unbanked and underserved by traditional banks, especially during this period of reduced mobility, the BSP approved UnionBank's digital bank application on July 15, 2021. This development is essential in UnionBank's

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<sup>8</sup> <https://www.bankquality.com/global-rankings/most-helpful-banks-in-asia-pacific-during-covid-19>



overall digital strategy as it fast tracks the onboarding of customers into its digital channels. The Bank leverages state-of-the-art back-end infrastructure to onboard customer communities while promoting inclusive prosperity as UnionBank enables more Filipinos to bank digitally especially amidst the pandemic.

For the Food Group, the pandemic's impact came in the form of disruptions in production and supply, shifts in sales channels and market consumption patterns, logistical constraints and challenges, a longer cash conversion cycle, and the extension of project completions.

To cope with the above impact, the Food Group maximized and accelerated digital selling and collections. The Food Group maintained sufficient levels of raw materials to support its operations in order to minimize issues in terms of domestic and international logistics. It continued to accelerate its business despite the turmoil through: (1) focusing on product lines that are supported by strong demand; (2) improving operational efficiency; and (3) proactively managing collections and expenses to improve cash flows. Lastly, the Food Group prioritized vital capital expenditures to protect its bottom line.

The immediate impact of COVID-19 and quarantine restrictions on the performance of the Real Estate Group was the slowdown and restrictions in operations on the construction of its residential projects.

To cope with the above impact, the Real Estate Group adapted innovative selling techniques such as contactless home buying services and launched a series of webcasts that touch on relevant topics in the context of the new normal – from investments to architectural design in order to improve its reach during the community quarantine. This digital strategy, combined with enhanced construction activity, resulted in increased revenues for the residential business.

The impact of COVID-19 to the Infrastructure Group was seen in the slowdown of construction activities for its bulk water project, Apo Agua Infraestructura, Inc. (Apo Agua), particularly during the enforcement of COVID-related community quarantines. Nevertheless, Apo Agua is on track to begin operations by 2022.

To cope with the above impact while supporting its aggressive plan, Apo Agua and its contractor, JV Angeles Construction Corporation, continue to maintain its manpower of approximately 5,000 workers. This was supplemented by simultaneous construction activities and extended hours on different worksites, as well as increased subcontracting works to fast-track project completion. To ensure that projects remained on track versus target project completion, the Infrastructure Group's EPC contractor implemented an aggressive manpower ramp-up, in addition to ensuring that social distancing protocols and other safety measures are in accordance with government guidelines.

The impact on the commercial business, consisting of retail centers and office buildings complementing the group's industrial and residential developments, was the physical closure or limited operating capacity of stores and office spaces during the quarantine period. The industrial business, which caters to export-oriented locators within the group's industrial parks, suffered the least adverse effects.

To cope with the above impact, the commercial business scaled up their operations while implementing safety protocols as foot traffic continued to increase with the easing of quarantine restrictions. Industrial business operations remain resilient with land development activities on track to be completed as scheduled.

To help the country cope during this period of limited mobility, Aboitiz InfraCapital officially launched Unity Digital Infrastructure, Inc. (Unity), its joint telecommunications infrastructure platform with Partners Group. Through Unity, Aboitiz InfraCapital will build and operate telecommunication towers, and support infrastructure across the country to help mobile network operators improve connectivity, service reliability, and address the needs of the general public arising from the shift to work-from-home set-ups and online education.



**(a) DESCRIPTION OF REGISTRANT**

**(i) Principal Products or Services**

As of February 28, 2022, AEV's core businesses, conducted through its various Subsidiaries and Affiliates, can be grouped into five main categories: (a) power distribution, power generation, and retail electricity supply; (b) financial services; (c) food manufacturing; (d) real estate; and (e) infrastructure. Principal products and services offered by AEV's core businesses are discussed in the relevant portions of each SBU.

Based on the SEC parameters of what constitutes a significant Subsidiary under Item XX of Annex "D" of SRC Rule 12, AboitizPower is AEV's only significant Subsidiary. (Please see **Annex "D"** for the corporate structure of AEV showing the different business segments.)

**(ii) Sales**

Comparative amounts of consolidated revenues, and profitability of continuing operations are as follows:

(in ₱ millions)	2021	2020	2019
Revenue	₱223,929	₱186,726	₱201,157
Operating Profit	₱33,101	₱31,474	₱32,655

The operations of AEV and its Subsidiaries are based largely in the Philippines. AEV's percentage of revenues and net income contributed by foreign sales are as follows:

Contribution to Revenue	2021		2020		2019	
	(in ₱ millions)	%	(in ₱ millions)	(in ₱ millions)	(in ₱ millions)	%
Philippines	₱170,226	76%	₱141,113	76%	₱157,295	78%
Rest of Asia	₱53,703	24%	₱45,613	24%	₱43,863	22%
<b>Total</b>	<b>₱223,929</b>	<b>100%</b>	<b>₱186,726</b>	<b>100%</b>	<b>₱201,157</b>	<b>100%</b>

Contribution to Net Income Attributable to Parent	2021		2020		2019	
	(in ₱ millions)	%	(in ₱ millions)	%	(in ₱ millions)	%
Philippines	₱27,306	100%	₱15,125	98%	₱21,999	97%
Rest of Asia	₱4	0%	₱309	2%	₱234	3%
<b>Total</b>	<b>₱27,310</b>	<b>100%</b>	<b>₱15,434</b>	<b>100%</b>	<b>₱22,233</b>	<b>100%</b>

Comparative amounts of revenue contribution by business group are as follows:

#### Contribution to Revenue

	2021		2020		2019	
	(in ₱ millions)	%	(in ₱ millions)	%	(in ₱ millions)	%
Power	₱134,359	59%	₱110,377	59%	₱125,635	62%
Food	87,200	38%	72,597	38%	71,155	35%
Financial Services	-	0%	-	0	-	0
Real Estate	5,327	2%	3,618	2%	4,196	2%
Infrastructure	126	0%	96	0%	96	0%
Others	2,004	1%	1,450	1%	1,550	1%
<b>Subtotal</b>	<b>229,015</b>	<b>100%</b>	<b>188,138</b>	<b>100%</b>	<b>202,632</b>	<b>100%</b>
Eliminations	(5,086)		(1,413)		(1,476)	
<b>Total</b>	<b>₱186,725</b>	<b>100%</b>	<b>₱186,725</b>	<b>100%</b>	<b>₱201,157</b>	<b>100%</b>

**Note:** Percentages refer to the business group's share in the total net revenue for a given year. The revenues of Associates do not form part of the Group's consolidated revenues. For additional details on the income contributions of all business segments/groups to AEV, please refer to Business Segment Information of the Notes to the Consolidated Financial Statements.

#### (iii) Distribution Methods of the Products or Services

At the parent company level, AEV offers corporate center services to its Subsidiaries and Associates to enable the Group to realize cost synergies. AEV has service level agreements that may include the provision of human resources, internal audit, legal, treasury and corporate finance services, among others. AEV itself maintains a pool of highly qualified professionals with business expertise relevant to the businesses of the entire Aboitiz Group.

AEV's Business Units have their respective distribution methods of products and services. Please refer to the discussion on distribution methods of each SBU.

#### (iv) New Products/Services

With innovation being one of its core values, the Aboitiz Group is always on the lookout for new and efficient ways to provide service to its shareholders and customers. The Company is in constant pursuit of opportunities within and beyond its current investment portfolio to expand its businesses, locally and within the ASEAN region.

On February 15, 2021, the Aboitiz Group formed Aboitiz Data Innovation (ADI), a Singapore-based subsidiary engaged in the utilization of data science and artificial intelligence ("DSAI") in business development. ADI will consolidate and leverage on the DSAI operating model across the Aboitiz Group and promote a data-driven culture within the organization. It is tasked to be at the forefront of the group-wide effort to transform data into business opportunities, exploit information to make better decisions, reinvent business models, and develop high-value solutions to create new processes, products, and services.

**(v) Competition**

At the parent company level, AEV has no direct competitors. However, for reference purposes, other holding and management companies listed in the PSE can be used for comparison.

AEV's Business Units are subject to significant competition in the industry segments of which they operate. Please refer to the discussion on competition of each SBU.

**(vi) Sources of Raw Materials and Supplies**

AEV's Business Units have their respective sources of raw materials and are not dependent upon one or a limited number of suppliers for essential raw materials. Please refer to the discussion on sources of raw materials of each SBU.

**(vii) Major Customers**

As a holding company providing management services, AEV's principal customers are its Subsidiaries and Associates.

AEV's Business Units have their respective major customers. Please refer to the discussion on major customers of each SBU.

**(viii) Transactions with and/or Dependence on Related Parties**

AEV and its Subsidiaries, in their regular conduct of business, have entered into RPT consisting of professional and technical services, rental, money market placements, and power sales and purchases. These are all made on an arm's length basis.

ACO and certain Associates have service contracts with either AEV or AboitizPower (parent companies) for corporate center services rendered, such as human resources, internal audit, legal, treasury and corporate finance, among others. These services are obtained from AEV and AboitizPower to enable the Group to realize cost synergies. Transactions are priced on an arm's-length basis, and documented by service level agreements to ensure quality of service.

ACO and certain Associate companies lease office spaces from CPDC, a Subsidiary of AEV. Rental rates are comparable with prevailing market prices. These transactions are covered with lease contracts with three-year periods.

The AEV Group has cash deposits and money market placements with UnionBank and CitySavings, AEV's banking Associates. These are earning interest at prevailing market rates.

Power generation Subsidiaries sell to certain power Associates based on their respective power supply agreements. Meanwhile, power distribution Subsidiaries purchase from certain generation Associates based on existing power purchase agreements.

A wholly-owned construction and steel fabrication Subsidiary of ACO renders its services to the AEV Group for the construction of various construction projects.

The Company's Retirement Fund is in the form of a trust being maintained and managed by an independent committee of select officers of the Company. The Retirement Fund has investments in the equity of the Company, AboitizPower, and UnionBank.

The above RPTs are discussed extensively in the audited financial statements of AEV.

No other transaction, without proper disclosure, was undertaken by AEV in which any director or executive officer, any nominee for election as director, any beneficial owner (direct or indirect) or any member of his immediate family was involved or had a direct or indirect material interest. Other than what has been discussed in this Information Statement and the Company's annual audited financial

statements, there are no other related party transactions entered into by the Company with related parties, including transactions with directors or self-dealings by the Company's directors.

AEV employees are required to promptly disclose any business and family-related transactions with AEV to ensure that potential conflicts of interest are determined and brought to the attention of management.

AEV's RPT Committee has the mandate to ensure that related party transactions are taken on an arms' length basis and within market rates, with sufficient documentation, and coursed through all appropriate levels of approval necessary. AEV's current RPT Policy continues to ensure that RPTs are conducted at arms-length and at market prices, and undergo the appropriate approval process.

In 2021, the RPT Committee (1) continued to ensure that RPTs are taken on an arm's-length basis and within market rates, with sufficient documentation, and coursed through the appropriate levels of approval; (2) updated the RPT Certification for Directors and Officers in compliance with relevant BIR regulations on the reporting guidelines for the transactions of individuals and juridical entities with related parties; (3) updated its committee charter and the Company's RPT Policy to further strengthen the process of reviewing, reporting, and approval of all RPTs, particularly those falling below the SEC-defined materiality threshold.

For detailed discussion on RPT, please refer to the notes of the Company's consolidated annual financial statements.

**(ix) Patents, Copyrights and Franchises**

AEV and its Subsidiaries own, or have pending applications for the registration of intellectual property rights for various trademarks associated with their corporate names and logos. Please refer to **Annex "G-1"** to see the trademark applications which AEV and its Subsidiaries have secured or have pending application with the Philippine Intellectual Property Office ("Philippine IPO") and intellectual property offices abroad.

**(x) Government Approvals**

AEV and its Subsidiaries rely on government approvals relative to the industries in which they operate. They secure various government approval such as environmental compliance certificate, development permits, license to sell, business permits, import permits, etc. as part of the normal course of its business.

**(xi) Effect of Existing or Probable Government Regulations**

AEV and its Subsidiaries are subject to the laws generally applicable to all Philippine corporations, such as corporation law, securities law, tax laws, and the Local Government Code. All Philippine corporations are also subject to labor laws and social legislation, including Republic Act (RA) No. 11199 or the Social Security Act of 2018, RA No. 10606 or the National Health Insurance Act of 2013, RA No. 11223 or the Universal Health Care Act, RA No. 9679 or the Home Development Mutual Fund Law of 2009, The Philippine Labor Code and its implementing rules, and other labor-related laws, regulations, and DOLE mandated work-related programs.

The Aboitiz Group closely monitors its compliance with the laws and government regulations affecting its businesses. Please refer to the discussion on the effects of existing and/or probable governmental regulations for rules applicable to the individual SBU.

At the Aboitiz Group level, the following are the general business regulation framework:

**1. Tax Reform for Acceleration and Inclusion Law**

RA No. 10963, otherwise known as the Tax Reform for Acceleration and Inclusion ("TRAIN Law") was signed into law by President Rodrigo Roa Duterte on December 19, 2017, and took effect on January 1, 2018. Its declared policies are to: (a) enhance the progressivity of the tax system

through the rationalization of the Philippine internal revenue tax system, thereby promoting sustainable and inclusive economic growth; (b) provide, as much as possible, an equitable relief to a greater number of taxpayers and their families in order to improve levels of disposable income and increase economic activity; and (c) ensure that the government is able to provide better infrastructure, health, education, jobs, and social protection for the people.

One of the major provisions of the TRAIN Law is the staggered increase in oil and coal excise taxes. Under the TRAIN Law, rates will be adjusted gradually between 2018 and 2020. For coal, the rates will increase from ₱10 per metric ton to ₱50, ₱100, and ₱150 per metric ton, respectively, in 2018, 2019, and 2020, covering both domestic and imported coal.

Furthermore, the TRAIN Law repeals Section 9 of RA No. 9511 or the National Grid Corporation of the Philippines Act, which removes value added tax (VAT) exemptions on transmission charges and sale of electricity by cooperatives duly registered under the Cooperative Development Authority.

Another major change introduced by the TRAIN Law is the refund mechanism of zero-rated sales and services under the enhanced VAT refund system. Upon the successful establishment and implementation of an enhanced VAT refund system, refunds of creditable input tax shall be granted by the BIR within 90 days from filing of the VAT refund application with BIR, provided that all pending VAT refund claims of the taxpayer as of December 31, 2017 shall be fully paid in cash by December 31, 2019.

Finally, the TRAIN Law doubled the documentary stamp tax on almost all covered instruments, except debt instruments where the increase is 50%. Only the documentary stamp tax on instruments pertaining to property insurance, fidelity bonds, other insurance, indemnity bonds, and deeds of sale and conveyance remain unchanged.

The TRAIN law is the first package of the Comprehensive Tax Reform Program of the Duterte administration.

## **2. Corporate Recovery and Tax Incentives for Enterprises Act (CREATE Act)**

RA No. 11534, otherwise known as the Corporate Recovery and Tax Incentives for Enterprises (“CREATE”) Act, was signed into law by President Duterte on March 26, 2021 and took effect on April 11, 2021. The law seeks to reform the country’s fiscal incentives to make it performance-based, targeted, time-bound, and transparent. This means that incentives will be granted based on the number and quality of jobs that will be created, the investments made on research and development and skills training, the capital invested for countrywide infrastructure development, among other criteria.

The salient features of the CREATE Act are as follows:

- a) Effective July 1, 2020, lowering the income tax rate to 25% for domestic corporations and foreign corporations, and to 20% for domestic corporations with net taxable income not exceeding ₱5 mn and with total assets (excluding land) of not more than ₱100 mn;
- b) Lowering the Minimum Corporate Income Tax rate to 1% effective July 1, 2020 to June 30, 2023;
- c) Tax exemption on foreign-sourced dividends subject to certain conditions;
- d) Repeal of the Improperly Accumulated Earnings Tax;
- e) Repeal of the 5% Gross Income Tax (GIT) incentive and providing for a 10-year transitory period for all firms that are currently availing of the 5% GIT;
- f) Providing fiscal incentives for activities included in the Strategic Investment Priority Plan, provided that the category of incentives shall be based on the location and industry of the registered project or activity; and
- g) Granting the President the power to modify the mix, period or manner of availment of incentives or craft a financial support package for a highly desirable project or a specific industrial activity.

The CREATE Act is the second package of the Comprehensive Tax Reform Program of the Duterte Administration. On June 21, 2021, the Department of Finance (DOF) and the Department of Trade and Industry (DTI) signed the implementing rules and regulations (IRR) of the CREATE Act.

The lower income tax provided by the CREATE Act will generate substantial amounts of tax savings to the Company and its subsidiaries which were under the 30% tax regime prior to the effectiveness of the said law. While some of the subsidiaries have been availing of incentives under special laws which have been repealed by the CREATE Act, the law provides for sunset provisions by (i) allowing the entities granted with income tax holiday to enjoy it until it expires and (ii) granting subsidiaries who enjoyed income tax holiday and are entitled to the 5% gross income earned ("GIE") incentive after their income tax holiday the benefit to continuously avail of the 5% GIE rate for the next ten years.

### 3. Revised Corporation Code

The Revised Corporation Code was signed into law on February 20, 2019 and took effect on February 23, 2019. Among the salient features of the Revised Corporation Code are:

- a) Corporations are granted perpetual existence, unless the articles of incorporation provide otherwise. Perpetual existence shall also benefit corporations whose certificates of incorporation were issued before the effectivity of the Revised Corporation Code, unless a corporation, upon a vote of majority of the stockholders of the outstanding capital stock notifies the SEC that it elects to retain its specific corporate term under its current Articles of Incorporation.
- b) A corporation vested with public interest must submit to its shareholders and to the SEC an annual report of the total compensation of each of its directors or trustees, and a director or trustee appraisal or performance report and the standards or criteria used to assess each director, or trustee.
- c) Banks, quasi-banks, pawnshops, non-stock savings and loan associations, and corporations engaged in money service business, preneed trust and insurance companies, and other financial intermediaries, must have at least 20% independent directors in the Board, in accordance with the Securities and Regulation Code. This requirement also applies to other corporations engaged in businesses imbued with public interest, as may be determined by the SEC. To date SEC has not issued a definition of what businesses are considered imbued with public interest.
- d) Allowing the creation of a "One Person Corporation" except for banks and quasi-banks, preneed, trust, insurance, public and publicly-listed companies, among others. This restriction also applies with respect to close corporations.
- e) Material contracts between the Corporation and its own directors, trustees, officers, or their spouses and relatives within the fourth civil degree of consanguinity or affinity must be approved by at least two-thirds (2/3) of the entire membership of the Board, with at least a majority of the independent directors voting to approve the same.

SEC Circular No. 10-2019 provides for the rules for material RPT of publicly-listed corporations. These rules regulate RPTs amounting to 10% or higher of a company's total assets. Compliance with these rules is mandatory for all publicly-listed companies.

- f) The right of stockholders to vote in the election of directors or trustees, or in shareholders meetings, may now be done through remote communication or *in absentia* if authorized by the corporate by-laws. This manner of voting is deemed available for stockholders of corporations vested with public interest, even if not expressly stated in the corporate by-laws. The shareholders who participate through remote communication or *in absentia* are deemed present for purposes of quorum. When attendance, participation and voting are allowed by remote communication or *in absentia*, the notice of meetings to the

stockholders must state the requirements and procedures to be followed when a stockholder or member elects either option.

SEC has issued several circulars implementing this provisions, as follows:

- i. *SEC Memorandum Circular No. 3-2020 on Notice of the Regular Meeting of Stockholders* - Provides that written notice of regular meetings of stockholders shall be sent at least 21 days before the meeting and must contain all information and deadlines relevant to a shareholders' participation in the meeting and exercise of the right to vote remotely.
  - ii. *SEC Memorandum No. 6-2020 provides for the Guidelines on the Attendance and Participation of Directors, Trustees, Stockholders, Members, and Other Persons of Corporations in Regular and Special Meetings through Teleconferencing, Video Conferencing, and Other Remote or Electronic Means of Communication* - Stockholders may now participate in their respective meetings and vote, whether by remote communication or in absentia. The corporation shall also issue its own internal procedures and mechanics for voting via remote communication or in absentia.
  - iii. *SEC Memorandum Circular No. 14-2020* - Allows stockholders who, alone or together, own at least 5% of outstanding capital stock of a publicly-listed company to include items in the agenda prior to a regular or special stockholders' meeting.
  - iv. *SEC Memorandum Circular No. 7-2021* - Provides that stockholders holding at least 10% of the outstanding capital stock of a publicly-listed corporation has the right to call for a special stockholders' meeting. The purpose must affect the legitimate interest of stockholders but should not include the removal of any director. No stockholder may call for a special meeting within 60 days from a previous meeting where the same nature was discussed unless allowed by the by-laws or approved by the Board.
- g) A favorable recommendation by the appropriate government agency is required for banks or banking institutions, building and loan associations, trust companies, insurance companies, public utilities, and other corporations governed by special laws, before the SEC approves any merger or consolidation; or any voluntary dissolution involving these entities.
- h) In case of transfer of shares of listed companies, the SEC may require that these corporations whose securities are traded in trading markets and which can reasonably demonstrate their capability to do so, to issue their securities or shares of stock in uncertificated or scripless form in accordance with the Rules of the SEC.

The Revised Corporation Code refers to the Philippine Competition Act in case of covered transactions under said law involving the sale, lease, exchange, mortgage, pledge, or disposition of properties or assets; increase or decrease in the capital stock, incurring creating or increasing bonded indebtedness; or mergers or consolidations covered by the Philippine Competition Act thresholds.

#### **4. The Philippine Competition Act**

Pursuant to Bayanihan 2 Act, which was signed into law on September 11, 2020, all mergers and acquisitions with transaction values below ₱50 bn shall be exempt from compulsory notification under the Philippine Competition Act if entered into within a period of two years from the effectivity of Bayanihan 2 Act. As of September 14, 2021, mergers and acquisitions entered into during the effectiveness of the Bayanihan 2 Act are already subject to the PCC *motu proprio* review power.



Any voluntary notification shall constitute a waiver to the exemption from review. With the in Bayanihan 2 Act, the thresholds are as follows:

Test	New Threshold (effective September 15, 2020 until September 22, 2022)
Size of Person Test	₱50 bn
Size of Transaction Test	₱50 bn

This means that the value of the assets or revenues of the ultimate parent entity of at least one of the parties must exceed ₱50 bn instead of ₱6 bn. The ultimate parent entity is the entity that, directly or indirectly, controls a party to the transaction, and is not controlled by any other entity. In addition, the value of the assets or revenues of the acquired, target or merged entity must exceed ₱50 bn instead of ₱2.4 bn. Both thresholds must be breached in order for the compulsory notification requirement to apply.

#### 5. Amended Foreign Investment Act of 1991 (Amended FIA)

On March 2, 2022, President Duterte signed into law RA No 11647, *“An Act Promoting Foreign Investments, Thereby Amending Republic Act 7042 Otherwise Known as the Foreign Investments Act of 1991, as Amended and For Other Purposes.”* (the “Amended FIA”). The law aims to attract foreign investments in activities which contribute to sustainable economic growth, global competitiveness, employment creation, technical advancement, and countrywide development.

Under this law, foreign nationals are now allowed to engage in a domestic market enterprise with a minimum capital requirement of US\$100,000.00 provided that the enterprise: (a) utilizes advanced technology as determined by the Department of Science and Technology; (b) endorsed as a start-up or start-up enabler under RA No. 11337 or the Innovating Startup Act; or (3) composed of a majority of Filipino employees, which shall not be less than 15. Other salient features of the Amended FIA include: (a) a required understudy or skills development program by registered foreign enterprises to ensure skills and technology transfer to Filipinos; (b) allowing 100% foreign investment in a domestic enterprise unless participation of foreigners is limited to a smaller percentage; and (c) allowing 100% foreign investment in an export enterprise provided that the products or services do not fall under the Foreign Investments Negative List.

#### 6. Amended Public Service Act

On March 10, 2020, the House of Representatives passed House Bill No. 78 (HB No. 78) that made a distinction between the definition of “public service” from “public utility” as defined under Commonwealth Act No. 146 or the Public Service Act, in effect allowing foreigners to fully own public services in the Philippines since, under the 1987 Philippine Constitution, only firms that are at least 60% owned by Filipinos are given the authorization, certificate, and franchise to operate as a public utility.

HB No. 78 limited the definition of a public utility to any person or entity that operates, manages, or controls for public use the (i) distribution of electricity, (ii) transmission of electricity, (iii) water pipeline distribution, and (iv) sewerage pipeline.

On December 16, 2021, the Philippine Senate passed the equivalent Senate Bill No. 2094 (SB No. 2094) that limited the definition of a public utility as any person or entity that operates, manages, or controls for public use the (i) distribution of electricity, (ii) transmission of electricity, (iii) petroleum and petroleum products pipeline transmission, (iv) water and wastewater pipeline distribution systems, (v) airports, (vi) seaports, (vii) public utility vehicles, and (viii) expressways and tollways.

On February 2, 2022, the Bicameral Committee ratified the reconciled version of House Bill No. 78 and Senate Bill No. 2094, which excluded the following from the definition of a public utility, effectively removing the 40% foreign ownership cap under the 1987 Philippine Constitution: (i)



telecommunications, (ii) domestic shipping, (iii) railways and subways, (iv) airlines, (v) expressways and tollways, and (vi) airports. The reconciled version was signed into law by President Rodrigo R. Duterte as RA 11659 on March 21, 2022.

## **7. Data Privacy Act of 2012**

The Data Privacy Act of 2012 is a comprehensive and strict privacy legislation aimed to protect the fundamental human right to privacy of data subjects by: (a) protecting the privacy of individuals while ensuring free flow of information; (b) regulating the collection, recording, organization, storage, updating or modification, retrieval, consultation, use, consolidation, blocking, erasure or destruction of personal data; and (c) ensuring that the Philippines complies with international standards set for data protection through National Privacy Commission.

Intended to protect the privacy of individuals, it mandates companies to inform the individuals about how their personal information is collected and processed. It also ensures that all personal information must be (a) collected and processed with lawful basis, which includes consent, and only for reasons that are specified, legitimate, and reasonable; (b) handled properly, ensuring its accuracy and retention only for as long as reasonably needed; and (c) discarded properly to avoid access by unauthorized third parties.

Its implementing rules and regulations (“Data Privacy Act IRR”) took effect on September 9, 2016, mandating all Philippines companies to comply with the following: (a) appointment of a Data Protection Officer; (b) conduct of a privacy impact assessment; (c) adoption of a privacy management program and privacy policy; (d) implement privacy and data protection measures; and (e) establish a breach reporting procedure. In addition, companies with at least 250 employees or access to sensitive personal information of at least 1,000 individuals are required to register their data processing systems with the National Privacy Commission. The Data Privacy Act IRR, furthermore provides the only instances when data sharing is allowed, to wit: (a) data sharing is authorized by law, provided that there are adequate safeguards for data privacy and security, and processing adheres to principles of transparency, legitimate purpose and proportionality; (b) in the private sector, data sharing for commercial purposes is allowed upon (i) consent of data subject, and (ii) when covered by a data sharing agreement; (c) data collected from parties other than the data subject for purpose of research shall be allowed when the personal data is publicly available; and (d) data sharing among government agencies for purposes of public function or provision of a public service shall be covered by a data sharing agreement.

In 2017, the Company launched its data privacy compliance program which includes the implementation of Information Security Management System (ISMS) for the entire Aboitiz Group. Since then, the Group and its Business Units 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. The Group develops and ensures the implementation of Data Privacy Policies, manuals, and supporting guidelines which are aligned with the Data Privacy Act, its implementing rules and supporting circulars issued by the National Privacy Commission. Also, the Aboitiz Group has since begun to build each SBU’s business continuity resilience, especially with regard to Information Security and Data Breach Management. In 2020, AEV initiated the integrated approach to information security incident management which brought together actors from Data Privacy, Information Security, IT Security, Business Continuity, Human Resources, Legal and other subject matter experts. This brings a more holistic approach to the handling of information security and data breach incidents.

As the Aboitiz Group continues to operate in a highly digital and fast changing environment, the Data Protection Teams of each Business will strive to keep up with the expectations of their Data Subjects as well as with the evolving guidelines of the National Privacy Commission. This constant review of requirements, downloading of information, updating of processes, and testing of capabilities aims to ensure that Aboitiz is able to meet the expectations of its stakeholders.

## **8. Registration with the Board of Investments**

Under Executive Order (EO) No. 226, otherwise known as the Omnibus Investments Code, as amended, a BOI-registered enterprise enjoy certain incentives, both financial and non-financial, provided such enterprise invests in preferred areas of investment enumerated in the Investment Priorities Plan annually prepared by the Government. However, prior to registration with the Board of Investments (BOI), the enterprise must first satisfy the minimum equity required to finance the project applied equivalent to 25% of the estimated project cost, or as may be prescribed by the BOI. Such incentives include: (i) income tax holiday; (ii) exemption from taxes and duties on imported spare parts; (iii) exemption from wharfage dues and export tax, duty, impost and fees; (iv) reduction of the rates of duty on capital equipment, spare parts and accessories; (v) tax exemption on breeding stocks and genetic materials; (vi) tax credits; (vii) additional deductions from taxable income; (viii) employment of foreign nationals; (ix) simplification of customs procedure; and (x) unrestricted use of consigned equipment.

## **9. Labor Laws**

The Philippine Labor Code and other statutory enactments provide the minimum benefits that employers must grant to their employees, which include certain social security benefits, such as benefits mandated by the Social Security Act of 1997 (RA No. 8282), the National Health Insurance Act of 1995 (RA No. 7875), as amended, and the Home Development Fund Law of 2009 (RA No. 9679). On the other hand, the Occupational Safety and Health Law (RA No. 11058) reinforces the existing Occupational Safety and Health Standards, which sets out, among others, the guidelines applicable to different establishments intended for the protection of every working man against the dangers of injury, sickness or death through safe and healthful working conditions.

The Department of Labor and Employment (DOLE) is the Philippine government agency mandated to implement policies, programs and services, and serves as the policy-coordinating arm of the Executive Branch in the field of labor and employment. The DOLE has exclusive authority in the administration and enforcement of labor and employment laws, such as the Labor Code of the Philippines and the Occupational Safety and Health Law and Standards, and such other laws as specifically assigned to it or to the Secretary of the DOLE.

### **a. Social Security System, PhilHealth and the Pag-IBIG Fund**

An employer or any person who uses the services of another person in business, trade, industry or any undertaking is required under the Social Security Act of 2018 (RA No. 11199) to ensure coverage of employees following procedures set out by the law and the Social Security System (SSS). Under the said law, an employer must deduct from its employees their monthly contributions in an amount corresponding to his salary, wage, compensation or earnings during the month in accordance with the monthly salary credits, the schedule and the rate of contributions as may be determined and fixed by the Social Security Commission, pay its share of contribution and remit these to the SSS within a period set by law and/or SSS regulations. This enables the employees or their dependents to claim their pension, death benefits, permanent disability benefits, funeral benefits, sickness benefits and maternity-leave benefits.

Employers are likewise required to ensure enrolment of its employees in a National Health Insurance Program administered by the Philippine Health Insurance Corporation, a government corporation attached to the Department of Health tasked with ensuring sustainable, affordable and progressive social health insurance pursuant to the provisions of RA No. 10606, the National Health Insurance Act of 2013.

On February 20, 2019, the Universal Health Care Act (RA No. 11223), was enacted, which amended certain provisions of the National Health Insurance Act of 2013. Under the said law, all Filipino citizens are now automatically enrolled into the National Health Program. However, membership is classified into two types, direct contributors and indirect contributors. Direct contributors refer to those who have the capacity to pay premiums, are gainfully employed and are bound by an employer-employee relationship, or are self-earning, professional practitioners, migrant workers, including their qualified dependents, and lifetime members. On

the other hand, indirect contributors refer to all others not included as direct contributors, as well as their qualified dependents, whose premium shall be subsidized by the national government including those who are subsidized as a result of special laws. Every member is also granted immediate eligibility for health benefit package under the program.

Under the Home Development Mutual Fund Law of 2009 (RA No. 9679), all employees who are covered by SSS must also be registered with and covered by the Home Development Mutual Fund (HDMF, more commonly referred to as the “*Pag-IBIG Fund*”). It is a national savings program as well as a fund to provide for affordable shelter financing to Filipino workers. Except for foreign expatriates, coverage under the HDMF is compulsory for all SSS members and their employers. Under the law, an employer must deduct and withhold 2% of the employee’s monthly compensation, up to a maximum of ₱5,000.00, and likewise make a counterpart contribution of 2% of the employee’s monthly compensation, and remit the contributions to the HDMF.

b. The Labor Code

The Philippine Labor Code provides that, in the absence of a retirement plan provided by their employers, private-sector employees who have reached 60 years of age or more, but not beyond 65 years of age, the compulsory retirement age for private-sector employees without a retirement plan, and who have rendered at least five years of service in an establishment, may retire and receive a minimum retirement pay equivalent to one-half month’s salary for every year of service, with a fraction of at least six months being considered as one whole year. For the purpose of computing the retirement pay, “one-half month’s salary” shall include all of the following: fifteen days’ salary based on the latest salary rate; in addition, one-twelfth of the thirteenth month pay and the cash equivalent of five days of service incentive leave pay. Other benefits may be included in the computation of the retirement pay upon agreement of the employer and the employee or if provided in a collective bargaining agreement.

c. Occupational Safety and Health Law

The Occupational Safety and Health Law (RA No. 11058) was signed into law on August 17, 2018. It applies to all private establishments alike, requiring them, among others, to furnish workers with a place of employment free from hazardous conditions causing or are likely to cause death, illness, or physical harm, and to comply with the Occupational Safety and Health standards, including training, medical examination and the necessary protective and safety devices, such as personal protective equipment.

d. Other Labor-Related Laws and Regulations

(1) Contracting and Subcontracting

The Labor Code recognizes subcontracting arrangements, whereby a principal puts out or farms out with a contractor the performance or completion of a specific job, work or service within a definite or predetermined period, regardless of whether such job, work or service is to be performed or completed within or outside the premises of the principal. Such arrangements involve a “trilateral relationship” among: (i) the principal who decides to farm out a job, work or service to a contractor; (ii) the contractor who has the capacity to independently undertake the performance of the job, work, or service; and (iii) the contractual workers engaged by the contractor to accomplish the job, work, or service.

The DOLE, through its Department Order No. 174, Series of 2017, regulates subcontracting arrangements by requiring, among others, the registration of contractors with the Regional Office of the DOLE where it principally operates.

(2) DOLE Mandated Work-Related Programs

Under the Comprehensive Dangerous Drugs Act (RA No. 9165), a national drug abuse prevention program implemented by the DOLE must be adopted by private companies with 10

or more employees. For this purpose, employers must adopt and establish company policies and programs against drug use in the workplace in close consultation and coordination with the DOLE, labor and employer organizations, human resource development managers and other such private sector organizations. DOLE Department Order No. 53-03 sets out the guidelines for the implementation of Drug-Free Workplace policies and programs for the private sector.

The employer or the head of the work-related, educational or training environment or institution, also has the duty to prevent or deter the commission of acts of sexual harassment and to provide the procedures for the resolution, settlement or prosecution of such cases in accordance with the Safe Spaces Act (RA No. 9165), which was signed into law on April 17, 2019.

Moreover, DOLE Department Order No. 102-10 requires all private workplaces to have a policy on HIV and AIDS and to implement a workplace program in accordance with the Philippines AIDS Prevention and Control Act. The workplace policies aim to manage sensitive issues, such as confidentiality of medical information and continuation of employment for HIV-positive staff, and to avoid the discrimination of any employee due to HIV/AIDS. Any HIV/AIDS-related information of workers should be kept strictly confidential and kept only on medical files, whereby access to it is strictly limited to medical personnel.

All private workplaces are also required to establish policies and programs on solo parenting, Hepatitis B, and tuberculosis prevention and control. In line with the Mental Health Act (RA No. 11036), employers are further required to develop policies and programs on mental health in the workplace designed to: raise awareness on mental health issues, correct the stigma and discrimination associated with mental health conditions, identify and provide support for individuals at risk, and facilitate access to treatment and psychosocial support.

**(xii) Amount Spent on Research and Development**

AEV and its Subsidiaries do not allocate specific amounts or fixed percentages for research and development. All research and developmental activities are done by its Subsidiaries and Affiliates on a per project basis. The allocation for such activities may vary depending on the nature of the project.

**(xiii) Cost and Effects of Compliance with Environmental Laws**

AEV and its Subsidiaries, Associates, and Joint Ventures are subject to extensive, evolving and increasingly stringent safety, health and environmental laws and regulations. These standard laws and regulations that govern AEV's business operations include the Philippine Clean Air Act (RA No. 8749), Ecological Solid Waste Management Act (RA No. 9003), Clean Water Act (RA No. 9275), Toxic Substances and Hazardous and Nuclear Wastes Control Act (RA No. 6969), and Philippine Environmental Impact Statement System (Presidential Decree No. 1586), address, among other things, air emissions, wastewater discharges, the generation, handling, storage, transportation, treatment and disposal of toxic and hazardous chemicals, materials and waste, workplace conditions, and employee exposure to hazardous substances. Power plant operations are considered environmentally critical projects for which an Environmental Impact Study and an Environmental Compliance Certificate are mandatory.

AEV has incurred, and is expected to continuously incur, operating costs to comply with these laws and regulations. However, these costs cannot be segregated or itemized as these are embedded in, and are part and parcel of, each SBU's overall system in compliance with both industry standards and regulatory requirements. Each SBU has appointed and designated a Pollution Control Officer to closely monitor compliance with the requirements of these regulations.

**(xiv) Employees**

On the parent company level, AEV had a total of 229 employees as of February 28, 2022, composed of executives, managers, supervisors, and rank and file employees. There are no existing collective bargaining agreements (CBA) covering any of AEV's employees.

The following table provides a breakdown of total employee headcount per SBU, divided by function, as of February 28, 2022:

Number of Employees	AEV Corporate	UnionBank and Subsidiaries	Pilmico and Subsidiaries	Gold Coin and Subsidiaries	AboitizLand and Subsidiaries	Aboitiz InfraCapital and Subsidiaries	RCBM and Subsidiaries	AboitizPower and Subsidiaries
Executives	60	294	45	48	9	18	6	189
Managers	67	987	89	166	30	38	123	322
Supervisors	51	1,976	400	365	113	81	296	890
Rank & File	51	699	289	2,192	82	109	354	2,469
<b>TOTAL</b>	<b>229</b>	<b>3,956</b>	<b>823</b>	<b>2,771</b>	<b>234</b>	<b>246</b>	<b>779</b>	<b>3,870</b>
Unionized Employees	N/A	599	25	205	N/A	N/A	591	431
Expiry of CBA	N/A	May 31, 2025	N/A	<u>GCI:</u> Aug 19, 2021 <u>GCSI:</u> Aug 7, 2021 <u>GCFM:</u> Dec 31, 2019 <u>GCSSB:</u> Feb 2, 2021	N/A	N/A	Batangas – Supervisor (June 2024) Bulacan – Supervisor (December 2023); Rank & File (July 2022); Teresa – Supervisor (January 2023); Rank & File (October 2022); Norzagaray - Supervisor (December 2022); RCMI – Supervisor (May 2024); Rank & File (December 2023)	Hedcor: Sept 19, 2022 APRI: Feb 28, 2022 Visayan Electric: Dec 31, 2016 Cotabato Light: June 30, 2024 Davao Light: June 16, 2026 SFELAPCO; May 9, 2024

In addition to mandated statutory benefits (such as holiday pay, service incentive leave, maternity leave, paternity leave, and 13th-month pay), the Company provides benefits to its employees in the following areas: healthcare, annual leave, loans and financial assistance applicable to a variety of uses, retirement benefits to qualified employees, and productivity bonuses. Salaries and benefits are reviewed regularly and adjusted to retain current employees and attract new talent. The Company currently has no stock option plans available to its employees. As of February 28, 2022, the Company does not anticipate any increase in manpower within the next 12 months unless new development projects and acquisitions materially require an increase.

The Company's employees are not unionized. The Company's employees have neither been on strike nor have threatened to strike for the past three years.

#### (xv) Major Risk/s Involved in Business of AEV and its Subsidiaries

Part of the governance of Risk Management is the regular review of the Risk Management Plans of all its business units. This is being conducted at least twice a year but all Business Units are encouraged to do a review as soon as there are major changes in the Group's operating environment. Outputs of this exercise are utilized to create a consolidated Top Risk at the Group-wide level which is reported to the Senior Management and the Board Risk and Reputation Committee

##### 1. Climate Transition Risk

AEV recognizes that some of its stakeholders (e.g. lenders, insurers, suppliers) have begun implementing policies aligned with the international treaties on emissions reduction. This has caused the Aboitiz Group to revisit its existing risk which is more focused on the Power Group and

expand its context to a group-wide perspective. With this context, the Company (a) provides more focus on the underlying reason behind the negative action against coal, which is climate change and (b) understands that if this risk materializes, it will not just affect the Power Group but also other units who also contribute in terms of Scope 1 to 3 emission. Ultimately, this risk, if it materializes, may not only impact the group-wide 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.

The Company acknowledges that management of this risk will require collective effort from all business units, as such, the Aboitiz Group continues to identify, implement, and improve its climate related actions and programs.

In 2021, AEV Strategy, Reputation, and Risk Management Teams cascaded the results of the MSCI Climate Value at Risk (VaR) activity which started in 2020. This initiative aimed 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 on the Nationally Determined Contributions (NDCs).

## **2. Project Risks**

Project Risk remains to be one of the Group's top risks. The occurrence of the pandemic both pose a risk and opportunity for the Group as it slightly impaired the timing of the operationalization of some of its projects. However, this has also allowed Group 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.

Lessons learned sessions continue to be part of the process for each major project milestone. This exercise not only allows management and the project team to celebrate quick wins, but also learn from the past and current challenges and seize emerging opportunities from the project. This practice enhances the Company's ability to capture the opportunities that help in the continuous development and growth of the organization.

## **3. Regulatory Risks**

Each type of industry the Aboitiz Group is engaged in – power, food, banking, construction, real estate, and infrastructure – has specific regulatory risks. With the Group's regulatory landscape continuously challenging and changing, the Company has to keep up with the need for regulation compliance both locally and globally. Failure to understand and align with the new and changing regulations will have negative consequences both in the Group's operations, net income, and reputation.

Regulatory Risk is one of the two risks that have the most number of interconnections. Consequently, the Company's exposure from other risks may increase once this risk materializes. Thus, it is important for the organization to ensure this risk is being proactively managed.

The AEV Risk Management Team, together with the Corporate External Relations and Legal teams continue to monitor any changes in laws and regulations. The Company participates in consultative processes to have more public discussions over the necessity or propriety of specific regulation, or their relevance to current business practices; and technology changes that could lead to the development of new regulations and policies that will be beneficial to the Group and to the various businesses it operates.

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 Aboitiz's continued commitment to manage privacy risks and ensure compliance with privacy laws.

#### **4. Cyber and Information Security Risk**

Due to the increasing number of information security breach events happening globally, for both information and operation technologies, cyber and information security risk is still considered as one of the Company's top risks. As the Company transitioned to a hybrid workforce set-up, the potential exposure from such risk is further aggravated by the current work-from-home set-up and the increasing hours that its employees spend online. Despite this, the Company was able to protect itself from these potential breaches which can have catastrophic implications on the organization's bottom-line and reputation.

To address this risk, the Aboitiz Group has been continuously strengthening and improving its organization's security posture through the implementation of the Information Security Management System (including awareness campaigns and communications) and continuous enhancement of its monitoring and protection capabilities to both Information and Operational Technology environments.

These and other activities/initiatives, are part of the Level 4 in Cyber Security Maturity roadmap built together by the different IT and OT Teams across the Group, and are geared towards strengthening its technology, people, and processes.

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 alignment between people, process and technology, as Aboitiz takes a whole of organization approach to managing its cyber and information security risk. In addition, the Board of Directors created the Board Cyber and Information Security Committee to ensure Board oversight and strategic guidance on the matter at hand.

#### **5. Pandemic Risks**

Public health epidemics or outbreaks of diseases (both for humans and animals) could have an adverse effect on economic activity in the Philippines, and could materially and adversely affect AEV's business, financial condition, and results of operations.

As of March 23, 2022, the Philippine Department of Health reported 3,675,384 total cases of COVID-19 nationwide with 58,563 deaths attributed to COVID-19. The Philippines continued to report additional cases per day, with 478 new cases on March 23, 2022.

Though the Philippines ramped up its vaccination program, a possible surge in cases due to COVID19 variants, which 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.

To manage these risks, the Group has put in place different treatment plans and controls such as (but not limited to).

- Continuous review and update of plans and processes to align with the changing environment and requirements. This includes business continuity plans, guidelines, and protocols;
- Release of awareness campaigns;
- Maximization of digital platforms;
- Strict enforcement of health and safety protocols in sites and facilities;
- Health and wellness initiatives are launched to protect the psychological and mental health of the employees; and
- Group-wide vaccination and booster program for team members and subcontractors.

Apart from the risks enumerated above, the Group recognized the following (but not limited to)

opportunities that emerged from this pandemic.

- Accelerated the shift to a hybrid workplace which was already practiced by some of the Business Units pre-COVID;
- Enabled to test the effectiveness of its IT capabilities which it started to develop and roll-out prior to the occurrence of COVID-19 outbreak;
- Accelerated the planning and implementation of fast to execute initiatives with minimal or no investment required; and
- Re-channelled Group's resources to align with helping the medical communities and local government in their response efforts.

As of February 28, 2022, 96% of the Aboitiz Group's organic team members had been fully vaccinated with 16% having received a supplementary booster shot. AEV's organic team members are 100% fully vaccinated with 59% having received their supplementary dose as of February 28, 2022.

## **6. Disaster Risk**

As a result of the increasing global surface temperatures due to climate change, droughts and catastrophic typhoons will continue to pose a threat not just in the country but globally.

To ensure that the Group will be able to withstand and recover from these and other natural/man-made disasters, AEV and its Subsidiaries will continuously improve its 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, teams are prepared for emergencies through mandatory training and drills while testing and improving procedures are performed on an ongoing basis.

## **7. Financial Risk**

AEV is continuously managing its identified financial risks that could have an impact on the Group. One of these is the risk of not being able to raise financing to meet the requirements of the Group. This risk could be attributed to different factors such as, but not limited to, (i) general local and international market conditions as well as (ii) the increasing ESG-related concern among banks and investors.

Aside from the negative implication of these risks to the Group's net income, these may also put constraints on AEV and its Subsidiaries' plans of growth and expansion.

To ensure that the Financial Risk Management Framework is still aligned with the current requirements of the business, the Risk and Treasury Teams continue to review and update (if needed) this document, which was first established in 2019, and aims to provide a consistent approach in identifying, assessing, quantifying and mitigating financial risks across the Group.

## **8. Talent Risks**

The Company recognizes that having team members with the right capabilities at the right time is critical in the accomplishment of its long-term strategies as well as to the future organization. It also acknowledges that the transitioning to a hybrid workforce as a result of the new normal also poses a threat to the employees' mental, physical, and psychological well-being.

Inability to prepare and minimize the impact of this risk will entail a potential delay in the execution of various initiatives which could eventually lead to missed business opportunities. Also, the negative implication to the employees' health and well-being will also affect the overall productivity of the Company.



To mitigate this risk, the Company embedded the Strategic Workforce Planning into the Business Strategic Plan. This aims to proactively identify the current and future needs of the organization and serve as an input for attraction, learning/organization development and succession. Engagement programs across the different Business Units were enhanced to consider the current needs of all team members and leaders. Regular performance evaluations are being conducted to identify areas for improvement and further development of team members. Also, plans of digital learning and development were accelerated to ensure that the current situation will not halt the development of all team members and leaders.

## 9. Emerging Risks

The current risk environment is rapidly shifting as a result of events that many times are not within the Company's control, often as a result of national and global events. Such emerging risks cannot yet be fully assessed in terms of likelihood and impact due to high uncertainty, but could have a major impact on an organization in the future. To ensure these risks are captured and discussed, the Risk Management Team and Subject Matter Experts (SMEs) work jointly to identify and monitor emerging risks especially in the following areas: political, economic, social, technology, environmental, legal and compliance (PESTEL). The output of which is shared to the different sub-units on a regular basis for their own analysis and monitoring. These risks are also part of the 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 with other business functions to drive a more robust response to these risks.

## STRATEGIC BUSINESS UNITS

### I. POWER

#### *Overview of the Business*

AEV's power Business Unit, AboitizPower, is a publicly-listed company incorporated on, and has been in business since, February 13, 1998. AboitizPower was incorporated as a holding company for the Aboitiz Group's investments in electricity generation and distribution. Ownership in AboitizPower was opened to the public through an initial public offering of its common shares in the PSE on July 16, 2007. Through its Subsidiaries and Affiliates, AboitizPower is a well-positioned leader in the Philippine power industry being one of the leading companies in power generation, distribution, and retail electricity supply. As of March 23, 2022, AboitizPower had a market capitalization of ₱260.50 bn, with a common share price of ₱35.40 per share.

Driven by the pursuit of creating a better future for its customers, its host communities, and the nation, AboitizPower's business operations have developed into four SBU: (a) Power Generation, (b) Power Distribution, (c) Retail Electricity Services (RES), and (d) Distributed Energy. AboitizPower will continue to pursue its international aspirations with a continued focus on renewable energy projects in wind, hydro, and solar in high-growth geographic markets with acceptable regulatory environments.

Based on Energy Regulatory Commission (ERC) Resolution No. 5 series of 2021, dated, March 12, 2021, the power generation business of AboitizPower is among the leaders in the Philippines in terms of installed capacity. Moreover, AboitizPower has the second largest distribution utility, in terms of captive customer connections and energy sales<sup>9</sup>. As of the latest report, AboitizPower's RES business combined is the second largest both in number of customers and total retail market share<sup>10</sup>. AboitizPower is a pioneer in building and the operation of run-of-river hydropower plants in the country. Today, through its renewable energy Subsidiaries, AboitizPower has the largest installed capacity of renewable energy under its market control.<sup>11</sup>

<sup>9</sup> Based on DOE's Distribution Development Plan 2019-2028

<sup>10</sup> ERC Competitive Retail Electricity Market Monthly Statistical Data as of January 2022

<sup>11</sup> Based on ERC Resolution No. 02, Series of 2020 dated March 12, 2020

## *Business Development*

AboitizPower through its Subsidiaries, Joint Ventures, and Associates, is a leading player in the Philippine power industry with interests in privately-owned power generation companies, RES services, and distribution utilities throughout the Philippines, from Benguet in the north to Davao in the south.

AboitizPower's portfolio of power generating plants consist of a mix of renewable and non-renewable sources and of baseload and peaking power plants. This allows AboitizPower to address the 24-hour demand of the country with its coal and geothermal plants handling baseload demand, while the hydropower, solar, and oil-based plants handle intermediate to peaking demand. Most of these plants are also capable of providing ancillary services, which are also critical in ensuring a reliable grid operation. Its Generation Companies have an installed capacity which is equivalent to a 16.58% market share of the national grid's installed generating capacity<sup>12</sup>. As of February 28, 2022, AboitizPower had a total of 5,332 MW net sellable capacity, of which 3,962 MW is the portion attributable to the company. AboitizPower targets to double its capacity to 9,200 MW by 2030. This is expected to come from a portfolio of renewables and selective baseload builds, with the optionality for either coal or gas facilities. AboitizPower's renewable investments are held primarily through its wholly-owned Subsidiary, Aboitiz Renewables, Inc. (ARI), along with ARI's Subsidiaries and Joint Ventures. AboitizPower is a pioneer in the building and operation of run-of-river mini hydropower plants in the country.

AboitizPower also owns interests in nine Distribution Utilities in Luzon, Visayas, and Mindanao, including Visayan Electric and Davao Light, the second and third largest distribution utilities in the Philippines, respectively in terms of customer size and annual sales. AboitizPower's Subsidiaries engaged in the distribution of electricity sold a total of 7,396,423 MWh during 2021.

AboitizPower's power generation business supplies power to various customers under power supply contracts, ancillary service procurement agreements (ASPA), and for trading in the Wholesale Electricity Spot Market (WESM). The power distribution business is engaged in the distribution and sale of electricity to end-users, and the RES and Others segment includes retail electricity sales to various off-takers that are considered eligible contestable customers ("Contestable Customers") and provision of electricity-related services, such as installation of electrical equipment. AboitizPower's Subsidiaries engaged in the supply of retail electricity sold a total of 3.80 Terawatt hours (TWh) during 2021.

On December 16, 2021, JERA Asia acquired a 27% stake in AboitizPower, which consisted of a 25.01% stake from AEV and a 1.99% stake from ACO.

As of March 23, 2022, AEV owned 51.99% of the outstanding capital stock of AboitizPower, 27.00% was owned by JERA Asia, and 0.97% was owned by AboitizPower directors, officers, and other related parties, while the remainder was owned by the public.

Neither AboitizPower nor any of its Subsidiaries has ever been the subject of any bankruptcy, receivership or similar proceedings.

## *History and Milestones*

The Aboitiz Group's involvement in the power industry began when members of the Aboitiz family acquired a 20% ownership interest in Visayan Electric in the early 1900s. The Aboitiz Group's direct and active involvement in the power distribution industry can be traced to the 1930s, when ACO acquired Ormoc Electric Light Company and its accompanying ice plant, Jolo Power Company, and Cotabato Light. In July 1946, the Aboitiz Group further strengthened its position in power distribution in the Southern Philippines when it acquired Davao Light, which is now the third largest privately-owned distribution utility in the Philippines in terms of customers and annual gigawatt hour (GWh) sales.

In December 1978, ACO divested its ownership interests in Ormoc Electric Light Company and Jolo Power Company and focused on the more lucrative franchises held by Cotabato Light, Davao Light, and Visayan Electric.

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<sup>12</sup> Based on Energy Regulatory Commission (ERC) Grid Limit Resolution

In response to the Philippines' pressing need for adequate power supply, the Aboitiz Group ventured into power generation, becoming a pioneer and industry leader in hydroelectric energy. In 1978, the Aboitiz Group incorporated Hydro Electric Development Corporation (HEDC). HEDC carried out feasibility studies (including hydrological and geological studies), hydroelectric power installation and maintenance, and also developed hydroelectric projects in and around Davao City. On June 26, 1990, the Aboitiz Group also incorporated Northern Mini-Hydro Corporation (now Cleanergy, Inc.), which focused on the development of mini-hydroelectric projects in Benguet province in Northern Luzon. By 1990, HEDC and Cleanergy had commissioned and were operating 14 plants with a combined installed capacity of 36 MW. In 1996, the Aboitiz Group led the consortium that entered into a Build-Operate-Transfer (BOT) agreement with National Power Corporation (NPC) to develop and operate the 70-MW Bakun AC hydroelectric plant (the "Bakun AC Hydro Plant") in Ilocos Sur.

The table below sets out milestones in AboitizPower's development since 1998:

Year	Milestones
1998	<i>Incorporated as a holding company for the Aboitiz Group's investments in power generation and distribution.</i>
2005	Consolidated its investments in mini-hydroelectric plants in a single company by transferring all of HEDC's and Cleanergy's mini hydroelectric assets to Hedcor, Inc. (Hedcor).
2007	<p>Entered into a share swap agreement with AEV in exchange for AEV's ownership interest in the following distribution utilities:</p> <ul style="list-style-type: none"> <li>i. An effective 55% equity interest in Visayan Electric;</li> <li>ii. A 100% equity interest in each of Davao Light and Cotabato Light;</li> <li>iii. An effective 64% ownership interest in Subic Enerzone Corporation (Subic Enerzone); and;</li> <li>iv. An effective 44% ownership interest in San Fernando Electric Light &amp; Power Company (SFELAPCO).</li> </ul> <p>As part of the reorganization of the power-related assets of the Aboitiz Group, the company:</p> <ul style="list-style-type: none"> <li>i. Acquired 100% interest in Mactan Enerzone Corporation (Mactan Enerzone) and 60% interest in Balamban Enerzone Corporation (Balamban Enerzone) from AboitizLand; and</li> <li>ii. Consolidated its ownership interests in Subic Enerzone by acquiring the combined 25% interest in Subic Enerzone held by AEV, SFELAPCO, Okeelanta Corporation, and Pampanga Sugar Development Corporation.</li> </ul> <p>These acquisitions were made through a Share Swap Agreement, which involved the issuance of the AboitizPower's 170,940,307 common shares issued at the IPO price of ₱5.80 per share in exchange for the foregoing equity interests in Mactan Enerzone, Balamban Enerzone, and Subic Enerzone.</p> <p>Together with its partner, Statkraft Norfund Power Invest AS of Norway, through SN Aboitiz Power-Magat, acquired possession and control of the Magat Plant following its successful bid in an auction by the Power Sector Assets and Liabilities Management Corporation (PSALM).</p> <p>Formed Abovant Holdings, Inc. (Abovant) with the Vivant Group as the investment vehicle for the construction and operation of a coal-fired power plant in Toledo City, Cebu ("Cebu Coal Project"). Abovant entered into a Memorandum of Agreement (MOA) with Global Business Power Corporation (Global Power) of the Metrobank group for the acquisition of a 44% equity interest in Cebu Energy Development Corporation (Cebu Energy).</p> <p>Therma Power, Inc. (TPI) entered into a MOA with Taiwan Cogeneration International Corporation (TCIC) for the Subic Coal Project, an independent coal-fired power plant in the Subic Bay Freeport Zone. Redondo Peninsula Energy, Inc. (RP Energy) was incorporated as the project company.</p> <p>Acquired 50% of East Asia Utilities Corporation (EAUC) from El Paso Philippines Energy Company, Inc. and 60% of Cebu Private Power Corporation (CPPC).</p> <p>Purchased 34% equity ownership in STEAG State Power, Inc. (STEAG Power) from Evonik Steag GmbH in August 2007.</p> <p>Purchased Team Philippines Industrial Power II Corporation Industrial Power II Corp.'s 20% equity in Subic Enerzone.</p>
2008	<p>SN Aboitiz Power-Benguet submitted the highest bid for the Ambuklao-Binga Hydroelectric Power Complex.</p> <p>Acquired Tsuneishi Holdings (Cebu), Inc. (THC)'s 40% equity ownership in Balamban Enerzone, bringing AboitizPower's total equity in Balamban Enerzone to 100%.</p>
2009	<p>AP Renewables, Inc. (APRI) acquired the 234-MW Tiwi geothermal power facility in Albay and the 449.8 MW Makiling-Banahaw geothermal power facility in Laguna (collectively referred to as the "Tiwi-MakBan Geothermal Facilities").</p> <p>Therma Luzon, Inc. (TLI) became the Independent Power Producer Administrator (IPPA) for the 700-MW contracted capacity of the Pagbilao Coal-Fired Power Plant (the "Pagbilao Plant"), becoming the first IPPA of the country.</p>

2010	Therma Marine, Inc. (TMI), acquired ownership over Mobile 1 ("Power Barge 118") and Mobile 2 ("Power Barge 117") from PSALM.
2011	Meralco PowerGen Corporation (MPGC), Taiwan Cogeneration International Corporation (TCIC), and Therma Power, Inc. (TPI) entered into a Shareholders' Agreement to formalize their participation in Redondo Peninsula Energy Corporation (RP Energy). MPGC took the controlling interest in RP Energy, while TCIC and TPI maintained the remaining stake equally.
	Therma Mobile, Inc. (TMO) acquired four barge-mounted floating power plants and their operating facilities from Duracom Mobile Power Corporation and EAUC. In the same year, the barges underwent rehabilitation and started commercial operations in 2013.
2013	Aboitiz Energy Solutions, Inc. (AESI) won 40 strips of energy corresponding to 40 MW capacity of Unified Leyte Geothermal Power Plant (ULGPP). The contract between AESI with PSALM with respect to the ULGPP capacity was terminated on October 26, 2019.
2014	TPI entered into a joint venture agreement with TPEC Holdings Corporation to form Pagbilao Energy Corporation (PEC) to develop, construct, and operate the 400 MW coal-fired Pagbilao Unit 3.
	Therma Power-Visayas, Inc. (TPVI) was declared the highest bidder for the privatization of the Naga Power Plant Complex (NPPC). SPC Power Corporation (SPC), the other bidder, exercised its right-to-top under the Naga Power Plant Land-Based Gas Turbine Land Lease Agreement, and PSALM declared SPC as the winning bidder. After protracted legal proceedings, TPVI accepted the turn-over for the NPPC plant on July 16, 2018.
	Acquired 100% of Lima Enerzone Corporation (Lima Enerzone) from Lima Land, Inc., a wholly-owned Subsidiary of Aboitiz InfraCapital, Inc.
	TPI entered into a Shareholders' Agreement with Vivant Group, for the latter's acquisition of 20% issued and outstanding shares in Therma Visayas, Inc. (TVI).
2015	ARI formed a Joint Venture, San Carlos Sun Power, Inc. (SacaSun), with SunEdison Philippines to explore solar energy projects. In 2017, AboitizPower International completed the acquisition of SacaSun from SunEdison Philippines, and ownership of SacaSun was consolidated in AboitizPower.
	Therma South, Inc. (TSI) commenced full commercial operations of its Unit 1.
2016	TSI commenced full commercial operations of its Unit 2.
	TPI acquired an 82.8% beneficial ownership interest in GNPowder Mariveles Coal Plant Ltd. Co. (now: GNPowder Mariveles Energy Center Ltd. Co. or GMEC) and a 50% beneficial ownership interest in GNPowder Dinginin Ltd. Co. (GNPowder Dinginin or GNPDP).
	Through TPI, acquired the remaining 50% interest in EAUC from El Paso Philippines.
2017	AboitizPower International completes its acquisition of SunEdison Philippines, and consolidates ownership of Sacasun.
2018	Aseagas permanently ceased operations of its 8.8-MW biomass plant in Lian, Batangas.
	TPVI accepted the turnover of the Naga Power Plant Complex from PSALM.
	Pagbilao Unit 3 began commercial operations.
	TVI commenced commercial operations of its Unit 1.
2019	TMO signed a PSA with Meralco, after the facility went into preservation mode on February 5, 2019.
	TMO re-registered again with Independent Electricity Market Operator of the Philippines Inc. (IEMOP) on April 26, 2019.
	AboitizPower acquired a 49% voting stake and a 60% economic stake in AA Thermal.
	TVI commenced commercial operations of its Unit 2
2020	TPVI started commercial operations.
2021	A special-purpose vehicle wholly owned by AboitizPower's wholly-owned subsidiary, ARI, was awarded the EPC contract for the 94-megawatt peak (MWp) solar project in Pangasinan province. AboitizPower entered into an agreement with JGC Philippines, Inc., the country's biggest EPC services company to build its second solar power venture.

AboitizPower is currently involved in the distributed generation business through APX1 and APX2, and is expanding its renewable energy portfolio under its Cleanergy brand. AboitizPower's Cleanergy portfolio includes its geothermal, run-of-river hydro, and large hydropower facilities.

AboitizPower is developing various solar, wind, hydro, and storage projects. In November 2020, AboitizPower announced its two battery projects – the TMI Hybrid Battery Energy Storage System ("TMI BESS") and SN AboitizPower-Magat Battery Energy Storage System ("Magat BESS"). TMI BESS is located in Maco, Compostela Valley, has a storage capacity of 49 MWh, is intended to be used for ancillary services and is currently under construction. SN AboitizPower BESS is located in Ramon, Isabela, has a storage capacity of 20 MWh, and will be used to provide ancillary services. In December 2021, AboitizPower also began the construction of a 167MWp Laoag solar project in Aguilar, Pangasinan.

As of February 28, 2022, AboitizPower had 928 MW of attributable net sellable capacity, through its partners, under its Cleanergy brand. The company is pushing for a balanced mix strategy – maximizing Cleanergy while taking advantage of the reliability and cost efficiency of thermal power plants.

Neither AboitizPower nor any of its Subsidiaries has been the subject of any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business.

## (i) Principal Products and Services

### GENERATION OF ELECTRICITY

AboitizPower's power generation portfolio includes interests in both renewable and non-renewable generation plants. As of December 31, 2021, the power generation business accounted for 105% of earning contributions from AboitizPower's business segments. AboitizPower conducts its power generation activities through the Subsidiaries and Affiliates listed in the table below.

The table below summarizes the Generation Companies' operating results as of December 31, 2021, compared to the same period in 2020 and 2019:

Generation Companies	Energy Sold			Revenue		
	2021	2020	2019	2021	20220	2019
	(in GWh)			(in mn Pesos)		
APRI	2,787	3,055	2,968	11,405	11,253	12,518
SacaSun	61	44	49	311	250	269
Hedcor	149	161	226	758	697	881
LHC	238	266	262	687	761	787
Hedcor Sibulan	251	201	191	1,858	1,399	1,282
Hedcor Tudaya	40	33	29	234	261	172
Hedcor Sabangan	55	49	51	325	395	300
Hedcor Bukidnon	271	261	284	1,827	1,418	1,605
SN Aboitiz Power-Magat	2,195	1,891	2,054	7,352	5,352	6,608
SN AboitizPower-Benguet	2,120	1,936	1,975	7,412	5,668	6,065
TLI	7,979	6,686	6,812	33,447	20,505	25,410
TSI	1,891	1,531	1,393	11,173	8,276	9,099
TVI	2,434	2,232	1,710	10,686	8,490	6,254
Cebu Energy	2,028	2,025	1,900	8,984	7,719	8,578
STEAG Power	1,845	1,845	1,840	3,918	4,022	4,791
GMEC	2,703	5,003	3,909	19,676	17,821	19,373
WMPC	802	819	638	1,596	1,390	1,158
SPPC	0	0	0	0	0	0
CPPC	381	540	550	1,275	998	1,685
EAUC	363	226	383	963	571	1,013
TMI	1,253	743	1,200	1,276	990	1,865
TMO	1,367	381	938	1,293	668	1,970
TPVI*	29	3	-	367	30	-
Davao Light** (decommissioned)	0	0	0	Revenue Neutral	Revenue Neutral	Revenue Neutral
Cotabato Light**	0	0	0	Revenue Neutral	Revenue Neutral	Revenue Neutral

\* The TPVI plant started commercial operations on August 7, 2020 and was first dispatched based on an offer into the WESM on August 26, 2020.

\*\* Plants are operated as stand-by plants and are revenue neutral, with costs for operating each plant recovered by Davao Light and Cotabato Light, as the case may be, as approved by ERC. The Davao Light plant has been decommissioned since November 2018.

### Renewables

#### Aboitiz Renewables, Inc.

As of February 28, 2022, AboitizPower's renewable energy portfolio in operation consisted of net sellable capacity of approximately 1,249.17 MW, divided into 46.80 MW of solar, 912.37 MW of hydro, and 290 MW of geothermal.

AboitizPower's investments and interests in various renewable energy projects, including geothermal, large hydro, run-of-river hydro, and solar projects, are held primarily through its wholly-owned Subsidiary, ARI and its Subsidiary Generation Companies. ARI was incorporated on January 19, 1995.

In line with AboitizPower's ten-year strategy of growing its renewable energy capacity as well as striking a 50:50 balance between its Cleanenergy and thermal portfolios by 2030, ARI is actively developing solar, wind, hydro, and storage projects. The 94MWp Cayanga solar project in Bugallon, Pangasinan is currently under construction and expected to be completed by the fourth quarter of 2022. Tendering on the 160MWp Laoag solar project in Aguilar, Pangasinan is ongoing, and the project is expected to start construction in the second quarter of 2022, and be completed by the second quarter of 2023. SN AboitizPower-Magat expects to commence construction on the Magat BESS in the first half of 2022 with projected commercial operations date in the first half of 2024.

AboitizPower, through and/or with ARI, owns equity interests in the following Generation Companies, among others:

Generation Company	Percentage of Ownership	Plant Name (Location)	Type of Plant	Net Sellable Capacity (MW)	Attributable Net Sellable Capacity (MW)	Offtakers
APRI	100%	Tiwi – Makban (Luzon)	Geothermal	290	290	WESM/ Bilaterals
Hedcor	100%	Benguet 1-11 (Luzon) La Trinidad, Bineng 3, Ampohaw, FLS, Labay, Lonyoy, Irisan 1 and 3, and Sal-angan	Run-of-river hydro	52.7	52.7	FIT/ Bilaterals
		Davao 1-5 (Mindanao) Talomo 1, 2, 2A, 2B, and 3	Run-of-river hydro	4.5	4.5	Distribution Utility
Hedcor Bukidnon	100%	Manolo Fortich (Mindanao)	Run-of-river hydro	68.8	68.8	FIT
Hedcor Sabangan	100%	Sabangan (Luzon)	Run-of-river hydro	14	14	FIT
Hedcor Sibulan	100%	Sibulan (A, B and Tudaya A) (Mindanao)	Run-of-river hydro	49.10	49.10	Distribution utility
Hedcor Tudaya	100%	Tudaya (B) (Mindanao)	Run-of-river hydro	7	7	FIT
LHC	100%	Bakun (Ilocos Sur, Luzon)	Run-of-river hydro	74.8	74.8	NPC (2026)
SacaSun	100%	SacaSun (Visayas)	Solar	46.8	46.8	Bilaterals
SN Aboitiz Power-Benguet	60%**	Ambuklao (Benguet, Luzon)	Large Hydroelectric	105	52.50	WESM
		Binga (Luzon)	Large Hydroelectric	140	70	WESM/ASPA/Electric Cooperatives/DU/RES
SN Aboitiz Power-Magat	60%**	Magat (Luzon)	Large Hydroelectric	388	194	WESM/ Coops/ ASPA
		Maris Main Canal 1 (Luzon)	Run-of-river hydro	8.5	4.25	WESM/ ASPA/ Electric Cooperatives/ DU/RES
Total				1,248.2*	928.4*	

Notes:

\* Sum figures will differ due to rounding effect.

\*\*The 60% equity is owned by MORE.



## ***Run-of-River Hydros***

In 2021, the Hedcor Group had a total generated gross of 994 GWh of Cleanergy across the Philippines. This 3.95% increase is a great improvement compared to the 0.79% decrease in 2020. As a result of La Niña in the first half of 2021 and minimized outages, Hedcor achieved maximized generation.

On November 18, 2020, Hedcor inaugurated its first-ever Regional Control Center. With this, all nine plants in Southern Mindanao, composed of the five hydro facilities in Davao City and four hydro facilities in Davao del Sur owned by Hedcor, Hedcor Sibulan, and Hedcor Tudaya, respectively, can be operated remotely in a single control room. This is a significant milestone as part of the organization's multi-year digitization and integration projects which aims to connect all of Hedcor's hydro facilities to a single National Operations Control Center by 2024.

On June 22, 2021, the National Commission on Indigenous Peoples (NCIP) Cordillera Administrative Region served issued a cease-and-desist order ("CDO") to Hedcor's three run-of-river hydropower plants in Bakun, Benguet due to alleged irregularities regarding the Free Prior Informed Consent-Memorandum of Agreement between Hedcor and Bakun Indigenous Tribe Organization (BITO). Following the successful conduct of negotiations participated in by Hedcor, the BITO, and the Local Government Unit (LGU) of Bakun, the plants have resumed operations and synchronized to the Luzon grid. The NCIP has lifted the CDO in an Order dated February 21, 2022. Given this, Hedcor filed a motion to withdraw the court action with the Court of Appeals on March 24, 2022.

### **Luzon Hydro Corporation (LHC)**

LHC, a wholly-owned Subsidiary of ARI, owns, operates, and manages the run-of-river Bakun AC hydropower plant with a total installed capacity of 74.8 MW located in Amilongan, Alilem, Ilocos Sur (the "Bakun AC Hydro Plant"). LHC was incorporated on September 14, 1994.

LHC was previously ARI's Joint Venture with Pacific Hydro of Australia, a privately-owned Australian company that specialized in developing and operating power projects utilizing renewable energy sources. On March 31, 2011, ARI, LHC, and Pacific Hydro signed a MOA granting ARI full ownership over LHC. ARI assumed 100% ownership and control of LHC on May 10, 2011.

The Bakun AC Hydro Plant was constructed and operated under the government's BOT scheme. Energy produced by the Bakun AC Hydro Plant, approximately 254 GWh annually, is delivered and taken up by NPC pursuant to a Power Purchase Agreement (PPA) and dispatched to the Luzon Grid through the 230-kV Bauang-Bakun transmission line of NGCP. Under the terms of its PPA, all of the electricity generated by the Bakun AC Hydro Plant will be purchased by NPC for a period of 25 years from February 2001. The PPA also requires LHC to transfer the Bakun AC Hydro Plant to NPC in February 2026, free from liens and without the payment of any compensation by NPC.

In 2018, the Bakun AC Hydro Plant gained its ISO 22301:2012 Business Continuity Management System Certification, aligning with international standards in improving its business resilience. In 2020, it was recommended by BSi Group for Quality, Environmental, Asset Management, and Information Security management systems ISO recertification while successfully transitioning to ISO 45001:2018 Occupational Safety and Health management system.

### **Hedcor, Inc. (Hedcor)**

Hedcor was incorporated on October 10, 1986 by ACO as Baguio-Benguet Power Development Corporation. ARI acquired ACO's 100% ownership interest in Hedcor in 1998.

In 2005, ARI consolidated all its mini-hydroelectric generation assets, including those developed by HEDC and Cleanergy, into Hedcor. Cleanergy is Hedcor's brand for clean and renewable energy. Hedcor owns, operates, and manages run-of-river hydroelectric power plants in Northern Luzon and Davao City, with an increased combined net sellable capacity of 57.25 MW, attributed to the addition of the La Trinidad Hydro which started operations in July 2019.

Northern Luzon's climate is classified as having two pronounced seasons - dry from November to April and wet for the rest of the year. Due to this classification, generation levels of Hedcor's plants, particularly those located in Northern Luzon, are typically lower during the first five months of each year.

The electricity generated from Hedcor's hydropower plants are taken up by Advent Energy, AESI, and Davao Light pursuant to PPAs with the said off-takers. Irisan 1 Hydro and La Trinidad Hydro sell energy under the Feed-in-Tariff ("FIT") mechanism through a Renewable Energy Payment Agreement (REPA) with the National Transmission Corporation ("Transco").

In 2021, Hedcor Group had a total generated gross of 994 GWh of Cleanergy across the Philippines. This is higher than the generated gross renewable energy in 2020 of 956 GWh. This 3.95% increase is a great improvement compared to the 0.79% decrease in 2020. Hedcor achieved maximized generation as a result of La Niña in the first half of 2021 and minimized outages.

#### **Hedcor Sibulan, Inc. (Hedcor Sibulan)**

Hedcor Sibulan, a wholly-owned Subsidiary of ARI, owns, operates, and manages the hydropower plants composed of three cascading plants with a total installed capacity of 49.24 MW, located in Santa Cruz, Davao del Sur. Hedcor Sibulan consists of Sibulan A Hydro, Tudaya 1 Hydro, and Sibulan B Hydro. The energy produced by the Sibulan grid is sold to Davao Light through a PSA signed in 2007. The company was incorporated on December 2, 2005.

In 2018, Hedcor Sibulan gained its ISO 22301:2014 Business Continuity Management Certification. Likewise, it has passed all recertification and surveillance audits in 2020, maintaining its certifications for Quality, Environmental, Operational Health and Safety, Asset Management, Information Security, and Business Continuity. Also, the organization was successful in its transition to ISO 45001:2018 Occupational Safety and Health management system in September 2020.

The Hedcor Sibulan plant is part of the Hedcor Group's Regional Control Center.

#### **Hedcor Tudaya, Inc. (Hedcor Tudaya)**

Hedcor Tudaya, a wholly-owned Subsidiary of ARI, owns, operates, and manages the Tudaya 2 Hydro run-of-river hydropower plant with an installed capacity of 8.1 MW, located in Santa Cruz, Davao del Sur. The company was incorporated on January 17, 2011.

The Tudaya 2 Hydro plant has been commercially operating since March 2014. Tudaya 2 Hydro is currently selling energy under the FIT mechanism through a Renewable Energy Supply Agreement (RESA) with Davao del Sur Electric Cooperative, and through a REPA with Transco.

Together with Hedcor Sibulan, Hedcor Tudaya also gained its ISO 22301:2014 Business Continuity Management Certification in 2018. Likewise, the company passed all recertification and surveillance audits in 2020, maintaining its certifications for Quality, Environmental, Operational Health and Safety, Asset Management, Information Security, and Business Continuity. Hedcor Tudaya also successfully transitioned to ISO 45001:2018 Occupational Safety and Health management system.

The Tudaya 2 Hydro plant is part of the Hedcor Group's Regional Control Center.

#### **Hedcor Sabangan, Inc. (Hedcor Sabangan)**

Hedcor Sabangan, a wholly-owned Subsidiary of ARI, owns, operates, and manages the Sabangan run-of-river hydroelectric power plant (HEPP) with a net sellable capacity of 14.96 MW. The company was incorporated on January 17, 2011.

The Sabangan plant has been commercially operating since June 2015, and is selling under the FIT mechanism through a REPA with Transco. The plant is a pioneer hydropower plant in the Mountain Province region, harnessing the power of the Chico River.



### **Hedcor Bukidnon, Inc. (Hedcor Bukidnon)**

Hedcor Bukidnon, a wholly-owned Subsidiary of ARI, owns, operates, and manages the mini hydropower plants with a combined net sellable capacity of 72.8 MW located in Manolo Fortich, Bukidnon (the “Manolo Fortich Plant”). The company was incorporated on January 17, 2011.

The Manolo Fortich Plant is composed of the 45.9-MW Manolo Fortich 1 Hydro and the 27.39-MW Manolo Fortich 2 Hydro. Both plants harness the power of the Tanaon, Amusig, and Guihean rivers.

Persistent rains in the locality that occurred during the second half of 2020 caused soil saturation, erosion, and mudslides resulting in pipe dislocations, pipe bursts, and damage to the high head penstock line of Manolo Fortich 1. Hedcor Bukidnon Manolo Fortich 1 Hydro is now fully operational after the 45% supply generation reduction. Its two pelton units were restored when it re-synchronized to the Mindanao grid in August 2021.

The Manolo Fortich Plant is selling under the FIT mechanism through RESAs with various Mindanao cooperatives and private distribution utilities and through a REPA with TRANSCO.

### **Large Hydros**

#### **SN Aboitiz Power-Magat, Inc. (SN Aboitiz Power-Magat)**

Incorporated on November 29, 2005, SN Aboitiz Power-Magat owns and operates the HEPP with a nameplate capacity of 360 MW located at the border of Ramon, Province of Isabela and Alfonso Lista, Ifugao Province (the “Magat Plant”), and the 8.5-MW run-of-river Maris Main Canal 1 HEPP located in Brgy. Ambatali in Ramon, Isabela (the “Maris Plant”). The Maris Plant, which is composed of two generator units with a nameplate capacity of 4.25 MW each, was completed in November 2017. The plant was granted entitlement to the FIT system in its operations pursuant to the COC issued by ERC in November 2017.

SN Aboitiz Power-Magat is ARI’s Joint Venture with SN Power Philippines Inc. (SN Power Philippines), a leading Norwegian hydropower company with projects and operations in Asia, Africa, and Latin America. In October 2020, Norway-based Scatec ASA (Scatec) signed a binding agreement to acquire 100% of the shares in SN Power from Norfund for a total equity value of US\$ 1,166 mn. On January 29, 2021, Scatec announced it has received all necessary approvals and that conditions are fulfilled to close the acquisition pursuant to the agreement with Norfund. As of February 28, 2022, SN Aboitiz Power-Magat was 60% owned by MORE, while SN Power Philippines owned the remaining 40% equity interest.

The Magat Plant was completed in 1983 and was turned over to SN Aboitiz Power-Magat in April 2007 after it won the bidding process conducted by PSALM. As a hydroelectric facility that can be started up in a short period of time, the Magat Plant is suited to act as a peaking plant with the capability to capture the significant upside potential that can arise during periods of high demand. This flexibility allows for the generation and sale of electricity at the peak demand hours of the day. This hydroelectric asset has minimal marginal costs, which AboitizPower believes gives it a competitive advantage in terms of economic dispatch order versus other fossil fuel-fired power plants that have significant marginal costs.

On April 25, 2019, ERC certified the Magat Plant’s new Maximum Stable Load (“Pmax”) at 388 MW. The Magat Plant’s Units 1-4 were uprated by 2 MW each, or from 95 MW to 97 MW per unit. This means that the Magat Plant is capable of producing, under normal to best conditions, up to 388 MW as compared to its nameplate capacity of 360 MW. The new Pmax of the four units was based on the capability test conducted by the NGCP sometime in 2018.

SN Aboitiz Power-Magat is an accredited provider of ancillary services to the Luzon grid. It sells a significant portion of its available capacity to NGCP, the system operator of the Luzon grid. SN Aboitiz Power-Magat’s remaining capacity is sold as electric energy to the spot market through WESM and to load customers through bilateral contracts.

Driven by improved inflows in first quarter of 2021, the Magat Plant's total sold quantities from spot energy generation and ancillary services (AS) during 2021 was at 1.9 TWh, an improvement from 2020's sold capacity of 1.8 TWh. This is equivalent to a sold capacity factor of 60%, compared to 55% in 2020. Spot and AS revenue for the year 2021 was ₱6.59 bn, 51% higher than 2020's ₱4.36 bn. SN Aboitiz Power-Magat's Bilateral Contract Quantity (BCQ) margin for 2021 was a ₱679 mn loss, significantly lower than 2020's ₱727 mn. This was mainly driven by the higher spot market prices during 2021 compared to 2020.

In June 2019, SN Aboitiz Power-Magat switched on its first 200kW floating photovoltaic project over the Magat reservoir in Isabela. This was the first non-hydro renewable energy project of the SN Aboitiz Power Group, which was looking at other renewables and complementary technologies to expand its portfolio. On October 21, 2020, the company obtained approval for the project to proceed to engineering design for a total of 67 MW. The project is currently in the detailed feasibility study stage, which is expected to run for ten to twelve months. Initial efforts have been focused on securing all pertinent permits and endorsements, conduct of applicable stakeholder consultations, completion of environmental and social baseline studies, refinement of commercial assumptions, and completion of technical site investigations necessary for a feasibility level design. Based on the results of the pre-feasibility studies, phase one of the project will be for 67 MW with a plan to install up to 150 MW, depending on the final technical solution and layout. SN Aboitiz Power-Magat is also working on the renewable energy service contract (RESC) application with the DOE. The company secured an extension of the memorandum of understanding with the National Irrigation Administration (NIA), the government agency in charge of dams and reservoirs, on the conduct of the feasibility study, with ongoing discussions regarding the agreement for use of the reservoir.

The Magat BESS project is located in Ramon, Isabela. It is an energy storage system with a 20-MW capacity and 20-MWh energy storage to be used primarily for ancillary services. Site survey works have been completed as part of the pre-construction. Early works activities have been completed, including site surveys and basic engineering design. Coordination is ongoing with the NGCP on transmission, particularly the Magat-Santiago 230 kV transmission line reconductoring and upgrading. The benefit of this upgrade is to ensure full dispatch of the Magat power plant's capacity, battery energy storage system, and proposed expansion in the floating solar space. The addition of BESS complements the rise of variable renewable energy in the country, increasing frequency variability to the grid which requires a more balanced power supply in the system.

On October 22, 2020, the DOE issued a Green Energy Option Program (GEOP) Operating Permit to SN Aboitiz Power-Magat, which authorizes the company to enter into electricity supply contracts with qualified end-users according to the GEOP or RA No. 9513 or the Renewable Energy Act of 2008 (the "RE Law"). This permit is valid for five years. SN Aboitiz Power-Magat also has a RES license valid until December 17, 2025.

SN Aboitiz Power-Magat retained its Integrated Management System certifications for ISO 14001 for Environmental Management System, ISO 9001 for Quality Management System, ISO 45001 for Occupational Health and Safety Management Systems, and ISO 55001 Asset Management System, as verified and audited by DQS Philippines in 2021. The company recorded 2 mn manhours without a lost time incident in 2021.

#### **SN Aboitiz Power-Benguet, Inc. (SN Aboitiz Power-Benguet)**

SN Aboitiz Power-Benguet is the owner and operator of the Ambuklao-Binga Hydroelectric Power Complex, which consists of the 105-MW Ambuklao HEPP ("Ambuklao Plant") and the 140-MW Binga HEPP ("Binga Plant"), located in Brgy. Tinongdan, Itogon, Benguet Province. The company was incorporated on March 12, 2007. As of February 28, 2022, MORE owned 60% equity interest, while SN Power owned the remaining 40%.

The Ambuklao-Binga hydroelectric power complex was turned over to SN Aboitiz Power-Benguet in July 2008 and was rehabilitated to increase its capacity from 75 MW to 105 MW when the plant re-commenced operations in 2011. The Binga Plant also underwent refurbishment from 2010 to

2013, which increased capacity to 125 MW. In March 2017, SN Aboitiz Power-Benguet received its amended COC from ERC for all four units of the Binga Plant. The COC reflects Binga's latest uprating, raising its capacity to 140 MW. The Ambuklao and Binga Plants sell capacity from spot energy generation and ancillary services to the national transmission system and related facilities that convey power.

With higher inflows in the Ambuklao reservoir in 2021 compared to 2020, there was an overall higher AS Capacity Approval and spot sales for SN Aboitiz Power-Benguet. The Ambuklao Plant's total sold capacity from spot energy generation and ancillary services in 2021 was 703 GWh, which was 96% of the 732 GWh capacity sold in 2020. This was equivalent to a sold capacity factor of 76% during 2021, as compared to the 80% during 2020. The Binga Plant's total sold capacity from spot energy generation and AS in 2021 was 1.12 TWh, or 112% of the 1.00 TWh sold capacity in 2020. This is equivalent to a sold capacity factor of 92% for 2021, compared to 82% in 2020.

The resulting combined spot and AS revenue of the Ambuklao and Binga Plants for 2021 was ₱6.180 bn, compared to ₱4.20 bn in 2020. SN Aboitiz Power-Benguet's BCQ margin for 2021 was ₱236 mn loss, which was significantly lower than 2020's BCQ margin of ₱973 mn. This was mainly driven by the higher spot market prices during 2021 compared to 2020.

Both the Ambuklao and Binga Plants have retained their Integrated Management System certifications (ISO 14001 Environmental Management System, ISO 9001 Quality Management System, and ISO 55001 for Asset Management). The company also successfully migrated and was certified as ISO 45001 Occupational Health & Safety Management System from OHSAS 18001. The Ambuklao and Binga Plants jointly have just over 5.2 mn man hours of no lost time incident in 2021.

## ***Geothermal***

### **AP Renewables Inc. (APRI)**

APRI, a wholly-owned Subsidiary of ARI, is one of the leading renewable power companies in the country. It owns the 234 MW Tiwi geothermal power facility in Albay and the 449.8 MW Makiling-Banahaw geothermal power facility in Laguna (the "Tiwi-MakBan Geothermal Facilities") located in Albay, Laguna, and Batangas. These geothermal facilities were acquired by APRI from PSALM in July 2008 and were formally turned over to APRI on May 25, 2009.

The Tiwi-MakBan Geothermal Facilities produce clean energy that is reasonable in cost, efficient in operation, and environment-friendly. As a demonstration of APRI's commitment to providing world-class services, adhering to environmental management principles to reduce pollution, complying with regulations, and ensuring a safe and healthy workplace, the company has been issued Integrated Management System (IMS) certifications by TÜV Rheinland Philippines that include the International Organization for Standardization (ISO) 9001:2015 (Quality), ISO 14001:2015 (Environment), and OSHAS (Occupational Health and Safety Series) 18001:2007 (Health and Safety).

On August 24, 2018, APRI and Philippine Geothermal Production Company, Inc. (PGPC) signed a Geothermal Resources Supply and Services Agreement (GRSSA) for the supply of steam and drilling of new production wells for the Tiwi-MakBan Geothermal Facilities until the expiration of APRI's initial DOE operating contract term on October 22, 2034. This ensures the long-term operations of the facilities. Under the GRSSA, PGPC has committed to drill at least 12 new production wells, with a minimum of 50 MW aggregated individual well capacity, by 2023 in order to increase steam availability. The GRSSA also provides for more equitable and competitive fuel pricing for APRI.

The first Steam Production Enhancement Campaign (SPEC) make-up well for MakBan, Bulalo 114, was completed and started flowing into the system on April 10, 2021. This provided additional steam equivalent to 5.41 MW to Makban Plant B. For Tiwi, Kapipihan 36, the first well drilled under the SPEC program, was completed in December 2019 and was tested at 12.11 MW capacity in January 2020. Two additional wells in MakBan were completed, with Bulalo 115 contributing 4.86 MW and Bulalo 116 adding 3.31 MW based on the tests conducted on June 2 and July 29, 2021 respectively. In total, two additional new make-up wells will be contributing to the generation of

APRI's 234 MW geothermal power facility in Tiwi, Albay and the six remaining new make-up wells will be contributing to the 394.8 MW Makiling-Banahaw geothermal power facility in Laguna (the "Tiwi-MakBan Geothermal Facilities") for a total of 12 new make-up wells under the SPEC program within 2021 -2023.

APRI was granted a RES license on February 18, 2020 which is valid until February 17, 2025.

## **Solar**

### **Maaraw San Carlos Holdings, Inc. (Maaraw San Carlos) and San Carlos Sun Power Inc. (SacaSun)**

SacaSun owns and operates the 59-megawatt peak (MWp) solar photovoltaic (PV) power generation plant located in the San Carlos Ecozone, Barangay Punao, San Carlos City, Negros Occidental (the "SacaSun Plant"). The project was inaugurated on April 19, 2016.

SacaSun was incorporated on July 25, 2014, initially as a Joint Venture between ARI and SunEdison Philippines. On December 4, 2017, AboitizPower acquired 100% effective equity ownership in SacaSun.

As of February 28, 2022, the energy generated from the SacaSun Plant benefited more than 33,891 homes within the Visayas Grid and displaced the energy equivalent to 20,994,583 gallons of gasoline or approximately 206,222,535 pounds of coal burned.

Maaraw San Carlos is the holding company of SacaSun. It was incorporated on April 24, 2015, and is effectively owned by AboitizPower, through its wholly-owned Subsidiaries, ARI and AboitizPower International.

### **PV Sinag Power, Inc. (PV Sinag)**

PV Sinag is the project company for the construction of the 94 MWp Cayanga solar project located in Cayanga, Bugallon, Pangasinan. PV Sinag issued a notice to proceed ("NTP") on September 15, 2021 for the construct of an access road. A NTP to the EPC contractor for the power plant and transmission was issued on December 16, 2021 and pre-works are ongoing. Issuance of NTP signifies that the EPC contractor can start with its scope of work, which usually begins with the EPC contractor's issuance of a standby letter of credit, PV Sinag's payment of the advance payment, and other activities needed to start construction, such as the mobilization of personnel and equipment to site. The total project cost is estimated at ₱4.5 bn and will be funded through project finance and equity contributions. The project is expected to commence commercial operations by December 2022, in line with PV Sinag's PSA with a retail customer.

PV Sinag was incorporated on October 1, 2013, and is wholly-owned by ARI.

### **Sinag Naraw Power Inc. (Sinag Naraw)**

Sinag Naraw was incorporated on June 19, 2020 as a joint venture between ARI and Okeelanta Corporation. Sinag Naraw is the project company for an 11MWp solar project in Pampanga currently under development.

As of February 28, 2022, ARI owned 44% of Sinag Naraw.

### **Aboitiz Power Distributed Energy, Inc. (APX1) and Aboitiz Power Distributed Renewables Inc. (APX2)**

APX1 and APX2 (collectively, "APX") are the project companies engaged in the business of operating rooftop PV solar systems in the distributed energy space. APX1 and APX2 are wholly-owned Subsidiaries of AboitizPower through ARI. APX1 and APX2 were incorporated in November 2016 and May 2002, respectively.

APX1 is a registered Philippine Economic Zone Authority (PEZA) company intended to serve customers operating within PEZA zones.

As of February 28, 2022, APX had appropriately 4.3 MWp of rooftop solar projects, operating under a Power Purchase Agreement, a turnkey solution for customers, or about to start construction/installation. The on-going rooftop solar PV developments are expected to go online within the first half of 2022.

### **Renewables Pipeline**

#### **SN Aboitiz Power-Generation, Inc. (SN Aboitiz Power-Gen)**

SN Aboitiz Power-Gen implements the SN Aboitiz Power Group's Business Development Program, which aims to grow SN Aboitiz Power Group's renewable energy portfolio by looking at potential power projects in the Philippines, primarily within its current host communities in Northern Luzon.

In 2021, SN Aboitiz Power-Gen continued to explore and develop various renewable energy projects in order to contribute to SN Aboitiz Power Group's growing renewable energy portfolio.

On the hydropower front, SN Aboitiz Power-Gen continued to develop and execute pertinent activities for the proposed 390-MW Alimit hydropower complex in Ifugao, which consists of the 120-MW Alimit HEPP, the 250-MW Alimit Pumped Storage Facility, and the 20-MW Olilicon HEPP. With the easing of pandemic restrictions in the country and as the Philippine ancillary services market evolves, SN Aboitiz Power-Gen will continue to evaluate its development strategy for these projects.

SN Aboitiz Power-Gen is likewise venturing into the commercial floating solar front through the Magat Floating Solar Project, proposed to be located in Ramon, Isabela. This 67-MW project is currently in the Feasibility Phase. The project has received the Solar Energy Operating Contract from the DOE and will continue to engage other regulatory bodies such as the NIA, the National Grid Corporation of the Philippines (NGCP), the Department of Environment and Natural Resources (DENR), and local government units (LGUs).

SN Aboitiz Power-Gen continues to explore and assess other greenfield and brownfield opportunities, not only in the field of hydropower and floating solar, but also in the field of energy storage, ground-mounted solar, and wind power as well.

SN Aboitiz Power-Gen was incorporated on March 10, 2011. As of February 28, 2022, 60% equity interest in the company is owned by MORE, with the remaining 40% owned by SN Power Philippines.

### **Non-Renewable Energy**

#### **Therma Power, Inc. (TPI)**

AboitizPower's investments and interests in various non-renewable energy projects are held primarily through its wholly-owned Subsidiary, TPI and its Subsidiary power generation companies. TPI was incorporated on October 26, 2007. As of February 28, 2022, AboitizPower, by itself, through and/or with TPI, owned equity interests in the following thermal plants:

Generation Company	Percentage Ownership	Plant Name (Location)	Project Type	Net Sellable Capacity (MW)	Attributable Net Sellable Capacity (MW)	Off-takers
<b>Coal Group</b>						
TLI	100%	Pagbilao (Luzon)	Coal-fired	700	700	Bilaterals/WESM
PEC	50%	Pagbilao 3 (Luzon)	Coal-fired	388.4	194.2	Bilaterals

TSI	100%	TSI Plant (Mindanao)	Coal-fired	260	260	Bilaterals
TVI	80%	TVI Plant (Visayas)	CFB	300	240	Bilaterals/WESM
Cebu Energy	26.4%	Cebu Energy (Visayas)	CFB	216	57	Bilaterals/WESM
GMEC	78.32%	Mariveles Project (Luzon)	Coal-fired	632	495	Bilaterals/WESM
STEAG Power**	34%	STEAG Power Plant (Mindanao)	Coal-fired	210	71.4	NPC (2031)
<b>Oil Group</b>						
CPPC**	60%	CPPC Plant (Visayas)	Bunker-C fired	64	38.40	WESM
EAUC	100%	EAUC Plant (Visayas)	Bunker-C fired	43.5	43.5	Bilaterals
SPPC**	20%	SPPC Plant (Mindanao)	Bunker-C fired	55	11	N/A
TMI	100%	Power Barge Mobile 1 (Mindanao)	Barge-mounted	96	96	Bilaterals/ASPA
		Power Barge Mobile 2 (Mindanao)	Barge-mounted	96	96	Bilaterals/ASPA
TMO	100%	Power Barges Mobile 3-6 (Luzon)	Barge-mounted	200	200	WESM/ASPA
TPVI	100%	TPVI Plant (Visayas)	Bunker-C fired	39.3	39.3	WESM
WMPC**	20%	WMPC Plant (Mindanao)	Bunker-C fired	100	20	Bilaterals
Cotabato Light**	99.94%	Bunker Cotabato (Mindanao)	Bunker-C fired	4.45	4.45	N/A
<b>Total</b>				<b>3,404.6*</b>	<b>2,566.2*</b>	

\* Sum figures will differ due to rounding effect

\*\* Directly owned by AboitizPower

## Oil Group

### Therma Marine, Inc. (TMI)

TMI, a wholly-owned Subsidiary of TPI, owns and operates Power Barges Mobile 1 (previously known as PB 118) and Power Barges Mobile 2 (previously known as PB 117), which have a total generating capacity of 200 MW. Power Barges Mobile 1 is currently moored at Barangay San Roque, Maco, Davao De Oro, while Power Barges Mobile 2 is moored at Barangay Sta. Ana, Nasipit, Agusan del Norte. The company was incorporated on November 12, 2008.

The 192 MW dependable capacities of TMI are currently contracted with the NGCP in an ASPA. TMI is now registered as a WESM Trading Participant beginning January 8, 2020, in anticipation of WESM in Mindanao.

TMI Hybrid BESS is one of two battery energy storage system projects of AboitizPower. Located in Maco, Davao de Oro, TMI Hybrid BESS has a storage capacity of 49 MW and is intended to be used for ancillary services. Development activities are ongoing to integrate the battery energy storage system with TMI's Power Barge Mobile 1. The TMI Hybrid BESS project is expected to commence



commercial operations sometime in 2022.

#### **Therma Mobile, Inc. (TMO)**

TMO, a wholly-owned Subsidiary of TPI, operates four barge-mounted power plants located at the Navotas Fish Port, Manila, which it acquired on May 27, 2011. The barge-mounted power plants have an installed generating capacity of 231 MW. TMO operates with a net available capacity of 165 MW. The company was incorporated on October 20, 2008.

On January 7, 2019, TMO notified Meralco that it will physically disconnect from Meralco's system and will deregister as a Trading Participant in the WESM effective February 5, 2019. After evaluating the circumstances and the options available, TMO decided to preserve its bunker C-fired diesel power plants. Notices were also sent to PEMC, DOE, ERC, and IEMOP, following applicable legal notice requirements. Afterwards, TMO signed a one-year PSA with Meralco that expired on April 25, 2020.

Thereafter on July 14, 2020, TMO and NGCP entered into ASPAs for Reactive Power Support and Dispatchable Reserve. Both ASPAs have been provisionally approved by the ERC.

#### **East Asia Utilities Corporation (EAUC)**

EAUC, a wholly-owned Subsidiary of TPI, is the owner and operator of a 44-MW Bunker C-fired power plant within MEPZ I, Lapu-Lapu City, Cebu. The company supplies the power requirements of the MEPZ I locators, and began supplying power through the WESM on December 26, 2010. EAUC was incorporated on February 18, 1993.

EAUC has received awards by the Department of Environment and Natural Resources – Environmental Management Bureau (DENR-EMB) for its commendable role in the Metro Cebu Airshed Governing Board, and by IEMOP for its exemplary compliance in the spot market.

#### **Therma Power-Visayas, Inc. (TPVI)**

TPVI, a wholly-owned Subsidiary of TPI, is the company that was awarded the winning bid for the privatization of the 25.3-hectare Naga Power Plant Complex (NPPC) located at Naga City, Cebu. The company was incorporated on October 8, 2007.

Following protracted legal proceedings, on May 23, 2018, PSALM issued a Certificate of Effectivity of the Notice of Award originally issued on April 30, 2014 in favor of TPVI. Thereafter, PSALM and TPVI executed the Asset Purchase Agreement and Land Lease Agreement of the NPPC.

On July 16, 2018, the NPPC was physically turned over and accepted by TPVI from PSALM. TPVI embarked on the rehabilitation of the 44-MW diesel plant right after, which DOE has endorsed as a committed power project. On August 7, 2020, TPVI commenced commercial operations and was first dispatched based on an offer into the WESM on August 26, 2020.

#### **Cebu Private Power Corporation (CPPC)**

CPPC owns and operates a 70-MW Bunker C-fired power plant located in Cebu City, one of the largest diesel-powered plants on the island of Cebu. The company was incorporated on July 13, 1994. Commissioned in 1998, the CPPC plant was constructed to supply 62 MW of power to Visayan Electric. CPPC is currently trading in the WESM.

CPPC is a Joint Venture between AboitizPower and the Vivant Group. As of February 28, 2022, AboitizPower beneficially owned 60% of CPPC.

#### **Southern Philippines Power Corporation (SPPC)**

SPPC owns a Bunker C-fired power plant with installed capacity of 61.72MW and net capacity of 55MW located in Alabel, Sarangani, a municipality outside General Santos City in Southern

Mindanao. SPPC's 18-year "Build-Operate-Own" (BOO) arrangement with the NPC expired on April 28, 2016. The company was incorporated on March 15, 1996.

As of February 28, 2022, AboitizPower had a 20% equity interest in SPPC, a Joint Venture among AboitizPower, Alsing Power Holdings, Inc., and Tomen Power (Singapore) Pte. Ltd.

SPPC has been on asset preservation status since the expiration of its PSA with Davao Light and Cotabato Light on April 28, 2018. The plant's last operation was in July 2018.

#### **Western Mindanao Power Corporation (WMPC)**

WMPC owns and operates a Bunker C-fired power station with installed capacity of 112-MW and net capacity of 100MW located in Zamboanga City, Zamboanga Peninsula in Western Mindanao. It was operated as a merchant plant after WMPC's 18-year BOO arrangement with the NPC expired in December 2015. The company was incorporated on March 15, 1996.

WMPC has an ASPA with NGCP which took effect on April 26, 2019 for 50-MW non-firm Dispatchable Reserve and Reactive Power Support and Blackstart Support Services. It has been issued an Ancillary Services (AS) Certificate by NGCP effective September 20, 2021 to September 19, 2023. WMPC is also supplying electricity to Zamboanga City Electric Cooperative Inc., and has been registered with the WESM effective April 23, 2020.

As of February 28, 2022, AboitizPower had a 20% equity interest in WMPC, a Joint Venture among AboitizPower, Alsing Power Holdings, Inc., and Tomen Power (Singapore) Pte. Ltd.

### **Coal Group**

#### **Therma Luzon, Inc. (TLI)**

TLI, a wholly-owned Subsidiary of TPI, was the first IPPA in the country, and assumed the role of the registered trader of the contracted capacity of the 700-MW net (2x350 MW net) coal-fired power plant located in Pagbilao, Quezon (the "Pagbilao Plant"). TLI was incorporated on October 20, 2008.

As the IPPA, TLI is responsible for procuring the fuel requirements of, and selling the electricity generated by, the Pagbilao Plant. The Pagbilao Plant is currently owned and operated by TeaM Energy Corporation (TeaM Energy). Under the IPPA agreement, TLI has the right to receive the transfer of Pagbilao Unit 1 and Unit 2 at the end of the Energy Conversion Agreement. Over the years, TLI's capacity was contracted to various cooperatives, private distribution utilities, directly connected customers, and to affiliate RES. TLI was granted a RES license on August 12, 2020, which is valid until August 11, 2025.

#### **Pagbilao Energy Corporation (PEC)**

PEC owns and operates the 400-MW Unit 3 coal-fired power plant (Pagbilao Unit 3) within the Pagbilao Power Station, located in Pagbilao, Quezon. PEC is a Joint Venture between AboitizPower and TeaM Energy, through their respective Subsidiaries, TPI and TPEC Holdings Corporation. Pagbilao Unit 3 is not covered by either TLI's IPPAA with PSALM or TeaM Energy's BOT contract with NPC, and commenced operations in March 2018.

Through TPI, AboitizPower had 50% equity interest in PEC, while TPEC Holdings Corporation owned the remaining 50% as of February 28, 2022.

The output of Pagbilao Unit 3 is sold to TLI and TPEC.

#### **Therma South, Inc. (TSI)**

TSI, a wholly-owned Subsidiary of TPI, owns and operates the 300-MW net (2x150MW net) circulating fluidized bed (CFB) coal-fired power plant located in Davao City and Sta. Cruz, Davao del Sur. TSI was incorporated on November 18, 2008. Commercial operations for Unit 1 and Unit 2



began in September 2015 and February 2016, respectively.

TSI contributes to the continuing growing power requirements of Mindanao by providing stable and cost-effective base load power. TSI supplies power to various private distribution utilities and energy cooperatives. TSI seeks to sustain the positive impact it has brought to its host communities through various educational, livelihood, and enterprise development programs, benefitting children, students, small and medium enterprise owners, and its employees.

#### **Therma Visayas, Inc. (TVI)**

TVI owns and operates the 300-MW net (2x150 MW net) CFB coal-fired power plant located in Toledo City, Cebu. Commercial operations for Unit 1 and Unit 2 began in April and August 2019, respectively.

AboitizPower, through TPI, effectively owned an 80% equity interest in TVI as of February 28, 2022. The remaining 20% is held by the Vivant Group.

TVI supplies power to Visayan Electric and its RES Affiliates – AESI, AdventEnergy, and Prism Energy, Inc. (Prism Energy).

#### **Abovant Holdings, Inc. (Abovant) and Cebu Energy Development Corporation (Cebu Energy)**

Abovant is a Joint Venture between AboitizPower and the Vivant Group as the holding company for shares in Cebu Energy. The company was incorporated on November 28, 2007.

Cebu Energy was incorporated on December 5, 2008 by Abovant and Global Formosa Power Holdings, Inc. (Global Formosa), a Joint Venture between Global Business Power Corporation and Flat World Limited. The company owns the 3x82-MW CFB coal-fired power plant situated within the Toledo Power Complex in Barangay Daanlungsod, Toledo City, Cebu. The first unit was commissioned in February 2010, while the second and third units were commissioned in the second and fourth quarters of 2010, respectively. Cebu Energy declared commercial operations on February 26, 2011, and is the first commercial clean-coal facility in the country.

Cebu Energy consistently ensures delivery of the highest level of service, and actively undertakes accreditations on Quality Management System (ISO 9001:2015), Environmental Management System (ISO 14001:2015), and Occupational Health and Safety Management System (OHSAS 18001:2007). The company provides power to the province of Cebu and its neighboring province, Bohol. Likewise, Cebu Energy has an existing ASPA with NGCP to help maintain a reliable electric Grid system.

As of February 28, 2022, Abovant had a 44% equity interest in Cebu Energy, while Global Formosa owned the remaining 56%. Consequently, AboitizPower, through TPI, holds a 26.4% effective ownership interest in Cebu Energy.

#### **Redondo Peninsula Energy, Inc. (RP Energy)**

RP Energy was incorporated on May 30, 2007 to construct, own, and operate the 2x300-MW (net) coal-fired power plant located in the Redondo Peninsula of Subic Bay within the Subic Bay Freeport Zone (SBFZ), Subic, Zambales.

RP Energy was originally a Joint Venture between AboitizPower and TCIC. MPGC acquired a majority interest in RP Energy by virtue of a share purchase agreement with TPI on July 22, 2011. As of February 28, 2022, AboitizPower, through TPI, and TCIC each retained a 25% stake in RP Energy.

#### **STEAG State Power Inc. (STEAG Power)**

Incorporated in December 19, 1995, STEAG Power is the owner and operator of a 210 MW (net) coal-fired power plant located in PHIVIDEC Industrial Estate in Misamis Oriental, Northern Mindanao. The STEAG Power Plant consisting of two units was built under a BOT arrangement and

started commercial operations on November 15, 2006. It has a 25-year PPA with NPC backed by a Performance Undertaking issued by the Philippine government.

As of February 28, 2022, AboitizPower had 34% equity interest in STEAG Power following the purchase of said equity from Evonik Steag GmbH (now STEAG). STEAG and La Filipina Uy Gongco Corporation (LFUGC) currently hold the remaining 51% and 15% equity, respectively, in STEAG Power.

On January 29, 2021, STEAG Power applied for the renewal of its ERC COC which expired last August 29, 2021. ERC issued a Provisional Authority to Operate valid until August 29, 2022.

From December 2020 to May 13, 2021, one of its two power plant units was required to be in economic shutdown by NPC/PSALM in accordance with the PPA after consideration of the following factors: (i) grid demand, and (ii) high water level of hydrowater plants aggravated by the pandemic quarantine effects. Both power plant units have since resumed normal operations, save only during the long plant maintenance schedule which ran from June 30 to August 9, 2021. The same request for economic shutdown of one unit was raised by PSALM for the period October 31, 2021 to January 31, 2022. In a letter dated January 21, 2022, PSALM shortened the unit's economic shutdown to January 24, 2022. The two power plant units have resumed normal operations since January 24, 2022.

STEAG Power entered into two coal supply agreements in December 2019 that secured the plant's fuel requirements for the next three years on a fixed base and option tonnage. Last December 15, 2021, SPI amended one of its existing coal supply agreements for the inclusion of clauses allowing shortfalls in shipments to be added at the end of the contract and extension of the contract for such purpose. The company entered into a Charter Party Agreement, as amended, for the transportation of coal in bulk from January 1, 2020 to December 31, 2025.

#### **AA Thermal, Inc.**

On May 2, 2019, AboitizPower completed its acquisition of 49% voting stake and 60% economic stake in AA Thermal, AC Energy Inc.'s (AC Energy) thermal platform in the Philippines.

The AA Thermal platform initially consists of AC Energy's limited partnership interests in GMEC and GNPD, where AboitizPower, through TPI, already holds direct partnership interests.

#### **GNPower Mariveles Energy Center Ltd. Co. (GNPower Mariveles or GMEC)**

GMEC, formerly known as GNPower Mariveles Coal Plant Ltd. Co., is a private limited partnership organized on May 13, 2007 and established to undertake the development, construction, operation, and ownership of an approximately 2x345 MW (gross) pulverized coal-fired power plant located in Mariveles, Bataan, Philippines (the "Mariveles Project"). GMEC registered its Amended Articles of Partnership to reflect GMEC's change in partnership name and which was approved by the SEC on October 14, 2020.

The Mariveles Project is located within an industrial zone on a 60-hectare coastal site near the port of Mariveles, Bataan. The project site lies near the northern entrance to Manila Bay, providing easy and safe shipping access from the West Philippine Sea. The Mariveles Project commenced on January 29, 2010 and was declared commercially available in 2014.

The electricity produced by the Mariveles Project is exported through a 230kV high voltage transmission line from Mariveles to Hermosa substation. The transmission line is owned, operated, and maintained by NGCP. Substantially all of the capacity of the Mariveles Project is contracted under long term PPAs with highly-rated distribution utilities and Contestable Customers, through its designated RES, GNPower Ltd. Co.

In October 2016, TPI acquired the partnership interests held by the affiliated investment funds of The Blackstone Group L.P. in World Power Holdings, L.P. (currently registered as Therma Mariveles Holdings L.P.) and Sithe Global Power, L.P. (currently registered as Therma Dinginin L.P.). Following

its receipt of the necessary approvals from the Board of Investments (BOI) and PCC, TPI completed the acquisition of GMEC and GNPD interests on December 27, 2016.

On March 7, 2018, AboitizPower completed the restructuring of its share ownership structure in GMEC by transferring its direct ownership of GMEC from the offshore subsidiaries of TPI to TPI itself, and the eventual dissolution and liquidation of the offshore intermediary subsidiaries that used to own the GMEC shares.

In 2021, GMEC informed AboitizPower of an unscheduled outage of the Mariveles Project's Unit 1 ("GMEC Unit 1") attributable to damage found in a portion of GMEC Unit 1's boiler. Actual repairs to the boiler were completed on August 12, 2021 while, parallel to these repair works, GMEC Unit 1 went on general maintenance outage. With the extended outage activities, GMEC returned to service from these incidents on October 18, 2021. In view of the resulting business interruption, GMEC has initiated an insurance claim for the outage. The Mariveles Project represents approximately 8.96% of the total gross capacity under AboitizPower's market control of 3,850 MW. GMEC Unit 1 delivers a net sellable capacity of 316 MW, which represents approximately 9.06% of AboitizPower's net sellable capacity of 3,494 MW.

Effectively, the partnership interests in GMEC are owned by:

- (i) TPI;
- (ii) ACE Mariveles Power Ltd. Co., a joint venture between (a) AA Thermal, Inc., a wholly-owned subsidiary of AC Energy and Infrastructure Corporation and AboitizPower, and (b) Power Partners Ltd. Co. ("Power Partners"); and
- (iii) Power Partners.

As of February 28, 2022, AboitizPower had a 78.3% effective partnership interest in GMEC.

#### **GNPower Dinginin Ltd. Co. (GNPower Dinginin or GNPD)**

GNPD is a limited partnership organized and established on May 21, 2014 with the primary purpose of developing, constructing, operating, and owning a 2x724.965 MW (gross) supercritical coal-fired power plant to be located in Mariveles, Bataan.

GNPD started the construction of Unit 1 in September 2016. With GNPD finally receiving Unit 1's Certificate of Compliance from the ERC, Unit 1 began servicing its PSAs from the unit's own generation beginning December 26, 2021. The partnership also proceeded with the expansion of the power plant and achieved its financial closing for Unit 2 in December 2017, with the target date for Unit 2's initial synchronization scheduled in the second quarter of 2022, from which GNPD Unit 2 may start earning revenues.

GNPD's construction is conducted in two phases: (i) the first phase is for Unit 1 and its associated ancillary facilities, as well as, the balance of plant, and (ii) the second phase is for Unit 2, an additional identical 668MW (net) unit, and its associated ancillary facilities. The electricity that will be produced by Unit 1 of GNPD will be initially exported through the existing 230kV high voltage transmission line owned and operated by NGCP. Once NGCP's 500kV high voltage transmission line is completed, energy from both GNPD's Unit 1 and Unit 2 will be exported through the same.

On December 27, 2016, TPI completed the acquisition of the partnership interests held by the affiliated investment funds of The Blackstone Group, L.P in World Power Holdings, L.P. (currently registered as Therma Mariveles Holdings L.P.) and Sithe Global Power, L.P. (currently registered as Therma Dinginin L.P.). AboitizPower's sharing percentage on GNPD's (i) profits and losses and (ii) distributions therein, through its general and limited partners, was eventually reduced to 40%.

In 2018, AboitizPower, through TPI, restructured its share ownership structure in GNPD and transferred direct ownership of GNPD from the offshore subsidiaries of TPI to TPI itself, resulting in TPI directly owning a 45% partnership interest in GNPD by December 31, 2018.

In February 2019, GNPD secured the Certificate of Energy Project of National Significance from the DOE.

As an Authority of the Freeport Area of Bataan (AFAB) Registered Enterprise, GNPDP is entitled to the incentives granted under Republic Act No. 9728, the organic law creating the AFAB. To date, GNPDP has signed numerous Power Purchase and Sale Agreements with highly-rated distribution utilities and RES.

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GNPDP is co-developed by Power Partners, AC Energy, and TPI. As of February 28, 2022, AboitizPower owned a 70% effective partnership interest in GNPDP.

### Other Generation Assets

As of February 28, 2022, Cotabato Light maintains a stand-by maximum capacity of 4.45-MW Bunker C-fired power plant capable of supplying approximately 13.26% of its requirements.

### Future Projects

AboitizPower assesses the feasibility of any new power generation project. Factors taken into consideration include the proposed project's land use requirements, access to a power grid, energy yield analysis, fuel supply arrangements, availability of water, local requirements for permits and licenses, acceptability of the project to the communities and people it will affect, ability of the project to generate electricity at a competitive cost, and the existence of potential purchasers of the electricity generated. For the development of a new power project, the company, its partners, and its suppliers are required to obtain all national and local permits and approvals before the commencement of construction and commercial operations, including those related to the project site, construction, environment, land use planning/zoning, operations licenses, and similar approvals.

### DISTRIBUTION OF ELECTRICITY

The Aboitiz Group has more than 85 years of experience in the Philippine power distribution sector.

With ownership interests in nine Distribution Utilities, the company believes that it is currently one of the largest electricity distributors in the Philippines. AboitizPower's Distribution Utilities collectively supply electricity to franchise areas covering a total of 18 cities and municipalities and five economic zones across Luzon, Visayas, and Mindanao.

In 2020, the wholly-owned Distribution Utilities and Visayan Electric completed a rebranding initiative to modernize the look and feel of the brands and visually show their relation to AboitizPower.

The Distribution Utilities' earnings contribution to AboitizPower's business segments in 2021 was equivalent to 19.12%. The Distribution Utilities had a total customer base of 1,106,783 as of year-end 2021. This was 1,068,820 as of year-end 2020, and 1,030,726 as of end-2019.

The table below summarizes the key operating statistics of the Distribution Utilities for each of the past three years:

Company	Electricity Sold (MWh)			Peak Demand (MW)			No. of Customers		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
Davao Light	2,597,592	2,476,991	2,633,920	459	452	454	458,498	440,304	420,666
Cotabato Light	178,535	170,363	173,114	34	31	31	47,098	45,044	43,449
Visayan Electric	3,144,768	3,119,850	3,500,781	554	583	601	477,732	462,699	450,088
SFELAPCO	716,888	686,694	714,948	147	134	140	118,806	116,293	112,091

Subic Enerzone	267,047	262,393	329,633	50	56	62	3,581	3,477	3,473
Mactan Enerzone	107,541	99,927	117,433	21	21	22	87	87	87
Balamban Enerzone	85,813	92,771	101,885	25	28	27	28	29	34
Lima Enerzone	296,780	242,455	249,394	56	49	44	940	882	834
Malvar Enerzone	1,458	158	51	1.28	0.12	0.06	13	5	4
<b>Total</b>	<b>7,396,423</b>	<b>7,151,601</b>	<b>7,821,159</b>	<b>1,347</b>	<b>1,355</b>	<b>1,382</b>	<b>1,106,783</b>	<b>1,068,820</b>	<b>1,030,726</b>

#### **Visayan Electric Company, Inc. (Visayan Electric)**

Visayan Electric is the second largest privately-owned distribution utility in the Philippines in terms of customer size and annual MWh sales. The company supplies electricity to a region covering 674 square kilometers (sq. km.) on the island of Cebu with a population of approximately 1.7 mn. Visayan Electric has 19 power substations and one mobile substation that serve the electrical power needs of various cities, municipalities, and barangays in the island and province of Cebu.

Visayan Electric is the Aboitiz Group's first involvement in the power industry, with the acquisition by some family members of 20% ownership interest in the early 1900s. Directly and through its predecessors-in-interest, the company has been in the business of distributing electricity in Cebu since 1905. In 1928, Visayan Electric Company, S.A. was granted a 50-year distribution franchise by the Philippine Legislature. The franchise was renewed in September 2005 for a period of 25 years or until September 2030.

Visayan Electric has energized 100% of all the barangays, and electrified 99.77% of all the households within its franchise area. A goal of 100% total electrification is set for December 31, 2022, in line with the national goal set by the DOE.

Visayan Electric is true to its vision of becoming a world-class electric utility by implementing innovations such as the implementation of a full digital substation using IEC 61850 station and process bus for its Paknaan substation. The newest application for distribution automation, fault location, isolation, and service restoration (FLISR), is an ongoing project to be applied to four feeders within the franchise.

Visayan Electric's Underground Distribution System (UDS) project, which began in 2013, aims to convert overhead conductors to underground cables along Cebu City's Sinulog Route with a total length of approximately five kilometers (km). As of February 28, 2022, approximately 3.6 kms had been completed.

Visayan Electric has reinforced and improved the existing capacity and reliability of its 23kV West Cluster with the addition of another 33 MVA Power Transformer in the Calamba Substation. This will enhance electricity service for the increasing demand of both commercial and densely residential customers within its franchise area.

Visayan Electric's total systems loss was 7.55% as of February 28, 2022. This included a feeder loss of 4.61%, which was below the government-mandated feeder loss cap for 2022 of 5.50%.

As of February 28, 2022, AboitizPower directly held a 55.26% equity interest in Visayan Electric. 34.81% is owned by the Vivant Group.

#### **Davao Light & Power Company, Inc. (Davao Light)**

Davao Light is the third largest privately-owned electric distribution utility in the country in terms of customer size and annual kWh sales. Its franchise area covers two cities and three municipalities in the Davao region, with a population of approximately 1.8 mn and a total area of 3,561 sq. kms.

Davao Light was incorporated on October 11, 1929, and was acquired by the Aboitiz Group in 1946. The company's original 50-year franchise, covering Davao City, was granted in November 1930 by

the Philippine Legislature. Pursuant to RA No. 11515 which lapsed into law on December 26, 2020, Davao Light's franchise was extended for an additional 25 years from 2025, or until 2050.

The company's renewable energy power supply is sourced from hydropower plants of NPC-PSALM hydro, Hedcor Sibulan, Hedcor's Talomo plant, and Hedcor Bukidnon's Manolo Fortich.

The distribution network infrastructure of Davao Light is continuously upgraded to increase its capacity and adopts digital technology in its substations to enhance the reliability and flexibility in the sub-transmission and distribution network. Its P. Reyes substation has been upgraded to a fully digital substation, the first in the Philippines outside of Manila, with an additional 50MVA capacity. Its Buhangin substation was upgraded with an additional 33 MVA capacity to cater to the rapid load growth in the northern part of Davao City. Its underground cabling project along C.M Recto St. has improved the reliability of power and safety of the community and the aesthetics of the main downtown road.

As the challenges of the COVID-19 pandemic remain, Davao Light continues to serve its customers through its diverse digital channels and online facilities to provide ease of doing business such as payments, requests, and inquiries. The company maintains payment facilities to make bills payment more accessible to its customers. Its mobile application, MobileAP, allows customers to access their billing and accounts anytime and anywhere This was introduced in 2020 and has been upgraded with additional features and more access options to its users.

Davao Light retained its certification for the ISO 9001:2015, or the Quality Management System (QMS), and passed the surveillance audit for ISO 45001:2018 - Occupational Health and Safety (OH&S) Management System and ISO 14001:2015 – Environmental Management (EM) System.

As of February 28, 2022, Davao Light's total systems loss was at 8.32%. This included a feeder loss of 5.20%, which is below the government-mandated feeder loss cap for 2022 of 5.50%.

#### **Cotabato Light and Power Company (Cotabato Light)**

Cotabato Light supplies electricity to Cotabato City and portions of the municipalities of Sultan Kudarat, and Datu Odin Sinsuat, Maguindanao, with its franchise covering a land area of 191.20 sq. kms. Incorporated in April 1938, Cotabato Light's original 25-year franchise was granted by the Philippine Legislature through RA No. 3341 in June 1939. The most recent renewal of the franchise was in June 2014 for a period of 25 years, or until 2039.

Cotabato Light also maintains a standby 4.45-MW Bunker C-fired plant capable of supplying approximately 13.26% of its franchise area requirements. The standby power plant, capable of supplying electricity in cases of supply problems with its power suppliers or NGCP and for the stability of voltage whenever necessary, is another benefit available to Cotabato Light's customers.

Cotabato Light's total systems loss as of February 28, 2022 was at 7.78%. This included a feeder loss of 6.04% which is above the government-mandated feeder loss cap in 2022 of 5.5%. Cotabato Light is continuously innovating its strategies and processes to reduce its system losses.

As of February 28, 2022, AboitizPower directly owned a 99.94% equity interest in Cotabato Light.

#### **San Fernando Electric Light & Power Co., Inc. (SFELAPCO)**

SFELAPCO was incorporated on May 17, 1927 and was granted a municipal franchise in 1927. The most recent renewal of its franchise was in March 2010 for a period of 25 years.

SFELAPCO's franchise in the City of San Fernando, Pampanga covers an area of 78.514 sq. kms. and the municipality of Floridablanca and Brgys. Talang and Ligaya, Municipality of Guagua, Pampanga with an estimated area of 175.5 sq. kms. For 2021, SFELAPCO has a total of 276.2 MVA of substation capacity with a peak load of 146.5 MW including its 69kv customers.

SFELAPCO's total systems loss as of February 28, 2022 was 5.27%. This included a feeder loss of



3.58%, which is below the government-mandated feeder loss cap for 2022 of 5.50%.

As of February 28, 2022, AboitizPower had an effective equity interest of 43.727% in SFELAPCO.

#### **Subic Enerzone Corporation (Subic Enerzone)**

On June 3, 2003, Subic Enerzone was incorporated as a Joint Venture owned by a consortium including Davao Light, AEV, and SFELAPCO, among others, to undertake management and operation of the SBFZ power distribution utility.

Subic Enerzone serves a total of 3,552 customers, consisting of 80 industrial locators, 1,293 commercial locators, 2,056 residential customers, 101 streetlights and 22 industrial locators under RES.

Subic Enerzone's total systems loss as of February 28, 2022 was 3.87%. This included a feeder loss of 2.19%, which is below the government-mandated feeder loss cap in 2022 of 5.50%.

As of February 28, 2022, AboitizPower owned, directly and indirectly through Davao Light, a 99.98% equity interest in Subic Enerzone.

#### **Mactan Enerzone Corporation (Mactan Enerzone)**

Mactan Enerzone was incorporated in February 2007 when AboitizLand spun off the power distribution system of its Mactan Export Processing Zone II (MEPZ II) project. The MEPZ II project, which was launched in 1995, was operated by AboitizLand under a BOT agreement with the Mactan-Cebu International Airport Authority (MCIAA).

Mactan Enerzone sources its power from Green Core Geothermal Incorporated and Power Sector Asset and Liabilities Management Corporation pursuant to the respective CSEE.

Mactan Enerzone serves a total of 47 captive industrial locators, 28 captive commercial locators, and 12 industrial locators under RES.

Mactan Enerzone's total system loss as of February 28, 2022 was 1.07%. This included a feeder loss of 0.48%, which is below the government-mandated feeder loss cap for 2022 of 5.50%.

As of February 28, 2022, AboitizPower owned a 100% equity interest in Mactan Enerzone.

#### **Balamban Enerzone Corporation (Balamban Enerzone)**

Balamban Enerzone was incorporated in February 2007 when CIPDI, a Joint Venture between AboitizLand and THC, spun off the power distribution system of the West Cebu Industrial Park – Special Economic Zone (WCIP-SEZ). WCIP-SEZ is a special economic zone for light and heavy industries located in Balamban, Cebu.

Balamban Enerzone serves a total of 10 captive industrial customers, 12 captive commercial customers, and six contestable industrial customers.

Balamban Enerzone's total systems loss as of February 28, 2022 was 0.43%. This included a feeder loss of 0.17%, which is below the government-mandated feeder loss cap for 2022 of 5.50%.

As of February 28, 2022, AboitizPower directly owned a 100% equity interest in Balamban Enerzone.

#### **Lima Enerzone Corporation (Lima Enerzone)**

Lima Enerzone was incorporated as Lima Utilities Corporation on June 5, 1997 to serve and provide locators within the Lima Technology Center (LTC) with a reliable and stable power supply.

Lima Enerzone serves a total of 96 captive industrial locators, 18 captive commercial locators, 792 captive residential customers, 8 street lamps, and 25 industrial locators under RES.

As of February 28, 2022, Lima Enerzone's total systems loss was 4.11%. This included a feeder loss of 0.70%, which is below the government-mandated feeder loss cap for 2022 of 5.50%.

As of February 28, 2022, AboitizPower directly owned a 100% equity interest in Lima Enerzone.

#### **Malvar Enerzone Corporation (Malvar Enerzone)**

Malvar Enerzone was incorporated on June 9, 2017 to serve and provide locators within the Light Industry & Science Park IV (LISP IV) in Malvar, Batangas. Malvar Enerzone will manage the operation and maintenance of the power distribution of LISP IV for 25 years. LISP IV has two 50MVA transformers to provide reliable and quality power to locators, which are mostly from manufacturers and exporters. Malvar Enerzone served a total of five captive industrial locators, six captive commercial locators and two streetlights.

As of February 28, 2022, AboitizPower directly owned a 100% equity interest in Malvar Enerzone.

### **RETAIL ELECTRICITY AND OTHER RELATED SERVICES (RETAIL ELECTRICITY SUPPLY BUSINESS)**

One of the objectives of electricity reform in the Philippines is to ensure the competitive supply of electricity at the retail level. With the start of commercial operations of Open Access, large-scale customers are allowed to obtain electricity from RES licensed by ERC. Advent Energy, AESI, and Prism Energy are registered under the Renewable Energy Market and were granted operating permits by the DOE, valid for five years, allowing them to participate in the GEOP.

#### **Aboitiz Energy Solutions, Inc. (AESI)**

AESI is engaged in the business of a retail energy supplier and energy consolidator. It was granted a license to act as a RES valid until October 28, 2022. The company was incorporated on August 11, 1998.

AESI served 42 customers at the start of commercial operations of Open Access on June 26, 2013. In 2021, AESI supplied retail electricity to a total of 205 customers, with total energy consumption of 2,058.94 mn kWh. As of February 28, 2022, AboitizPower owned a 100% equity interest in AESI.

#### **Adventenergy, Inc. (AdventEnergy)**

AdventEnergy was specifically formed to serve Contestable Customers who are located in economic zones. It was granted a license to act as a RES valid until June 17, 2022. The company was incorporated on August 14, 2008.

AdventEnergy differentiates itself from competition by sourcing most of its electricity requirements from a renewable source. As a result, an increasing number of companies are opting to source a part, if not the majority, of their electricity supply from AdventEnergy as an environmental initiative.

In 2021, AdventEnergy supplied retail electricity to 109 customers with a total consumption of 1,562.86 mn kWh.

As of February 28, 2022, AboitizPower owned a 100% equity interest in AdventEnergy.

#### **Prism Energy, Inc. (Prism Energy)**

Prism Energy was incorporated in March 2009 as a Joint Venture between AboitizPower and Vivant Corporation. It was granted a license to act as a RES valid until May 22, 2022.

Prism Energy is envisioned to serve Contestable Customers in the Visayas region. As a RES, Prism



Energy provides its customers with contract options for electricity supply that is based on their operating requirements. In 2021, Prism Energy supplied retail electricity to 53 customers with a total energy consumption of 182.10 mn kWh.

As of February 28, 2022, AboitizPower directly owned a 60% equity interest in Prism Energy.

#### **SN Aboitiz Power – Res, Inc. (SN Aboitiz Power – Res)**

SN Aboitiz Power-RES caters and offers energy supply and solutions tailored to the needs and preferences of customers under the Retail Competition and Open Access (RCOA) market. Starting February 2021, the RCOA market has lowered its threshold to Phase III, allowing electricity end-users with an average peak demand of at least 500kW to source their electricity requirements from their RES of choice.

SN Aboitiz Power-RES is the retail arm of the SN Aboitiz Power Group. It caters to Contestable Customers and electricity consumers using an average of at least 1 MW in the last twelve months across all industries under Open Access. It offers energy supply packages tailored to its customers' needs and preferences.

As of February 28, 2022, MORE owned a 60% equity interest in SN Aboitiz Power-RES, with the remaining 40% owned by SN Power Philippines.

#### **Mazzaraty Energy Corporation (Mazzaraty)**

Mazzaraty was incorporated on June 19, 2014 as a joint venture among Aboitiz Power, Pasudeco Corporation, L&R Development, Inc., and Alfecon Realty, Inc. It was granted a license to act as a RES until June 18, 2022. Mazzaraty supplies retail electricity customers with a total consumption of 2,903,311 kWh in 2021.

As of February 28, 2022, AboitizPower owned 44.87% of Mazzarty.

## **(ii) Sales**

The operations of AboitizPower and its Subsidiaries and Affiliates are based only in the Philippines.

Comparative amounts of revenue, profitability and identifiable assets are as follow:

	2021	2020	2019
Gross Income	₱134,359	₱110,377	₱125,635
Operating Income	28,210	26,880	28,856
Total Assets	<b>₱427,416</b>	<b>₱397,925</b>	<b>₱410,469</b>

*Note: Values are in Million Pesos. Operating income is operating revenue net of operating expenses.*

Comparative amounts of revenue contribution and corresponding percentages to total revenue by business group are as follows:

	2021		2020		2019	
Power Generation	₱97,337	59%	₱74,647	55%	₱84,379	53%
Power Distribution	45,628	28%	42,991	32%	47,448	30%
Retail Electricity Supply	19,875	12%	16,477	12%	24,566	15%
Services	1,033	1%	1,308	1%	1,965	1%
<b>Total Revenue</b>	<b>163,874</b>	<b>100%</b>	<b>135,423</b>	<b>100%</b>	<b>158,358</b>	<b>100%</b>
Less: Eliminations	-29,514		(25,046)		(32,723)	
<b>Net Revenue</b>	<b>₱134,359</b>		<b>₱110,377</b>		<b>₱125,635</b>	

*Note: Values are in Million Pesos.*

### **(iii) Distribution Methods of the Product or Services**

#### **POWER GENERATION BUSINESS**

The AboitizPower's Generation Companies sell their capacities and energy through bilateral PSAs with private distribution utilities, electric cooperatives, RES, other large end-users, and through the WESM. The company has Subsidiaries and Affiliates that sell ancillary services through ASPAs with NGCP. The majority of AboitizPower's Generation Companies have transmission service agreements with NGCP for transmission of electricity to the Grid.

#### **DISTRIBUTION UTILITIES BUSINESS**

Ancillary Services are necessary to help ensure a reliable and stable grid, which co-exist with the energy market or WESM. NGCP signs ASPAs with AS-certified generators to fulfill specific ancillary service requirements per grid. Currently, SN Aboitiz Power-Magat, SN Aboitiz Power-Benguet, TMI, TMO, TLI, APRI, Cebu Energy, and WMPC have ASPAs with NGCP. In the Luzon grid, the SN Aboitiz Power Group delivers regulating, contingency, and dispatchable reserves, blackstart service, and reactive power support through its Ambuklao, Binga, and Magat Plants. TMO, on the other hand, is located at the load center Metro Manila and serves the necessary voltage support and dispatchable reserve. In addition, TLI's Pagbilao and APRI's Makban plants deliver contingency reserves and Reactive Power Support AS, respectively. In the Visayas, AboitizPower delivers Contingency Ancillary Service through Cebu Energy. TMI provides both contingency and dispatchable reserves requirements in Mindanao. As a recent development to the Ancillary Service Contracting Process, it was mandated by the DOE that AS will now undergo Competitive Selection Process (CSP), similar to Energy CSP. DOE's Department Circular No. DC 2021-10-0031 entitled, "*Prescribing the Policy for the Transparent and Efficient Procurement of Ancillary Services by the System Operator*", details the provisions of the CSP which became effective October 29, 2021. This is a welcome development for a more transparent and efficient process and AboitizPower intends to actively participate to fulfill the most-needed AS requirements across the nation.

In addition, the Hedcor Tudaya Hydro 2, Hedcor Irisan Hydro 1, Hedcor Sabangan, Hedcor Manolo Fortich 1 & 2, and Hedcor La Trinidad Hydro plants, all in commercial operations, have been approved for inclusion in the FIT system. Hedcor, Hedcor Tudaya, Hedcor Sabangan, and Hedcor Bukidnon, the companies that own and operate the foregoing plants, have entered into Renewable Energy Payment Agreement (REPA) with Transco, in its capacity as FIT-Allowance ("FIT-All") Administrator, for the collection and payment of the FIT.

In the absence of WESM in Mindanao, Tudaya Hydro 2, and Manolo Fortich Hydro 1 and 2 have entered into Renewable Energy Supply Agreement (RESA) with their host distribution utilities or electric cooperatives.

AboitizPower's Distribution Utilities have exclusive distribution franchises in the areas where they operate. Each Distribution Utility has a distribution network consisting of a widespread network of predominantly overhead lines and substations. Customers are classified according to voltage levels based on their electricity consumption and demand. Large industrial and commercial consumers receive electricity at distribution voltages of 13.8 kV, 23 kV, 34.5 kV, and 69 kV, while smaller industrial, commercial, and residential customers receive electricity at 240 V or 480 V.

With the exception of Malvar Enerzone, all of AboitizPower's Distribution Utilities have entered into transmission service contracts with NGCP for the use of NGCP's transmission facilities to receive power from PSALM to their respective independent power producers to their respective customers. All customers that connect to the Distribution Utilities' distribution lines are required to pay a tariff approved by ERC.

#### **RETAIL ELECTRICITY SUPPLY BUSINESS**

AboitizPower's wholly-owned RES companies, AdventEnergy and AESI, have existing electricity supply contracts to ensure continuous supply of power to their customers. AdventEnergy and AESI maintain a portfolio of energy-based supply contracts from renewable and non-renewable sources to secure reliable and affordable electricity for its customers. These electricity supply contracts involve a mix of

fixed rate and margin-based electricity fees that are updated year on year to ensure that supply is maintained at competitive rates. Prism Energy primarily serves contestable customers under the Visayan Electric franchise.

In addition, APRI and TLI were granted RES licenses in 2020 and became registered members of the Renewable Energy Market last July 6, 2021.

**(iv) New Products/Services**

Other than the ongoing Greenfield and/or rehabilitation projects undertaken by AboitizPower's Generation Companies, AboitizPower and its Subsidiaries do not have any publicly announced new products or services as of February 28, 2022.

**(v) Competition**

**POWER GENERATION BUSINESS**

AboitizPower continues to face competition in both the development of new power generation facilities and the acquisition of existing power plants. Competition for financing these activities, as well as the demand for use of renewable energy sources, remains to be a challenge to AboitizPower's growth and portfolio of assets. The drastic increase in coal prices also puts coal fired power assets at a significant disadvantage in terms of prices among competitors especially in the renewable space where prices are now more competitive and cost is not affected by commodities.

As of February 28, 2022, consumption of power has returned to the pre-pandemic levels and in certain areas has surpassed it. This, combined with the challenges in power supply across the country, means AboitizPower is positioned to benefit from higher spot prices in the market by managing and maintaining the availability of its power plants. AboitizPower also believes the Philippines' energy requirements will continue to grow as the country develops, attracting many competitors, including multinational development groups and equipment suppliers, to explore opportunities in power generation projects in the Philippines. Accordingly, competition for and from new power projects may increase in line with the expected long-term economic growth trajectory of the Philippines. With this opportunity, AboitizPower believes it is well-positioned to play a significant role in this growth expansion, and to capitalize on the growing renewable energy space with its strategy to have 50% of its generating assets classified as renewable by the end of this decade, together with the ability to meet long term baseload requirements.

Based on ERC Resolution No. 05, Series of 2021, there are over 30 players representing a total installed capacity of 23,422 MW for the Philippine Grid. The largest is SMC Global Power (5,432 MW of installed capacity), a Subsidiary of San Miguel Corporation. AboitizPower is the second largest generation company by attributable installed capacity (3,882 MW). The third largest is First Gen Corporation (3,485 MW of installed capacity).

In particular, AboitizPower is expected to face competition from leading multinationals such as AES Corporation, TeM Energy, The Electricity Generating Public Company Limited (EGCO), and Korea Electric Power Corporation, as well as power generation facilities owned or controlled by Filipino-owned companies such as Global Business Power Corporation, AC Energy, First Gen Corporation, DMCI Holdings, Inc., Meralco PowerGen Corporation, and SMC Global Power.

With the commencement of retail competition, Open Access, and lowering of thresholds for contestability, these foreign and local generation companies, and other independent RES players, have already set up their own RES business, which include Direct Power RES, and Ecozone Power Management Inc. RES. Of these, the largest player in terms of number of registered Contestable Customers is MPower RES.<sup>13</sup> The main strength of this largest player is its association with the country's largest distribution utility, Meralco, and the goodwill that comes from its size and dominance

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<sup>13</sup> Based on ERC's Competitive Retail Electricity Market Report released in December 2021.

## **RETAIL ELECTRICITY SUPPLY BUSINESS**

Based on ERC's Competitive Retail Electricity Market Monthly Statistical Data as of December 2021, there are 44 RES companies and 28 Local RES companies participating in the Open Access markets in Luzon and Visayas. The Meralco group has the largest market share at 37.43%, with a contracted capacity of 1,663.72 MW. Its main strength is its affiliation as a subsidiary of the country's largest distribution utility, Meralco, which has the financial and market strength, as well as goodwill, that comes from its size, long history, and dominance. AboitizPower, through its RES companies, has the second-largest market share at 18.91%,<sup>14</sup> with contracted capacity of 840.18 MW<sup>15</sup> with contracted capacity of 840.18 MW<sup>16</sup> as of December 2021. The San Miguel Group has the third largest market share at 15.83%, with a contracted capacity of 703.66 MW.

The increase in the number of power plants, the number of RES companies, and volatile oil and coal prices have also increased the level of competition in the Open Access market. RES companies have resorted to both aggressive pricing and contractual concessions.

AboitizPower believes that its portfolio, consisting of different types of energy sources with a mix of renewables and non-renewables, allows it to be flexible in both pricing and reliability of supply, thus enhancing its competitiveness.

## **DISTRIBUTION UTILITIES BUSINESS**

Each of AboitizPower's Distribution Utilities currently have franchises to distribute electricity in the areas covered by its franchises.

### **(vi) Sources of Raw Materials and Supplies**

## **POWER GENERATION BUSINESS**

The Generation Companies produce energy using the following fuel types based on attributable net selling capacity: 17% hydropower, 8% geothermal, 1% solar, 58% coal, and 16% oil. In 2021, renewable fuel sources comprised 27% of attributable net selling capacity, while thermal accounted for 73%.

AboitizPower's run-of-river hydropower facilities harness the energy from the flow of water from neighboring rivers to generate electricity. The hydroelectric companies on their own, or through NPC as in the case of LHC, possess water permits issued by National Water Resources Board (NWRB), which allow them to utilize the energy from a certain volume of water from the applicable source of the water flow.

APRI's steam requirement for its geothermal power generation continues to be supplied by PGPC. The terms of the steam supply are governed by a Geothermal Resources Supply and Services Agreement. Under the agreement, the price of steam is based on 50% of the Marketing Clearing Prices starting September 26, 2021. Prior to this date, the price of steam was ultimately indexed to the Newcastle Coal Index and the Japanese Public Utilities coal price. APRI and PGPC signed a new agreement on August 24, 2018 under which PGPC will drill 12 new production wells with a minimum of 50 MW aggregated individual well capacity by 2023.

Oil-fired plants use heavy fuel oil and automotive diesel oil to generate electricity. SPPC and WMPC source fuel from Pilipinas Shell Petroleum Corporation and Phoenix Petroleum, respectively. Each of EAUC, CPPC, TMI, TMO, and TPVI secure its fuel oil requirements from Pilipinas Shell, Phoenix Petroleum, and/or PTT Philippines Corporation. The fuel prices under these agreements are pegged to the Mean of Platts Singapore index.

TLI has long-term coal supply contracts for both the performance and blending coal requirements of Pagbilao Units 1 and 2. Likewise, Pagbilao Unit 3 has a long-term contract until 2025 for the majority of its annual requirement.

<sup>14</sup> Excluding SFELAPCO which is 20.284% owned by AboitizPower.

<sup>15</sup> Excluding SFELAPCO which is 20.284% owned by AboitizPower.

<sup>16</sup> Excluding SFELAPCO which is 20.284% owned by AboitizPower.

TVI entered into a long-term coal supply agreement with one of its established coal sources after its successful test firing while a contract with a second source has been entered into at the end of 2021 for supply during 2022.

TSI has extended its contract with its main supplier up to 2023. It applies the same sourcing strategy as that of TLI and TVI where evaluation of other potential coal sources is being conducted in order to establish the most competitive and optimum fuel supply mix.

GNPD, GMEC, STEAG Power, and Cebu Energy also have long-term coal supply agreements.

## **POWER DISTRIBUTION BUSINESS**

The rates at which the Distribution Utilities purchase electricity from affiliated Generation Companies are established pursuant to bilateral agreements. These agreements are executed after the relevant Generation Company has successfully bid for the right to enter into a PSA with a Distribution Utility. These agreements are entered into on an arms'-length basis, on commercially reasonable terms, and must be approved by the ERC. ERC's regulations currently restrict AboitizPower's Distribution Utilities from purchasing more than 50% of their electricity requirements from affiliated Generation Companies.

To address long-term power supply requirements, Davao Light and Cotabato Light entered into 25-year PSCs with TSI for 100 MW and 5 MW, respectively, and started drawing their contracted capacity in September 2015. In June 2016, Davao Light and TSI filed a Joint Manifestation with ERC stating that they agreed to supplement and modify their supply contract to 108 MW.

In anticipation of higher demand and lower allocation from PSALM, Davao Light entered into a 10-year PSC with San Miguel Consolidated Power Corporation (SMCPC) for a supply of 60MW in 2016. SMCPC began supplying the 60-MW contracted capacity in February 2018. Davao Light also renewed its CSEE with PSALM for a period of two years from 2021 to 2022 for 163 MW. To cover its peak demand requirement for 2018 to 2021, Davao Light conducted a CSP for the Supply of 50MW which TMI won. Davao Light also addressed the projected increase in load for 2020 by entering into an Emergency PSC with SMCPC for 50MW with a term of one year while waiting for the commercial operations of the wholesale spot market in Mindanao.

To address long-term power supply requirements, Visayan Electric entered into a 25-year Electric Power Purchase Agreement (EPPA) with Cebu Energy in October 2009 for the supply of 105 MW. In December 2010, Visayan Electric signed a five-year PSA with GCGL for the supply of 60 MW at 100% load factor which was extended for another ten years in October 2014. Visayan Electric also has a 15-year PSA with TVI for the supply of 150 MW beginning 2018.

Subic Enerzone conducted a CSP to reduce its WESM exposure. Masinloc Power Partners Co. Ltd. (MPPCL) won the 10MW PSA starting December 26, 2021.

Similarly, Lima Enerzone conducted its own CSP as replacement to its expiring contract. TLI won the contract at 7MW for five years starting in May 2021.

Malvar Enerzone sources its power supply from WESM to meet the ecozone's power requirements until its electricity demand is stable.

The provisions of the Distribution Utilities' PPAs are governed by ERC regulations. The main provisions of each contract relate to the amount of electricity purchased, the price, including adjustments for various factors such as inflation indexes, and the duration of the contract. Distribution Utilities also enter into PSAs with various generation companies.

## **Transmission Charges**

AboitizPower's Distribution Utilities have existing Transmission Service Agreements (TSAs) with the NGCP for the use of the latter's transmission facilities in the distribution of electric power from the Grid to its customers, which are valid until the dates specified below:

Distribution Utility	Valid until
Lima Enerzone	July 25, 2022
Cotabato Light	August 25, 2023
SFELAPCO	December 25, 2023
Davao Light	January 25, 2024
Visayan Electric	January 25, 2024
Mactan Enerzone	January 25, 2025
Balamban Enerzone	January 25, 2025
Malvar Enerzone	December 25, 2025

The Distribution Utilities have negotiated agreements with the NGCP in connection with the security deposit to secure their obligations to the NGCP under the TSAs. Mactan Enerzone has already applied and submitted the requirements for connection to the Grid.

**(vii) Major Customers**

**POWER GENERATION BUSINESS**

As of February 28, 2022, out of the total electricity sold by AboitizPower's Generation Companies, approximately 91% was covered by bilateral contracts with, among others, private distribution utilities, electric cooperatives, and industrial and commercial companies. The remaining, approximately 9%, was sold by the Generation Companies through the WESM.

**RETAIL ELECTRICITY SUPPLY BUSINESS**

As of February 28, 2022, AboitizPower's RES business had approximately 308 Contestable Customers with active contracts, from a wide number of industries, including property development, meat processing, semiconductors, steel, and cement. AboitizPower thus believes that this diversity will insulate its RES business from downturns in any one industry.

**POWER DISTRIBUTION UTILITIES**

AboitizPower's Distribution Utilities have wide and diverse customer bases. As such, AboitizPower believes that loss of any one customer is not expected to have a material adverse impact on the company. The Distribution Utilities' customers are categorized into four principal categories:

- (a) *Industrial customers.* Industrial customers generally consist of large-scale consumers of electricity within a franchise area, such as factories, plantations, and shopping malls;
- (b) *Residential customers.* Residential customers are those who are supplied electricity for use in a structure utilized for residential purposes;
- (c) *Commercial customers.* Commercial customers include service-oriented businesses, universities, and hospitals; and
- (d) *Other customers.* Customers not falling under any of the above categories.

Government accounts for various government offices and facilities are categorized as either commercial or industrial depending on their load. Each Distribution Utility monitors government accounts separately and further classifies them to local government accounts, national government accounts, or special government accounts like military camps. Streetlights have a different rate category and are thus monitored independently.

**(viii) Transactions with and/or Dependence on Related Parties**

AboitizPower and its Subsidiaries, in their regular conduct of business, have entered into transactions with Associates and other related parties principally consisting of professional and technical services,

power sales and purchases, advances, various guarantees, construction contracts, aviation services, and rental fees. These are made on an arm's-length basis as of the time of the transactions.

Details of the significant account balances of the foregoing related party transactions of the Group can be found in the accompanying consolidated financial statements of AboitizPower.

**(ix) Patents, Copyrights and Franchises**

AboitizPower and its Subsidiaries have secured all material permits required to operate its businesses. These are further discussed below.

**POWER GENERATION BUSINESS**

Power generation is not considered a public utility operation under RA No. 9136 or the Electric Power Industry Act of 2001 (EPIRA). Thus, a franchise is not needed to engage in the business of power generation. Nonetheless, no person or entity may engage in the generation of electricity unless such person or entity has secured a COC from ERC to operate a generation facility and has complied with the standards, requirements, and other terms and conditions set forth in the said COC.

In its operations, a generation company is required to comply with technical, financial and environmental standards. It shall ensure that facilities connected to the Grid meet the technical design and operation criteria of the Philippine Grid Code, Philippine Distribution Code, and Philippine Electrical Code. It shall also conform with financial standards and comply with applicable environmental laws, rules and regulations.

Cotabato Light has its own generation facilities and is required under the EPIRA to obtain a COC. Davao Light's generation facility was decommissioned last November 26, 2018. For IPPAs such as TLI, the COCs issued to the IPPs of the relevant generation facilities are deemed issued in favor of the IPPAs. As such, the IPPAs are also bound to comply with the provisions of the Philippine Grid Code, Philippine Distribution Code, WESM rules, and applicable rules and regulations of ERC.

AboitizPower's HEPPs are required to obtain a water permit from NWRB for the water flow used to run their respective hydroelectric facilities. The permit specifies the source of the water, the allowable water volume, and the terms and conditions of its use. The water permit has no expiration date.

AboitizPower, its Subsidiaries, and Affiliates are in various stages of development of several projects. Some of these projects have been awarded renewable energy service contracts by DOE.

The Generation Companies and Cotabato Light, a Distribution Utility, possess COCs for their power generation plants, details of which are enumerated in the attached **Annex "H"**.

**DISTRIBUTION UTILITIES BUSINESS**

Under EPIRA, the business of electricity distribution is a regulated public utility business that requires a franchise that can be granted only by Congress. In addition to the legislative franchise, a CPCN from ERC is also required to operate as a public utility. However, distribution utilities operating within economic zones are not required to obtain a franchise from Congress, but must be duly registered with PEZA in order to operate within the economic zone.

All distribution utilities are required to submit to ERC a statement of their compliance with the technical specifications prescribed in the Philippine Distribution Code, which provides the rules and regulations for the operation and maintenance of distribution systems, and the performance standards set out in the implementing rules of the EPIRA.



Shown below are the respective expiration periods of the Distribution Utilities' legislative franchises:

Distribution Utility	Franchise	Term	Expiry
Visayan Electric	RA No. 9339	25 years from effectivity of RA No. 9339. RA No. 9339 was approved on September 1, 2005.	Valid until September 24, 2030
	ERC Certificate No. CPCN-09-01 (ERC Decision dated January 26, 2009, ERC Case No. 2008-095 MC).	25 years, or from September 24, 2005 to September 24, 2030	
Davao Light	RA No. 8960	25 years from effectivity of RA No. 8960, or from September 7, 2000	September 7, 2025
	ERC CPCN Decision dated February 26, 2002, ERC Case No. 2001-792	25 years, or from September 7, 2000 to September 7, 2025	September 7, 2025
	RA No. 11515	5 years from expiration of the term granted under RA No. 8960, or from September 7, 2025 to September 7, 2050 (Lapsed into law on December 26, 2020)	Valid until September 7, 2050
Cotabato Light	RA No. 10637	25 years from the effectivity of RA No. 10637, as amended. RA No. 10637 was approved on June 16, 2014.	Valid until June 16, 2039
	ERC Certificate No. CPCN-14-001 (ERC Decision dated December 9, 2019, ERC Case No. 2013-063 MC)	25 years, or from June 17, 2014 or until June 16, 2039	
SFELAPCO	RA No. 9967	25 years from effectivity of RA No. 9967 (Lapsed into law on February 6, 2010)	Valid until March 23, 2035
	ERC Certificate No. CPCN-10-01 (ERC Decision dated August 31, 2010, ERC Case No. 2010-029 MC)	25 years, or from March 24, 2010 to March 23, 2035	
Subic Enerzone	Distribution Management Service Agreement (DMSA) between Subic Enerzone and Joint Venture of AEV- Davao Light	Notarized on May 15, 2003. Term of the DMSA is 25 years.	Valid until May 15, 2028.

Mactan Enerzone, Balamban Enerzone, Lima Enerzone, and Malvar Enerzone which operate the power distribution utilities in MEPZ II, WCIP, LTC, and LISP IV respectively, are duly registered with PEZA as Ecozone Utilities Enterprises.

#### RETAIL ELECTRICITY SUPPLY BUSINESS

Like power generation, the business of supplying electricity is not considered a public utility operation under EPIRA, but is considered a business affected with public interest. As such, EPIRA requires all suppliers of electricity to end-users in the contestable market, other than distribution utilities within



their franchise areas, to obtain a license from ERC. With the implementation of Open Access in 2013, AboitizPower's RES Subsidiaries and Generation Companies with RES licenses, AESI, AdventEnergy, APRI, SN Aboitiz Power – Magat, SN Aboitiz Power – RES, Prism Energy, and TLI, have all obtained separate licenses to act as RES and Wholesale Aggregator.

## **Trademarks**

AboitizPower and its Subsidiaries own, or have pending applications for the registration of, intellectual property rights for various trademarks associated with their corporate names and logos. Please refer to **Annex "G-2"** to see trademark application which AboitizPower and its Subsidiaries have secured or have pending application with Philippine Intellectual Property Office (Philippine IPO) and intellectual property office abroad.

### **(x) Government Approval**

The discussion on the need for any government approval for any principal products or services of the company and its Subsidiaries, including COCs obtained by the Generation Companies and franchises obtained by the Distribution Utilities, is included in item (ix) Patents, Copyrights and Franchises.

### **(xi) Effect of Existing or Probable Governmental Regulations**

AboitizPower and its Subsidiaries are subject to the laws generally applicable to all Philippine corporations, such as corporation law, securities law, tax laws, and the Local Government Code. All Philippine corporations are also subject to labor laws and social legislation, including RA No. 11199 or the Social Security Act of 2018, RA No. 10606 or the National Health Insurance Act of 2013, RA No. 11223 or the Universal Health Care Act, RA No. 9679 or the Home Development Mutual Fund Law of 2009, The Philippine Labor Code and its implementing rules, and other labor-related laws, regulations, and DOLE mandated work-related programs.

The Aboitiz Group closely monitors its compliance with the laws and government regulations affecting its businesses.

#### **1. WESM in Mindanao**

On May 4, 2017, the DOE issued Department Circular No. DC 2017-05-0009 entitled "*Declaring the Launch of WESM in Mindanao and Providing Transition Guidelines*". This DOE Circular took effect on June 7, 2017, with the following pertinent provisions:

- (a) Establishment of Mindanao WESM Transition Committee, which will be one of the committees under the PEMC Board;
- (b) Launch of WESM in Mindanao on June 26, 2017, with the commencement of full commercial operations dependent on various conditions precedent, including installation of metering facilities, approval of the Price Determination Methodology by ERC, and trial operations of the WESM, among others;
- (c) Conduct of the Trial Operation Program for the WESM;
- (d) Automatic termination of IMEM; and
- (e) Implementation of an Interim Protocol to govern the dispatch and scheduling of power generation plants, while the WESM is still not operational.

WESM in Mindanao was originally targeted to start in October 2018, but was deferred because some conditions precedent for full commercial operations were not yet complied. Trial operations were conducted starting 2018 to ensure the readiness of eventual WESM participants in Mindanao. DOE has released a draft Department Circular initially announcing December 26, 2021 as the target commercial operation date with transition provisions and conditions. As of February 28, 2022, WESM Mindanao is still not commercially operating.

## **2. Independent Electricity Market Operator (IEMOP)**

On February 4, 2018, DOE issued Department Circular No. DC2018-01-0002, setting the policy governing the establishment of an independent market operator (IMO) of the WESM. The policy on IMO outlines the mandates of DOE and ERC over the IMO, its guiding principles, composition, including a board composed of at least five members, its functions, WESM's new governing and governance structure, and the conditions for transition.

The IMO transition plan called for the formation of a new company called the IEMOP as an independent market operator, with PEMC remaining as WESM's governing body. Previously, the PEMC oversaw both the operations and governance functions of WESM. The transition also entails the reconstitution of the PEMC Board, with the DOE Secretary relinquishing his chairmanship, paving the way for a PEMC independent of government.

On September 26, 2018, IEMOP formally took over operations of the WESM from PEMC. IEMOP facilitates the registration and participation of generating companies, distribution utilities, directly connected customers or bulk users, suppliers and contestable customers in the WESM. It also determines the hourly schedules of generating units that will supply electricity to the Grid, as well as the corresponding spot-market prices of electricity via its Market Management System.

Currently, the IEMOP is under legislative review by the House Committee on Energy specifically on its roles and functions as well as the legal basis for its establishment. This is in response to several House Resolutions calling for the review of the IEMOP in aid of legislation.

On October 22, 2020, the DOE promulgated Department Circular No. DC2020-10-0021, which adopted amendments to the WESM Rules for the implementation of an Independent Market Operator.

## **3. Proposed Amendments to the EPIRA**

Since the enactment of the EPIRA in 2001, members of Congress have proposed various amendments to the law and its IRR. A summary of the significant proposed amendments are as follows:

- (a) Classification of power projects as one of national significance and imbued with public interest;
- (b) Exemption from VAT on the sale of electricity by generation companies;
- (c) Modification of the definition of the term "Aggregator," which is proposed to refer to a person or entity engaged in consolidating electric power demands of end-users of electricity in the contestable market, for the purpose of purchasing, reselling, managing for optimum utilization of the aggregated demand, or simply pooling the tendering process in looking for a supply of electricity on a group basis;
- (d) Requirement for distribution utilities to conduct public and competitive selection processes or Swiss challenges for the supply of electricity and to fully or adequately contract their future and current energy and demand requirements;
- (e) Grant of access to electric cooperatives over the missionary electrification fund collected through universal charges;
- (f) Exclusion of the following items from the rate base charged by Transco and distribution utilities to the public: corporate income tax, value of the franchise, value of real or personal property held for possible future growth, costs of over-adequate assets and facilities, and amount of all deposits as a condition for rendition and continuation of service;
- (g) Regulation of generation, transmission, distribution, and supply rates to allow Return-on-Rate-Base (RORB) up to 12%;
- (h) Classification of power generation and supply sectors as public utilities, which would be required to secure legislative franchises;
- (i) Prohibition of cross-ownership between generation companies and distribution utilities or any of their subsidiaries, affiliates, stockholders, officials or directors, or the officials, directors, or other stockholders of such subsidiaries or affiliates, including the relatives of such stockholders, officials or directors within the fourth civil degree of consanguinity;
- (j) Prohibition against or restriction on distribution utilities from sourcing electric power supply requirements, under bilateral electric power supply contracts, from a single generation

company or from a group of generating companies wholly-owned or controlled by the same interests;

- (k) Lowering of the allowable extent of ownership, operation and control of a company or related groups as determined from the installed generating capacity of the Grid and/or nationally installed generating capacity;
- (l) Exemption or deferral of the privatization of some assets of NPC, such as the Unified Leyte (Tongonan) Geothermal Complexes, Agus and Polangui Complexes, and Angat Dam;
- (m) Expansion of the definition of host communities to include all barangays, municipalities, cities and provinces or regions where hydro generation facilities are located and where waterways or water systems that supply water to the dam or hydroelectric power generating facility are located;
- (n) Prohibition on distribution utilities, except rural electric cooperatives to recover systems losses and placing a 5% cap on recoverable system loss;
- (o) Imposition of a uniform franchise tax for distribution utilities equivalent to 3% of gross income in lieu of all taxes;
- (p) Grant of authority for NPC to generate and sell electricity from remaining assets;
- (q) Removal of the requirement of a joint congressional resolution before the President may establish additional power generating capacity in case of imminent shortage of supply of electricity
- (r) Creation of a consumer advocacy office under the organizational structure of ERC; and
- (s) Extension of lifeline rates.

As of February 28, 2022, the proposed amendments are still pending in Congress.

#### **4. Implementation of the Performance-based Rating-setting Regulation (PBR)**

On December 13, 2006, ERC issued the Rules for Setting Distribution Wheeling Rates (RDWR) for privately-owned distribution utilities entering Performance-based Regulation (PBR) for the second and later entry points, setting out the manner in which this new PBR rate-setting mechanism for distribution-related charges will be implemented. PBR replaces the RORB mechanism, which has historically determined the distribution charges paid by customers. Under PBR, the distribution-related charges that distribution utilities can collect from customers over a four-year regulatory period is set by reference to projected revenues which are reviewed and approved by ERC and used by ERC to determine the distribution utility's efficiency factor. For each year during the regulatory period, the distribution utility's distribution-related charges are adjusted upwards or downwards taking into consideration the utility's efficiency factor as against changes in overall consumer prices in the Philippines.

ERC has also implemented a Performance Incentive Scheme (PIS) whereby annual rate adjustments under PBR will take into consideration the ability of a distribution utility to meet or exceed service performance targets set by ERC, such as the: (a) average duration of power outages; (b) average time of restoration to customers; and (c) average time to respond to customer calls, with utilities being rewarded or penalized depending on their ability to meet these performance targets.

The second regulatory period of Cotabato Light ended on March 31, 2013, while that of Visayan Electric and Davao Light ended on June 30, 2014. In addition, the second regulatory period of Subic Enerzone and SFELAPCO ended on September 30, 2015. The reset process for the subsequent regulatory period, however, has been delayed due to the issuance by ERC in 2013 of an Issues Paper on the Implementation of PBR for distribution utilities under RDWR. Said paper aims to revisit various matters relating to the reset process. ERC has solicited comments from industry participants and has been holding public consultations on the Issues Paper.

On December 22, 2015, Matuwid na Singil sa Kuryente Consumer Alliance, Inc. (MSK) filed a petition for rulemaking entitled In the Matter of Petition for Rules Change in Rate Setting Methodology for Distribution Wheeling Rate - Repeal of the Performance- Based Rate Making (PBR) Regulation and Return to Previous Return-on-Rate-Base (RORB) with Modification, docketed as ERC Case No. 2015-008RM. Public consultations were held on various dates in Metro Manila, Cebu, and Davao. ERC also conducted Power 101 and PBR briefing sessions to various other consumer groups who said that they cannot intelligently comment on the PBR rules without understanding the concepts.

Through ERC Resolution No. 25 Series of 2016 dated July 12, 2016, ERC adopted the Resolution Modifying the RDWR for Privately Owned Distribution Utilities Entering PBR. Based on said Resolution, the Fourth Regulatory Period shall be as follows:

- (a) Cotabato Light: April 1, 2017 to March 31, 2021
- (b) Davao Light and Visayan Electric: July 1, 2018 to June 30, 2022
- (c) SEZ and SFELAPCO: October 1, 2019 to September 30, 2023

On November 21, 2016, ERC posted for comments the draft Regulatory Asset Base (RAB) Roll Forward Handbook for Privately Owned Electricity Distribution Utilities. Public consultations were conducted on said document.

The reset process for the fourth regulatory period has not yet started for all private distribution utilities as the abovementioned ERC rules have not been published yet for its effectivity.

In June 2019, ERC posted for comments its draft Rules for Setting Distribution Wheeling Rates and Issues Paper for the Regulatory Reset of the First Entry Group (Meralco, Cagayan de Oro Electric and Dagupan Electric). Various public consultations were held in the month of July 2019. However, during the July 29, 2019 PBR public consultation, MSK called the attention of ERC to act first on its 2015 petition on rate methodology before proceeding with the reset process. ERC issued its Decision dated September 24, 2020 on MSK's petition denying its petition to revert to RORB, without prejudice to its right to submit its comments in the revision of the rules during the next rate reset process of the distribution utilities.

Due to the rules change on PBR, all AboitizPower Distribution Utilities have not undergone regulatory reset starting from the third regulatory period. In January 2020, ERC requested private distribution utilities to submit actual or historical expenditure covering the lapsed period. Due to the lockdown and quarantine restrictions, as well as unresolved clarifications as to what has to be provided to the ERC raised by the distribution utilities to the ERC through clarificatory meetings, private distribution utilities were not able to provide the data within the timeframe given by ERC.

In relation to this, the ERC issued show cause orders, all dated October 29, 2020, against Cotabato Light (docketed as ERC Case No. 2020-097 SC), Visayan Electric (docketed as ERC Case No. 2020-098 SC), Davao Light (docketed as ERC Case No. 2020-104 SC), and Subic Enerzone (docketed as ERC Case No. 2020-107 SC), requesting the foregoing distribution utilities to explain why they should not be penalized for the incomplete submission of the data requested by the ERC for its actual expenditure review. On January 7, 2021, the foregoing distribution utilities submitted their respective explanations, including a manifestation that all required data has been submitted as of December 29, 2020. ERC has yet to resolve these cases. If found liable, penalty for violation is P50,000.00 per distribution utilities, pursuant to ERC Resolution No. 03, series of 2009.

On December 2, 2021, the ERC issued Resolution No. 10, series of 2021, modifying the Rules for Setting the Distribution Wheeling Rates (RDWR) for private distribution utilities, and Resolution No. 11, series of 2021, adopting a Regulatory Asset Base (RAB) Roll Forward Handbook. The RDWR and the RAB Handbook as adopted in these resolutions shall be applied in the next regulatory reset of AboitizPower Distribution Utilities.

## **5. ERC Regulation on Systems Loss Cap Reduction**

In April 2018, ERC issued Resolution No. 10, Series of 2018 entitled "*A Resolution Clarifying the System Loss Calculation Cap and Providing the Effectivity of the Rules for Setting the Distribution Loss Cap*". This set of rules provide for the new Distribution System Loss (DSL) cap that can be recovered and charged by distribution utilities to its customers, beginning in the May 2018 billing period.

Under the ERC resolution, the DSL cap for private utilities was set at 6.5% for 2018, 6.25% for 2019, 6.00% for 2020, and 5.50% for 2021. The aforementioned caps are exclusive of sub-transmission and substation losses. The aforementioned rules also provide for a performance incentive scheme (PIS), which is a price-linked reward for distribution utilities, with the goal of reducing the DSL passed on to customers and to promote efficiency in distribution systems in the long term.

The rules allow distribution utilities to use an alternative method in determining an individualized DSL cap that it shall apply subject to the approval of ERC. The individualized cap has two components: one for technical loss (determined using load flow simulations on the distribution utilities' reference distribution system) and another for non-technical loss (which represents the level of non-technical loss that minimizes the costs to consumers). In determining the reasonable level of the individualized DSL cap, costs and benefits must be analyzed from the viewpoint of the customer.

In 2018, Cotabato Light filed an Application for the Individualized Distribution System Loss Cap, requesting, among others, that it be exempted from the 6.5% cap pending the filing and approval of its application for Individualized DSL cap of 7.48% in Technical Loss and 1.77% in Non-Technical Loss and sought approval to use the previous 8.5% DSL cap instead. The case is still pending with ERC as of February 28, 2022.

In December 16, 2021, ERC issued Resolution No. 12, Series of 2021 entitled "A Resolution Clarifying the Applicable Distribution Feeder Loss Cap for Private Distribution Utilities by 2022 Onwards". The said Resolution amended the Distribution Feeder Loss Cap stated in ERC Resolution No. 10, series of 2018, maintaining the 2021 Distribution Feeder Loss Cap of 5.50% for the year 2022 onwards until such time that a new feeder loss cap is promulgated by the ERC.

## **6. Competitive Selection Process**

On June 11, 2015, DOE promulgate Department Circular No. DC2015-06-0008 ("2015 DOE Circular") which mandated all distribution utilities to undergo competitive selection processes ("CSP") in securing PSAs after the effectivity of the said circular. The 2015 DOE Circular also authorized ERC to adopt a set of guidelines for the implementation of the CSP. The 2015 DOE Circular took immediate effect following its publication on June 30, 2015.

On October 20, 2015, ERC issued Resolution No. 13, Series of 2015, entitled, "*A Resolution Directing All Distribution Utilities (DUs) to Conduct a Competitive Selection Process (CSP) in the Procurement of their Supply to the Captive Market*" ("ERC CSP Rules"). This resolution provides that a PSA shall be awarded to a winning Generation Company following a competitive selection process or by direct negotiation, after at least two failed CSPs. For PSAs which were already executed but were not yet filed with the ERC and those that were still in the process of negotiation during the time of the effectivity of the ERC CSP Rules, the relevant distribution utility already had to comply with the CSP requirement before its PSA application would be accepted by the ERC. The ERC CSP Rules took immediate effect following its publication on November 7, 2015.

ERC Resolution 13, Series of 2015, was restated in ERC Resolution No. 1, Series of 2016, entitled, "*A Resolution Clarifying the Effectivity of ERC Resolution No. 13, Series of 2015.*" ERC Resolution No. 1, Series of 2016, extended the date of the effectivity of the CSP requirement from November 7, 2015 to April 30, 2016. It further stated that all PSAs executed on or after the said date would be required, without exception, to comply with the provisions of the ERC CSP Rules.

On February 1, 2018, DOE promulgated DC No. DC2018-02-0003 ("2018 DOE Circular") entitled "Adopting and Prescribing the Policy for the Competitive Selection Process in the Procurement by the Distribution Utilities of Power Supply Agreements for the Captive Market." Through this Circular, DOE issued its own set of guidelines ("DOE CSP Rules") for the procurement by distribution utilities of PSAs for the Captive Market.

Under the DOE CSP Rules, all PSAs shall be procured through CSP, except for the following instances: (1) generation project owned by the distribution utility funded by grants or donations; (2) negotiated procurement of emergency power supply; (3) provision of power supply by any mandated Government-Owned and Controlled Corporation for off-grid areas prior to, and until the entry of New Power Providers (NPP); and (4) provision of power supply by the PSALM through bilateral contracts. A PSA may also be entered into by direct negotiation if the CSP fails twice. The DOE CSP Rules took effect upon its publication on February 9, 2018.

The validity of ERC CSP Rules and ERC Resolution No. 1, Series of 2016, was challenged before the SC on the ground that ERC, in issuing the said resolutions, amended the 2015 DOE Circular and effectively

postponed the date of effectivity of the CSP requirement. Consequently, on May 3, 2019, the SC in the case of *Alyansa Para sa Bagong Pilipinas, Inc. v. ERC (G.R. No. 227670)*, declared the first paragraph of Section 4 of the ERC CSP Rules and ERC Resolution No. 1, Series of 2016, as void *ab initio*. The SC further ruled that all PSAs submitted to ERC on or after June 30, 2015 shall comply with the CSP and that upon compliance with the CSP, the power purchase cost resulting from such compliance shall retroact to the date of the effectivity of the complying PSA, but in no case earlier than June 30, 2015, for purposes of passing on the power purchase cost to the consumers.

On September 24, 2021, the DOE promulgated Department Circular No. DC-2021-09-0030, amending the 2018 DOE Circular on the Competitive Selection Process in the Procurement by the Distribution Utilities of Power Supply Agreement for the Captive Market. The new circular included a new exemption from the CSP process and introduced a mechanism of subjecting unsolicited proposals to competitive bidding. The Circular was published on October 14, 2021 and was effective on October 29, 2021.

## **7. Adopting a General Framework Governing the Provision and Utilization of Ancillary Services in the Grid**

On December 4, 2019, DOE issued Department Circular No. DC2019-12-0018 entitled “*Adopting a General Framework governing the utilization of Ancillary Services (AS) in the Grid*” (“AS Circular”). The policy seeks to ensure the reliability, quality and security of the supply of electricity by adhering to principles that will provide the safe and reliable operation of the grid by taking into account the entry of emerging technologies and the intermittency of variable renewable energy generating resources.

Included in the policy is the creation of an Ancillary Services Technical Working Group (AS-TWG) that will render technical assistance and advice to DOE in developing further policies on AS. One of the main functions of the AS-TWG is to review the Philippine Grid Code (PGC) (2016 edition) to address issues on the implementation of new AS categories and Primary Response requirement. Section 5 of the circular required the System Operator to ensure optimal procurement of the required Ancillary Services.

Pending the harmonization of AS-related issuances and review of the relevant provisions of PGC 2016, the classification and required levels of AS shall be in accordance with the AS categories prior to PGC 2016.

According to the AS Circular, prior to the commercial operation of the Reserve Market, the SO shall ensure compliance with its obligation to procure the required level and specifications of AS in line with the following

- (a) Regulating, Contingency, and Dispatchable Reserves shall be procured through firm contracts only;
- (b) Reactive Power Support AS and Black Start AS shall be procured through firm contracts only; and
- (c) The protocol for the central scheduling of energy and contracted reserves in the WESM shall still apply, in accordance with the WESM Rules and relevant Market Manuals.

Upon the commercial operation of the Reserve Market, the following rule shall govern the procurement of AS:

- (a) SO shall procure Regulating, Contingency, and Dispatchable Reserves through firm contracts and the Reserve Market provided that the contracted levels per reserve region shall be as follows:
  - (i) Regulating Reserve - Equivalent to 50% of the Regulating Reserve requirement;
  - (ii) Contingency Reserve - Equivalent to 50% of the dependable capacity of the largest generating unit;
  - (iii) Dispatchable Reserve - Equivalent to 50% of the dependable capacity of the second largest generating unit.

On June 21, 2021, the DOE issued an “Advisory on the Implementation of Department of Energy (DOE) Circular No. DC2019-12-0018”. The advisory directed the NGCP to expedite the procurement of the required AS in accordance with Department Circular No. DC2019-12-0018, and to convert NGCP’s non-firm ASPAs into firm ASPAs.

On May 13, 2021, the DOE promulgated Department Circular No. DC2021-03-0009 entitled “Adopting a



General Framework Governing the Operationalization of the Reserve Market in the Wholesale Electricity Spot Market and Providing Further Policies to Supplement DC2019-12-00178". The policy mandates the SO to ensure adequate and least cost procurement of AS through combination of AS contract and the reserve market.

On October 4, 2021, the DOE issued Department Circular No. DC2021-10-0031 for the Transparent and Efficient Procurement of Ancillary Services (AS CSP) by the System Operator (SO) that pushed a process similar to the CSP for Distribution Utilities, but this time for AS to be procured, for all non-firm ASPA be converted to ASPA, and that the Market Operator (MO) can step in to help SO to avoid delays.

## **8. Ancillary Services Pricing and Cost Recovery Mechanism**

Reserves are forms of ancillary services that are essential to the management of power system security. The provision of reserves facilitates orderly trading and ensures the quality of electricity.

On December 2, 2014, DOE issued Circular No. 2014-12-0022, otherwise known as the Central Scheduling and Dispatch of Energy and Contracted Reserves. The circular aims to prepare the market participants in the integration of ancillary reserves into the WESM. The ancillary service providers will be paid based on their respective ASPAs with NGCP, while the scheduling of capacity and energy will be based on market results.

On September 14, 2018, NGCP filed a Petition seeking the Commission's approval of its proposed amendments to the Ancillary Services – Cost Recovery Mechanism, docketed as ERC Case No. 2018-005 RM. Currently, the existing cost-recovery mechanism for Ancillary Services shall continue to be implemented until a new mechanism is recommended by the AS-TWG and adopted by ERC.

On February 8, 2022, the ERC posted its call for comments on the Draft Ancillary Services Rules (AS Rules) under ERC Case Nos. 2017-005 RM and 2018-005 RM with submission deadline of February 22, 2022. It has forwarded again the transition to its new types and definitions of Ancillary Services, with its own specifications and technical requirements, a percentage of procurement of AS, for testing be done only by the SO, and a cost recovery mechanism.

## **9. Energy Efficiency and Conservation Act**

RA No. 11285 or the Energy Efficiency and Conservation Act (EEC) was signed into law on April 12, 2019. Apart from prescribing efficient use of energy standards and labeling requirements for energy-consuming products, EEC establishes certain obligations on the part of energy consumers who reach a certain annual energy consumption threshold ("designated establishments"). These obligations include, among others, reporting to the DOE of annual energy consumption, and energy consumption record keeping.

Under the law, all government agencies, including government-owned corporations, are directed to ensure the efficient use of energy in their respective offices, facilities, transportation units, and in the discharge of their functions. DOE will also be authorized to develop a Minimum Energy Performance standard for the commercial, industrial, and transport sectors, and energy-consuming products including appliances, lighting, electrical equipment, and machinery, among others. DOE is also tasked to prescribe labeling rules for all energy-consuming products, devices, and equipment.

DOE will develop and enforce a mandatory energy efficiency rating and labeling system for energy-consuming products, such as air conditioners, refrigeration units, and television sets, to promote energy-efficient appliances and raise public awareness on energy saving. The law also calls for fuel economy performance labeling requirements for vehicle manufacturers, importers, and dealers. LGUs are tasked to implement the Guidelines on Energy Conserving Design on Buildings for the construction of new buildings.

Under the Energy Efficiency and Conservation Act's IRR dated November 22, 2019, DOE can visit designated establishments to inspect energy-consuming facilities, evaluate energy-management systems and procedures, identify areas for efficiency improvement, and verify energy monitoring records and reports and other documents related to the compliance requirements within office hours

and with an authorized representative of the establishment present. The IRR also calls for the commissioning of a certified conservation officer and energy manager to ensure compliance and be responsible for managing energy consumption, administering programs, and other responsibilities under the law.

Other Department Circulars promulgated by the DOE in relation to the Energy Efficiency and Conservation Act are as follows:

- (a) Department Circular No. DC2020-06-0015 *“Prescribing the Guidelines of the Philippine Energy Labeling Program (PELP) for Compliance of Importers, Manufacturers, Distributors and Dealers of Electrical Appliances and other Energy-Consuming Products (ECP)”*, which aims to empower consumers in choosing energy efficient products at the point of sale, help realize energy savings and reduction of energy consumption/bills through the use of energy efficient products; and reduce greenhouse gas emissions.
- (b) Department Circular No. DC2020-06-0016 *“Prescribing the Minimum Energy Performance for Products (MEPP) covered by the Philippine Energy Labeling Program (PELP) for Compliance of Importers, Manufacturers, Distributors, Dealers and Retailers of Energy-Consuming Products)”*, which aims to eliminate the entry and sale of inefficient and substandard products in the local market; and reduce greenhouse gas emissions;
- (c) Department Order No. 2020-01-0001 *“Organizing the Inter-Agency Energy Efficiency and Conservation Committee (IAEECC)”*;
- (d) Department Circular No. DC2020-12-0026 *“Adoption of the Guidelines for Energy Conserving Design of Buildings”*, aims to encourage and promote the energy conserving design of buildings and their services to reduce the use of energy with due regard to the cost effectiveness, building function, and comfort, health, safety, and productivity of the occupants; and
- (e) Department Circular No. DC2021-05-0011 *“Guidelines for the Endorsement of Energy Efficient Projects to the Board of Investments for Fiscal Incentives”*, establishes the rules and procedures in the endorsement of energy efficiency projects to avail fiscal incentives from the BOI.

## **10. Energy Virtual One-Stop Shop Act**

RA No. 11234 or the Energy Virtual One-Stop Shop Act (“EVOSS Act”) was signed into law by President Duterte on March 8, 2019 and became effective on March 29, 2019. DOE issued the IRR on June 24, 2019. Under the EVOSS Act, prospective power generation, transmission, or distribution companies can apply, monitor, and receive all the necessary permits, and even pay for charges and fees, through the online platform called Energy Virtual One-Stop Shop (EVOSS) once it takes effect, cutting down the lengthy permitting process for the development of power projects. The DOE already began the implementation of the EVOSS Online Platform.

The EVOSS Online Platform applies to all new generation, transmission, and distribution projects throughout the country as well as government agencies and other relevant entities involved in the permitting process. The system provides a secure and accessible online processing system; recognizes the legal effect, validity, and enforceability of submitted electronic documents; and develops an online payment system for all fees for securing permits or certifications. The system enables government agencies involved in pending power projects to operate under a streamlined permitting process utilizing a uniform application template and in compliance with mandated processing timelines as identified in the law. The entire system utilizes electronic documents and monitors permit status via an online system.

On June 5, 2020, DILG-DOE Joint Memorandum Circular 2020-01 or the Guidelines for LGUs to Facilitate the Implementation of Energy Projects was published. The Guidelines direct the streamlining by LGUs of their processes in issuing the necessary permits for energy-related projects, in accordance with the energy regulatory reforms provided in the EVOSS Law.

On July 2, 2021, President Rodrigo Duterte created the Energy Virtual One-Stop Shop Task Group through Executive Order No. 143, to ensure the increasing operationalization of the EVOSS.



## 11. Net Metering

The DOE promulgated Department Circular No. DC 2020-10-0022 or the Net Metering Program for Renewable Energy System, which aims to encourage and further promote electricity End-Users' participation in the Net Metering Program by enhancing the current policies and commercial arrangements while ensuring the economic and technical viability of the distribution utility.

Pertinent provisions include:

- (a) Banking of Net-Metering Credits - All Net Metering Credits shall be banked for a maximum of one calendar year. Any excess of balance Net-Metering credits at the end of each calendar year shall be forfeited.
- (b) Application to Off-Grids or Isolated Grid Systems - The Net Metering Program for End-User shall be allowed even in areas not connected to the country's three major national electrical transmission grids.
- (c) Publication of Hosting Capacities for Net-Metering - The Distribution Utilities shall publish in their website the respective Net-Metering programs, processes, and procedures, including hosting capacities on a per feeder or sector basis.
- (d) Responsibility of the LGUs - All LGUs are enjoined to strictly comply with the provisions of EVOSS Law, RA No. 11032 (Ease of Doing Business and Efficient Government Service Delivery Act of 2018) in processing permits and licenses related to applications for Net-Metering arrangements.
- (e) Responsibility of the National Electrification Administration (NEA) - The NEA shall provide the necessary assistance in promoting the Net-Metering Program to all electric cooperatives nationwide.
- (f) Development of Net Metering Guidebook - A guidebook on procedures and standards shall be developed by the DOE to be used by all stakeholders. The Renewable Energy Management Bureau shall prepare the Net Metering Guidebook, within six months from the effectiveness of this circular.

The foregoing Net Metering Program became effective on December 18, 2020. A draft of Net Metering Guidebook was already sent out for comments on April 2021 and AboitizPower is monitoring its publishing.

## 12. Reliability Performance Indices

On December 16, 2020, the ERC published on its website Resolution No. 10, Series of 2020, entitled "*A Resolution Adopting the Interim Reliability Performance Indices and Equivalent Outage Days Per Year of Generating Units*".

This resolution aims to monitor the reliability performance of all Generating Units at the operations and maintenance level; regularly determine and specify the reliability performance of the Grid; aid the power industry in evaluating reliability and availability of Generating Plants; and promote accountability of Generation Companies in order to achieve greater operation and economic efficiency. It applies to all Generation Companies with Conventional and Non-Variable Renewable Energy Generating Plants connected to the Grid, including Embedded Generating Plants, which have an aggregated capacity of 5MW and above. It includes the requirement for the System Operator and Transmission Network Provider to utilize the allowable planned outage days in Table 1 of the Resolution as a guide in preparing the Grid Operating and Maintenance Program. If the System Operator and Transmission Network Provider shall utilize unplanned outages beyond what is allowed in Table 1, the same shall provide a report as to the reason for such consideration as well as arrange the replacement.

ERC Resolution No. 10, Series of 2020 became effective on January 3, 2021.

In relation to this, the ERC issued a consolidated show cause order dated June 14, 2021, against Hedcor Bukidnon, requesting the latter to explain why it should not be held liable for violation of Article V of ERC Resolution No. 10, Series of 2020 for the alleged excess unplanned outages for Hedcor Bukidnon's Manolo Fortich 1 Units 2, 3, and 4 (ERC Case Nos. 2021-075 SC, 2021-076 SC, and 2021-077 SC).

On July 8, 2021, Hedcor Bukidnon submitted its verified explanation, with attached documents to prove that the cause of the outage is a force majeure event or a planned outage, both of which should not be

included in counting unplanned outage days. On August 25, 2021, Hedcor Bukidnon, Inc. manifested developments and submissions relating to the resumption of Manolo Fortich 1's operations. The case has yet to be resolved by the ERC.

### **13. Prescribing Revised Guidelines for Qualified Third Party**

On November 22, 2019, DOE promulgated Department Circular No. DC 2019-11-0015 also known as the *"Revised Guidelines for Qualified Third Party"*. The Qualified Third Party (QTP) Guideline Policy is an initiative that was prescribed in the EPIRA, which shall assist the distribution utilities in ensuring and accelerating the total electrification of the country.

The policy provides revisions to the existing guidelines covering the qualifications and participation of QTPs in the provision of electric services to "Unviable Areas" within the respective franchise areas of distribution utilities and electric cooperatives. As part of the Scope of the Revised QTP Guidelines, the policy shall apply to the provision of electricity services in locations defined as Unviable Areas, which include unserved and underserved electricity customers, within the franchise areas of distribution utilities.

In view of the QTP Guideline Policy, as of February 28, 2022, the ERC is working on its amendments to the 2006 Rules on the Regulation of Qualified Third Parties Performing Missionary Electrification in Areas Declared Unviable by the DOE.

On January 21, 2022, the President approved RA No. 11646, or the Microgrid Systems Act, which converts all QTPs as microgrid system providers. The law also provides a new framework for the use of microgrid systems or a group of interconnected loads and a generation facility or decentralized power generation that acts as an integrated power generation and distribution system, to electrify both "underserved" and "unserved" areas in the country.

### **14. Providing a Framework for Energy Storage System in the Electric Power Industry**

On September 18, 2019, DOE promulgated Department Circular No. DC2019-08-0012 also known as *"Providing a Framework for Energy Storage System in the Electric Power Industry"*, which governs the regulation and operation of energy storage systems (ESS). The increasing penetration of Variable Renewable Energy (VRE) in the country has prompted the need for the recognition of ESS as one of the technologies to manage intermittent operations of the VRE-generating plants' output thereby ensuring system stability. The issuance of the circular further hastens the entry of ESS as part of the modernization of the Philippine power sector. It finally answers questions relating to who should own and operate energy storage systems in the Philippines. The circular addresses policy gaps by providing a framework for the implementation and roll out of ESS in the country.

The circular applies to power industry participants, including power generation companies owning and/or operating ESS. The covered technologies include battery energy storage system; compressed air energy storage; flywheel energy storage; pumped-storage hydropower; and other emerging technologies that may be identified, qualified, and approved by DOE as ESS. The rules are also applicable to customers and end-users owning and/or operating ESS, which include distribution utilities; and directly connected customers. The circular also applies to qualified third parties, transmission network providers, system operators, market operators, and PEMC

### **15. Guidelines Governing the Issuance of Operating Permits to Renewable Energy Suppliers Under the Green Energy Option Program**

On July 18, 2018, DOE issued Department Circular No. DC2018-07-0019 also known as the *"Rules Governing the Establishment of the Green Energy Option Program (GEOP) in the Philippines."* This sets the guidelines for consumers or end-users, renewable energy suppliers, and network service providers, among other stakeholders, in facilitating and implementing such energy sources under the EPIRA.

GEOP is a renewable energy policy mechanism issued pursuant to RA No. 9513 or the RE Law that provides end-users the option to choose renewable resources as their sources of energy.

Under this issuance, all end-users with a monthly average peak demand of 100kW and above for the past 12 months may opt to voluntarily participate in the GEOP. Those with an average peak demand below 100 kW may also participate in the GEOP, but only after DOE, in consultation with NREB and industry stakeholders, is able to determine that the technical requirements and standards are met by the end-user. End-users with new connections can also opt to participate in the Program and choose renewable energy resources for their energy/electricity needs, provided their average peak demand meets the threshold provided in the GEOP Rules.

The participation of the end-users in the GEOP will be governed by a supply contract between the end-user and the renewable energy supplier, and conform with ERC rules on distributed energy resources and generation facilities.

GEOP is presently available to end-users in Luzon and Visayas only, until such time that DOE, in consultation with the NREB and industry stakeholders, determines the readiness of the Mindanao market.

Other provisions of the GEOP include the establishment of the GEOP Oversight committee, as well as the ERC issuing regulatory framework particularly in setting the technical and interconnection standards and wheeling fees, to affect and achieve the objectives of GEOP. With regard to the billing mechanism, the GEOP Rules provide that a “dual billing system” may be adopted by the end-user availing of the program.

On April 22, 2020, the DOE issued the Guidelines governing the issuance of Operating Permits to RE Suppliers under the GEOP (DC No. 2020-04-0009), which sets rules and procedures in the issuance, administration, and revocation of GEOP Operating permits to RE suppliers

On August 16, 2021, the ERC promulgated Resolution No. 08. Series of 2021, entitled “A Resolution Adopting the Rules for the Green Energy Option Program (GEOP)” approving and adopting the GEOP rules issuing the framework to operationalize GEOP and is now effective.

In November 2021, the Central Registration Body announced that the registration for Green Energy Option (GEOP) customers will start on December 3, 2021. IEMOP will release an advisory soon regarding the timelines for WESM switching from captive distribution utilities to GEOP.

## **16. Promulgating the Renewable Energy Market Rules**

On December 4, 2019, DOE issued Department Circular No. DC2019-12-0016, entitled “*Promulgating the Renewable Energy Market (REM) Rules*”, thereby officially starting the Renewable Portfolio Standards (RPS) compliance process.

The REM Rules establishes the basic rules, requirements and procedures that govern the operation of the Renewable Energy Market, which seeks to:

- (a) Facilitate the efficient operation of the REM;
- (b) Specify the terms and conditions entities may be authorized to participate in the REM;
- (c) Specify the authority and governance framework for the REM;
- (d) Provide for adequate sanctions in cases of breaches of the REM Rules; and
- (e) Provide timely and cost-effective framework for resolution of disputes among REM Members and the Renewable Energy Registrar (“Registrar”).

The REM is a market for the trading of Renewable Energy Certificates (RECs) in the Philippines, intended as a venue for Mandated Participants obligated by RPS to comply with their RPS requirements. REM's objective is to accelerate the development of the country's renewable energy resources.

The RPS Transition Period defines Year 0 as 2018 and the RPS Compliance Year 1 shall be the year 2020, and the intervening period shall be the Transition Period.

The REM Rules will be administered and operated by the Renewable Energy Registrar. Moving forward, operational issues may still arise on who will be the RE Registrar.

As of February 28, 2022, the DOE is asking for public participation in the drafting of the REM Registration Manual, REM Manual (Allocation of RE Certificates for FIT-Eligible RE Generation), REM Enforcement and Compliance Manual (REM Investigation Procedures and Penalty Manual), and the REM Manual Dispute Resolution.

The REM's target implementation is within 2021, but AboitizPower continues to monitor for the actual start.

## 17. Feed-in-Tariff System

Pursuant to the RE Law, the FIT system is an energy supply policy aimed to accelerate the development of emerging renewable energy sources by providing incentives, such as a fixed tariff to be paid for electricity produced from each type of renewable energy resource over a fixed period not less than 12 years.

The ERC issued Resolution No. 16, Series of 2010, otherwise known as "Resolution Adopting the Feed-In Tariff Rules" (the "FIT Rules") which establishes the FIT system and regulates the method of establishing and approving the FITs and the FIT-All.

The FIT Rules are specific for each emerging renewable energy technology and to be applied only to generation facilities which enter into commercial operation after effectivity of the FIT Rules or to such parts of such existing facilities which have been substantially modified or expanded as provided under the FIT Rules.

Under the FIT Rules, the FITs are specific for each eligible renewable energy plants, which are those power facilities with COCs issued to them that utilize emerging renewable energy resources or to such parts of such existing facilities that have been substantially modified or expanded, which enter into commercial operation after effectivity of the FIT Rules. These include facilities intended for their owners' use, which are connected to the transmission or distribution networks and are able to deliver to such networks their generation or parts thereof but FIT shall only be paid for such amount of electricity actually exported to the distribution or transmission network and not utilized for their own use.

In Resolution No. 10, Series of 2012, ERC adopted the following FIT and degression rates for electricity generated from biomass, run-of-river hydropower, solar, and wind resources

	Fit Rate (P/kWh)	Degression Rate
Wind	8.53	0.5% after year 2 from effectivity of FIT
Biomass	6.63	0.5% after year 2 from effectivity of FIT
Solar	9.68	6% after year 1 from effectivity of FIT
Hydro	5.90	0.5% after year 2 from effectivity of FIT

In line with the increase in installation target for solar energy from 50 MW to 500 MW and wind energy from 200 MW to 400 MW, ERC issued Resolution No. 6 Series of 2015 approving the Solar FIT2 rate of ₱8.69/kWh for the second set of installation target. On October 6, 2015, ERC issued Resolution No. 14, Series of 2015 adopting the Wind FIT2 rate of ₱7.40/kWh. In Resolution No. 1, Series of 2017, ERC set the degressed FIT rates for hydro and biomass plants at ₱5.8705/kWh and ₱6.5969/kWh, respectively. Through a letter dated February 23, 2018, DOE informed ERC of its resolution extending the FIT for Biomass and ROR Hydro until December 31, 2019.

As the fund administrator of the FIT-All, Transco filed an application before the ERC asking for provisional authority to implement a FIT-All rate of ₱0.2278/kWh for Calendar Year ("CY") 2020. On January 28, 2020, ERC released a decision authorizing Transco to collect a FIT-All rate of ₱0.0495/kWh, lower than the applied ₱0.2471/kWh rate for CY2019. Prior to this decision, the last approved FIT-All rate is ₱0.2226/kWh for CY2018.

On May 26, 2020, the ERC promulgated its Resolution No. 6, series of 2020, wherein the ERC resolved to approve and adopt FIT adjustments for the years 2016, 2017, 2018, 2019, and 2020, using 2014 as the base year for the CPI and forex, to be recovered for a period of five years.

On August 4, 2020, TransCo filed its Application for the FIT-All rate of CY2021 of ₱0.1881/kwh, effective the January 2021 billing period. In the alternative, it asked for a FIT-All rate of ₱0.2008/kWh based on a lower Forecast National Sales to account for the impact of COVID-19 to electricity consumption. Similarly on July 29, 2021, TransCo filed its Application for the FIT-All rate for CY2022 of ₱0.3320/kwh, effective the January 2022 billing period, or in the alternative, ₱0.3165/kwh based on an increase in kWh sales in 2021 due to the anticipated economic recovery from the COVID-19 pandemic. Both cases remain pending before the ERC

#### **18. Revisions to the Guidelines for the Financial Standards of Generation Companies**

On February 16, 2021, the ERC issued Resolution No. 03, Series of 2021, entitled "A Resolution Adopting the Revised Guidelines for the Financial Capability Standards of Generation Companies".

The Revised Financial Guidelines aim to set out the minimum financial standards of 1.25x Debt Service Capability Ratio (DSCR) to ensure that generation companies meet these standards to protect the public interest as required under Section 43, b(ii) of the EPIRA and provided by Appendix 1, FS.A 1.3 of the Philippine Grid Code. A generation company failing to comply with the set financial standards shall submit to ERC a program to comply within 60 days of receipt of an ERC directive.

#### **19. Green Energy Auction Policy**

On July 14, 2020, the DOE issued guidelines on the Green Energy Auction Policy (Department Circular No. DC 2020-07-0017) which set the framework for which the DOE shall facilitate the procurement of supply from RE projects by the mandated participants under the RPS on-grid rules through a competitive process for compliance with the RPS program and as applicable for their long-term power supply requirements. The process involves a regular auction process (notice every 15<sup>th</sup> of June) to be implemented by the Green Energy Auction Committee (GEAC). The Contracting Customers and the Winning Bidders will execute a Green Energy Implementation Agreement (GEIA), which involves the Market Operator (MO) as the entity to allocate energy and calculate corresponding payments. The ERC will approve the GEIA template and the Green Energy Auction Reserve (GEAR) Price. Each Winning Bidder will have its own Green Energy Tariff (pay-as-bid), which shall not be higher than the GEAR Price. On the other hand, the Contracted Customers will pay the average price, subject to the allocation/calculation of MO, per trading interval.

On November 3, 2021, the DOE issued DC2021-11-0036 providing the Revised GEAP Guidelines listing out the Green Energy Auction steps for the competitive selection process, adopting the FIT framework as the mechanism for RE compensation and introducing an Opt-In mechanism for the Mandated Participants

The Opt-In Guidelines shall still be promulgated by DOE. Its issuance shall not delay the first GEAP Auction round.

The GEAP also includes the determination of GEAR Price. The GEAR Price (max price offer) is used as ceiling price for each auction round. The ERC shall issue the GEAR Price within 60 days after the Notice of Auction has been published in a newspaper of general circulation. The Notice of Auction has been posted on the DOE website and published February 9, 2022 in the Daily Tribune.

With the revised GEAP DC, the first auction is expected in the middle of 2022

#### **20. Retail Competition and Open Access**

Through a Decision dated March 2, 2021, the Supreme Court of the Philippines acted on several petitions regarding the implementation of Retail Competition and Open Access. These petitions were brought by Philippine Chamber of Commerce and Industry, Siliman University, and Batangas II Electric Cooperative (docketed as G.R. No. 228588, 229143, and 229453), among other petitioners and intervenors, against the DOE and the ERC. The Supreme Court struck down Department of Energy

Circular No. DC2015-06-0010, series of 2015, and ERC Resolutions No. 5, 10, 11, and 28, all series of 2016, primarily for mandating contestability and prohibiting distribution utilities from participating in the contestable market. It likewise directed the ERC to promulgate guidelines on the DOE's Department Circular Nos. DC2017-12-0013 and DC2017-12-0014 for being more aligned with the objective of the EPIRA to promote robust competition among retail electricity suppliers.

## **21. The Open Access Transmission Service (OATS) Rules**

The Open Access Transmission Service (OATS) Rules describe the requirements and services provided by the Transmission Network Provider (TNP) that operates the high voltage backbone transmission system. The OATS Rules outline the responsibilities of the TNP and the functions of the System Operator (SO) as specified in the Philippine Grid Code (PGC) and the Wholesale Electricity Spot Market (WESM) Rules. It also sets out the responsibilities accepted by transmission customers as a condition of receiving the services. The OATS Rules aims to ensure the development of an appropriate, equitable and transparent electricity market, along with the safe, reliable, and efficient operation of the power system.

The ERC has posted the draft Amendments to the OATS Rules on February 9, 2022 and the deadline for submission of comments is on February 22, 2022.

## **22. Amendments to the Public Service Act**

Commonwealth Act No. 146, otherwise known as the Public Service Act, is a law governing the regulation of public services, which originally included "electric light, heat and power". On February 2, 2022, the Philippine Senate and the House of Representative consolidated House Bill No. 78 and Senate Bill No. 2094, which involved amendments to the Public Service Act. The amendments introduced the classification of certain public service as public utilities, which included both the distribution and transmission of electricity. The amendments also provided for revisions in the regulatory authorities of administrative agencies, but also provided that nothing in the Public Service Act shall be construed as amending or repealing laws and administrative regulations deregulating or delisting services, industries and/or rates. The bicameral committee version was signed by President Duterte into law on March 21, 2022.

### **(xii) Amount Spent on Research and Development Activities**

AboitizPower and its Subsidiaries do not allot specific amounts or fixed percentages for research and development. All research and development activities are done by AboitizPower's Subsidiaries and Affiliates on a per project basis. The allocation for such activities may vary depending on the nature of the project.

### **(xiii) Costs and Effects of Compliance with Environmental Laws**

AboitizPower's generation and distribution operations are subject to extensive, evolving, and increasingly stringent safety, health, and environmental laws and regulations. These laws and regulations address concerns relating to, among other things, air emissions; wastewater discharges; the generation, handling, storage, transportation, treatment and disposal of toxic or hazardous chemicals, materials, and wastes; workplace conditions; and employee's exposure to hazardous substances. Standard laws and regulations that govern business operations include the Clean Air Act (RA No. 8749), Ecological Solid Waste Management Act (RA No. 9003), Clean Water Act (RA No. 9275), Toxic Substances and Hazardous and Nuclear Wastes Control Act (RA No. 6969), Philippine Environmental Impact Statement System (PD No. 1586), and Occupational Safety and Health Standards (RA No. 11058). The RE Law also added new and evolving measures that must be complied with. These laws usher in new opportunities for the AboitizPower and set competitive challenges for the businesses covered. Additional regulations such as DOE's Energy Regulation No. 1-94 ("ER 1-94") require companies to allocate funds for the benefit of host communities for the protection of the natural environment and for the benefit of the people living within the area. Further, funds are set for the management of carbon sinks and watershed areas through a nationwide reforestation program.



The Safety Health Environment and Security (SHES) group of AboitizPower oversees the SHES programs and activities within its operational control from the corporate center, business units, to facility teams. This includes the accounting of all environmental impacts. For the Generation Group, the facilities include: (1) APRI's Tiwi-MakBan plants, (2) SacaSun's San Carlos plant, (3) the Benguet, Bakun, Sabangan, Sibulan A, B, and Tudaya A, Tudaya B, Manolo Fortich, and Talomo HEPPs of the Hedcor Group, (4) SN AboitizPower Group's Ambuklao, Magat, and Maris plants, (5) the Oil Group's Cebu, Mactan, Mobile 1, Mobile 2, Mobile 3-6, and Naga plants, (6) Coal Group's Davao and Toledo plants. For the Distribution Utilities, the facilities include: Cotabato Light, Davao Light, Visayan Electric, Balamban Enerzone, Mactan Enerzone, Lima Enerzone, Malvar Enerzone, and Subic EnerZone.

AboitizPower and its Subsidiaries have allocated budgets for environmental expenditures covering costs for waste disposal, remediation, pollution control, environmental initiatives and programs. All facilities are in compliance with regulatory requirements, thus noting zero spending for remediation costs.

AboitizPower and its Subsidiaries remain committed to align with international best practices in all power plants and distribution utilities. This is exemplified with the attainment of ISO certification for the management systems of Quality, Environment, Occupational Health and Safety. However due to the impact of the COVID-19 Pandemic in 2021, a few of the AboitizPower subsidiaries in Power Generation, which were ready for their recertification or surveillance audit, have decided to defer it to 2022. Meanwhile, the Power Distribution maintained its certifications on ISO 9001:2015 Quality Management System, ISO 45001:2018 and ISO 14001:2015 Environmental Management System.

In 2021, continuous improvement in managing environmental impacts is evident, as seen in the increased total environmental management expenses at ₱154.5 mn, which is a 115% increase compared with previous year (₱71.8 mn). This consists of ₱28.5 mn for APRI, ₱14.6mn for Hedcor, ₱61.7 mn for the Coal Group, ₱13 mn for the SN AboitizPower Group; ₱34 mn for the Oil Group, and a total of ₱2.4 mn for the Distribution Utilities.

Of the ₱154.5 mn total environmental management expenses, ₱24.8 mn was allocated for capital expenditure (CAPEX) aimed at improving pollution prevention and control. The following projects were implemented: (1) APRI Makban's purchase of new unit of Continuous Ambient Monitoring Station (CAMS) upwind and downwind; (2) APRI Tiwi's installation of data acquisition system and updating of existing CAMS and meteorological sensors; (3) the Oil Group's installation of air quality monitoring station in Mobile 2; (4) the Coal group's improvement of Domestic Wastewater Treatment Facility and Project BRICK at its Davao plant and improvement of sewage treatment facility through installation of wetland and hypochlorination system and installation of online Continuous Emission Monitoring System at its Toledo plant.

Operational expenditure (OPEX) projects were also implemented to improve environmental management practices on site, such as: (1) APRI Makban's rehabilitation of its hazardous waste storage area, improvement of the composting facility and installation of greenhouse farm/agriculture at storage facility, asbestos management and assessment; (2) the SN AboitizPower Group's modification of its sewage treatment facility; (3) the Coal Group's installation of Continuous Ambient Air Quality Monitoring System in Toledo City, Cebu and bamboo tree planting for carbon dioxide sequestration and noise suppression in Barangay Bocalor, Toledo City; (4) the Oil Group's improvement of sewage treatment facility and oil water separators at Mobile 3-6, (5) the Distribution Utilities' gradual replacement program of Compact Fluorescent Lights to less hazardous LED lights.

AboitizPower also supports environmental initiatives that go beyond its compliance requirements. The company takes part in AEV's A-Park program, various coastal and river clean-up activities, and biodiversity initiatives. In the year 2021, the company has planted a total of 288,112 trees at an expanse of 1,152 hectares with the help of almost 859 volunteers. AboitizPower organized and conducted 25 coastal and river clean-up activities, wherein over 15,000 kilograms of wastes were collected. Furthermore, AboitizPower supports a number of biodiversity initiatives, such as (1) the Adopt Tigas River, Adopt Visitang Naga River and Mt. Malinao biodiversity assessment supported by APRI, (2) Hedcor's Dino Dolig Coffee agroforestry project in Sabangan, Mt. Province and watershed management program in Bakun, Benguet; (3) SN AboitizPower-Magat HEPP's partnership in Uplifting Upland Natural Resources Livelihood and Assets (PUNLA) for the Upper Magat Watershed Management Program in



Ifugao Province; (4) SN AboitizPower-Benguet partnership with NPC for 2.5km radius Technical Cooperation Agreement on forest fire protection in Ambuklao and Binga reservoir, (5) the Coal group's Adopt-an-Estero water body program at Inawayan River, Brgy. Inawayan, Sta. Cruz, Davao del Sur and Coastal Resource Management Program in Toledo City, Cebu; (6) Davao Light's Adopt-an-Estero for San Isidro creek and the Cleanenergy park located in Punta Dumalag, Davao City; and (7) Visayan Electric's mangrove plantation project in Panadtaran, San Fernando, Cebu.

AboitizPower and its Subsidiaries received a total of 74 awards, certifications and citations in 2021 in relation to SHES. To highlight a few: (1) APRI Makban Plant's Bronze Corporate Safety and Health Excellence Award from the Safety & Health Association of the Philippine Energy Sector, Inc. (SHAPES); (2) APRI Tiwi Plant's Platinum Corporate Safety and Health Excellence Award; (3) SN AboitizPower-Magat's Outstanding Safety and Health Professionals Award, Corporate Safety and Health Excellence award - Gold. In addition, the Coal Group received a special citation from DENR-EMB Region VII for highly esteemed contributions over the years in Implementing sustainable air quality management.

In 2021, AboitizPower and its Subsidiaries did not incur any major sanctions for violation of environmental standards and law. AboitizPower continues to be cognizant of new opportunities to comply with regulatory requirements and improvement of systems to promote safety and prevent adverse impacts to the environment or affected ecosystems.

#### (xiv) Employees

At the parent company level, AboitizPower had a total of 457 employees as of February 28, 2022. These include executives, managers, supervisory, and rank-and-file staff employees. There is no existing Collective Bargaining Agreement (CBA) covering AboitizPower employees.

The following table provides a breakdown of total employee headcount on a per business group basis, according to employees' function, as of February 28, 2022:

Business Group	Number of Employees					Unionized Employees	Expiry of CBA
	Total	Executives	Managers	Supervisors	Rank & File		
Aboitiz Power	457	96	75	87	199	0	N/A
Generation Companies							
Run-of-River Hydros	393	12	17	46	318	104	September 19, 2022 (Hedcor)
Large Hydros	189	20	40	69	60	0	N/A
Geothermal	249	12	16	46	175	11	February 28, 2022 (APRI)
Solar	0	0	0	0	0	0	N/A
Oil	406	12	36	208	150	0	N/A
Coal	1,398	22	72	295	1,009	0	N/A
RES	4	0	0	1	3	0	N/A
Distribution Utilities*	774	15	66	138	555	316	December 31, 2016 <sup>17</sup> (Visayan Electric) June 30, 2024 (Cotabato Light) June 16, 2026 (Davao Light) May 9, 2024 (SFELAPCO)
<b>Total No. of Employees</b>	<b>3,870</b>	<b>189</b>	<b>322</b>	<b>890</b>	<b>2,469</b>	<b>431</b>	

\*Data for SFELAPCO is as of October 31, 2021.

AboitizPower does not anticipate any significant increase in manpower within the next 12 months unless new development projects and acquisitions would materially require an increase.

<sup>17</sup> The Secretary of Labor and Employment (SOLE), in its resolution dated January 11, 2022 denied with finality, Visayan Electric's Motion for Reconsideration. The parties are directed to submit their compliance within 15 days from receipt, a copy of their signed CBA incorporating the salary increase awarded retroactive to the expiration of the CBA or January 1, 2017. Visayan Electric filed its Joint Motion for Extension with VECEU last January 31, 2022 requesting to be given until March 11, 2022 to submit the signed CBA implementing the retroactivity of the salary increase.

## **(xv) Major Risk/s Involved in the Business**

An integral part of AboitizPower's Enterprise Risk Management (ERM) efforts is to anticipate, understand, and address the risks that the company may encounter in its businesses.

Risk management is integrated in the AboitizPower strategic and operational planning and decision-making processes. Management and operating teams identify and assess the risk areas that may impact the company's strategic objectives and day-to-day business operations. In addition, the company develops key risk treatment plans to address the drivers of the company's top risks, as well as emerging risks that may also significantly impact its business and stakeholders. The risk management processes, which include ESG focus areas, business continuity management, and risk transfer strategies, are also embedded in the organizational planning and risk management processes. Business continuity management (BCM) and risk finance are the other pillars of the ERM approach that are actively being implemented and continuously developed by AboitizPower.

Risk management planning in Aboitiz Power is an iterative process that is conducted at least semi-annually for strategic risks. Most of the top or strategic risks that are captured at the corporate or AboitizPower level originated from risks reported by the corporate support and business units. The AboitizPower business units review operational risks and implement mitigation measures as part of day-to-day operations.

Following the completion of the 2021 year-end strategic risk consolidation at AboitizPower, the following top or strategic risks have been identified and reported to the senior management executives:

### **1. Project Delays**

AboitizPower has identified delay in project completion as a top risk as it continues to grow its power generation portfolio, in particular, with the construction and commissioning of the GNPD project. The risk is currently driven by issues related to the management of COVID-19 onsite, issues with the EPC contractor, unresolved technical issues related to the boiler and steam turbine, and regulatory issues.

COVID-19-related travel restrictions, mandatory quarantine protocols, and on-site infections have delayed the achievement of the project milestones in 2021 and early 2022. Short term suspension of works by the EPC contractor became unavoidable as a preventive measure to arrest widespread transmission inside the facility. Implementation of stricter workplace protocols and improvement in business continuity plans and administration of vaccines to the workers were done to mitigate the COVID-19 threat.

Unresolved issues with the EPC contractor have started to emerge as a major risk driver as GNPD Unit 1 completes performance testing and rectification of defects. These issues, which are typical of negotiations between owners and contractors during the turnover phase, are managed through active stakeholder engagement not just by the joint venture operator but, also, directly by AboitizPower's own project development team and third party experts as part of the company's key risk treatment plan. The contractor currently remains committed to working closely with the plant operator and AboitizPower.

Boiler combustion and turbine vibration issues remain to be a threat to the continuous generation of Unit 1. As of February 28, 2022, Unit 1 has been running on full load with occasional deration due to boiler slagging. The contractor continues to supervise the operation of the unit to monitor parameters. There have been improvements in the performance of the boiler due to the support of specialist contractors who were engaged to resolve technical issues as part of the mitigation plans. The same approach of consulting third party experts in close coordination with the contractor will be pursued until the technical issues are resolved.

Regulatory issues are related to the delivery of the transmission assets owned by the NGCP in order to dispatch full capacity from GNPD. The delivery of the transmission assets is no longer at the critical path. Nevertheless, AboitizPower continues to work with NGCP to ensure the transmission assets are ready when Units 1 and 2 begin commercial operations. Operational readiness reviews are performed to

ensure that new generating units are ready for full commercial operations. Project post-mortem reviews are also conducted to determine key learnings that can be applied to ongoing and future projects.

As an overall risk mitigation plan, project risk management plans are thoroughly defined and regularly reviewed for each project in order to track issues related to quality, safety, compliance, schedule, and resources. This ensures that identified risk control measures and recovery actions are implemented. Appropriate project insurance coverage, as well as periodic performance reviews of selected partners, reputable contractors, and third-party suppliers, are also in place.

## **2. Sustainability**

Investments are at risk if these are not able to sustain a viable economic return due to a combination of technology, regulatory, and/or market changes. Among these changes, ESG strategies continue to be the trend in the global community where investors are seeking to mitigate exposure to fossil-based fuel and diversifying portfolio to prioritize renewable energy. In the event that future laws or contracts are enacted imposing restrictions on operations and refinancing, particularly in relation to power plants utilizing fossil fuels, certain capital expenditures or operating expenses or financing costs may not be fully recoverable.

The growing multi-sectoral negative action against coal has led many financial institutions to restrict investments in coal projects. The following are important considerations of AboitizPower's existing portfolio and strategic project pipeline, where coal concentration will significantly be reduced by the year 2030:

- (a) Difficulty in insurance procurement or renewal, where insurers' policy on coal underwriting and investing are also aligned with the same global trends on sustainability and ESG issues. While insurers are still willing to cover coal plants, the resulting impact is significantly higher premium rates for coal insurance year on year. Inability to fill up 100% capacity due to the reluctance or withdrawal of some insurance markets to insure coal plants has prompted the company to resort to self-insurance. Other noteworthy risk drivers are the hardening of the insurance market aggravated by the global economic impact of the COVID-19 pandemic, and any significant losses on damage to critical assets and related business interruptions;
- (b) Financing and refinancing risks in terms of the company's inability to borrow money to fund future projects due to current investments in coal. While banks are still willing to lend, the cost of project financing tends to be more expensive;
- (c) Withdrawal of technical support by critical contractors and suppliers from construction and/or maintenance thermal power plants in line with global trends on sustainability; and
- (d) Sourcing of fuel (coal and oil) due to global price volatility because of supply and demand fundamental affected by pressure on the continued operation of mines and transshipment of fuel due to the International Maritime Organization (IMO) 2020 regulations which will have the effect of increasing freight costs for coal and oil.

The Philippines is a party to the 2015 Paris Agreement signed by almost 200 nations. The Paris Agreement aims to keep the increase in global average temperature to well below 2°C above pre-industrial levels and to limit the increase to 1.5°C, since this would substantially reduce the risks and effects of climate change. As a party to the agreement, the Philippines may impose more stringent regulations, particularly on coal-fired power plant emissions, requiring expensive pollution controls on coal-fired power plants, among other measures. These measures may significantly increase costs of coal-fired power plants and, at the same time, increase the cost competitiveness of renewable energy.

Recently promulgated implementing rules and regulations by the DOE on "Renewable Portfolio Standards" also mandate electric power industry participants (such as generation companies, distribution utilities and electric cooperatives) to source or produce a portion of their electricity requirements from eligible renewable energy resources and undertake CSPs in sourcing renewable energy. A significant portion of the captive market may shift away from coal and other hydrocarbon fuels, which may expose the coal-fired power plants of the company to stranded-asset risk (i.e., hazard of an asset suffering from an unanticipated write-down, devaluation, or conversion to liability).

AboitizPower is cognizant of the regulatory and market drivers in the shift towards green and sustainable business transformations. AboitizPower and its Subsidiaries are guided by its sustainability framework that looks into environmental, social and governance risks including climate-related risks of its value chains. Its strategy has long considered environmental sustainability as one of its key pillars and, to date, together with its partners, the company is the largest private renewable energy operator in the country with 1,365 MW in installed capacity as of January 1, 2022.

AboitizPower's growth strategy remains aligned with the energy trilemma – balancing the three pillars of energy security, energy equity, and environmental sustainability. Over the last decade, the growth in energy demand has necessitated a focus on energy security and energy equity - the provision of reliable, and affordable energy for a growing economy. Having addressed energy security and energy equity via the presence of sufficient baseload capacity, AboitizPower has begun to shift focus back to environmental sustainability, and rebalancing its energy portfolio. This transition is included in the company's sustainability agenda, with the company targeting a mix of 50% thermal and 50% renewable energy capacity by 2030 from its current mix of 74% thermal (which are conventional or combustion power plants such as coal or fuel fired plants), and 26% renewable (which do not rely on fossil fuels).

Further, to properly assess the potential and extent of the above-mentioned risks, AboitizPower signed up to become the first Philippine supporters of the international Task Force on Climate-Related Financial Disclosures (TCFD) in early 2020. This is a voluntary commitment to adopt a defined governance structure on identifying and addressing physical and transition risks associated with climate change, as well uncovering opportunities, and improving disclosures to provide clear and reliable information to stakeholders. Under SEC Memorandum Circular No. 4, series of 2019 on the Sustainability Reporting Guidelines for Publicly-Listed Companies (PLCs), there is a three-year period under which PLCs can comply, which includes the adoption of the TCFD reporting template

### **3. Regulatory**

The electric power industry is characterized by a constantly evolving regulatory environment. Any shortcoming in regulatory compliance poses negative consequences in both the net income and reputation of each Business Unit and the Group. Further, the company's results of operations and cash flow could be adversely affected by the inability to predict, influence, or respond appropriately to changes in law or regulations, including any inability or delay in obtaining expected or contracted increases in electricity tariff rates or tariff adjustments for increased expenses, or any inability or delay in obtaining or renewing permits for any facilities, could adversely impact results of operations and cash flow. The company's business could also be adversely affected by any changes in laws or regulations, or changes in the application or interpretation of laws or regulations in jurisdictions where power projects are located, could adversely affect the company's business, including, but not limited to:

- (a) adverse changes in tax laws including misinterpretation of statutory incentives granted to developers;
- (b) changes in the timing of tariff increases or in the calculation of tariff incentives;
- (c) change in existing subsidies and other changes in the regulatory determinations under the relevant concessions or grants;
- (d) other changes related to licensing or permitting which increase capital or operating costs or otherwise affect the ability to conduct business affecting both the generation and distribution utility business; or
- (e) other changes that have retroactive effect and/or take account of revenues previously received and expose power projects to additional compliance costs or interfere with AboitizPower's existing financial and business planning.

Any of the above events may result in lower margins for the affected businesses, which could adversely affect AboitizPower's results of operations.

For renewable assets, pricing is fixed by regulatory arrangements which operate instead of, or in addition to, contractual arrangements. To the extent that operating costs rise above the level approved in the tariff, the Business Units that are subject to regulated tariffs would bear the risk. During the life of a project, the relevant government authority may unilaterally impose additional restrictions on the project's tariff rates, subject to the regulatory frameworks applicable in each jurisdiction. Future tariffs

may not permit the project to maintain current operating margins, which could have a material adverse effect on the Business Unit or the Group, financial condition, results of operations and prospects. Withholding of adjustment in feed-in-tariff rates for qualified plants under the portfolio of AboitizPower are risks that are being monitored and addressed through active stakeholder engagement with similarly situated developers and the ERC.

To anticipate and proactively respond to changes in regulations, the Regulatory Affairs and External Relations teams of AboitizPower constantly collaborates with the DOE and the ERC to work towards a sound and sustainable regulatory and policy environment. Similarly, the AboitizPower SHES Team keeps abreast with environmental laws and coordinates with DENR on matters pertaining to environmental compliance.

These teams, among others, actively participate in consultative processes and public consultations to provide feedback and positions on proposed laws and regulations. The company's participation likewise ensures that its interpretation of such laws and regulations is aligned with the regulators. This is done in cooperation with organized power industry groups such as the Philippine Independent Power Producers Association (PIPPA) and Philippine Electric Plant Owners Association (PEPOA). Regular dialogues are conducted with host communities, media, non-government organizations, and the academe, to educate and update various groups about the power industry.

AboitizPower has likewise transitioned its Legal Team to strategically focus on compliance and to continually align with the Aboitiz Group's overall compliance processes. The company is institutionalizing a compliance framework across the different business and corporate support units, and is formalizing compliance reporting requirements among the Group's compliance officers.

#### **4. Financial**

In the course of its operations, AboitizPower and its Subsidiaries are exposed to the following financial risks:

- (a) Interest rate risks resulting from the increasing cost to borrow money as a result of inflation; and;
- (b) Forex risks in terms of forex fluctuations that may significantly affect its foreign currency-denominated placements, transactions, and borrowings. This risk is currently driven by the global COVID-19 crisis, given the impact it has on general currency markets; and the amount of natural hedge flows which may decline.

These risks constrain any expansion and growth projects. Furthermore, defaulting on existing loans and other financial obligations will consequently put the company's reputation at risk.

To address these risks, the company carries out regular monitoring of its cash position and at the same time maintaining good relationships with the banks. AboitizPower is implementing the Group's Financial Risk Management Framework, which is a collaboration of the Group Risk and Treasury teams and designed to ensure a consistent approach in identifying, assessing, quantifying, and mitigating financial risks across the Group.

#### **5. Reputation**

AboitizPower recognizes that its reputation is its single most valuable asset, a competitive advantage that allows the company to earn, maintain, and strengthen the trust of its stakeholders. The company knows that its reputation today took generations to build and sustain; hence, the need to protect and enhance it progressively is imperative.

Today's operating environment is characterized by increasing corporate governance standards, heightened public consciousness due to social media, and greater scrutiny from key stakeholders. Reputation risks result from the occurrence of, or failure to, mitigate other risks.

AboitizPower continues to strengthen stakeholder engagement activities with all its stakeholders, including its customers, employees, shareholders, lenders and insurers, regulators, host communities,

and LGUs. One of the key engagement channels is ER 1-94 which allows host communities to reap financial benefits for their contribution to power plants situated in their localities. AboitizPower's assumption of the fund's administration functions has hastened fund remittance and utilization for local electrification, development and livelihood, and environment enhancement projects of host communities. Due to the COVID-19 pandemic, DOE Department Circular 2020-04-0008 dated April 6, 2020 rationalized the utilization by host LGUs of ER 1-94 funds for COVID-19 response instead. As year-end 2021, the total available ER 1-94 funds have been released by DOE and AboitizPower amounted to ₱714 mn, which was made available to the company's host beneficiaries to build isolation facilities and purchase relief goods, medical supplies or equipment, and COVID-19 testing kits and vaccines.

In 2021, AboitizPower continues to be recognized as a constituent company in the FTSE4Good Index Series for the fourth consecutive year. The company has managed to get a higher overall rating in the latest assessment with a score of 3.1 in 2021 from 2.5 the previous year, a 24 percent increase brought by the improvements in its health and safety initiatives as well as its campaign on diversity, equity, and inclusion, among others. The FTSE4Good Index Series, created by global index provider FTSE Russell, measures the performance of companies demonstrating strong ESG practices.

The company's recent Corporate Sustainability Assessment by the highly regarded S&P Global has also shown marked improvements in its ESG performance. The company's score further increased from 40 in 2020 to 44 in the 2021 assessment, which also improved its percentile ranking in the global peer group from 54<sup>th</sup> to 67<sup>th</sup> percentile.

AboitizPower also earned a Sustainalytics ESG Risk Rating of 33.9, a 3.5 decrease of risk exposure from last year. Meanwhile, the company retained its BB rating from the MSCI ESG Rating and D- in CDP Climate Change Report.

Moving forward, AboitizPower will continue to focus on addressing gaps in various risk areas of ESG. Furthermore, the company's growth strategy remains aligned with the energy trilemma of energy security, energy equity, and environmental sustainability, but will be characterized by a strategic shift from ensuring low-cost energy to also providing energy from more sustainable sources in the next decade.

## **6. Operations**

The loss of, and/or damage to, facilities caused by natural calamities such as earthquakes, typhoons, and floods may result in significant business interruptions within AboitizPower. Interruptions may also be caused by other factors such as critical equipment breakdown, Information Technology (IT) and OT security breaches, fires and explosions, hazardous waste spills, workplace injuries and fatalities, terrorism, and other serious risks.

Planned maintenance and overall outage management of AboitizPower's generation facilities and its critical equipment and OT infrastructure and systems are governed by asset management standards based on global best practice. All of AboitizPower's generation facilities have achieved asset management certifications based on ISO 55001:2014 standard. Recently commissioned plants will also be lined up for certification.

On the other hand, distribution network availability and reliability targets have consistently been aligned with the performance bond standards set by the ERC as part of the Rules for Distribution Wheeling Rates (RDWR)

All Business Units have also achieved OSHAS 18001 certification, a British standard which is focused on controlling occupational health and safety hazards. AboitizPower companies are also transitioning to the ISO 45001 standard to drive a risk-based culture with more proactive approaches toward mitigating risks before they happen. To further reinforce industrial fire safety, annual in-house training program on Fixed Fire Fighting Systems of the U.S. National Fire Protection Association is conducted for operations, maintenance, and safety personnel.

Group insurance programs that leverage on the company's portfolio of generation and distribution assets, supported by risk modelling and quantification, are also in place and regularly reviewed.



AboitizPower ensures that its Business Units have the right insurance solutions to achieve the optimal balance between retaining or transferring risks versus lowering the Total Cost of Insurable Risk. As such, business interruption insurance is procured to cover any potential loss in gross profits that may result from a major damage to critical assets. AboitizPower is embarking on a major initiative to look for alternative risk transfer strategies to optimize loss indemnity and risk retention.

Business Units periodically review, test, develop, update, and improve their business continuity plan (BCP) to ensure that they remain relevant with current business conditions, and address the uncertainties and issues faced by the company.

Some of these enhancements include: (a) typhoon preparedness; (b) regular emergency drills and simulation exercises on various scenarios related to other natural and man-made calamities; and (c) post-event evaluations to ensure that employees are able to respond effectively and safely as planned. AboitizPower is looking to expand business continuity strategies on a geographic regional scale for better coordination among several plants.

To further improve its existing BCM framework and practices, AboitizPower has rolled out a three-year roadmap of Business Continuity initiatives, which conforms to ISO 22301:2012 standards and requirements.

## **7. Cyber and Information Security**

AboitizPower recognizes the vulnerabilities of global information security breaches and the increasingly complex challenges of digital transformations. Management acknowledges that information security threats should be addressed to prevent targeted and non-targeted attacks which can adversely disrupt operations and customer services, and result in serious impacts to the company's bottom line and reputation.

In 2021, AboitizPower further strengthened its protection protocols against security threats with the implementation of the ISMS following the ISO 27001:2015 standard. For 2021, the company's Generation and Distribution Business Groups have rolled out and currently completing a uniform, company-wide Operational Technology (OT) Security Minimum Standard.

AboitizPower aligns with the Aboitiz Group-wide Cyber Security Program, specific governance, standards, training and culture-building, and Operational Technology Security projects. OT Security projects in generation and distribution facilities are also ongoing through phased implementation until 2022. The ISMS discipline will continue to be embedded in all three pillars of Information and Operational Systems Security, namely, People, Process, and Technology.

The cybersecurity program execution which started in 2020 is progressing very well. Its anchor program, the Continuous Threat Detection (CTD) roll-out, has faced challenges from the global logistics delays which run from 45 to more than 120 days. The delivery of this project is expected to catch up as logistics normalizes and issues are resolved. Together with the CTD roll-out, the network segmentation will be implemented. End-point detection solutions for legacy operating systems (OS) will be addressed in 2022 with a new industrial control systems (ICS) end-point protection system offering the latest malware detection and protection.

In order to achieve the desired Level 4 in Cyber Security Maturity and build an information security risk-aware culture within the company, BCP on loss of technology scenarios are in place, annually tested, reviewed, and continually improved. AboitizPower keeps pace with current information security threat landscape, solutions, and best practices to further strengthen prevention, detection, and comprehensive response to information security threats. Information risks, including cyber security risks, will remain on top of the agenda of the Board Risk Committee for the coming years.



## 8. Competition

Increasingly competitive market conditions create downward pressure on contract rates and increasing levels of commercial risk, to wit: (a) generation companies being required to participate in a transparent and competitive bidding of power supply requirements of distribution utilities and electric cooperatives through the CSP; and (b) spot prices are expected to continue to be volatile. As such, fixed pricing may potentially increase exposure to fuel and forex risk, while the inability to contract at favorable rates and commercial terms may result in further exposure to higher levels of spot market volatility. This risk could result in inefficiencies in margins due to aggressive or competitive pricing and forecasting inaccuracy.

As AboitizPower endeavors to market and contract project capacities from investments ahead of time, as well as renew expiring contracts from existing capacities, it also maximizes energy trading opportunities in the spot market. Striking this balance requires a combination of portfolio pricing and contracting strategies, and hedging of coal and forex exposure on fixed contracts. This is to ensure that plant operations are optimized, and that revenue and cash flow streams are managed.

## 9. Talent Risk

AboitizPower gears for further growth by shifting towards renewable energy sources and increasing its presence in the international market, while ensuring the availability and reliability of existing power plants. Both growth and operational excellence thrusts demand for organic subject matter experts of critical assets.

The risk on availability, readiness, and retention of talents for critical posts is inevitably increasing. Thus, talent attraction, optimization, and retention strategies are of utmost importance. In 2021, AboitizPower heightened efforts in ensuring talent supply meets talent demand by utilizing strategic workforce planning process, in particular:

- a) Optimize talent attraction channels / approaches such as establishing a compelling employer brand, building targeted talent communities and employee referral programs;
- b) Build talent capability building to ensure a thriving workforce;
- c) Promote a culture-centric engagement and benchmarked employee experience to retain critical talents;
- d) Create as robust labor relations and business continuity plans, labor regulatory compliance checks & manager education; and
- e) Improve HR internal capability building and transformation thru leveraging analytics and digital tools/system, re-skilling and resourcing, structure redesign and process simplification/standardization.

AboitizPower integrated the Strategic and Operational Workforce Planning into the Organizational Planning processes to enable the identification of current and future talent needs. This helped shape the people strategy of AboitizPower to be able to increase workers engagement and remain competitive in the job market reshaped by the COVID-19 pandemic.

## 10. Litigation

The most effective way to avoid litigation and its adverse consequences is to prevent it. Litigation diverts valuable management resources, adversely affects reputation and standing, and exposes the company including its employees and officers to liability.

In 2021, AboitizPower strengthened the capability of its Legal team to ensure legal and contractual obligations are complied with and in order to be able act quickly and effectively on a potential dispute prior to its escalation. Legal and internal and external subject matter experts identify and proactively address litigation risks to reduce threats associated with regulatory action, legal claims, and disputes. Legal strategies are supported by active stakeholders engagement with the intent to exhaust all available legal remedies outside of litigation.

## 11. Pandemic

For the AboitizPower Group, the primary impact of the COVID-19 pandemic during its early stages was the decrease in demand for electricity as business activities were hampered by the government-enforced community quarantines. These quarantines also resulted in reduced mobility to and from the Power Group's existing facilities, and new facilities being constructed. The curtailed economic activity brought about by the shutdown and/or scaled down operations of energy-intensive industries have resulted in significant drops in electricity demand and consumption, which in turn has affected the revenue targets of AboitizPower's generation, distribution, and retail electricity supply businesses. The company collaborates with its customers and key stakeholders to minimize the impact of the pandemic to its PSAs for all concerned parties. Distribution Utilities have also maximized the use of social media and digital platforms to deliver customer services.

The AboitizPower Group continued to provide the country with the much-needed power supply for hospitals, government institutions, and critical businesses, while ensuring the safety of its teams, partners, and communities. To address the challenges posed by the pandemic, the AboitizPower Group developed a program that combines the best of work-from-home, two-week workshifts, and remote plant operations. This will ensure that the AboitizPower Group keeps the lights on for the country. It also assessed the current and future modes of operations. This led to the necessity of doing an organizational restructuring, allowing for resiliency and enabling the Power Group to remain efficient, competitive, and sustainable. It is in the planning stages of a return to the workplace program, but will advance with caution. The COVID-19 pandemic also impacted the construction of the GNPowr Dinginin project. Construction has slowed down because of the preventive measures taken to ensure the safety of workers on-site. GNPowr Unit 1 started commercial operations in January 2022 after it was granted by the ERC with a Certificate of Compliance and following the completion of the functional tests required under the EPC. The partnership also proceeded with the expansion of the power plant and achieved its financial closing for Unit 2 in December 2017 with expected target delivery thereof around the third quarter of 2022. Both units are in the final stages of construction but continue to face challenges due to the COVID-19 pandemic and travel restrictions. Due to said circumstances, the AboitizPower Group is constantly evaluating the timing of the project's commercial operations date.

The company ensures that the supply chains for its power plants and Distribution Utilities remain stable. It also ensures that supply of coal, critical spare parts, and services from outside the country continues through a number of options, including alternative local suppliers and service providers. Close coordination with LGUs and key government agencies by AboitizPower External Relations and its Business Unit's Legal and Compliance teams facilitate the unimpeded delivery of energy-related goods and services.

To date, all AboitizPower power generation facilities and power distribution utilities have normalized operations despite the appearance of new COVID-19 variants including Delta and Omicron. BCPs have been successfully implemented to ensure the adequate and reliable supply and distribution of electricity and to adapt to the nature of the virus with the least disruption in operations but ensuring team members are not put at risk which is the primary objective of the company's COVID-19 response. These BCPs are continually and promptly updated to adhere to the health and other community quarantine protocols and guidelines issued by the DOE, ERC, DOH, DOLE, Inter-Agency Task Force for the Management of Emerging Infectious Diseases (IATF), and the LGUs. COVID-19 vaccination of employees and contractors is at a high rate due to company-initiated vaccination programs. The company is also facilitating a program for the administration of boosters to its employees to maximize protection afforded by the vaccines. As long as AboitizPower continues to improve and remain steadfast on its COVID-19 protocols despite continued and impending lockdowns, disruption to the company's business is seen to be not as consequential as what was seen during the onset of the pandemic.

AboitizPower will continue to comply with the government's minimum health standards and directives being a provider of essential services during this time of the pandemic.

## 12. Emerging Risks

Embedded in the risk management process is the continuous identification and monitoring of emerging risks. These are newly developing risks that cannot yet be fully assessed (due to high uncertainty) but

could have a major impact on the organization in the future. These potential risks could be triggered by the fast-changing landscapes in the political, economic, social, technological, environmental, and legal facets surrounding the company's operations.

For AboitizPower, one such major risk is that of climate change. While the company has recognized that the availability of insurance and long-term financing for coal plants has become more and more challenging, these are being addressed by an overall sustainability strategy that is manifested by its portfolio mix changing towards sustainable energy sources over the long term. Active engagements with stakeholders to clarify AboitizPower's ESG strategy are undertaken to clarify the company's positions and plans to achieve its sustainability goals in the context of the Philippine energy and growth plans. The market for fuel, particularly coal, is also being actively monitored as currently there are a lot of risk drivers that are starting to emerge that are coming from sustainability policies and dynamic domestic and international trade policies. The most recent fuel-related risk is the one-month export ban on coal announced by the Indonesian government which put at risk the continued normal and full operation of the company's coal power plants. While the ban was temporary, the company has been developing a more robust risk mitigation plan against potential loss or unavailability of coal suppliers.

Disruptive and new technology are likewise emerging risks the company continues to monitor. Among others, the battery storage and the digitization or internet of things are potential transformers of the power business. Energy storage could play a wider role in the global energy markets moving from limited uses to displacing power generation due to its potential for reliability, quality, and its capability for renewables integration. The internet of things has the potential to significantly transform the power sector by optimizing operations, managing asset performance. Other technologies are expected to impact power generation and transmission segments. AboitizPower sees these technologies both as threats and opportunities.

Such risks are captured and validated in the semi-annual risk assessment process and during the environmental scans of the strategic planning and annual organizational planning process of AboitizPower, and are subjected to further study by subject matter experts. These emerging risks are reported and discussed as part of the Group Risk Management Council and Board Risk and Reputation Management Committee regular agenda.

## **II. FINANCIAL SERVICES**

### *Overview of the Business*

Union Bank of the Philippines, originally known as Union Savings and Mortgage Bank, was incorporated in the Philippines on August 16, 1968. On January 12, 1982, it was given the license to operate as a commercial bank. UnionBank's common shares were listed on the PSE in June 1992 and shortly after, it was granted the license to operate as a universal bank on July 15, 1992. As of December 31, 2021, UnionBank's principal shareholders were AEV, the Social Security System of the Philippines (a government owned and controlled corporation that provides social security to workers in the private sector), and Insular Life Assurance Company, Ltd. (one of the leading and largest Filipino-owned life insurance companies in the Philippines).

UnionBank was among the first Philippine banks to embrace technological innovations to empower its customers. It embraces the future of banking and is committed to becoming the Philippines' leading digitally-transformed bank to best serve the growing needs of Filipinos everywhere. It distinguishes itself through technology and innovation, unique branch sales and service culture, and centralized backroom operations. The Bank leverages technology and its agile culture to meet the customers' changing and diverse needs and continuously enhance customer experience. Its unique branch sales and service culture ensure efficient and quality service as well as mitigates operational risk. The Bank's distinct centralized backroom operations enable it to provide responsive, scalable, and secure transaction processing.

As of December 31, 2021, UnionBank's key Subsidiaries and Affiliates include:

- (i) City Savings Bank, Inc., (CSB), a thrift bank that has ownership interests in various financial institutions together with UBP Investments Corporation (UIC), including: a) First Agro Industrial

Rural (FAIR) Bank, b) Bangko Kabayan Private Development Bank (Bangko Kabayan), c) Progressive Bank, Inc. (PBI), and d) Petnet. Inc.;

- (ii) UIC a holding company with the following Subsidiaries: a) First Union Plans, Inc. (FUPI), b) First Union Direct Corporation (FUDC), and c) First Union Insurance and Financial Agencies (FUIFAI);
- (iii) UBX PH, the Bank's innovation and technology company with ownerships in a holding company UBX Private Limited and Shiptek Solutions Corporation; and
- (iv) UnionDigital, the Bank's digital banking arm licensed by the BSP which is expected to be operational by mid-2022.

UnionBank has been recognized for its digital transformation efforts and has also received a significant number of awards, including.

Year	Recognition	Organization
2021	Asia Trailblazer Institution of the Year	Retail Banker International
2021	Best Bank Transformation in South East Asia	Global Banking and Finance
2021	Best Bank for Customer Experience in South East Asia	Global Brands Magazine
2018-2021	Digital Bank of the Year	The Asset Triple A
2021	Most Recommended Retail Bank in Asia Pacific	BankQuality.com
2021	Fastest Growing Fintech Company, South East Asia - For UBX	Global Banking and Finance
2020-2021	Best Retail Bank in the Philippines	The Asian Banker
2020-2021	Best Bank for SMEs	Asiamoney
2021	SME Bank of the Year - Philippines	Asian Banking and Finance
2020-2021	#1 Best Service Domestic Bank in the Philippines	Asiamoney Cash Management Survey
2021	Asia's Best Bank Transformation	Euromoney
2021	Asia-Pacific Retail Bank of the Year	Retail Banker International
2021	Top 2 Most Helpful Banks in Asia Pacific during COVID-19	BankQuality.com
2021	Asia Pacific Digital Trailblazer	IDC Asia Pacific DX Awards
2021	DX CEO Asia Pacific - Mr. Edwin R. Bautista	IDC Asia Pacific DX Awards
2019-2021	Best Digital Bank Philippines	Asiamoney and International Finance Magazine
2021	Employer of the Year	Stevie Awards for Great Employers, Asian Banking and Finance, and HR Asia

In December 2021, the Bank entered into a Share and Business Transfer Agreement with the subsidiaries of Citigroup Inc. ("Citi") to acquire Citi's consumer banking in the Philippines. The transaction includes Citi's credit card, personal loans, wealth management, and retail deposit businesses. The acquisition also includes Citi's real estate interests in relation to Citibank Square in Eastwood City located in Bagumbayan, Quezon City, three full-service bank branches, and five wealth centers. The Bank believes that this acquisition will accelerate UnionBank's objective of becoming a "Great Retail Bank" given Citi's market leadership in the credit cards, personal loans, and wealth management business segments. Subject to regulatory approvals, the transaction is expected to close in the second half of 2022.

As of December 31, 2021, UnionBank and its Subsidiaries had 385 branches across the Philippines and a network of 497 automated teller machines (ATMs).

For the period ended December 31, 2021, UnionBank recorded the following:

- Consolidated net profit was ₱12,578 mn;
- Total consolidated resources was ₱831,095 mn;
- Total loan portfolio was ₱359,775 mn; and
- Total deposits was ₱570,501 mn.

For the period ended December 31, 2021, Tier 1 capital adequacy ratio was 16.3% while total capital adequacy ratio was 18.4%. Tier 1 capital adequacy ratio is determined by dividing total qualifying Tier 1 capital by total risk-weighted assets. Total capital adequacy ratio is determined by dividing total qualifying Tier 1 and Tier 2 capital by total risk-weighted assets. Both Tier 1 and total capital adequacy ratios are computed using Basel 3 standards adopted by the Bangko Sentral ng Pilipinas (BSP).

#### **(i) Products and Services**

UnionBank offers a broad range of products and services, which include deposit and related services, consumer finance (comprising credit card services, mortgage and auto loans, and personal/salary loans), corporate banking, commercial banking (comprising middle-market banking), micro, small and medium-sized enterprises (MSME) banking, cash management, trust and investment services, treasury products distribution, funding and trading (involving management of UnionBank's liquidity and funding requirements and handling of transactions in the financial markets covering foreign exchange, fixed income trading and investments, and derivatives).

In addition, UnionBank has a private banking unit that offers estate planning solutions and a global and diversified multi-asset fund to its high-net-worth and ultra-high-net-worth clients through its partnership with Lombard Odier & Co., a Swiss global wealth asset manager, and various life insurance products through its bancassurance partnership with Insular Life.

Its thrift bank subsidiary, CSB, primarily offers salary loans to DepEd teachers with its Automatic Payroll Deduction System (APDS) agreement. With CSB's acquisition and merger with Philippine Resources Savings Bank, it was able to diversify into the motorcycle loans business. CSB also offers various personal loan products, including pension loans to SSS and GSIS members, as well as employee loans to non-DepEd educational institutions and to LGUs. CSB's other thrift and rural bank subsidiaries also offer basic deposit and lending services which range from individual to MSME loans. Petnet, on the other hand, offers a wide variety of cash and payment-related solutions such as remittance, foreign exchange, bills payment, ATM withdrawal, lending, and many more.

UBX, the Bank's tech and innovation company, aims to be the leading open financial platform in the country through embeddable finance and data solutions. The aggregation of its various solutions into one comprehensive platform enables UBX to be a one-stop-shop for various clients. These solutions include (i) banking-as-a-service via i2i, (ii) payments via BUX, (iii) lending via SeekCap, (iv) online shop builder for E-Commerce via Sentro, and many more. UBX also offers technological services to clients such as app and blockchain development, as well as enabling and investing in technology startups.

UnionDigital is the Bank's digital banking arm, licensed by the BSP, and the only digital bank established by a private universal bank. It is the Bank's vehicle to tap the large unbanked and underbanked segments. By leveraging state-of-the-art back-end infrastructure to onboard customer communities, UnionDigital is expected to help accelerate the Bank's growth aspirations and bring about inclusive prosperity to more Filipinos. It is expected to be operational by mid-2022.

#### **(ii) Distribution Methods**

UnionBank primarily services its clientele through its well-trained relationship managers, as well as its strong digital footprint, including its website ([www.unionbankph.com](http://www.unionbankph.com)), its mobile/online banking apps, customer service chatbot, and various digital platforms. Its digital channels are complemented by strategically-located branch networks, partner outlets, ATMs, as well as a Customer Engagement Group that takes up voice and non-voice customer service-related concerns.

<i>Relationship Managers</i>	<p>UnionBank's salesforce is trained to have expertise regarding the Bank's solutions-based financial services and are equipped with tools (e.g., MAX 5.0) that allow them to service clients remotely and enhance productivity. UnionBank's Relationship Managers and Financial Advisors are also licensed by the Insurance Commission to provide customers with bancassurance products.</p>
<i>Branch Network</i>	<p>UnionBank (the Parent Bank) has 198 branches strategically located within and outside Metro Manila to maximize visibility and expand customer reach. This includes UnionBank's digital and paperless branches called Arks which allow for straight-through processing of transactions over-the-counter or via self-service machines, and at the same time, houses branch ambassadors for product discovery and advisory services.</p> <p>Meanwhile, PETNET has over 3,500 locations nationwide which offers a variety of cash and payment-related services, including remittance, currency exchange, bills payments, and many more. In 2020, the Bank introduced Agency Banking cash deposit capability through its partnership with 7-Eleven and ECPay (RD Pawnshop, Tambunting, Czarina Foreign Exchange, LCC, etc.) to expand to 14,000 banking touchpoints nationwide.</p> <p>UnionBank's presence nationwide is also expanded through the physical network of its Subsidiaries which include CitySavings (149 branches), FAIRBank (11 branches mainly in Visayas), Bangko Kabayan (24 branches mainly in Luzon), and Progressive Bank (3 branches in Visayas).</p>
<i>ATM Networks</i>	<p>UnionBank and its Subsidiaries' network of 497 ATMs as of December 31, 2021, supplements its branch network in providing 24-hour banking services to its customers. In addition, UnionBank's interconnection with the Bancnet ATM consortium, allows its cardholders access to thousands of ATMs nationwide.</p>
<i>Call Center</i>	<p>UnionBank's 24-hour call center, managed by its Customer Engagement Group (CEG), handles customer relationships and care, catering to deposit and card product queries, among others. CEG utilizes a mix of voice and non-voice platforms (email, website, social media, etc.) as customer touch points.</p>
<i>Customer Service Chatbot</i>	<p>UnionBank's "Rafa" is the country's first banking chatbot that delivers instant 24/7 customer service. Rafa is accessible through Facebook messenger. It is capable of answering customer queries on ATM and branch locations, provides latest foreign exchange data, card activations, cardless withdrawal, and assists customers in exploring UnionBank's various products and services.</p>
<i>Mobile and E-Banking</i>	<p>UnionBank introduced key digital channels catered to serve the needs of each major customer segment - retail, corporates, and MSMEs.</p> <p>UnionBank Online was designed for retail/individual customers, which enables them to perform banking transactions such as digital account opening, mobile check deposit, fund transfer, pay bills, and many more without visiting the branch. UnionBank Online has an omni-channel user experience across various touchpoints (website and mobile app), operating systems (Android or IOS), and device types.</p> <p>UnionBank introduced the upgraded version of its cash management platform for corporates called The Portal. Unique features include single sign-on for customers with multi-org access, a fully-featured mobile app, real-time fund transfers, and many more.</p>



	UnionBank also launched its MSME Business Banking App designed for business owners. Its features include digital account opening for savings and checking accounts, mobile check deposit, local and international fund transfers, bills payment, payment gateway, and many more to help SMEs manage financial operations.
<i>EON</i>	EON was the first electronic money product in the Philippines with a “selfie banking” feature that employs facial recognition in authorizing transactions through a smartphone. EON is UnionBank’s primary product for carding the unbanked and underbanked segments through its partnerships with cooperatives and LGU for loans and aid disbursement (i.e. Social Amelioration Program, etc.).
<i>Other Platforms and Digital Channels</i>	<p>UnionBank’s thrust for digital transformation prompted it to launch digital platforms and channels intended to deliver several products/services to various customer segments.</p> <p>Some of them include: Supply Chain Financing (SCF) platform for corporate clients and their ecosystem of suppliers and dealers; GlobalLinker which creates a network of SME suppliers and customers; and Bonds.PH app which facilitated the first app-based blockchain-enabled distribution of sovereign retail treasury bonds in the country.</p> <p>CSB also launched its own app for its Department of Education teacher community called Loan Ranger Mobile enabling them to perform basic banking functions including relloan applications.</p> <p>UBX also features its various embeddable services and solutions, which is an aggregation of its various platforms to include: i2i, a blockchain-based financial and agency banking platform for financial institutions such as rural banks; Sentro, an online shop builder with embedded logistics services; BUX, a payment gateway for online merchants; and SeekCap, an SME lending marketplace. UBX also invested in Shiptek Solutions, Inc. to embed financial solutions into its shipping and logistics platform, XLlog.</p>

### **(iii) Competition**

The Bank faces competition in all its principal areas of business. Philippine domestic and foreign banks are the Bank’s main competitors, followed by finance companies, mutual funds and investment banks. The Bank also faces competition from financial technology firms and non-financial firms. In particular, non-financial firms pose a challenge to Philippine banks by offering digital products such as mobile payments or online services. Financial technology firms utilize software to provide financial services, and disrupt existing financial systems and corporations that rely less on software by offering faster, more convenient, and more efficient ways of transacting. In addition, purely digital financial technology or non-financial firms have no branches and thus have lower costs. The Bank seeks to gain a competitive advantage by continuing to implement its digital transformation strategies.

### **(iv) Major Customers**

The Financial Services Group’s businesses are not dependent upon a single customer or a few customers that a loss of anyone would have a material adverse effect on the performance of its sales and distribution. It has no single customer that is expected to account for 20% or more of the group’s total sale of goods and services.

### **(v) Patents, Copyrights, and Franchises**

UnionBank owns, or has pending applications for the registration of intellectual property rights for various trademarks associated with their corporate names and logos. Please refer to **Annex “G-3”** to see the trademark applications which UnionBank has filed with the Philippine IPO.



## **(vi) Government Approvals**

The BSP, SEC, Philippine Deposit Insurance Corporation (PDIC), PSE, and the BIR are the primary regulatory agencies that issue and enforce rules, regulations and guidelines relevant to the Bank's activities.

UnionBank ensures that its products, services and systems have the necessary regulatory approvals and are in compliance with existing rules prior to launch and continue to be compliant with prescribed rules and regulations.

## **(vii) Effect of Existing or Probable Governmental Regulations**

### ***Keeping abreast of regulations affecting the business***

As a banking institution, UnionBank adheres to the provisions of the General Banking Law of 2000 (Republic Act No. 8791), as amended, and the regular issuances by the BSP as embodied in its Manual of Regulations for Banks (MORB). The regulatory issuances of the SEC, PDIC, PSE, PDEX, BIR, and other regulatory bodies are likewise monitored constantly for new developments

### ***Anti-Money Laundering Laws and Know Your Customer Procedures***

UnionBank complies and is consistent with the provisions of Republic Act No. 9160, as amended by Republic Act Nos. 9194, 10167 and 10365, otherwise known as the "Anti-Money Laundering Act of the Philippines," and other pertinent laws, rules, regulations, and circulars issued by the BSP, SEC and other regulatory agencies of the Philippines, including the Anti-Money Laundering Council (AMLC) and the Financial Action Task Force (FATF) on Money Laundering. UBP adheres to the Anti-Money Laundering (AML) laws and regulations that include the Know Your Customer (KYC) rules and customer due diligence at the inception of the bank-client relationship until its termination.

The Bank employs a third-party tool for screening customers during onboarding, subsequently, whenever there are updates to the sanctions and negative files and during periodic account reviews. A real-time transaction screening system is used to clear all transactions that pass through the SWIFT network. In July 2019, the Bank upgraded its AML system through the deployment of an internally developed, highly intuitive, and more flexible transaction monitoring and reporting system. In 2020, an in-house developed screening portal replaced the previous tool to assist in the namescreening of clients against the lists of sanctioned individuals and organizations, and persons convicted of AML predicate crimes, among other negative information.

Customer due diligence remains robust through documentation and upgrading of client information, understanding of client activity, review of customer risk rating, identification of ultimate beneficial owners, and obtaining senior management approval, where warranted.

Finally, on an annual basis, UnionBank, through its Compliance and Corporate Governance Office (CCGO), provides formal AML training to the members of the Board of Directors, Senior Management, and its Branches. In coordination with the HR Group, CCGO deploys the AML e-learning refresher module to all bank employees; while Operations and Sales personnel are apprised of new BSP requirements during Compliance roadshows held throughout the year.

### ***Capital Adequacy***

Per existing BSP regulations, the combined capital accounts of each commercial bank should not be less than an amount equal to 10% of its risk assets. Risk assets consist of total resources after exclusion of cash on hand, due from BSP, loans covered by holdout on or assignment of deposits, loans or acceptances under letters of credit to the extent covered by margin deposits and other non-risk items as determined by the Monetary Board of the BSP.

Pursuant to BSP Circular No. 538, Series of August 4, 2006, UnionBank's capital adequacy ratios as of June 30, 2021, September 30, 2021, and December 31, 2021 are 18.1%, 18.3%, and 18.4% respectively.

**(viii) Amount Spent on Research and Development**

The amount spent on research and development activities (in thousand pesos) and its percentage to revenues for the last three years has been as follows:

	December 31, 2021	December 31, 2020	December 31, 2019
Cost	₱1,663,705	₱1,182,635	₱1,347,315
Ratio to Revenues	4.6%	3.1%	3.5%

**(ix) Costs and Effects of Compliance with Environmental Laws**

Compliance with environmental laws increases a company's operational costs, though in most cases the costs are only a small fraction of a firm's total costs. For financial institutions like UnionBank, relevant environmental laws and regulations require the appointment of Pollution Control Officers, Managing Heads, installation of pollution control equipment, and incorporation of sustainable practices in the Bank's operational processes. Compliance with these requirements has minimal effect on the Bank's operational cost and productivity.

Environmental laws influence the Bank's concept in designing its offices to ensure compliance as provided by relevant regulatory agencies. Compliance with the environmental laws has benefitted the organization in terms of illnesses averted through reduction of airborne particulates, hazardous waste disposal, and water potability. There were no reported incidents of non-compliance with environmental laws and regulations.

In addition, UnionBank has entered into partnerships with Plastic Bank and Humble Sustainability to recycle, upcycle, and recover plastic wastes and non-hazardous wastes as part of the Planet pillar and Inclusive Prosperity focus area of the Bank's sustainability program.

Finally, UnionBank is in the process of renewing its partnership with Globe Telecoms to dispose of electronic waste via the One Phone program, where the bank collects old and unused electronic gadgets and equipment so they may be properly handled and avoided being dumped in landfills.

**(x) Major Risk/s Involved in the Business**

Risks particular to the Financial Services Group are as follows:

***UnionBank's ability to identify, assess, monitor and manage risks inherent in its business is anchored on the quality and timeliness of available industry and internal risk data***

UnionBank, through its Enterprise Risk Management Group, monitors all risk exposures which include, among others, credit risk, market risk, operational risk, operational risk, liquidity risk, and IT risk. The effectiveness of UnionBank's risk management, particularly on the management of credit risk which is inherent in its core businesses, is bounded by the quality and timeliness of available data in the Philippines as well as internal risk data in relation to different factors such as, but not limited to, the proposed borrowers' credit history, loan exposures with other financial institutions and other external and market factors affecting overall credit. Insufficient or inaccurate risk and financial data and limitations of UnionBank's risk management systems, if any, may result in UnionBank granting loans that may expose UnionBank to significant credit risk, taking positions that may expose UnionBank to market and liquidity risks, or undertaking business activities that may result in operational, IT and other material risks.

Procedures to identify and assess the aforementioned risks are embedded in the Bank's various processes, including but not limited to, KYC procedures, loans evaluation, and underwriting and due diligence procedures. The group maintains a prudent risk management strategy to ensure its soundness and profitability. Strategies and limits are reviewed regularly and updated to ensure that risks are well-

diversified and risk mitigation measures are in place. A system for managing and monitoring risks is in place so that all relevant issues are identified at an early stage and appropriate actions are taken on a timely basis. Risk reporting is done on a regular basis, either monthly or quarterly.

***UnionBank may face increasing levels of non-performing loans (“NPLs”), provisions for impairment losses and delinquencies in its credit card portfolio, which may adversely affect UnionBank’s business, financial condition, results of operations, and capital adequacy***

UnionBank plans to continue to expand its SMEs and consumer loan operations, such as credit card services, mortgage loans, and salary loans. Such expansion plans will increase UnionBank’s exposure to SMEs and consumer debt, and volatile economic conditions in the Philippines may adversely affect the future ability of UnionBank’s borrowers, including SMEs and individual borrowers, to meet their obligations under their indebtedness and, as a result, UnionBank may experience an increase in the levels of NPLs and provisions for impairment losses in the future.

Volatile economic conditions in the Philippines, including volatile exchange and interest rates, may adversely affect many of UnionBank’s customers, causing uncertainty regarding their ability to fulfill obligations under UnionBank’s loans and significantly increasing UnionBank’s exposure to credit risk. These and other factors could result in an increased number of NPLs and delinquencies in UnionBank’s loan portfolio in the future. Any significant increase in UnionBank’s NPLs or delinquencies in UnionBank’s loan portfolio would have a material adverse effect on its business, financial condition, results of operations, and capital adequacy.

The aforementioned risk is managed through strategies, policies, and limits that are approved on the Board level and in line with the Bank’s risk appetite. The Bank has a well-structured and standardized credit approval process and credit scoring system for each of its business and/or product segments to assess the inherent risks. Business units are held accountable for all the risks and related returns and ensure that decisions are consistent with business objectives and risk tolerance.

***UnionBank may be unable to recover the assessed value of its collateral when its borrowers default on their obligations, which may expose UnionBank to significant losses***

UnionBank’s secured loans have, historically, represented a significant portion of UnionBank’s total loans. There can be no assurance that the collateral securing any particular loan will protect UnionBank from suffering a partial or complete loss if the loan becomes non-performing. The recorded values of UnionBank’s collateral may not accurately reflect its liquidation value, which is the maximum amount UnionBank is likely to recover from a sale of collateral, less expenses of such sale. There can be no assurance that the realized value of the collateral would be adequate to cover UnionBank’s loans.

In addition, some of the valuations in respect of UnionBank’s collateral may also be out of date or may not accurately reflect the value of the collateral. In certain instances, where there are no purchasers for a particular type of collateral, there may be significant difficulties in disposing of such collateral at a reasonable price. Any decline in the value of the collateral securing UnionBank’s loans, including with respect to any future collateral taken by UnionBank, would mean that its provisions for credit losses may be inadequate and UnionBank may need to increase such provisions. Any increase in UnionBank’s provisions for credit losses could adversely affect its business, its financial condition, results of operations, and capital adequacy.

Furthermore, UnionBank may not be able to recover in full the value of any collateral or enforce any guarantee due, in part, to difficulties and delays involved in enforcing such obligations through the Philippine legal system. To foreclose on collateral or enforce a guarantee, banks in the Philippines are required to follow certain procedures specified by Philippine law. These procedures are subject to administrative and bankruptcy law requirements which may be more burdensome than in certain other jurisdictions. The resulting delays can last several years and lead to the deterioration in the physical condition and market value of the collateral, particularly where the collateral is in the form of inventory or receivables. In addition, such collateral may not be insured. These factors have exposed, and may continue to expose, UnionBank to legal liability while in possession of the collateral. These difficulties may significantly reduce UnionBank’s ability to realize the value of its collateral and therefore the

effectiveness of taking security for the loans it makes. UnionBank initially carries the value of the foreclosed properties at the lower of loan exposure or fair value of the properties at the time of foreclosure. Subsequently, the foreclosed properties are carried at the lower of the amount initially recognized or the fair value less cost to sell. While UnionBank, at each balance sheet date, provides for impairment losses on its foreclosed properties in accordance with PFRS, it may incur further expenses to maintain such properties and to prevent their deterioration. In realizing cash value for such properties, UnionBank may incur further expenses such as legal fees and taxes associated with such realization. There can be no assurance that UnionBank will be able to realize the full value, or any value, of any collateral on its loans. In realizing cash value for such properties, UnionBank may incur further expenses such as legal fees and taxes associated with such realization. There can be no assurance that UnionBank will be able to realize the full value, or any value, of any collateral on its loans.

Lending policies, including on collaterals, are reviewed regularly to align with market developments. Collaterals, both for current and repossessed loans, are appraised periodically.

***UnionBank's provisioning policies, which are based on Philippine Financial Reporting Standards expected credit loss standards and on other relevant Philippine regulations, may be more or less stringent than those in other countries***

The level of loan loss provisions that UnionBank recognizes are aligned with the PFRS 9 accounting standard. Subjective determinations of significant change in credit risk may increase the variation of application of such policies and affect UnionBank's results of operations. Moreover, regulations of the BSP require that Philippine banks classify loans into several categories corresponding to various levels of credit risk as follows: pass, loans especially mentioned, substandard, doubtful, and loss. These are considered in PFRS 9 expected credit loss stage determination, in addition to BSP Circular No. 941. Generally, the classification of loans depends on a combination of qualitative and quantitative factors, such as the number of months that payment is in arrears. Periodic examination by the BSP of these classifications in the future may also result in changes being made by UnionBank to such classifications and to the factors relevant thereto.

The BSP requirements in certain circumstances may be less or more stringent than those applicable to banks in other countries and may result in particular loans being classified as non-performing later or earlier than would be required in such countries or being classified in a category reflecting a lower or higher degree of risk. As a result, the amount of UnionBank's NPLs, as well as reserves, may be lower or higher than what would be required if UnionBank was located in such countries. Further, if UnionBank changes its provisioning policies to become more in line with international standards or practices or otherwise, UnionBank's results of operations may be adversely affected.

Certain accounting standards, including the PFRS 9 expected credit loss standards, have been adopted by the Bank to obtain unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions with the objective of recognizing lifetime losses on all financial instruments which have experienced a significant increase in credit risk since their initial recognition. These assumptions are reviewed and updated at least monthly.

***UnionBank is subject to credit, market and liquidity risk which may have an adverse effect on its credit ratings and its cost of funds***

To the extent any of the instruments and strategies UnionBank uses to manage its exposure to market or credit risk is not effective, UnionBank may not be able to mitigate effectively its risk exposures, in particular to market environments or against particular types of risk. UnionBank's balance sheet growth will be dependent upon economic conditions, as well as upon its determination to securitize, sell, purchase or syndicate particular loans or loan portfolios. UnionBank's trading revenues and interest rate risk exposure are dependent upon its ability to properly identify and mark to market the changes in the value of financial instruments caused by changes in market prices or rates. UnionBank's earnings are dependent upon the effectiveness of its management of migrations in credit quality and risk concentrations, the accuracy of its valuation models and its critical accounting estimates and the

adequacy of its allowances for credit losses. To the extent its assessments, assumptions or estimates prove inaccurate or not predictive of actual results, UnionBank could suffer higher than anticipated losses. The successful management of credit, market and operational risk is an important consideration in managing its liquidity risk because it affects the evaluation of its credit ratings by rating agencies. A failure by UnionBank to effectively manage its credit, market and liquidity risk could have a negative effect on its business, financial condition and results of operations.

***A downgrade of UnionBank's credit rating could have a negative effect on its business, financial condition and results of operations***

In the event of a downgrade of UnionBank by one or more credit rating agencies, UnionBank may have to accept terms that are not as favorable in its transactions with counterparties, including capital raising activities, or may be unable to enter into certain transactions. This could have a negative impact on UnionBank's treasury operations and also adversely affect its financial condition and results of operations. Rating agencies may reduce or indicate their intention to reduce the ratings at any time. The rating agencies can also decide to withdraw their ratings altogether, which may have the same effect as a reduction in its ratings. Any reduction in UnionBank's ratings (or withdrawal of ratings) may increase its borrowing costs, limit its access to capital markets and adversely affect its ability to sell or market its products, engage in business transactions, particularly longer-term and derivatives transactions, or retain its customers. This, in turn, could reduce UnionBank's liquidity and negatively impact its operating results and financial condition.

***UnionBank may not realize the anticipated synergies from the acquisition of the consumer banking business of Citigroup, Inc. in the Philippines.***

On December 23, 2021, the Board of the UnionBank approved the acquisition of the consumer banking business of Citigroup, Inc. in the Philippines. While UnionBank expects the acquisition to unlock value through enhanced synergy and scale, there is no assurance that these will be fully realized or that the acquisition will have the anticipated effects. The expected synergies may not materialize due to difficulties, delays, or unexpected costs in implementing the integration of the consumer banking business.

Furthermore, the acquisition is currently pending approval of the BSP, PDIC, and the SEC. However, there is no assurance that these approvals will be received and, if received, that such approvals will be on such terms that are acceptable to the Bank.

### **III. FOOD MANUFACTURING**

#### *Overview of the Business*

AEV's integrated agribusiness and food company is operated in the Philippines primarily through Pilmico and its Subsidiaries, and its international feeds business through Pilmico International and its various Subsidiaries and Associates. The Food Group is composed of three segments: (a) feeds and flour; (b) hog and layer farms; and (c) international animal nutrition.

The Food Group began the international expansion of its business in 2014 through Pilmico International's initial acquisition of a 70% equity interest in Pilmico Vietnam Company Limited (PVN formerly, Pilmico VHF Joint Stock Company and originally, Vin Hoan 1 Feed JSC), one of the largest aqua feeds producers in Vietnam. Pilmico International completed the acquisition of PVN through the additional purchase of a 15% equity stake in 2017, and the remaining 15% equity stake in 2019, making PVN a wholly-owned Subsidiary of Pilmico International.

The investment in PVN allowed the Food Group to gain a foothold in the Vietnamese aqua feeds business, and at the same time, build its reach to other aqua farm customers. This strategic move was also intended to establish a gateway to investments in other ASEAN countries like Thailand, Laos, and Cambodia, allowing the Food Group to expand its core feeds business internationally, and to diversify and gain competence in the aqua feeds product segment (currently not produced in the Philippines). The investment in Vietnam likewise paved the way for additional international investments of the Food Group and it also developed capabilities in aqua feed milling.

The Food Group continued to establish its presence in Vietnam through the various acquisitions by Pilmico International: (i) a 100% equity interest in Pilmico Vietnam Trading, a company engaged in the wholesale of food products, beverages, and agricultural and forestry raw materials in October 2016; and (ii) an initial acquisition of a 70% equity interest in Pilmico Animal Nutrition Joint Stock Company (PAN-JSC, formerly Europe Nutrition Joint Stock Company), a joint stock company engaged in the business of producing animal feeds.

The Food Group eventually gained a wider foothold in ASEAN+China with its acquisition of GCMH and its Subsidiaries. In July 2018, Pilmico International initially acquired a 75% equity interest in GCMH, the parent company of the Gold Coin Group and one of Asia's largest multinational agri-business corporations with Subsidiaries operating in Singapore, Indonesia, Malaysia, Vietnam, Thailand, Sri Lanka, Myanmar, Pakistan, Brunei, the Philippines, Hong Kong, and China. Pilmico International completed its acquisition of the remaining 25% equity interest in GCMH in May 2019.

In 2019, PAN-JSC was folded into the Gold Coin Group as part of the ongoing integration between the businesses of Pilmico International and the Gold Coin Group and was renamed Gold Coin Feedmill (Binh Duong).

In 2021, GCMH increased its ownership stake in its Malaysia business through the buyout of minority partner, Koperasi Permodalan FELDA Malaysia, in Gold Coin Malaysia Group and Gold Coin Specialities Sdn. Bhd., increasing its stake from 70% to 100%.

The Food Group believes that the Gold Coin Group enjoys leading market positions in key Asian markets, with an established and loyal client base. Combined with the Gold Coin Group, Pilmico International expects to become a comprehensive animal nutrition platform across the Asia-Pacific region, with competitive advantages in terms of developing a stronger and multi-branded platform of animal nutrition and delivering scientifically balanced livestock and aqua feeds, and specialty nutrition products addressing the demands of a wide range of customers.

The Food Group is in continuous pursuit of innovative new products, product variants, and line extensions in the livestock, and aquaculture feeds segments.

## **(i) Principal Products and Services**

### ***Feeds and Flour***

#### ***Pilmico Foods Corporation***

Pilmico is primarily engaged in the manufacture and sale of flour, feeds, and their by-products. These by-products are largely wheat by-products, particularly wheat bran sold under the Pilmico Brand. It has a wide network of distributors and dealers located in major cities of Metro Manila, Cebu, Davao, Iloilo, Bacolod, and Cagayan and has established representative offices in Jakarta, Indonesia and Ho Chi Minh City, Vietnam, allowing the export and distribution of flour products to Hong Kong, Vietnam, Myanmar, Thailand, Malaysia, and Indonesia. As of February 28, 2022, it is one of the largest flour manufacturers in the country and is ranked among the top three domestic flour producers based on internal market data.

#### ***Flour Products***

Pilmico produces premium quality hard wheat flour for breads and soft wheat flour for cookies and crackers. Hard wheat flour brands include: Sun Moon Star, Sunshine, Glowing Sun and Kutitap. Meanwhile, soft wheat flour brands include: Gold Star and Mega Star. The Food Group also produces a leading brand of specialty flours under the Wooden Spoon Brand. Some notable brands under the Food Group's specialty flour include: Wooden Spoon Cake Flour, Wooden Spoon All-Purpose Flour, Wooden Spoon Siopao Flour, and Wooden Spoon Whole Wheat Flour.

The Food Group has taken the opportunity to expand its flour business internationally. Currently, Pilmico has a representative office in Ho Chi Minh City, Vietnam. Through these representative offices,



Pilmico was able to establish its flour export business, successfully distributing its flour products to Hong Kong, Vietnam, Myanmar, Thailand, Malaysia, and Indonesia. The Food Group expects to take further efforts to strengthen the presence of its flour business in the ASEAN region.

#### *Feeds Products*

Feeds products offered by the Food Group include aqua feeds for different stages of growing pangasius, tilapia and other species, and animal feeds for different stages of growing swine, poultry, cow, and rabbit. The Food Group also offers animal healthcare products in the Philippines as part of its objective of becoming a total solutions provider for its feeds' customers. Pilmico and PANC also sell raw materials for feeds through their commodity trading business.

Pilmico is a wholly-owned Subsidiary of AEV.

#### *Hog and Layer Farms*

##### ***Pilmico Animal Nutrition Corporation***

The Food Group's hog and layer farms operations are conducted through its Subsidiary, Pilmico Animal Nutrition Corporation (PANC). Pilmico, together with another wholly-owned Subsidiary, Filagri Holdings, Inc. (Filagri Holdings), owned a 100% equity interest in PANC. PANC operates farms and feed mill plants in Capas, Tarlac.

In January 1999, PANC began commercial operations of its feed mill plant in Capas, Tarlac to cater to the growing demand for feeds in Luzon. Since commencing its swine operations with 4,750 sow level in the second half of 1999, PANC had a 9,300 sow level as of February 28, 2022. PANC plans to increase its sow level to 20,000 by 2023, which is expected to translate to a monthly sales volume of 32,000 heads of market hogs.

In December 2015, PANC started its layer farms operations. The layer farm facility was completed and became fully-operational by December 2016. This layer farm facility can hold up to 173,000 egg-laying chickens that translates to 4 mn eggs per month.

To support the growing Luzon commercial feeds volume as well as increased feeds requirements from its growing layer and swine operations, PANC completed the construction of a second feed mill ("Tarlac Feed Mill 2") and a third feed mill ("Tarlac Feed Mill 3"), resulting in an additional 124,800 MT each in feed mill capacity. Tarlac Feed Mill 3 was completed in August 2016.

#### ***International Animal Nutrition***

##### ***AEV International Pte. Ltd.***

Established on May 5, 2014, AEV International Pte. Ltd. (AEV International) is the holding company of AEV's investments outside the Philippines. It owns 100% of the equity interest in Pilmico International.

##### ***Pilmico International Pte. Ltd.***

Pilmico International, a company organized under the laws of Singapore, is the project vehicle of AEV's first international investment in the feeds business. It was established in June 2014 as a wholly-owned Subsidiary of the Company through AEV International.

Pilmico International owns a 100% equity interest in PVN, a 100% equity interest of Pilmico Viet Nam Trading Company Ltd. (PVN Trading), and a 100% equity interest in GCMH, which controls the Gold Coin Group.



### ***Pilmico Vietnam Company***

PVN is one of the largest aqua feeds producers in Vietnam. Its plant operates in the Dong Thap Province in Vietnam and had a capacity of 270,000 metric tons per year, which is the fourth largest among the pangasius aqua feeds producers in the Mekong Delta as of February 28, 2022.

Pilmico International owns a 100% equity interest in PVN.

### ***Pilmico Viet Nam Trading Company Ltd.***

PVN Trading was incorporated in July 2015 as a limited liability company operating in Vietnam and engaged in the wholesale of food products, beverages, agricultural and forestry raw materials, among others. It is currently the vehicle used for the importation and distribution of the Food Group's products within the Vietnam market.

Pilmico International owns a 100% interest in Pilmico VN Trading.

### ***Gold Coin Management Holdings Private Limited and the Gold Coin Group***

GCMH is an investment holding company incorporated under the laws of the British Virgin Islands in January 2000. Headquartered in Singapore, GCMH is the parent company of the Gold Coin Group with Subsidiaries located in Singapore, China, Hong Kong, Indonesia, Malaysia, Vietnam, Thailand, Sri Lanka, Myanmar, Pakistan, Brunei and the Philippines.

Over the past three decades, the Gold Coin Group has expanded its operations across ASEAN and China. It began operating its first livestock feed mill in Jakarta, Indonesia in 1981, followed by a series of expansion through the commissioning feed mills in Shenzhen, China in 1983; Colombo, Sri Lanka in 1993; and Dong Nai, Vietnam in 2004. In 1991, the Gold Coin Group opened its first aqua feed mill in Malaysia, and in India in 2006. In 1985, it started its research and formulation for aqua feed. The Gold Coin Group established its flour mill business in 1984 which it later on divested in 2004. To accelerate market penetration for its poultry feeds business, it entered into a joint venture agreement with Ayam Unggul Indonesia in 2010, and with CCK in East Malaysia in 2016.

The Gold Coin Group is engaged in animal nutrition and manufacturing of animal feeds and is a leading brand in animal nutrition and, as of February 28, 2022, had more than 21 livestock and aqua feed mills across seven countries in the Asia-Pacific with an installed milling capacity of 3 mn MT per year. As of February 28, 2022, it also had two research facilities located in China and Malaysia. In particular, the Gold Coin Group manufactures and sells animal feed and specialty nutrition products, including compound feed, pre-mix and additives for the livestock and aqua sectors in the Asia-Pacific region.

Gold Coin Group's products and services include: (i) livestock feed such as feed for poultry broiler/layer, swine, duck, other birds and fish; (ii) aqua feed or feeds for aquaculture produce such as shrimp and fish; and (iii) specialty nutrition or the premix and specialty concentrate complete feed. In 2018, the group introduced its entry to the young animal for its livestock portfolio, and enhanced nutritional specifications for shrimp feeds, and fish feed to grow its aqua portfolio.

## **(ii) Distribution Methods**

Pilmico and PANC sell their feeds and flour products through a nationwide distribution network of dealers. Pilmico likewise exports its flour products to Hong Kong, Myanmar, and Vietnam. PANC's hog and meat products are sold to "viajeros" or small-scale distributors and institutional customers (such as hotels, restaurants, and caterers).

In addition to its existing presence through its representative offices, through its acquisition of the Gold Coin Group, the Food Group gained access to a comprehensive platform with an extensive distribution and sales network spread across 11 countries in the Asia-Pacific region.

The Gold Coin Group has established relationships with customers, offering a number of brands of livestock and aqua feeds products with quality feed formulation across various key markets. Moreover,

in 2018, the Gold Coin Group launched a sales optimization program to introduce a centrally designed sales program with an aim to integrate livestock operation, distribution, and sales channels to expand its specialty nutrition and aqua feeds. Taking advantage of this program, the Food Group is developing a stronger and multi-branded one-stop shop animal nutrition platform to address the demands of its wide range of customers across the Asia-Pacific region.

In the Philippines, the Farms business has expanded its market reach to end-consumers via “*The Good Meat*” business which offers fresh meat and egg products in both online and physical “*The Good Meat*” stores. On top of one existing physical store, the Food Group expects 11 additional stores to be fully operational by the end of 2022. The Good Meat’s fresh pork offerings are found in 71 supermarkets across the Philippines, 60 of which carry the “*The Good Meat*” Brand while the remainder are sold as the supermarket’s house brand, while its growing Value-Added Meat segment (bacon, sisig, etc) are carried in over 220 supermarkets nationwide.

The Food Group’s businesses are not dependent upon a single customer or a few customers such that a loss of any one would have a material adverse effect on the performance of its sales and distribution. The Food Group has no single customer that, based on existing orders, accounts for 20% or more of its total sale of goods and services.

### **(iii) New Products**

#### *International Animal Nutrition*

The Gold Coin Group provides nutritional solutions and onsite technical support to customers to optimize aquaculture and farm production across the Asia-Pacific Region. As of 2021, the group has an existing 17 livestock feed mills in six countries (China, Indonesia, Malaysia, Vietnam, Sri Lanka, and Brunei); four aqua feed mills in three countries (Indonesia, Malaysia, and Thailand); and offers specialty nutrition across six countries (Malaysia, Sri Lanka, Philippines, China, Pakistan, and Myanmar). Its production facilities are ISO 22000/HACCP certified.

The Gold Coin Group intends to introduce innovative new products, product variants, and line extensions in the livestock and aquaculture feeds segments. In 2018, the group introduced its entry to the young animal and pet food segment for its livestock portfolio, and enhanced nutritional specifications for shrimp feeds, and fish feed additives for its aquaculture portfolio. The group also relies on technological innovation and feed re-formulation in order to maximize profits. The capabilities of the Gold Coin Group will allow the Food Group to develop a stronger and multi-branded platform of animal nutrition products to address the demands of a wide range of customers across the Asia-Pacific Region.

### **(iv) Competition**

As an integrated food and agri-business company primarily engaged in the manufacture and sale of animal feeds, flour, flour by-products as well as the production of swine and table eggs, the Food Group operates in a competitive industry driven by global raw material prices with an increasing trend on process improvement and digitization. Moreover, with global food demand on the rise brought by rising income from a growing middle class in developing countries, industry growth has been supported by global and domestic expansions by a growing number of agri-business players.

The Food Group’s business model is well positioned at the beginning of the food value chain with facilities in the Philippines located in Tarlac (feedmill and farms) and Iligan (flourmill and feedmill). The Food Group products are distributed through external distributors and dealers located in major cities all throughout the Philippines.

The Food Group believes that it competes through cost leadership and providing a better customer experience.

Pilmico believes that it is among the top three domestic flour, swine, and animal feed producers in the Philippines, which include San Miguel Food and Beverage, Inc. and Universal Robina Corporation for flour, B-MEG, and Unahco for feeds, and Monterey and Robina for farms, all of which leverage on strategic logistic hubs, competitive pricing and dedicated sales support teams to drive growth. The Gold

Coin Group's competitors in international feeds include Charoen Pokphand Group, Japfa Comfeed, and CP Indonesia, with Cargill remaining the biggest feed miller in South East Asia with leading market share and capacity in Thailand, Vietnam, and Indonesia.

**(v) Sources of Raw Materials**

The Food Group, through Pilmico and PANC, imports wheat, soybean meal and other grains mostly from various suppliers in the United States, Canada, and Australia. This exposes the Food Group to risks arising from currency fluctuations and volatile price movements of raw materials.

PVN imports soybean meal from Argentina and the United States, and cassava from Cambodia. Rice bran and other grains are sourced from various suppliers in Vietnam.

A wide variety of raw materials are required by the Gold Coin Group to manufacture its livestock and aqua feeds products, including, but not limited to, corn grains, soya beans and meals, and wheat products. Costs of raw materials account for 80% to 85% of sales value. Corn grains and soybean, sourced from China, Malaysia, Singapore, Indonesia, and Vietnam, account for 65% to 70% raw material usage and can be subject to volatile price movements.

Efficient sourcing of these materials requires a combination of local and import strategies. In order to optimize its position as one of the largest animal nutrition providers in the Asia-Pacific Region and take advantage of the synergies between related parties and Affiliates, the Gold Coin Group instituted a centralized commodity trading team for the Food Group that determines procurement and strategic sourcing activities.

**(vi) Major Customers**

The Food Group's businesses are not dependent upon a single customer or a few customers that a loss of anyone would have a material adverse effect on the performance of its sales and distribution. The Gold Coin Group has no single customer that, based on existing orders, will account for 20% or more of its total sale of goods and services.

**(vii) Transactions with and/or Dependence of Related Parties**

Transactions with and/or dependence on related parties are discussed at the holding company level.

Additionally, to unlock cost synergies and efficient sourcing of raw materials within the Food Group, the Gold Coin Group instituted a centralized commodity trading team that is tasked to identify and secure procurement and strategic sourcing activities. Transactions are made at arms-length, fair, and compliant with transfer pricing rules.

**(viii) Patents, Copyrights, and Franchises**

The Food Group owns, or has pending trademark applications for the registration of intellectual property rights for various trademarks associated with their corporate names and logos. These are filed or pending at local and international jurisdictions. Please refer to **Annex "G-4"** to see the trademark applications which the Food Group has filed with the Philippine IPO and intellectual property offices abroad.

**(ix) Government Approvals**

The Food Group secures various government approvals, such as the environmental compliance certificates, development permits, license to sell, business permits, import licenses, etc. as part of the normal course of its business.

**(x) Effect of Existing or Probable Governmental Regulations**

The laws and regulations that govern the Food Group's business operations in the Philippines include the: (i) Food Safety Act of 2013 (RA No. 10611); (ii) Food and Drug Administration Act of 2009 (RA No. 9711) and the established standards and quality measures by the Food and Drug Administration in relation to the manufacturing and branding of food products to ensure its safe supply; (iii) the Livestock and Poultry Feeds Act and its implementing rules and regulations on the manufacture, importation, labelling, advertising and sale of livestock and poultry feeds; (iv) the Meat Inspection Code of the Philippines (RA No. 9296) establishing measures on quality and safety standards for the slaughter of food animals and the processing, inspection, labelling, packaging, branding and importation of meat (including, but not limited to, pork, beef and chicken meat) and meat products; (v) Consumer Act of the Philippines (RA No. 7394) and the as enforced by the Department of Trade and Industry, and the quality and safety standards with respect to the composition, contents, packaging, labelling and advertising of food products and prohibits the manufacture for sale, offer for sale, distribution, or importation of food products which are not in conformity with applicable consumer product quality or safety standards; (vi) Price Act (RA No. 7581) on matters concerning price controls for basic and prime commodities on select circumstances of calamities and state of public emergency.

The Gold Coin Group, with companies and plant operations across several countries in the Asia-Pacific region, has secured the necessary registrations, permits, and licenses to allow it to do business in the following countries: China, Indonesia, Malaysia, Thailand, Sri Lanka, and Vietnam, among others.

**(xi) Amount Spent on Research and Development**

The Food Group remains committed to the continued research and development of its feed, flour, and farm products. This is evidenced by the launch of new product offerings such as aqua feeds, petfood, new and improved shrimp formulation, mash conditioner feeds, pigeon feeds among others. These costs are inherently part of the research and development, nutrition, veterinary, and business development operating costs and amount to less than 1% of the Food Group's revenues.

**(xii) Costs and Effects of Compliance with Environmental Laws**

The Food Group is working with relevant Environmental regulators with a dedicated Quality, Safety, Health Environment and Process Department for both existing operations and future plans. Compliance to environmental laws is included in key decision points such as investing in new swine farms and new feed mills to include measures and build appropriate facilities that lessen the impact on the environment.

**(xiii) Major Risk/s Involved in the Business**

Risks particular to the Food Group are as follows:

***Outbreak of diseases, food safety and foodborne illness concerns could adversely affect the Food Group's financial condition and results of operations***

Part of the inherent business risk of swine and poultry farms are animal diseases (e.g., African Swine Fever and Avian Influenza) which can impact demand and supply for certain products of the Food Group. A major outbreak can affect the entire industry, significantly affecting demand and supply. There can only be a certain level of assurance that the Food Group's internal controls and policies will be fully effective in preventing all food safety issues concerning the products it sells, including any occurrences of foodborne illnesses such as Salmonella, E. coli, and Hepatitis A. New illnesses resistant to current precautions may develop in the future, or diseases with long incubation periods could arise, that could give rise to claims or allegations on a retroactive basis. As part of taking on a proactive approach in managing this risk, the Food Group continually understands changes in the risk profile and context to better understand and manage this risk. This may come in the form of continuous testing and evaluation of new lab tests or vaccine and medicine programs or new regulatory requirements to comply with.

Being in the food industry, food safety risks brought about by foodborne illness or illnesses related whether or not related to the Food Group's products, could negatively affect sales and reputation. Both

could have a material adverse effect on the Food Group's business, financial condition, and results of operations. This risk exists even if it were later determined that the illness was wrongly attributed to its products. Quality assurance and quality control activities play an important role in managing this risk. Part of the Food Group's 2021 and 10-year strategic plans include a robust implementation of quality across suppliers to the market value chain. Four quality areas include: (1) supplier quality; (2) process quality; (3) product quality; and (4) market quality.

- (a) Supplier Quality - focuses on the development and implementation of quality supplier accreditation process
- (b) Process Quality - focuses on the improvement of existing quality programs and processes such as but not limited to HACCP, Food Defense, and Food Fraud Program
- (c) Product Quality - focuses on the implementation of cost of poor quality management and new products development program
- (d) Market Quality - focuses on the improvement of existing programs and processes on handling customer complaints, product recall

***The Food Group's financial performance may be materially and adversely affected by disruptions in the supply of, or price fluctuations in, major raw materials***

Many of the Food Group's products depend on raw materials, most of which are procured from third parties, including purchases of some critical raw materials from both within and outside of the Philippines. These raw materials are subject to price volatility caused by a number of factors including changes in global supply and demand, foreign exchange rate fluctuations, shipping and other transport-related factors, weather conditions, quality of crop and yield and trade and tariff policies, and government regulations and controls. Moreover, the market prices of raw materials may increase significantly if there are material shortages due to, among others, competing usage or drastic changes in weather or natural disasters or shifts in demand from other countries such as China and India.

The ability to pass on higher costs through price increases is also influenced by competitive conditions and pricing methodologies used in the various markets in which the Food Group competes. As such, there is no assurance that all or significant increases in product costs will be passed on to consumers and that any price increases that are passed along to consumers will not have a material adverse effect on price competitiveness.

Key controls to manage this risk include leveraging on volume through strategic and centralized procurement of the Food Group's raw materials requirement. Another is the establishment of neutral positioning when buying raw materials which usually ranges from three weeks to four months. By having a neutral position, the Food Group can somehow mitigate the external factors affecting prices.

Contributing to the supply chain disruption is the unavailability of supply of raw materials at the required quality and quantity that meet the needs of the Food Group. Ultimately, any shortages in raw materials may lead to delays in the supply of products to the Food Group's customers. Key controls to manage this include setting up multiple suppliers both international and local as backup. Establishing safety stock levels and even raising them on certain occasions to minimize shutdowns.

***The business and sales of the Food Group are affected by seasonality***

The business and sales of the Food Group are affected by the seasonality of customer purchase patterns. The Food Group's products generally experience increased sales during months leading to major holiday seasons, such as Christmas and Lunar New Year. Moreover, other inputs such as grains may be affected by planting and harvest seasons as well as other weather conditions. As a result, performance for any one quarter is not necessarily indicative of what is to be expected for any other quarter or for any year and its financial condition and results of operations may fluctuate significantly from quarter to quarter.

***The business and prospects of the Food Group may be materially and adversely affected by increased imports of lower-priced products as import duties are decreased or eliminated***

The Food Group may face increased competition from less expensive products imported to the Philippines as import duties on those products are decreased or eliminated. In particular, the Philippines

is a signatory to several free trade agreements, including the ASEAN Trade in Goods Agreement (“ATIGA”) and the ASEAN Free Trade Agreement. With the implementation of ATIGA, the Philippines eliminated intra-ASEAN import duties on 99.56% of its tariff lines including poultry, meat of bovine animals, flour, sausage, prepared or preserved meat, cereals, bread, pastry, cakes, biscuits, fruit juices, coffee, tea or maté, sauces and preparations, ice cream, beer, certain spirits, liqueurs, and spirituous beverages.

The Food Group has already experienced the effects of increased competition as a result of the elimination of these import duties, and expects that competition from imported products will continue to increase. In addition, any reduction in tariffs on imports from other ASEAN countries and from other countries party to a free trade agreement with the Philippines, such as China and Japan, could give rise to increased competition for the Food Group’s products.

The Food Group also faces competition from other countries. If the Food Group is unable to compete effectively with lower-priced imports, its market share and sales may decrease, and its business, financial condition, results of operations, and prospects could be materially and adversely affected.

The Food Group leverages on industry associations or groups to lobby for certain barriers to entry in the form of imposition of duties and taxes on these imported goods.

#### ***The Food Group engages in derivative and hedging transactions***

From time to time, the Food Group enters into various commodity derivative instruments, such as forward purchases, caps and collars for wheat and soybean meal, to manage price risks on strategic commodities. For hedging transactions, if prices decrease, hedging positions may result in mark-to-market losses, which are, in turn, expected to be offset by lower raw material costs. As its hedging transactions are mark-to-market, to the extent that the market price of the raw materials subject to such hedging transactions falls below the fixed price under futures contracts, the Food Group’s net income will be lower had it not engaged in such transactions. Consequently, its financial performance could be adversely affected during periods in which prices of raw materials are volatile.

#### ***Sales of certain products may be adversely affected if the Food Group’s relationship with dealers and distributors deteriorate***

The products of the Food Group are primarily sold through dealers and distributors. There is no assurance that these dealers and distributors will continue to purchase and distribute the Food Group’s products, or that these dealers and distributors can continue to effectively distribute its products without delays or interruptions. In addition, the financial instability of, contractual disputes with, or labor disruptions at its dealers and distributors could disrupt the distribution of its products and adversely affect its business.

The Food Group’s dealer network is a key asset for the Food Group and it has taken steps to know more about its customers and their customers. Delivering consistent and quality products to customers is important to building a lasting relationship. Part of the strategic plans include building its own competencies for an ideal distribution center that will handle consolidation, repacking, and logistics. Another key initiative is to provide a system to support its distributors in managing their customers, payments, fulfillment, and inventory management.

## **IV. REAL ESTATE**

### ***Overview of the Business***

The residential real estate-related investments of the Aboitiz Group are primarily undertaken through AboitizLand and its Subsidiaries (collectively, the “Real Estate Group”). As of February 28, 2022, the Real Estate Group’s portfolio included 13 residential developments in Cebu, Batangas, Tarlac, Pampanga, and Nueva Ecija. The Real Estate Group’s strategy has been to step up mid-market residential launches to capitalize on the growing provincial house and lot mid-market. As part of the Aboitiz Integrated Economic Center approach with the Infrastructure Group, AboitizLand intends to develop residential



communities within the vicinity of industrial and commercial developments to create thriving townships in the future.

## **(i) Products and Services**

### **(a) Residential Business**

#### **Aboitiz Land, Inc.**

Incorporated on June 2, 1964, AboitizLand is the real estate arm of the Aboitiz Group. It is mainly engaged in the development of real estate projects with a primary focus on residential communities. Since the launch of its first residential development in 1994, AboitizLand's residential estate has now expanded to 13 residential projects selling three particular product types: lot only, house and lot, and condominiums.

In 1994, the Real Estate Group launched *North Town Homes* in Cebu, its first residential subdivision catering to upper-mid to high-end customers through horizontal (lot-only and house-and-lot) developments. Since then, the Real Estate Group has expanded its portfolio to include mid-market residential products. Through AboitizLand, the Real Estate Group has also introduced a number of product concepts to the Cebu real estate market: (i) the New Urbanism concept of live-work-play in the large master-planned community of *Pristina North*; (ii) Zen living, which takes off from the spa lifestyle trend, in *Kishanta*; (iii) the commercial and residential "Urban Village", such as *The Persimmon*; (iv) shophouses as a residential product in *Ajoya*; (v) fully-furnished affordable studio units, such as *The Persimmon Studios*; (vi) Asian Contemporary designed units in *Almiya*; and (vii) inspired by traditional Filipino residences in *Amoa*.

In 2017, the Real Estate Group launched (viii) *Seafront Residences*, a 43-hectare beachside community located in San Juan, Batangas, and (ix) *Foressa Mountain Town*, a 250-hectare mountain town community located in Balamban, Cebu.

In 2018, AboitizLand launched two additional residential projects in Luzon: (x) *Ajoya Capas*, a 13-hectare community development in Tarlac, and (xi) *Ajoya Cabanatuan*, a 20-hectare community development in Nueva Ecija. The *Ajoya* brand represents AboitizLand's flagship mid-market residential product, featuring modern housing units inspired by contemporary Filipino architecture, and amenities such as a town plaza, a clubhouse, and pocket parks, among others.

In 2019, AboitizLand further strengthened its position in the Luzon region through the launch of two new residential projects: (xii) *Ajoya Pampanga*, a 21-hectare development in Mexico, Pampanga, and (xiii) *The Villages* at Lipa, a 50-hectare development in Batangas to support the industrial township strategy for LIMA Technology Center.

Additionally, AboitizLand offers property management services to support not only its own business units, but also those of the other companies within the Aboitiz Group. These services cover community security, site and infrastructure maintenance, village activities and policy administration.

AboitizLand is a wholly-owned Subsidiary of AEV.

## **(ii) Distribution Methods**

AboitizLand's residential projects currently target a diverse base of customers, ranging from the middle to upper-income brackets.

AboitizLand's industrial segment aims to serve various locators from different industries and countries with significant interests in the Philippines. The commercial segment focuses on neighborhood retail and commercial hubs that complement AboitizLand's existing industrial and residential developments.

In 2021, AboitizLand launched its contactless home buying service.



**(iii) Competition**

According to an industry report of Colliers International dated October 29, 2021, the full year 2020 market was able to pre-sell 7,900 residential units for the first nine months of 2021. By way of comparison, AboitizLand sold around 626 residential units in the same period with the full year 2021 total of 834 units, generating a substantial amount in sales revenue.

**(iv) Sources of Raw Materials**

AboitizLand and its Subsidiaries have a broad base of suppliers, both local and foreign. They are not dependent on one or a limited number of suppliers.

**(v) Major Customers**

AboitizLand's residential projects currently target a diverse base of customers, ranging from the middle to upper-income bracket. The Group's industrial division serves various locators, with the slight exception of its industrial segment operated through CIPDI, which has commitments to Tsuneishi Holdings Corporation (THC) of Japan.

The Real Estate Group's businesses are not dependent upon a single customer or a few customers that a loss of anyone would have a material adverse effect on the performance of its sales and distribution. It has no single customer that will account for 20% or more of the Group's total sale of goods and services.

**(vi) Patents, Copyrights, and Franchises**

The Real Estate Group owns, or has pending trademark applications for the registration of intellectual property rights for various trademarks associated with their corporate names and logos. These are filed or pending at local jurisdictions. Please refer to **Annex "G-5"** to see the trademark applications which the Real Estate Group has filed with the Philippine IPO.

**(vii) Government Approvals**

AboitizLand and its Subsidiaries secure various government approvals such as the environmental compliance certificate, development permits, license to sell, business permits, etc. as part of the normal course of its business.

**(viii) Effect of Existing or Probable Governmental Regulations**

The laws and regulations that govern the Real Estate Group's business operations include:

- (i) The Subdivision and Condominium Buyer's Protective Decree (P.D. 957) which outlines the necessary approvals and permits required for subdivision and condominium development projects. The Housing and Land Use Regulatory Board (HLURB) is the administrative agency of the government which, together with local government units, enforces these decrees and has jurisdiction to regulate the real estate trade and business.
- (ii) The Urban Development and Housing Act of 1992 (RA No. 7279), as amended recently by Republic Act No. 10884, requiring developers of proposed subdivision projects to develop an area for socialized housing equivalent to at least fifteen percent (15%) of the total subdivision area or total subdivision project cost, and at least five percent (5%) of condominium area or project cost, at the option of the developer, within the same city or municipality whenever feasible, and in accordance with the standards set by HLURB and other existing laws. Alternatively, the developer may opt to buy socialized housing bonds issued by various accredited government agencies or enter into joint venture arrangements with other developers engaged in socialized housing development; and
- (iii) The Condominium Act (RA No. 4726), as amended, providing additional regulation on the development and sale of condominium projects. The Condominium Act requires the annotation of

the master deed or the declaration of restrictions on the title of the land on which the condominium project shall be located. The declaration of restrictions shall constitute a lien upon each condominium unit in the project, and shall bind all condominium owners in the project.

### **The Bayanihan to Heal as One Act and the Bayanihan to Recover as One Act**

The Condominium Act (RA No. 4726), as amended, providing additional regulation on the development and sale of condominium projects. The Condominium Act requires the annotation of the master deed or the declaration of restrictions on the title of the land on which the condominium project shall be located. The declaration of restrictions shall constitute a lien upon each condominium unit in the project, and shall bind all condominium owners in the project

On March 24, 2020, Congress passed RA No. 11469, known as the Bayanihan to Heal as One Act (Bayanihan 1 Act) into law, which conferred temporary emergency powers on the President to respond to the COVID-19 crisis. Under Sec. 4(bb) of Bayanihan 1 Act, the lessors shall provide a minimum of 30-day grace period on residential rents without incurring interests, penalties, fees and other charges. Thereafter, the Department of Trade and Industry issued Memorandum Circular 20-12, 20-29, and 20-31 to supplement the implementation of the 30-day grace period on the payment of rent.

The following are the guidelines for the implementation of the moratorium on rent payments:

- Bayanihan Act: Lessors of residential units are mandated to provide a 30-day grace period on the payment of rent, without incurring interest, penalties, fees, and other charges.
- DTI MC 20-12: The 30-day grace period shall be granted to (i) residential and (ii) commercial rents of micro, small, and medium enterprises (MSME), defined under RA No. 6977, that have ceased operations due to the ECQ.
- DTI MC 20-29: The 30-day grace period shall be granted to (i) residential and (ii) commercial rents of MSME and sectors not permitted to operate due to the ECQ, Modified Enhanced Community Quarantine (MECQ), and General Community Quarantine (GCQ).
- The 30-day period is determined to be the 30 calendar days following the last due date of the rent which fell due within the ECQ, on until such time that the community quarantine is lifted or when the business is allowed to resume.
- Lessors are not obligated to refund the rent paid during the period of community quarantine.
- No eviction for failure to pay rent may be enforced within the 30-day period after the lifting of the community quarantine.
- Should the rent accumulate during the effectiveness of the period of the ECQ, MECQ, and GCQ, the cumulative shall be equally amortized or spread out in the next six months following the end of the grace period without any further charges, and this shall be added to the rent due on those succeeding months.
- Residential units include bed spaces, rooms, dormitories, apartments, houses, buildings, and/or land that is primarily used for residential purposes.
- Commercial spaces include land, offices, buildings, centers, shops, facilities, and any other property used principally for commercial purposes, which denote any activity for profit.

On September 11, 2020 RA No. 11494 or the Bayanihan to Recover as One Act (Bayanihan 2 Act), was signed into law by President Duterte. The Bayanihan 2 Act seeks to provide a stimulus package to struggling sectors as part of the country's COVID-19 response and recovery plan, and to scrutinize the Government's implementation of programs related to the pandemic. Similar to the Bayanihan Act, the Bayanihan 2 Act confers emergency powers to President Duterte which will be in effect until December 19, 2020.

Under the Bayanihan 2 Act, the rules on moratorium on rent can be summarized, as follows: (i) only MSMEs and cooperatives that have temporarily ceased operations and residential lessees who are not permitted to work are entitled to the minimum grace period of 30-days; (ii) the grace period applies to rents falling due within an ECQ or MECQ (unlike Bayanihan 1 Act which included GCQ) or until the ECQ or MECQ is lifted, whichever comes later; (iii) from the end of the grace period, all amounts which fell due within the period shall be spread out in equal monthly installments until December 31, 2020, without any interests or other penalties, which amount shall be added to the current monthly rent due; and (iv) no increase in rent shall be imposed during the period of any of the declared community

quarantines. For rent falling due before the publishing of Bayanihan 2 Act on September 14, 2020, the rules on the grace period under Bayanihan 1 Act should be followed.

To determine if a grace period would apply to a rental payment due, one must see if the area of said property was under a specific quarantine, and whether Bayanihan 1 or 2 Act was in effect at the time that the rent falls due.

#### **Anti-Money Laundering Act**

On January 29, 2021, the Anti-Money Laundering Act of 2001, as amended, was further amended by Republic Act No. 11521. Republic Act No. 11521 expanded the scope of the law to include real estate developers and brokers as covered persons. AboitizLand and its relevant subsidiaries engaged in the sale and/or lease of real properties are now considered covered persons under the amended law and are required to register with the AMLC, as well as to report single cash transaction involving an amount in excess of ₱7.5 mn and other suspicious transactions. The relevant Business Units under the Real Estate Group have taken steps to ensure compliance with the rules and regulations of the AMLC.

#### **(ix) Major Risk/s Involved in the Business**

Risks particular to the Real Estate Group are as follows:

##### ***AboitizLand may not be able to acquire land for new projects***

AboitizLand's future growth and development are heavily dependent on its ability to acquire or enter into agreements to develop additional tracts of land suitable for its planned real estate projects. AboitizLand competes with its competitors to secure suitable sites for development. Given this competition and the limited availability of land, particularly in areas in and near Metro Manila and other urban areas in the Philippines, AboitizLand may have difficulty acquiring tracts of land that are suitable in size, location and price. In the event AboitizLand is unable to acquire suitable land or to enter into agreements to develop suitable land at acceptable prices, with reasonable returns, or at all, its growth prospects could be limited and its business and results of operations could be adversely affected.

##### ***AboitizLand may not be able to lease its properties in a timely manner or collect rent at profitable rates or at all***

AboitizLand's ability to sell or lease sites in its development projects could be affected by a number of factors including consumer confidence resulting to slow down on sales, changing customer needs, entry of key players, more aggressive competitors (for pricing, payments, incentives, offers etc.) competition for tenants, changes in market rates, the inability to renew leases, the bankruptcy of tenants, the increase in operating expenditures, and efficiency in collection, property management, tenant relations, and loss of market.

For residential development, strategies and possible solutions are the expansion of digital initiatives in Sales and Marketing, broadening digital platforms outside existing social media and property listing platforms, offering special discounts to *Vecinos*, improving marketing communication, and more strategic target market segmentation.

##### ***AboitizLand may not be able to complete its development projects within budgeted project costs or on time or at all***

Property development projects require substantial capital expenditures prior to and during the construction period for, among other things, land acquisition and construction. The construction of property projects may take a year or longer before generating positive net cash flow through sales or pre-sales. As a result, AboitizLand's cash flows and results of operations may be significantly affected by its project development schedules and any changes to those schedules. The schedules of AboitizLand's projects depend on a number of factors, including the performance and efficiency of its third-party contractors and its ability to finance construction. Other factors that could adversely affect AboitizLand's project development schedules include:

- (i) natural catastrophes and adverse weather conditions and/or a Pandemic;
- (ii) changes in market conditions, economic downturns, and decreases in business and consumer sentiment in general;
- (iii) delays in obtaining government approvals and permits;
- (iv) changes in relevant regulations and government policies;
- (v) relocation of existing residents and/or demolition of existing constructions;
- (vi) shortages of materials, equipment, contractors and skilled labor;
- (vii) labor disputes;
- (viii) construction accidents;
- (ix) errors in judgment on the selection and acquisition criteria for potential sites;
- (x) Cyber Attacks and/or leaked of personal and sensitive information;
- (xi) Internal contractor issues;
- (xii) Unforeseen geographic situations; and
- (xiii) other unforeseen problems or circumstances

Construction delays or failure to complete the construction of a project according to its planned specifications, schedule and budget may harm AboitizLand's reputation as a property developer or lead to cost overruns or loss of or delay in recognizing revenues and lower margins. If a property project is not completed on time, the purchasers of pre-sold units within the project may be entitled to compensation for late delivery. If the delay extends beyond a certain period, the purchasers may be entitled to terminate their pre-sale agreements and claim damages. There is no assurance that AboitizLand will not experience any significant delays in the completion or delivery of its projects in the future or that it will not be subject to any liabilities for any such delays.

The occurrence of these risks and the consequence of AboitizLand's ability to develop, will only be highly likely if a project is mis-scoped. In order to mitigate these risks, AboitizLand's project development and operations plans have been and are continuously being updated. By taking lessons learned from older projects, creating standards for processes, implementing policies, and execution of the company's scope of work all the way from the acquisition stage, through the planning, launch, construction, and turn-over stages, AboitizLand is able to mitigate these risks. A consistent review of the company's project risks and management plans at each milestone project point allows the risk treatment plans to be updated in order to keep up with the market and regulatory changes, as well as manage internal stakeholder or third-party engagement, while maintaining project health.

## **V. INFRASTRUCTURE**

### *Overview of the Business*

The infrastructure and infrastructure-related investments of the Aboitiz Group are primarily undertaken through Aboitiz InfraCapital and AEV CRH, the holding company of RCBM.

On March 17, 2015, Apo Agua Infraestructura, Inc. (Apo Agua), a Joint Venture company with J.V. Angeles Construction Company (JVACC), entered into a Joint Venture Agreement and Bulk Water Purchase Agreement with Davao City Water District (DCWD). The proposed Joint Venture includes the construction of both a hydroelectric-powered bulk water treatment facility and the conveyance system needed to deliver treated bulk water to numerous DCWD delivery points in Davao City. The EPC contract with JVACC was executed on February 6, 2018, and operations are expected to commence by 2022.

On September 15, 2015, the Company and CRH plc through their investment vehicles, AEV CRH and CRH Aboitiz Holdings, Inc. (CRH Aboitiz), closed the acquisition of the Lafarge S.A.'s Philippine assets, which included four Luzon-based cement manufacturing plants located in Bulacan, Rizal, and Batangas; an integrated plant in Iligan, Mindanao; a cement grinding mill in Danao City, Cebu; and associated limestone quarries. CRH plc is a global leader in the manufacture and supply of a diverse range of building materials and products for the modern built environment. It has leadership positions in Europe and North America as well as established strategic positions in 29 countries worldwide.

On August 1, 2017, Aboitiz InfraCapital acquired 100% ownership and took full operational control of LIMA Water Corporation (LIMA Water) from LIMA Land. LIMA Water, with a capacity of 8 mn liters per

day, is the exclusive water and wastewater services provider in LIMA Estate, the Philippines' largest privately-owned and top-selling industrial park.

On August 3, 2017, Aboitiz InfraCapital signed an agreement to acquire 11% stake in Balibago Waterworks System, Inc. (BWSI) from SFELAPCO. In April 2019, the company increased its ownership stake to 16% through the acquisition of shares from individual shareholders. BWSI is currently operating 68 water distribution franchises across the country.

Aboitiz InfraCapital was granted original proponent status for its unsolicited proposals for the operations, maintenance, and expansion of the new Bohol-Panglao International Airport (BPIA) on September 3, 2018 and the Laguindingan Airport on February 26, 2019, by the Department of Transportation (DOTr) and the Civil Aviation Authority of the Philippines (CAAP), respectively. On November 29, 2019, Aboitiz InfraCapital obtained the approval of the NEDA Board for the Bohol unsolicited proposal, while the Investment Coordination Committee-Cabinet Committee ("ICC-CabCom") approved the proposal for Laguindingan Airport on December 20, 2019.

On February 7, 2019, Aboitiz InfraCapital signed a Memorandum of Understanding with the Department of Information and Communications Technology (DICT). In line with the DICT's Department Circular No. 8, Aboitiz InfraCapital received a provisional registration as an Independent Tower Company from the DICT on September 10, 2020.

On September 1, 2020, the management of the Aboitiz Integrated Economic Centers – consisting of LIMA Technology Center in Batangas, and the Mactan Economic Zone II and West Cebu Industrial Park in Cebu – was transferred to Aboitiz InfraCapital. The estates consist of over 1,000 hectares of industrial-anchored mixed-used estates that are home to almost 200 locators and nearly 100,000 employees. The Aboitiz Integrated Economic Centers have since rebranded to Aboitiz InfraCapital Economic Estates, and individually as LIMA Estate, MEZ2 Estate, and West Cebu Estate.

On October 7, 2020, introduced its small cell sites business to help boost the country's connectivity and network quality. To date, it has deployed more than 350 small cell sites with Globe Telecom and DITO Telecommunity across Cebu, Davao, and Subic.

On April 28, 2021, Aboitiz InfraCapital launched its partnership with the leading global private markets firm, Partners Group, acting on behalf of its clients, to establish a telecommunications infrastructure platform called Unity Digital Infrastructure, Inc. (Unity). Through Unity, Aboitiz InfraCapital and Partners Group will build and operate telecommunication towers and supporting infrastructure across the country. This supports the Government's vision to improve the country's internet connectivity in local communities by increasing the number of cell sites of Mobile Network Operators (MNOs).

On September 7, 2021, Aboitiz InfraCapital was granted original proponent status for its unsolicited proposal to operate and maintain Bicol International Airport.

## **(i) Products and Services**

### **A. Aboitiz InfraCapital**

Incorporated on January 13, 2015, Aboitiz InfraCapital is the investment vehicle of the Aboitiz Group for all infrastructure-related investments. Aboitiz InfraCapital's current portfolio consists of investments in (i) water infrastructure, (ii) digital infrastructure (iii) urban mobility and transportation projects, and (iv) and economic estates.

#### **Water Infrastructure**

Aboitiz InfraCapital established itself as a provider of water supply, water distribution, wastewater treatment, and water-related infrastructure in the country through its acquisition of equity interests in (i) Apo Agua in 2015, (ii) Lima Water in 2017, and (iii) BWSI in 2017.

### ***Apo Agua Infraestructura, Inc. (Apo Agua)***

Incorporated on August 8, 2014, Apo Agua is a Joint Venture between AEV and JVACC. The overall objective of Apo Agua is to provide a sustainable, reliable, and safe supply of bulk water to the DCWD.

On March 17, 2015, Apo Agua entered into a Joint Venture Agreement and Bulk Water Purchase Agreement with DCWD for the Davao City Bulk Water Supply Project (DCBWSP). As of February 28, 2022, Apo Agua continued to progress with the construction of the bulk water treatment facility. The bulk water treatment facility is expected to supply over 300 mn liters of water per day, equivalent to an annual supply volume of 109.5 mn cubic meters.

A unique component of the project is a pioneering innovation that utilizes the “water-energy nexus” concept. The bulk water treatment facility will be powered by its own run-of-river hydroelectric power plant.

Commencement of operations is scheduled in 2022. Upon full completion of the DCBWSP, availability in all service connections that will be served by the project is expected to improve, with 24/7 water supply availability and adequate pressure. The project will also prevent irreversible and damaging environmental effects such as salt-water intrusion, drying-up of wells, and land subsidence brought about by over-extraction of groundwater.

As of February 28, 2022, AEV and its wholly-owned Subsidiary, Aboitiz InfraCapital, collectively owned a 70% equity interest in Apo Agua.

### ***LIMA Water Corporation (Lima Water)***

LIMA Water was incorporated on May 28, 1999. LIMA Water provides industrial and potable water to over 130 industrial locators at the Lipa, Batangas-based LIMA Estate. LIMA Water has a daily water capacity of 8,800 cubic meters. LIMA Water also operates its own centralized wastewater treatment plant with a capacity of over 20,000 cubic meters to ensure the proper treatment of wastewater generated within the LIMA Estate. On August 1, 2017, Aboitiz InfraCapital acquired and took full operational control of LIMA Water from its Affiliate, AboitizLand.

Aboitiz InfraCapital owns a 100% equity interest in LIMA Water.

### ***Balibago Waterworks System, Inc. (BWSI)***

BWSI was incorporated on May 20, 1958 with the primary purpose to acquire, establish, develop, manage, and operate an effective waterworks utility system within its franchise area of 900 hectares. Its franchise area includes Barangay Balibago in Angeles City and Barangay Dau in the town of Mabalacat. BWSI is currently operating 75 water distribution franchises across the country.

On August 3, 2017, Aboitiz InfraCapital acquired a minority stake in BWSI previously held by SFELAPCO. Additional purchase of BWSI shares were made by Aboitiz InfraCapital in 2019.

As of February 28, 2022, Aboitiz InfraCapital owned a 16% equity interest in BWSI.

## **Transport and Mobility**

### ***Regional Airports***

Aboitiz InfraCapital was granted original proponent status by the DOTr for its unsolicited proposal to expand, operate, and maintain the new Bohol-Panglao International Airport on September 3, 2018. Aboitiz InfraCapital believes this international airport located on the island of Panglao has significant growth prospects given Bohol’s strong tourism potential, especially with the international market. The new Bohol-Panglao International Airport replaced the old Tagbilaran Airport and was inaugurated on November 28, 2018 with an estimated capacity of 2 mn passengers per annum.



On August 10, 2018, Aboitiz InfraCapital also submitted an unsolicited proposal for the upgrade, expansion, operations and maintenance of the Laguindingan Airport in Misamis Oriental, which is the gateway to the Northern Mindanao Development Corridor. On February 26, 2019, Aboitiz InfraCapital was granted original proponent status by the CAAP for its unsolicited proposal on Laguindingan Airport. The proposal involves the operations and maintenance, including the much-needed upgrade works, of the Laguindingan Airport. The airport has been operational since 2013 with a design capacity of 1.6 mn passengers per annum. According to CAAP, in 2018, the Laguindingan Airport served more than 2 mn passengers.

On October 7, 2019, Aboitiz InfraCapital submitted an unsolicited proposal to operate and maintain Bicol International Airport located in Daraga, Albay. The new gateway is expected to serve up to 2 mn passengers per year.

On November 29, 2019, Aboitiz InfraCapital obtained the approval of the NEDA Board for the Bohol unsolicited proposal, while the ICC-CabCom approved the proposal for Laguindingan Airport on December 20, 2019.

The company received original proponent status for its proposal to operate and maintain the Bicol International Airport on September 7, 2021. The newly constructed airport will replace Legazpi Airport.

### **Digital Infrastructure**

On February 7, 2019, Aboitiz InfraCapital signed a Memorandum of Understanding with the DICT. The Memorandum of Understanding recognized Aboitiz InfraCapital as a potential common tower provider with the necessary financial and operational capability to build and efficiently power its cell sites, and will also allow Aboitiz InfraCapital to secure contracts with telco operators. Aboitiz InfraCapital signed separate MOUs with Globe Telecom, Smart Communications, Dito Telecommunity, and NOW Telecom.

Aboitiz InfraCapital has also entered into partnership agreements with Globe Telecom and DITO Telecommunity for the deployment of small cells in key cities nationwide. The sites are readily available in high-density urbanized areas like Cebu and Davao where improving network quality and services is difficult due to congestion and availability of sites. The sites will serve as complementary offerings to the macro tower sites. Together with Globe Telecom and DITO Telecommunity, the company has deployed over 350 sites to date.

On April 28, 2021, Aboitiz InfraCapital partnered with leading global private markets firm, Partners Group, acting on behalf of its clients through its portfolio company Terra Digital Philippines Corporation, to establish a telecommunications infrastructure platform called Unity Digital Infrastructure, Inc. Through Unity, Aboitiz InfraCapital and Terra Digital Philippines will build and operate passive telecommunication towers and supporting infrastructure across the country. This supports the Government's vision to improve the country's internet connectivity in local communities by increasing the number of cell sites of MNOs. Unity secured its Certificate of Registration as an Independent Tower Company from the DICT in February 2021. As of February 28, 2022, it had rolled out five operating sites with approximately 50 sites under construction.

### **Economic Estates**

On September 1, 2020, the management of the Industrial and Commercial Business Units of AboitizLand was transferred to Aboitiz InfraCapital. The Aboitiz Group believes that the future of large scale fully integrated economic centers will be built on advanced, robust, and seamless infrastructure facilities and services. By moving the management to Aboitiz InfraCapital, the development and implementation of the integrated economic center strategy will be harmonized, which will ultimately strengthen the Aboitiz Group's competitive advantage in current and future developments and projects. Since then, the Integrated Economic Centers have rebranded to the Aboitiz InfraCapital Economic Estates.

The industrial developments include three economic zones: (a) the LIMA Technology Center, a 794-hectare industrial zone in Malvar, Batangas; (b) the Mactan Economic Zone 2, a 63-hectare economic zone in Lapu-Lapu City, Cebu; and (c) the West Cebu Industrial Park, a 283-hectare industrial zone in Balamban, Cebu.



Meanwhile, the commercial projects include: (i) The Outlets at Lipa in Lipa, Batangas; (ii) LIMA Exchange in Lipa, Batangas; (iii) Lima Square in Lipa, Batangas; (iv) Pueblo Verde, Lapu-Lapu City, Cebu; (v) The Outlets at Pueblo Verde, Lapu-Lapu City, Cebu; (vi) the iMez Building, Lapu-Lapu City, Cebu; (vii) The Persimmon Plus in Mabolo, Cebu City; and (viii) build-to-rent micro-studio developments in various locations in Makati and Taguig Cities through AllRise Development Corp.

LIMA Land, Inc. recently broke ground on LIMA Tower One, a PEZA-certified building which boasts 34,000 square meters of gross floor area. It is the first of its planned seven-tower office park at the heart of LIMA's CBD, which aims to capitalize on the anticipated boom of business process outsourcing (BPO) companies outside the National Capital Region. LIMA has also put four hectares of commercial lot inventory up for sale in 2021. With its growing 30-hectare Central Business District (CBD) – the first to rise in Batangas – LIMA has emerged as more than just a leading industrial estate, but also the center for commerce in the Batangas province. It currently houses various commercial components such as The Outlets at Lipa, LIMA Exchange, LIMA Park Hotel, LIMA Square, and LIMA Transport Hub.

Aboitiz InfraCapital remains committed to participating in the Philippine infrastructure space and contributing to the nation's economic development.

## **B. Republic Cement Group**

### ***AEV CRH Holdings, Inc. and CRH Aboitiz Holdings, Inc.***

Incorporated in July 2015, AEV CRH and CRH Aboitiz are investment vehicles of AEV, in partnership with CRH plc. CRH Aboitiz acquired equity interests in Republic Cement Services, (Philippines) Inc. (RCSI) (formerly Lafarge Cement Services Philippines, Inc.) on September 15, 2015.

AEV CRH acquired a total of 99.09% equity interest in RCBM (formerly Lafarge Republic, Inc.) through (i) a private sale from its major shareholder representing 88.85% of RCBM's outstanding capital stock, and (ii) and a mandatory tender offer to acquire the remaining shares from the minority shareholders in compliance with the requirements of the Securities Regulation Code. On September 9, 2015, AEV CRH accepted from the public a total of 596,494,186 shares representing 10.24% of the outstanding shares of RCBM. The tendered shares brought up AEV CRH's total shares in RCBM to 99.09% as of February 29, 2016.

On April 26, 2016, RCBM was voluntarily delisted from the PSE, which was approved by the PSE Board of Directors, effective on April 25, 2016. After the increase in the par value and decrease in RCBM's authorized capital stock in September 2016, RCBM was no longer considered a public company (as defined by the SEC). Thereafter, the SEC granted RCBM's application for Voluntary Revocation of Registration of Securities and Certificate of Permit to Sell Securities on January 4, 2017.

As of February 28, 2022, AEV CRH owned 99.40% of RCBM's outstanding capital stock and as of February 28, 2022, AEV owned a 60% and a 45% equity interests in its Associates, AEV CRH and CRH Aboitiz, respectively.

### ***Republic Cement & Building Materials, Inc.***

Incorporated on May 3, 1955, RCBM is primarily engaged in the manufacture, development, exploitation, and sale of cement, marble and a number of other building materials, and the processing or manufacture of materials for a range of industrial or commercial purposes.

As of February 28, 2022, AEV CRH owned 99.40% of RCBM's total outstanding capital stock.

RCBM's operating cement manufacturing plants are located in the following sites: (a) Barangay Minuyan, Norzagaray, Bulacan (Bulacan Plant); (b) Bo. Bigte, Norzagaray, Bulacan (Norzagaray Plant); (c) Bo. Mapulo, Taysan, Batangas (Batangas Plant); and (d) Barangay Dulumbayan, Teresa, Rizal (Teresa Plant). RCBM also has a cement grinding facility located in Bo. Dungo-an, Danao, Cebu (Danao Plant). RCBM serves a broad market in both the public and private sectors, including institutional cement customers, developers and contractors as well as distributors, dealers and retailers.

RCBM owns a 99.97% equity interest in Republic Cement Mindanao, Inc. (RCMI) (formerly Lafarge Mindanao, Inc.). On October 1, 2020, the SEC approved the merger of RCMI and Republic Cement Iligan, Inc. (RCII), with RCMI as the surviving entity.

***Republic Cement Mindanao, Inc. and Republic Cement Iligan, Inc.***

RCMI was incorporated on May 25, 1957 to engage and deal in the production, purchase and sale of cement, concrete and allied products; quarrying, crushing and dealing in limestone in all its forms; and mixing, processing and sale of limestone with binder of any description.

On April 6, 2018, RCMI ceased to be a public company with the grant by the SEC of its Petition for Voluntary Revocation of Registration of Securities and Certificate of Permit to Sell Securities.

Since 1999, RCMI's business operations have been concentrated mainly on cement distribution and the contracting for the manufacture of cement by its former Affiliate, RCII. RCMI serves a broad market in both the public and private sectors, including institutional cement customers, developers and contractors as well as distributors, dealers and retailers.

RCII was incorporated on June 1, 1967 and, prior to its merger into RCMI on October 1, 2020, had the primary purpose of: to acquire, own, construct, manage and operate a cement plant for the manufacture and production of a range of cement and cement products or by-products, including any derivatives thereof, for its former Affiliate, RCMI. RCII's (now RCMI's) operating cement manufacturing plant is located in Barangay Kiwalan, Iligan City.

As of February 28, 2022, RCBM owned a 99.90% equity interest in RCMI.

***Republic Cement Land & Resources, Inc. (formerly: Luzon Continental Land Corporation)***

Republic Cement Land & Resources, Inc. (RCLR) was incorporated on October 26, 1998 primarily to acquire, develop and operate land, quarries, mining rights, buildings and other real or personal property used for mining, and process a range of ore and cement materials. RCLR was acquired by AEV CRH from Calumbuyan Holdings, Inc. on September 15, 2015. It currently leases land and supplies limestone and other raw materials to its Affiliate, RCBM.

AEV CRH owns a 100% equity interest in RCLR.

***Republic Cement Services, Inc.***

RCSI, incorporated on August 21, 2001, is the managing company of the non-nationalized businesses of RCBM and RCMI. CRH Aboitiz owns a 100% equity interest in RCSI.

**(ii) Distribution Methods**

**A. Aboitiz InfraCapital**

***LIMA Water Corporation***

LIMA Water, with a daily water capacity of 8 mn liters per day, provides industrial and potable water to over 100 industrial locators at the Lipa, Batangas-based LIMA Estate.

**B. Republic Cement Group**

In 2021, the cement sales of the Republic Cement Group were primarily made through distributors and dealers, with other sales made directly to contractors, developers, precast manufacturers and ready-mix concrete companies. RCBM Group's products are sold nationwide, with a majority of its sales coming from the Luzon region.

**(iii) New Products and Services**

**A. Aboitiz InfraCapital**

Aboitiz InfraCapital is currently undertaking project development activities in relation to its various infrastructure projects.

**B. Republic Cement Group**

The Republic Cement Group continues to develop high quality cement products for the builder's ease, efficiency, and flexibility.

**(iv) Competition**

**A. Aboitiz InfraCapital**

The principal competitors of Aboitiz InfraCapital, Inc. consist of the companies that participate in the proposals and bids for infrastructure projects and sectors it pursues. These include Metro Pacific Investments Corporation, San Miguel Corporation, and Filinvest Development Corporation.

**B. Republic Cement Group**

The main competitors of the Republic Cement Group for its cement products consist of the cement manufacturers in the Philippines, such as Holcim Philippines, Inc., Eagle Cement Corporation, Cemex Philippines, and Taiheiyo Cement Philippines, Inc., as well as traders who import cement into the Philippines.

The Republic Cement Group's brand names and product lines have long been respected in the local construction industry, enabling it to effectively compete in the market. The Republic Cement Group continuously innovates and improves its product lines and production efficiency, to respond to the growing needs of the quality-conscious Filipino builder.

**(v) Sources of Raw Materials**

**A. Republic Cement Group**

The principal raw materials for the manufacture of cement consist of minerals such as limestone, silica sand and shale, which are quarried from the Republic Cement Group's or RCLR's sites, mining claims, or purchased from local suppliers or Affiliates. Cement manufacture is the result of a definite process – the crushing of minerals, grinding, mixing, calcining/sintering, cooling and adding of retarder or gypsum. Other raw materials, slag, coal, other fuel and spare parts are obtained locally and abroad.

The Republic Cement Group is not dependent upon one or a limited number of suppliers for essential raw materials.

*Energy Requirements*

Cement manufacture is an energy-intensive process requiring reliable and affordable power supply for uninterrupted production. The operating plants source their power requirements from the following power providers:

Company	Location	Power Provider
RCBM	Bulacan, Norzagaray, Teresa and Batangas Plants	AESI and Masinloc Power Partners Co. Ltd.
	Danao Plant	AESI
RCMI	Barangay Kiwalan, City of Iligan, Province of Lanao del Norte	PSALM and PowerSource Philippines Energy, Inc.

The Republic Cement Group has its own generator sets in most of its operating plants to provide back-up power in case of power shortage or interruptions or poor power quality. In November 2014, RCII (now merged with RCMI) entered into a Power Supply Agreement with PowerSource Philippines Energy, Incorporated (PSPEI), wherein RCII invested in PSPEI as a minority shareholder.

**(vi) Major Customers**

**A. Aboitiz InfraCapital**

Aboitiz InfraCapital is not dependent upon a single customer or a few customers that a loss of anyone would have a material adverse effect on the performance of its sales and distribution. It has no single customer that will account for 20% or more of the Group's total sale of goods and services.

**B. Republic Cement Group**

RCBM and its Subsidiaries are not dependent on any single or major customer. At present, the Republic Cement Group caters to diverse types of customers, including but not limited to, wholesalers, traders, ready mix companies, concrete products manufacturers, international and local contractors and real estate developers.

**(vii) Patents, Copyrights, and Franchises**

The Infrastructure Group owns, or has pending trademark applications for the registration of intellectual property rights for various trademarks associated with their corporate names and logos. These are filed Philippine IPO. Please refer to **Annex "G-6"** to see the trademark applications which the Infrastructure Group has filed with the Philippine IPO.

**(viii) Government Approval**

Aboitiz InfraCapital and its Subsidiaries and the Republic Cement Group secure numerous government approvals such as (but not limited to) environmental compliance certificates, development permits, licenses to sell, and business permits as part of the ordinary course of its business.

**A. Aboitiz InfraCapital**

***LIMA Water Corporation***

In 2020, LIMA Water received its laboratory accreditation from the Department of the Environment and Natural Resources. The recognition authorizes the company's Laboratory Services Unit to generate environmental data in connection with the Environmental Impact Assessment system and monitoring to support the implementation of policies and guidelines.

In November of the same year, Lima Water secured PEZA approval on its tariff adjustment application. The shift to a new progressive structure tariff structure will encourage more efficient use of water among the locators.

**B. Republic Cement Group**

The Bureau of Product Standards of the Department of Trade and Industry granted RCBM the license to use the Philippine Standard Quality Certification Mark for its principal products. All other necessary licenses and permits required for the continuous production and sale of RCBM products have been secured, including new licenses as well as those that have to be renewed periodically.

**(ix) Costs and Effects of Compliance with Environmental Laws**

**A. Aboitiz InfraCapital**

***LIMA Water Corporation***

Upholding strict compliance with existing environmental laws is of high value to LIMA Water's operations. These laws aim to pursue economic growth in a manner in which the environment is not compromised. As a consequence of the current status of the country's environment, standards set by the DENR are becoming more stringent, as set forth by DENR Administrative Order ("DAO") 08 series of 2016. Capital and operational expenditures are provisioned to comply with the parameters set forth in the new DAO.

Aside from water quality, DENR standards on air quality, hazardous and solid wastes are constantly adhered to as part of the Environmental Impact Assessment System. Through environmental monitoring, assessment and evaluation in line with existing standards and regulations, pollution mitigation is improved.

With LIMA Water fully committed to its environmental compliance, more initiatives and innovations are carried out to continuously adapt and further address the vulnerability of the environment due to economic advances.

## **B. Republic Cement Group**

RCBM and its Subsidiaries are committed to a policy of sustainable development, protection of the environment, and preservation of natural resources and energy. All the manufacturing plants are ISO 14001 certified, embracing environmental management system as a way of life.

Each quarry site has set up a Mine Rehabilitation Fund as a reasonable environmental deposit to ensure availability of funds for the satisfactory compliance with the commitments and performance of the activities stipulated in the Environmental Protection and Enhancement Program or the Annual Environmental Protection and Enhancement Program during each project phase, for the physical and social rehabilitation of areas and communities affected by the quarrying activities and for research on the social, technical and preventive aspects of rehabilitation.

Aligned with the Republic Cement Group's commitment to environmental protection, the upkeep and maintenance of dust control devices at the manufacturing sites are given top priority. In fact, three of the Republic Cement Plants recently invested in the state-of-the-art Baghouse System, which replaced the conventional Electrostatic Precipitators. These Baghouse Systems significantly lowers the dust emission to  $<50 \text{ mg/Nm}^3$ , which not only passed but is significantly below the Philippine standard limit of  $150 \text{ mg/Nm}^3$ . Enhancing the Republic Cement Group's alternative fuels program has also lessened the group's dependence on fossil fuels such as coal and bunker fuel, thereby decreasing the Republic Cement Group's carbon footprint.

To ensure that the Republic Cement Group's continuing manufacturing activities do not result in added negative environmental impact, such as increase in emissions, the Republic Cement Group continues to invest their resources in housekeeping activities and periodic stationary sampling of air and water quality around the manufacturing sites. Continuous Emissions Monitoring Systems have also been installed in every manufacturing site to ensure that air emissions are kept within Philippine standard limits.

Moreover, under the Philippine Mining Act and its implementing rules and regulations, each of the Companies shall: (a) assist in the development of the host and neighboring communities in accordance with the Social Development and Management Program approved by the Mines and Geosciences Bureau to promote the general welfare of the inhabitants living thereat; and (b) assist in the development of mining technology and geosciences as well as the corresponding manpower training and development.

The Republic Cement Group's reforestation project have already reached to 1,291 hectares planted to 1,038,210 seedlings or about 951,244 grown saplings consists of various endemic forest trees including mangroves, fruit-bearing trees, and bamboo across all operating sites since its launching in 2013 in support of the National Greening Program of the government which aimed to foster sustainable development for environment stability, food sufficiency, poverty reduction, biodiversity conservation, and climate change mitigation and adaptation. In addition, about 182 hectares of the group's Mineral Production Sharing Agreement area planted to 116,504 seedlings or about 106,000 surviving saplings/

grown trees across all of its operating quarry sites have already been progressively rehabilitated under the Mining Forest Program. The group's progressive rehabilitation involves not only the planting of forest trees and fruit-bearing trees but also incorporates the principles of agricultural farming systems within the mining tenement wherein areas devoid of mineral resources are converted into agricultural production. Cultivation of agricultural crops such as vegetables, different kinds of fruits, rice and corn within the mining tenement in the Bulacan, Teresa, and Batangas Plants is on-going. This endeavor could be seen as an alternative pathway to contribute to food security at the local level, at the very least. Further, the Republic Cement Group also embraces biodiversity conservation as all of its operating cement and quarry sites across the country have completed biodiversity assessment and continuously being monitored and reported to the Multi-partite Monitoring Team and the Mine Rehabilitation Fund Committee of the DENR.

**(x) Major Risk/s Involved in the Business**

Risks that are particular to Aboitiz InfraCapital and its Subsidiaries are:

***Aboitiz InfraCapital may not be able to fully realize the benefits of implementing its infrastructure business***

Aboitiz InfraCapital's ability to successfully grow and operate its infrastructure business is subject to various risks, uncertainties and limitations, including:

- (a) the need to procure materials, equipment and services at reasonable costs and in a timely manner;
- (b) reliance on the performance of third-party providers and consultants which have an impact on the overall operating performance of Aboitiz InfraCapital's business units;
- (c) the possible need to raise additional financing to fund infrastructure projects, which Aboitiz InfraCapital may be unable to obtain on satisfactory commercial terms or at all;
- (d) deficiencies or delays in the design, engineering, construction, installation, inspection, commissioning, management or operation of projects where applicable;
- (e) penalties if concession requirements are not satisfied;
- (f) the timely delivery by the Government of any rights of way for its projects;
- (g) its ability to complete projects according to budgeted costs and schedules;
- (h) market risks;
- (i) non-implementation of toll or fare adjustments provided under its concession;
- (j) regulatory risks; and
- (k) delays or denials of required approvals, including required concessional and environmental approvals.

Occurrence of any of the foregoing or a failure by Aboitiz InfraCapital to successfully operate its infrastructure business could have a material adverse effect on its business, financial condition and results of operations.

These risks are mitigated through a combination of (i) developing and implementing the appropriate plans and procedures covering relevant areas such as stakeholder management, procurement and operations; and (ii) engaging the appropriate experts and suppliers where necessary.

***Aboitiz InfraCapital may not be successful in securing new concessions or projects***

Aboitiz InfraCapital's future plans in relation to the infrastructure business contemplate the continued acquisition of new concessions and projects, successful participation in bids for projects as well as exploring opportunities in other sectors. Aboitiz InfraCapital's ability to expand its business and increase operating profits is dependent on many external factors and events that are outside of Aboitiz InfraCapital's control, including changes in governmental laws and policies, such as the current "Build Build Build" initiative of the President Duterte administration.

***Aboitiz InfraCapital may not be able to lease its properties in a timely manner or collect rent at profitable rates or at all***

Aboitiz InfraCapital's ability to sell or lease sites in its industrial and commercial projects, could be affected by a number of factors including consumer confidence resulting to slow down on sales, changing customer needs, entry of key players, more aggressive competitors (for pricing, payments, incentives, offers etc.) competition for tenants, changes in market rates, the inability to renew leases, bankruptcy of tenants, the increase in operating expenditures, and efficiency in collection, property management, tenant relations, and loss of market. In addition, adverse trends in the industries that are located in Aboitiz InfraCapital's commercial and industrial projects could result in lower demand for leases or the inability of existing tenants to honor their lease commitments. The inability of Aboitiz InfraCapital to lease spaces could materially affect its business, financial condition and results of operations.

**Item 2. Properties**

The Company's head office is located at 32<sup>nd</sup> Street, Bonifacio Global City, Taguig City, Metro Manila, Philippines. The office space occupied by AEV is leased from a third party. As a holding company, the Company does not utilize a significant amount of office space.

As of the date of this Information Statement, there are no definite plans of acquiring properties in the next 12 months. Nonetheless, the Company plans to continually participate in future projects that become available to it and will disclose the same in accordance with the applicable disclosure rules under the SRC.

There are no mortgages, liens, or encumbrances over the properties of the Company.

On a consolidated basis, the Property, Plant and Equipment of the Group had a carrying value of ₱218.70 bn, ₱219.54 bn, and ₱225.56 bn as of December 31, 2021, 2020, and 2019, respectively. The breakdown of the Company's Property, Plant and Equipment as of December 31, 2021, and 2020 is as follows:

Property, Plant and Equipment as of December 31	2021	2020
Power Plant Equipment and Steam Field Assets	₱126,267,975	₱138,325,267
Construction in progress	10,105,230	7,287,650
Buildings, Warehouses and Improvements	61,446,891	47,509,690
Transmission, Distribution and Substation Equipment	25,319,519	23,002,108
Machinery & Equipment	11,624,708	9,930,653
Office Furniture, Fixtures and Equipment	16,100,110	13,317,976
Leasehold Improvements	3,349,237	3,216,534
Land and Land Improvements	3,874,417	3,677,559
Transportation Equipment	2,813,608	6,446,901
Tools and Others	6,178,671	5,980,779
Less: Accumulated Depreciation and Amortization	78,932,431	72,308,653
Accumulated Impairment	3,588,720	3,248,123
<b>TOTAL PPE</b>	<b>184,559,215</b>	<b>183,138,341</b>
Right-Of-Use Assets	35,458,992	36,399,754
<b>TOTALS</b>	<b>₱220,018,207</b>	<b>₱219,538,095</b>

**Note:** Values for the above table are in thousand Philippine Pesos.

Property, Plant and Equipment with carrying amount of ₱68.1 bn and ₱110.5 bn as of December 31, 2021 and 2020, respectively, are used to secure the Group's long-term debts. For further details refer to Note 19 (disclosure on Long-term Debts) of AEV's 2021 consolidated financial statements.



Locations of Principal Properties and Equipment of AEV's Subsidiaries are as follows:

SUBSIDIARY	DESCRIPTION	LOCATION/ADDRESS	CONDITION
Cotabato Light	Industrial land, buildings/plants, equipment and machinery	Sinsuat Avenue, Cotabato City	In use for operations
Davao Light	Industrial land, buildings/plants, equipment and machinery	P. Reyes Street, Davao City: Bajada, Davao City	In use for operations
Visayan Electric	Industrial land, buildings/plants, equipment and machinery	Jakosalem Street, Cebu City and J. Panis Street, Cebu City	In use for operations
Pilmico	Industrial land, buildings/plants, equipment and machinery	Kiwalan Cove, Dalipuga, Iligan City	In use for operations
Hedcor	Hydropower plants	Kivas, Banengneng, Benguet; Beckel, La Trinidad, Benguet; Bineng, La Trinidad, Benguet; Sal-angan, Ampucao, Itogon, Benguet; and Bakun, Benguet	In use for operations
Hedcor Sibulan	Hydropower plant	Santa Cruz, Sibulan, Davao del Sur	In use for operations
Hedcor Tudaya	Hydropower plant	Santa Cruz, Sibulan, Davao del Sur	In use for operations
Hedcor Sabangan	Hydropower plant	Namatec, Sabangan, Mountain Province	In use for operations
CPPC	Bunker-C thermal power plant	Cebu City, Cebu	In use for operations
EAUC	Bunker-C thermal power plant	Lapu-Lapu City, Cebu	In use for operations
APRI	Geothermal power plants	Tiwi, Albay; Caluan, Laguna; Sto. Tomas, Batangas	In use for operations
TMI	Barge-mounted diesel power plants	Nasipit, Agusan del Norte and Barangay San Roque, Maco, Compostela Valley	In use for operations
PANC	Industrial land, buildings/plants, eqpt. & machinery	Barangay Sto. Domingo II, Capas, Tarlac	In use for operations
TMO	Barge-mounted diesel power plants	Navotas Fishport, Manila	In use for operations
GMEC	Coal-fired thermal power plant	Mariveles, Bataan	In use for operations
TVI	Land	Bato, Toledo, Cebu	For plant site
Lima Enerzone	Industrial land, buildings/plants, equipment and machinery	Lipa City and Malvar, Batangas	In use for operations
Balamban Enerzone	Buildings/plants, equipment and machinery	Balamban, Cebu	In use for operations
TSI	Coal-fired thermal power plants	Davao City and Davao del Sur	In use for operations
TPVI	Buildings/plants, equipment, and machinery	Naga City, Cebu	In use for operations
AboitizLand	Raw land and improvements	Metro Cebu, Balamban, Cordova, Mactan, Liloan,	Existing or undergoing

		Samar, Misamis Oriental, Davao	development; for future use
Lima Land	Raw land and improvements	Lipa and Malvar, Batangas	Existing or undergoing development; for future use
RCBM	Cement manufacturing plants	Barangay Minuyan, Norzagaray, Bulacan; Bo. Bigte, Norzagaray, Bulacan; Bo. Mapulo, Taysan, Batangas; Baranagay Dulumbayan, Teresa, Rizal	In use for operations
RCBM	Cement grinding stations	Bo. Dungo-an, Danao, Cebu	In use for operations
RCII (now merged with RCMI)	Cement grinding plant	Barangay Kiwalan, Iligan City, Iligan	In use for operations

### International Animal Nutrition

Locations of Principal Properties and Equipment of Gold Coin Group are as follows:

SUBSIDIARY	DESCRIPTION	LOCATION/ ADDRESS	CONDITION
Gold Coin Feedmill (Kunming) Company Limited	Livestock mill (broiler, swine and fish feeds)	Kunming, Yunnan Province, China	In use for operations
Gold Coin (Zhangzhou) Company Limited	Livestock mill (swine, broiler, pigeon feeds and SN products)	Zhangzhou, Fujian Province, China	In use for operations
Gold Coin (Zhuhai) Company Limited	Livestock mill (poultry, swine, floating fish feeds and SN products)	Zhuhai, Guangdong Province, China	In use for operations
Gold Coin Feedmill (Dongguan) Co. Limited	Livestock mill (poultry, swine, floating fish and pigeon feeds)	Dongguan, Guangdong Province, China	In use for operations
Gold Coin Feedmills (Malaysia) Sdn. Bhd.- BW	Livestock mill (poultry broiler feed)	West Malaysia	In use for operations
Gold Coin Feedmills (Malaysia) Sdn. Bhd.- PK	Livestock mill (poultry broiler feed)	West Malaysia	In use for operations
Gold Coin Specialties Sdn. Bhd.	Aqua mill (shrimp feed)	Selangor, Malaysia	In use for operations
Gold Coin Sarawak Sdn. Bhd.	Production mill (poultry broiler and layer feed; conducts commodities trading for the region)	Sarawak, East Malaysia	In use for operations
Bintawa Fishmeal Factory Sdn. Bhd.	Production mill (fish meal)	Sarawak, East Malaysia	In use for operations
Gold Coin Feedmill (Sabah) Sdn. Bhd.	Livestock mill (poultry broiler feed)	Sabah, East Malaysia	In use for operations
P.T. Gold Coin Indonesia - BKS	Livestock mill (poultry layer and broiler feed)	Bekasi, Indonesia	In use for operations
P.T. Gold Coin Indonesia - MDN	Livestock mill (poultry layer and broiler feed)	Medan, Indonesia	In use for operations
P.T. Gold Coin Indonesia - SBY	Livestock mill (poultry layer and broiler feed)	Surabaya, Indonesia	In use for operations

P.T. Gold Coin Specialties - LPG	Aqua mill (shrimp feeds)	Lampung, Indonesia	In use for operations
P.T. Gold Coin Specialties - BKS	Aqua mill (shrimp feeds)	Bekasi, Indonesia	In use for operations
P.T. Ayam Unggul	Breeder farm (hatchery)	Bekasi, Indonesia	In use for operations
American Feeds Company Limited	Livestock mill (swine feed and some poultry feed; has fish production lines)	Hai Duong, North Vietnam	In use for operations
Gold Coin Feedmill Ha Nam Company Limited	Livestock mill (swine feed and some poultry feed; has fish production lines)	Ha Nam, North Vietnam	In use for operations
Gold Coin Feedmill (Dong Nai) Co. Ltd.	Livestock mill (swine feed)	Dong Nai, South Vietnam	In use for operations
Gold Coin Feed Mills (Lanka) Ltd.	Livestock mill (poultry feed)	Colombo, Sri Lanka	In use for operations
Gold Coin Specialties (Thailand) Co. Ltd.	Aqua mill (shrimp feed)	Songkhla, Thailand	In use for operations

### Item 3. Legal Proceedings

AEV and its Subsidiaries are currently involved in various legal proceedings in the ordinary conduct of their businesses. The Company believes that the results of these actions will not have a material effect on the Company's financial position and results of operations.

**G.R. No. 210245 entitled "Bayan Muna Representative Neri Javier Colmenares, et al. vs. Energy Regulatory Commission, et al.", Supreme Court; December 19, 2013**

**G.R. No. 210255 entitled "National Association of Electricity Consumers for Reforms, et al. vs. Manila Electric Company, et al.", Supreme Court; December 20, 2013**

**G.R. No. 210502 entitled "Manila Electric Company, et al. v Philippine Electricity Market Corporation, et al.", Supreme Court; January 8, 2014**

On December 19, 2013, Bayan Muna representatives filed a Petition for Certiorari against ERC and the MERALCO with the Supreme Court, questioning the alleged substantial increase in MERALCO's power rates for the billing period of November 2013.

These cases raised, among others: (a) the legality of Section 6, 29 and 45 of the EPIRA; (b) the failure of ERC to protect consumers from high prices of electricity; and (c) the alleged market collusion by the generation companies.

These cases were consolidated by the Supreme Court, which issued a TRO preventing MERALCO from collecting the increase in power rates for the billing period of November 2013. The TRO was subsequently extended by the Supreme Court for another 60 days, or until April 22, 2014. On April 22, 2014, the Supreme Court extended the TRO indefinitely.

MERALCO filed a counter-petition impleading all generation companies supplying power to the WESM to prevent the generation companies from collecting payments on power purchased by MERALCO from the WESM. The Supreme Court ordered all power industry participants (the DOE, ERC, PEMC, PSALM and the generation companies) to respond to MERALCO's counter-petition.

The Supreme Court set the consolidated cases for oral arguments on January 21, 2014 and February 4 and 11, 2014. After oral arguments, all parties were ordered to file their comments and/or memoranda. MERALCO has been prevented from collecting the differential increase of the price hike. Because of MERALCO's counter-petition against the generation companies, the PEMC withheld settlement of the power purchases based on WESM prices during the covered period.

On February 7, 2019, petitioners in G.R. No. 210245 filed their Motion for Directions, Status Updates and Immediate Resolution. As of February 28, 2022, these cases before the Supreme Court were still pending resolution, and the Supreme Court had not lifted the TRO.

**SC GR No. 224341 entitled Philippine Electricity Market Corporation vs Therma Mobile, Inc., Supreme Court**

**[CA G.R. SP No. 140177 entitled “PEMC v. Therma Mobile Inc.”, Court of Appeals, Manila  
SP Proc. No. 12790 entitled “Therma Mobile Inc. v. PEMC”, Regional Trial Court Branch 157-Pasig City  
PEMC ECO-2014-0009 entitled “Therma Mobile, Inc. (TMO Power Plants Units 1-4) Possible Non-Compliance with Must-Offer-Rule<sup>18</sup>, Investigation Summary Report, dated August 4, 2014”]**

The Enforcement and Compliance Office of the Philippines Electricity Market Corporation (PEMC-ECO) conducted an investigation on TMO for possible non-compliance with the Must-Offer- Rule for the period October 26, 2013 to December 25, 2013.

PEMC-ECO concluded that TMO was non-compliant with the Must-Offer-Rule for 3,578 intervals and recommended a penalty of ₱234.9 mn.

TMO filed its letter request for reconsideration on September 5, 2014, contending that it did not violate the Must-Offer-Rule because its maximum available capacity was limited to 100 MW due to: (a) the thermal limitations of the old TMO 115-kV transmission line, and (b) the technical and mechanical constraints of the old generating units and the component engines of the TMO power plants which were under various stages of rehabilitation after having been non-operational for five years.

Although TMO’s rated capacity is 234 MW (net), it could only safely and reliably deliver 100 MW during the November and December 2013 supply period because of limitations of its engines and the 115-kV transmission line. This temporary limitation of TMO’s plant was confirmed during a dependable capacity testing conducted on November 21, 2013.

In its letter dated January 30, 2015, the PEMC Board of Directors (“PEMC Board”) denied TMO’s request for reconsideration and confirmed its earlier findings. On February 13, 2015, TMO filed a Notice of Dispute with the PEMC to refer the matter to dispute resolution under the WESM Rules, WESM Dispute Resolution Market Manual and the ERC-PEMC Protocol.

On February 16, 2015, TMO filed a Petition for the Issuance of Interim Measures of Protection for the Issuance of a Writ of Preliminary Injunction with prayer for Temporary Order of Protection before the Pasig City RTC). In its Order dated February 24, 2015, the RTC granted TMO a 20-day temporary order of protection and directed PEMC to (a) refrain from demanding or collecting the amount of ₱234.9 mn as financial penalty; (b) refrain from charging interest on the financial penalty and having the same accrue; and (c) refrain from transmitting PEMCECO’s investigation report to the ERC. TMO posted a bond in the amount of ₱234.9 mn to answer for any damage that PEMC may suffer as a result of the Order. On April 1, 2015, the RTC rendered a Decision in favour of TMO. PEMC filed a Petition for Review with Prayer for Temporary Restraining Order and/or Writ of Preliminary Injunction before the Court of Appeals (CA) which sought to reverse and set aside the Decision of the RTC.

On December 14, 2015, the CA rendered a Decision denying PEMC’s Petition for Review and affirming the April 1, 2015 Decision of the RTC in favour of TMO.

On June 6, 2016, PEMC filed a Petition for Review on Certiorari with the Supreme Court to assail the December 14, 2015 CA Decision. On November 14, 2016, TMO filed its Comment to PEMC’s Petition for Review. In its Motion for Leave to File Reply to Comment dated December 9, 2016, PEMC prayed with the Supreme Court that it be granted leave to file its Reply. On June 1, 2017, TMO received the Supreme Court Notice dated March 29, 2017 with an attached Resolution. In the Resolution, the Supreme Court noted TMO’s Comment and PEMC’s Reply.

As of February 28, 2022, PEMC’s Petition was still pending before the Supreme Court.

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<sup>18</sup> The Must-Offer Rule (“MOR”) under the WESM Rules states that a Generation Company must, at all times, offer the maximum available capacity in the market. The Maximum Available Capacity is defined as the registered maximum capacity (PMax) of the (aggregate) unit less – forced unit outages; scheduled unit outages; de-rated capacity due to technical constraints which include –plant equipment-related failure and ambient temperature, hydro constraints which pertain to limitation on the water elevation/turbine discharge and MW output of the plant and geothermal constraints which pertain to capacity limitation due to steam quality (chemical composition, condensable and non-condensable gases), steam pressure and temperature variation, well blockage and limitation on steam and brine collection and disposal system

**Consolidated Regulated Price Case (Energy Regulatory Commission vs. Various Generation Companies and PEMC; Meralco vs. Various Generation Companies and PEMC)) G.R. Nos. 246621-30, and G.R. Nos. 247352-61, Petitions for Review on Certiorari, Supreme Court; [Consolidated Regulated Price Case against the Energy Regulatory Commission, Petition for Review on Certiorari, Court of Appeals, Manila; ERC Case No. 2014-021 MC entitled “In the Matter of the Prices in the WESM for the Supply Months of November and December 2013 and the Exercise by the Commission of its Regulatory Powers to Intervene and Direct the Imposition of Regulated Prices therein without Prejudice to the On-going Investigation on the Allegation of Anti-Competitive Behavior and Possible Abuse of Market Power Committed by Some WESM Participants” March 28, 2014]**

The ERC conducted an investigation on the alleged collusion by the generation companies to raise the WESM prices. Subsequently, the ERC issued an Order in ERC Case No. 2014-021 MC dated March 3, 2014 (the “ERC Order”), declaring as void the Luzon WESM prices during the November and December 2013 supply months. The ERC also declared the imposition of regulated prices for such billing periods and directed the PEMC to calculate the regulated prices and implement the same in the revised November and December 2013 WESM bills of the concerned distribution utilities in Luzon, except for MERALCO whose November 2013 WESM bill was maintained in compliance with the TRO issued by the Supreme Court.

Pursuant to the ERC Order, on March 18, 2014, the PEMC issued adjusted billing statements for all generators trading in the WESM, including Cebu-based EAUC and CPPC, recalculating the WESM prices.

AboitizPower’s affiliates and subsidiaries, APRI, TLI, TMO, AESI, AdventEnergy, SN Aboitiz Power-Magat, SN Aboitiz Power-Benguet, CPPC and EAUC filed their respective Motions for Reconsideration, questioning the validity of the ERC Order on the ground of lack of due process, among others.

The ERC, in its Order dated October 15, 2014, denied said Motions for Reconsideration. SN Aboitiz Power-Benguet, SN Aboitiz Power-Magat, APRI, TLI, and TMO filed their Petitions for Review (the “Petitions”) before the CA on November 19 and 24, 2014 and December 1 and 4, 2014, respectively. The CA ordered the consolidation of the Petitions on October 9, 2015.

On November 7, 2017, the CA granted the Petitions. The CA declared null and void ERC’s Orders dated March 3, 2014, March 27, 2014, May 9, 2014 and October 15, 2014 (the “ERC Orders”), and the Luzon WESM market prices in November and December 2013 were declared valid and therefore reinstated.

Thereafter, ERC and MERALCO filed their respective motions for reconsideration. Several entities also filed motions to intervene in the case. APRI, TLI and TMO filed their oppositions to the motions for reconsideration and motions to intervene. The CA denied the motions to intervene filed by several entities, which thereafter filed their motions for reconsideration. In an Omnibus Resolution dated March 29, 2019, the CA denied the motions for reconsideration filed by the ERC and MERALCO, as well as the motions for reconsideration filed by several entities that wanted to intervene in the case.

In June 2019, ERC, MERALCO and several entities filed their Petitions for Review on Certiorari with the Supreme Court, asking the latter to reverse and set aside the CA Decision dated November 7, 2017 and the CA Omnibus Resolution dated March 29, 2019. They also prayed that the Supreme Court reinstate the ERC Orders.

In September to October 2019, the SC issued Resolutions denying the Petitions for Review on Certiorari filed by several entities, including Calco Industries Inc., Paperland, Alyansa ng mga Grupong Haligi at Teknolohiya Para sa Mamamayan (AGHAM), Ateneo De Manila University, Citizenwatch, Riverbanks Dev’t. Corp., Steel Angles Shapes & Sections Manufacturers, for failure to show any reversible error on the part of the CA in promulgating the Decision dated November 7, 2017 and Omnibus Resolution dated March 29, 2019 with respect to their motions.

In a Resolution dated September 11, 2019, the SC required respondents to file their Comments to ERC’s Petition for Review on Certiorari. On January 28, 2020, TMO and TLI filed their Consolidated Comment (to the Petition for Review on Certiorari dated June 13, 2019); whereas APRI filed its Comment (on the Petition for Review on Certiorari dated June 13, 2019) on February 11, 2020.

In a Resolution dated February 10 2020, the SC required respondents to file their Comments on Meralco's Petition for Review on *Certiorari* dated June 13, 2019. On July 9, 2020, APRI filed its Comment, and TLI and TMO filed their Consolidated Comment to Meralco's Petition for Review on *Certiorari*.

Subsequently, the SC issued a Resolution dated March 11, 2020 requiring the respondents to comment on San Beda University's Motion for Leave to Intervene and to Admit Petition-In-Intervention. On October 2, 2020, APRI filed its Opposition to San Beda University's Motion; while TLI and TMO filed their Opposition on October 21, 2020.

In a Resolution dated November 4, 2020, the SC resolved to consolidate and transfer the case with G.R. Nos. 247352-61 to the case with G.R. Nos. 246621-30. Further, in a Resolution dated June 23, 2021, the SC required Meralco to file its Consolidated Reply to respondents' Comments. Meralco filed its Consolidated Reply on October 19, 2021.

As of February 28, 2022, the ERC's and MERALCO's Petitions were still pending before the Supreme Court.

#### **Item 4. Submission of Matters to a Vote of Security Holders**

On December 10, 2021, the Company held a special meeting of its stockholders to vote of the following matters:

- 1) Approval and Ratification of the Sale of 1,840,334,941 Common Shares, Equivalent to 25.01% Equity Interest in Aboitiz Power Corporation; and
- 2) Ratification of the Acts, Resolutions, and Proceedings of the Board of Directors, Corporate Officers, and Management from April 26, 2021 until December 10, 2021.

The summary and the draft minutes of the 2021 SSM including the tabulation of the results is attached as Annex "C-2". A Definitive Information Statement in preparation for the 2021 SSM had been distributed to the stockholders within 15 trading days prior to the date of the meeting.

A Copy of the Minutes of the 2021 SSM and the Definitive Information Statement are available in the Company's website at <https://aboitiz.com/>

## **PART II – OPERATIONAL AND FINANCIAL INFORMATION**

#### **Item 5. Market for Issuer's Common Equity and Related Stockholder Matters**

##### **(1) Market Information**

AEV's common shares are traded in the PSE.

The high and low stock prices of AEV's common shares for each quarter for the past three years were as follows:

	2021		2020		2019	
	High	Low	High	Low	High	Low
First Quarter	47.60	34.50	54.00	29.10	29.10	67.50
Second Quarter	43.70	34.00	52.20	38.25	38.25	53.95
Third Quarter	54.20	37.00	51.60	45.05	45.05	44.10
Fourth Quarter	59.05	46.70	48.90	42.10	42.10	44.85

The closing price of AEV common shares, as of March 23, 2022 was ₱57.30 per share.

## (2) Holders

As of March 23, 2022, AEV had 8,332 stockholders of record, including PCD Nominee Corporation (Filipino) and PCD Nominee Corporation (Foreign). Common shares outstanding as of the same date were 5,630,225,457 shares.

The top 20 stockholders of AEV as of March 23, 2022 were as follows:

	Stockholder	Nationality	Common Shares	% of Total Common Shares Issued
1	Aboitiz & Company, Inc.	Filipino	2,735,600,915	48.59%
2	PCD Nominee Corporation (Filipino)	Filipino	997,122,163	17.71%
3	Ramon Aboitiz Foundation Inc.	Filipino	426,804,093	7.58%
4	PCD Nominee Corporation (Non-Filipino)	Non-Filipino	337,091,941	5.99%
5	Sanfil Management Corporation	Filipino	120,790,211	2.15%
6	Chanton Management & Development Corporation	Filipino	62,118,484	1.10%
7	Windemere Management & Development Corporation	Filipino	49,666,352	0.88%
8	Donya 1 Management & Development Corporation	Filipino	43,136,359	0.77%
9	Bauhinia Management Inc.	Filipino	41,148,120	0.73%
10	Morefund Management & Development Corporation	Filipino	40,000,000	0.71%
11	Anso Management Corporation	Filipino	30,369,707	0.54%
12	MYA Management & Development Corporation	Filipino	22,494,414	0.40%
13	Luis Miguel O. Aboitiz	Filipino	20,092,133	0.36%
14	Guada Valley Holdings Corporation	Filipino	17,688,445	0.31%
15	Parraz Development Corporation	Filipino	14,483,067	0.26%
16	Dominus Capital Inc.	Filipino	11,600,000	0.21%
	FMK Capital Partners	Filipino	11,600,000	0.21%
17	Arrayanes Corporation	Filipino	10,750,070	0.19%
18	UnionBank TISG For IMA#PH3Q201 692	Filipino	8,709,900	0.15%
19	Les Folatieres Holdings Inc.	Filipino	8,056,119	0.14%
20	Ramjay Management & Dev. Corp	Filipino	7,826,493	0.14%
	<b>SUB-TOTAL</b>		<b>5,017,148,886</b>	<b>89.11%</b>
	<b>Other Stockholders</b>		<b>613,076,571</b>	<b>10.89%</b>
	<b>TOTAL SHARES</b>		<b>5,630,225,457</b>	<b>100.00%</b>
	<b>NET ISSUED AND OUTSTANDING SHARES</b>		<b>5,630,225,457</b>	<b>100.00%</b>

## (3) Dividends

The cash dividends declared by AEV to common stockholders for the first quarter of 2022, 2021, and 2020 are shown in the table below:



Year	Cash Dividend Per Share	Declaration Date	Total Declared	Record Date	Payment Date
2022 (regular)	₱1.62	03/04/2022	₱9.12 billion	03/18/2022	03/30/2022
2021 (regular)	₱0.91	03/05/2021	₱5.12 billion	03/19/2021	03/31/2021
2020 (regular)	₱1.30	03/06/2020	₱7.32 billion	03/20/2020	04/03/2020

There are no restrictions that limit the payment of dividends on common shares to stockholders of record as of March 23, 2022.

**(4) Recent Sales of Unregistered or Exempt Securities including Recent Issuances of Securities Constituting an Exempt Transaction**

AEV does not have any recent sales of unregistered or exempt securities including recent issuances of securities constituting an exempt transaction.

**Item 6. Management’s Discussion and Analysis or Plan of Action**

**MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*The following discussion and analysis of the financial condition and results of operations of AEV and its Subsidiaries should be read in conjunction with the audited consolidated financial statements and accompanying disclosures set forth elsewhere in this report.*

*The critical accounting policies section discloses certain accounting policies and management judgments that are material to the Company’s results of operations and financial condition for the periods presented in this report. The discussion and analysis of the Company’s results of operations is presented in three comparative sections: the year ended December 31, 2021 compared with the year ended December 31, 2020, the year ended December 31, 2020 compared with the year ended December 31, 2019, the year ended December 31, 2019 compared with the year ended December 31, 2018.*

**TOP FIVE KEY PERFORMANCE INDICATORS**

Management uses the following indicators to evaluate the performance of AEV and its Subsidiaries:

**1. EQUITY IN NET EARNINGS OF INVESTEEES**

Equity in net earnings (losses) of investees represents the Group’s share in the undistributed earnings or losses of its Associates and Joint Ventures for each reporting period subsequent to the acquisition of the said investment. This account reflects the result of the operating performance of an Associate or a Joint Venture and indicates its contribution to the Group’s consolidated net income.

Manner of Computation: Investee’s Net Income (Loss) x Investor’s % ownership – Goodwill Impairment Cost.

**2. EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION (EBITDA)**

The Company computes EBITDA as earnings before extraordinary items, net finance expense, income tax provision, depreciation and amortization. It provides management and investors with a tool for determining the ability of the Group to generate cash from operations to cover financial charges and income taxes. It is also a measure to evaluate the Group’s ability to service its debts and to finance its capital expenditure and working capital requirements.

**3. CASH FLOW GENERATED**

Using the Statement of Cash Flows, management determines the sources and usage of funds for the period and analyzes how the Group manages its profit and uses its internal and external sources of capital. This aids management in identifying the impact on cash flow when the Group’s activities are in a state of growth or decline, and in evaluating management’s efforts to control the impact.

#### 4. CURRENT RATIO

Current Ratio is a measurement of liquidity, calculated by dividing total current assets by total current liabilities. It is an indicator of the Group's short-term debt-paying ability. The higher the ratio, the more liquid the Group.

#### 5. DEBT-TO-EQUITY RATIO

Debt-to-Equity Ratio indicates how leveraged the Group is. It compares assets provided by creditors to assets provided by shareholders. It is determined by dividing total debt by total equity.

### KEY PERFORMANCE INDICATORS

(Amounts in thousands except financial ratio data)

	JAN-DEC 2021	JAN-DEC 2020
EQUITY IN NET EARNINGS OF INVESTEEES	₱17,245,643	₱9,019,033
EBITDA	67,241,938	57,720,482
CASH FLOW GENERATED:		
Net cash flows from operating activities	36,319,034	36,334,748
Net cash flows used in investing activities	(10,078,385)	(11,618,066)
Net cash flows from (used in) financing activities	52,988,973	(4,345,939)
Net Increase in Cash & Cash Equivalents	79,229,622	20,370,743
Cash & Cash Equivalents, Beginning	65,966,411	46,424,663
Cash & Cash Equivalents, End	147,534,035	65,966,411
	DECEMBER 31, 2021	DECEMBER 31, 2020
CURRENT RATIO	2.3	1.6
DEBT-TO-EQUITY RATIO	1.2	1.7

Equity earnings in investees increased by 91% from ₱9.0 billion (bn) during 2020 to ₱17.2 bn during 2021. The increase was due to: (i) commissioning revenue from GNPD Unit 1, (ii) higher output of SN Aboitiz Power-Magat, Inc.'s and SN Aboitiz Power-Benguet, Inc.'s hydro power plants resulting from higher water inflows, (iii) higher earnings of UnionBank, (iv) recognition of income from liquidated damages for delays in the construction of GNPD's power plant, and (v) higher earnings of RCBM due to stronger demand, increased overall efficiency, and tax adjustments resulting from the CREATE Act.

Consolidated EBITDA translates into substantial cash inflows from the Subsidiaries' operations. These inflows, coupled with dividends received from Associates and Joint Ventures are the main source of internally-generated funds, which are then used to finance capital expenditures, additional investments into Associates, dividends and debt service payments.

With equity increasing more than total liabilities during the 12 months of 2021, Debt-to-Equity ratio as of December 31, 2021 decreased to 1.2x from end-2020's 1.7x. Current Ratio as of December 31, 2021 (compared to end-2020's 1.6x) increased to 2.3x mainly due to higher cash balances.

### REVIEW OF JANUARY-DECEMBER 2021 OPERATIONS COMPARED TO JANUARY-DECEMBER 2020

#### RESULTS OF OPERATIONS

For the 12-month period ended December 31, 2021, AEV and its Subsidiaries posted a net income attributable to the equity holders of parent Company ("Net Income to Equity Holders of AEV") of ₱27.3 bn, a 77% increase YoY. This translated to earnings per share of ₱4.85 for the period in review. The Power Group accounted for the bulk of the income contributions to AEV at 57%, followed by the Banking and Financial Services, Real Estate, Food, and Infrastructure Groups at 23%, 9%, 7%, and 5%, respectively.

During 2021, the Group generated non-recurring gains of ₱527 mn primarily due to the revaluation of dollar-denominated assets, compared to ₱477 mn non-recurring losses recorded in 2020. Without these one-off losses, the Group's core net income for 2021 was ₱26.8 bn, 68% higher YoY. AEV recorded a 16% increase in consolidated EBITDA for 2021 compared to 2020, from ₱57.7 bn to ₱67.2 bn.

## **MATERIAL CHANGES IN LINE ITEMS OF REGISTRANT'S STATEMENTS OF INCOME AND OF COMPREHENSIVE INCOME**

The following discussion describes material changes in the line items of the Company's statement of income and of comprehensive income for 2021 compared to 2020.

### **Revenues**

#### *Sale of Power*

The Group's revenue from the Power Group's sale of power increased by 22% or ₱24.2 bn, from ₱109.9 bn in 2020 to ₱134.0 bn in 2021. The increase was primarily attributable to (i) higher availability of TLI, TSI, and TVI facilities during 2021, and (ii) higher WESM dispatch in compliance with the must-offer rule. The Group's sale of power comprised 59% and 60% as a percentage of total revenues in 2020 and in 2021, respectively.

#### *Sale of Goods*

The Group's revenue from sale of goods increased by 17% or ₱12.2 bn, from ₱71.3 bn in 2020 to ₱83.1 bn in 2021. The increase was primarily due to higher feeds selling prices. The Group's sale of goods comprised 38% and 37% as a percentage of total revenues in 2020 and in 2021, respectively.

#### *Real Estate*

The Group's revenue from real estate increased by 48% or ₱1.7 bn, from ₱3.5 bn in 2020 to ₱5.2 bn in 2021. The increase was primarily attributable to AboitizLand's higher revenue recognition following increased construction activity for its residential business, as well as increased sales with higher spot down payments. As a percentage of total revenues, the Group's revenue from real estate comprised 2% in both 2020 and in 2021.

#### *Other Revenues*

The Group's combined revenue from the fair value of swine, service fees, and other sources decreased by 22% or ₱0.4 bn, from ₱2.0 bn in 2020 to ₱1.6 bn in 2021. This decrease was mainly due to the decrease in live hogs sold. As a percentage of total revenues, the Group's other revenues comprised 1% in both 2020 and in 2021.

### **Costs and Expenses**

#### *Cost of Generated and Purchased Power*

The Group's cost of generated and purchased power increased by 37% or ₱20.1 bn, from ₱54.9 bn in 2020 to ₱75.0 bn in 2021. The increase was primarily attributable to higher purchased power rates driven by higher WESM prices, and higher fuel cost. As a percentage of total costs and expenses, the Group's cost of generated and purchased power comprised 35% and 39% in 2020 and in 2021, respectively.

#### *Cost of Goods Sold*

The Group's cost of goods sold increased by 20% or ₱12.1 bn, from ₱61.5 bn in 2020 to ₱73.6 bn in 2021. The increase was mainly attributable to higher raw materials cost of the Food Group. As a percentage of total costs and expenses, the Group's cost of goods sold comprised 40% and 39% in 2020 and in 2021, respectively.

### *Operating Expenses*

The Group's operating expenses increased by 7% or ₱2.8 bn, from ₱37.1 bn in 2020 to ₱39.9 bn in 2021. The increase was primarily attributable to higher expenses for insurance and repairs and maintenance of the Group's power plants. As a percentage of total costs and expenses, the Group's operating expenses comprised 24% and 21% in 2020 and in 2021, respectively.

### *Cost of Real Estate Sales*

For 2021, the Group's cost of real estate sales increased by 34% or ₱0.6 bn, from ₱1.7 bn in 2020 to ₱2.3 bn in 2021. The increase was mainly driven by higher real estate sales. As a percentage of total costs and expenses, the Group's cost of real estate sales comprised 1% in both 2020 and in 2021.

### **Operating Profit**

As a result of the foregoing, the Group's operating profit increased by 5% or ₱1.6 bn, from ₱31.5 bn in 2020 to ₱33.1 bn in 2021.

### **Income Before Income Tax**

The Group's income before income tax increased by 30% or ₱8.6 bn, from ₱28.4 bn in 2020 to ₱37.0 bn in 2021. The increase was mainly due to higher operating profit and equity earnings.

### **Net Income**

As a result of the foregoing, coupled with the application of the provisions of the CREATE Act, the Group's Net Income to Equity Holders of the Parent increased by 77% or ₱11.9 bn, from ₱15.4 bn in 2020 to ₱27.3 bn in 2021.

Net income attributable to non-controlling interests for 2021 increased to ₱6.9 bn from ₱5.4 bn in 2020. This was primarily due to the increase in consolidated net income of AboitizPower in 2021.

## **STRATEGIC BUSINESS UNITS**

The following discussion describes the performance of the Group's SBUs for 2021 compared to 2020.

### **Power**

For 2021, the Power Group's contribution to Net Income to Equity Holders of AEV, before elimination of transactions within the Group, was ₱16.0 bn, a 66% increase from ₱9.7 bn in 2020.

Before elimination of transactions within the Group, the combined contribution of AboitizPower's Power Generation and Retail Electricity Supply businesses to Net Income to Equity Holders of AEV increased by 84%, from ₱9.2 bn in 2020 to ₱16.9 bn in 2021. The variance was primarily due to (i) commissioning revenue from GNPD Unit 1, (ii) higher water inflows for the Power Group's hydro plants, higher availability of TLI, TSI, and TVI facilities, (iii) higher WESM dispatch, and (iv) other income from liquidated damages for the delay in the construction of GNPD Units 1 and 2 and business interruption claims resulting from GMEC and APRI outages in previous years. These gains were partially offset by lower margins resulting from the GMEC outage during 2021.

Capacity sold increased from 3,417 MW for 2020 to 3,753 MW for 2021. Energy sold in 2021 increased by 14% to 26,031 GWh from 22,754 GWh in 2020.

Before elimination of transactions within the Group, the contribution to Net Income to Equity Holders of AEV of AboitizPower's Power Distribution Group increased by 13% from ₱2.7 bn in 2020 to ₱3.1 bn in 2021. This increase was mainly driven by higher energy consumption resulting from recoveries in demand. Energy sales increased by 4% to 5,584 GWh during 2021 from 5,368 GWh in 2020.

## Banking & Financial Services

UnionBank's contribution to Net Income to Equity Holders of AEV increased by 9% YoY, from ₱5.9 bn in 2020 to ₱6.4 bn in 2021. The increase was due to higher net interest income, which grew to ₱29.8 bn, 4% higher YoY due to the sustained increase in net interest margins. Non-interest income in 2021 was ₱15.3 bn, up 14% YoY, due to higher fees, service charges, foreign exchange income and trading gains.

## Food

Before elimination of transactions within the Group, the contribution to Net Income to Equity Holders of AEV from the Food Group decreased by 10% to ₱2.0 bn in 2021, compared to ₱2.2 bn in 2020.

The Food Group's Agribusiness segment, which consists of the regional animal nutrition businesses (feed, petfood, and specialty nutrition), reported net income of ₱1.3 bn in 2021, 44% lower than the ₱2.3 bn in 2020. This is due to a decline in margins resulting from the sharp increase in raw material costs.

The Food Group's Food and Nutrition segment, which consists of the flour, farms, meats, and trading divisions, recorded net income of ₱934 mn in 2021, 365% higher YoY. This was primarily due to increased income from the Farm business as pork prices increased due to lack of supply in the market during 2021, supported by incremental income coming from commodity trading. These offset the decline in income from the Flour business stemming from the increase in raw material costs, in addition to decreased by-product margins.

## Real Estate

The contribution of AboitizLand to Net Income to Equity Holders of AEV in 2021, before elimination of transactions within the Group, amounted to ₱2.6 bn, a 658% increase from ₱338 mn in 2020. The increase was mainly due to higher revenue recognition from increased construction and site development activities for AboitizLand's residential business, and an increase in sales performance with higher spot down payments, coupled with asset monetization and fair valuation gains on investment properties.

## Infrastructure

Before elimination of transactions within the Group, the contribution to Net Income to Equity Holders of AEV from the Infrastructure Group increased by 203% to ₱1.4 bn in 2021, compared to ₱457 mn in 2020. The increase was mainly due to the higher contribution of the RCBM Group which increased by 164% from ₱590 mn in 2020 to ₱1.6 bn in 2021. The increase was mainly due to stronger market demand from the residential and infrastructure segments during 2021, as well as increased overall efficiency resulting from capital investments. RCBM also benefited in 2021 from a one-time gain brought about by the CREATE bill which reduced its deferred tax liabilities.

## CHANGES IN REGISTRANT'S RESOURCES, LIABILITIES AND SHAREHOLDERS' EQUITY

### Assets

Consolidated assets (as of December 31, 2021 compared to December 31, 2020) increased by 20% to ₱733.6 bn, due to the following:

- Cash & Cash Equivalents increased by 124% (₱147.5 bn as of December 31, 2021 compared to ₱66.0 bn as of December 31, 2020) mainly due to proceeds from the sale non-controlling interest in December 2021 arising from the sale by AEV of a 25.01% ownership interest in AboitizPower to JERA Asia.
- Trade and other receivables (current and noncurrent) increased by 23% (₱48.4 bn as of December 31, 2021 compared to ₱39.4 bn as of December 31, 2020) mainly due to increased receivables of the Power and Real Estate Groups as a result of higher revenues.

- Inventories increased by 34% (₱29.1 bn as of December 31, 2021 compared to ₱21.6 bn as of December 31, 2020) mainly due to higher spare parts, supplies and fuel inventory of the Power Group, and higher raw materials inventory of the Food Group.
- Investment Property increased by 12% (₱12.2 bn as of December 31, 2021 compared to ₱10.9 bn as of December 31, 2020) mainly due to the fair valuation gain on revaluation of real estate properties during 2021.
- Investments in and Advances to Associates and Joint Ventures increased by ₱9.4 bn (₱154.8 bn as of December 31, 2021 compared to ₱145.4 bn as of December 31, 2020) mainly due to ₱994 mn infusion into Unity Digital Infrastructure, Inc., AboitizPower's ₱952 mn additional infusion into GNPD, ₱310 mn other comprehensive income, and the recording of ₱17.2 bn share in net earnings of Associates and Joint Ventures. This increase was partially reduced by the ₱10.2 bn dividends from Associates and Joint Ventures.
- Other Current Assets (OCA) increased by 36% (₱25.4 bn as of December 31, 2021 compared to ₱18.7 bn as of December 31, 2020) primarily due to the increase in short-term cash deposits and prepaid expenses.
- Net Derivative Assets and Liabilities (current and noncurrent) changed from ₱2.0 bn net derivative liability as of December 31, 2020 to ₱105 mn net derivative asset as of December 31, 2021 mainly due to the Power Group's hedging gains.
- Intangible Assets increased by 10% (₱74.3 bn as of December 31, 2021 compared to ₱67.8 bn as of December 31, 2020) mainly due to the forex revaluation of goodwill and additions to service concession rights relating to Apo Agua Bulk Water project.

The above increases were offset by the 5% decrease in land and improvements (₱2.9 bn as of December 31, 2021 compared to ₱3.0 bn as of December 31, 2020) caused by the reclassification of newly launched project by the Real Estate Group to inventory.

## Liabilities

Total Liabilities (as of December 31, 2021 compared to December 31, 2020) increased by 5% to ₱405.8 bn due to the following:

- Bank loans increased by 21% (₱35.4 bn as of December 31, 2021 compared to ₱29.3 bn as of December 31, 2020) mainly due to new loan availments during 2021 by the Power and Food Groups.
- Long-term debt, which includes both current and noncurrent portions, increased by 4% (₱271.7 bn as of December 31, 2021 compared to ₱261.0 bn as of December 31, 2020) mainly due to the following: (i) issuance of retail bonds by AboitizPower amounting to ₱26.0 bn, (ii) issuance of retail bonds by AEV amounting to ₱10.0 bn, and (iii) ₱11.8 bn of new loan availments by subsidiaries. This was partly offset by the prepayment of AEV's seven-year 2015 Series B and ten-year 2013 Series B retail bonds and AboitizPower's partial prepayment of the US\$ 300 mn syndicated bridge loan facility availed in 2019 to finance the AA Thermal, Inc. acquisition, and principal payments made on existing loans during 2021.
- Long-term obligation on Power Distribution System, which includes current and noncurrent portions, decreased by 10% (₱166 mn as of December 31, 2021 compared to ₱183 mn as of December 31, 2020) as regular annual payments were made.
- Lease liabilities, which includes current and noncurrent portions, decreased by 14% (₱34.3 bn as of December 31, 2021 compared to ₱39.8 bn as of December 31, 2020) due to TLI's payment on its obligation to PSALM during 2021.
- Trade and other payables, inclusive of noncurrent portion, increased by 25% (₱46.8 bn as of December 31, 2021 compared to ₱37.3 bn as of December 31, 2020) mainly due the increase of trade and fuel purchases in the Power Group, and raw materials purchases of the Food Group.

- Income tax payable decreased by 62%, from ₱1.0 bn as of December 31, 2020 to ₱0.4 bn as of December 31, 2021 mainly due to the reduction in income tax rates from 30% in 2020 to 25% in 2021.
- Customers' deposits increased by 6%, from ₱7.0 bn as of December 31, 2020 to ₱7.4 bn as of December 31, 2021, mainly due to the receipt of bill deposits from new customers.
- Decommissioning liability increased by 14%, from ₱5.0 bn as of December 31, 2020 to ₱5.7 bn as of December 31, 2021, mainly due to the recognition of additional decommissioning provisions on power plant assets.
- Deferred Income Tax Liabilities decreased by 5% (₱2.3 bn as of December 31, 2021 compared to ₱2.4 bn as of December 31, 2020) due to the reduction in income tax rates.
- Pension Liabilities (net of Pension assets) decreased to ₱200 mn as of December 31, 2021 compared to ₱459 mn as of December 31, 2020 mainly due to actuarial gains.

## Equity

Equity attributable to equity holders of the parent (as of December 31, 2021 compared to December 31, 2020) increased by ₱61.6 bn from ₱183.1 bn to ₱244.7 bn, due to the following:

- ₱27.3 bn net income recorded during the year;
- ₱35.0 bn additional equity reserve from the sale of non-controlling interest; and,
- ₱4.4 bn in other comprehensive income

These are partly offset by the ₱5.1 bn cash dividends paid during 2021.

Non-controlling interests increased 105%, from ₱40.5 bn as of December 31, 2020 to ₱83.1 bn as of December 31, 2021 mainly due to the sale of shares of AboitizPower.

## MATERIAL CHANGES IN LIQUIDITY AND CASH RESERVES OF REGISTRANT

For 2021, the Group continued to support its liquidity mainly from cash generated from operations, additional loans availed, dividends received from Associates and Joint Ventures, and sale of non-controlling interest.

Compared to the cash inflow during 2020, consolidated cash generated from operating activities for 2021 increased by ₱98 mn to ₱36.3 bn. The increase was mainly due to higher earnings before interest, depreciation and amortization, and lower taxes paid, partly offset by higher working capital requirements.

As of December 31, 2021, ₱10.1 bn net cash was used in investing activities compared to ₱11.5 bn during 2020. This was mainly due to higher cash dividends received from associates and joint ventures compared to 2020. Out of the cash usage for the current period, ₱6.0 bn was invested in short-term cash deposits to maximize interest income.

Net cash from financing activities was ₱53.0 bn for 2021 compared to ₱4.3 bn used in 2020. This was largely attributed to the proceeds from the sale of non-controlling interest and new debt availments.

For 2021, net cash inflows surpassed cash outflows, resulting in a 124% increase in cash and cash equivalents from ₱66.0 bn as of year-end 2020 to ₱147.5 bn as of December 31, 2021.

## FINANCIAL RATIOS

AEV's Current Ratio as of December 31, 2021 increased to 2.3x compared to end-2020's 1.6x mainly due to higher cash balances. Debt-to-Equity ratio decreased to 1.2:1 as of December 31, 2021 from year-end 2020's 1.7:1, as the increase in equity outpaced the increase in total liabilities.



## **Outlook for the Upcoming Year/ Known Trends, Events, and Uncertainties which may have Material Impact on the Registrant**

Based on information provided by UnionBank Economic Research Unit, the Company expects the Philippines' GDP to grow by 6.1% in 2022 and 6.3% in 2023. Internal research indicates that a more robust economic recovery took place in the fourth quarter of 2021 with declining Covid-19 cases and rising levels of fully vaccinated people.

On September 27, 2021, AEV disclosed that it had executed an agreement to sell 1,840,334,941 common shares in AboitizPower, representing approximately twenty-five point zero one percent (25.01%) of the total outstanding common shares of stock of AboitizPower, to JERA Asia Private Limited ("JERA Asia") for approximately US\$ 1.46 bn. This transaction was completed on December 10, 2021 with the ratification by AEV's shareholders in a special stockholders meeting. AEV, which still owns a controlling stake of approximately 52% in AboitizPower, will use the cash proceeds from the sale to fund the long-term growth strategy, including expanding the non-power share in its business portfolio, increasing its overseas activities, and refinancing higher cost debt.

### **Power SBU**

AboitizPower remains focused on addressing the needs of its markets, namely: (1) providing reliable supply, at a (2) reasonable cost, and with (3) minimal impact on the environment and communities. AboitizPower believes that there is no single technology that completely addresses the country's energy requirements and that to address the deficiency, a mix of power generation technologies is necessary. Thus, AboitizPower continues to pursue both renewable projects and thermal technologies where and when it makes sense.

Despite increased competition in the power generation market, AboitizPower believes that it has built the foundation to sustain its long-term growth, as seen in its pipeline of new power generation projects.

AboitizPower has over 1,000 MW of projects under construction which are expected to commercially operate in 2022: the GNPowr Dinginin Project (the "Dingin Project"); the PV Sinag Power Cayanga Project (the "Cayanga Solar Project"); the TMI Maco Hybrid Battery Energy Storage System Project (the "Maco BESS Project").

GNPD Unit 1 officially went on COD last January 26, 2022. Unit 2 has started commissioning. The target for Unit 2's initial synchronization remains to be the second quarter of 2022, from which GNPD Unit 2 may start earning revenues.

The PV Sinag Power Cayanga Project is for the construction of a 94 MWp solar power plant located in barangay Cayanga, municipality of Bugallon, Pangasinan. The EPC contract was awarded to JGC Philippines last December 2021. Its groundbreaking ceremony was held last February 2022. The project is expected to commercially operate by the fourth quarter of 2022.

The Maco BESS Project is located in Maco, Compostela Valley. It has a storage capacity of 49 MW and is intended to be used for ancillary services. Development activities are ongoing to integrate the battery energy storage system with TMI's Maco oil barge. The project nears completion at around 90% with the BESS barge moored in the TMI facility right next to the power barge. The mobilized technical team continues to work on the testing and commissioning activities to get the plant running in May 2022. It will serve as a model for future battery investments as well as hybrid renewable energy projects.

On top of the projects under construction, AboitizPower has a 160 MWp of renewable energy (RE) project expected to be issued a notice to proceed in 2022: the PV Sinag Power Laoag project ("Laoag Solar Project"). The Laoag Solar Project is expected to commercially operate by the third quarter of 2023.

AboitizPower also has an additional capacity of 721 MW of RE projects under priority development which are expected to commercially operate by 2024 to 2025: (i) the 10 MW SN AboitizPower Magat BESS Project; (ii) the 84 MWp PV Sinag Power San Manuel Solar Project; (iii) the 44 MWp AP Renewable Energy Corporation Tarlac Solar Project; (iv) the 40 MW Hedcor Bukidnon Kibungan Hydro Project; (v)

the 212 MWp PV Sinag Power Olongapo Solar Project; (vi) the 56 MWp PV Sinag Power Ramon Solar Project; (vii) the 50 MWp PV Sinag Power Gamu Solar Project; (viii) the 75 MWp SN AboitizPower-Magat Floating Solar Project; (ix) and the 150 MWp Aboitiz Solar Power Inc Calatrava Solar Project.

In relation to AboitizPower's existing capacity, the steam field operator for APRI has commenced the drilling of 12 new wells, which are expected to result in a minimum 50 MW of aggregated individual well capacity by 2023. As of 2021, four wells were completed. Four more will be added by 2022, and another four by 2023. In Tiwi, the initiative to convert waste heat from the geothermal brine to power a 15 MW Binary power plant is reaching the final stages of tender. The project is expected to commercially operate by the third quarter of 2023.

AboitizPower targets to double its capacity to 9,200 MW by 2030. It intends to achieve a 50:50 balance between its renewable ("Cleanergy") and thermal capacities, without new coal builds. This is expected to come from a portfolio of renewables and selective baseload builds.

AboitizPower aims to maximize opportunities from the implementation of the Renewable Portfolio Standards (RPS) by the DOE. In line with DOE's aspirational goal of a 35% share in renewable energy utilization by 2030, RPS is a market-based policy that mandates power distribution utilities, electric cooperatives, and retail electricity suppliers to source an agreed portion of their energy supplies from renewable energy facilities. AboitizPower will continue to pursue international opportunities, with a continued focus on renewable energy projects in wind, hydro, and solar in high growth geographic markets with acceptable regulatory environments.

AboitizPower targets to significantly grow Cleanergy by 3,700 MW, both domestically and internationally, and bring its renewable portfolio to 4,600 MW by 2030.

AboitizPower is optimizing its existing baseload facilities to meet critical market needs. Baseload demand will continue to increase. There is a need to address this in the absence of new coal plants. AboitizPower is currently conducting studies for viable alternatives to coal. In the event of a critical shortage, AboitizPower's third unit options located in existing baseload facilities may respond if called upon. AboitizPower is also shifting its focus to gas for baseload growth. It has early feasibility studies, and within the next ten years, expects to construct one gas plant with a capacity of 1,000 MW, unless a cleaner technology proves to be the more economical option.

AboitizPower fully supports the DOE's coal moratorium efforts to make the Philippine energy system more flexible, resilient, and sustainable. AboitizPower is also closely and proactively monitoring the risks associated with climate-related regulations and initiatives, including recent discussions on the early retirement of coal assets in the Philippines and Indonesia. AboitizPower, through its parent company, AEV, is the first Philippine company to sign up and commit to the Task Force on Climate-Related Financial Disclosure framework. AboitizPower has taken steps to proactively quantify the potential impacts of various climate regulations on its assets. AboitizPower is monitoring this risk as part of its risk management framework and is developing strategies to manage risks that are above certain risk thresholds.

Given the current state of power needs in the Philippines and the expected build progression of new plants over the next ten years, AboitizPower believes its existing coal assets will need to continue to play a significant role for at least another 15 to 20 years. AboitizPower is always looking at improvements to make sure it continues to operate its assets responsibly and in compliance with all regulations.

AboitizPower believes that it is well-positioned to take advantage of opportunities arising from developments in the power industry. It expects its financial condition to give it the agility to create or acquire additional generating capacity over the next few years.

AboitizPower, together with its partners, has allotted ₱28 bn for capital expenditures in 2022, for the development and construction of various solar power, hydro power, and battery energy-storage system, and the continuous improvement of reliability of baseload plants.

Last December 2021, JERA completed the acquisition of a 27% ownership stake in AboitizPower. This partnership is expected to enhance and enable AboitizPower's planned ten-year energy expansion journey.

AboitizPower and JERA have agreed to explore immediate collaboration in the following areas: (i) development of power projects, including (Liquified Natural Gas) LNG-to-Power projects; (ii) management and sourcing of LNG fuel supply; and (iii) potential participation in aspects of plant operation and maintenance.

Other known trends, events, uncertainties which may have a material impact on AboitizPower have been discussed extensively in the AboitizPower's portion of this Information Statement (e.g. for an extensive discussion on regulatory issues, see AboitizPower's Effects of Existing or Probable Government Regulations on the Business on page 93 of this Information Statement).

#### **Banking & Financial Services SBU**

UnionBank continues to pursue its business transformation roadmap towards becoming one of the top three universal banks in the Philippines in terms of return on equity, return on assets, and cost-efficiency. Rather than using traditional metrics such as asset size or branch network, this transformation roadmap shifts the Bank's focus to providing financial value to stakeholders, operational excellence, customer franchise or share of wallet, unique customer experience, and superior and innovative products and services.

To fulfill its vision, the Bank's primary goal is to become one of the country's great retail banks by increasing its core earning asset base, attaining balanced sources of revenues, and shifting towards a recurring income business model as it fortifies its balance sheet.

The Bank has made progress in achieving its primary goal. As of December 31, 2021, the majority of the Bank's revenues were recurring in nature as its loan portfolio grew above the industry average over the past five (5) years (the Bank's 5yr average was at 15% compared to the industry's average of 9%). In addition, the Bank's retail segment already accounts for a significant portion of the Bank's revenues.

UnionBank continues to leverage on its core strengths: (i) Capital, (ii) Branch Transformation, (iii) Corporate Relationships, (iv) Processes, (v) Partners, and (vi) its unique UnionBank DNA. It leverages on Capital by prompting a shift from trading to building recurring income to generate stable returns and predictability in the growth of shareholder value. It leverages on Branch Transformation by establishing the competence of the Bank's sales force, rather than expanding the brick-and-mortar network, to cater to changing customer expectations. It leverages on Corporate Relationships, by providing superior cash management solutions to anchor clients and in the process, penetrate their entire ecosystem. It leverages on Processes by building the foundation of the Bank's automation and digital transformation initiatives. It leverages on Partners by building synergies for the expansion of products and services, as well as customer reach. It leverages on having a unique UnionBank DNA by building the right culture and organizational capabilities. The Bank also leverages its subsidiaries to serve the unbanked or underbanked segment for inclusive prosperity.

In 2015, the Bank embarked on a Digital Transformation Strategy to gain a competitive advantage and capitalize on the eventual shift of the Philippine banking industry towards digitalization. The Banks' Digital Transformation Strategy consisted of two objectives:

- 1) To strengthen its business model by repositioning itself into an agile and digitally-transformed universal bank. The Bank's strategy was (i) to apply higher technologies into its core banking systems and processes to deliver superior customer experiences; and (ii) to employ its digitized processes to transform CitySavings and its subsidiaries into digital mass market focused-banks. The goal was to reach the underbanked and unbanked segments and employ the Bank's digitized processes to improve operational efficiencies in order to ramp up scale and accelerate achieving inclusive prosperity.
- 2) To search for new business models where banking may become embedded or disintermediated in people's day-to-day lives. The objective was to immerse the Bank in emerging technologies and new

business models which may disrupt the business of banking. The Bank sought to develop, enable, and invest in financial technology (“fintech”) companies, as their business models may evolve into the future of the financial landscape. Moreover, the Bank planned to make technology its core and to deliver digital platforms and solutions to meet its clients’ banking needs. All these served to integrate the Bank in any supply and demand chain, making the Bank indispensable in a future where banking will no longer be a transaction choice but part of an integrated experience. These have, since 2019, been led by UBX PH, the Bank’s technology and innovation Subsidiary.

Having completed Phase 1 (i.e., building the foundational infrastructure to be “Digital to the Core” and transforming people and culture to be an “Agile Organization”) and Phase 2 (i.e. launch of critical customer channels), UnionBank is already in Phase 3 of its Digital Transformation – the monetization and commercialization of the Bank’s digital transformation. With the key channels and platforms now in place, the Bank is focused on accelerating its customer acquisition and deepening engagement across all digital channels to achieve sustained growth of its lending and deposit businesses and, at the same time, reap operational efficiencies from its digital investments.

The COVID-19 pandemic has accelerated the shift in consumer behavior towards digital banking. The banking industry in general, and UnionBank in particular, experienced immense growth in electronic transactions (e.g. fund transfers, in-app bills payment, etc.), as well as increased users of digital channels and applications since 2020. The Bank expects the digital trend to continue, especially as more Filipinos discover and experience the advantages of digital payments and digital banking.

UBX PH also ramped up in the operations with its flagship platforms, namely: (i) i2i (a financial platform for financial institutions); (ii) BUX (a payment gateway and logistics fulfillment platform for online merchants); (iii) Sentro (a free online shop builder embedded with a payment gateway); and (iv) SeekCap (a lending marketplace for MSMEs offering various financing options and faster approvals). With the growth of E-Commerce during the pandemic, UBX PH sign-ups and transactions grew exponentially, which translated to increased recurring revenues.

In July 2021, the Bank obtained a digital bank license for its fully-digital bank, UnionDigital. Set to be launched in 2022, UnionDigital is envisioned to capture the underbanked segments of the population by offering superior customer experience with a cost-efficient infrastructure and organization.

Moreover, in December 2021, the Bank also announced its acquisition of Citigroup’s consumer banking business in the Philippines. The transaction includes Citi’s credit card, personal loans, wealth management, and retail deposit businesses. The acquisition also includes Citi’s real estate interests in relation to Citibank Square in Eastwood, 3 full-service bank branches, and 5 wealth centers. The acquisition will accelerate the Bank’s objective of becoming a ‘Great Retail Bank’ given Citi’s market leadership in the credit cards, personal loans, and wealth management business. Subject to regulatory approvals, the transaction is expected to close in the second half of 2022.

With the Bank’s digital thrust, the Bank believes that it is well-positioned to leverage on the digital trends as it carries on with the commercialization program of its transformation. For 2022, the Bank’s key focus areas include: (i) improving the Bank’s operations and delivery of products and services via Cloud Migration, DevSecOps, and continuous enhancement of our digital channels as we further scale up in terms of customers and transactions; (ii) continuing growth and maximize profitability in the mass market segments we are in; (iii) further ramping up the growth of UBX PH’s platforms to sustain growth in recurring revenues; (iv) successfully launching UnionDigital; and (v) most importantly, ensuring the smooth transition of Citi’s employees and customers to the Bank. UnionBank also intends to ride on the wave of the economy’s recovery and improving consumer demand to push for further growth of its core lending business. To support these initiatives, the Bank has allotted almost ₱4 bn for capital expenditures in 2022.

The Bank’s strong capitalization and above-industry profitability and efficiency ratios will continue to provide cushion against potential economic headwinds.

## Food SBU

The Food Group, composed of AEV's non-listed multinational food Subsidiaries, is an integrated regional agribusiness and food company based in the Philippines and Singapore. Its businesses in the Philippines include flour milling, feed milling, livestock farming, and commodity trading. It remains one of the Philippines' top flour, feeds, and farm market players and has a nationwide presence. The Food Group also operates in the ASEAN and across the Asia-Pacific regions through Pilmico International Pte. Ltd. And its subsidiaries – which includes Gold Coin Management Holdings Limited (Gold Coin) and is well-positioned in Asia Pacific as a manufacturer and producer of animal and aqua feeds.

In January 2022, the Food Group internally reorganized its businesses into two key business segments, namely; (i) Agribusiness and (ii) Food and Nutrition business. Agribusiness segment consists of its regional (i.e. local and international) animal nutrition businesses (feed, petfood, and specialty nutrition divisions). Meanwhile, the Food and Nutrition business segment consists of businesses that cater to the consumer segment of the value chain (flour, farms, meats, and trading divisions) in the Philippines. It also includes retail and other business-to-customer (B2C)-oriented businesses. This reorganization will allow the Food Group to better deliver its identified strategic pillars (i.e. balance, optimize and develop) through improvement in internal collaboration, increasing the speed and efficiency in execution, and capitalizing on the synergize that exists in the business as they present themselves.

In order to achieve the Food Group's Vision "to become an integrated regional business and food company", the Food Group will (i) maintain a balanced portfolio by diversifying revenues and Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) across geographies, businesses, and products to increase its resilience, (ii) focus on operational excellence, cost control, and leverage on technology, and Furthermore, it (iii) pursue building new growth platforms by investing in fast-growing and higher-margin segments of the industry. Overall, this approach will serve as the compass in steering the Food Group to achieve its growth targets in the coming years.

The acquisition of the Gold Coin and its Subsidiaries (the "Gold Coin Group") has allowed the Food Group to expand its customer base and geographic reach. Following the acquisition, the Company believes the Food Group to be the fourth largest animal feed producer in Southeast Asia based on internal market data of the capacities of major players within the market. The Food Group has and continues to harness synergies in distribution, localized operations, cross-selling, research and development, raw materials, and logistics costs.

The flour division will continue employing the improved two-pronged market strategy of: (i) maximizing growth potential in the Visayas region and Mindanao island, while (ii) building and developing new channels in Luzon for future exploration of new geographical territory. The flour business likewise intends to move forward in the value chain as it continues selling value-added flour products, protecting its market share, and potentially expanding into a more diversified product portfolio.

Meanwhile, the farms division started the construction of its third Breeder Farm in 2021 and it is expected to be completed in July 2022. This will yield an additional capacity of 2,500 sow level and will help in the recovery of the supply of pork in the Philippine Market. The expansion is anchored on the confidence brought about by the improved biosecurity protocols and methodology that will thrive despite the presence of African Swine Fever (ASF) in the country. With the planned expansion, Farms' sow level capacity is expected to reach 60,000 heads by 2026. The increase in volume comes with opportunities to unlock more distribution channels and to push forward integration in the value chain.

In August 2020, the Food Group operationalized its meat fabrication and processing plant in Tarlac, which is expected to provide more stable profitability through selling high-margin pork meats compared to live hog selling. With ASF hitting the swine farming industry in 2019, the latter (i.e live hog selling) has not fully recovered yet the lost capacity and unserved demand for pork meat is eased up through meat importation. This presents an opportunity for the Food Group to further augment the volume of its Meats business through external sources and improve on its meat processing facility utilization.

The pork meat products of the Food Group are now made available in the Philippines through different digital platforms such as Lazada and the Food Group's online meat store branded as "The Good Meat". On top of one existing store, 11 new physical stores are planned to be fully operational by the end of 2022, with an expected capacity of 2 MT per day per store. Furthermore, a total of 80 retail

concessionaires stores are expected to sell the Good Meat products by the end of 2022. This initiative will do two things for the Food Group – (i) further develop its B2C channels and (ii) provide an expansion to the supply chain which will ensure better distribution to all customers in the relevant areas.

The targeted increase in layers capacity still remains, which is expected to result in a monthly production of 22 mn eggs by 2025.

The Agribusiness segment in the Philippines seeks to solidify its market position through expanding production in strategic locations in the Visayas and Mindanao regions in the next five years. To support the wider market, the Food Group will employ platform improvements in logistics to enhance operational agility and improve customer experience. The Food Group believes that continuous product developments through precise nutrition and feeding management, the introduction of pet food, and the building-up of specialty nutrition are key to a strengthened and diversified Agribusiness portfolio.

The Gold Coin Group (under the Agribusiness segment) will pursue (i) fast-growing segments like aquafeeds and (ii) attractive geographies where it has a captive market and the ability to compete. In 2021, several plant expansions took place within the region. An additional fish feed line located in Malaysia (West Port, Malaysia) with a capacity of 5 tons per hour (“TPH”) commenced operations in April 2021. China also expanded to Guangxi via capital-light options (leasing) to serve the customers from Guizhou province (currently being supplied by Yunnan) and save on freight at the same time. Meanwhile, in Indonesia a raw material warehouse expansion was completed. The facility can store up to 3,000 MT and is intended to improve efficiency, stability of production, and reduce external warehouse dependencies. China and Vietnam will continue to expand their livestock feedmill facility with an additional capacity of 30 TPH each mill. Construction will be completed in June 2023 and December 2023, respectively.

These carefully selected and calibrated investments are expected to capture greater returns while steadily building a strong and diversified regional food business integrated across the business system.

Food Group has allotted ₱6 bn for capital expenditures in 2022.

## **Infrastructure SBU**

### *Aboitiz InfraCapital, Inc. (Aboitiz InfraCapital)*

Aboitiz InfraCapital remains committed to participating in the Philippine infrastructure space and contributing to its economic recovery amid the COVID-19 pandemic.

2022 is expected to be a growth year – Apo Agua is expected to begin operations, Unity is planning to accelerate its tower rollout, while the Economic Estates are continuing their expansion.

### *Economic Estates*

In 2021, LIMA Estate introduced a new commercial lot product, which was met with overwhelming market response. The commercial lots presented a new opportunity for investors who seek to be part of the growing 30-hectare central business district within LIMA Estate – the first to rise in Batangas. LIMA Estate has emerged as more than just a leading industrial estate, but also the center for commerce in the Batangas province. It currently houses various commercial components such as The Outlets at Lipa, LIMA Exchange, LIMA Park Hotel, and LIMA Transport Hub.

LIMA Estate also recently broke ground on LIMA Tower One, a PEZA-certified building which boasts 34,000 square meters of gross floor area. It is the first of its planned seven-tower office park at the heart of LIMA’s central business district, which aims to capitalize on the anticipated boom of business process outsourcing companies outside the National Capital region.

Additional expansion plans for the Economic Estates continue. Construction of LIMA’s 47-hectare industrial expansion finished in 2021 at 80% completion. In addition, another 57-hectare industrial expansion recently started construction and will be followed by a 96-hectare expansion in 2023. Once



completed, these new developments are expected to generate approximately 75,000 jobs and will increase LIMA Estate's working population to 137,000.

West Cebu Estate in Balamban, Cebu is also embarking on new developments. In February 2022, it broke ground on 39 hectares of its 540-hectare property. This will allow for more industrial spaces, commercial centers and dormitory developments. New locators and businesses that will be brought in are expected to yield up to 14,000 new jobs for the community.

Looking ahead, Economic Estates will continue to expand its footprint in the country and introduce new products and services to stakeholders within its developments. The estates will undergo continuous transformation through the introduction of sustainable and smart city features. Additionally, to increase the adaptation of sustainability into its developments, Aboitiz InfraCapital has partnered with Philippine Green Building Council in acquiring BERDE (Building for Ecologically Responsive Design Excellence) certifications for LIMA Estate, LIMA Tower One, and The Outlets at Lipa.

## *Water*

### *Lima Water Corporation (Lima Water)*

Lima Water is the exclusive water and wastewater services provider of LIMA Technology Center ("LTC"), one of the Philippines' largest industrial parks. Lima Water is currently building its capability to fully support the expansion plans of LTC and other affiliated economic estates, which are expected to experience healthy growth in the coming years.

Lima Water remains optimistic that earnings and water consumption will continue to improve with new production lines from existing and new locators in LIMA Estate, as well as potential new coverage areas at affiliated economic estates, and expanded ancillary services. Lima Water remains committed to supporting its customers and ensuring uninterrupted service through its robust business continuity plans and smart water network system.

### *Apo Agua Infraestructura, Inc.*

Apo Agua is the project company owned by Aboitiz Infracapital and JVACC, organized to design, construct and operate a hydroelectric powered-bulk water treatment facility and a conveyance system which will deliver at least 300 mn liters per day of treated water to the Davao City Water District (DCWD) over 30 years.

As of end 2021, an estimated total of 65 kilometers of pipes of varying sizes are being laid, leading to eight off-take points of the DCWD spread across Davao City. Although construction was suspended during the second quarter of 2020 when the City was placed under enhanced community quarantine, construction has since resumed with strict social distancing protocols in place.

To mitigate the impact of the pandemic on the project, Apo Agua and its contractor, JVACC, increased its human resource count to over 5,000 workers to support the aggressive recovery plan in line with the target of beginning operations in 2022.

Aboitiz InfraCapital intends to use its current water portfolio, including a 16% stake in Balibago Waterworks System, Inc., as a strategic platform to build its water business. It will look into underserved highly-urbanized cities for opportunities to expand its footprint in the water space across the country.

## *Digital Infrastructure*

In line with the Department of Information and Communication Technology's Department Circular No. 8, Aboitiz InfraCapital received the Independent Tower Company (ITC) Certificate of Registration for its towers subsidiary on February 24, 2021. The ITC Certificate of Registration recognizes Aboitiz InfraCapital's tower subsidiary as a common tower provider with the necessary financial and operational capability to build, operate, and maintain common passive telecom infrastructure and efficiently power its cell sites and allow the company to secure contracts with mobile network operators.



In April 2021, Aboitiz InfraCapital announced the launch of Unity Digital Infrastructure, Inc., a joint venture telecommunications infrastructure platform with Partners Group. Unity is focused on delivering its growing pipeline of sites, currently with 85 signed ground leases and 40 sites under construction.

Aboitiz InfraCapital has also entered into partnership agreements with Globe Telecom and Dito Telecommunity to deploy small cell sites in key cities nationwide. The sites are readily available in high-density urbanized areas like Cebu, Davao, and Subic, where improving network quality and services is difficult due to congestion and the availability of sites. The sites will serve as complementary offerings to the macro tower sites and the deployments are ongoing to meet the accelerated demand for improved telecommunication services. More than 350 small cell sites in Cebu, Davao, and Subic were deployed as of 2021 year-end.

Unity is in active business with all three mobile network operators, with a target of over 1,000 operating macro towers and small cell sites to be completed in 2022.

### *Regional Airports*

The DOTr granted Aboitiz InfraCapital the Original Proponent Status for its unsolicited proposals (i) to operate, maintain, and expand the new Bohol-Panglao International Airport on September 3, 2018 and (ii) to operate and maintain the Bicol International Airport on September 7, 2021. The same status was received from CAAP for Laguindingan Airport on February 26, 2019. On November 29, 2019, Aboitiz InfraCapital obtained the approval of the National Economic Development Authority Board for the Bohol unsolicited proposal, while the Investment Coordination Committee-Cabinet Committee (ICC-CabCom) approved the proposal for Laguindingan Airport on December 20, 2019.

In the face of the unprecedented impact of COVID-19 on the air travel and airport business, Aboitiz InfraCapital remains keen on pursuing its unsolicited proposals for the Bohol Panglao and Bicol International Airports, and Laguindingan Airport. Aboitiz InfraCapital believes that these projects are vital to reviving the economy and are aligned with its objective to support regional growth centers outside of the National Capital Region. Aboitiz InfraCapital continues to discuss the best and most prudent way to move forward with the projects with the government.

### *Republic Cement and Building Materials, Inc. (RCBM)*

Cement demand outlook for 2022 is cautiously optimistic. The government has allotted a significant proportion of the 2022 national budget on infrastructure. However, election-related bans and change in administration may impact the infrastructure demand. In addition, the pandemic continues to present a risk on economic recovery which in turn might also impact demand in residential and non-residential segments.

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

RCBM is currently experiencing inflationary pressures in certain global commodities, particularly coal, which impacts its production costs. In an effort to mitigate the impact of its external headwinds, RCBM continues to focus on operational excellence initiatives and cost control measures.

RCBM will also continue to staunchly support the Philippine government's 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.

The infrastructure group has allotted ₱29 bn for capital expenditures in 2022 across all its businesses.

### **Land SBU**

#### *Aboitiz Land, Inc. (AboitizLand)*

AboitizLand is committed to innovating ways to lead more families home in 2022 and the years to come. It will continue to be focused on further improving all aspects of operations. As it continues to become better and more efficient in all areas of operations, AboitizLand is now also able to put more focus on the customer: understanding its needs and providing personalized experiences at every step of its home buying journey.

Innovation will continue to be at the core of AboitizLand's culture. In 2022, AboitizLand expects to continue to harvest the results of its digitization strategy and leverage on the Group's expertise in data science and artificial intelligence. Some key innovation initiatives that are planned for 2022 include the complete automation of the construction management process, the introduction of a new building system/technology, the full roll out of the Vecino (or "neighbor") app, and the optimization of all digital and social media assets in harnessing leads and strengthening the brand.

AboitizLand remains bullish about the property sector as residential property trends point towards a stronger preference for its residential offerings. There is a newfound appreciation for house and lots and residential lot projects, as preferences for the living set-up shift towards horizontal developments. Supported by the boom of infrastructure developments built by the government, living outside central business districts is now more possible without compromising comfort, convenience, and accessibility. The expected reduction in the need to live near central business districts bodes well for AboitizLand's residential developments located in emerging centers outside the capital. This trend is expected to continue and will benefit the location of AboitizLand projects that are found in emerging cities outside but still accessible to Metro Manila/Metro Cebu. It is for these reasons that AboitizLand will be launching new phases in its existing projects within 2022.

AboitizLand has allotted ₱2 bn for capital expenditures in 2022.

## **REVIEW OF JANUARY-DECEMBER 2020 OPERATIONS COMPARED TO JANUARY-DECEMBER 2019**

### **KEY PERFORMANCE INDICATORS**

(Amounts in thousands except financial ratio data)

	<b>JAN-DEC 2020</b>	<b>JAN-DEC 2019</b>
EQUITY IN NET EARNINGS OF INVESTEEs	<b>₱9,019,033</b>	₱11,502,090
EBITDA	<b>57,720,482</b>	60,653,429
CASH FLOW GENERATED:		
Net cash flows from operating activities	<b>36,334,748</b>	42,757,046
Net cash flows used in investing activities	<b>(11,618,066)</b>	(39,883,146)
Net cash flows used in financing activities	<b>(4,345,939)</b>	(15,617,585)
Net Decrease in Cash & Cash Equivalents	<b>20,370,743</b>	(12,743,685)
Cash & Cash Equivalents, Beginning	<b>46,424,663</b>	59,033,029
Cash & Cash Equivalents, End	<b>65,996,411</b>	46,424,663
	<b>DECEMBER 31, 2020</b>	DECEMBER 31, 2019
CURRENT RATIO	<b>1.6</b>	1.3
DEBT-TO-EQUITY RATIO	<b>1.7</b>	1.7

Consolidated EBITDA translated into substantial cash inflows coming from Subsidiaries' operations. These inflows, coupled with dividends received from Associates and Joint Ventures are the main source of internally-generated funds, which are then used to finance capital expenditures, additional investments into Associates, dividends and debt service payments.

With total liabilities and equity both increasing during the 12 months of 2020, Debt-to-Equity ratio as of December 31, 2020 remained at end-2019's 1.7x. Current Ratio increased to 1.6x as of December 31, 2020 (compared to end-2019's 1.3x), mainly due to higher cash balances.

### **RESULTS OF OPERATIONS**

For the 12-month period ended December 31, 2020, AEV and its Subsidiaries posted a net income attributable to the equity holders of Parent Company ("Net Income to Equity Holders of AEV") of ₱15.4 bn, a 30% decrease year-on-year ("YoY"). This translated to earnings per share of ₱2.74 for the period in review. The Power Group accounted for the bulk of the income contributions to AEV at 52%, followed by the Banking and Financial Services, Food, Infrastructure, and Real Estate Groups at 32%, 12%, 2%, and 2%, respectively.

During 2020, the Group generated non-recurring losses of ₱477 mn compared to ₱516 mn of non-recurring gains recorded in 2019. Without these one-off losses, the Group's core net income for 2020 was ₱15.9 bn, 26% lower YoY. AEV recorded a 4% decrease in consolidated EBITDA for 2020 compared to 2019, from ₱60.2 bn to ₱57.7 bn.

## **MATERIAL CHANGES IN LINE ITEMS OF REGISTRANT'S STATEMENTS OF INCOME AND OF COMPREHENSIVE INCOME**

### **Revenues**

#### *Sale of Power*

The Group's revenue from sale of power by the Power Group decreased by 12% or ₱14.7 bn, from ₱124.6 bn in 2019 to ₱109.9 bn in 2020. The decrease was primarily attributable to (i) reduced demand resulting from the enforcement of COVID-related community quarantines, and (ii) lower water inflows to the Power Group's hydro facilities in Northern Luzon. The Group's sale of power comprised 62% and 59% as a percentage of total revenues in 2019 and in 2020, respectively.

#### *Sale of Goods*

The Group's revenue from sale of goods increased by 2% or ₱1.7 bn, from ₱69.6 bn in 2019 to ₱71.3 bn in 2020. The increase was primarily due to higher volumes for the Group's Feeds business. The Group's sale of goods comprised 35% and 38% as a percentage of total revenues in 2019 and in 2020, respectively.

## *Real Estate*

The Group's revenue from real estate decreased by 14% or ₱0.6 bn, from ₱4.1 bn in 2019 to ₱3.5 bn in 2020. The decrease was primarily attributable to the decrease in revenue of AboitizLand's residential business, which were partly offset by the increase in revenue recognized by the industrial business from industrial lots sold. The decrease in revenues from AboitizLand's residential business was due to restrictions in operations caused by the Government-imposed community quarantines in response to the COVID-19 pandemic. AboitizLand's project percentage of completion, driven by the construction progress, is a key factor in the recognition of revenue and AboitizLand's construction activities were brought to a standstill during the second quarter of 2020. As a percentage of total revenues, the Group's revenue from real estate comprised 2% in both 2019 and in 2020.

## *Other Revenues*

The Group's combined revenue from the fair value of swine, service fees and other sources decreased by 28% or ₱0.8 bn, from ₱2.8 bn in 2019 to ₱2.0 bn in 2020. The decrease was mainly due to (i) lower swine sales resulting from African Swine Fever ("ASF"), and (ii) lower service fees. As a percentage of total revenues, the Group's other revenues comprised 1% in both 2019 and in 2020.

## **Costs and Expenses**

### *Cost of Generated and Purchased Power*

The Group's cost of generated and purchased power decreased by 23% or ₱16.5 bn, from ₱71.4 bn in 2019 to ₱54.9 bn in 2020. The decrease was primarily attributable to (i) lower fuel costs due to power plant outages, and (ii) lower purchased power costs due to lower Wholesale Electricity Spot Market rates. As a percentage of total costs and expenses, the Group's cost of generated and purchased power comprised 42% and 35% in 2019 and in 2020, respectively.

### *Cost of Goods Sold*

The Group's cost of goods sold increased by 1% or ₱0.3 bn, from ₱61.2 bn in 2019 to ₱61.5 bn in 2020. The increase was mainly attributable to higher volume of the Food Group. As a percentage of total costs and expenses, the Group's cost of goods sold comprised 36% and 40% in 2019 and in 2020, respectively.

### *Operating Expenses*

The Group's operating expenses increased by 10% or ₱3.5 bn, from ₱33.7 bn in 2019 to ₱37.1 bn in 2020. The increase was primarily attributable to (i) the increase in operating expenses of the Power Group resulting from the full year operations of Therma Visayas, Inc. ("TVI"), and (ii) higher estimated credit loss provision for the Power Distribution Group. As a percentage of total costs and expenses, the Group's operating expenses comprised 20% and 24% in 2019 and in 2020, respectively.

### *Cost of Real Estate Sales*

For 2020, the Group's cost of real estate sales, decreased by 24% or ₱0.6 bn, from ₱2.3 bn in 2019 to ₱1.7 bn in 2020. The decrease was mainly due to lower cost attributable to the construction of residential units. As a percentage of total costs and expenses, the Group's cost of real estate sales comprised 1% in both 2019 and 2020.

## **Operating Profit**

As a result of the foregoing, the Group's operating profit decreased by 4% or ₱1.2 bn, from ₱32.7 bn in 2019 to ₱31.5 bn in 2020.

## **Income Before Income Tax**

The Group's income before income tax decreased by 17% or ₱5.8 bn, from ₱34.2 bn in 2019 to ₱28.4 bn in 2020. The decrease was due to (i) the lower operating profit, (ii) higher net interest expense, and

(iii) lower equity earnings. Moreover, income before tax for 2019 also included a one-time recognition of income from the Generation Rate Adjustment Mechanism and Incremental Currency Exchange Rate Adjustment.

## **Net Income**

As a result of the foregoing, coupled with the income tax holiday (“ITH”) expiry of Therma South, Inc. (“TSI”) and GNPowder Mariveles Energy Center Ltd. Co. (“GMEC”, formerly GNPowder Mariveles Coal Plant Ltd. Co.), the Group’s Net Income to Equity Holders of AEV decreased by 30% or ₱6.6 bn, from ₱22.0 bn in 2019 to ₱15.4 bn in 2020.

Net income attributable to non-controlling interests for 2020 decreased to ₱5.4 bn from ₱7.4 bn in 2019. The decrease was primarily due to lower consolidated net income of AboitizPower in 2020.

## **STRATEGIC BUSINESS UNITS**

The following discussion describes the performance of the Company’s SBUs for the 2020 compared to 2019.

### **Power**

For 2020, the Power Group’s contribution to Net Income to Equity Holders of AEV, before elimination of transactions within the Group, was ₱9.7 bn, a 27% decrease from ₱13.3 bn in 2019.

Before elimination of transactions within the Group, the combined contribution of AboitizPower’s Power Generation and Retail Electricity Supply businesses to Net Income to Equity Holders of AEV decreased by 22%, from ₱11.8 bn in 2019 to ₱9.2 bn in 2020. The variance was primarily due to (i) additional tax expenses following the ITH expirations for TSI and GMEC, (ii) the derecognition of deferred tax assets on Net operating loss carry-over (“NOLCO”) from 2018 and 2019, and (iii) additional interest expenses from AboitizPower’s bonds and loans availed of in 2019 and during the second half of 2020. All these offset the increase in EBITDA brought about by better coal plant availability and recognition of business interruption insurance claims.

Capacity sold increased from 3,184 megawatts (“MW”) for 2019 to 3,417 MW for 2020 due to increased contracting levels driven by the new capacity of TVI and additional portfolio contracts. However, due to lower demand caused by Government-imposed community quarantines in response to the COVID-19 pandemic and lower water inflow to hydro facilities, energy sold in 2020 declined by 1% to 22,754 gigawatt-hours (“GWh”) from 22,942 GWh in 2019.

Before elimination of transactions within the Group, the contribution to Net Income to Equity Holders of AEV of AboitizPower’s Power Distribution Group decreased by 14%, from ₱3.2 bn in 2019 to ₱2.7 bn in 2020. The decrease was mainly driven by lower energy consumption resulting from the enforcement of COVID-related community quarantines. Energy sales decreased by 8% to 5,368 GWh during 2020 from 5,854 GWh in 2019.

### **Banking & Financial Services**

UnionBank’s contribution to Net Income to Equity Holders of AEV decreased by 18% YoY, from ₱7.2 bn 2019 to ₱5.9 bn in 2020. The decrease was primarily due to higher provisions for loan losses in 2020. This was partly offset by revenue growth from the increase in net interest income, which grew to ₱28.7 bn, 29% higher YoY, while non-interest income was ₱13.4 bn, down 6% YoY, mainly due to lower trading gains.

### **Food**

Before elimination of transactions within the Group, the contribution to Net Income to Equity Holders of AEV from the Food Group increased by 38% to ₱2.2 bn in 2020, compared to ₱1.6 bn in 2019.

During 2020, the Food Group's Philippine Subsidiaries reported a net income of ₱1.2 bn, a 46% increase compared to ₱0.8 bn in 2019. The increase was mainly due to (i) higher volume and lower raw material costs for the Feeds business, and (ii) improved per unit gross profit and volume of the Flour business. However, the increase was partly offset by reduced margins of the Farms business caused by higher production costs and lower selling prices as a result of the industry-wide effect of the ASF, and lower sales volume due to transport restrictions on pork and pigs imposed in several provinces in Luzon.

Before elimination of transactions within the Group, Pilmico International Pte. Ltd. And its Subsidiaries, recorded net income of ₱1.0 bn in 2020, a 29% increase compared to 2019. The increase was due to (i) higher volumes, (ii) lower raw material costs, and (iii) the full year effect of the 100% ownership in Gold Coin Management Holdings Pte. Ltd.

### **Real Estate**

The contribution of AboitizLand to Net Income to Equity Holders of AEV in 2020, before elimination of transactions within the Group, amounted to ₱338 mn, a 64% decrease from ₱943 mn in 2019. The decrease was mainly due to the fair valuation gains on investment properties recognized 2019, which were not present in 2020.

### **Infrastructure**

Before elimination of transactions within the Group, the contribution to Net Income to Equity Holders of AEV from the Infrastructure Group decreased by 5% to ₱457 mn in 2020, compared to ₱483 mn in 2019. The decrease was mainly due to the lower contribution of the Republic Cement Group from ₱612 mn in 2019 to ₱590 mn in 2020. This was mainly due to the contraction in the demand for cement, as construction activities declined during 2020, particularly during the enforcement of COVID-related community quarantine.

## **CHANGES IN REGISTRANT'S RESOURCES, LIABILITIES AND SHAREHOLDERS' EQUITY**

### **Assets**

Consolidated assets (as of December 31, 2020 compared to December 31, 2019) increased by 4% to ₱609.2 bn, due to the following:

- Cash & Cash Equivalents increased by 42% (₱66.0 bn as of December 31, 2020 compared to ₱46.4 bn as of December 31, 2019) mainly due to the receipt of proceeds from the issuance of US dollar bonds by AEV International Pte. Ltd in January 2020.
- Trade and other receivables (current and noncurrent) increased by 5% (₱39.4 bn as of December 31, 2020 compared to ₱37.6 bn as of December 31, 2019) mainly due to increased receivables of the Real Estate Group.
- Land and improvements increased by 18% (₱3.0 bn as of December 31, 2020 compared to ₱2.6 bn as of December 31, 2019) mainly due to additional land acquisition by the Real Estate Group.
- Investments in and Advances to Associates and Joint Ventures increased by ₱5.1 bn (₱145.4 bn as of December 31, 2020 compared to ₱140.4 bn as of December 31, 2019) mainly due to AboitizPower's ₱2.3 bn additional infusion into GNPowerr Dinginin Ltd. Co., AboitizLand's ₱430 mn infusion into Cebu Homegrown Developers, Inc., and the recording of ₱9.0 bn share in net earnings of Associates and Joint Ventures. This increase was partially reduced by the ₱5.7 bn dividends from Associates and Joint Ventures and ₱1.0 bn other comprehensive losses during the period.

The above increases were tempered by the following decreases:

- Property Plant and Equipment (PPE) decreased by ₱6.0 bn mainly due to ₱10.6 bn attributed to depreciation & amortization, which was also partly offset by additions to the Food Group's and AboitizPower's PPE.

- Deferred Income Tax Assets decreased by 35% (₱2.0 bn as of December 31, 2020 compared to ₱3.1 bn as of December 31, 2019) mainly due to the derecognition of deferred tax assets on NOLCO of Therma Luzon, Inc. ("TLI").

## Liabilities

Total Liabilities (as of December 31, 2020 compared to December 31, 2019) increased by 4% to ₱385.6 bn due to the following:

- Bank loans increased by 14% (₱29.3 bn as of December 31, 2020 compared to ₱25.7 bn as of December 31, 2019) mainly due to short-term debt availments by the Power and Food Groups during 2020.
- Long-term debt, which includes both current and noncurrent portions, increased by 9% (₱261.0 bn as of December 31, 2020 compared to ₱239.6 bn as of December 31, 2019) mainly due to the following: (i) issuance of US dollar bonds by AEV International Pte. Ltd. Equivalent to ₱20.4bn, (ii) issuance of retail bonds by AboitizPower amounting to ₱9.6 bn, (iii) availment of ₱10.0 bn long term debt and issuance of ₱7.6 bn retail bonds by AEV, and (iv) additional ₱3.0 bn availment by Apo Agua Infraestructura, Inc. This was partly offset by the settlement of maturing loans during 2020.
- Long-term obligation on Power Distribution System, which includes current and noncurrent portions, decreased by 8% (₱183 mn as of December 31, 2020 compared to ₱199 mn as of December 31, 2019) as regular annual payments were made.
- Lease liabilities, which includes current and noncurrent portions, decreased by 12% (₱39.8 bn as of December 31, 2020 compared to ₱45.3 bn as of December 31, 2019) due to lease payments made by TLI to Power Sector Assets and Liabilities Management Corporation (PSALM) during 2020.
- Trade and other payables, inclusive of noncurrent portion, decreased by 15% (₱37.3 bn as of December 31, 2020 compared to ₱43.6 bn as of December 31, 2019) mainly due to regular payments during 2020 of the PSALM deferred adjustments and the settlement of payables to contractors in the Power Group.
- Income tax payable increased by 30%, from ₱0.8 bn as of December 31, 2019 to ₱1.0 bn as of December 31, 2020 mainly due to the expiration of the ITH incentives of TSI and GMEC.
- Derivative liabilities (net of Derivative assets, current and noncurrent) decreased from ₱2.3 bn as of December 31, 2019 to ₱2.0 bn as of December 31, 2020. This was mainly due to gains in the Power Group's cash flow hedges.
- Decommissioning liability increased by 40%, from ₱3.6 bn as of December 31, 2019 to ₱5.0 bn as of December 31, 2020, mainly due to the recognition of additional decommissioning provisions on power plant assets.
- Deferred Income Tax Liabilities decreased by 7% (₱2.4 bn as of December 31, 2020 compared to ₱2.6 bn as of December 31, 2019) due to deferred tax on other comprehensive losses, amortization of franchise and increase in loss provisions of the Power Group.

## Equity

Equity attributable to equity holders of the parent (as of December 31, 2020 compared to December 31, 2019) increased by ₱6.6 bn from ₱176.5 bn to ₱183.1 bn, due to ₱15.4 bn net income recorded during the year. These are partly offset by the following.

- ₱7.3 bn cash dividends paid during the first half of 2020; and
- ₱1.5 bn in cumulative translation adjustments and other comprehensive losses.



## MATERIAL CHANGES IN LIQUIDITY AND CASH RESERVES OF REGISTRANT

For 2020, the Group continued to support its liquidity mainly from cash generated from operations, additional loans availed and dividends received from Associates.

Compared to the cash inflow during 2019, consolidated cash generated from operating activities for 2020 decreased by ₱6.5 bn to ₱36.2 bn. The decrease was mainly due to the decline in earnings before interest, depreciation and amortization coupled with higher working capital requirements and taxes paid.

As of December 31, 2020, ₱11.5 bn net cash was used in investing activities compared to ₱39.9 bn during 2019. This was mainly due to lower equity infusions to Associates and Joint Ventures during 2020 compared to 2019.

Net cash used in financing activities was ₱4.3 bn for 2020 compared to ₱15.6 bn in 2019. The decrease in net cash used was largely attributed to availment of short-term and long-term loans, and the issuance of US dollar bonds in the first quarter of 2020.

For 2020, net cash inflows surpassed cash outflows, resulting in a 42% increase in cash and cash equivalents, from ₱46.4 bn as of year-end 2019 to ₱66.0 bn as of December 31, 2020.

## FINANCIAL RATIOS

Financial ratios remained healthy. AEV's Current Ratio as of December 31, 2020 increased to 1.6x compared to end-2019's 1.3x mainly due to higher cash balance. Debt-to-Equity ratio remained year-end 2019's 1.7:1 as of December 31, 2020, as the growth in total liabilities matched the increase in equity.

## REVIEW OF JANUARY-DECEMBER 2019 OPERATIONS COMPARED TO JANUARY-DECEMBER 2018

### KEY PERFORMANCE INDICATORS

(Amounts in thousands except financial ratio data)

	JAN-DEC 2019	JAN-DEC 2018
EQUITY IN NET EARNINGS OF INVESTEEs	₱11,502,090	₱7,727,663
EBITDA	60,157,195	60,653,429
CASH FLOW GENERATED:		
Net cash flows from operating activities	42,757,046	38,417,349
Net cash flows used in investing activities	(39,883,146)	(30,762,255)
Net cash flows used in financing activities	(15,617,585)	(13,223,355)
Net Increase (Decrease) in Cash & Cash Equivalents	(12,743,685)	(5,568,261)
Cash & Cash Equivalents, Beginning	59,033,029	64,870,214
Cash & Cash Equivalents, End	46,424,663	59,033,029
	DECEMBER 31, 2019	DECEMBER 31, 2018
CURRENT RATIO	1.27	1.80
DEBT-TO-EQUITY RATIO	1.71	1.54

As can be gleaned from the resulting KPI values, profitability had been sustained and financial position remained liquid.

Consolidated EBITDA translated into substantial cash inflows coming from subsidiaries' operations and from dividend payments of associates and JVs. The internally-generated funds were then used to partially finance capital expenditures, settle maturing financial obligations and pay cash dividends.

With the debt growing while equity slightly decreased during the year, debt-to-equity ratio moved up to 1.71x (compared to end-2018's 1.54x). Current ratio declined to 1.27x (compared to end-2018's 1.80x) as current liabilities grew while current assets decreased.

## RESULTS OF OPERATIONS

For the year ended December 31, 2019, AEV and its subsidiaries posted a net income attributable to the equity holders of parent ("Net Income to Equity Holders of AEV") ₱22.04 bn, a 1% year-on-year (YoY) decrease. This translated to earnings per share of ₱3.91 for the year in review. The Power Group still accounted for the bulk of income contribution at 57%, followed by the Banking and Financial Services, Food, Real Estate and Infrastructure Groups at 30%, 7%, 4%, and 2%, respectively.

In 2019, the Group generated non-recurring gains of ₱515.5 mn (compared to ₱891.2 mn in non-recurring losses in 2018), representing net unrealized foreign exchange (forex) gains, and gains on reversal of impairment provisions. Without these one-off items, the Group's core net income for 2019 ₱21.52 bn, 7% lower than 2018. AEV recorded a 1% decrease in consolidated EBITDA for 2019 compared to 2018, declining from ₱60.65 bn to ₱60.16 bn.

## MATERIAL CHANGES IN LINE ITEMS OF REGISTRANT'S STATEMENTS OF INCOME AND OF COMPREHENSIVE INCOME

### *Revenues*

#### *Sale of Power*

The Group's revenue from sale of power decreased by 5% or ₱6.13 bn, from ₱130.73 bn in 2018 to ₱124.61 bn in 2019. The decrease was primarily attributable to Therma Marine, Inc.'s (Therma Marine) and Therma Mobile, Inc.'s (Therma Mobile) expiration of contracts with customers, and GNPowder Mariveles Coal Plant Ltd. Co.'s (GMCP) and Therma South, Inc.'s (TSI) lower plant availability owing to unplanned outages during the year. These decreases were partly offset by higher electricity sales of the distribution utilities and fresh revenue contributions from TVI and Hedcor Bukidnon. The Group's sale of power comprised 70% and 62% as a percentage of total revenues during 2018 and 2019, respectively.

#### *Sale of Goods*

The Group's revenue from sale of goods increased by 46% or ₱21.87 bn, from ₱47.75 bn in 2018 to ₱69.63 bn in 2019. The increase was primarily attributable to the full year-to-date revenue contribution of the Gold Coin Group and the higher sales recorded by the Food Group's Philippine-based Subsidiaries owing to higher average selling prices and volume of the Feeds and Flour segments. The Group's sale of goods comprised 26% and 35% as a percentage of total revenues during 2018 and 2019, respectively.

#### *Real Estate*

The Group's revenue from real estate increased by 5% or ₱190.9 mn, from ₱3.93 bn in 2018 to ₱4.12 bn in 2019. The increase was primarily attributable to higher sales from the residential and commercial business segments following the ramp up in operational and business performance. As a percentage of total revenues, the Group's revenue from real estate comprised 2% during each of 2018 and 2019.

#### *Other Revenues*

The Group's combined revenue from fair value of swine, service fees and other sources decreased by 38.0% or ₱1.72 bn, from ₱4.53 bn in 2018 to ₱2.81 bn in 2019. The decrease was primarily attributable to lower swine sales resulting from the ASF spread in Northern Luzon, and the deconsolidation of the revenue of PETNET in 2019. PETNET was sold to UnionBank, an associate, towards the end of 2018, and therefore, was no longer consolidated starting December 2018. As a percentage of total revenues, the Group's other revenues comprised 2% and 1% in 2018 and 2019, respectively.

### **Costs and Expenses**

### *Cost of Generated and Purchased Power*

The Group's cost of generated and purchased power decreased by 0.4% or ₱318.4 mn, from ₱71.68 bn in 2018 to ₱71.36 bn in 2019. As a percentage of total costs and expenses, the Group's cost of generated and purchased power comprised 49% and 42% in 2018 and 2019, respectively.

### *Cost of Goods Sold*

The Group's cost of goods sold increased by 40% or ₱17.48 bn, from ₱43.69 bn in 2018 to ₱61.18 bn in 2019. The increase was primarily attributable to the full year costs of goods sold contribution of Gold Coin and higher feeds cost of the Farms segment. As a percentage of total costs and expenses, the Group's cost of goods sold comprised 30% and 36% in 2018 and 2019, respectively.

### *Operating Expenses*

The Group's operating expenses increased by 10% or ₱3.12 bn, from ₱30.54 bn in 2018 to ₱33.66 bn in 2019. The increase was primarily attributable to the full year-to-date operating expense contribution of Gold Coin and the increase in operating expenses contribution of the AboitizPower group due to the start of operations of TVI and full operations of Hedcor Bukidnon and Pagbilao Unit 3 operated by Pagbilao Energy Corporation (PEC) for 2019. As a percentage of total costs and expenses, the Group's operating expenses comprised 21% and 20% in 2018 and 2019, respectively.

### *Cost of Real Estate Sales*

The Group's cost of real estate sales, increased by 23% or ₱433.8 mn, from ₱1.87 bn in 2018 to ₱2.31 bn in 2019. The increase was primarily driven by higher real estate sales. As a percentage of total costs and expenses, the Group's cost of real estate sales comprised 1% during both 2018 and 2019, respectively.

### **Operating Profit**

As a result of the foregoing, the Group's operating profit decreased by 17% or ₱6.51 bn, from ₱39.16 bn in 2018 to ₱32.65 bn in 2019.

### **Income Before Income Tax**

The Group's income before income tax decreased by 3% or ₱937.3 mn, from ₱35.14 bn in 2018 to ₱34.20 bn in 2019. The decrease was primarily attributable to the decrease in operating profit coupled with higher net interest expense, partly offset by higher equity earnings and other income from unrealized fair valuation gains on reappraisal of investment properties of the Real Estate SBU.

### **Net Income**

As a result of the foregoing, the Group's Net Income to Equity Holders of AEV decreased by 1% or ₱196.8 mn, from ₱22.23 bn in 2018 to ₱22.04 bn in 2019.

Net income attributable to non-controlling interests for 2019 decreased to ₱7.41 bn from ₱9.01 bn in 2018, substantially due to the decrease in consolidated net income of AboitizPower and the purchase of the remaining 25% stake of Gold Coin in the second quarter of 2019.

## **STRATEGIC BUSINESS UNITS**

The following discussion describes the performance of the Company's SBUs for the year ended December 31, 2019 compared to the year ended December 31, 2018. For further discussion on the Company's operating segments, please refer to Note 33 of the audited consolidated financial statements.

## Power

For 2019, AboitizPower's contribution to Net Income to Equity Holders of AEV, before elimination of transactions within the Group, of ₱13.33 bn, a 20% decrease from ₱16.69 bn in 2018.

Before elimination of transactions within the Group, the combined contribution of the Power Generation segment and the RES business to Net Income to Equity Holders of AEV decreased by 23% from ₱15.35 bn to ₱11.76 bn in 2019. This decrease was primarily attributable to the outages experienced by the AboitizPower's coal facilities, and exacerbated by the need to purchase replacement power at higher spot market prices. Replacement power was also purchased from the spot market as the AboitizPower had contracted ahead in anticipation of Therma Visayas Inc.'s (TVI) incoming capacity. Decreased spot market sales further eroded YoY earnings. This was partly offset by the start of TVI's commercial operations and full year operations of Hedcor Bukidnon, Inc. (Hedcor Bukidnon).

Capacity sold increased from 3,154 MW for 2018 to 3,184 MW for 2019.

Before elimination of transactions within the Group, the Power Distribution segment's contribution to Net Income to Equity Holders of AEV increased by 1% from ₱3.12 bn for 2018 to ₱3.16 bn for 2019. This increase was mainly attributable to the 6% increase in energy sales (5,851 GWh for 2019 compared to 5,540 GWh for 2018). This increase was partly tempered by lost margins from the decommissioning of the Bajada power plant in Davao.

## Banking & Financial Services

The Financial Services SBU's contribution to Net Income to Equity Holders of AEV increased by 100% year-on-year, from ₱3.58 bn in 2018 to ₱7.15 bn in 2019. On a stand-alone basis, Union Bank of the Philippines' (UnionBank) and its subsidiaries recorded a net income of ₱14.49 bn for 2019, an increase of 98% compared to 2018. The increase was primarily due to revenue growth from the increase in earning assets and improved margins, as well as from healthy trading gains during 2019.

## Food

Before elimination of transactions within the Group, the contribution to Net Income to Equity Holders of AEV from the Food SBU increased by 2% to ₱1.58 bn for 2019, compared to ₱1.56 bn for 2018.

For 2019, the Food Group's Philippine subsidiaries reported a lower net income amounting to ₱821.9 mn compared to ₱1.32 bn for 2018. This was mainly due to decreased margins and volume of the Farms business resulting from the African Swine Fever (ASF) spread in Northern Luzon. This was partly offset by improved margins and reduced financing costs of the Feeds business, and higher margins and volume of the Flour business.

Before elimination of transactions within the Group, Pilmico International Pte. Ltd. (Pilmico International) delivered a net income of ₱1.23 bn in 2019, recording an 88.1% increase compared to 2018. This was due to the full year income contribution of Gold Coin Management Holdings (Gold Coin) and Pilmico Vietnam Feeds' improved margins due to lower raw material cost and the increased contribution of higher margin segments. During 2019, the Food SBU's international subsidiaries reported a consolidated net income of ₱760.1 mn from the ₱1.23 bn contribution of Pilmico International, which was offset by the ₱467.0 mn in financing costs related to the acquisition of Gold Coin.

## Real Estate

The contribution of AboitizLand, Inc. (AboitizLand) to Net Income to Equity Holders of AEV for 2019, before elimination of transactions within the Group, amounted to ₱942.9 mn, an increase of 46% from ₱645.0 mn for 2018. This increase was due to the fair valuation gains on investment properties recognized in 2019, which were not present in 2018.

## Infrastructure

Before elimination of transactions within the Group, the contribution to Net Income to Equity Holders of AEV from the Infrastructure SBU increased by 186% to ₱483.4 mn for 2019, compared to ₱168.8 mn for 2018. This mainly came from the contribution of the Republic Cement Group which increased by 187.2%, from ₱213.1 mn in 2018 to ₱612.1 mn in 2019. This was mainly due to a slight increase in private sector demand for cement, the completion of several debottlenecking projects, and improved controls on production costs.

## CHANGES IN REGISTRANT'S RESOURCES, LIABILITIES AND SHAREHOLDERS' EQUITY

### Assets

Compared to year-end 2018 level, consolidated assets increased by 6% to ₱588.39 bn as of December 31, 2019, due to the following:

- The ₱6.94 bn combined growth in Property Plant and Equipment (PPE) and Investment Properties (IP) was mainly due to the following: 1.) ₱9.68 bn additions to AboitizPower from cost of power plant construction and distribution assets 2.) ₱1.90 bn additions to Food group; 3.) ₱896.5 mn additions to Real Estate; 4.) ₱1.92 bn recognition of right-of-use (ROU) assets on the AEV Parent's leases resulting from the adoption of PFRS 16; 5.) ₱1.83 bn fair valuation gain on revaluation of IP of the Real Estate group; and 6.) first time consolidation of ₱545.7 mn IP of newly-acquired AboitizLand subsidiaries. This is decreased by ₱9.59 bn attributed to depreciation & amortization.
- The decline in Property Held for Sale (nil compared to ₱676 mn in 2018) was due to the sale of transmission assets to the NGCP in February 2019.
- Investments in and Advances to Associates and JVs increased by ₱33.39 bn (₱140.35 bn as of December 31, 2019 compared to ₱106.96 bn as of December 31, 2018) mainly due to AboitizPower's ₱27.59 bn acquisition of additional stake and additional infusions into GNPD, Aboitiz InfraCapital ₱240.2 mn additional acquisition of Balibago Waterworks System, Inc. (BWSI) shares, AboitizLand's ₱230.0 mn infusions into Cebu Homegrown, and the recording of ₱11.50 bn share in net earnings of associates and JVs. This increase was partially reduced by the ₱5.47 bn dividends from associates and JVs during the year, ₱505.5 mn decrease in the share of cumulative translation adjustment and ₱395.0 mn share in net unrealized actuarial losses.
- Land and Improvements increased by 10% (₱2.57 bn as of December 31, 2019 compared to ₱2.34 bn as of December 31, 2018) resulting from the land acquisitions of the Real Estate Group.
- Intangible Assets increased by 5% (₱66.80 bn as of December 31, 2019 compared to ₱63.78 bn as of December 31, 2018) mainly due to the capitalized costs incurred in the ongoing construction of the water treatment plant in Davao.
- Deferred Income Tax Assets increased by 35% (₱3.13 bn as of December 31, 2019 compared to ₱2.32 bn as of December 31, 2018) mainly due to deferred tax benefits recognized by subsidiaries on its net operating loss.
- ONCA increased by 38% (₱14.13 bn as of December 31, 2019 compared to ₱10.21 bn as of December 31, 2018) primarily due to the recording of restricted cash by a power subsidiary upon its receipt of proceeds from a damage claim against its contractors, with such claim now under dispute. This was partly offset by the reclassification of VAT inputs to other current assets and reversal of prepaid rental against ROU Assets upon adoption of PFRS 16.

The above increases were tempered by the following decreases:

- Cash & Cash Equivalents decreased by 21% (₱46.42 bn as of December 31, 2019 compared to ₱59.03 bn as of December 31, 2018) as the funds used for investment acquisitions, capital expenditures, dividend payments and debt servicing exceeded the funds generated from operations and debt availments.

- Inventories decreased by 5% (₱20.78 bn as of December 31, 2019 compared to ₱21.98 bn as of December 31, 2018). This was mainly due to the following lower raw materials inventory of the Food Group.
- Derivative Assets (current and noncurrent) decreased by 54% (₱133.4 mn as of December 31, 2019 compared to ₱292.8 mn as of December 31, 2018) mainly due to mark-to-market losses recognized on derivative instruments.

## Liabilities

- Consolidated short-term bank loans decreased by 5% (₱25.72 bn as of December 31, 2019 compared to ₱26.98 bn as of December 31, 2018) mainly due to debt repayments made by Power and Food Groups. On the other hand, long-term debt, including long-term obligation to PDS (current and non-current), increased by 13% (₱239.78 bn compared to ₱211.65 bn as of December 31, 2018) due to the following: a.) issuance of retail bonds by the Company ₱5.00 bn, b.) additional ₱28.83 bn long-term loan availments by Power Group, and c.) additional ₱3.15 bn availment by Apo Agua. This was partly offset by the settlement of maturing loans.
- Trade and other payables, inclusive of noncurrent portion, increased by 16% as of end-2019 compared to end-2018, from ₱37.57 bn to ₱43.65 bn, mainly due to Power Group's receipt of proceeds from a damage claim against contractors, with such claim now under dispute, partly offset by the settlement of the recorded payables related to the PSALM deferred adjustment and payables to contractors and trade suppliers.
- Income tax payable increased by 45%, from ₱535.2 mn as of December 31, 2018 to ₱776.6 mn as of December 31, 2019, mainly due to increased tax payable in the Food Group.
- Derivative liabilities (current and noncurrent) increased from ₱161.6 mn as of December 31, 2018 to ₱2.47 bn as of December 31, 2019. This was mainly due to the Power Group's new foreign currency forward and commodity swap contracts, as well as fair value changes on these derivatives.
- Customers' deposits increased by 10% (₱6.72 bn as of December 31, 2019 compared to ₱6.13 bn as of December 31, 2018) mainly due to the growth in the customer base of the power group.
- Pension liability (₱639.2 mn), net of pension asset (₱190.2 mn), increased by 37.0%, from ₱327.7 mn as of December 31, 2018 to ₱448.9 mn as of December 31, 2019 mainly due to accrual of retirement expense during the year and actuarial losses for the year.
- Deferred Income Tax Liabilities (DTL) increased by 33% (₱2.58 bn as of December 31, 2019 compared to ₱1.94 bn as of December 31, 2018) mainly due to the recognition of the corresponding DTL on the unrealized fair valuation gains on investment properties.

## Equity

Equity attributable to equity holders of the parent increased by 1% from year-end 2018 level of ₱174.69 bn to ₱176.48 bn, mainly due to the recognition under "Acquisition of Non-Controlling Interest" account of the ₱9.91 bn difference between purchase price and fair value of net assets acquired in the acquisition of additional stakes in Gold Coin and GMCP. The ₱7.44 bn cash dividends paid, ₱2.05 bn movement in CTA, ₱570.0 mn unrealized actuarial losses and ₱278.4 mn retained earnings adjustment related to PFRS 16 adoption also accounted for the decrease in Equity. These decreases were partly offset by the ₱22.04 bn net income recorded during the year.

## MATERIAL CHANGES IN LIQUIDITY AND CASH RESERVES OF REGISTRANT

For the year ended December 31, 2019, the Group continued to support its liquidity mainly from cash generated from operations, additional loans availed and dividends received from associates.

Compared to the cash inflow in 2018, consolidated cash generated from operating activities in 2019 increased by ₱4.34 bn to ₱42.76 bn mainly due to lower working capital requirements despite the decline in earnings before interest, depreciation and amortization (EBIDA). As of end-2019, ₱39.88 bn

net cash was used in investing activities compared to ₱30.76 bn during 2018. This was mainly due to higher cash disbursed on additional investments in associates and ongoing plant constructions.

Net cash used in financing activities was ₱15.62 bn during 2019 compared to ₱13.22 bn in 2018. The increase was largely attributed to the settlement of short-term bank loans compared to availment in the previous year.

For 2019, net cash outflows surpassed cash inflows, resulting in a 21% decrease in cash and cash equivalents from ₱59.03 bn as of year-end 2018 to ₱46.42 bn as of December 31, 2019.

## FINANCIAL RATIOS

Financial ratios remained healthy. Current ratio stood at 1.27x at the end of 2019 from year-end 2018's 1.80x as current liabilities increased while current assets declined. Debt-to-equity ratio increased from year-end 2018's 1.54:1 to 1.71:1 at the end of 2019 as the growth in total liabilities outpaced the growth in equity.

### Item 7. Financial Statements

The audited consolidated financial statements of AEV will be incorporated herein by reference. The schedules listed in the accompanying Index to Supplementary Schedules will be filed as part of the Information Statement.

### Item 8. Information on Independent Accountant and Other Related Matters

#### (A) External Audit Fees

The following table sets out the aggregate fees paid by the Company for each of the last two years for professional fees rendered by SGV:

Fee Type	Year ended December 31, 2021	Year ended December 31, 2020
<b>Audit Fees</b>		
Audit Fees	₱616,000.00	₱624,120.00
Audit-Related Fees	10,752,000.00	8,408,040.00
<b>Total</b>	<b>₱11,368,000.00</b>	<b>₱9,032,160.00</b>
<b>Non-Audit Fees</b>		
Consultancy Fees	₱317,408.00	-
<b>Total</b>	<b>₱317,408.00</b>	
<b>Total Audit and Non-Audit Fees</b>	<b>₱11,685,408.00</b>	<b>₱9,032,160.00</b>

The audit-related fees include assurance and services that are related to the review of AEV's financial statements pursuant to its bond issuances. The non-audit fees were paid for AEV's transfer pricing study and assistance in preparation of tax forms.

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 2020 were pre-approved by the Board Audit Committee. The Committee had also reviewed the extent and nature of these services to ensure that the independence of the external auditors is preserved.

#### (B) Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The Company has engaged the services of SGV during the two most recent fiscal years. There are no disagreements with SGV on accounting and financial disclosure.



## PART III – CORPORATE GOVERNANCE

In 2021, the Aboitiz Group began the next chapter in its history, by continuing to drive change for a better world by advancing business and communities for the next 100 years. The Group has taken deliberate steps in transforming the organization into an enterprise that not only endures but thrives in the new and dynamic business landscape. This story of transformation builds on a strong foundation of growth and expansion that was nurtured by more than five generations of leaders with unwavering commitment to the highest standards of corporate governance.

Leading this transformation is AEV's Board of Directors, all of whom firmly believe that a sound framework of corporate governance creates a path towards the realization of the Group's strategic goals and growth aspirations.

Notable accomplishments of the AEV Board for 2021 are as follows:

- Reviewed and affirmed the appropriateness of the Group's purpose and brand promise in support of the country's gradual economic recovery.
- Reviewed and aligned the Group's short-term and long-term business strategies to sustain and expand the business under the new normal.
- Reviewed and ensured the sufficiency of the internal controls system and enterprise risk management framework of AEV.
- Assessed and approved the sale of 25.01% of the Company's equity ownership in AboitizPower.
- Authorized and held AEV's Virtual Annual Stockholders' Meeting for the second year, and a Virtual Special Stockholders' Meeting on December 10, 2021.
- Reviewed and approved amendments to the Board and Committee Charters.
- Established the Board Information Security and Cybersecurity Committee to formalize a group-wide integrated approach in managing cybersecurity-related risks.
- Approved amendments to the Company's Code of Ethics and Business Conduct, Whistleblowing Policy, and the Related Party Transactions Policy.
- Reviewed and implemented changes to the Board's governance mechanism in alignment with global best practices and the demands of the current business environment.
- In addition to the Annual Corporate Governance Seminar, conducted regular virtual learning sessions to strengthen the continuous learning program for the Company's directors and officers.

### ***Stockholders Rights and Equitable Treatment***

The protection of the rights of its stockholders is of paramount importance to the Company. The goal is to ensure the free exercise of stockholder rights, regardless of the number of shares they own. Among the rights of the Company's stockholders are: (i) to receive notices of and to attend stockholders' meetings; (ii) to participate and vote on the basis of the one-share, one-vote policy; (iii) nominate, elect, remove, and replace Board members (including via cumulative voting); (iv) call for a special board meeting and propose a meeting agenda, (v) inspect corporate books and records; (vi) vote in person, *in absentia*, or through proxy; (vii) receive dividends; and (viii) ratify corporate actions.

#### ***Right to Active Participate at Stockholders Meetings***

The Company strives to maintain a transparent and fair conduct of its Annual and Special Stockholders' Meetings and ensures that accurate and timely information are available to the stockholders 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 ASM and made available in the Company's website, include the highlights and summary of the financial condition of the Company. 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 its Directors.

In the conduct of its stockholder meetings, all stockholders receive notices not less than 28 days from the date of the meeting, and all agenda items to be discussed and decided upon during the said meeting are set out in the notices and no new agenda items are taken up during the conduct of the meeting. The rationale of agenda items which are submitted to the stockholders for their approval are included in the notices to stockholders' meetings.

In 2021, AEV conducted a fully digital stockholders' meeting for the second consecutive year. Driven by its commitment to practice sound corporate governance and guided by its core value of innovation, AEV was able to provide an accessible and convenient venue for its stockholders to exercise their basic and inviolable right to elect their representatives to the Boards of Directors while remaining in the comfort and safety of their homes. Beginning 2020, the Company allowed voting through remote communication or *in absentia*. Stockholders may access AEV's online voting portal in order to register and vote on the matters submitted for stockholders' approval at any stockholder meetings.

All stockholders are encouraged and given the right to participate in the meetings. The opportunity to ask questions or raise issues, the questions, answers, issues and motions raised, the agreements and resolutions arrived at, the corporate acts approved or disapproved, and the voting results are reported in the minutes. The Company also discloses to PSE, PDEX and the SEC all the items approved at the stockholders' meeting no later than the next business day. The voting results including quorum and summary of resolutions approved are made publicly available by the next working day through the Company's website under Investor Relations' page. There are no barriers or impediments preventing stockholders from consulting or communicating with one another, with the Directors and with the Corporate Secretary.

The Company continues to exert efforts to extend the communication channels between the Company and the institutional and individual stockholders through its Investor Relations Office and Stockholder Relations Office, respectively.

#### *Right to Receive Dividends*

The right to receive dividends is a basic stockholder right. The Company promotes this basic stockholder right by adopting a clear and transparent dividend policy.

Every year, the Company pays dividends in an equitable and timely manner. All stockholders are treated equally, receiving an amount of dividends per share that is proportionate to their shareholdings. The period for payment of dividends is based on trading requirements or constraints of the SEC and PSE.

In the last three years, the Company has paid the following dividends:

		Declaration Date	Record Date	Payment Date	Dividends per Share	Total
AEV	2021	March 5, 2021	March 19, 2021	March 31, 2021	P0.91 (regular)	P5.12bn
	2020	March 6, 2020	March 20, 2020	April 3, 2020	P1.30 (regular)	P7.32bn
	2019	March 7, 2019	March 21, 2019	April 5, 2019	P1.32 (regular)	P7.44bn

For a more detailed discussion on the rights of the stockholders of the Company, please refer to the 2021 Consolidated Annual and Sustainability Report, the 2021 Integrated Annual Corporate Governance Report (IACGR), and the Governance page of the AEV website, which will be available at the Company's website at [www.aboitiz.com](http://www.aboitiz.com).

## **BOARD MATTERS**

### ***Board of Directors***

The Board leads the Group's corporate governance framework. Independent from management, its members are committed to serve and promote long-term success, and to secure the Group's sustained growth, competitiveness and sustainability. The Directors perform the crucial role of articulating and assessing the Group's purpose, vision and mission, and strategies to carry out its objectives. They ensure that the strategic business direction of the Group's businesses are soundly established and are in line with the overall Group's goals and strategy. In line with best practices, the members of the Board are responsible in establishing and monitoring the Group's commitment to the principles embodied in ESG. In performing these functions, the members of the AEV Board, individually and collectively, are expected to act consistently with the Aboitiz core values.

The AEV Board is composed of nine members, all of whom come from diverse professional backgrounds. They are composed of legal and finance professionals, engineers, former or current Chief Executive Officers/Chief

Operating Officers, auditors, and accountants. Many of them have management experience in the private and Government sectors, as well as in multilateral agencies. In 2021, the AEV Board had three Independent Directors, five Non-Executive Directors, and one Executive Director. The Chairman of the AEV Board, Mr. Enrique M. Aboitiz, is a highly experienced Non-Executive Director. As a Non-Executive Director, he is not involved in the Company's day-to-day operations, which enables him to focus on ensuring that the AEV Board properly discharges its duties and responsibilities. Following the 2021 ASM, the AEV Board appointed Mr. Romeo L. Bernardo as Lead Independent Director, a highly qualified professional who is familiar with the operations of AEV, and the industries it does business in. Mr. Bernardo is the Chairman of the ESCG Committee (also functions as the Nomination and Selection Committee) to ensure an independent and transparent nomination, selection, election, and performance assessment process of the Board.

The members of the AEV Board are the following:

ABOITIZ EQUITY VENTURES INC.'S BOARD OF DIRECTORS					
Director (Age, Nationality)	Designation /Directorship	Year First Elected	Number of Years Served as Director	Board and Committee Memberships and % of Attendance for 2021	Directorships in Other Listed Companies Outside the Aboitiz Group
<b>ENRIQUE M. ABOITIZ</b> 68 years old Filipino	Chairman of the Board (NED)	May 10, 1999	22	I BOD (100%) (C) Risk (67%) (M) ExCom (100%) (M) ESCG (100%) (M) Cyber (67%)	None
<b>MIKEL A. ABOITIZ</b> 67 years old Filipino	Vice-Chairman (NED)	May 15, 2017	4	(VC) BOD (100%) (M) ExCom (80%) (M) Risk (33%)	None
<b>ERRAMON I. ABOITIZ</b> 65 years old Filipino	Director (NED)	May 9, 1994	27	(M) BOD (100%) (M) ExCom (100%) (M) Risk (100%) (M) AudCom (100%)	None
<b>SABIN M. ABOITIZ</b> 57 years old Filipino	President and CEO (ED)	May 21, 2018	3	(M) BOD (100%) (C) ExCom (100%) (M) ESCG (100%) (M) Risk (100%)	None
<b>ANA MARIA A. DELGADO</b> 41 years old Filipino	Director (NED)	Dec 11, 2018	2	(M) BOD (100%) (M) AudCom (100%)	None
<b>JUSTO A. ORTIZ</b> 64 years old Filipino	Director (NED)	May 9, 1994	23	(M) BOD (100%) (C) Cyber (100%) (M) AudCom (100%)	None
<b>ROMEO L. BERNARDO</b> 67 years old Filipino	Lead Independent Director	Apr 26, 2021	0	(M) BOD (100%) (C) ESCG (100%) (C) RPT (100%) (M) AudCom (100%) (M) Risk (100%)	<ul style="list-style-type: none"> <li>• Globe Telecoms, Inc. (D);</li> <li>• Bank of the Philippine Islands (D);</li> <li>• RFM Corporation (ID)</li> </ul>
<b>JOANNE G. DE ASIS</b> 71 years old Filipino	Independent Director	Apr 26, 2021	0	(M) BOD (100%) (M) AudCom (67%) (M) ESCG (100%) (M) Risk (100%) (M) RPT (100%) (M) Cyber (100%)	<ul style="list-style-type: none"> <li>• EasyCall Communications Philippines Inc. (ID)</li> </ul>
<b>MANUEL R. SALAK, III</b> 61 years old Filipino	Independent Director	May 21, 2018	3	(M) BOD (100%) (C) AudCom (100%) (M) ESCG (100%) (M) Risk (100%) (M) RPT (100%)	None

Legend: C- Chairman; VC – Vice Chairman; M – Member; –D - Independent Director; N-D - Non-Executive Director; –x - Executive Director; B-D - Board of Directors; ES-G - Board Environmental, Social, and Corporate Governance Committee; ExC-m - Board Executive

Committee; AudC-m - Board Audit Committee; Ri-k - Board Risk and Reputation Management Committee; R-T - Board Related Party Transactions Committee; Cyb-r - Board Cybersecurity Committee

\*During the Company's 2021 Annual Stockholders Meeting, Messrs. Edwin R. Bautista, Raphael P.M. Lotilla, and Jose C. Vitug were not elected as members of the Board of Directors of AEV. They were replaced by Messrs. Justo A. Ortiz, Romeo L. Bernardo, and Ms. Joanne G. De Asis.

## Board Performance

In 2021, the members of the AEV Board conducted the following performance review and assessment:

Type of Assessment	Respondents and Scope	Criteria
<b>1. Director Self-Assessment</b> <i>Completed: October 2021</i>	<b>Respondents:</b> Members of the Board  <b>Scope:</b> Individual and the collective performance of the 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
<b>2. Key Officers Evaluation</b> <i>Completed: October 2021</i>	<b>Respondents:</b> Members of the Board  <b>Scope:</b> Chairman, Chief Executive Officer, Internal Audit Head, Risk Officer, Corporate Secretary, and Compliance Officer	(3) performance of their duties and responsibilities as provided in the company's Revised Manuals, Charters, Amended Articles, and Amended By-Laws.
<b>3. Director Evaluation</b> <i>Completed: October 2021</i>	<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> <i>Completed: October 2021</i>	<b>Respondents:</b> Board and Committee Members	(1) Membership and composition, (2) duties and responsibilities, (3) conduct of meetings, (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 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 Committees

The different Board committees - Audit, Corporate Governance (now Environmental, Social, and Corporate Governance), Risk and Reputation Management, Related Party Transactions, Executive Committee, and the Cyber and Information Security Committee - report regularly to the Board and are crucial in maintaining Board oversight in key management areas.

The mandate of each Board committee, including key accomplishments in 2021, are described below:

- a. The **Board Environmental, Social, and Corporate Governance Committee** is 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.

## 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 to the Group.</li> <li>— Monitored the progress of the ongoing Climate Value at Risk study.</li> <li>— Monitored the progress of the groupwide 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'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 and none of the disqualifications 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>

- b. The **Board Audit Committee** represents the Board in discharging its responsibility related to audit matters for the Group. Independent Directors comprise the majority of the members of the Board Audit Committee, including its Chairman. At the end of every Audit Committee meetings, Committee Members meets without the presence of any executives. In 2021, the President and Chief Executive Officer, Chief Financial Officer, and Internal Audit Head attested to the sufficient internal control and compliance system of their respective companies.

#### 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, its subsidiaries and alliances.</li> </ul>
<b>External Auditors</b>	<ul style="list-style-type: none"> <li>— Reviewed the performance of SGV as AEV's external auditor</li> <li>— Endorsed to the Board the appointment of SGV as AEV's External Auditor for 2021</li> <li>— Reviewed and approved the overall scope and audit plan of SGV</li> </ul>

	— Reviewed and approved the audit plan, fees and terms of engagement which covers non-audit and audit-related services provided by SGV
<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>	— Updated the Board Audit Committee Charters to improve on each of the company's control performance by having an adequate and effective control system.

- c. The **Board Risk and Reputation Management Committee** represents the Board in discharging its responsibility relating to risk and reputation management related matters for the Group. In 2021, the Board Risk and Reputation Committees updated its charter to continually identify, monitor, and manage the Group's top risks.
- d. The **Board Related Party Transaction Committee** represents the Board in discharging its responsibility to ensure that related party transactions are taken on an arms' length basis and within market rates, with sufficient documentation, and coursed through all appropriate levels of approval necessary.

#### Key Areas of Focus in 2021

<b>RPT Policy and Committee Charter</b>	— Reviewed and updated AEV'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.
<b>Completion of RPT Certification</b>	<ul style="list-style-type: none"> <li>— Updated and monitored the compliance with the submission of the RPT Certification by the directors and key officers of AEV in compliance with relevant BIR regulations on the reporting guidelines for the transactions of individuals and juridical entities with related parties.</li> <li>— Monitored the compliance of AEV with the reportorial requirements of the BIR.</li> </ul>
<b>Fairness of RPTs</b>	— Continued to ensure that RPTs are taken on an arm's-length basis and within market rates, with sufficient documentation, and coursed through the appropriate levels of approval.

- e. The **Executive Committee** assists the Board in overseeing the Company's day-to-day operations of the Company. The Committee ensures agility in the management of the Company and in strategic decision-making, as well as compliance with the Company's governance policies, during the intervening period between Board meetings.

The **Board Information Security and Cybersecurity Committee** was established on March 8, 2021. It assists the Board in providing strategic direction and ensuring the establishment of a system of governance (processes, policies, controls and management) for the Company and its strategic business units on matters relating to information security and cybersecurity.

#### Key Areas of Focus in 2021

<b>Organizational</b>	— Organized the governance structure of AEV on matters involving information and cybersecurity.
<b>Cybersecurity Strategy</b>	— Reviewed the Aboitiz Group cybersecurity programs and maturity roadmap, and their respective implementation strategies.



For more details on the AEV Board and Board Committees matters, please refer to the 2021 Consolidated Annual and Sustainability Report, the 2021 IACGR, which will be available at the Company's at [www.aboitiz.com](http://www.aboitiz.com).

## GOVERNANCE PRACTICES

### *Compliance with Governance Policies*

AEV has a Revised Manual and a Code of Ethics and Business Conduct ("Code of Ethics") to guide the attainment of its corporate goals and the implementation of its strategies. The Revised Manual is generally aligned to the principles and recommendations laid down by the SEC under the Corporate Governance Code for Publicly-Listed Companies to further strengthen the Company's corporate governance practices. The Board regularly reviews the Revised Manual to ensure that the same remains relevant and responsive to the needs of the organization. Any amendments to the Revised Manual are promptly submitted to the SEC for confirmation and approval.

The Revised Manual is supported by various company policies that are regularly reviewed and issued by the Board including the Code of Ethics. AEV ensures that its Code of Ethics is cascaded to new team members as part of their onboarding processes. Team members are also required to review the Code of Ethics and to sign an affirmation that they have read and understood the same. In order to support this annual exercise, an e-learning module on the Group's Code of Ethics was developed and is rolled out every year. As part of the Group's commitments in the Code of Ethics, all team members are expected to act professionally, fairly, and with integrity in all of their business dealings, and to comply with all applicable laws and regulations, including those against bribery and corruption.

The Chief Compliance Officer, together with the Human Resources Department, regularly monitors and evaluates compliance by the Board, management, and employees with the Revised Manual, the Code of Ethics, other company policies, and existing laws and regulations. The Chief Compliance Officer also ensures the implementation of AEV's policy against conflicts of interests and the misuse of confidential and proprietary information throughout the organization.

The Chief Compliance Officer regularly reports the Company's compliance status with existing laws and regulations, as well as the Board's, management's and employees' compliance with internal governance policies to the Board ESCG Committee.

In addition, the Company has a Whistleblowing Policy to support the implementation of the Revised Manual and the Code of Ethics. Through this policy, allegations of violations of the Revised Manual, the Code of Ethics, or of other illegal conduct can be reported through an independent whistleblowing portal. Matters reported through the whistleblowing platform are discussed by the Board ESCG Committee and, if necessary, escalated to the entire Board.

In 2021, AEV updated its Code to align with international best practices and promote the Company's Environmental, Social and Governance efforts. The following policies and guidelines were approved by the Board of Directors:

- Amended Code of Ethics and Business Conduct to (i) strengthen the Company's commitment to sustainability principles, and (ii) further elaborate on the Company's commitment to its stakeholders, particularly on anti-bribery and anti-corruption, trade compliance, and anti-money laundering. Related guidelines on (i) anti-corruption, (ii) gift, meals, and entertainment, and (iii) business partner due diligence were also approved by senior management to operationalize the amendments to the Code.

Amended the Company's Whistleblowing Policy. The Company is 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 Code and Company policies. Procedures were also 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 channels.



There are no major deviations from the Revised Manual and other governance-related policies as of the date of this report. There were also no corruption-related incidents reported in 2021.

For a full discussion on the Company's corporate governance initiatives, please refer to the 2021 Consolidated Annual and Sustainability Report, the 2021 IACGR, which will be available at [www.aboitiz.com](http://www.aboitiz.com).

## DISCLOSURE AND TRANSPARENCY

Pursuant to its commitment to transparency and accountability, AEV's website, [www.aboitiz.com](http://www.aboitiz.com) has its own dedicated corporate governance webpage which serves as a resource center and library for its stakeholders. AEV also publishes a consolidated Annual and Sustainability Report and IACGR on its website at [www.aboitiz.com](http://www.aboitiz.com).

## SUSTAINABILITY AND ENVIRONMENT, SOCIAL, AND GOVERNANCE PRACTICES

Sustainable business practices have enabled the Aboitiz Group to operate commercially for 100 years and more. AEV's ESG strategy is anchored on the Group Purpose and Brand Promise *to drive change for a better world by advancing business and communities*. The Company strongly believes that business growth and sustainability can be achieved by balancing the interests of people, planet, and profit, and strengthening its commitment to sustainable ESG practices.

### *Indices and Ratings*

In 2021, AEV continues to be recognized as a constituent company in the S&P Global Corporate Sustainability Assessment (formerly ROBECOSAM CSA). The S&P Global Sustainability Assessment is highly regarded for companies to benchmark their improvements in ESG performance. The Company's score improved by 29% compared to last year's rating with a positive 16 points increase in percentile ranking placed us in 822nd percentile (top quartile) from previous year's 66th percentile rank (2nd quartile) among the industrial conglomerates peer group.

The Sustainalytics ESG Risk Rating of the Company also improved at 38.5 ESG risk rating. This is an indicator of lowering ESG inherent risk exposures through ESG risk management practices. Meanwhile, the company improved its rating from BB to BBB rating in the MSCI ESG Rating. The Company also looks into the CDP reporting framework for Climate Change, Water Security and Forest by including it in the Company maturity assessment of its ESG practices and initiatives.

### *Sustainability Focus*

The Company is driven by its Sustainability Vision which is to contribute to the ESG agenda with the Company's redefined OneAboitiz Sustainability Framework, where it manages its economic, environmental, and social impact through strong governance, to truly deliver value to the Company's stakeholders. In the coming years, the Company will continue to focus on addressing its gaps on various issues and areas as ESG is integrated across mainstream business strategy, processes and operations of the group. AEV's goal is to grow profitably while partnering with its stakeholders to create shared value, and minimizing its environmental impact.

The Company's focus areas on its ESG reports are team member engagement, talent development, Occupational Health and Safety, corporate governance, enterprise risk management, CSR, customer focus, disaster resilience, carbon emissions reduction, resource efficiency, renewable energy, waste management, biodiversity and conservation, while ensuring financial growth, implementing risk management, and aligning to global sustainability reporting standards to communicate the Company's progress.

As the first Philippine company to support the TCFD, the Company is aligning action and ambition to the principles and guidelines of the TCFD in its identification, management and reporting on climate related risks and opportunities.

The Company's key performance indicators are aligned with the United Nations Sustainable Development Goals to address ESG concerns of the company and the communities where it operates. This focus provides the Company a direction on its commitment and targets in its journey to advance business and communities.

## *United Nations Sustainable Development Goals*

The Aboitiz Group is one of the first Philippine businesses to support the United Nations' 17 Sustainable Development Goals and in 2020 became a participant in the United Nations Global Compact (UNGC). AEV is also represented as a member of the Board of Trustees of the Global Compact Network Philippines, the country's local chapter of the UNGC.

In the Company's first year of participation, AEV assessed its alignment with the UNGC's 10 business principles. The Company is committed to continuously improve its policies, business processes and initiatives putting at the forefront its commitment to have an environmentally sound business strategy and relevant processes, uphold human rights by continuously conducting human rights assessment in the different value chain processes of the company, create a safe, engaged and inclusive labor environment for the AEV's team members, and operate with high ethical standards of corporate governance and citizenship.

The Company also maximizes the potential of collaborations and partnerships to achieve a greater impact to address the SDGs. Active participation and leadership in 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, and most recently, signing the company's commitment to the UN Women Empowerment Principles. 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.

The Company provides its annual Sustainability Report to disclose information on its ESG practices and submits Communication of Progress to UNGC. AEV began publishing its first Sustainability Report in 2009, being one of the few Philippine PLCs to publish and submit a report on its sustainability impacts and performances to SEC.

## *Sustainable Finance*

In February 2016, Asian Development Bank (ADB) provided a credit enhancement to APRI, a Subsidiary of AboitizPower, for its Tiwi-MakBan geothermal energy facilities. The issuance by APRI of the ₱10.7 bn (U.S.\$225 mn) local currency bond was in addition to a direct loan from ADB of ₱1.8 bn (U.S.\$37.7 mn). ADB's credit enhancement was in the form of a guarantee of 75% of the principal and interest on the bond. The Climate Bond, which was certified by the Climate Bonds Initiative, was the first issuance of its kind in Asia.

## *Corporate Social Responsibility*

AEV and its Business Units contribute to social development programs in education, enterprise development, and environment implemented by the Aboitiz Group through its social development arm, Aboitiz Foundation, Inc. ("Aboitiz Foundation"). These CSR program projects are also aligned with the Aboitiz Group's core competencies and are made scalable nationwide to deliver long-term benefits to targeted communities and beneficiaries. The Aboitiz Group, through AboitizFoundation, invested a total of ₱423 mn in CSR projects and initiatives to support its communities in 2020, of which ₱266 mn was committed for its environmental programs, ₱106 mn for education, ₱8 mn for enterprise or livelihood programs, and ₱43 mn for other initiatives. All these are consistent with the Group's commitment to protecting and enriching the planet and uplifting the well-being of its communities. Through responsible operations and the implementation of various sustainability and CSR projects, the Company is constantly advancing business and communities by exploring opportunities to create shared value whenever possible.

Moreover, AboitizPower provides additional funds for the communities through its compliance with the Energy Regulations No. 1-94 ("ER 1-94"). The ER 1-94 program is a policy under the Department of Energy Act of 1992 and EPIRA, which stipulates that host communities will get a share of one centavo for every kilowatt-hour (₱0.01/kWh) generated by power plants operating in its area. The funds generated can be used by host beneficiaries for the electrification of areas or households that have no access to power, development, and livelihood programs, as well as reforestation, watershed management, health, and environmental enhancement initiatives. In 2020, due to the COVID-19 Pandemic, the Department of Energy released a new circular which repurposed the ER 1-94 funds for projects that would help alleviate the COVID-19 situation in the country. AboitizPower has successfully downloaded about ₱153 mn worth of ER 1-94 funds to about 150 host beneficiaries. About ₱504 mn worth of outstanding ER 1-94 funds was also remitted by the Department of Energy to AboitizPower's beneficiaries. The remitted funds were used by the beneficiaries to build isolation

facilities and purchase relief goods, medical supplies or equipment, and COVID-19 testing kits. AboitizPower continues to extend assistance to its communities to ensure the full utilization of the available ER 1-94 funds.

#### *Partnerships for a Decarbonized Future*

A significant milestone for the Aboitiz Group is the strategic partnership with JERA, Japan's largest power generation company and one of the world's biggest power producers. The alliance unlocks significant amounts of capital for AEV in its expansion of the Company's businesses across sectors, and supports AboitizPower's 10-year growth ambition to exponentially increase Cleanergy capacity to 4,600 MW to achieve a 50:50 balance between renewable and thermal portfolios. Upon completion of the transaction, JERA will own a 27% stake in AboitizPower while AEV will own a controlling stake of 52%.

The transaction represents a leap forward in the shared mission to support economic development in the Philippines and beyond, while supporting the energy transition towards a decarbonized future.

#### **Beyond Compliance**

The Aboitiz Group's brand promise of advancing business and communities extends beyond compliance with government laws and regulations. The Aboitiz Group is committed to stakeholder-focused environmental management projects, such as (a) A-Park nationwide reforestation program, (b) Aboitiz Cleanergy Park in Davao City, (c) Cleanergy Center in Laguna and Energy Education Center in Davao

##### *a) A-Park Program*

The A-Park Program is the Aboitiz Group's partnership with DENR's Expanded National Greening Program. To promote reforestation and forest protection, the program targets to plant 9 million trees by 2020. AboitizPower supports the A-Park Program through the watershed management and carbon sink programs of its Subsidiaries. In 2020, the Aboitiz Group has already planted about 11 million seedlings across the country under the said program.

##### *b) Aboitiz Cleanergy Park*

The Aboitiz Cleanergy Park is an eight-hectare ecological preserve located in Sitio Punta Dumalag, Matina Aplaya, Davao City that showcases a mangrove reforestation site, nursery, and botanical garden for the propagation of 29 native tree species and is home to 100 species of birds. Aside from helping reduce carbon emissions, the Park is also actively promoting habitat conservation and biodiversity management in an urban setting. Most importantly, the Park serves as a sanctuary and safe nesting ground for the hawksbill sea turtles, commonly called pawikan. Since 2014, the park has already released more than 4,939 hawksbill hatchlings to the sea, planted 13,992 mangroves, and rescued 16 pawikans.

##### *c) Cleanergy Center and Energy Education Resource Center*

The Cleanergy Center, located within the compound of the Tiwi-Makban geothermal power plant, showcases interactive displays and learning materials devoted to sustainable ways of generating and consuming energy. To date, the center has welcomed more than 56,000 visitors, mostly students, government officials, and representatives of foreign institutions.

The Cleanergy Center is the first energy education facility of AboitizPower, which focuses on environmental awareness and renewable energy education through the use of audio-visual presentations, interactive displays, and a tour of a working geothermal power plant. Through AboitizPower, the Aboitiz Group aims to provide energy solutions that leave a lighter impact on the Earth's climate and its limited resources.

AboitizPower also opened the Energy Education Center in 2016 located at Therma South's Davao baseload power plant. The center features interactive and informative displays on the Philippine energy sector and various power-generating technologies. As of 2020, the center had already accommodated about 3,500 visitors.

## ANNEX “A”

### EXPLANATION OF AGENDA ITEMS (including Agenda Items requiring Stockholders’ Approval)

**ITEM NO. 1:** The Chairman will formally open the meeting at approximately 2:30 P.M.

**ITEM NO. 2:** **Proof of Notice of Meeting and Determination of Quorum**

**RATIONALE:** *To inform the stockholders that notice requirements for the 2022 Annual Stockholders’ Meeting (“2022 ASM”) have been complied with in accordance with the Company’s Amended By-Laws and the Revised Corporation Code of the Philippines, and that quorum exists for the transaction of business.*

The Corporate Secretary will certify the date when notices for the 2022 ASM were sent out to the stockholders of record, including the dates of publication and the newspapers where the notice was published. The Corporate Secretary will also certify to the existence of a quorum, as verified and confirmed by Luis Cañete & Co., an independent auditing firm. Stockholders representing at least a majority of the outstanding capital stock, present in person or by proxy, shall constitute a quorum for the transaction of business.

Voting shall be through proxy or remote communication or *in absentia*. Pursuant to Section 4, 5 and 6 of the Company’s Amended By-Laws and Sections 23 and 57 of the Revised Corporation Code which allow voting through remote communication or *in absentia*, stockholders may access the link: <https://abotiz.com/2022asm/> (the “ASM Portal”), to register and vote on the matters at the meeting beginning on March 24, 2022. A stockholder voting *in absentia* shall be deemed present for the purpose of quorum.

Votes may be cast by registered stockholders until 11:30 a.m. of April 25, 2022, which will be tabulated and presented during the 2022 ASM. Stockholders may still vote after the cut-off, and the final total votes received through proxy and through the ASM Portal will be included in the minutes of the 2022 ASM.

The following are the rules of conduct and procedures for voting and participation in the meeting through remote communication:

1. Stockholders may register and vote at the Company’s ASM Portal beginning March 24, 2022 until 11:30 a.m. on April 25, 2022. Only stockholders who registered before the cut-off time will be counted for quorum purposes.
2. Votes cast by registered stockholders until 11:30 a.m. of April 25, 2022 will be tabulated and presented during the 2022 ASM. Stockholders may still vote after the cut-off, and the final total votes received through proxy and through the ASM Portal will be included in the minutes of the 2022 ASM.
3. The conduct of the 2022 ASM will be livestreamed and registered stockholders may participate through the Company’s ASM Portal.
4. Stockholders may send in their remarks or questions in advance, or during the meeting, through the ASM Portal. The moderator shall read out the remarks or questions, and direct them to the relevant director or officer.
5. Each of the proposed resolutions for approval will be shown on screen at the time they are being taken up at the meeting.
6. All votes received within the cut-off shall be tabulated by the Office of the Corporate Secretary and the results shall be validated by Luis Cañete & Company, an independent auditing firm.
7. The Corporate Secretary shall report the votes received and inform the stockholders if the particular agenda item is carried or disapproved. The total number of votes cast for all items for approval, as of the cut-off time, will be flashed on the screen.

**ITEM NO. 3: Reading and Approval of the Minutes of the Annual and Special Stockholders' Meeting held on April 26, 2021 and December 10, 2021, respectively**

**RATIONALE:** *To allow the stockholders to confirm that the proceedings during the ASM were recorded accurately and truthfully.*

The minutes of the stockholders' meetings held on April 26, 2021 and December 10, 2021 were posted at AEV's website, [www.aboitiz.com](http://www.aboitiz.com), on April 26, 2021 and December 11, 2021, respectively. Copies of the minutes will also be part of the Information Statement provided to the stockholders.

A resolution approving the minutes of the April 26, 2021 and December 10, 2021 will be presented to the stockholders for approval.

**ITEM NO. 4: Presentation of the President's Report.**

**RATIONALE:** *To apprise the stockholders of the Company's operating performance, financial condition and outlook.*

The President and Chief Executive Officer, Mr. Sabin M. Aboitiz, shall deliver a report to the stockholders on the 2021 operating and financial performance of the Company, as well as its outlook for 2022.

**ITEM NO. 5: Approval of the 2021 Annual Report and Financial Statements.**

**RATIONALE:** *To present to the stockholders the results of the Company's operations in 2021, in accordance with Section 74 of the Revised Corporation Code.*

The Company's audited financial statements as of December 31, 2021 will be integrated and made part of the Company's Information Statement that will be sent to the stockholders at least 15 business days prior to the 2022 ASM. The Information Statement and the Company's 2021 Annual Report will be posted on the Company's website at [www.aboitiz.com](http://www.aboitiz.com).

A resolution approving the 2021 Annual Report and Audited Financial Statements shall be presented to the stockholders for approval.

**ITEM NO. 6: Appointment of the Company's External Auditor for 2022.**

**RATIONALE:** *To appoint an auditing firm which can best provide assurance to the directors and stockholders on the integrity of the Company's financial statements and adequacy of its internal controls. The Board Audit Committee and the Board of Directors will endorse an external auditor for 2022 for the shareholders to appoint.*

The Company's Board Audit Committee endorsed, and the Board of Directors approved for the stockholders' consideration the election of Sycip Gorres Velayo & Co. (SGV) as the Company's external auditor for 2022.

The accounting firm of SGV has been AEV's Independent Public Accountant for the last 27 years. Ms. Jhoanna Feliza C. Go is AEV's new audit partner from SGV beginning 2022. Ms. Go is replacing Ms. Maria Veronica R. Pore who previously served as AEV's audit partner from 2017 to 2021. AEV complies with the requirements of Section 3(b) (ix) of SRC Rule 68 on the rotation of external auditors or signing partners and the two-year cooling-off period.

There was no event in the past 27 years wherein AEV and SGV or its handling partner had any disagreement regarding any matter relating to accounting principles or practices, financial statement disclosures or auditing scope or procedures.

A resolution for the appointment of the Company's external auditor for 2022, and ratifying the fees shall be presented to the stockholders for approval.

**ITEM NO. 7: Election of the Members of the Board of Directors.**

**RATIONALE:** *To allow stockholders to elect the Company's Board of Directors in accordance with Section 24 of the Revised Corporation Code and the Company's Amended By-Laws.*

A stockholder may submit his or her nominee to the Company's Board of Directors in accordance with the deadlines set forth in the Company's Amended By-Laws. Under the Amended Guidelines for the Nomination and Election of Independent Directors, the period for nominations for Independent Directors started on January 1, 2022 and the table of nominations closed on February 15, 2022, unless the Board Environment, Sustainability, and Corporate Governance (ESCG) Committee, acting as the Nominations Committee, unanimously agrees to extend the deadline for meritorious reasons. The stockholders who nominated the Independent and other directors are disclosed in the Company's Information Statements. The Board ESCG Committee assesses and evaluates the nominees before submitting the final list of qualified nominees to the stockholders for approval. The profiles of all the nominees are (i) disclosed to the Securities and Exchange Commission (SEC), the Philippine Stock Exchange (PSE), and the Philippine Dealing Exchange (PDEx), (ii) included in the Company's Information Statements, and (iii) uploaded in the Company's website for examination by the stockholders.

To vote, a stockholder may distribute his shares for as many nominees as there are directors to be elected, or he may cumulate his shares and give one candidate as many votes as the number of directors to be elected, provided that the total number of votes cast does not exceed his shares in the Company. The nine nominees receiving the highest number of votes will be declared elected as directors of the Company.

**ITEM NO. 8: Ratification of the Acts, Resolutions and Proceedings of the Board of Directors, Corporate Officers and Management from December 10, 2021 up to April 25, 2022.**

**RATIONALE:** The acts and resolutions of the Board of Directors, Corporate Officers and Management were those adopted since the 2021 SSM last December 10, 2021 until April 25, 2022. These included the approval of contracts and agreements and other transactions in the ordinary course of business. A summary of these acts and resolutions are enumerated in the Information Statement. The Company also regularly discloses material transactions approved by the Board of Directors. These disclosures are available for viewing and download at the Company's website at [www.aboitiz.com](http://www.aboitiz.com).

A resolution ratifying the acts and proceedings of the Board of Directors, Corporate Officers and Management will be presented to the stockholders for approval.

**ITEM NO. 9: Other Business**

The Chairman will open the floor for comments or queries by the stockholders. Stockholders are given the opportunity to address the members of the Board, ask questions, and raise matters which may be properly taken up during the 2022 ASM.

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## ANNEX “B-1”

### CERTIFICATION OF INDEPENDENT DIRECTORS

I, **ROMEO L. BERNARDO**, Filipino, of legal age, with business address at Unit 6, Forest Hills, Townhomes, 20 Mariposa Street, Cubao Quezon City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for Independent Director of Aboitiz Equity Ventures Inc. (“AEV”) and have been its independent director since April 26, 2021.
2. I am currently affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Foundation for Economic Freedom	Vice Chairman & Founding Fellow	1997 to present
Lazaro Bernardo Tiu & Associates, Inc.	Managing Director	2000 to present
ALFM Family of Funds	Chairman	2003 to present
Philippine Stock Index Fund, Inc.	Chairman of the Board	2007 to present
GlobalSource Partners	Advisor	2008 to present
World Bank Philippine Advisory Group	Member	2011 to present
Bank of the Philippine Islands	Director	2019 to present
Globe Telecom, Inc.	Director	2019 to present
RFM Corporation	Independent Director	2019 to present
PHINMA, Inc.	Independent Director	2019 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of AEV, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to any director/officer/substantial shareholder of AEV and its subsidiaries and affiliates.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. No conflict of interest exists between my being an Independent Director of AEV and my other affiliations as defined and stated in the AEV Guidelines for the constitution of the Nomination Committee (now referred to as “Board Environmental, Social, and Corporate Governance Committee”) and the nomination and election of the independent directors.
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of AEV of any changes in the abovementioned information within five (5) days from its occurrence.



Done, this 15th of February 2022 at Taguig City, Philippines.



**ROMEO L. BERNARDO**

Affiant

**SUBSCRIBED AND SWORN** to before me this February 15, 2022 at Taguig City Affiant, who is personally known to me, personally appeared before me and exhibited to me his Philippine Passport No. P7427657B issued at DFA Manila on August 18, 2021.

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Series of 2022.



**Atty. Stella Marie G. Sacdalan**

Notary Public for Taguig City

Notarial Commission No. 99

Until June 30, 2022

NAC Tower, 32nd St. Bonifacio Global City, Taguig City

PTR NO. A-5401953; January 11, 2022, Taguig City

IBP OR No. 183968; February 2, 2022

Roll No. 63289

MCLE Compliance No. VI – 0011090

### CERTIFICATION OF INDEPENDENT DIRECTORS

I, **JOANNE G. DE ASIS**, Filipino, of legal age and a resident of Regent Parkway, 21<sup>st</sup> Drive, Bonifacio Global City, Taguig City, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for Independent Director of Aboitiz Equity Ventures Inc (AEV) and have been its independent director since April 26, 2021.
2. I am currently affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Morgan Stanley & Co.	Senior Adviser	2010 to present
Globe Capital Partners LLC	Founder and Chairman	1998 to present
Easycall Communications Philippines, Inc.	Independent Director	2017 to present
Anneberg Foundation Trust at Sunnylands, U.S.A	Advisory Board Member	2011 to present
The International Institute for Strategic Studies	Advisory Council Member	2012 to present
APEC Business Advisory Council	Advisor	2017 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of AEV, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to any director/officer/substantial shareholder of AEV and its subsidiaries and affiliates.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. No conflict of interest exists between my being an Independent Director of AEV and my other affiliations as defined and stated in the AEV Guidelines for the constitution of the Nomination Committee (now referred to as "Board Environmental, Social, and Corporate Governance Committee") and the nomination and election of the independent directors.
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of AEV of any changes in the abovementioned information within five (5) days from its occurrence.

Done, this 15th of February 2022 at Taguig City, Philippines.

  
**JOANNE G. DE ASIS**  
Affiant

**SUBSCRIBED AND SWORN** to before me this February 15, 2022 at Taguig City. Affiant, who is personally known to me, personally appeared before me and exhibited to me her Philippine Passport No. P70432868 issued at DFA Manila on June 24, 2021.

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Book No. XVIII;  
Series of 2022.



  
**Atty. Stella Marie G. Sacdalan**

Notary Public for Taguig City  
Notarial Commission No. 99  
Until June 30, 2022

NAC Tower, 32nd St. Bonifacio Global City, Taguig City  
PTR NO. A-5401953; January 11, 2022, Taguig City  
IBP OR No. 183968; February 2, 2022  
Roll No. 63289  
MCLE Compliance No. VI – 0011090

## ANNEX "B-3"

### CERTIFICATION OF INDEPENDENT DIRECTORS

I, **CESAR G. ROMERO**, Filipino, of legal age and a resident of 314 Madrigal Avenue, Ayala Alabang Village, Muntinlupa City, Philippines, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for Independent Director of Aboitiz Equity Ventures Inc. (AEV).
2. I am currently affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
none	none	none

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of AEV, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to any director/officer/substantial shareholder of AEV and its subsidiaries and affiliates.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. No conflict of interest exists between my being an Independent Director of AEV and my other affiliations as defined and stated in the AEV Guidelines for the constitution of the Nomination Committee (now referred to as "Board Environmental, Social, and Corporate Governance Committee") and the nomination and election of the independent directors.
7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of AEV of any changes in the abovementioned information within five (5) days from its occurrence.


Done, this 15th of February 2022 at Taguig City, Philippines



**CESAR G. ROMERO**  
Affiant

**SUBSCRIBED AND SWORN** to before me this February 15, 2022 at Taguig City. Affiant, who is personally known to me, personally appeared before me and exhibited to me his Philippine Passport No. P4197953A issued at DFA Manila on August 29, 2017.

Doc No. 295;  
Page No. 60;  
Book No. XVIII;  
Series of 2022.



**Atty. Stella Marie G. Sacdalan**  
Notary Public for Taguig City  
Notarial Commission No. 99  
Until June 30, 2022

NAC Tower, 32nd St. Bonifacio Global City, Taguig City  
PTR NO. A-5401953; January 11, 2022, Taguig City  
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## ANNEX “C-1”

### SUMMARY OF THE MINUTES OF THE 2021 ANNUAL STOCKHOLDERS’ MEETING (2021 ASM)

The meeting was called to order on April 26, 2021 at 4:00 p.m. by the Lead Independent Director, Mr. Raphael P.M. Lotilla, who acted as Chairman of the Meeting pursuant to the authority granted by the Board of Directors. The Corporate Secretary, Mr. Manuel Alberto R. Colayco, recorded the minutes of the meeting. The Corporate Secretary certified that notices for the 2021 ASM of Aboitiz Equity Ventures Inc. were distributed to stockholders as follows: (i) disclosed to the Securities and Exchange Commission (SEC), Philippine Stock Exchange (PSE), and Philippine Depository & Trust Corporation (PDTC) (ii) uploaded on the Company’s website, (iii) published in the business section of the Daily Tribune and Manila Standard on March 24 and 25, 2021, (iv) sent to stockholders electronically and through private courier on March 30, 2021, and (v) broadcasted through the PDTC platform for the stockholders under PCD/Broker accounts. As an additional measure, Quick Response (QR) code of the company’s Definitive Information Statement was also published on March 30 and 31, 2021 in the business section of two newspapers of general circulation.

The Corporate Secretary certified that the Notice and Agenda were sent out at least 21 days prior to the ASM, in accordance with the requirements of the Revised Corporation Code and SEC regulations. The Notice informed the stockholders that the Company would not conduct a physical annual stockholders meeting. Instead, the 2021 ASM will be streamed live from the Company’s principal address in Taguig City. Stockholders were also notified that if they wish to cast their votes, they may vote through Proxy or in absentia through the ASM Portal. The Stockholders were also informed of the rationale for each Agenda Item that will be put to a vote today. MAC also informed the stockholders attending the meeting that they could still cast their votes online until the adjournment of the meeting.

The Corporate Secretary certified to the existence of a quorum, there being a total Four Billion Seven Hundred Forty-Four Million Four Hundred Eighty-Eight Thousand Four Hundred Ninety-Seven (4,744,488,497) shares represented by proxy, Three Million Nine Hundred Three Thousand Six Hundred Sixty (3,903,660) shares attending through remote communication or livestream, and Forty-Three Thousand Three Hundred Thirty-Two (43,332) shares present by voting in absentia, or a total of Four Billion Seven Hundred Forty-Eight Million Four Hundred Thirty-Five Thousand Four Hundred Eighty-Nine (4,748,435,489) shares entitled to vote. The shares constituted 84.34% of the Company’s total outstanding shares of Five Billion Six Hundred Thirty Million Two Hundred Twenty Five Thousand Four Hundred Fifty Seven (5,630,225,457) entitled to vote, which is more than 2/3 of the Company’s total outstanding shares entitled to vote. The Corporate Secretary informed the stockholders that the Company engaged the services of the accounting firm Luis Cañete & Company as its Board of Election Inspectors to verify, canvass, and validate the shareholder’s vote for the Company’s 2021 ASM.

There were 161 viewers of the live webcast of the 2021 ASM through the Company’s ASM Platform, <https://conveneagm.com/ph/Aboitiz2021ASM>.

Upon motion duly made and seconded, the minutes of the previous Annual Stockholders’ Meeting last 22 April 2019 was approved.

The body passed the following resolutions:

- 1) Approval of the 2020 Annual Report and Audited Financial Statements
- 2) Appointment of the Company's External Auditor for 2021
- 3) Election of the Members of the Board of Directors
- 4) Increase in the Per Diem of the Chairman of the Board and the Chairmen of the Committees
- 5) Ratification of the Acts, Resolutions and Proceedings of the Board of Directors, Corporate Officers and Management in 2020 up to April 26, 2021

After the approval of the proposed resolutions and the questions from the body were asked and answered, the meeting was duly adjourned.

A Copy of the Minutes of the 2021 ASM is also available at the Company’s website at: <https://s3-ap-southeast-1.amazonaws.com/aboitizcom-uploads/wp-content/uploads/2021/04/28093313/AEV-Minutes-2021-04.26.2021-Annual-Stockholders-Meeting-Final-Draft.pdf>





## DRAFT

Subject for Approval in the 2022 Annual  
Stockholders' Meeting

### ABOITIZ EQUITY VENTURES INC.

#### Annual Stockholders Meeting

1600H to 1700H, April 26, 2021

live from NAC Tower, 32nd Street, BGC, Taguig City, 1634 Philippines  
through a secure video conference facility through:

Total No. of Shares Outstanding	<b>5,630,225,457</b>
Total No. of Shares of Stockholders represented by Proxy*	4,744,488,497
Percentage of Shares of Stockholders represented by Proxy	84.27%
Total No. of Shares of Stockholders present through Remote Participation (Livestream)	3,904,600
Percentage of Shares of Stockholders present through Remote Participation (Livestream)	0.07%
Total No. of Shares of Stockholders present by Voting <i>in Absentia</i>	43,332
Percentage of Shares of Stockholders present by Voting <i>in Absentia</i>	0.00%
Total No. of Shares of Stockholders Represented by Proxy, Present through Remote Communication (Livestream), and by Voting <i>in Absentia</i>	<b>4,748,436,489</b>
Percentage of Shares of Stockholders Represented by Proxy, Present through Remote Communication (Livestream), and by Voting <i>in Absentia</i>	<b>84.34%</b>

Total No. of Shares Not Represented	<b>881,788,968</b>
Percentage of Shares Not Represented	<b>15.66%</b>

\*Shares represented by proxies exclude those represented by proxies that are submitted beyond the deadline of April 19, 2021

Name	Designation
Enrique M. Aboitiz	Chairman, Board of Directors/ Chairman, Board Risk and Reputation Management Committee/ Member, Board Environmental, Social, and Corporate Governance (ESCG) Committee / Member, Board Executive Committee
Mikel A. Aboitiz	Vice Chairman, Board of Directors/ Member, Board Risk and Reputation Management Committee/ Member, Board Executive Committee
Erramon I. Aboitiz	Member, Board Risk and Reputation Management Committee / Member, Board Executive Committee/ Member, Board Audit Committee
Sabin M. Aboitiz	President and Chief Executive Officer/ Chairman, Board Executive Committee/ Member, Board Risk and Reputation Management Committee/ Member, Board ESCG Committee
Ana Maria A. Delgado	Member, Board Audit Committee
Edwin R. Bautista	Member, Board Executive Committee
Raphael P.M. Lotilla	Lead Independent Director/ Chairman, Board ESCG Committee / Member, Board Audit Committee/ Member, Board Risk and Reputation Management Committee/ Member, Board Related Party Transactions Committee



Justice Jose C. Vitug (ret.)	Independent Director/ Chairman, Board Audit Committee/ Member, Board ESCG Committee, Member, Board Risk and Reputation Management Committee/ Member, Board Related Party Transactions Committee
Manuel R. Salak III	Independent Director/ Chairman, Board Related Party Transactions Committee/ Member, Board ESCG Committee/ Member, Board Audit Committee/ Member, Board Risk and Reputation Management Committee

*The list of Company officers present and other attendees during the meeting is attached as **Annex “A”**.*

Before the official start of the meeting, Mr. Francis Victor Salas, the Company’s Investor Relations Officer, read the House Rules and Procedures for Voting for the 2021 Annual Stockholders Meeting (ASM), as follows:

1. Stockholders who registered through the Company’s ASM Portal at (<https://conveneagm.com/ph/Aboitiz2021ASM>) (the “ASM Platform”) may participate and vote in the ASM;
2. For proper order, the moderator will read out questions and comments received before the cut-off during the question-and-answer (Q&A) session scheduled at the end of the meeting. Questions that were not taken up during the meeting may be directed to the Company representatives whose details were flashed on the screen;
3. The language of the proposed resolutions and the number of votes received for each agenda item will be shown on the screen;
4. Voting in *absentia* through the ASM Platform will remain open until the meeting is adjourned. Votes received through proxy and votes cast through the voting portal as of 3:00 pm today, April 26, 2021, will be shown on the screen for each agenda item, as verified by the Board of Election Inspectors;
5. The final voting results will be reflected in the minutes of this meeting, which will be posted on the Company’s website, tomorrow, April 27, 2021; and
6. The proceedings of the 2021 ASM will be recorded.

## **I. CALL TO ORDER**

---

Mr. Raphael P.M. Lotilla, the Lead Independent Director, acted as the Chairman of the 2021 ASM (the “Chairman”) pursuant to the authority granted by the Board of Directors. The Corporate Secretary, Mr. Manuel Alberto R. Colayco (MAC), recorded the minutes of the meeting.

The Chairman explained that in light of the COVID-19 pandemic, for the 2nd year, the Company is holding its 2021 ASM virtually, to comply with the government restrictions on mass gatherings and movements of individuals.

## **II. PROOF OF NOTICE OF MEETING**

---

The Corporate Secretary certified that notices for the 2021 ASM were distributed to stockholders as follows: (i) disclosed to the Securities and Exchange Commission (SEC), Philippine Stock Exchange (PSE), and Philippine Depository & Trust Corporation (PDTCT) (ii) uploaded on the Company’s website, (iii) published in the business section of the Daily Tribune and Manila Standard on March 24 and 25, 2021, (iv) sent to stockholders electronically and

through private courier on March 30, 2021, and (v) broadcasted through the PDTC platform for the stockholders under PCD/Broker accounts. As an additional measure, Quick Response (QR) code of the company's Definitive Information Statement was also published on March 30 and 31, 2021 in the business section of two newspapers of general circulation.

The Corporate Secretary certified that the Notice and Agenda were sent out at least 21 days prior to the ASM, in accordance with the requirements of the Revised Corporation Code and SEC regulations. The Notice informed the stockholders that the Company would not conduct a physical annual stockholders meeting. Instead, the 2021 ASM will be streamed live from the Company's principal address in Taguig City. Stockholders were also notified that if they wish to cast their votes, they may vote through Proxy or *in absentia* through the ASM Portal. The Stockholders were also informed of the rationale for each Agenda Item that will be put to a vote today. MAC also informed the stockholders attending the meeting that they could still cast their votes online until the adjournment of the meeting

### **III. DETERMINATION OF QUORUM**

---

Upon the Chairman's request, the Corporate Secretary certified that, as of 3:00 P.M., there was a quorum to conduct business, there being a total Four Billion Seven Hundred Forty-Four Million Four Hundred Eighty-Eight Thousand Four Hundred Ninety-Seven (4,744,488,497) shares represented by proxy, Three Million Nine Hundred Three Thousand Six Hundred Sixty (3,903,660) shares attending through remote communication or livestream, and Forty-Three Thousand Three Hundred Thirty-Two (43,332) shares present by voting *in absentia*, or a total of Four Billion Seven Hundred Forty-Eight Million Four Hundred Thirty-Five Thousand Four Hundred Eighty-Nine (4,748,435,489) shares entitled to vote. The shares constituted 84.34% of the Company's total outstanding shares of Five Billion Six Hundred Thirty Million Two Hundred Twenty Five Thousand Four Hundred Fifty Seven (5,630,225,457) entitled to vote, which is more than 2/3 of the Company's total outstanding shares entitled to vote.

The Corporate Secretary informed the stockholders that the Company engaged the services of the accounting firm Luis Cañete & Company as its Board of Election Inspectors to verify, canvass, and validate the shareholder's vote for the Company's 2021 ASM.

There were 161 attendees of the live webcast of the 2021 ASM through the Company's ASM Platform, <https://conveneagm.com/ph/Aboitiz2021ASM>.

### **IV. READING AND APPROVAL OF THE MINUTES OF THE PREVIOUS STOCKHOLDERS' MEETING HELD ON APRIL 27, 2020**

---

The Chairman proceeded to the next item in the agenda, which was the reading and approval of the minutes of the previous stockholders' meeting on April 27, 2020. Upon motion duly made and seconded, the reading of the minutes of the previous stockholders' meeting dated April 27, 2020 was dispensed with and the stockholders approved the minutes of the previous stockholders' meeting.

Upon motion duly made and seconded, the stockholders approved the following resolutions:

**ASM Resolution No. 2021-“**

**"RESOLVED**, that the stockholders of Aboitiz Equity Ventures Inc. (t“e  
"Comp"ny") approve, as they hereby approve, the minutes of the Annual  
Stockholders Meeting Report held last April 27, 20"0."

The Corporate Secretary recorded the following votes for this item, the results of which were verified by the representatives from Luis Cañete & Company.

<b>Vote</b>	<b>Number of Votes (One Share-One vote)</b>	<b>Percentage of shares represented</b>
In favor	4,748,436,489	100.00%
Against	0	0%
Abstain	0	0%
<b>Total</b>	<b>4,748,436,489</b>	<b>100.00%</b>

The voting process complied with the one-share, one-vote and cumulative voting requirements under the Revised Corporation Code. The votes submitted through proxy documents were counted and added to the votes of the stockholders *in absentia* through the online voting portal

**V. PRESENTATION OF THE PRESIDENT’S REPORT**

---

Mr. Sabin M. Aboitiz (SMA), the Company’s President and Chief Executive Officer, presented his report to the stockholders. SMA informed the stockholders that questions will be entertained during the Q&A portion at the end of the meeting. The President’ report covered the highlights of the Company’s financial and operating results for the year 2020, specifically on the following matters:

- 5.1 AEV Pandemic Response and Initiatives;
- 5.2 Financial Highlights for 2020;
- 5.3 Dividend Policy and Stock Performance;
- 5.4 Aboitiz Power Operating Results, Highlights, and Outlook;
- 5.5 Banking and Financial Services Operating Results, Highlights, and Outlook;
- 5.6 Food Operating Results;
- 5.7 Land Operating Results, and Outlook;
- 5.8 Infrastructure Operating Results;
- 5.9 Risk Management and Risk Maturity Index;
- 5.10 COVID-19 Corporate Social Responsibility (CSR);
- 5.11 ESG Performance and Initiatives; and
- 5.12 Tribute to Outgoing Directors and Welcome to Incoming Directors.

*(A copy of the President’s report to the stockholders is attached to the minutes and made an integral part of the minutes of the Annual Stockholders’ Meeting. The presentation materials have also been uploaded on the Company’s website.)*

**VI. APPROVAL OF THE 2020 ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS**

---

The Chairman informed the stockholders that the next item on the agenda was the approval of the Company’s Annual Report and its Audited Financial Statements as of and for the year

ended December 31, 2020. He informed the stockholders that the Audited Financial Statements were incorporated in the Definitive Information Statement, copies of which were uploaded to the Company's website and disclosed to the SEC, PSE and PDTC on March 29, 2021, and also incorporated in the 2020 Annual Report (SEC Form 17-A). As an added measure, a QR code of the Definitive Information Statement was also published in two newspapers of general circulation.

The Corporate Secretary certified that the following information were included in the Company's 2020 Annual Report and Information Statements:

- a) the draft minutes of the 2020 Annual Stockholders Meeting;
- b) the security ownership of the Company's top 20 stockholders, as well as security ownership of its directors and officers;
- c) the attestation and verification from the Company's President and Internal Audit Head that its systems of risk management, internal controls, and compliance and governance processes provide reasonable assurance that the Company's risks are managed to an acceptable level;
- d) the Company's audited financial statements for the period as of and for the period ending December 31, 2020, as audited by the Company's independent external auditor, SyCip Gorres Velayo & Co. (SGV);
- e) dividends declared and paid for by the Company, for the past three years, as well as the Company's dividend policy;
- f) a statement on the external audit and non-audit fees;
- g) the profiles of the Company's directors and officers, as well as the profiles of nominees to be elected to the Board of Directors. Their profiles include their qualifications, experience, length of service in the Company, educational background, and their board and committee membership in the Company and in other organizations, including other listed companies or government positions, if any;
- h) the attendance report for the Company's directors, indicating their attendance at each Board meeting, committee meeting, and special or regular stockholder meetings;
- i) the appraisal and performance reports for the member of the Board and the criteria and procedure for assessment;
- j) a report on the annual compensation of each director, as well as the aggregate compensation of the President/Chief Executive Officer, and the Company's top four most highly compensated officers; and
- k) disclosures on related party transactions, including dealings with directors.

Upon motion duly made and seconded, the stockholders approved the following resolutions:

**ASM Resolution No. 2021-2**

**"RESOLVED**, that the stockholders of Aboitiz Equity Ventures Inc. (the "Company") approve, as they hereby approve, the 2020 Annual Report and Audited Financial Statements of the Company as of December 31, 2020."

Upon the Chairman's request, the Corporate Secretary recorded the following votes for this agenda item and as witnessed and verified by the representatives from Luis Cañete & Company.

<b>Vote</b>	<b>Number of Votes (One Share-One vote)</b>	<b>Percentage of shares represented</b>
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In favor	4,747,227,779	99.97%
Against	0	0%
Abstain	1,208,710	0.03%
<b>Total</b>	<b>4,748,436,489</b>	<b>100.00%</b>

The voting process complied with the principles of one-share, one-vote, and cumulative voting requirements under the Revised Corporation Code. Based on the Requirements and Procedures for Voting in the 2021 ASM, the votes submitted through proxy documents were counted and added to the votes of the stockholders *in absentia* through the online voting portal.

## VII. APPOINTMENT OF THE COMPANY'S EXTERNAL AUDITOR FOR 2021

The Chairman explained to the stockholders that, after deliberation and evaluation, the Board Audit Committee of the Company recommended the appointment of SGV as the Company's external auditors for 2021. The Chairman advised the stockholders that the Board Audit Committee, after its evaluation of SGV's services, was satisfied with SGV's performance as the Company's external auditors. On behalf of the Board of Directors of the Company, the Chairman endorsed to the stockholders for approval the appointment of SGV as the Company's external auditor for the year 2021.

Upon motion made and duly seconded, the following resolution was approved by the stockholders:

### ASM Resolution No. 2021-3

**"RESOLVED**, that the stockholders of Aboitiz Equity Ventures Inc. (t"e "Comp"ny") approve, as they hereby approve, the appointment of SyCip Gorres Velayo & Co. as the Company's external auditor for the year 2021 based on recommendation of the Board Audit Committee and the Board of Directors."

The Corporate Secretary recorded the following votes for this item, the results of which were verified by the representatives from Luis Cañete & Company.

<b>Vote</b>	<b>Number of Votes (One Share-One vote)</b>	<b>Percentage of shares represented</b>
In favor	4,737,071,634	99.76%
Against	11,364,855	0.24%
Abstain	0	0%
<b>Total</b>	<b>4,748,436,489</b>	<b>100.00%</b>

The voting process complied with the principles of one-share, one-vote, and cumulative voting requirements under the Revised Corporation Code. Based on the Requirements and Procedures for Voting in the 2021 ASM, the votes submitted through proxy documents were counted and added to the votes of the stockholders *in absentia* through the online voting portal.

## VIII. ELECTION OF THE MEMBERS OF THE BOARD OF DIRECTORS

---

The Chairman announced that the next order of the business was the election of the members of the Board of Directors for the period 2021-2022. He called on the Corporate Secretary to explain the procedure for the nomination and election of directors.

The Corporate Secretary reiterated the basis for the nomination of directors under Article I, Section 7 of the Company's Amended By-Laws. The By-Laws state that:

*"Nominations for the election of directors for the ensuing year must be received by the Corporate Secretary no less than fifteen (15) working days prior to the Annual Meeting of stockholders, except as may be provided by the Board of Directors in appropriate guidelines that it may promulgate from time to time in compliance with law."*

The Corporate Secretary reported that the deadline to nominate candidates to the Board of Directors was on March 31, 2021, and that all stockholders have been given the opportunity to submit their nominees for membership to the Board of Directors. He said that since it was already past the deadline, nominations for directors would not be allowed to be made on the floor.

As for the nomination of the independent directors, the Corporate Secretary explained that the Amended Guidelines for the Nomination and Election of Independent Directors state that:

*"Nominations for independent directors are accepted from all stockholders starting January 1 up to February 15 of the year in which such nominee director is to serve."*

The Corporate Secretary advised the body that the stockholders who nominated the independent and other directors were disclosed in the Company's Definitive Information Statement, which was previously distributed to all stockholders through a disclosure to the PSE and PDTC on March 29, 2021, and uploaded to the Company's website. A QR code of the Definitive Information Statement was also published in two newspapers of general circulation.

He further reiterated that (a) directors are elected at each annual stockholders' meeting by stockholders entitled to vote; and (b) each director holds office until the next annual election, or for a term of one (1) year and until his successor is duly elected, or unless he resigns, dies or is removed prior to such election.

The Corporate Secretary reported that after proper screening and approval by the Board ESCG Committee, in its capacity as the Nomination and Compensation Committee, the following were determined to be qualified for nomination as members of the Board of Directors of the Company:

Mr. Erramon I. Aboitiz  
Mr. Mikel A. Aboitiz  
Mr. Enrique M. Aboitiz  
Mr. Sabin M. Aboitiz  
Mr. Justo A. Ortiz  
Ms. Ana Maria Aboitiz-Delgado  
Mr. Romeo L. Bernardo (*Independent Director*)

Ms. Joanne De Asis (*Independent Director*)  
Mr. Manuel R. Salak III (*Independent Director*)

The Corporate Secretary advised the stockholders that the profiles of the nominees to the Board of Directors were part of the Definitive Information Statement which were uploaded to the Company's website and distributed to the stockholders through disclosures to the PSE and PDTC on March 29, 2021. As an added measure, a QR code of the Definitive Information Statement was also published in two newspapers of general circulation.

Upon motion duly made and seconded, the stockholders moved to elect the nine (9) nominees as directors of the Company for the year 2021-2022. Since no objection was made, the motion was carried and all the nine (9) nominees were elected as directors based on votes of stockholders represented in person and by proxy.

The Chairman announced that the nine (9) named nominees have been duly elected as members of the Board of Directors to serve for a term of one (1) year until their successors will have been qualified and elected. He requested the Corporate Secretary to record the votes for this agenda item.

The following were the votes on the directors as verified by Luis Cañete & Company.

	Vote	Number of Votes	Percentage of shares represented
Mr. Erramon I. Aboitiz	In favor	4,709,520,624	99.12%
	Abstain	42,051,046	0.88%
	<b>Total</b>	<b>4,751,571,670</b>	<b>100.00%</b>
Mr. Mikel A. Aboitiz	In favor	4,607,177,029	96.96%
	Abstain	144,394,641	3.04%
	<b>Total</b>	<b>4,751,571,670</b>	<b>100.00%</b>
Mr. Enrique M. Aboitiz	In favor	4,733,720,191	99.62%
	Abstain	17,851,479	0.38%
	<b>Total</b>	<b>4,751,571,670</b>	<b>100.00%</b>
Mr. Sabin M. Aboitiz	In favor	4,741,777,073	99.79%
	Abstain	9,794,597	0.04%
	<b>Total</b>	<b>4,751,571,670</b>	<b>100.00%</b>
Mr. Justo A. Ortiz	In favor	4,749,612,522	99.14%
	Abstain	1,959,148	0.86%
	<b>Total</b>	<b>4,751,571,670</b>	<b>100.00%</b>
Ms. Ana Maria Aboitiz-Delgado	In favor	4,710,620,247	99.98%
	Abstain	40,951,423	0.02%
	<b>Total</b>	<b>4,751,571,670</b>	<b>100.00%</b>
Mr. Romeo L. Bernardo ( <i>Independent Director</i> )	In favor	4,747,287,028	99.81%
	Abstain	1,149,461	0.19%
	<b>Total</b>	<b>4,751,571,670</b>	<b>100.00%</b>
Ms. Joanne De Asis ( <i>Independent Director</i> )	In favor	4,748,419,489	100.00%
	Abstain	17,000	0.00%
	<b>Total</b>	<b>4,751,571,670</b>	<b>100.00%</b>
Mr. Manuel R. Salak III ( <i>Independent Director</i> )	In favor	4,747,559,709	99.98%
	Abstain	876,780	0.02%



	<b>Total</b>	<b>4,751,571,670</b>	<b>100.00%</b>
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The voting process complied with the principles of one-share, one-vote, and cumulative voting requirements under the Revised Corporation Code. Based on the Requirements and Procedures for Voting in the 2021 ASM, the votes submitted through proxy documents were counted and added to the votes of the stockholders *in absentia* through the online voting portal.

On behalf of the Board of Directors, Mr. Lotilla welcomed the new directors, Messrs. Ortiz, and Bernardo, and Ms. De Asis. He also thanked the stockholders and his colleagues in the AEV Board for allowing him to serve as the Company's independent director for nine years. On behalf of the Board of Directors, the management, and the entire AEV Team, Mr. Lotilla thanked the other outgoing directors, Messrs. Bautista and Vitug, for their dedicated service to the Company. Mr. Lotilla also recognized the invaluable contributions of Mr. Vitug to the Company, his 16 years of exemplary service to the Company has set the bar high for future independent directors to follow.

#### **IX. APPROVAL OF THE INCREASE IN THE PER DIEM OF THE CHAIRMAN OF THE BOARD AND CHAIRMEN OF THE COMMITTEES**

The Chairman informed the stockholders that the next item on the agenda was the increase in the per diem of the Chairman of the Board and Chairmen of the Committees.

The Chairman explained that during the February 16, 2021 meeting of the ESCG Committee, the Company's Management proposed increase in the per diem of the following:

<b>Type of Meeting</b>	<b>Chairman of the Board</b>	
Board Meeting	<b>From</b>	<b>To</b>
	₱200,000.00	₱225,000.00

<b>Type of Meeting</b>	<b>Chairman of the Committee</b>	
Committee Meeting (Other Than Audit Committee)	<b>From</b>	<b>To</b>
	₱130,000.00	₱150,000.00
Audit Committee Meeting	₱130,000.00	₱200,000.00

The Chairman added that the per diems for the Board and Committee chairpersons were last increased in 2019. In their recommendation, Management noted that the Company's businesses have expanded in scope and became more complicated, partly because of more regulations and the challenges caused by the COVID-19 pandemic. As a matter of effective corporate governance, these challenges led to corresponding increase in the responsibilities of the Board and Committee Chairpersons. The proposal by Management to increase the per diems of the Board and Board Committee Chairmen was made after a review of the Board compensation structures of comparable companies with the same Board size, revenue, assets, and market capitalization. During its Board Meeting dated March 5, 2021, the Board of Directors noted the proposed increases in the per diems for the Board and Committee Chairpersons, and, having considered the rationale provided for the proposed increases and greater responsibilities of the chairpersons, endorsed the same for stockholders' approval. There are no proposed changes to the monthly allowance and per diem of other members of the Board.

On behalf of the Board of Directors of the Company, the Chairman endorsed to the stockholders for approval the increase in the per diem of the Chairman of the Board and Chairmen of the Committees.

Upon motion made and duly seconded, the following resolution was approved by the stockholders:

**Resolution No. 2021-4**

**“RESOLVED**, that the stockholders of Aboitiz Equity Ventures Inc. (the “Company”) approve, as they hereby approve, the approval of the increase in the per diem of the Chairman of the Board and Chairmen of the Committees, as follows:

Type of Meeting	Chairman of the Board	
	From	To
Board Meeting	₱200,000.00	<b>₱225,000.00</b>

Type of Meeting	Chairman of the Committee	
	From	To
Committee Meeting (except Audit Committee)	₱130,000.00	<b>₱150,000.00</b>
Audit Committee	₱130,000.00	<b>₱200,000.00</b>

The Chairman asked if there were any questions. There being no questions raised, the Chairman requested the Corporate Secretary to record the votes for this agenda item.

The Corporate Secretary recorded the following votes for this item, the results of which were verified by the representatives from Luis Cañete & Company.

Vote	Number of Votes (One Share-One vote)	Percentage of shares represented
In favor	4,748,436,489	100.00%
Against	0	0%
Abstain	0	0%
<b>Total</b>	<b>4,748,436,489</b>	<b>100.00%</b>

The voting process complied with the principles of one-share, one-vote, and cumulative voting requirements under the Revised Corporation Code. Based on the Requirements and Procedures for Voting in the 2021 ASM, the votes submitted through proxy documents were counted and added to the votes of the stockholders *in absentia* through the online voting portal.

**X. RATIFICATION OF THE ACTS, RESOLUTIONS AND PROCEEDINGS OF THE BOARD OF DIRECTORS, CORPORATE OFFICERS AND MANAGEMENT IN 2020 UP TO APRIL 26, 2021**

The Chairman informed the stockholders that the next item on the agenda was the ratification of all corporate acts, resolutions, business judgments, management proceedings, any and all succession, compensation, management, and performance-related decisions entered into or

done by the Board of Directors, Corporate Officers and Management in the exercise of their duties for the year 2020, including all acts up to April 26, 2021.

The Corporate Secretary explained to the stockholders that the acts, resolutions and proceedings requested to be ratified are the regular corporate acts performed by the Board, Officers and Management in the ordinary course of the Company's business and that a list of resolutions approved by the Board of Directors for the period covered have been enumerated in the Definitive Information Statements distributed to the stockholders ahead of the meeting. In addition, the Company has regularly disclosed material transactions approved by the Board of Directors, which are available for viewing and download at the Company's website and at [pse.edge.com.ph](http://pse.edge.com.ph).

Upon motion duly made and seconded, the stockholders approved the following resolution:

**ASM Resolution No. 2021-5**

**"RESOLVED**, that the stockholders of Aboitiz Equity Ventures Inc. (the "Company") approve, ratify and confirm, as they hereby approve, ratify and confirm, corporate acts, resolutions, business judgments, management proceedings, any and all succession, compensation and management, and performance-related decisions entered into or done by the Board of Directors, Corporate Officers and Management of the Company for the past year 2020, including all acts up to April 26, 2021."

The Corporate Secretary recorded the following votes for this item, the results of which were verified by the representatives from Luis Cañete & Company.

<b>Vote</b>	<b>Number of Votes (One Share-One vote)</b>	<b>Percentage of shares represented</b>
In favor	4,746,753,429	99.96%
Against	0	0 %
Abstain	1,683,060	0.04%
<b>Total</b>	<b>4,748,436,489</b>	<b>100.00%</b>

The voting process complied with the principles of one-share, one-vote, and cumulative voting requirements under the Revised Corporation Code. Based on the Requirements and Procedures for Voting in the 2021 ASM, the votes submitted through proxy documents were counted and added to the votes of the stockholders *in absentia* through the online voting portal.

**XI. OTHER BUSINESS AND ADJOURNMENT**

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The Chairman then asked the stockholders if there were any matters they wished to raise.

The moderator of the meeting, Mr. Francis Victor G. Salas, Investor Relations Officer, read out the questions submitted by stockholders through the Company's ASM Platform:

**Question #1 was addressed to Mr. Sabin M. Aboitiz, President and CEO**

*Can you give us more color on your energy transition plan? Do you have a concrete plan to achieve your 50:50 energy mix? What challenges are you encountering in the building of renewables?*

SMA explained that the Aboitiz Group will leverage on its position as the pioneer and leader in the renewable power generation space as it continues to do business responsibly by working with the Group's host communities. He clarified the misconception that the Aboitiz Group is transitioning to clean energy as renewable energy has been part of the Group's heritage. He explained that since the 1970s, Aboitiz Power Corporation has been building and operating run-of-river hydroelectric power plants in the country. Today, the Aboitiz Group has the largest installed capacity of renewable energy in the country. SMA reported that the Aboitiz Group remains committed to expand its renewable energy portfolio by adding over 1600 MW capacity with a pipeline of renewable energy projects in hydro, wind, and solar in the next 10 years.

Thereafter, SMA discussed the challenges in achieving this goal. SMA explained that the challenges come from two sides, demand and supply. In terms of the supply side, the challenges include the arduous process of land acquisition, conversion, permitting, and the current limitation on available transmission lines. On the demand side, the financial viability of the group's plants are dependent on the continued patronage of large scale off-takers and committed clean energy customers.

**Question #2 addressed to Mr. Edwin R. Bautista, President and CEO of Union Bank of the Philippines (UnionBank):**

*I was impressed with the sustained increase in UnionB'nk's digital account openings during the pandemic. What opportunities were you able to capitalize on during this difficult period? Do you expect this to be a key growth driver for the bank in the future?*

Mr. Bautista explained that during the COVID-19 lockdown, Filipinos discovered the benefits of e-commerce and digital payments. Since the lockdown began in 2020, there has been a rapid adoption of digital commerce in the country. He reported that UnionBank prepared for and was able to leverage on its digital transformation, and as a result experienced a significant growth in customer base and transactions done through its digital platforms. Mr. Bautista believes that this is an irreversible trend.

Thereafter, Mr. Bautista discussed UnionBank's ongoing initiatives to prepare for more digital trends to happen. First, UnionBank continues to digitize its remaining systems to allow it to build on scale. Second, UnionBank continues to implement its program to shorten the cycle between the identification of a new customer need, testing, and the eventual deployment so it can rapidly commercialize new products.

Mr. Salas explained that there were a number of questions sent by shareholders and attendees to which the Company will respond separately via email. He also invited the stockholders to direct their queries to the Company's representatives, depending on their queries and concerns, and flashed their contact details on the screen.

Thus, upon motion duly made and seconded, the meeting was adjourned.

The Chairman then asked the Corporate Secretary to flash on the screen the votes cast by the stockholders for each agenda item approved, including the votes cast in the election of directors.

The Chairman also asked the attendees to join him in remembering the contributions of the late Chairman of the Board, Mr. Jon Ramon Aboitiz, whose birthday is today, and the late Bobby Aboitiz. He noted that their lives, well lived for others, will be a source of inspiration for future generations. He also thanked the stockholders who participated in the stockholders' meeting today.

The next Annual Stockholders' Meeting has been scheduled for April 25, 2022.

(SGD.)

**MANUEL ALBERTO R. COLAYCO**

Corporate Secretary <sup>CNC</sup>

*ATTESTED:*

(SGD.)

**RAPHAEL P.M. LOTILLA**

Chairman of the Meeting/  
Lead Independent Director

*NOTED:*

(SGD.)

**LUIS CAÑETE**

Board of Election Inspector, Luis Cañete & Company

(SGD.)

**NOEL PETER CAÑETE**

Board of Election Inspector, Luis Cañete & Company

**List of Officers Present:**

<b>Name</b>	<b>Position</b>
Manuel R. Lozano	- Senior Vice President/Chief Financial Officer/ Corporate Information Officer
Susan V. Valdez	- Senior Vice President and Chief Corporate Services Officer
Christine C. Kempeneers	- Data Privacy Officer
Maria Lourdes Y. Tanate	- Vice President Group Internal Audit Head
Justo A. Ortiz	- Incoming Director
Joanne De Asis	- Incoming Independent Director
Romeo L. Bernardo	- Incoming Independent Director
Manuel Alberto R. Colayco	- Senior Vice President and Chief Legal Officer/Corporate Secretary/Chief Compliance Officer
Saturnina Apolinaria B. Castro	- First Vice President – Risk Management
Mailene M. de la Torre	- Assistant Corporate Secretary
Francisco Victor G. Salas	- Assistant Vice President – Investor Relations
Sammy Dave A. Santos	- Assistant Corporate Secretary

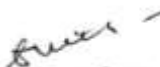
**Others:**

Veronica Pore	- External Auditor for 2020, Sycip Gorres Velayo & Co.
Luis Cañete	- Board of Election Inspector, Luis Cañete & Company
Noel Peter Cañete	- Board of Election Inspector, Luis Cañete & Company
Michael C. Capoy	- Stock Transfer Service Inc., Stock and Transfer Agent
Novelyn S. Pabalan	- Stock Transfer Service Inc., Stock and Transfer Agent
Mark Perez	- Manager - Investor Relations
Ivy Manalang	- Officer - Investor Relations
Marinel Mangubat	- Shareholder Relations Officer
Luis Cañete	- Board of Election Inspector, Luis Cañete & Company

### Registration Report

All Shareholders	
Total No. of Shares Outstanding	5,630,225,457
Shares Present in Person	3,904,660
Shares Represented by Proxy	4,744,488,497
Shares Represented by Voting-in-Absentia	43,332
Total No. of Shares Present, Represented by Proxy, and Voting-in-Absentia	4,748,436,489
Percentage of Shares Present, Represented by Proxy, and Voting-in-Absentia	84.34%
Total Shares Not Represented	881,788,968
Percentage of Shares Not Represented	15.66%

  
DANNA R. CUERVO  
April 26, 2021

  
LUIS A. CAÑETE  
April 26, 2021



### SUMMARY OF VOTES

  
LUIS A. CAÑETE

Matters for Approval	YES		NO		ABSTAIN	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Approval of the previous stockholders' meeting held last April 27, 2020	4,748,436,489	100.00%	0	0.00%	0	0.00%
Approval of the 2020 Annual Report and Financial Statements	4,747,227,779	99.97%	0	0.00%	1,208,710	0.03%
Appointment of the Company's External Auditor for 2021	4,737,071,634	99.76%	11,364,855	0.24%	0	0.00%



## SUMMARY OF VOTES

  
LUIS A. CAÑETE

Matters for Approval Election of Independent Directors		
	YES	ABSTAIN
Mr. Romeo L. Bernardo	4,747,287,028	1,149,461
Ms. Joanne De Asis	4,748,419,489	17,000
Mr. Manuel R. Salak III	4,747,559,709	876,780

## SUMMARY OF VOTES

  
LUIS A. CAÑETE

Matters for Approval	YES		NO		ABSTAIN	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Approval of the Increase in the Per Diem of the Chairmen of the Board and Board Committees	4,748,436,489	100.00%	0	0.00%	0	0.00%
Ratification of the Acts, Resolutions and Proceedings of the Board of Directors, Corporate Officers and Management from 2020 up to April 26, 2021	4,746,753,429	99.96%	0	0.00%	1,683,060	0.04%

## SUMMARY OF VOTES

  
LUIS A. CAÑETE

Matters for Approval	YES		NO		ABSTAIN	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Other Business	4,531,845,070	95.44%	213,781,959	4.50%	2,809,460	0.06%

## ANNEX “C-2”

### SUMMARY OF THE MINUTES OF THE 2021 SPECIAL STOCKHOLDERS’ MEETING (2021 SSM)

The meeting was called to order on December 10, 2021 at 1:00 p.m. by the Lead Independent Director, Mr. Romeo L. Bernardo, who acted as Chairman of the Meeting pursuant to the authority granted by the Board of Directors. The Corporate Secretary, Mr. Manuel Alberto R. Colayco, recorded the minutes of the meeting. The Corporate Secretary certified that notices for the 2021 SSM of Aboitiz Equity Ventures Inc. were distributed to stockholders as follows: (i) disclosed to the Securities and Exchange Commission (SEC), Philippine Stock Exchange (PSE), and Philippine Depository & Trust Corporation (PDTC) (ii) uploaded on the Company’s website, (iii) published in the business section of the Manila Standard and Daily Tribune, on November 16 and 17, 2021, (iv) sent to stockholders electronically and through private courier on November 16, 2021, and (v) broadcasted through the PDTC platform for the stockholders under PCD/Broker accounts. As an additional measure, Quick Response (QR) code of the company’s Definitive Information Statement was also published on November 16 and 17, 2021 in the business section of two newspapers of general circulation.

The Corporate Secretary certified that the Notice and Agenda were sent out at least 21 days prior to the SSM, in accordance with the requirements of the Revised Corporation Code and SEC regulations. The Notice informed the stockholders that the Company would not conduct a physical special stockholders meeting. Instead, the 2021 SSM will be streamed live from the Company’s principal address in Taguig City. Stockholders were also notified that if they wish to cast their votes, they may vote through Proxy or in absentia through the SSM Portal. The Stockholders were also informed of the rationale for each Agenda Item that will be put to a vote today. MAC also informed the stockholders attending the meeting that they could still cast their votes online until the adjournment of the meeting.

The Corporate Secretary certified to the existence of a quorum, there being a total Four Billion Seven Hundred Sixty-Eight Million Three Hundred Eighty-Seven Thousand Three Hundred Fifty Eight (4,768,387,358) shares represented by proxy, Three Million Nine Hundred Twenty-Nine Thousand One Hundred Sixty (3,929,160) shares attending through remote communication or livestream, and Thirty-Two Thousand Five Hundred Sixty-One (32,561) shares present by voting in absentia, or a total of Four Billion Seven Hundred Seventy-Two Million Three Hundred Forty-Nine Thousand Seventy-Nine (4,772,349,079) shares entitled to vote. The shares constituted 84.76% of the Company’s total outstanding shares of Five Billion Six Hundred Thirty Million Two Hundred Twenty Five Thousand Four Hundred Fifty Seven (5,630,225,457) entitled to vote, which is more than 2/3 of the Company’s total outstanding shares entitled to vote. The Corporate Secretary informed the stockholders that the Company engaged the services of the accounting firm Luis Cañete & Company as its Board of Election Inspectors to verify, canvass, and validate the shareholder’s vote for the Company’s 2021 SSM.

There were 272 viewers of the live webcast of the 2021 SSM through the Company’s SSM Platform, <https://bit.ly/2021AEVSSM>.

Upon motion duly made and seconded, the minutes of the previous Annual Stockholders’ Meeting last April 26, 2021 was approved.

The body passed the following resolutions:

- 1) Approval and Ratification of the Sale of 1,840,334,941 common shares, equivalent to 25.01% equity interest, in Aboitiz Power Corporation
- 2) Ratification of the Acts, Resolutions and Proceedings of the Board of Directors, Corporate Officers and Management from April 26, 2021 up to December 10, 2021

After the approval of the proposed resolutions and the questions from the body were asked and answered, the meeting was duly adjourned.

A Copy of the Minutes of the 2021 SSM is also available at the Company’s website at: <https://s3-ap-southeast-1.amazonaws.com/aboitizcom-uploads/wp-content/uploads/2021/12/10164457/AEV-Minutes-2021-12.10.2021-Special-Stockholders-Meeting.pdf>



# DRAFT

Subject for Approval in the 2022 Annual  
Stockholders' Meeting

## ABOITIZ EQUITY VENTURES INC.

### Special Stockholders Meeting

1300H to 1400H, December 10, 2021

live from NAC Tower, 3<sup>rd</sup> Street, BGC, Taguig City, 1634 Philippines

through a secure video conference facility:

(<https://bit.ly/2021AEVSSM>)

Total No. of Shares Outstanding	5,630,225,457
Total No. of Shares of Stockholders represented by Proxy*	4,768,387,358
Percentage of Shares of Stockholders represented by Proxy	84.69%
Total No. of Shares of Stockholders present through Remote Participation (Livestream)	3,929,160
Percentage of Shares of Stockholders present through Remote Participation (Livestream)	0.07%
Total No. of Shares of Stockholders present by Voting <i>in Absentia</i>	32,561
Percentage of Shares of Stockholders present by Voting <i>in Absentia</i>	0.00%
Total No. of Shares of Stockholders Represented by Proxy, Present through Remote Communication (Livestream), and by Voting <i>in Absentia</i>	4,772,349,079
Percentage of Shares of Stockholders Represented by Proxy, Present through Remote Communication (Livestream), and by Voting <i>in Absentia</i>	84.76%

Total No. of Shares Not Represented	857,876,378
Percentage of Shares Not Represented	15.24%

\*Shares represented by proxies exclude those represented by proxies that are submitted beyond the deadline of December 3, 2021

Name	Designation
Enrique M. Aboitiz	Chairman, Board of Directors/ Chairman, Board Risk and Reputation Management Committee/ Member, Board Environmental, Social, and Corporate Governance (ESCG) Committee/ Member, Board Executive Committee/ Member, Cyber and Information Security Committee
Mikel A. Aboitiz	Vice Chairman, Board of Directors/ Member, Board Risk and Reputation Management Committee/ Member, Board Executive Committee
Erramon I. Aboitiz	Member, Board Executive Committee/ Member, Board Risk and Reputation Management Committee/ Member, Board Audit Committee
Sabin M. Aboitiz	President and Chief Executive Officer/ Chairman, Board Executive Committee/ Member, Board Risk and Reputation Management Committee/ Member, Board ESCG Committee
Ana Maria A. Delgado	Member, Board Audit Committee
Justo A. Ortiz	Chairman, Cyber and Information Security Committee/ Member, Board Executive Committee
Romeo L. Bernardo	Lead Independent Director/ Chairman, Board ESCG Committee/ Chairman, Board Related Party Transactions Committee/ Member, Board Audit Committee/ Member, Board Risk and Reputation Management Committee
Joanne G. De Asis	Independent Director/ Member, Board Audit Committee/ Member, Board ESCG Committee/ Member, Board Risk and Reputation

	Management Committee/ Member, Board Related Party Transactions Committee/ Member, Cyber and Information Security Committee
Manuel R. Salak III	Independent Director/ Chairman, Board Audit Committee/ Member, Board ESCG Committee/ Member, Board Risk and Reputation Management Committee/ Member, Board Related Party Transactions Committee

*The list of Company officers present and other attendees during the meeting is attached as **Annex “A”**.*

Before the official start of the meeting, Mr. Francis Victor “Judd” Salas, the Company’s Investor Relations Officer, read the House Rules and Procedures for Voting for the 2021 Special Stockholders Meeting (2021 SSM), as follows:

1. Stockholders who registered through the Company’s SSM Portal at ([aboitiz.com/2021ssm](http://aboitiz.com/2021ssm)) (the “SSM Platform”) may participate and vote in the SSM;
2. For proper order, the moderator will read out questions and comments received before the cut-off during the question-and-answer (Q&A) session scheduled at the end of the meeting. Questions that were not taken up during the meeting may be directed to the Company representatives whose details were flashed on the screen;
3. The language of the proposed resolutions and the number of votes received for each agenda item will be shown on the screen;
4. Voting in *absentia* through the SSM Platform will remain open until the meeting is adjourned. Votes received through proxy and votes cast through the voting portal as of 10:00 pm today, December 10, 2021, will be shown on the screen for each agenda item, as verified by the Board of Election Inspectors;
5. The final voting results will be reflected in the minutes of this meeting, which will be posted on the Company’s website at least one day after the meeting; and
6. The proceedings of the 2021 SSM will be recorded

## **I. CALL TO ORDER**

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Pursuant to the authority granted by the Board of Directors, Mr. Romeo L. Bernardo, the Lead Independent Director, acted as the Chairman of the 2021 SSM (the “Chairman”). Mr. Manuel Alberto R. Colayco (MAC), the Company’s Corporate Secretary, recorded the minutes of the meeting.

The Chairman explained that in light of the COVID-19 pandemic, the Company is holding its 2021 SSM virtually, to comply with the government restrictions on mass gatherings and movements of individuals.

## **II. PROOF OF NOTICE OF MEETING**

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The Corporate Secretary certified that notices for the 2021 SSM were distributed to stockholders as follows: (i) disclosed to the Securities and Exchange Commission (SEC), Philippine Stock Exchange (PSE), and Philippine Depository & Trust Corporation (PDTC); (ii) uploaded on the Company’s website; (iii) published in the business sections of the Manila Standard and Daily Tribune on November 16 and 17, 2021; (iv) sent to stockholders electronically and through private courier on November 16, 2021; and (v) broadcasted through the PDTC platform for the stockholders under PCD/Broker accounts. A Quick

Response (QR) code of the Company's Definitive Information Statement was also published in the business sections of two newspapers of general circulation on November 16 and 17, 2021.

The Corporate Secretary certified that the Notice and Agenda were sent out at least 21 days prior to the 2021 SSM, in accordance with the requirements of the Revised Corporation Code and SEC regulations. The Notice informed the stockholders that the Company will not hold a physical special stockholders meeting. Instead, the 2021 SSM will be streamed live from the Company's principal address in NAC Tower, 3<sup>rd</sup> Street, Bonifacio Global City, Taguig City. The stockholders were also notified that they may cast their votes through Proxy or *in absentia* through the SSM Portal available in the Company's website [aboitiz.com/2021ssm](http://aboitiz.com/2021ssm) beginning on November 8, 2021. The Notice also informed the Stockholders of the rationale for each Agenda Item that will be put to a vote during the 2021 SSM. Lastly, the Corporate Secretary also informed the Stockholders remotely attending the 2021 SSM that they could still cast their votes online through the SSM Portal until the adjournment of the meeting.

### **III. DETERMINATION OF QUORUM**

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Upon the Chairman's request, the Corporate Secretary certified that, as of 10:00 A.M., there was a quorum to conduct business, there being a total Four Billion Seven Hundred Sixty-Eight Million Three Hundred Eighty-Seven Thousand Three Hundred Fifty Eight (4,768,387,358) shares represented by proxy, Three Million Nine Hundred Twenty-Nine Thousand One Hundred Sixty (3,929,160) shares attending through remote communication or livestream, and Thirty-Two Thousand Five Hundred Sixty-One (32,561) shares present by voting *in absentia*, or a total of Four Billion Seven Hundred Seventy-Two Million Three Hundred Forty-Nine Thousand Seventy-Nine (4,772,349,079) shares entitled to vote. The shares constituted 84.76% of the Company's total outstanding shares of Five Billion Six Hundred Thirty Million Two Hundred Twenty Five Thousand Four Hundred Fifty Seven (5,630,225,457) entitled to vote, which is more than 2/3 of the Company's total outstanding shares entitled to vote.

The Corporate Secretary informed the stockholders that the Company engaged the services of the accounting firm Luis Cañete & Company as its Board of Election Inspectors to verify, canvass, and validate the shareholder's vote for the Company's 2021 SSM.

There were 272 attendees of the live webcast of the 2021 SSM through the Company's SSM Platform, <https://bit.ly/2021AEVSSM>.

### **IV. APPROVAL AND RATIFICATION OF THE SALE OF 1,840,334,941 COMMON SHARES, EQUIVALENT TO 25.01% EQUITY INTEREST, IN ABOITIZ POWER CORPORATION**

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The Chairman of the meeting proceeded to the main item on the agenda, which was the approval and ratification of the sale of the Company's One Billion Eight Hundred Forty Million Three Hundred Thirty Four Thousand Nine Hundred Forty One (1,840,334,941) common shares, equivalent to 25.01% equity interest, in Aboitiz Power Corporation to JERA Asia Private Limited (JERA Asia), as the proper and appropriate corporate opportunity for the Company. Accordingly, the sale of any additional equity interest in AboitizPower is no longer a corporate opportunity for the Company.

Thereafter, Mr. Sabin M. Aboitiz (SMA), the Company's President and Chief Executive Officer, presented to the stockholders his report on the proposed transaction. SMA explained the potential impact of the transaction to AboitizPower's renewable energy expansion journey and the strategic and financial merits of the transaction.

Upon motion duly made and seconded, the stockholders approved the following resolutions:

**SSM Resolution No. 2021-1**

**"RESOLVED**, that the stockholders of Aboitiz Ventures Inc. (the "Company") approve, ratify and confirm, as they hereby approve, ratify and confirm, the sale and disposition of the Company's 1,840,334,941 common shares, equivalent to approximately 25.01% of the total outstanding common shares of Aboitiz Power Corporation ("AboitizPower") to Jera Asia Private Limited as the proper and appropriate corporate opportunity for the Company, and accordingly the sale of any additional equity interest in AboitizPower is no longer a corporate opportunity for the Company."

The Corporate Secretary recorded the following votes for this item, the results of which were verified by the representatives from Luis Cañete & Company.

<b>Vote</b>	<b>Number of Votes (One Share-One vote)</b>	<b>Percentage of shares represented</b>
In favor	4,772,320,779	99.9995%
Against	28,300	0.0005%
Abstain	0	0.00%
<b>Total</b>	<b>4,772,349,079</b>	<b>100%</b>

The voting process complied with the principles of one-share, one-vote, and cumulative voting requirements under the Revised Corporation Code. Based on the Requirements and Procedures for Voting in the 2021 SSM, the votes submitted through proxy documents were counted and added to the votes of the stockholders *in absentia* through the online voting portal

**V. RATIFICATION OF THE ACTS, RESOLUTIONS AND PROCEEDINGS OF THE BOARD OF DIRECTORS, CORPORATE OFFICERS AND MANAGEMENT FROM APRIL 26, 2021 UP TO TODAY, DECEMBER 10, 2021**

---

The Chairman informed the stockholders that the next item on the agenda was the ratification of all corporate acts, resolutions, business judgments, management proceedings, any and all succession, compensation, management, and performance-related decisions entered into or done by the Board of Directors, Corporate Officers and Management in the exercise of their duties from April 26, 2021 up to today, December 10, 2021.

The Corporate Secretary explained to the stockholders that the acts, resolutions and proceedings requested to be ratified are the regular corporate acts performed by the Board, Officers and Management in the ordinary course of the Company's business and that a list of resolutions approved by the Board of Directors for the period covered have been enumerated in the Definitive Information Statements distributed to the stockholders ahead of the meeting. In addition, the Company has regularly disclosed material transactions approved by the Board of Directors, which are available for viewing and download at the Company's website at <https://abotiz.com/> and the PSE website at [pse.edge.com.ph](https://pse.edge.com.ph).

Upon motion duly made and seconded, the stockholders approved the following resolution:



## **SSM Resolution No. 2021-2**

**“RESOLVED**, that the stockholders of Aboitiz Ventures Inc. (the “Company”) approve, ratify and confirm, as they hereby approve, ratify and confirm, corporate acts, resolutions, business judgments, management proceedings, any and all succession and performance-related decisions entered into or done by the Board of Directors, Corporate Officers and Management of the Company from April 2021, including all acts up to December 10, 2021.”

The Corporate Secretary recorded the following votes for this item, the results of which were verified by the representatives from Luis Cañete & Company.

<b>Vote</b>	<b>Number of Votes (One Share-One vote)</b>	<b>Percentage of shares represented</b>
In favor	4,765,964,997	99.87%
Against	5,063,952	0.11%
Abstain	1,320,130	0.02%
<b>Total</b>	<b>4,772,349,079</b>	<b>100.00%</b>

The voting process complied with the principles of one-share, one-vote, and cumulative voting requirements under the Revised Corporation Code. Based on the Requirements and Procedures for Voting in the 2021 SSM, the votes submitted through proxy documents were counted and added to the votes of the stockholders *in absentia* through the online voting portal.

## **VI. OTHER BUSINESS AND ADJOURNMENT**

---

The Chairman then asked the stockholders if there were any matters they wished to raise.

The moderator of the meeting, Mr. Francis Victor G. Salas, Investor Relations Officer, read out the questions submitted by stockholders through the Company’s 2021 SSM Platform:

Question #1 was addressed to Mr. Sabin M. Aboitiz:

*Question: How will minority shareholders benefit from the acquisition of Jera Asia?*

*Answer: All shareholders, not just minority shareholders, will benefit from the Company’s strategic partnership with JERA Asia. Everything mentioned earlier as to why it is good for AEV, and even AboitizPower, will ultimately benefit all shareholders.*

Question #2 was addressed to Mr. Sabin M. Aboitiz:

*Question: Should we expect special dividends next year as a result of the significant cash received?*

*Answer: No. In fact, the day we start returning money to shareholders in this manner, you should be worried, because it means your management team has run out of ideas to grow the Company. As mentioned earlier, AEV will use the excess cash to fund the Company’s growth plans.*

Question #3 was addressed to Mr. Manuel Alberto R. Colayco:

*Question: Why was there no tender offer?*

*Answer: A mandatory tender offer is required when there is a purchase of more than 35% of the outstanding shares of a listed company. Since JERA Asia was only interested in acquiring up to*



*27% of AboitizPower's shares, and AEV only sold a 25.01% interest in AboitizPower, JERA Asia was not required to conduct a mandatory tender offer.*

Question #4 was addressed to Mr. Manuel Alberto R. Colayco:

*Question: How will this change the Board of Directors composition?*

*Answer: There will be no change in AEV's Board of Directors, since the shareholding in AEV has not changed. For AboitizPower, and subject to the necessary approvals, JERA Asia will be entitled to nominate 2 members of the Board after the close of the transaction.*

Question #5 was addressed to Mr. Manuel R. Lozano:

*Question: Will AboitizPower receive any proceeds from the transaction?*

*Answer: AboitizPower will not receive any proceeds since the transaction involves sale of shares by AEV. On the other hand, AboitizPower can look forward to working collaboratively with JERA Asia in pursuit of its 10-year strategy of increasing its renewable energy capacity*

Question #6 was addressed to Mr. Manuel R. Lozano:

*Question: What will AEV do with the money it receives? Does AEV already have projects in mind?*

*Answer: The additional cash will enable AEV to reallocate capital to fund growth projects across the Group. For the Bank, the Group will further develop its digital banking as one of six entities who received a digital banking license. For Food, the Group will continue to expand our Feeds and Farms capacities towards higher margin segments. For Infra, the Group intends to build a thousand of common towers next year. The Group is also building office towers in its Lima Estate. For Land, the Group is developing its extensive land bank. If there are any excess cash, this will allow the Group to refinance or pay down existing debt.*

Mr. Salas explained that there were no other questions submitted to the SSM Portal. He also invited the stockholders to direct additional queries to the Company's representatives, depending on their queries and concerns, and flashed their contact details on the screen.

Thereafter, upon motion duly made and seconded, the meeting was adjourned.

The Chairman then asked the Corporate Secretary to flash on the screen the votes cast by the stockholders for each agenda item approved.

The Annual Stockholders' Meeting has been scheduled for April 25, 2022, in accordance with the Company's Amended By Laws.

(SGD.)

**MANUEL ALBERTO R. COLAYCO**

Corporate Secretary <sup>CNC</sup>

*ATTESTED:*

(SGD.)

**ROMEO L. BERNARDO**

Chairman of the Meeting/Lead Independent Director

*NOTED:*

(SGD.)

**LUIS CAÑETE**

Board of Election Inspector, Luis Cañete & Company

(SGD.)

**NOEL PETER CAÑETE**

Board of Election Inspector, Luis Cañete & Company

**List of Officers Present:**

<b>Name</b>	<b>Position</b>
Robert McGregor	- <i>Executive Director - Chief Investments Officer</i>
Luis Miguel O. Aboitiz	- <i>Vice Chairman of the Board, Aboitiz Power Corporation</i>
Carlos C. Ejercito	- <i>Independent Director, Aboitiz Power Corporation</i>
Manuel R. Lozano	- <i>Senior Vice President/Chief Financial Officer/ Corporate Information Officer</i>
Manuel Alberto R. Colayco	- <i>Senior Vice President and Chief Legal Officer/Corporate Secretary/Chief Compliance Officer</i>
David Jude L. Sta. Ana	- <i>Senior Vice President – Chief External Relations Officer</i>
Ana Margarita Hontiveros-Malvar	- <i>Vice President – Reputation Management/ Sustainability</i>
Mailene M. de la Torre	- <i>Assistant Corporate Secretary</i>
Francisco Victor G. Salas	- <i>Vice President – Investor Relations Officer</i>
Ivy Manalang	- <i>Specialist - Investor Relations</i>
Sammy Dave A. Santos	- <i>Assistant Corporate Secretary</i>

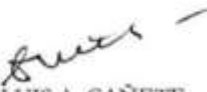
**Others:**

Luis Cañete	- <i>Board of Election Inspector, Luis Cañete &amp; Company</i>
Noel Peter Cañete	- <i>Board of Election Inspector, Luis Cañete &amp; Company</i>
Michael C. Capoy	- <i>Stock Transfer Service Inc., Stock and Transfer Agent</i>
Novelyn S. Pabalan	- <i>Stock Transfer Service Inc., Stock and Transfer Agent</i>
Ivy Manalang	- <i>Officer - Investor Relations</i>
Marinel Mangubat	- <i>Shareholder Relations Officer</i>
Luis Cañete	- <i>Board of Election Inspector, Luis Cañete &amp; Company</i>



### Registration Report

All Shareholders	
Total No. of Shares Outstanding	5,630,225,457
Shares Present in Person	3,929,160
Shares Represented by Proxy	4,768,387,358
Shares Represented by Voting-in-Absentia	32,561
Total No. of Shares Present, Represented by Proxy, and Voting-in-Absentia	4,772,349,079
Percentage of Shares Present, Represented by Proxy, and Voting-in-Absentia	84.76%
Total Shares Not Represented	857,876,378
Percentage of Shares Not Represented	15.24%

  
LUIS A. CAÑETE  
Board of Election Inspectors  
December 10, 2021

  
Dana R. Duano  
Office of the Corporate Secretary  
December 10, 2021

## SUMMARY OF VOTES

*fruct*  
LUIS A. CAÑETE

Matters for Approval	YES		NO		ABSTAIN	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Approval and Ratification of the sale of 1,840,334,941 common shares, equivalent to 25.01% equity interest, in Aboitiz Power Corporation	4,772,320,779	99.9995%	28,300	0.0005%	0	0.00%
Ratification of the Acts, Resolutions and Proceedings of the Board of Directors, Corporate Officers and Management from April 2021 up to December 10, 2021	4,765,964,997	99.87%	5,063,952	0.11%	1,320,130	0.02%

## SUMMARY OF VOTES

*fruct*  
LUIS A. CAÑETE

Matters for Approval	YES		NO		ABSTAIN	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Other Business	4,065,514,532	85.19%	696,098,558	14.59%	10,735,989	0.22%

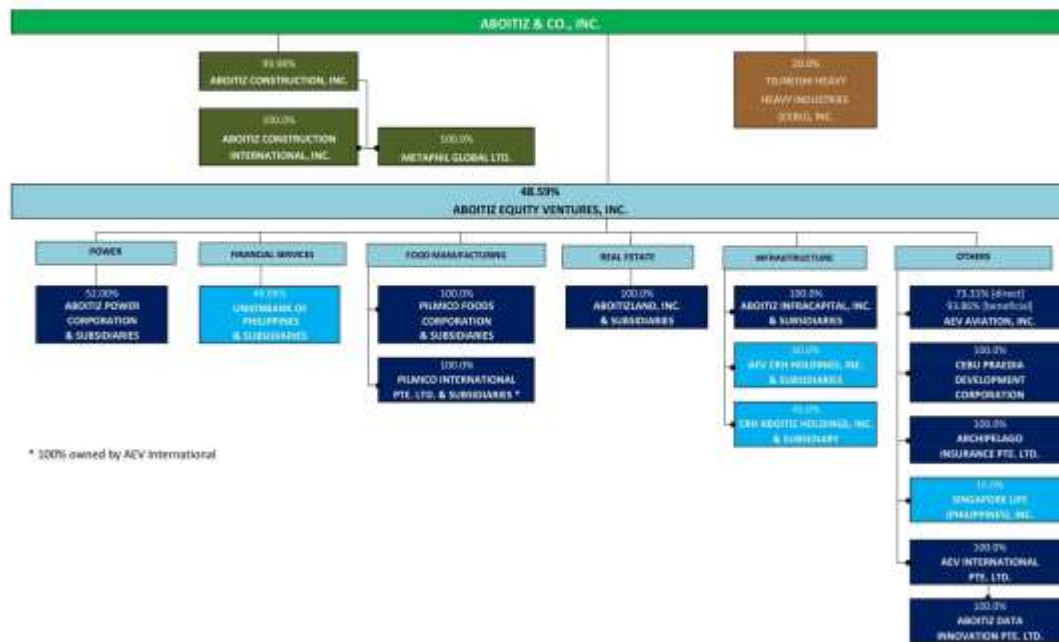
# ANNEX “D”

As of December 31, 2021

## ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES CONGLOMERATE MAPPING As of December 31, 2021

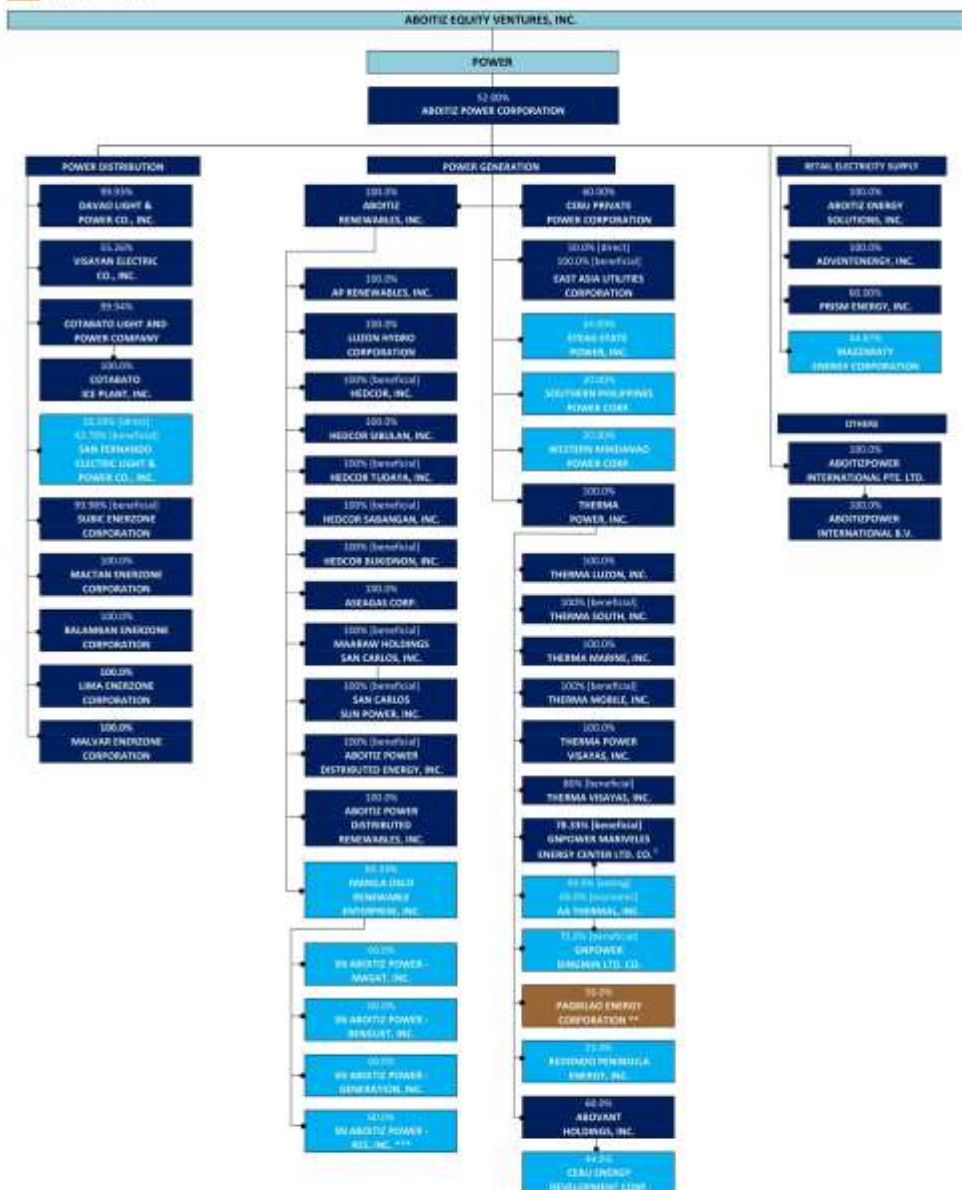
### Legend:

- Parent Company
- Reporting Company
- Co-Subsidiary
- Subsidiary
- Associate or Joint Venture
- Other Related Parties



**ABOTIZ EQUITY VENTURES, INC. - POWER**  
**CONGLOMERATE MAPPING**  
As of December 31, 2021

**Legend:**  
Reporting Company  
Subsidiary  
Associate or Joint Venture  
Other Related Parties



\*\* Joint Operations

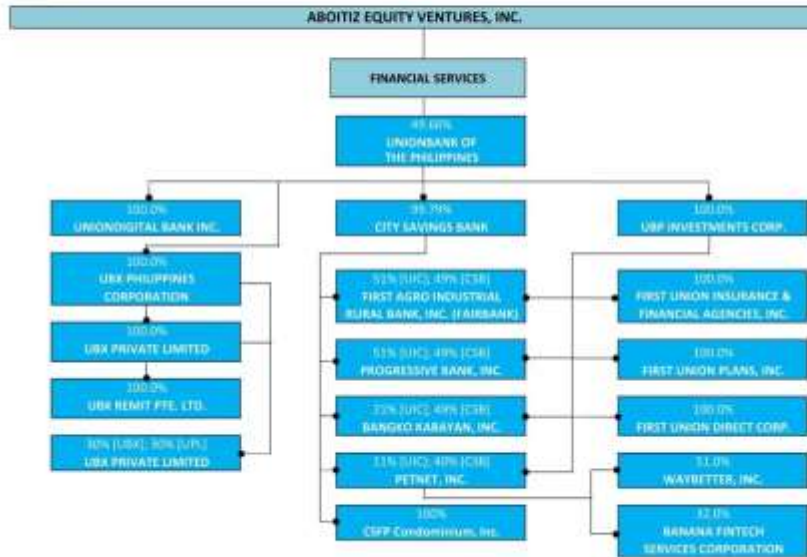
\*\*\* Engages in retail electricity supply business  
1 Formerly, GINPower Mariveles Coal Plant Ltd. Co.



**ABOITIZ EQUITY VENTURES, INC. - FINANCIAL SERVICES**  
**CONGLOMERATE MAPPING**  
As of December 31, 2021

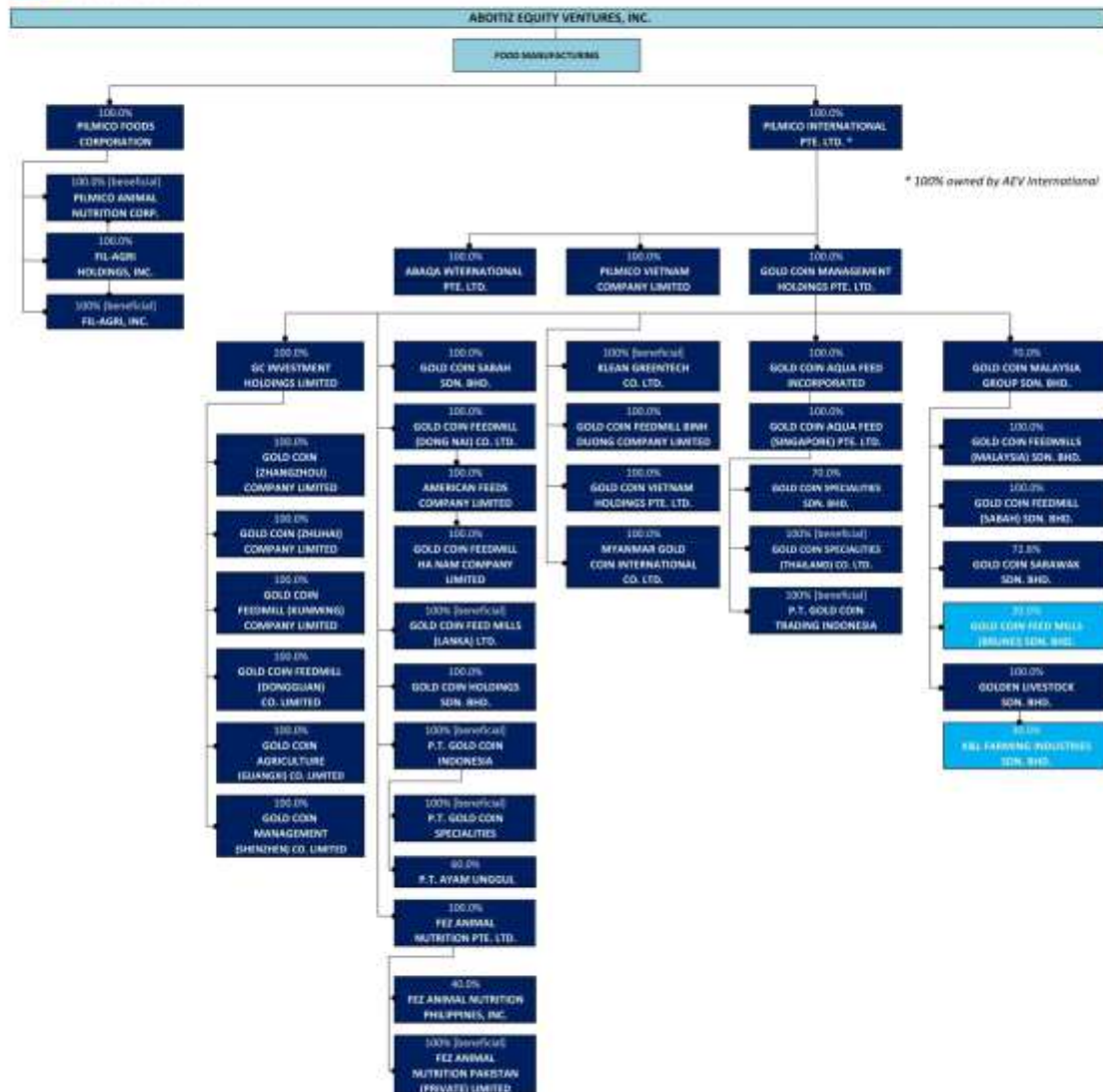
**Legend:**

Reporting Company  
Subsidiary  
Associate or Joint Venture



**ABOITIZ EQUITY VENTURES, INC. - FOOD MANUFACTURING**  
**CONGLOMERATE MAPPING**  
As of December 31, 2021

**Legend:**  
Reporting Company  
Subsidiary  
Associate or Joint Venture



**ABOITIZ EQUITY VENTURES, INC. - REAL ESTATE**  
**CONGLOMERATE MAPPING**  
As of December 31, 2021

**Legend:**

- Reporting Company
- Subsidiary
- Associate or Joint Venture



\* Formerly, A2 Airport Partners, Inc.

**ABOITIZ EQUITY VENTURES, INC. - INFRASTRUCTURE**  
**CONGLOMERATE MAPPING**  
As of December 31, 2021

**Legend:**

- Reporting Company
- Subsidiary
- Associate or Joint Venture



\* Formerly, Aboitiz Airports Advisory Services Corporation

## **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:

- a) 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;
- b) 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;
- c) Review the annual independent audit of the Company's financial statements and the external auditors' qualifications and independence;
- d) Ensure compliance with applicable laws and regulations which may represent material financial exposure to the Company; and
- e) 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 (Virtual)	Apr 27, 2021 Regular Meeting (Virtual)	May 18, 2021 Special Meeting (Virtual)	July 28, 2021 Regular Meeting (Virtual)	Oct 29, 2021 Regular Meeting (Virtual)	Nov 15, 2021 Joint with Risk (Virtual)
<b>MANUEL R. SALAK III</b> Chairman, Independent Director	✓	✓	✓	✓	✓	✓
<b>ROMEO L. BERNARDO</b> Independent Director	✓	✓	✓	✓	✓	✓
<b>JOANNE DE ASIS</b> Independent Director	✓	✓	X	✓	✓	✓
<b>ERRAMON I. ABOITIZ, JR.</b> Non-Executive Director	✓	✓	✓	✓	✓	✓
<b>ANA MARIA A. DELGADO</b> Non-Executive Director	✓	✓	✓	✓	✓	✓

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 chart—s--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**

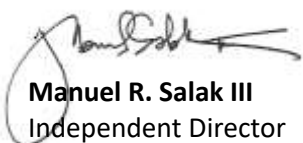
The partnership between the functions of risk management and internal audit has remained solid. In order to continuously provide objective assurance to the board on the effectiveness of risk management, a joint audit and risk committee meeting is held at least once a year.

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,



**Manuel R. Salak III**  
Independent Director  
Board Audit Committee Chairman

## Internal Control Compliance and Attestation

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### 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.

DocuSigned by:  
  
0E3CB719CB994B7  
2022-03-10  
**Sabin M. Aboitiz**  
President & Chief Executive Officer

DocuSigned by:  
  
9709C3F946344E8  
2022-03-10  
**Maria Lourdes Y. Tanate**  
Group Internal Audit Head

NAC Tower, 32nd Street, Bonifacio Global City, Taguig 1634, Metro Manila, Philippines  
Tel: (632)-886-2800 | Fax: (632) 886-2404 | [www.aboitiz.com](http://www.aboitiz.com)

## ANNEX “E”

### Requirements and Procedures for Voting and Participation in the 2022 Annual Stockholders’ Meeting (ASM) of Aboitiz Equity Ventures Inc. (the “Company”)

In light of the continuing COVID-19 global pandemic and as a prudent measure to protect the health and safety of its stockholders, the Company will once again conduct a virtual ASM on April 25, 2022, Monday at 2:30 p.m. (“2022 ASM”). The meeting will be conducted *via* livestream at the link provided in the Company’s website at <https://aboitiz.com/2022asm/> (the “ASM Portal”) beginning on March 24, 2022.

Stockholders of record as of March 23, 2022 are entitled to participate and vote in the 2022 ASM.

The following procedures and requirements provide the ways in which the Company’s stockholders can participate and vote in the 2022 ASM..

#### I. VOTING BY PROXY

1. *For Individual stockholders holding certificated shares in the Company* - Download the file [Proxy Form for Individual Stockholder](#). For the Special Power of Attorney (“SPA”), refer to the Sample SPA uploaded in the ASM Portal.
2. *For stockholders holding ‘scripless’ shares, or shares held under a PCD Participant/Broker* - Download the file [Proxy Form for PCD Participant/Broker](#). Stockholders must coordinate with their brokers for the execution of this type of proxy. A stockholder may instruct his broker to directly send a scanned copy of the executed proxy to the Company, or he may send the scanned copy of the executed proxy
3. *For Corporate Stockholders* - Download the file [Proxy Form for Corporate Stockholder](#). For the secretary’s certificate, refer to the [Sample Secretary’s Certificate](#) uploaded in the SSM Portal
4. General instructions on Voting through Proxy:
  - a. Download and fill up the appropriate Proxy Form. The Chairman of the meeting, by default, is authorized to cast the votes pursuant to the instructions in the proxy.
  - b. Send a scanned copy of the executed proxy through email to [aboitiz.shareholder.services@aboitiz.com](mailto:aboitiz.shareholder.services@aboitiz.com).
  - c. Deadline for the submission of proxies is on April 18, 2022, to give time for the Proxy Validation Committee to review and validate the proxies received in accordance with the Company’s Amended By-Laws.

#### II. ELECTRONIC VOTING OR VOTING IN ABSENTIA

1. Instead of voting by proxy, stockholders may choose to vote for the matters set out in the Agenda for the 2022 ASM (including casting votes in the election of directors) through the online voting platform available at the SSM Portal. Votes cast until 11:30 a.m. on April 25, 2022 will be tabulated and presented during the 2022 ASM. Stockholders may still vote after the cut-off time, and the final votes received through proxy and through the ASM Portal after the adjournment of the meeting will be included in the minutes of the 2022 ASM. Stockholders must provide the information required and upload the documents needed to complete their registration and to cast their votes, which are then subject to verification and validation by the Office of the Corporate Secretary.
2. Stockholders will need the following documents to register at the online voting platform:
  - (a) Individual Stockholders
    - i. Valid email address and active contact number (landline or cellphone);
    - ii. Any valid government-issued identification card (ID);

- iii. Any valid stock certificate issued by the Company in the name of the individual stockholder, or stock certificate number that matches with the name provided in the registration form, if such stock certificate is lost.
- (b) Stockholders with Joint Accounts
  - i. An authorization letter signed by other stockholders indicating the person among them authorized to cast the votes;
  - ii. Documents required under Items 2.a.(i) and 2.a.(ii) for the authorized stockholder; and
  - iii. Any valid stock certificate issued by the Company in the name of the joint stockholders, or stock certificate number that matches with the name provided in the registration form, if such stock certificate is lost.
- (c) Stockholder under PCD Participant/Brokers Account or “Scripless Shares”
  - i. Coordinate with the broker, and request for your broker’s full account name and PDTC broker identification number or account number they provided to the Company; and
  - ii. Items 2.a.(i) and 2.a.(ii) above.
- (d) Corporate Stockholders
  - i. Secretary’s certificate attesting to the authority of the representative to vote the shares on behalf of the corporate stockholder;
  - ii. Any valid stock certificate in the name of the corporate stockholder; and
  - iii. Documents required under Items 2.a.(i) and 2.a.(ii) above for the authorized representative.
- 3. The ASM Portal contains the Agenda items for approval as set out in the Notice and Agenda for the 2022 ASM.
  - (a) For items other than the election of directors, stockholders have the option to vote: In Favor of, Against, or Abstain.
  - (b) For the election of Directors, stockholders have the option to vote his shares for all nominees, not vote for any nominees, or vote for one or some nominees only, in such number of shares as the stockholder prefers, provided that the total number of votes cast shall not exceed the number of shares owned, multiplied by the number of directors to be elected. The system will automatically compute the total number of votes the stockholder is allowed to cast, based on the number of shares he owns.
  - (c) Once the stockholder finalizes his votes, he can proceed to submit the accomplished form by clicking the ‘Submit’ button.
  - (d) After the ballot has been submitted, the stockholder may no longer change his/her vote.
- 4. Thereafter, the Office of the Corporate Secretary will send a confirmation email to the stockholder once his/her account has been verified and his/her vote has been recorded.

If the registration cannot be verified due to lacking, incomplete, or unreadable documents or information, the stockholder will be notified through an system-generated email from the ASM Portal. The Company shall send a subsequent email to inform the stockholder of the actions or documentations needed to complete the registration. Stockholders may contact [aboitizboardsecretariat@aboitiz.com](mailto:aboitizboardsecretariat@aboitiz.com) for queries regarding the online voting and registration.

If the account of a stockholder cannot be verified, then the votes cast by the non-verified stockholder shall not be recorded.

- 5. The Office of the Corporate Secretary shall tabulate all valid and confirmed votes cast through the ASM Portal, together with the votes cast through proxies. The Board of Election Inspectors will thereafter validate the results.

6. Votes cast until 11:30 a.m. of April 25, 2022. will be tabulated and presented during the ASM. Stockholders may still vote at <https://aboitiz.com/2022asm/> after the cut-of time and the final votes received through the proxy and through the SSM Portal after the adjournment of the meeting will be included in the minutes of the 2022 ASM.

### III. ATTENDANCE IN THE 2022 ASM BY REMOTE COMMUNICATION

1. Stockholders who intend to participate in the 2022 ASM remotely may register using the link <https://aboitiz.com/2022asm/> until 11:30 a.m. of April 25, 2022.
2. To register, stockholders will need the requirements under Item II.2 above, depending on the type of ownership. Stockholders will also need to upload a valid ID as proof of identity.
3. Upon successful registration, the stockholder will receive an email confirmation and a unique link which can be used to log in and view the 2022 ASM livestream.

If the registration cannot be verified due to lacking, incomplete, or unreadable documents or information, the stockholder will be notified through an system-generated email notification from the ASM Portal. The Company shall send a subsequent email to inform the stockholder of the actions and documentations needed to complete the registration. Stockholders may contact [aboitizboardsecretariat@aboitiz.com](mailto:aboitizboardsecretariat@aboitiz.com) for queries regarding the online voting and registration.

4. Stockholders may send questions or remarks through the ASM Portal upon registration until the adjournment of the 2022 ASM.
5. The proceedings during the 2022 ASM will be recorded.

*For more questions and clarifications, stockholders may visit the Company's website at <https://aboitiz.com/> or contact:*

The Corporate Secretary at [aboitizboardsecretariat@aboitiz.com](mailto:aboitizboardsecretariat@aboitiz.com)  
Marinel Mangubat – (632) 8886-2800 local 21757 or [aboitiz.shareholder.services@aboitiz.com](mailto:aboitiz.shareholder.services@aboitiz.com)  
Michael Capoy - (632) 8403-3798 or [mccapoy@stocktransfer.com.ph](mailto:mccapoy@stocktransfer.com.ph)

## DEFINITION OF TERMS

<b>Aboitiz Foundation</b>	Aboitiz Foundation, Inc.		MW Binga Hydroelectric Power Plant in Itogon, Benguet
<b>Aboitiz Group</b>	ACO and the companies or entities in which ACO has beneficial interest and over which ACO, directly or indirectly, exercises management control, including, without limitation, AEV, AboitizPower, AboitizLand, Pilmico, Aboitiz InfraCapital and their respective Subsidiaries and Affiliates	<b>Amended Guidelines</b>	AEV’s Amended Guidelines for the Nomination and Election of Independent Directors
<b>Aboitiz InfraCapital</b>	Aboitiz InfraCapital, Inc. (formerly: AEV Infracapital, Inc.)	<b>Apo Agua</b>	Apo Agua Infraestructura, Inc.
<b>AboitizLand</b>	Aboitiz Land, Inc.	<b>APRI</b>	AP Renewables Inc.
<b>AboitizPower</b>	Aboitiz Power Corporation	<b>APX1</b>	Aboitiz Power Distributed Energy, Inc.
<b>AboitizPower Group or Power Group</b>	Aboitiz Power Corporation and its Subsidiaries	<b>APX2</b>	Aboitiz Power Distributed Renewables, Inc.
<b>Abovant</b>	Abovant Holdings, Inc.	<b>Archipelago Insurance</b>	Archipelago Insurance Pte. Ltd.
<b>ACO</b>	Aboitiz & Company, Inc.	<b>ARI</b>	Aboitiz Renewables, Inc. (formerly: Philippine Hydropower Corporation)
<b>AdventEnergy</b>	Adventenergy, Inc.	<b>AS</b>	Ancillary Services
<b>AESI</b>	Aboitiz Energy Solutions, Inc.	<b>ASPA</b>	Ancillary Services Procurement Agreement
<b>AEV Aviation</b>	AEV Aviation, Inc. (formerly Davco Holdings, Inc.; Spin Realty Corporation)	<b>Associate</b>	Refers to an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies
<b>AEV CRH</b>	AEV CRH Holdings, Inc.	<b>ATM</b>	Automated Teller Machine
<b>AEV Group or the Group</b>	AEV and its Subsidiaries	<b>ATSC</b>	Aboitiz Transport System (ATSC) Corporation (now 2GO Group, Inc.)
<b>AEV International</b>	AEV International Pte. Ltd.	<b>Bakun AC Hydro Plant</b>	Refers to Luzon Hydro Corporation’s 70-MW Bakun run-of-river hydropower plant located in Amilongan, Alilem, Ilocos Sur
<b>AEV, the Company, the Issuer or the Registrant</b>	Aboitiz Equity Ventures Inc.	<b>Balamban Enerzone</b>	Balamban Enerzone Corporation
<b>Affiliate</b>	With respect to any Person, any other Person directly or indirectly Controlled or is under common Control by such Person	<b>BCM</b>	Business Continuity Management
<b>Ambuklao-Binga Hydroelectric Power Complex</b>	Refers to SN Aboitiz Power-Benguet’s 105-MW Ambuklao Hydroelectric Power Plant located in Bokod, Benguet and 140-	<b>BCQ</b>	Bilateral Contract Quantity
		<b>BIR</b>	Bureau of Internal Revenue
		<b>BOI</b>	The Philippine Board of Investments



<b>BOT</b>	Build-Operate-Transfer
<b>BPIA</b>	Bohol Panglao International Airport
<b>BPO</b>	Business Process Outsourcing
<b>BSP</b>	Bangko Sentral ng Pilipinas
<b>Bunker C</b>	A term used to designate the thickest residual fuels that is produced by blending any oil remaining at the end of the oil refining process with a lighter oil
<b>Business Unit</b>	A Subsidiary or an Affiliate of AEV
<b>CA</b>	Court of Appeals
<b>CAAP</b>	Civil Aviation Authority of the Philippines
<b>CBA</b>	Collective Bargaining Agreement
<b>CDPEI</b>	Cebu District Property Enterprise, Inc.
<b>Cebu Coal Project</b>	Refers to the construction and operation of the 3x82-MW coal-fired power plant of Cebu Energy Development Corporation located in Toledo City, Cebu.
<b>Cebu Energy</b>	Cebu Energy Development Corporation
<b>CFB</b>	Circulating Fluidized Bed
<b>CIPDI</b>	Cebu Industrial Park Developers, Inc.
<b>CitySavings</b>	City Savings Bank, Inc.
<b>Cleanergy</b>	Cleanergy, Inc. (formerly Northern Mini-Hydro Corporation)
<b>Coal Group or Coal Business Units</b>	Composed of the following Business Units: Therma Luzon, Inc., Therma South, Inc., Therma Visayas, Inc., GNPowr Mariveles Coal Plant Ltd. Co., GNPowr Dingin Ltd. Co., Pagbilao Energy Corporation, Redondo Peninsula Energy, Inc., STEAG State Power, Inc., and Cebu Energy Development Corporation, which own and/or operate coal-fired power plants
<b>COC</b>	Certificate of Compliance
<b>Code of Ethics</b>	Refers to the Company's Code of Ethics and Business Conduct

<b>Contestable Customer/ Contestable Market</b>	Refers to the electricity end-users who have a choice of a supplier of electricity, as may be determined by the ERC in accordance with Sec. 4(h) of the EPIRA
<b>Contracted Capacity</b>	Refers to the total capacity sold to customers at a given point in time
<b>Control</b>	A term which refers to possession, directly or indirectly, by a Person of the power to direct or cause the direction of the management and policies of another Person whether through the ownership of voting securities or otherwise; provided, however, that the direct or indirect ownership of over 50% of the voting capital stock, registered capital or other equity interest of a Person is deemed to constitute control of that Person; "Controlling" and "Controlled" have corresponding meanings
<b>Cotabato Light</b>	Cotabato Light & Power Company
<b>CPDC</b>	Cebu Praedia Development Corporation
<b>CPPC</b>	Cebu Private Power Corporation
<b>CRH Aboitiz</b>	CRH Aboitiz Holdings, Inc.
<b>CSEE</b>	Contract for the Supply of Electric Energy
<b>CSP</b>	Competitive Selection Process
<b>Davao Light</b>	Davao Light & Power Company, Inc.
<b>DENR</b>	Department of Environment and Natural Resources
<b>Dependable Capacity or Sellable Capacity</b>	Refers to the capacity of a power plant, excluding station use and fuel constraints
<b>DICT</b>	Department of Information and Communications Technology
<b>Distribution Utilities or Power Distribution Group</b>	Refers to the companies within the AboitizPower Group engaged in Power Distribution, such as Balamban Enerzone,

	Cotabato Light, Davao Light, Lima Enerzon, Malvar Enerzone, Subic Enerzone, SFELAPCO and Visayan Electric. “Distribution Company” or “Distribution Utility” may refer to any one of the foregoing companies.
<b>DOE</b>	Department of Energy
<b>DOLE</b>	Department of Labor and Employment
<b>DOTr</b>	Department of Transportation
<b>EAUC</b>	East Asia Utilities Corporation
<b>ECC</b>	Environmental Compliance Certificate
<b>Enerzone Group or Enerzone Business Units</b>	A term collectively referring to Balamban Enerzone, Lima Enerzone, Mactan Enerzone, Malvar Enerzone, Subic Enerzone and other Distribution Utilities of the AboitizPower Group operating within special economic zones
<b>EO</b>	Executive Order
<b>EPC</b>	Engineering, Procurement and Construction
<b>EPIRA</b>	RA 9136, otherwise known as the “Electric Power Industry Reform Act of 2001,” as amended from time to time, and including the rules and regulations issued thereunder
<b>ERC</b>	Energy Regulatory Commission
<b>ESG</b>	environment, social, and governance
<b>FIA</b>	Foreign Investments Act of 1991
<b>Filagri Holdings</b>	Filagri Holdings, Inc.
<b>FIT</b>	Feed-in-Tariff
<b>FIT-AII</b>	Feed-in-Tariff Allowance
<b>Food Group</b>	A term collectively referring to Pilmico and its Subsidiaries and Pilmico International and Subsidiaries, which includes GCMH, the parent company of the Gold Coin Group; the Company’s
	Business Units engaged in the food business
<b>GCMH</b>	Gold Coin Management Holdings, Pte. Ltd.
<b>Generation Companies or Power Generation Group</b>	Refers to the companies within the AboitizPower Group engaged in Power Generation; “Generation Companies” may refer to any one of these companies.
<b>GEOP</b>	Green Energy Option Program
<b>GMEC</b>	GNPower Mariveles Energy Center Ltd. Co. (formerly GNPower Mariveles Coal Plant Ltd. Co. or GMCP)
<b>GNPD</b>	GNPower Dinginin Ltd. Co.
<b>Gold Coin Group</b>	GCMH and its Subsidiaries
<b>Government</b>	The Government of the Republic of the Philippines
<b>Greenfield</b>	Refers to power generation projects that are developed from inception on previously undeveloped sites
<b>Grid</b>	As defined in the Implementing Rules and Regulations of the EPIRA, it is the high voltage backbone system of interconnected transmission lines, substations and related facilities located in each of Luzon, Visayas, and Mindanao or as may be otherwise determined by the ERC in accordance with Section 45 of the EPIRA
<b>GRSSA</b>	Geothermal Resources Supply and Services Agreement
<b>GWh</b>	Gigawatt-hour, or 1,000,000 kilowatt-hours
<b>Hedcor</b>	Hedcor, Inc.
<b>Hedcor Group or Hedcor Business Units</b>	Refers to the companies within the AboitizPower Group engaged in hydroelectric power generation, such as Hedcor, Inc., Hedcor Bukidnon, Inc., Hedcor Sabangan, Inc., Hedcor Sibulan, Inc., and Hedcor Tudaya, Inc.
<b>Hedcor Sabangan</b>	Hedcor Sabangan, Inc.
<b>Hedcor Sibulan</b>	Hedcor Sibulan, Inc.
<b>Hedcor Tudaya</b>	Hedcor Tudaya, Inc.
<b>HEPP</b>	Hydroelectric Power Plant

<b>IEMOP</b>	Independent Electricity Market Operator of the Philippines Inc.
<b>Installed Generating Capacity or Gross Capacity</b>	Refers to the registered capacity of a power plant in WESM, inclusive of the power plant's station use
<b>IPO</b>	Initial Public Offering
<b>IPP</b>	Independent Power Producers
<b>IPPA</b>	Independent Power Producer Administrator
<b>IRR</b>	Implementing Rules and Regulations
<b>ISMS</b>	Information Security Management System
<b>ISO</b>	International Organization for Standardization
<b>IT</b>	Information Technology
<b>Joint Venture</b>	Refers to a type of joint agreement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually-agreed sharing of control of an arrangement, which exist only when decisions about the relevant activities require anonymous consent of the parties sharing control
<b>JVACC</b>	J.V. Angeles Construction Company
<b>kV</b>	Kilovolt, or 1,000 volts
<b>kW</b>	Kilowatt, or 1,000watts
<b>kWh</b>	Kilowatt-hour, the standard unit of energy used in the electric power industry. One kilowatt-hour is the amount of energy that would be produced by a generator producing 1,000 watts in one hour
<b>Land Group</b>	refers to AboitizLand and the Company's Business Units engaged in the real estate
<b>LGC</b>	Local Government Code of 1991
<b>LGU</b>	Local Government Unit
<b>LHC</b>	Luzon Hydro Corporation
<b>Lima Enerzone</b>	Lima Enerzone Corporation

<b>Lima Water</b>	Lima Water Corporation
<b>LimaLand</b>	Lima Land, Inc.
<b>LTC</b>	LIMA Technology Center
<b>Maaraw San Carlos</b>	Maaraw Holdings San Carlos, Inc.
<b>Mactan Enerzone</b>	Mactan Enerzone Corporation
<b>Magat Plant</b>	Refers to the 360-MW HEPP of SN Aboitiz Power - Magat, located at the border provinces of Isabela and Ifugao
<b>Malvar Enerzone</b>	Malvzar Enerzone Corporation
<b>Maris Plant</b>	The 8.5 MW run-of-river Maris Main Canal 1 Hydroelectric Power Plant
<b>MCIAA</b>	Mactan - Cebu International Airport Authority
<b>MEPZ I</b>	Mactan Export Processing Zone I
<b>MEPZ II</b>	Mactan Export Processing Zone II
<b>Meralco</b>	Manila Electric Company
<b>MOA</b>	Memorandum of Agreement
<b>MORE</b>	Manila – Oslo Renewable Enterprise, Inc.
<b>MT</b>	Metric Tons
<b>MVA</b>	Megavolt Ampere
<b>MW</b>	Megawatt, or one mn watts
<b>MWh</b>	Megawatt-hour
<b>MWP</b>	Megawatt-peak
<b>Net Attributable Capacity</b>	Refers to the capacity attributed to a company's ownership in the power plant, excluding station use and fuel constraints
<b>NGCP</b>	National Grid Corporation of the Philippines
<b>NIA</b>	National Irrigation Authority
<b>NPC</b>	National Power Corporation
<b>NPPC</b>	Naga Power Plant Complex, the 55 MW land-based gas turbine power plant located in Colon, Naga City, Cebu
<b>NWRB</b>	National Water Resources Board
<b>Oil Group or Oil Business Units</b>	Refers to the following companies: East Asia Utilities Corporation, Cebu Private Power Corporation, Therma Marine, Inc., Therma Mobile, Inc., Southern Philippines

	Power Corporation, and Western Mindanao Power Corporation, which own and operate Bunker C-fired power plants
<b>Open Access</b>	Retail Competition and Open Access
<b>ORR</b>	Operational Readiness Review
<b>OT</b>	Operations Technology
<b>Pagbilao Plant</b>	Refers to the 700-MW (2x350 MW) coal-fired thermal power plant located in Pagbilao, Quezon
<b>PAN-JSC</b>	Pilmico Animal Nutrition Joint Stock Company (formerly: Eurofeed) which was folded into the Gold Coin Group and renamed Gold Coin Feedmill (Binh Duong)
<b>PANC</b>	Pilmico Animal Nutrition Corporation (formerly Fil-Am Foods, Inc.)
<b>PAO</b>	Provisional Authority to Operate
<b>PBI</b>	Progressive Bank, Inc.
<b>PBR</b>	Performance-Based Rate-Setting Regulation
<b>PCC</b>	Philippine Competition Commission
<b>PCRM</b>	Pricing and Cost Recovery Mechanism
<b>PDEx</b>	Philippine Dealing & Exchange Corp., the fixed-income securities market which provides an electronic trading platform of exchange for fixed-income securities
<b>PDNI</b>	Propiedad del Norte, Inc.
<b>PEC</b>	Pagbilao Energy Corporation
<b>PEMC</b>	Philippine Electricity Market Corporation
<b>Person</b>	Means an individual, corporation, partnership, association, joint stock company, trust, any unincorporated organization, or a government or political subdivision thereof
<b>PETNET</b>	PETNET, Inc.
<b>PEZA</b>	Philippine Economic Zone Authority
<b>PGC</b>	Philippine Grid Code

<b>PGPC</b>	Philippine Geothermal Production Company, Inc.
<b>Philippine IPO</b>	Philippine Intellectual Property Office
<b>Philippine Pesos or ₱</b>	The lawful currency of the Republic of the Philippines
<b>PhilRatings</b>	Philippine Rating Services Corporation
<b>Pilmico</b>	Pilmico Foods Corporation
<b>Pilmico International</b>	Pilmico International Pte. Ltd.
<b>Pmax or Maximum Stable Load</b>	The maximum demand in MW that a generating unit or generating block or module in the case of a combined cycle power plant, can reliably sustain for an indefinite period of time, based on the generator capability tests. It also refers to the registered maximum capacity.
<b>Pmin or Minimum Stable Load</b>	The minimum demand in MW that a generating unit or generating block or module in the case of a combined cycle power plant, can reliably sustain for an indefinite period of time, based on the generator capability tests. It also refers to the registered minimum capacity.
<b>PPA</b>	Power Purchase Agreement
<b>Prism Energy</b>	Prism Energy, Inc.
<b>PSA</b>	Power Supply Agreement
<b>PSALM</b>	Power Sector Assets and Liabilities Management Corporation
<b>PSE</b>	The Philippine Stock Exchange, Inc.
<b>PV</b>	Photovoltaic
<b>PVN</b>	Pilmico Vietnam Company Limited
<b>PVN Trading</b>	Pilmico Viet Nam Trading Company Ltd.
<b>PV Sinag</b>	PV Sinag Power, Inc.
<b>QMS</b>	Quality Management System
<b>RA</b>	Republic Act
<b>RCBM</b>	Republic Cement and Building Materials, Inc.
<b>RCII</b>	Republic Cement Iligan, Inc.

<b>RCLR</b>	Republic Cement Land & Resources, Inc.
<b>RCMI</b>	Republic Cement Mindanao, Inc.
<b>RCSI</b>	Republic Cement Services, (Philippines) Inc.
<b>RE Law</b>	RA 9513, otherwise known as the Renewable Energy Act of 2008
<b>REC</b>	Renewable Energy Certificates
<b>REPA</b>	Renewable Energy Payment Agreement
<b>RES</b>	Retail Electricity Supplier
<b>RESA</b>	Renewable Energy Supply Agreement
<b>RESC</b>	Renewable Energy Service Contracts
<b>Revised Corporation Code</b>	Republic Act No. 11232 or the Revised Corporation Code of the Philippines
<b>Revised Manual</b>	Refers to the Company's Revised Manual on Corporate Governance
<b>RORB</b>	Return-on-Rate base
<b>RP Energy</b>	Redondo Peninsula Energy, Inc.
<b>RPS</b>	Renewable Portfolio Standards
<b>RPT</b>	Related Party Transactions
<b>RTC</b>	Regional Trial Court
<b>Run-of-river hydroelectric plant</b>	Refers to a hydroelectric power plant that generates electricity from the natural flow and elevation drop of a river
<b>Sacasun</b>	San Carlos Sun Power Inc.
<b>Sacasun Plant</b>	Refers to the 59 MWp Greenfield, stand-alone solar power generation project of Sacasun located at San Carlos Ecozone, Barangay Punao, San Carlos City, Negros Occidental
<b>SBFZ</b>	Subic Bay Freeport Zone
<b>SBMA</b>	Subic Bay Metropolitan Authority
<b>SBU</b>	Strategic Business Units
<b>SEC</b>	The Securities and Exchange Commission of the Philippines
<b>SFELAPCO</b>	San Fernando Electric Light and Power Co., Inc.

<b>SME</b>	small and medium sized enterprises
<b>SN Aboitiz Power - Benguet</b>	SN Aboitiz Power - Benguet, Inc. (formerly SN Aboitiz Power Hydro, Inc.)
<b>SN Aboitiz Power - Magat</b>	SN Aboitiz Power - Magat, Inc.
<b>SN Aboitiz Power Group</b>	Refers to the group of companies formed out of the strategic partnership between AboitizPower and SN Power, and refers to MORE and its Subsidiaries, including, SN Aboitiz Power-Benguet, Inc., SN Aboitiz Power-Gen, Inc., SN Aboitiz Power-RES, Inc., and SN Aboitiz Power-Magat, Inc.
<b>Scatec ASA</b>	Renewable Power Company recently acquired SN Power, a leading hydro power developer and IPP
<b>SN Power</b>	SN Power AS, a consorti between Statkraft AS and Norfund of Norway
<b>SN Power Group</b>	Refers to the group formed by Statkraft AS and Norfund, and is composed of, among others, SN Power AS and Agua Imara AS. It is the leading Norwegian hydropower group with operations in Asia, Africa and Latin America
<b>SPPC</b>	Southern Philippines Power Corporation
<b>SRC</b>	RA 8799 or the Securities Regulation Code of the Philippines
<b>SSS</b>	Social Security System
<b>STEAG Power</b>	STEAG State Power Inc.
<b>Subic Enerzone</b>	Subic Enerzone Corporation
<b>Subsidiary</b>	In respect of any Person, refers to any entity: (i) who has power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee); (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) ability to use its power over the investee to affect its returns

<b>Systems Loss or DSL</b>	Refers to the Electric Energy Input minus the Electric Energy Output, as defined in ERC Resolution No. 10-2018
<b>TCIC</b>	Taiwan Cogeneration International Corporation
<b>TeaM Energy</b>	Team Energy Corporation
<b>THC</b>	Tsuneishi Holdings (Cebu), Inc.
<b>Tiwi-MakBan Geothermal Facilities</b>	Refers to the geothermal facilities composed of twelve geothermal plants and one binary plant, located in the provinces of Batangas, Laguna and Albay
<b>TLI</b>	Therma Luzon, Inc.
<b>TMI</b>	Therma Marine, Inc.
<b>TMO</b>	Therma Mobile, Inc.
<b>TPI</b>	Therma Power, Inc.
<b>TPVI</b>	Therma Power - Visayas, Inc.
<b>TransCo</b>	National Transmission Corporation and, as applicable, the National Grid Corporation of the Philippines or NGCP which is the Transco concessionaire
<b>TSA</b>	Transmission Service Agreements
<b>TSI</b>	Therma South, Inc.
<b>TVI</b>	Therma Visayas, Inc. (formerly Vesper Industrial and Development Corporation)

<b>UBPIC</b>	UBP Investments Corporation
<b>UBX PH</b>	UBX Philippines Corporation
<b>UnionBank or the Bank</b>	Union Bank of the Philippines
<b>Unviable Area</b>	refers to a geographical area within the franchise area of a DU where the immediate extension of the distribution line is not feasible, as defined by Rule 4 (ssss) of the EPIRA-IRR. Areas that are currently served by the DUs but are deemed unviable on account of huge operating costs shall also mean Unviable Areas
<b>UPE</b>	Ultimate Parent Entity
<b>US\$</b>	The lawful currency of the United States of America
<b>VAT</b>	Value Added Tax
<b>Visayan Electric</b>	Visayan Electric Company, Inc.
<b>Vivant Group</b>	Refers to Vivant Corporation and its subsidiaries
<b>WCIP</b>	West Cebu Industrial Park, Inc.
<b>WCIP-SEZ</b>	West Cebu Industrial Park-Special Economic Zone
<b>WESM</b>	Wholesale Electricity Spot Market
<b>WIPO</b>	World Intellectual Property Office
<b>WMPC</b>	Western Mindanao Power Corporation



## ANNEX “G-1”

### AEV Patents, Copyrights and Franchises

AEV and its Subsidiaries own, or have pending applications for the registration of intellectual property rights for various trademarks associated with their corporate names and logos.

The following table sets out information regarding the trademark applications which AEV and its Subsidiaries have filed with the Philippine Intellectual Property Office (“Philippine IPO”) and intellectual property offices abroad

#### Philippine IPO

Trademarks	Owner	Registration No. / Date Issued	Description	Status
Driven to Lead. Driven to Excel. Driven to Serve. word mark (Class Nos. 30, 36, 37, 39, 40 and 42)	Aboitiz Equity Ventures Inc.	04-2012-001132 June 21, 2012	Application for the word mark “Driven to Lead. Driven to Excel. Driven to Serve.”	Registered.
Aboitiz word mark (Class Nos. 30, 35, 36, 37, 39, 40 and 42)	Aboitiz Equity Ventures Inc.	04-2018-018635 March 17, 2019	Application for the word mark “Aboitiz”.	Registered.
Aboitiz word mark (Additional activities under Class Nos. 36, 37)	Aboitiz Equity Ventures Inc.	04-2019-000086 August 8, 2019	Application for the word mark “Aboitiz” to cover additional services under Class Nos. 36 and 37.	Registered.
Advancing Business and Communities Logo (Class Nos. 35 and 36)	Aboitiz Equity Ventures Inc.	04-2018-021743 November 7, 2019	Application for the device mark “Advancing Business and Communities”, with color claim.	Registered.
Aboitiz Equity Ventures word mark (Class Nos. 35 and 36)	Aboitiz Equity Ventures Inc.	04-2018-021492 March 3, 2020	Application for the word mark “Aboitiz Ventures”.	Registered.
Aboitiz Equity Ventures Logo (Class Nos. 35 and 36)	Aboitiz Equity Ventures Inc.	04-2018-021742 October 6, 2019	Application for the device mark “Aboitiz Equity Ventures”, with color claim.	Registered.
A Future Built By You (Class No. 35)	Aboitiz Equity Ventures Inc.	4-2019-003834 August 8, 2019	Application for the mark “A Future Built By You”.	Registered.
Aboitiz & Device – Black (Class Nos. 30, 36, 37, 39, 40 and 42)	Aboitiz & Co., Inc.	4-2005-012408 September 24, 2007 (Trademark has been renewed and will expire on September 24, 2027.)	Application for the device mark “Aboitiz (Black)”.	Registered.
Aboitiz & Device – Red (Class Nos. 30, 36, 37, 39, 40 and 42)	Aboitiz & Co., Inc.	4-2005-012409 September 24, 2007 (Trademark has been renewed and will expire on September 24, 2027.)	Application for the device mark “Aboitiz (Red)”.	Registered.



Passion for better ways word mark (Class Nos. 30, 36, 37, 39, 40 and 42)	Aboitiz & Co., Inc.	4-2005-012413 September 24, 2007 (Trademark has been renewed and will expire on September 24, 2027.)	Application for the word mark "Passion for better ways".	Registered.
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#### **International Trademarks Application (Non-Madrid)**

Trademarks	Owner	Country of Application	Status
Aboitiz (Word Mark) (Class No. 30)	Aboitiz Equity Ventures, Inc.	Malaysia	Registered.
Aboitiz (Word Mark) (Class No. 35)	Aboitiz Equity Ventures Inc.	Malaysia	Registered.
Aboitiz (Word Mark) (Class No. 36)	Aboitiz Equity Ventures Inc.	Malaysia	Registered.
Aboitiz (Word Mark) (Class No. 37)	Aboitiz Equity Ventures Inc.	Malaysia	Pending.
Aboitiz (Word Mark) (Class No. 39)	Aboitiz Equity Ventures Inc.	Malaysia	Pending.
Aboitiz (Word Mark) (Class No. 40)	Aboitiz Equity Ventures Inc.	Malaysia	Pending.
Aboitiz (Word Mark) (Class No. 42)	Aboitiz Equity Ventures Inc.	Malaysia	Pending.
Aboitiz (Class No. 42)	Aboitiz Equity Ventures Inc.	Sri Lanka	Pending.
Aboitiz (Class No. 40)	Aboitiz Equity Ventures Inc.	Sri Lanka	Pending.
Aboitiz (Class No. 39)	Aboitiz Equity Ventures Inc.	Sri Lanka	Pending.
Aboitiz (Class No. 37)	Aboitiz Equity Ventures Inc.	Sri Lanka	Pending.
Aboitiz (Class No. 36)	Aboitiz Equity Ventures Inc.	Sri Lanka	Pending.
Aboitiz (Class No. 35)	Aboitiz Equity Ventures Inc.	Sri Lanka	Pending.
Aboitiz (Class No. 30)	Aboitiz Equity Ventures Inc.	Sri Lanka	Pending.

#### **International Trademarks Application (Madrid Protocol)**

Trademarks	Owner	Country of Application	Status
Aboitiz (Word Mark) (#1504418) (Class Nos. 30, 35, 36, 37, 39, 40, and 42)	Aboitiz Equity Ventures Inc.	WIPO	Registered.
Aboitiz (Word Mark) (Class Nos. 30, 35, 36, 37, 39, 40, and 42)	Aboitiz Equity Ventures Inc.	Laos	Registered.
Aboitiz (Word Mark) (Class Nos. 30, 35, 36, 37, 39, 40, and 42)	Aboitiz Equity Ventures Inc.	Singapore	Registered.
Aboitiz (Word Mark) (Class Nos. 30, 35, 36, 27, 29, 40 and 42)	Aboitiz Equity Ventures Inc.	Brunei	Registered.

AEV and its Subsidiaries have other pending trademark applications under the Madrid Protocol for the following countries: Brunei, China, Indonesia, Cambodia, Laos, Singapore, Thailand, and Vietnam


## ANNEX “G-2”

### AboitizPower Patents, Copyrights and Franchises

AboitizPower and its Subsidiaries own, or have pending applications for the registration of, intellectual property rights for various trademarks associated with their corporate names and logos. The following table sets out information regarding the trademark applications AboitizPower and its Subsidiaries have filed with the Philippine Intellectual Property Office (Philippine IPO), and their pending trademark applications abroad.

#### Philippine IPO

Trademarks/ Description	Owner	Registration No./ Date Issued	Status
“A Better Future” word mark (Class Nos. 39, 40 and 42)	Aboitiz Power Corporation	4-2010-004383/ November 11, 2010 Trademark was renewed on November 11, 2020.	Registered
“Better Solutions” word mark (Class Nos. 39, 40 and 42)	Aboitiz Power Corporation	4-2010-004384/ November 11, 2010 Trademark was renewed on November 11, 2020.	Registered
“AboitizPower” word mark (Class Nos. 39, 40 and 42)	Aboitiz Power Corporation	4-2010-004385/ November 11, 2010 Trademark was renewed on November 11, 2020.	Registered
“AboitizPower Spiral and Device” device mark with color claim (Class Nos. 39, 40 and 42)	Aboitiz Power Corporation	4-2010-004380/ February 10, 2011 Trademark was renewed on February 10, 2021.	Registered
“Cleanergy” word mark (Class No. 40)	Aboitiz Power Corporation	4-2001-007900/ January 13, 2006 Trademark was renewed on January 13, 2016.	Registered
“Cleanergy” word mark for the additional goods and services (Class Nos. 39 and 42)	Aboitiz Power Corporation	4-2019-000850/ June 9, 2019	Registered
“Cleanergy Get It and Device” device mark with color claim (Class Nos. 39, 40 and 42)	Aboitiz Power Corporation	4-2010-004381/ November 11, 2010 Trademark was renewed on November 11, 2020.	Registered
“Cleanergy Got It and Device” device mark (Class Nos. 39, 40 and 42)	Aboitiz Power Corporation	4-2010-004382/ November 11, 2010 Trademark was renewed on November 11, 2020.	Registered
“AboitizPower and Device” device mark with color claim (Class Nos. 39, 40 and 42)	Aboitiz Power Corporation	4-2010-004379/ February 10, 2011 Trademark was renewed on February 10, 2021.	Registered
Subic EnerZone Corporation and Logo trademark (Class No. 39)	Subic EnerZone Corporation	4-2006-007306/ August 20, 2007 Trademark was renewed on August 20, 2017.	Registered
Subic EnerZone Corporation and Logo Word mark and device (Class No. 39)	Subic EnerZone Corporation	4-2006-007305/ August 20, 2007 Trademark was renewed on August 20, 2017.	Registered
“Subic EnerZone Corporation” word mark (Class No. 39)	Subic EnerZone Corporation	4-2006-007304/ June 4, 2007	Registered

		Trademark was renewed on June 4, 2017.	
"Cotabato Light" Logo (Class No. 39)	Cotabato Light and Power Corporation	4-2019-502915/ October 20, 2019	Registered
"Davao Light" Logo (Class No. 39)	Davao Light and Power Corporation	4-2019-502917/ October 20, 2019	Registered
"Balamban Enerzone" Logo (Class No. 39)	Balamban Enerzone Corporation	4-2019-502910/ February 10, 2020	Registered
"Mactan Enerzone" Logo (Class No. 39)	Mactan Enerzone Corporation	4-2019-502911/ February 20, 2020	Registered
"Lima Enerzone" Logo (Class No. 39)	Lima Enerzone Corporation	4-2019-502912/ February 10, 2020	Registered
"Malvar Enerzone" Logo (Class No. 39)	Malvar Enerzone Corporation	4-2019-502913/ February 10, 2020	Registered
"Subic Enerzone" Logo (Class No. 39)	Subic Enerzone Corporation	4-2019-502914/ October 20, 2019	Registered
"Visayan Electric" Logo (Class No. 39)	Visayan Electric Company, Inc.	4-2019-015288/ December 29, 2019	Registered
"MORE" Logo (Class 35)	Manila-Oslo Renewable Enterprise, Inc.	4-2018-00018077/February 21, 2019	Registered
"SN ABOITIZ POWER" Logo GROUP (Class 35 & 40)	Manila-Oslo Renewable Enterprise, Inc., SN Aboitiz Power-Magat, Inc., and SN Aboitiz Power-Benguet, Inc.	4-2018-00018076/ February 5, 2019	Registered
"SN ABOITIZ POWER-BENGUET, INC." Logo	SN Aboitiz Power-Benguet, Inc.	4-2014-00005209/ December 29, 2016	Registered
"SNAP ABOITIZ POWER-MAGAT, INC." Logo	SN Aboitiz Power-Magat, Inc.	4-2014-00005208/ March 9, 2017	Registered
 Logo	SN Aboitiz Power-Magat, Inc.	4-2017-00018969/ June 7, 2018	Registered

#### International Trademarks (Madrid Protocol)

AboitizPower has the following registered international trademarks:

Trademarks	Country of Application
Cleanergy	Indonesia
AboitizPower	Myanmar
Aboitiz Power and Device	Myanmar
Cleanergy	Myanmar
Cleanergy Get It	Myanmar
Cleanergy Got It	Myanmar

The abovementioned trademarks are also in the process of being registered in Malaysia.

### International Trademarks Application (Madrid Protocol)

AboitizPower has the following registered international trademarks from applications under the Madrid Protocol:

Trademarks	Country of Application
AboitizPower Word Mark (Class Nos. 39, 40, 42)	World Intellectual Property Office ("WIPO")
AboitizPower A Better Future (Class Nos. 39, 40, 42)	Vietnam
Cleanergy Word Mark (Class Nos. 39, 40, 42)	WIPO
Cleanergy Get It Device (Class Nos. 39, 40, 42)	WIPO
Cleanergy Get It Device (Class Nos. 39, 40, 42)	Vietnam
Cleanergy Got It Device (Class Nos. 39, 40, 42)	WIPO



AboitizPower also has the following pending international trademark applications under the Madrid Protocol.

Trademarks	Country of Application
AboitizPower Word Mark (Class Nos. 39, 40, 42)	Vietnam
AboitizPower Word Mark (Class Nos. 39, 40, 42)	Indonesia
AboitizPower A Better Future (Class Nos. 39, 40, 42)	WIPO
AboitizPower A Better Future (Class Nos. 39, 40, 42)	Indonesia
Cleanergy Word Mark (Class Nos. 39, 40, 42)	Vietnam
Cleanergy Get It Device (Class Nos. 39, 40, 42)	Indonesia
Cleanergy Got It Device (Class Nos. 39, 40, 42)	Vietnam
Cleanergy Got It Device (Class Nos. 39, 40, 42)	Indonesia

## ANNEX “G-3”

### Financial Services Patents, Copyrights and Franchises

UnionBank owns, or has pending applications for the registration of intellectual property rights for various trademarks associated with their corporate names and logos.

	Trademark	Registration Date	Expiration Date
1	UNIONBANK	December 19, 2005	December 19, 2025
2	UNIONBANK LOGO	October 21, 2010	October 21, 2030
3	UNIONBANK EON	December 5, 2013	December 5, 2023
4	UBP	August 7, 2014	August 7, 2024
5	UNIONBANK OF THE PHILIPPINES	August 7, 2014	August 7, 2024
6	UREKA	November 10, 2016	November 10, 2026
7	SELFIE BANKING	December 22, 2019	December 22, 2029
8	DIGITAL ME	June 29, 2017	June 29, 2027
9	EON FOR THE DIGITAL ME	July 30, 2017	July 20, 2027
10	EON	July 30, 2017	July 30, 2027
11	EON CYBER	November 2, 2017	November 2, 2027
12	THE ARK	April 5, 2018	April 5, 2028
13	THE ARK	April 5, 2018	April 5, 2028
14	THE ARK	April 5, 2018	April 5, 2028
15	THE ARK	April 5, 2018	April 5, 2018
16	I2I	May 30, 2019	May 30, 2029
17	THE FUTURE BEGINS WITH U.	October 24, 2019	October 24, 2029
18	CYBERSURE	January 12, 2020	January 12, 2030
19	1U HUB	February 6, 2020	February 6, 2030
20	1U HUB	February 6, 2020	February 6, 2030
21	THE FIRST FINANCIAL SUPPLY BLOCKCHAIN IN THE PHILIPPINES - POWERED BY UNIONBANK	February 6, 2020	February 6, 2030
22	UB	February 24, 2020	February 24, 2030
23		February 24, 2020	February 24, 2030
24		February 24, 2020	February 24, 2030
25	THE EDGE BY UB UNIONBANK	July 31, 2020	July 31, 2030

26	UB UNIONBANK	August 14, 2020	August 14, 2030
27	UB UNIONBANK	October 16, 2020	October 16, 2030
28	THE FIRST DIGITAL ACCOUNT OPENING FOR BUSINESS BY UNIONBANK	January 17, 2021	January 17, 2031
29	THE FIRST MOBILE CHECK DEPOSIT FOR BUSINESSES BY UNIONBANK	February 19, 2021	February 19, 2031
30	BANK THE WAY YOU LIVE	March 29, 2021	March 29, 2031
31	SITH SYSTEM FOR INTEGRATED TRACING OF HUMANS	March 29, 2021	March 29, 2031
32		April 16, 2021	April 16, 2031
33		April 16, 2021	April 16, 2031
34	UNIONBANK ONLINE	April 16, 2021	April 16, 2031
35	UB ONLINE	April 16, 2021	April 16, 2031
36	UNIONBANK APP	April 16, 2021	April 16, 2031
37	UB MOBILE APP	April 16, 2021	April 16, 2031
38	P PHX COMMERCIAL BANK-BACKED PHILIPPINE STABLECOIN	April 16, 2021	April 16, 2031
39	PHX	May 21, 2021	May 21, 2031
40	UBP XCELLERATOR GAMECHANGERS	May 21, 2021	May 21, 2031
41	UBP XCELLERATOR BLOCKCHAIN BUSINESS SPECIALIST PROGRAM	June 18, 2021	June 18, 2031
42	UBP XCELLERATOR BLOCKCHAIN BASICS PROGRAM	June 18, 2021	June 18, 2031
43	BLOCKCHAIN XCELLERATOR POWERED BY UB UNIONBANK	June 18, 2021	June 18, 2031
44	UBXCELLERATOR	July 16, 2021	July 16, 2031
45	XCELLERATOR	July 16, 2021	July 16, 2031
46	UB GARAGE INNOVATION AND INCUBATION LAB POWERED BY UB UNIONBANK.	July 23, 2021	July 23, 2031
47	XCELLERATOR	July 23, 2021	July 23, 2031
48	UBXCELLERATOR	July 30, 2021	July 30, 2031

49	BLOCKCHAIN XCELLERATOR	July 30, 2021	July 30, 2031
50	UBP XCELLERATOR PROGRAM	August 6, 2021	August 6, 2031
51	UB GARAGE INNOVATION AND INCUBATION LAB POWERED BY UB UNIONBANK	October 1, 2021	October 1, 2031



## ANNEX “G-4”

### Food Manufacturing Patents, Copyrights and Franchises

The Food Group owns, or has pending trademark applications for the registration of intellectual property rights for various trademarks associated with their corporate names and logos. These are filed or pending at local and international jurisdictions.

#### Philippine IPO

	Trademark	Registration Date	Expiration Date
1	PILMICO FOODS CORPORATION	November 28, 2005	November 28, 2025
2	SUN-MOON-STAR	October 2, 2006	October 2, 2026
3	GOLD STAR AND DEVICE	August 17, 2006	August 17, 2026
4	SUNSHINE	October 15, 2007	October 15, 2027
5	GLOWING SUN	October 2, 2006	October 2, 2026
6	KUTITAP AND DEVICE	January 17, 2005	January 17, 2025
7	KUTITAP with color claim	December 5, 2004	December 5, 2024
8	SUNFLOUR AND DESIGN	May 5, 2008	May 5, 2028
9	Silver Star	February 24, 2012	February 24, 2022 (IPOPPL Petition for Renewal filed)
10	Silver Star Logo with color claim	January 13, 2012	January 13, 2022 (IPOPPL Petition for Renewal filed)
11	SUN RAYS HARD WHEAT FLOUR	February 20, 2014	February 20, 2024
12	STAR BEAM SOFT WHEAT FLOUR	December 26, 2013	December 26, 2023
13	STAR BLAZE SOFT WHEAT FLOUR	February 20, 2014	February 20, 2024
14	LUNA CAKE FLOUR	February 20, 2014	February 20, 2024
15	SUN STREAM HARD WHEAT FLOUR	February 20, 2014	February 20, 2024
16	PILMICO Device	December 26, 2013	December 26, 2023
17	PILMICO FLOUR	February 20, 2014	February 20, 2024
18	Mahalin Pagkaing Atin with color claim	July 2, 2015	July 2, 2025
19	SUNLIGHT	September 1, 2016	September 1, 2022
20	The Care Package	March 23, 2018	March 23, 2028
21	The Care Package Logo	March 24, 2017	March 24, 2027
22	WOODEN SPOON	May 4, 1993	May 4, 2023
23	WOODEN SPOON word mark for additional classes Nos. 35 and 43	December 17, 2017	December 17, 2027

24	WOODEN SPOON AND DEVICE for additional classes Nos. 35 and 43	December 17, 2017	December 17, 2027
25	PILMICO word mark	March 24, 2017	March 24, 2027
26	Silver 168	February 22, 2018	October 24, 2028
27	Yummii	December 28, 2017	August 25, 2027
28	Silver Star with Chinese Slogan Device.	February 22, 2018	October 24, 2028
29	SOLA ALL PURPOSE FLOUR	February 20, 2014	February 20, 2024
30	PILMICO logo	June 2, 2017	February 21, 2027
31	"M" handshake mark	August 17, 2017	February 20, 2027
32	Flour Solutions	October 31, 2019	April 24, 2029
33	PIGROW with color claim	September 28, 2012	September 28, 2022
34	PIGROW MATERNA	May 24, 2012	May 24, 2022
35	CHICKGROW	October 18, 2019	October 18, 2029
36	PORK SOLUTIONS	August 20, 2007	August 20, 2027
37	POULTRY SOLUTIONS	August 20, 2007	August 20, 2023
38	AQUAMAX	June 6, 2013	June 6, 2023
39	POULTRY EXPRESS	April 14, 2013	April 14, 2023
40	ALAS NG SALTO	February 28, 2013	February 28, 2023
41	AEV MAX	February 8, 2013	February 8, 2023
42	SALTO	February 8, 2013	February 8, 2023
43	ANGAT SARADO	February 8, 2013	February 8, 2023
44	BASIC	February 8, 2013	February 8, 2023
45	LAKAS GATAS	February 8, 2013	February 8, 2023
46	GALLIMAX	February 8, 2013	February 8, 2023
47	SUPREMECON	July 22, 2011	July 22, 2021
48	POWERMIX	January 13, 2012	January 13, 2022
49	PILMICO FEEDS	March 8, 2012	March 8, 2022
50	GROW YOUR PROFIT	December 26, 2013	December 26, 2023
51	PARTNERS FOR GROWTH	July 16, 2010	July 16, 2030
52	PILMICO FARMS LOGO	April 17, 2014	April 17, 2024
53	PILMICO FEEDS	April 17, 2014	April 17, 2024
54	GROWING PIG LOGO	April 17, 2014	April 17, 2024

55	GROWING CHICKEN LOGO	April 17, 2014	April 17, 2024
56	GROWING QUAIL LOGO	April 17, 2014	April 17, 2024
57	GROWING PIGEON LOGO	April 17, 2014	April 17, 2024
58	GROWING DUCK LOGO	December 26, 2013	December 26, 2023
59	POWERHEAL	April 17, 2017	April 17, 2027
60	POWERBOOST	December 8, 2016	December 8, 2026
61	Immunodigest	December 8, 2016	December 8, 2026
62	AVEMAX	September 29, 2016	September 29, 2026
63	CIVIC	June 22, 2017	June 22, 2027
64	ELITE	June 22, 2017	June 22, 2027
65	SALTO	July 29, 2017	July 29, 2027
66	ULTIMAX	September 7, 2017	September 7, 2027
67	EGG2GO	September 13, 2018	September 13, 2028
68	Bagwis	September 13, 2018	September 13, 2028
69	Gut Protech	January 23, 2018	January 23, 2028
70	With Gut ProTech	July 19, 2018	July 19, 2028
71	Worm Buster word mark	November 1, 2018	November 1, 2028
72	Worm Buster device mark	November 1, 2018	November 1, 2028
73	YOLO! Chicha, atbp.	September 23, 2018	September 23, 2028
74	Dok Tilaok	March 31, 2019	March 31, 2029
75	Beat the Day	November 1, 2018	November 1, 2028
76	Taste Adventure	November 1, 2018	November 1, 2028
77	Arya	June 6, 2019	June 6, 2029
78	The Good Meat	December 12, 2018	December 12, 2028
79	Woofy	May 9, 2019	May 9, 2029
80	Prime Kennel	August 25, 2019	August 25, 2029
81	Primum	May 9, 2019	May 9, 2029
82	Power Armor	July 14, 2019	July 14, 2029
83	Powerguard	July 14, 2019	July 14, 2029
84	Powershield	July 14, 2019	July 14, 2029
85	Maxime	July 4, 2019	July 4, 2029

86	Powercharge	August 4, 2019	August 4, 2029
87	Powersurge	November 7, 2019	November 7, 2029
88	Powercure	August 4, 2019	August 4, 2029
89	Powerboost	September 23, 2019	September 23, 2029
90	Classic	September 23, 2019	September 23, 2029
91	Maxime Smiley (“X”)	February 17, 2020	February 17, 2030
92	Woofy Smiley (“W”)	February 17, 2020	February 17, 2030
93	M3TimE	February 17, 2020	February 27, 2030
94	BETTER NOURISHMENT, BETTER CARE	February 17, 2020	February 27, 2030
95	FORK THE PORK	October 14, 2019	October 14, 2029
96	Pilmico Foods Corporation an Aboitiz Company	November 28, 2015	November 28, 2025
97	Kutitap Hard Wheat Flour	January 17, 2015	January 17, 2025
98	Basco	March 24, 2021	March 24, 2031
99	With Worm Buster	February 2, 2018	February 2, 2028
100	Liver Protech	February 9, 2021	February 9, 2031
101	Suki by Pilmico	December 23, 2020	December 23, 2030
102	Tammy	March 24, 2021	March 24, 2031
103	Kunemax	March 24, 2021	March 24, 2031
104	XP	March 24, 2021	March 24, 2031
105	Kitchen Specials	February 9, 2021	February 9, 2031
106	Catsby	March 24, 2021	March 24, 2031
107	Nobuddy Left Behind	June 4, 2020	June 4, 2030
108	Do Good For Doggo	June 4, 2020	June 4, 2030
109	Ave Max	August 10, 2012	August 10, 2022
110	With Great Flour Comes Great Responsibility	October 29, 2021	October 29, 2031
111	GOLD COIN FEED	August 11, 2016	August 11, 2026
112	GOLD COIN FEED & device	October 24, 2019	October 24, 2029
113	GOLD COIN FEED & device & chinese characters	December 8, 2019	December 8, 2029
114	Tommy	April 23, 2021	April 23, 2031
115	The Good Hens	February 7, 2022	February 7, 2032
116	The Good Pick	February 7, 2022	February 7, 2032

117	Partners in Pethood	August 13, 2021	August 13, 2031
118	Commisari	Filed October 5, 2021	Pending
119	Tarlac Meatmasters	Filed June 24, 2021	Pending
120	The Good Egg	Filed November 25, 2021	Pending
121	The Good Yolk	Filed November 25, 2021	Pending
122	Eggdrop! Eggdrop!	Filed November 25, 2021	Pending
123	Live the Best Life Together	Filed August 25, 2021	Pending
124	Unleash the Fun Together	Filed August 25, 2021	Pending
125	Nurture Heartwarming Moments	Filed August 25, 2021	Pending
126	ABAQA	Filed September 14, 2020	Pending

*International Trademarks Application (Madrid Protocol)*

Trademarks	Owner	Country of Application
Star Beam Soft Wheat Flour (#1171572) (Class No. 30)	Pilmico Foods Corporation	WIPO, Singapore, Turkey, Vietnam, South Korea
Sun Stream Hard Wheat Flour (#1173340) (Class No. 30)	Pilmico Foods Corporation	WIPO, Singapore, Turkey, Vietnam, South Korea
Star Blaze Soft Wheat Flour (#1173338) (Class No. 30)	Pilmico Foods Corporation	WIPO, Singapore, Turkey, Vietnam, South Korea
Sun Rays Hard Wheat Flour (#1173337) (Class No. 30)	Pilmico Foods Corporation	Singapore, Turkey, Vietnam, South Korea
Luna Cake Flour (#1173339) (Class No. 30)	Pilmico Foods Corporation	WIPO, South Korea, China
Sola All Purpose Flour (#1341959) (Class No. 30)	Pilmico Foods Corporation	WIPO, Singapore, South Korea, China, Turkey
PILMICO word mark (#1392327) (Class Nos. 5, 29, 30, 31, 35, 43, and 45)	Pilmico Foods Corporation	WIPO, USA (Guam), Cambodia, Ghana, Singapore
Aquamax (#1372599) (Class No. 31)	Pilmico Animal Nutrition Corporation	WIPO, Singapore, Ghana
Civic (#1377276) (Class No. 31)	Pilmico Animal Nutrition Corporation	WIPO, Ghana, Cambodia, USA, Singapore
Elite (#1377277) (Class No. 31)	Pilmico Animal Nutrition Corporation	WIPO, Ghana, Singapore
Powermix (#1372598) (Class No. 31)	Pilmico Animal Nutrition Corporation	WIPO, Ghana, USA
Ultimax (#1404587) (Class No. 31)	Pilmico Animal Nutrition Corporation	WIPO, USA, Singapore, Ghana
Salto (Word Mark) (#1407635) (Class No. 31)	Pilmico Animal Nutrition Corporation	WIPO, Ghana, Cambodia, Singapore, USA
Gallimax (Word Mark) (#1372097) (Class No. 31)	Pilmico Animal Nutrition Corporation	WIPO, Ghana, Cambodia, Singapore, USA
ABAQA (#1562844) (Class No. 35)	Pilmico International Pte., Ltd.	WIPO, Brunei, Cambodia, China, Indonesia, Laos, Malaysia, Thailand, Vietnam
TOMMY (#1606502) (Class No. 31)	Pilmico International Pte., Ltd.	WIPO, Cambodia, China, Indonesia, Malaysia, Thailand, Vietnam,

Maxime (#1648100) (Class No. 31)	Pilmico International Pte., Ltd.	WIPO, Cambodia, Indonesia, Malaysia, Philippines, Thailand and Vietnam
Woofy (#1647804) (Class No. 31)	Pilmico International Pte., Ltd.	WIPO, Cambodia, Indonesia, Malaysia, Philippines, Thailand and Vietnam
Maxime Smiley (“X”) (Pending) (Class No. 31)	Pilmico International Pte., Ltd.	WIPO, Cambodia, Indonesia, Malaysia, Philippines, Thailand and Vietnam
Woofy Smiley (“W”) (Pending) (Class No. 31)	Pilmico International Pte., Ltd.	WIPO, Cambodia, Indonesia, Malaysia, Thailand and Vietnam
FYTONIX (Classes Nos. 5, 31)	Gold Coin Management Holdings, Pte. Ltd.	WIPO, China, Indonesia, Malaysia, Philippines, Thailand and Vietnam
BOOSTIX (Classes Nos. 5, 31)	Gold Coin Management Holdings, Pte. Ltd.	WIPO, China, Indonesia, Malaysia, Philippines, Thailand and Vietnam
VIDALIX (Classes Nos. 5, 31)	Gold Coin Management Holdings, Pte. Ltd.	WIPO, China, Indonesia, Malaysia, Philippines, Thailand and Vietnam
PROBIX (Classes Nos. 5, 31)	Gold Coin Management Holdings, Pte. Ltd.	WIPO, China, Indonesia, Malaysia, Philippines, Thailand and Vietnam

The Food Group has other pending trademark applications under the Madrid Protocol for the following countries: China and Ghana.

*International Trademarks Application (Non-Madrid Protocol)*

Trademarks	Owner	Country of Application
PILMICO (#304120550) (Class Nos. 5, 29, 30, 31, 35, 43, and 44)	Pilmico Foods Corporation	Hong Kong
PILMICO (#180100375) (Class Nos. 5, 29, 30, 31, 35, 43, and 44)	Pilmico Foods Corporation	Thailand
PILMICO (#493122018) (Class Nos. 5, 29, 30, 31, 35, 43, and 44)	Pilmico Foods Corporation	Myanmar
PILMICO (#20170603657, 20170603660 to 20170603662, 20170603665 to 20170603676) (Class Nos. 5, 29, 30, 31, 35, 43, and 44)	Pilmico Foods Corporation	Malaysia
PILMICO (DO020180111108, DO020180111110, DO020180111116, DO020180111119, DO020180111122, DO020180111123) (Class Nos. 29, 30, 31, 35, 43, and 44)	Pilmico Foods Corporation	Indonesia
Gallimax – (#4201632522) (Class Nos. 5, 31, 44)	Pilmico Foods Corporation	Vietnam
Aquamax - (#4201632521) (Class Nos. 5, 31, 44)	Pilmico Foods Corporation	Vietnam
Avemax - (#4201632524) (Class Nos. 5, 31, 44)	Pilmico Foods Corporation	Vietnam
Civic - (#4201632523) (Class Nos. 5, 31, 44)	Pilmico Foods Corporation	Vietnam
Gallimax (DO020180111118) (Class No. 31)	Pilmico Foods Corporation	Indonesia
Ultimax - (DO020180111127)	Pilmico Foods Corporation	Indonesia

(Class No. 31)		
Avemax - (DO020180111114) (Class No. 31)	Pilmico Foods Corporation	Indonesia
Civic - (DO020180111120) (Class No. 31)	Pilmico Foods Corporation	Indonesia
Star Beam + Lukisan Bintang (DO0213055441) (Class No. 30)	Pilmico Foods Corporation	Indonesia
Star Blaze + Lukisan Bintang (DO0213055439) (Class No. 30)	Pilmico Foods Corporation	Indonesia
Sun Rays + Lukisan Matahari (DO0213055443) (Class No. 30)	Pilmico Foods Corporation	Indonesia
Sun Stream (DO0213055445) (Class No. 30)	Pilmico Foods Corporation	Indonesia
ABAQA (249721) (Class No. 35)	Pilmico International Pte., Ltd.	Sri Lanka
ABAQA (2020/019105) (Class No. 35)	Pilmico International Pte., Ltd.	Myanmar
ABAQA (40202005797X) (Class No. 35)	Pilmico International Pte., Ltd.	Singapore
TOMMY (40202020332T) (Class No. 31)	Pilmico International Pte., Ltd.	Singapore
TOMMY (255080) (Class No. 31)	Pilmico International Pte., Ltd.	Sri Lanka
BETTER NOURISHMENT, BETTER CARE (262874) (Class No. 31)	Pilmico International Pte., Ltd.	Sri Lanka
Maxime (58082062) (Class No. 31)	Pilmico International Pte., Ltd.	China
Maxime (262875) (Class No. 31)	Pilmico International Pte., Ltd.	Sri Lanka
Maxime (40202117806S) (Class No. 31)	Pilmico International Pte., Ltd.	Singapore
Maxime Smiley ("X") (58088861, Back up: 60472621) (Class No. 31)	Pilmico International Pte., Ltd.	China
Maxime Smiley ("X") (40202117810U) (Class No. 31)	Pilmico International Pte., Ltd.	Singapore
Maxime Smiley ("X") (262878) (Class No. 31)	Pilmico International Pte., Ltd.	Sri Lanka
Woofy (58068877) (Class No. 31)	Pilmico International Pte., Ltd.	China
Woofy (262876) (Class No. 31)	Pilmico International Pte., Ltd.	Sri Lanka
Woofy (40202117809V) (Class No. 31)	Pilmico International Pte., Ltd.	Singapore
Woofy Smiley ("W") (58082044) (Class No. 31)	Pilmico International Pte., Ltd.	China
Woofy Smiley ("W") (262877) (Class No. 31)	Pilmico International Pte., Ltd.	Sri Lanka
Woofy Smiley ("W") (40202117808R) (Class No. 31)	Pilmico International Pte., Ltd.	Singapore
Live the Best Life Together (DID2021056098) (Class No. 31)	Pilmico International Pte., Ltd.	Indonesia
Live the Best Life Together (TM20211023504) (Class No. 31)	Pilmico International Pte., Ltd.	Malaysia
Live the Best Life Together (4-2021-33266) (Class No. 31)	Pilmico International Pte., Ltd.	Vietnam



Unleash the Fun Together (DID2021056109) (Class No. 31)	Pilmico International Pte., Ltd.	Indonesia
Unleash the Fun Together (TM2021023506) (Class No. 31)	Pilmico International Pte., Ltd.	Malaysia
Unleash the Fun Together (4-2021-33267) (Class No. 31)	Pilmico International Pte., Ltd.	Vietnam
Nurture Heartwarming Moments (DID2021056124) (Class No. 31)	Pilmico International Pte., Ltd.	Indonesia
Nurture Heartwarming Moments (TM2021023507) (Class No. 31)	Pilmico International Pte., Ltd.	Malaysia
Nurture Heartwarming Moments (4-2021- 33268) (Class No. 31)	Pilmico International Pte., Ltd.	Vietnam
Maxime (Stylized) (61103103)	Pilmico International Pte., Ltd.	China
Maxime & Better Nourishment, Better Care (61184144) (Class No. 31)	Pilmico International Pte., Ltd.	China
Maxime & Live the Best Life Together (61103106) (Class No. 31)	Pilmico International Pte., Ltd.	China
Maxime & Unleash the Fun Together (61103105) (Class No. 31)	Pilmico International Pte., Ltd.	China
Maxime & Nurture Heartwarming Moments (61103104) (Class No. 31)	Pilmico International Pte., Ltd.	China
Nurture Heartwarming Moments (4-2021- 33268) (Class No. 31)	Pilmico International Pte., Ltd.	Vietnam
Gold Coin, WANG EMAS & Chinese Characters Device (42094) (Class No. 5)	Gold Coin Management Holdings, Pte. Ltd.	Bangladesh
GOLD COIN FEED & Chinese Characters & Device (234799) (Class No. 5)	Gold Coin Management Holdings, Pte. Ltd.	Bangladesh
GOLD COIN FEED & Chinese Characters & Device (234800) (Class No. 31)	Gold Coin Management Holdings, Pte. Ltd.	Bangladesh
GOLD COIN FEED & Device (235197) (Class No. 5)	Gold Coin Management Holdings, Pte. Ltd.	Bangladesh
GOLD COIN FEED & Device (235198) (Class No. 31)	Gold Coin Management Holdings, Pte. Ltd.	Bangladesh
GOLD COIN FEED & Chinese Characters & Device (234799) (Class No. 5)	Gold Coin Management Holdings, Pte. Ltd.	Bangladesh
GOLD COIN & Device - 8212 (Class No. 21)	Gold Coin Services Singapore Pte. Ltd.	Brunei Darussalam
GOLD COIN & Device - 8210 (Class No. 1)	Gold Coin Services Singapore Pte. Ltd.	Brunei Darussalam
GOLD COIN & Device - 8211 (Class No. 5)	Gold Coin Services Singapore Pte. Ltd.	Brunei Darussalam
GOLD COIN & Device - 8214 (Class No. 31)	Gold Coin Services Singapore Pte. Ltd.	Brunei Darussalam
GOLD COIN & Device - 8213 (Class No. 29)	Gold Coin Services Singapore Pte. Ltd.	Brunei Darussalam
GOLD COIN FEED & Chinese Characters & Device - TM/50672	Gold Coin Services Singapore Pte. Ltd.	Brunei Darussalam

(Classes Nos. 1, 5, 31)		
GOLD COIN FEED & Device - TM/50673 (Classes Nos. 1, 5, 31)	Gold Coin Services Singapore Pte. Ltd.	Brunei Darussalam
Gold Coin, Chinese characters & Device (19385/03) (Class No. 31)	Gold Coin Management Holdings, Pte. Ltd.	Cambodia
GOLD COIN FEED & Chinese Characters & Device (KH/T/2019/85358) (Classes Nos. 1, 5, 31)	Gold Coin Management Holdings, Pte. Ltd.	Cambodia
GOLD COIN FEED & Device (KH/T/2019/85360) (Classes Nos. 1, 5, 31)	Gold Coin Management Holdings, Pte. Ltd.	Cambodia
GOLD COIN (3505731) (Class No. 31)	Gold Coin Management Holdings, Pte. Ltd.	China
GOLD COIN FEED & Chinese characters & device (3021536) (Class No. 31)	Gold Coin Management Holdings, Pte. Ltd.	China
Gold Coin, Chinese Characters and device (300776) (Class No. 31)	Gold Coin Management Holdings, Pte. Ltd.	China
JIN QIAN BAO in Chinese Character (3011619) (Class No.31)	Gold Coin Management Holdings, Pte. Ltd.	China
JIN QIAN HUANG in Chinese Characters (8080015) (Class No. 31)	Gold Coin Management Holdings, Pte. Ltd.	China
JIN QIAN in Chinese Character (3505730) (Class No. 31)	Gold Coin Management Holdings, Pte. Ltd.	China
JIN QIAN LE in Chinese Character (8080016) (Class No. 31)	Gold Coin Management Holdings, Pte. Ltd.	China
GOLD COIN FEED device and chinese characters (38091645) (Class No. 31)	Gold Coin Management Holdings, Pte. Ltd.	China
GOLD COIN FEED device and chinese characters (38091646) (Class No. 30)	Gold Coin Management Holdings, Pte. Ltd.	China
GOLD COIN FEED device and chinese characters (38091647) (Class No. 5)	Gold Coin Management Holdings, Pte. Ltd.	China
GOLD COIN FEED & device (38091648) (Class No. 31)	Gold Coin Management Holdings, Pte. Ltd.	China
GOLD COIN FEED & device (38091649) (Class No. 30)	Gold Coin Management Holdings, Pte. Ltd.	China
GOLD COIN FEED & device (38091659) (Class No. 5)	Gold Coin Management Holdings, Pte. Ltd.	China
金钱鸽 1 号 (59963535) (Class No. 31)	Gold Coin Management Holdings, Pte. Ltd.	China
金钱鸽 2 号 (59960171) (Class No. 31)	Gold Coin Management Holdings, Pte. Ltd.	China
金钱鸽 3 号 (59954804) (Class No. 31)	Gold Coin Management Holdings, Pte. Ltd.	China
金虾 1 号 (Gold Shrimp 1 in Chinese) (59072093) (Class No. 31)	Gold Coin Management Holdings, Pte. Ltd.	China
虾中宝 (Shrimp in the Treasure in Chinese) (59072092) (Class No. 31)	Gold Coin Management Holdings, Pte. Ltd.	China
虾之大 (Big Shrimp in Chinese) (59072090) (Class No. 31)	Gold Coin Management Holdings, Pte. Ltd.	China
鳅博士 (Dr.Loach in Chinese) (59072089) (Class No. 31)	Gold Coin Management Holdings, Pte. Ltd.	China
金奶宝 (Gold Milk Treasure in Chinese) (59072085) (Class No. 31)	Gold Coin Management Holdings, Pte. Ltd.	China

VIDALIX in Chinese (61414200) (Class No. 5)	Gold Coin Management Holdings, Pte. Ltd.	China
VIDALIX in Chinese (61436683) (Class No. 31)	Gold Coin Management Holdings, Pte. Ltd.	China
Gold Coin, Chinese characters & Device -199601055 (Class No. 31)	Gold Coin Management Holdings Pte. Ltd.	Hong Kong
GOLD COIN FEED & device -304919446 (Classes Nos. 5, 31)	Gold Coin Management Holdings Pte. Ltd.	Hong Kong
GOLD COIN FEED device and Chinese characters -304919437 (Classes Nos. 5, 31)	Gold Coin Management Holdings Pte. Ltd.	Hong Kong
Gold Coin, WANG EMAS & Chinese characters device - 644125 (Class No. 31)	Gold Coin Management Holdings, Pte. Ltd.	India
GOLD COIN FEED & device & chinese characters - 4175548 (Classes Nos. 5, 30, 31)	Gold Coin Management Holdings, Pte. Ltd.	India
GOLD COIN FEED & device - 4175549 (Classes Nos. 5, 30, 31)	Gold Coin Management Holdings, Pte. Ltd.	India
GOLD COIN UANG MAS & Device (IDM000023251) (Class No. 31)	Gold Coin Services Singapore Pte. Ltd	Indonesia
GOLD COIN UANG MAS LOGO (IDM000051919) (Class No. 31)	Gold Coin Services Singapore Pte. Ltd	Indonesia
TELOR MAS (IDM000235454) (Class No. 29)	Gold Coin Services Singapore Pte. Ltd	Indonesia
AYAMAS (IDM000212187) (Class No. 29)	Gold Coin Services Singapore Pte. Ltd.	Indonesia
GOLD COIN & UANG MAS and Device (IDM000248677) (Class No. 31)	Gold Coin Services Singapore Pte. Ltd.	Indonesia
GOLD COIN FEED & device (IDM000834277) (Class No. 29)	Gold Coin Services Singapore Pte. Ltd.	Indonesia
GOLD COIN FEED & device (IDM000863012) (Class No. 5)	Gold Coin Services Singapore Pte. Ltd.	Indonesia
GOLD COIN FEED & device (IDM000794502) (Class No. 31)	Gold Coin Services Singapore Pte. Ltd.	Indonesia
GOLD COIN FEED & device & chinese characters (IDM000834275) (Class No. 29)	Gold Coin Services Singapore Pte. Ltd.	Indonesia
GOLD COIN FEED & device & chinese characters (IDM000792996) (Class No. 31)	Gold Coin Services Singapore Pte. Ltd.	Indonesia
GOLD COIN FEED & device & chinese characters (IDM000793660) (Class No. 5)	Gold Coin Services Singapore Pte. Ltd.	Indonesia
GOLD COIN UANG EMAS FEED device (b&w) (IDM000737557) (Classes Nos. 5, 31)	Gold Coin Services Singapore Pte. Ltd.	Indonesia
GOLD COIN UANG EMAS FEED device (color) (IDM000815793) (Classes Nos. 5, 31)	Gold Coin Services Singapore Pte. Ltd.	Indonesia
POWER SPECTA (IDM000860231) (Class No. 31)	Gold Coin Services Singapore Pte. Ltd.	Indonesia

SEAWEED (Pending) (Class No. 31)	Gold Coin Services Singapore Pte. Ltd.	Indonesia
POWER CHAMPION (IDM000860232) (Class No. 31)	Gold Coin Services Singapore Pte. Ltd.	Indonesia
WHITE MILLET (Pending) (Class No. 31)	Gold Coin Services Singapore Pte. Ltd.	Indonesia
POWER HEAL (IDM000860617) (Class No. 31)	Gold Coin Services Singapore Pte. Ltd.	Indonesia
POWER BOOSTER (Pending) (Class No. 31)	Gold Coin Services Singapore Pte. Ltd.	Indonesia
Gold Coin Seaweed (Pending) (Class No. 31)	Gold Coin Services Singapore Pte. Ltd.	Indonesia
Gold Coin Power Booster (Pending) (Class No. 31)	Gold Coin Services Singapore Pte. Ltd.	Indonesia
Gold Coin White Millet (Pending) (Class No. 31)	Gold Coin Services Singapore Pte. Ltd.	Indonesia
Gold Coin, Chinese characters & Device (N/012262) (Class No. 31)	Gold Coin Management Holdings, Pte. Ltd.	Macao
GOLD COIN FEED & device (N/154117) (Class No. 5)	Gold Coin Management Holdings, Pte. Ltd.	Macao
GOLD COIN FEED & device (N/154118) (Class No. 31)	Gold Coin Management Holdings, Pte. Ltd.	Macao
GOLD COIN FEED & device & chinese characters (N/154119) (Class No. 5)	Gold Coin Management Holdings, Pte. Ltd.	Macao
GOLD COIN FEED & device & chinese characters (N/154120) (Class No. 31)	Gold Coin Management Holdings, Pte. Ltd.	Macao
GOLD COIN & Device (M/066884) (Class No. 1)	Gold Coin Services Singapore Pte. Ltd.	Malaysia
GOLD COIN & Device (M/066886) (Class No. 21)	Gold Coin Services Singapore Pte. Ltd.	Malaysia
GOLD COIN & Device (M/066885) (Class No. 5)	Gold Coin Services Singapore Pte. Ltd.	Malaysia
GOLD COIN & Device (M/066887) (Class No. 29)	Gold Coin Services Singapore Pte. Ltd.	Malaysia
GOLD COIN & Device (M/066888) (Class No. 31)	Gold Coin Services Singapore Pte. Ltd.	Malaysia
GOLD COIN FEED & chinese characters & device (TM2019013270) (Class No. 5)	Gold Coin Services Singapore Pte Limited	Malaysia
GOLD COIN FEED & chinese characters & device (TM2019013273) (Class No. 1)	Gold Coin Services Singapore Pte Limited	Malaysia
GOLD COIN FEED & chinese characters & device (TM2019013274) (Class No. 31)	Gold Coin Services Singapore Pte Limited	Malaysia
GOLD COIN FEED & device (TM2019013282) (Class No. 1)	Gold Coin Services Singapore Pte Limited	Malaysia
GOLD COIN FEED & device (TM2019013265) (Class No. 5)	Gold Coin Services Singapore Pte Limited	Malaysia
GOLD COIN FEED & device (TM2019013269) (Class No. 31)	Gold Coin Services Singapore Pte Limited	Malaysia

Gold Coin, WANG EMAS & Chinese characters Device (87002355) (Class No. 29)	Gold Coin Services Singapore Pte Limited	Malaysia
GOLD COIN FEED & Device & Chinese Characters (Colour) (4/20760/2019) (Class Nos. 5 and 31)	Gold Coin Management Holdings, Pte. Ltd.	Myanmar
GOLD COIN FEED & Device (Color) (4/20759/2019) (Class Nos. 5 and 31)	Gold Coin Management Holdings, Pte. Ltd.	Myanmar
GOLD COIN & Device (4/2027/2012,4/1123/2007) (Class No. 31)	Gold Coin Management Holdings, Pte. Ltd.	Myanmar
Gold Coin, WANG EMAS & Chinese characters Device (A52255) (Class No. 31)	Gold Coin Management Holdings, Pte. Ltd.	Papua New Guinea
GOLD COIN & Device (S/018303) (Class No, 31)	Gold Coin Management Holdings, Pte. Ltd.	Sabah
GOLD COIN & Device (S/018302) (Class No. 29)	Gold Coin Management Holdings, Pte. Ltd.	Sabah
GOLD COIN & Device (S/018300) (Class No. 5)	Gold Coin Management Holdings, Pte. Ltd.	Sabah
GOLD COIN & Device (S/018301) (Class No. 21)	Gold Coin Management Holdings, Pte. Ltd.	Sabah
GOLD COIN & Device (S/018299) (Class No. 1)	Gold Coin Management Holdings, Pte. Ltd.	Sabah
GOLD COIN & Device (R/017137) (Class No. 1)	Gold Coin Management Holdings, Pte. Ltd.	Sarawak
GOLD COIN & Device (R/017136) (Class No. 21)	Gold Coin Management Holdings, Pte. Ltd.	Sarawak
GOLD COIN & Device (R/017135) (Class No. 31)	Gold Coin Management Holdings, Pte. Ltd.	Sarawak
GOLD COIN & Device (R/013574) (Class No. 29)	Gold Coin Services Singapore Pte Limited	Sarawak
GOLD COIN BRAND WANG EMAS with Chinese Characters device (R/013576) (Class No. 5)	Gold Coin Services Singapore Pte Limited	Sarawak
GOLD COIN & Device (T7462342A) (Class No. 1)	Gold Coin Management Holdings, Pte. Ltd.	Singapore
GOLD COIN & Device (T7462346D) (Class No. 31)	Gold Coin Management Holdings, Pte. Ltd.	Singapore
GOLD COIN & Device (T7462345F) (Class No. 29)	Gold Coin Management Holdings, Pte. Ltd.	Singapore
GOLD COIN & Device (T7462344H) (Class No. 21)	Gold Coin Management Holdings, Pte. Ltd.	Singapore
GOLD COIN & Device (T7462343Z) (Class No. 5)	Gold Coin Management Holdings, Pte. Ltd.	Singapore
GOLD COIN BRAND ZUELLIG WANG EMAS with Chinese Characters & device (T9105225I) (Class No. 1)	Gold Coin Management Holdings, Pte. Ltd.	Singapore
GOLD COIN FEED & chinese characters & device (40201910888P) (Classes Nos. 1, 5, 31)	Gold Coin Management Holdings, Pte. Ltd.	Singapore
GOLD COIN FEED & device (40201910897X) (Classes Nos. 1, 5, 31)	Gold Coin Management Holdings, Pte. Ltd.	Singapore
VIDALIX (40202117821Y) (Classes Nos. 5, 31)	Gold Coin Management Holdings, Pte. Ltd.	Singapore
BOOSTIX (40202117822T) (Classes Nos. 5, 31)	Gold Coin Management Holdings, Pte. Ltd.	Singapore

FYTONIX (40202117823U) (Classes Nos. 5, 31)	Gold Coin Management Holdings, Pte. Ltd.	Singapore
PROBIX (40202117824S) (Classes Nos. 5, 31)	Gold Coin Management Holdings, Pte. Ltd.	Singapore
GOLD COIN & Device (39635) (Class No. 31)	Gold Coin Services Singapore Pte Limited	Sri Lanka
GOLD COIN FEED & device (241189) (Class No. 5)	Gold Coin Services Singapore Pte Limited	Sri Lanka
GOLD COIN FEED & device (241176) (Class No.31)	Gold Coin Services Singapore Pte Limited	Sri Lanka
GOLD COIN FEED & device & chinese characters (241193) (Class No.31)	Gold Coin Services Singapore Pte Limited	Sri Lanka
GOLD COIN FEED & device & chinese characters (241190) (Class No. 5)	Gold Coin Services Singapore Pte Limited	Sri Lanka
VIDALIX (262885) (Class No. 5)	Gold Coin Services Singapore Pte Limited	Sri Lanka
VIDALIX (262886) (Class No. 31)	Gold Coin Services Singapore Pte Limited	Sri Lanka
BOOSTIX (262879) (Class No. 5)	Gold Coin Services Singapore Pte Limited	Sri Lanka
BOOSTIX (262880) (Class No. 31)	Gold Coin Services Singapore Pte Limited	Sri Lanka
FYTONIX (262881) (Class No. 5)	Gold Coin Services Singapore Pte Limited	Sri Lanka
FYTONIX (262882) (Class No. 31)	Gold Coin Services Singapore Pte Limited	Sri Lanka
PROBIX (262883) (Class No. 5)	Gold Coin Services Singapore Pte Limited	Sri Lanka
PROBIX (262884) (Class No. 31)	Gold Coin Services Singapore Pte Limited	Sri Lanka
GOLD COIN SPECIALITIES & Thai Characters and Device (Kor87762) (Class No. 31)	Gold Coin Management Holdings, Pte. Ltd.	Thailand
Gold Coin, WANG EMAS & Chinese characters Device (Kor135370) (Class No. 42)	Gold Coin Management Holdings, Pte. Ltd.	Thailand
GOLD COIN FEED & device (211108419) (Class No.5)	Gold Coin Management Holdings, Pte. Ltd.	Thailand
GOLD COIN FEED & device (211108439) (Class No.29)	Gold Coin Management Holdings, Pte. Ltd.	Thailand
GOLD COIN FEED & device (211108441) (Class No.31)	Gold Coin Management Holdings, Pte. Ltd.	Thailand
GOLD COIN FEED device and chinese characters (211108448) (Class No.5)	Gold Coin Management Holdings, Pte. Ltd.	Thailand
GOLD COIN FEED device and chinese characters (211108418) (Class No.29)	Gold Coin Management Holdings, Pte. Ltd.	Thailand
GOLD COIN FEED device and chinese characters (211108421) (Class No.31)	Gold Coin Management Holdings, Pte. Ltd.	Thailand
Zeta ZAD Logo (201100582) (Class No. 5)	Gold Coin Management Holdings, Pte. Ltd.	Thailand
Zeta TOF Logo (2011005830) (Class No. 5)	Gold Coin Management Holdings, Pte. Ltd.	Thailand
Zeta TOF Xtra Logo (201102101) (Class No. 5)	Gold Coin Management Holdings, Pte. Ltd.	Thailand
Zeta L-Tonic Logo (201102102) (Class No. 5)	Gold Coin Management Holdings, Pte. Ltd.	Thailand

Zeta Plus Logo (201102103) (Class No. 5)	Gold Coin Management Holdings, Pte. Ltd.	Thailand
Zeta 8 Logo (201100584) (Class No. 5)	Gold Coin Management Holdings, Pte. Ltd.	Thailand
GOLD COIN FEED & Device (123293) (Class No. 31)	Gold Coin Services Singapore Pte Limited	Vietnam
GOLD COIN FEED LIVESTOCK AQUICULTURE & Device (123294) (Class No. 31)	Gold Coin Services Singapore Pte Limited	Vietnam
Gold Coin, Chinese characters and Device (5263) (Class Nos. 29, 30, 31)	Gold Coin Services Singapore Pte Limited	Vietnam
Gold Coin, Kim Tien & Device (66493) (Class Nos. 29, 31)	Gold Coin Services Singapore Pte Limited	Vietnam
GOLD COIN FEED device and chinese characters (395639) (Classes Nos. 5, 29, 30, 31)	Gold Coin Services Singapore Pte Limited	Vietnam
GOLD COIN FEED & device (395640) (Classes Nos. 5, 29, 30, 31)	Gold Coin Services Singapore Pte Limited	Vietnam

The Food Group has other pending trademark applications to individual countries such as Indonesia, Thailand, Bangladesh, Brunei Darussalam, China, Macau, Malaysia, Singapore, Sri Lanka, and Vietnam.



## ANNEX "G-5"

### Real Estate Patents, Copyrights and Franchises

The Real Estate Group owns, or has pending trademark applications for the registration of intellectual property rights for various trademarks associated with their corporate names and logos. These are filed or pending at local jurisdictions.

Trademark	Registration Date	Expiration Date
ABOITIZLAND AND DEVICE, with color claim	March 11, 2020	March 11, 2030
ABOITIZLAND	April 15, 2010	April 15, 2030
THE OUTLETS	December 4, 2014	December 4, 2024
THE OUTLETS AND DEVICE, with color claim	February 26, 2015	February 26, 2025
Ajoya word mark	March 9, 2017	March 24, 2027
Ajoya device mark	March 24, 2017	March 24, 2027
Foressa word mark	March 24, 2017	March 24, 2022
Foressa device mark	June 15, 2017	March 24, 2027
Seafront Residences word mark	July 14, 2017	July 14, 2027
Seafront Residences device mark	August 10, 2017	August 10, 2027
The Outlets Logo	July 14, 2017	July 14, 2027
Seafront Villas word mark	July 14, 2017	July 14, 2027
Seafront Villas device mark	August 14, 2017	August 17, 2077
Lima Exchange word mark	December 7, 2017	December 7, 2027
Lima Exchange device mark	October 26, 2017	October 26, 2027
Lima Land word mark	April 12, 2018	April 12, 2028
Lima Land device mark	March 22, 2018	March 22, 2028
Lima Technology Center word mark	June 15, 2018	June 15, 2028
Lima Technology Center device mark	April 12, 2018	April 12, 2028
The Villages at Lipa word mark	October 16, 2018	October 16, 2028
The Villages at Lipa device mark	October 16, 2018	October 16, 2028

## ANNEX “G-6”

### Infrastructure Patents, Copyrights and Franchises

The Infrastructure Group owns, or has pending trademark applications for the registration of intellectual property rights for various trademarks associated with their corporate names and logos. These are filed Philippine IPO.

	Trademarks	Registration Date	Expiration Date
1	Aboitiz InfraCapital word mark (Class Nos. 35, 36 and 37)	December 29, 2019	December 29, 2029

The Republic Cement Group has registered with the Philippine IPO the following trademarks for its corporate and product brand logos.

### RCBM

	Description of the mark	Registration Date
1	PORTLAND DUO	November 24, 2011
2	PORTLAND PLUS	August 9, 2012
3	REPUBLIC LOGO	September 28, 2012
4	FORTUNE LOGO	September 28, 2012
5	RAPIDSET LOGO	September 28, 2012
6	LIGHT MICRO FILLER TECHNOLOGY WORDMARK	May 23, 2013
7	WALLMASTER WORMDARK	September 28, 2012
8	WALLMASTER & DEVICE	September 28, 2012
9	WM LOGO	September 28, 2012
10	TIBAY ENHANCERS	August 21, 2014
11	FORTUNE WORDMARK	October 17, 2013
12	REPUBLIC WORDMARK	October 17, 2013
13	RAPIDSET	September 27, 2013
14	RAPIDSET WORDMARK	August 7, 2014
15	PORTLAND DUO II	March 27, 2014
16	PORTLAND PLUS	June 19, 2014
17	LIGHT MICRO-FILLER TECHNOLOGY	June 12, 2014
18	KAPIT-BALAY WORDMARK	December 25, 2014
19	TIBAY ENHANCERS	September 11, 2014
20	KAPIT BALAY and device	December 25, 2014
21	MASTER OF FINISHING WORDMARK	January 5, 2017
22	CONTINENTAL DEVICE MARK	December 17, 2015
23	UNIVERSAL FALCON WORDMARK	January 19, 2020
24	MAXIPAVE WORDMARK	January 19, 2020
25	DRAGON WORDMARK	January 19, 2020
26	HYDROGUARD WORDMARK	January 19, 2020

27	RAPIDSET PREMIUM	February 10, 2020
28	KAPIT-BALAY MANSORY & DEVICE (BLACK AND WHITE)	February 10, 2020
29	KAPIT-BALAY MANSORY & DEVICE (BLACK AND WHITE)	February 10, 2020
30	WITH IWAS-CRACK ENHANCERS WORDMARK	September 11, 2020
31	BIO LITEWORDMARK	December 18, 2020
32	BIO LITE	December 18, 2020
33	BIO MIX WORDMARK	December 18, 2020
34	BIO MIX	December 18, 2020
35	Lakas at Pulido	September 10, 2021

#### RCSI

	Description of the mark	Registration Date
1	TAHANAN KO WORDMARK	March 7, 2013
2	TAHANAN KO & DEVICE	March 7, 2013
3	DEVICE MARK	August 22, 2013
4	TIBAY TEST	December 29, 2016
5	FLOW FAST LAB ON WHEELS	December 12, 2019
6	ECOLOOP WORDMARK	January 19, 2021
7	ECOLOOP (BLACK AND WHITE)	January 19, 2021
8	ECOLOOP SYLIZED (IN COLOR)	July 25, 2021

#### RCMI

	Description of the mark	Registration Date
1	MINDANAO EXCLUSIVELY MANUFACTURED FOR BANGON MARAWI	December 26, 2019
2	M LOGO	October 18, 2012
3	WITH IWAS-CRACK ENHANCERS WORDMARK	September 11, 2020
4	MINDANAO CEMENT	January 1, 2021
5	Mindanao Cement M Logo	February 19, 2021

## ANNEX “H”

### AboitizPower Certificates of Compliance

Title of Document	Issued under the Name of	Power Plant						Date of Issuance
		Name	Type	Location	Capacity	Fuel	Economic Life/Term of COC	
COC No. 18-12-M-0030L	Hedcor, Inc.	Irisan 3	Hydroelectric Power Plant	Tadiangan, Tuba, Benguet	1.20 MW	Hydro	November 5, 2018 - November 4, 2023	December 11, 2018
COC No.18-12-M-00334L	Hedcor, Inc.	Bineng 3	Hydroelectric Power Plant	Bineng, La Trinidad, Benguet	5.625 MW	Hydro	November 5, 2018 - November 4, 2023	December 11, 2018
COC No. 18-12-M-00329L	Hedcor, Inc.	Ampohaw	Hydroelectric Power Plant	Banengbeng, Sablan, Benguet	8.00 MW	Hydro	November 5, 2018 - November 4, 2023	December 11, 2018
Provisional Authority to Operate	Hedcor, Inc.	La Trinidad	Hydroelectric Power Plant	La Trinidad, Benguet	20.4 MW	Hydro	October 5, 2021 - October 5, 2022	November 3, 2021
COC No. 18-12-M-00336L	Hedcor, Inc.	Sal-angan	Hydroelectric Power Plant	Ampucan, Itogon, Benguet	2.40 MW	Hydro	November 5, 2018 - November 4, 2023	December 11, 2018
COC No. 17-04-M-00032L	Hedcor, Inc.	Irisan 1	Hydroelectric Power Plant	Brgy. Tadiangan, Tuba, Benguet	3.89 MW	Hydro	April 30, 2017 – April 29, 2022	April 19, 2017
COC No. 20-08-M-00061M	Hedcor, Inc.	Talomo 1	Hydroelectric Power Plant	Brgy. Malagos, Davao City	1 MW	Hydro	February 16, 2020 - February 15, 2025	August 12, 2020
COC No. 20-08-M-00062M	Hedcor, Inc.	Talomo 2	Hydroelectric Power Plant	Brgy. Mintal, Davao City	0.6 MW	Hydro	February 16, 2020 - February 15, 2025	August 12, 2020
COC No. 20-08-M-00063M	Hedcor, Inc.	Talomo 2A	Hydroelectric Power Plant	Upper Mintal, Davao City	0.65 MW	Hydro	February 16, 2020 - February 15, 2025	August 12, 2020
COC No. 20-08-M-00064M	Hedcor, Inc.	Talomo 2B	Hydroelectric Power Plant	Upper Mintal, Davao City	0.3 MW	Hydro	February 16, 2020 - February 15, 2025	August 12, 2020
COC No. 20-08-M-00065M	Hedcor, Inc.	Talomo 3	Hydroelectric Power Plant	Catalunan, Pequeño, Davao City	1.92 MW	Hydro	February 16, 2020 - February 15, 2025	August 12, 2020
COC No. 18-12-M-00327L	Hedcor, Inc.	Ferdinand L. Singit Plant (FSL)	Hydroelectric Power Plant	Poblacion, Bakun, Benguet	6.40 MW	Hydro	November 5, 2018 - November 4, 2023	December 11, 2018

Title of Document	Issued under the Name of	Power Plant						Date of Issuance
		Name	Type	Location	Capacity	Fuel	Economic Life/Term of COC	
COC No. 18-12-M-00335L	Hedcor, Inc.	Lower Labay	Hydroelectric Power Plant	Ampusongan, Bakun, Benguet	2.40 MW	Hydro	November 5, 2018 - November 4, 2023	December 11, 2018
COC No. 18-12-M-00328L	Hedcor, Inc.	Lon-oy	Hydroelectric Power Plant	Poblacion, Bakun, Benguet	3.60 MW	Hydro	November 5, 2018 - November 4, 2023	December 11, 2018
Provisional Authority to Operate	Hedcor Sibulan, Inc.	Sibulan A – Unit 1	Hydroelectric Power Plant	Brgy. Sibulan, Sta. Cruz, Davao del Sur	8.164 MW	Hydro	February 9, 2021 - February 8, 2022*	November 4, 2020
		Sibulan A – Unit 2			8.164 MW			
Provisional Authority to Operate	Hedcor Sibulan, Inc.	Sibulan B – Unit 1	Hydroelectric Power Plant	Brgy. Sibulan, Sta. Cruz, Davao del Sur	13.128 MW	Hydro	November 23, 2020 - November 22, 2021*	November 4, 2020
		Sibulan B – Unit 2			13.128 MW			
COC No. 19-03-M-00346M	Hedcor Sibulan, Inc.	Tudaya 1	Hydroelectric Power Plant	Sta. Cruz, Davao del Sur	6.65 MW	Hydro	March 10, 2019- March 9, 2024	March 5, 2019
COC No. 18-06-M-00017L	Luzon Hydro Corporation	Bakun AC	Hydroelectric Power Plant	Amilongan, Alilem, Ilocos Sur	74.80 MW	Hydro	July 30, 2018 – July 29, 2023	June 20, 2018
COC No. 19-03-M-00013M	Hedcor Tudaya, Inc.	Tudaya 2 – Unit 1	Hydroelectric Power Plant	Sta. Cruz, Davao del Sur	5.362 MW	Hydro	April 11, 2019-April 10, 2024	March 5, 2019
		Tudaya 2 – Unit 2			2.775 MW	Hydro		
Provisional Authority to Operate	Hedcor Sabangan, Inc.	Sabangan Hydro	Hydroelectric Power Plant	Brgy. Namatec, Sabangan, Mountain Province	14.139 MW	Hydro	September 29, 2021 - September 28, 2022	September 29, 2021
COC No. 19-06-M-00174M	Hedcor Bukidnon, Inc.	Manolo Fortich 1	Hydroelectric Power Plant	Brgy. Santiago, Manolo Fortich, Bukidnon	45.936 MW	Hydro	June 18, 2019-June 17, 2024	June 18, 2019
COC No. 19-06-M-00175M	Hedcor Bukidnon, Inc.	Manolo Fortich 2	Hydroelectric Power Plant	Brgy. Dalirig, Manolo Fortich, Bukidnon	27.387 MW	Hydro	June 18, 2019-June 17, 2024	June 18, 2019
COC No. 17-04-M-15911M	Cotabato Light and Power Company, Inc.	N/A	Bunker C-Fired Diesel Engine	CLPC Compound, Sinsuat Ave., Rosary Heights I, Cotabato City	9.927 MW	Diesel / Bunker C	January 10, 2017 - January 9, 2022*	April 19, 2017
			Blackstart		10 kW	Diesel		
COC No. 18-03-M-00002V	East Asia Utilities Corporation	N/A	Bunker C/Diesel Fired Power Plant	Barrio Ibo, MEPZ 1, Lapu-Lapu City, Cebu	49.60 MW	Bunker C/ Diesel	June 11, 2018 – June 10, 2023	March 27, 2018
COC No. 18-03-M-00001V	Cebu Private Power Corporation	N/A	Bunker C/Diesel Fired Power Plant	Old Veco Compound, Brgy. Ermita, Carbon, Cebu	70.59 MW	Bunker C/ Diesel	June 4, 2018 – June 3, 2023	March 27, 2018

Title of Document	Issued under the Name of	Power Plant						Date of Issuance
		Name	Type	Location	Capacity	Fuel	Economic Life/Term of COC	
				City				
COC No. 18-12-M-00020M	Western Mindanao Power Corporation	N/A	Bunker C-Fired Power Plant	Malasugat, Sangali, Zamboanga City	112 MW	Bunker C/Diesel	August 27, 2018 – August 26, 2023	December 4, 2018
		N/A	Blackstart		160 kW	Diesel		
COC No. 18-12-M-00021M	Southern Philippines Power Corporation	N/A	Bunker C-Fired Diesel Power Plant	Brgy. Baluntay, Alabel, Sarangani Province	61.72 MW	Bunker C/Diesel	August 27, 2018 – August 26, 2023	December 4, 2018
			Blackstart		160 kW	Diesel		
Provisional Authority to Operate	SN Aboitiz Power – Magat, Inc. (Magat Hydroelectric Power Plant)	Magat Hydroelectric Power Plant – Unit 1	Hydroelectric Power Plant	Ramon, Isabela and A. Lista, Ifugao	90 MW	Hydro	November 29, 2021 - November 28, 2022	November 18, 2020
		Magat Hydroelectric Power Plant – Unit 2			90 MW			
		Magat Hydroelectric Power Plant – Unit 3			90 MW			
		Magat Hydroelectric Power Plant – Unit 4			90 MW			
		Blackstart Diesel Generator Set	Blackstart		344 kW	Diesel	25 years	
COC No. 18-04-M-00150L	SN Aboitiz Power – Magat, Inc.	Maris Main Canal I Hydroelectric Power Plant	Hydroelectric Power Plant	Brgy. Ambatali, Ramon, Isabela	8.50 MW	Hydro	April 4, 2018 – April 3, 2023	April 4, 2018
Provisional Authority to Operate	SN Aboitiz Power – Benguet, Inc.	Binga Hydroelectric Power Plant – Unit 1	Hydroelectric Power Plant	Brgy. Tinongdan, Itogon, Benguet	35.02 MW	Hydro	March 12, 2022 - March 11, 2023	March 2, 2022
		Binga Hydroelectric Power Plant – Unit 2	Hydroelectric Power Plant		35.02 MW			
		Binga Hydroelectric Power Plant – Unit 3	Hydroelectric Power Plant		35.02 MW			
		Binga Hydroelectric Power Plant – Unit 4	Hydroelectric Power Plant		35.02 MW			
		Binga Hydroelectric Power Plant	Blackstart Generator Set		320 KW	Diesel		

Title of Document	Issued under the Name of	Power Plant						Date of Issuance
		Name	Type	Location	Capacity	Fuel	Economic Life/Term of COC	
		Binga Hydroelectric Power Plant	Diesel Auxiliary Generator Set		330.40 KW	Diesel		
Provisional Authority to Operate	SN Aboitiz Power – Benguet, Inc.	Ambuklao Hydroelectric Power Plant – Unit 1	Hydroelectric Power Plant	Brgy. Ambuklao, Bokod, Benguet	34.85 MW	Hydro	August 31, 2021 - August 30, 2022	September 1, 2021
		Ambuklao Hydroelectric Power Plant – Unit 2			34.85 MW			
		Ambuklao Hydroelectric Power Plant – Unit 3			34.85 MW			
		Ambuklao Hydroelectric Power Plant	Auxiliary Generator Set		320 KW	Diesel		
		Ambuklao Hydroelectric Power Plant	Blackstart Generator Set		314 KW	Diesel		
COC No. 16-06-M-00016M	STEAG State Power, Inc.	N/A	Coal Fired Power Plant	Phividec Industrial Estate, Balacanas, Villanueva, Misamis Oriental	232 MW	Coal	September 5, 2019 – September 4, 2024	June 13, 2016
			Emergency Generating Set		1.25 MW	Diesel		
COC No. 15-03-S-00013M	STEAG State Power, Inc.	N/A	Diesel Engine	Phividec Industrial Estate, Balacanas, Villanueva, Misamis Oriental	400 kW	Diesel	September 5, 2019 - September 4, 2024	September 5, 2019
Provisional Authority to Operate	AP Renewables, Inc.	Makban – Bay, Plant A, Unit 1	Geothermal Power Plant	Brgy. Bitin, Bay, Laguna	63.2 MW	Geo-thermal Steam	December 1, 2021 to November 30, 2022	January 11, 2022
		Makban – Bay, Plant A, Unit 2			63.2 MW			
		Makban – Bay, Plant D, Unit 7			20.0 MW			
		Makban – Bay, Plant D, Unit 8			20.0 MW			
Provisional Authority to Operate	AP Renewables, Inc.	Makban – Calauan, Plant B, Unit 3	Geothermal Power Plant	Brgy. Limao, Calauan, Laguna	63.2 MW	Geo-thermal Steam	December 1, 2021 to November 30, 2022	January 11, 2022
		Makban – Calauan, Plant B, Unit 4			63.2 MW			
		Makban – Calauan, Plant C, Unit 5			55.0 MW			
		Makban – Calauan, Plant C, Unit 6			55.0 MW			



Title of Document	Issued under the Name of	Power Plant						Date of Issuance
		Name	Type	Location	Capacity	Fuel	Economic Life/Term of COC	
Provisional Authority to Operate	AP Renewables, Inc.	Makban – Sto. Tomas, Plant E, Unit 9	Geothermal Power Plant	Brgy. Sta. Elena, Sto. Tomas, Batangas	20.0 MW	Geo-thermal Steam	December 1, 2021 to November 30, 2022	January 11, 2022
		Makban – Sto. Tomas, Plant E, Unit 10			20.0 MW			
Provisional Authority to Operate	AP Renewables, Inc.	Plant A, Unit 1	Geothermal Power Plant	Brgy. Naga, Tiwi, Albay	60 MW	Geo-thermal Steam	December 12, 2020 - December 11, 2021*	July 28, 2021
		Plant A, Unit 2			60 MW			March 17, 2021
Provisional Authority to Operate	AP Renewables, Inc.	Plant C, Unit 5	Geothermal Power Plant	Brgy. Cale, Tiwi, Albay	57 MW	Geo-thermal Steam	December 12, 2020 - December 11, 2021*	March 17, 2021
		Plant C, Unit 6			57 MW			
Provisional Authority to Operate	AP Renewables, Inc.	MakBan Binary 1	Geothermal Power Plant	Brgy. Sta. Elena, Sto. Tomas, Batangas	7.0 MW	Brine	November 7, 2021 - November 6, 2022	November 12, 2021
Provisional Authority to Operate	San Carlos Sun Power Inc.	San Carlos Sun Power Inc.	Solar Power Plant	Brgy. Punao, San Carlos City, Negros Occidental	58.98 MWp DC	Solar	July 14, 2021 - July 13, 2022	July 7, 2021
COC No. 16-03-M-00286ggM	Therma Marine, Inc.	Mobile 1	Diesel Power Plant	Brgy. San Roque, Maco, Davao de Oro	100.33 MW	Diesel	25 years	March 30, 2016
			Blackstart		1.68 MW	Diesel	5 years	
COC No. 16-03-M-00286bbM	Therma Marine, Inc.	Mobile 2	Diesel Power Plant	Brgy. Sta. Ana, Nasipit, Agusan del Norte	100.33 MW	Diesel	25 years	March 30, 2016
			Blackstart		1.68 MW	Diesel	5 years	
COC No. 17-07-M-00305L	Therma Mobile, Inc.	Barge 1/ Mobile 3	Bunker C-Fired Diesel Power Plant	Navotas Fish Port Complex, Navotas, Metro Manila	66 MW	Bunker C/ Diesel	July 9, 2017 - July 8, 2022	June 22, 2017
COC No. 17-07-M-00306L	Therma Mobile, Inc.	Barge 2/ Mobile 4	Bunker C-Fired Diesel Power Plant	Navotas Fish Port Complex, Navotas, Metro Manila	56 MW	Bunker C/ Diesel	July 9, 2017 - July 8, 2022	June 22, 2017
COC No. 17-07-M-00307L	Therma Mobile, Inc.	Barge 3/ Mobile 5	Bunker C-Fired Diesel Power Plant	Navotas Fish Port Complex, Navotas, Metro Manila	57 MW	Bunker C/ Diesel	July 9, 2017 - July 8, 2022	June 22, 2017
COC No. 17-07-M-00308L	Therma Mobile, Inc.	Barge 4/ Mobile 6	Bunker C-Fired Diesel Power Plant	Navotas Fish Port Complex, Navotas, Metro Manila	52 MW	Bunker C/ Diesel	July 9, 2017 - July 8, 2022	June 22, 2017

Title of Document	Issued under the Name of	Power Plant						Date of Issuance
		Name	Type	Location	Capacity	Fuel	Economic Life/Term of COC	
Provisional Authority to Operate	Therma Power-Visayas, Inc.	Naga Oil-Fired Power Plant (NOPP)	Oil-Fired Power Plant	Brgy. Colon, Naga City, Cebu	44.58 MW	Bunker C	January 6, 2021 – January 5, 2022	December 16, 2020
		Blackstart Diesel Engine Generating Unit	Blackstart		440 kW	Diesel		
Provisional Authority to Operate	Therma South, Inc.	Unit 1	Coal Fired Power Plant	Brgy. Binugao, Toril District, Davao City	150.025 MW	Coal	September 1, 2021 - August 31, 2022	September 16, 2021
		Unit 2			150.025 MW	Coal		
COC No. 19-09-S-03902V	Therma Visayas, Inc.	N/A	Diesel Power Plant	Brgy. Bato, Toledo City, Cebu	1.275 MW	Diesel	September 20, 2019 - September 19, 2024	September 20, 2019
COC No. 19-06-M-00176V	Therma Visayas, Inc.	Therma Visayas Circulating Fluidized Bed Coal-Fired Power Plant	Circulating Fluidized Bed Coal-Fired Power Plant	Sitio Looc, Brgy. Bato, Toledo City, Cebu	353.94 MW	Coal	April 15, 2019 - April 14, 2024	June 26, 2019
COC No. 19-07-M-00040L	TeaM Energy Corporation	Pagbilao Coal Fired Power Plant	Coal Fired Thermal Power Plant	Isla Grande, Ibabang Polo, Pagbilao, Quezon	751.4 MW	Coal	July 20, 2019 - July 19, 2024	July 9, 2019
			Black Start		800 kW	Diesel		
COC No. 18-02-M-00145L	Pagbilao Energy Corporation	Pagbilao Unit 3 Coal Fired Thermal Power Plant	Coal Fired Thermal Power Plant	Isla Grande, Ibabang Polo, Pagbilao, Quezon	420 MW	Coal	February 20, 2018 – February 19, 2023	February 20, 2018
			Blackstart		1.04 MW	Diesel		
COC No. 17-11-M-00282L	GNPower Mariveles Coal Plant Ltd. Co.	Unit 1	Coal Fired Power Plant	Brgy. Alas-asin, Mariveles, Bataan	325.8 MW	Coal	December 3, 2017 – December 2, 2022	November 21, 2017
		Unit 2			325.8 MW			
		N/A	Blackstart		1.68 MW	Diesel		
COC No. 21-12-M-00203L	GNPower Dinginin Ltd. Co.	Unit 1	Supercritical Coal-Fired Power Plant	Coastal Area, Sitio Dinginin, Brgy. Alas-asin, Mariveles, Bataan	724.965 MW	Coal	December 2, 2021 - December 1, 2026	December 2, 2021
COC No. 21-04-S-04285L		N/A	Diesel	Sitio Dinginin, Brgy. Alas-asin, Mariveles, Bataan	2.400 MW	Diesel	April 30, 2021 to April 29, 2026	April 30, 2021

\* With ERC Certification on the processing of the pending renewal of COC.

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.

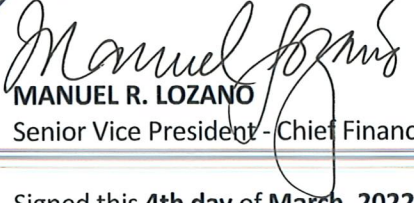
Sycip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.



**ENRIQUE M. ABOITIZ JR.**  
Chairman of the Board



**SABIN M. ABOITIZ**  
President & Chief Executive Officer



**MANUEL R. LOZANO**  
Senior Vice President - Chief Financial Officer

Signed this **4th 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.	P6213075A	
Sabin M. Aboitiz	P2003168A	
Manuel R. Lozano	P7066571A	

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**.



  
**Atty. Stella Marie G. Sacdalan**  
Notary Public for Taguig City  
Notarial Commission 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

**COVER SHEET**  
for  
**AUDITED FINANCIAL STATEMENTS**

SEC Registration Number

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**COMPANY NAME**

A	B	O	I	T	I	Z		E	Q	U	I	T	Y		V	E	N	T	U	R	E	S	,		I	N	C	.	
A	N	D		S	U	B	S	I	D	I	A	R	I	E	S														

**PRINCIPAL OFFICE ( No. / Street / Barangay / City / Town / Province )**

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Form Type

A	C	F	S
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Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

N	/	A	
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**COMPANY INFORMATION**

Company's Email Address

**www.aboitiz.com.ph**

Company's Telephone Number

**(2) 8886-2800**

Mobile Number

**None**

No. of Stockholders

**8347**

Annual Meeting (Month / Day)

**April 25**

Fiscal Year (Month / Day)

**December 31**

**CONTACT PERSON INFORMATION**

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

**Timothy Joseph P. Abay**

Email Address

**timothy.abay@aboitiz.com**

Telephone Number/s

**(02) 8886-2496**

Mobile Number

**Not available**

**CONTACT PERSON'S ADDRESS**

**c/o Aboitiz Equity Ventures, Inc., 32<sup>nd</sup> Street, Bonifacio Global City, Taguig City, Metro Manila, Philippines**

**NOTE 1 :** In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

**2 :** All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.



## INDEPENDENT AUDITOR'S REPORT

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

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



**ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(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>

**LIABILITIES AND EQUITY**

**Current Liabilities**

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.





**ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(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.



**ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(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.



**ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**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								Non-controlling Interest	Total
	Capital Stock: Common (Note 23)	Additional Paid-in Capital (Note 23)	Equity Reserve (Notes 2 and 9)	Accumulated Other Comprehensive Income (Note 10)	Retained Earnings		Treasury Stock (Note 23)			
					Appropriated (Note 24)	Unappropriated (Note 24)				
								Total		Total
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)	₱183,062,371	₱40,537,628	₱223,599,999
Net income for the year	—	—	—	—	—	27,309,623	—	27,309,623	6,859,840	34,169,463
Other comprehensive income	—	—	—	4,212,109	—	—	—	4,212,109	1,378,158	5,590,267
Total comprehensive income for the year	—	—	—	4,212,109	—	27,309,623	—	31,521,732	8,237,998	39,759,730
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)	—	—	—	35,010,115	36,987,711	71,997,826
Cash dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	(1,624,383)	(1,624,383)
Acquisition of non-controlling interests	—	—	208,030	—	—	—	—	208,030	(1,105,703)	(897,673)
Changes in non-controlling interests	—	—	—	—	—	—	—	—	54,764	54,764
Balances at December 31, 2021	₱5,694,600	₱13,013,197	₱29,491,200	(₱235,375)	₱9,200,000	₱188,162,793	(₱647,672)	₱244,678,743	₱83,088,015	₱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	(₱565,246)	₱176,481,176	₱40,713,904	₱217,195,080
Net income for the year	—	—	—	—	—	15,433,613	—	15,433,613	5,375,376	20,808,989
Other comprehensive loss	—	—	—	(1,311,381)	—	—	—	(1,311,381)	(214,731)	(1,526,112)
Total comprehensive income (loss) for the year	—	—	—	(1,311,381)	—	15,433,613	—	14,122,232	5,160,645	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)	—	—	—	—	(137,343)	1,373	(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)	₱183,062,371	₱40,537,628	₱223,599,999

(Forward)



	Attributable to equity holders of the parent							Total	Non-controlling Interest	Total
	Capital Stock: Common (Note 23)	Additional Paid-in Capital (Note 23)	Equity Reserve (Notes 2 and 9)	Accumulated Other Comprehensive Income (Note 10)	Retained Earnings		Treasury Stock (Note 23)			
					Appropriated (Note 24)	Unappropriated (Note 24)				
Balances at January 1, 2019	₱5,694,600	₱13,013,197	₱3,833,143	(₱27,077)	₱4,200,000	₱148,263,487	(₱565,246)	₱174,412,104	₱43,692,474	₱218,104,578
Net income for the year	—	—	—	—	—	22,036,129	—	22,036,129	7,406,159	29,442,288
Other comprehensive loss	—	—	—	(2,620,945)	—	—	—	(2,620,945)	(492,903)	(3,113,848)
Total comprehensive income (loss) for the year	—	—	—	(2,620,945)	—	22,036,129	—	19,415,184	6,913,256	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)	—	—	—	—	(9,910,826)	(1,395,615)	(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	(₱565,246)	₱176,481,176	₱40,713,904	₱217,195,080

See accompanying Notes to Consolidated Financial Statements.



**ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Amounts in Thousands)

	Years Ended December 31		
	2021	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income tax	<b>₱36,977,716</b>	₱28,392,247	₱34,200,692
Adjustments for:			
Interest expense (Note 36)	<b>17,042,156</b>	17,917,087	17,048,359
Depreciation and amortization (Note 28)	<b>12,962,612</b>	12,696,823	11,536,837
Net unrealized foreign exchange losses (gains)	<b>281,255</b>	(1,972,048)	(1,951,509)
Impairment loss (recovery) on property, plant and equipment (Notes 13, 14 and 16)	<b>340,597</b>	113,683	(245,489)
Write-off of project development costs	<b>369,918</b>	56,410	71,802
Loss (gain) on sale/disposal of:			
Property, plant and equipment and other assets (Notes 13 and 31)	<b>(560,857)</b>	27,097	301,228
Fair value through profit or loss (FVTPL) and FVOCI investments (Note 3)	<b>(120,941)</b>	(15,622)	(834)
Investment in a subsidiary (Note 9)	<b>44,258</b>	—	(4,382)
Unrealized mark-to-market losses on derivatives	<b>851,375</b>	4,848	3,889
Unrealized mark-to-market loss (gains) on FVTPL investments	<b>4,727</b>	(79,501)	(57,998)
Dividend income (Note 31)	<b>(2,984)</b>	(4,827)	(10,651)
Net unrealized valuation gains on investment property (Notes 15 and 31)	<b>(976,228)</b>	(401,410)	(1,829,732)
Interest income (Note 36)	<b>(530,851)</b>	(1,007,236)	(1,574,268)
Share in net earnings of associates and joint ventures (Note 10)	<b>(17,245,643)</b>	(9,019,033)	(11,502,090)
Operating income before working capital changes	<b>49,437,110</b>	46,708,518	45,985,854
Decrease (increase) in:			
Trade and other receivables	<b>(9,466,903)</b>	(12,509,152)	(7,383,477)
Inventories	<b>(7,327,478)</b>	(1,112,332)	967,350
Pension asset	<b>2,348</b>	(5,165)	—
Other current assets	<b>(1,132,632)</b>	4,455,492	960,381
Increase (decrease) in:			
Trade and other payables	<b>7,773,934</b>	4,605,102	6,339,593
Pension liability	<b>65,169</b>	2,207	(15,156)
Customers' deposits	<b>401,496</b>	277,376	513,105
Net cash flows generated from operations	<b>39,753,044</b>	42,422,046	47,367,650
Income and final taxes paid	<b>(3,434,010)</b>	(6,087,298)	(4,610,604)
Net cash flows from operating activities	<b>36,319,034</b>	36,334,748	42,757,046
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash dividends received (Note 10)	<b>10,491,079</b>	5,366,853	4,948,019
Interest received	<b>528,326</b>	989,728	1,724,033
Proceeds from sale of:			
FVTPL and FVOCI investments	<b>800,415</b>	358,705	506,419
Property, plant and equipment	<b>89,136</b>	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 availment 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.



# ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in Thousands, Except Par Value, Earnings Per Share, Number of Shares, and When Otherwise Indicated)

### 1. Corporate Information

Aboitiz Equity Ventures, Inc. (the Company) was originally incorporated in the Philippines as Cebu Pan Asian Holdings, Inc. and registered with the Philippine Securities and Exchange Commission (SEC) on September 11, 1989. The Company changed its corporate name to the present one on December 29, 1993 and its ownership was opened to the general public through an initial public offering of its shares on November 16, 1994 (see Note 23).

The Company and its subsidiaries (collectively referred to as the "Group") are engaged in various business activities mainly in the Philippines, including power generation, retail electricity supply, power distribution, food manufacturing, banking and financial services, real estate development, and infrastructure (see Note 34). The Company is the publicly-listed holding and management company of the Group. The parent and the ultimate parent of the Company is Aboitiz & Company, Inc. (ACO).

The registered office address of the Company is 32<sup>nd</sup> Street, Bonifacio Global City, Taguig City, Metro Manila, Philippines.

The consolidated financial statements of the Group were approved and authorized for issue in accordance with a resolution by the Board of Directors (BOD) of the Company on March 4, 2022.

### 2. Group Information, Basis of Preparation and Summary of Significant Accounting Policies

#### a. Group Information

The consolidated financial statements comprise the financial statements of the Company, subsidiaries controlled by the Company and a joint operation that is subject to joint control (collectively referred to as the Group). The following are the subsidiaries as of December 31 of each year:

	Nature of Business	Place of Incorporation	Percentage of Ownership			
			2021		2020	
			Direct	Indirect	Direct	Indirect
Aboitiz Power Corporation (AP) <sup>A</sup> and Subsidiaries	Power	Philippines	52.00	—	77.00	—
AboitizPower International Pte. Ltd.	Holding	Singapore	—	100.00	—	100.00
Aboitiz Energy Solutions, Inc. (AESI)	Power	Philippines	—	100.00	—	100.00
Adventenergy, Inc. (AI)	Power	Philippines	—	100.00	—	100.00
Balamban Enerzone Corporation (BEZ)	Power	Philippines	—	100.00	—	100.00
Mactan Enerzone Corporation (MEZ)	Power	Philippines	—	100.00	—	100.00
Malvar Enerzone Corporation (MVEZ)	Power	Philippines	—	100.00	—	100.00
East Asia Utilities Corporation (EAUC)	Power	Philippines	—	100.00	—	100.00
Lima Enerzone Corporation (LEZ)	Power	Philippines	—	100.00	—	100.00
Subic Enerzone Corporation (SEZ)	Power	Philippines	—	100.00	—	100.00





	Nature of Business	Place of Incorporation	Percentage of Ownership			
			2021		2020	
			Direct	Indirect	Direct	Indirect
Cotabato Light & Power Co., Inc. (CLP)	Power	Philippines	–	99.94	–	99.94
Cotabato Ice Plant, Inc.	Manufacturing	Philippines	–	100.00	–	100.00
Davao Light & Power Co., Inc. (DLP)	Power	Philippines	–	99.93	–	99.93
Maaraw Holdings San Carlos, Inc. (MHSCI)	Holding	Philippines	–	100.00	–	100.00
San Carlos Sun Power, Inc. (Sacasun)	Power	Philippines	–	100.00	–	100.00
AboitizPower International B.V.	Holding	Netherlands	–	100.00	–	100.00
Cebu Private Power Corporation (CPPC)	Power	Philippines	–	60.00	–	60.00
Prism Energy, Inc. (PEI)	Power	Philippines	–	60.00	–	60.00
Visayan Electric Co., Inc. (VECO)	Power	Philippines	–	55.26	–	55.26
Aboitiz Renewables Inc. (ARI) and Subsidiaries	Power	Philippines	–	100.00	–	100.00
AP Renewables, Inc. (APRI)	Power	Philippines	–	100.00	–	100.00
Hedcor, Inc. (HI)	Power	Philippines	–	100.00	–	100.00
Hedcor Mt. Province, Inc.*	Power	Philippines	–	100.00	–	100.00
Hedcor Benguet, Inc.*	Power	Philippines	–	100.00	–	100.00
Hedcor Bukidnon, Inc. (Hedcor Bukidnon)	Power	Philippines	–	100.00	–	100.00
Hedcor Kabayan, Inc.*	Power	Philippines	–	100.00	–	100.00
PV Sinag Power, Inc.*	Power	Philippines	–	100.00	–	100.00
Amihan Power, Inc. *	Power	Philippines	–	100.00	–	100.00
Aboitiz Solar Power, Inc.*	Power	Philippines	–	100.00	–	100.00
Hedcor Manolo Fortich, Inc.*	Power	Philippines	–	100.00	–	100.00
Hedcor Sabangan, Inc. (Hedcor Sabangan)	Power	Philippines	–	100.00	–	100.00
Hedcor Sibulan, Inc. (HSI)	Power	Philippines	–	100.00	–	100.00
Hedcor Tamugan, Inc. *	Power	Philippines	–	100.00	–	100.00
Hedcor Tudaya, Inc. (Hedcor Tudaya)	Power	Philippines	–	100.00	–	100.00
Aboitiz Power Distributed Renewables, Inc.	Power	Philippines	–	100.00	–	100.00
AP Renewable Energy Corporation*	Power	Philippines	–	100.00	–	100.00
Aboitiz Power Distributed Energy, Inc.	Power	Philippines	–	100.00	–	100.00
Mt. Apo Geopower, Inc. *	Power	Philippines	–	100.00	–	100.00
Cleanergy, Inc. (CI)*	Power	Philippines	–	100.00	–	100.00
Hydro Electric Development Corporation*	Power	Philippines	–	99.97	–	99.97
Luzon Hydro Corporation (LHC)	Power	Philippines	–	100.00	–	100.00
Bakun Power Line Corporation*	Power	Philippines	–	100.00	–	100.00
Sinag Solar Power Corporation (formerly AP Solar Tiwi, Inc.)*	Power	Philippines	–	100.00	–	100.00
Retensol, Inc. *	Power	Philippines	–	100.00	–	100.00
Aseagas Corporation (Aseagas)*	Power	Philippines	–	100.00	–	100.00
Cordillera Hydro Corporation (CHC)*	Power	Philippines	–	100.00	–	100.00
Negron Cuadrado Geopower, Inc.*	Power	Philippines	–	100.00	–	100.00
Tagoloan Hydro Corporation*	Power	Philippines	–	100.00	–	100.00
Luzon Hydro Company Limited*	Power	Philippines	–	100.00	–	100.00
Electricidad, Inc. (Formerly La Filipina Elektri, Inc.)*	Power	Philippines	–	100.00	–	40.00
Maaraw Renewable Energy Corporation*	Power	Philippines	–	100.00	–	–
Wind Renewable Energy Corporation*	Power	Philippines	–	100.00	–	–
Therma Power, Inc. (TPI) and Subsidiaries	Power	Philippines	–	100.00	–	100.00
Mindanao Sustainable Solutions, Inc. *	Services	Philippines	–	100.00	–	100.00
Therma Luzon, Inc. (TLI)	Power	Philippines	–	100.00	–	100.00
Therma Marine, Inc. (Therma Marine)	Power	Philippines	–	100.00	–	100.00
Therma Mobile, Inc. (Therma Mobile)	Power	Philippines	–	100.00	–	100.00



	Nature of Business	Place of Incorporation	Percentage of Ownership			
			2021		2020	
			Direct	Indirect	Direct	Indirect
Therma South, Inc. (TSI)	Power	Philippines	–	100.00	–	100.00
Therma Power-Visayas, Inc. (TPVI)	Power	Philippines	–	100.00	–	100.00
Therma Central Visayas, Inc.*	Power	Philippines	–	100.00	–	100.00
Therma Subic, Inc.*	Power	Philippines	–	100.00	–	100.00
Therma Mariveles Holdings, Inc.	Holding	Philippines	–	100.00	–	100.00
GNPower Mariveles Energy Center Ltd. Co. (GMEC)	Power	Philippines	–	78.33	–	78.33
Therma Dinginin Holdings, Inc.	Holding	Philippines	–	100.00	–	100.00
Therma Visayas, Inc. (TVI)	Power	Philippines	–	80.00	–	80.00
Abovant Holdings, Inc.	Holding	Philippines	–	60.00	–	60.00
Pilmico Foods Corporation (PFC) and Subsidiaries	Food manufacturing	Philippines	100.00	–	100.00	–
Filagri Holdings, Inc.	Holding	Philippines	–	100.00	–	100.00
Pilmico Animal Nutrition Corporation (PANC)	Food manufacturing	Philippines	–	100.00	–	100.00
Filagri, Inc.	Food manufacturing	Philippines	–	100.00	–	100.00
AboitizLand, Inc. (AboitizLand) and Subsidiaries	Real estate	Philippines	100.00	–	100.00	–
Lima Land, Inc. (LLI)	Real estate	Philippines	–	100.00	–	100.00
Propriedad del Norte, Inc. (PDNI)	Real estate	Philippines	–	100.00	–	100.00
Cebu Industrial Park Developers, Inc. (CIPDI)	Real estate	Philippines	–	60.00	–	60.00
Cebu Industrial Park Services, Inc.	Services	Philippines	–	100.00	–	100.00
Misamis Oriental Land Development Corporation	Real estate	Philippines	–	60.00	–	60.00
ALLRise Development Corp.	Real estate	Philippines	–	50.00	–	50.00
78 Point Blue, Inc.	Real estate	Philippines	–	100.00	–	100.00
Triplecrown Properties, Inc. (TCP)	Real estate	Philippines	–	100.00	–	100.00
Firmwall Systems, Inc.	Real estate	Philippines	–	100.00	–	100.00
AEV International Pte. Ltd. (AEV International)	Holding	Singapore	–	100.00	–	100.00
Pilmico International Pte. Ltd. (PIPL) and Subsidiaries	Holding	Singapore	–	100.00	–	100.00
Pilmico Vietnam Company Limited (PVCL)	Food manufacturing	Vietnam	–	100.00	–	100.00
Abaqa International Pte Ltd.	Trading	Singapore	–	100.00	–	100.00
Gold Coin Management Holdings Pte. Ltd. (GCMH) and Subsidiaries	Holding	Singapore	–	100.00	–	100.00
GC Investment Holdings Limited	Holding	Hong Kong	–	100.00	–	100.00
Gold Coin (ZhangJiang) Company Ltd.	Feedmills	China	–	100.00	–	100.00
Gold Coin (Zhangzhou) Company Ltd.	Feedmills	China	–	100.00	–	100.00
Gold Coin Animal Husbandry (Zhangzhou) Co. Ltd.*	Feedmills	China	–	100.00	–	100.00
Gold Coin (Zhuhai) Company Ltd.	Feedmills	China	–	100.00	–	100.00
Gold Coin Feedmill (Kunming) Co. Ltd.	Feedmills	China	–	100.00	–	100.00
Gold Coin Feedmill (Dongguan) Co. Ltd.	Feedmills	China	–	100.00	–	100.00
Gold Coin (Yunnan) Co. Limited*	Feedmills	China	–	100.00	–	100.00
Gold Coin Agriculture (Guangxi) Co. Ltd.*	Feedmills	China	–	100.00	–	100.00
Gold Coin Management (Shenzhen) Co. Ltd.	Holding	China	–	100.00	–	100.00
Gold Coin Sabah Sdn. Bhd.	Holding	Malaysia	–	100.00	–	100.00
Gold Coin Feedmill (Dong Nai) Co. Ltd.	Feedmills	Vietnam	–	100.00	–	100.00
American Feeds Company Limited	Feedmills	Vietnam	–	100.00	–	100.00
Gold Coin Feedmill Ha Nam Co. Ltd. (GCFHN)	Feedmills	Vietnam	–	100.00	–	100.00
Glen Arbor Holdings (Singapore) Pte. Ltd.	Holding	Singapore	–	100.00	–	100.00



	Nature of Business	Place of Incorporation	Percentage of Ownership			
			2021		2020	
			Direct	Indirect	Direct	Indirect
Gold Coin Feed Mills (Lanka) Ltd.	Feedmills	Sri Lanka	—	100.00	—	100.00
Gold Coin Group Limited	Holding	Hong Kong	—	100.00	—	100.00
Gold Coin Holdings Sdn Bhd	Holding	Malaysia	—	100.00	—	100.00
Gold Coin Services Singapore Pte Limited (GCSS)**	Holding	Singapore	—	—	—	100.00
Gold Coin Feedmill Binh Duong Company (GCFBDC)	Feedmills	Vietnam	—	100.00	—	100.00
Myanmar Gold Coin International Co. Ltd.	Feedmills	Myanmar	—	100.00	—	100.00
KLEAN Greentech Co. Ltd.	Feedmills	Thailand	—	100.00	—	100.00
Gold Coin Vietnam Holdings Pte. Ltd.	Holding	Singapore	—	100.00	—	100.00
Gold Coin Aqua Feed Incorporated	Holding	British Virgin Island	—	100.00	—	100.00
Gold Coin Aqua Feed (Singapore) Pte. Ltd.	Holding	Singapore	—	100.00	—	100.00
Gold Coin Specialities Sdn. Bhd. (GCSSB) <sup>B</sup>	Feedmills	Malaysia	—	100.00	—	70.00
Gold Coin Specialities (Thailand) Co. Ltd.	Feedmills	Thailand	—	100.00	—	93.90
P.T. Gold Coin Trading Indonesia	Feedmills	Indonesia	—	100.00	—	100.00
P.T. Gold Coin Indonesia	Feedmills	Indonesia	—	100.00	—	100.00
P.T. Gold Coin Specialities	Feedmills	Indonesia	—	99.90	—	99.90
PT Ayam Unggul (PTAYAM)	Feedmills	Indonesia	—	60.00	—	60.00
FEZ Animal Nutrition Pte Ltd	Holding	Singapore	—	100.00	—	100.00
FEZ Animal Nutrition Philippines, Inc.	Holding	Philippines	—	40.00	—	40.00
FEZ Animal Nutrition Pakistan (Private Limited)	Holding	Pakistan	—	100.00	—	100.00
Gold Coin Malaysia Group Sdn. Bhd (GCMG) <sup>B</sup>	Holding	Malaysia	—	100.00	—	70.00
Gold Coin Feedmills (Malaysia) Sdn. Bhd.	Feedmills	Malaysia	—	100.00	—	100.00
Gold Coin Feedmill (Sabah) Sdn. Bhd.	Feedmills	Malaysia	—	100.00	—	100.00
Gold Coin Sarawak Sdn. Bhd.	Feedmills	Malaysia	—	72.80	—	72.80
Bintawa Fishmeal Factory Sdn. Bhd.	Feedmills	Malaysia	—	72.80	—	72.80
Golden Livestock Sdn Bhd.	Holding	Malaysia	—	100.00	—	100.00
Pilmico Aqua Pte. Ltd.	Holding	Singapore	—	100.00	—	100.00
Archipelago Insurance Pte Ltd (AIPL)	Insurance	Singapore	100.00	—	100.00	—
AEV Aviation, Inc. (AEV Aviation)	Service	Philippines	73.31	26.69	73.31	26.69
AEV Properties, Inc.*	Real estate	Philippines	100.00	—	100.00	—
Cebu Praedia Development Corporation (CPDC)	Real estate	Philippines	100.00	—	100.00	—
Aboitiz Infracapital, Inc. (AIC) and Subsidiaries	Holding	Philippines	100.00	—	100.00	—
Lima Water Corporation (LWC)	Water Infrastructure	Philippines	—	100.00	—	100.00
Apo Agua Infraestructura, Inc. (Apo Agua)*	Water Infrastructure	Philippines	—	70.00	22.22	47.78

A) In 2021, ownership decreased in relation to sale of AP shares (see Note 9)

B) In 2021, ownership increased in relation to the acquisition of the non-controlling interest (see Note 9)

\* No commercial operations as of December 31, 2021.

\*\*Amalgamated to GCMH in 2021.

## b. Basis of Preparation and Summary of Significant Accounting Policies

### Basis of Preparation

The accompanying consolidated financial statements of the Group have been prepared on a historical cost basis, except for derivative financial instruments, investments in certain debt and equity securities, and investment properties which are measured at fair value, and agricultural



produce and biological assets which are measured at fair value less estimated costs to sell. The consolidated financial statements are presented in Philippine peso, which is the Company's functional currency, and all values are rounded to the nearest thousands, except for earnings per share and exchange rates and as otherwise indicated.

#### Statement of Compliance

The consolidated financial statements of the Group are prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

#### Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company, its subsidiaries and a joint operation that is subject to joint control. The Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of income from the date the Group gains control until the date the Group ceases to control the subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting year as the Company, using consistent accounting policies.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interests;
- Derecognizes the cumulative translation differences recorded in equity;
- Recognizes the fair value of the consideration received;



- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

#### Transactions with Non-controlling Interests

Non-controlling interests represent the portion of total comprehensive income or loss and net assets in the subsidiaries not held by the Group and are presented separately in the consolidated statement of income and consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from the equity attributable to equity holders of the parent. Transactions with non-controlling interests are accounted for as equity transactions. On acquisitions of non-controlling interests, the difference between the consideration and the book value of the share of the net assets acquired is reflected as being a transaction between owners and recognized directly in equity. Gain or loss on disposals to non-controlling interest holders is also recognized directly in equity.

#### Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the amendments to existing standards which were applied starting January 1, 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*

The amendment provides relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

- The rent concession is a direct consequence of COVID-19;
- The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change
- Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
- There is no substantive change to other terms and conditions of the lease.

A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):



- Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
- Relief from discontinuing hedging relationships
- Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Group shall also disclose information about:

- The nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

The Group's treasury function is managing the Group's LIBOR transition plan. The greatest change will be amendments to the contractual terms of the LIBOR-referenced floating-rate debt and the associated swap and the corresponding update of the hedge designation. However, the change reference rate may also affect other systems, processes, risk and valuation models, as well as having tax and accounting implications.

The adoption of these amendments did not have a significant impact on the consolidated financial statements.

As of January 1, 2021, the Group has fully adopted the provisions of PFRS 15 in relation to its real estate segment as described below:

- Philippines Interpretation Committee (PIC) Q&A No. 2018-12, *PFRS 15 Implementation Issues Affecting the Real Estate Industry* (as amended by PIC Q&As 2020-02 and 2020-04)

On February 14, 2018, the PIC issued PIC Q&A No. 2018-12 which provides guidance on some implementation issues of PFRS 15 affecting real estate industry. On October 25, 2018 and February 7, 2019, the Philippine SEC issued SEC Memorandum Circular (MC) Nos. 14-2018 and 3-2019, respectively, providing relief to the real estate industry by deferring the application of certain provisions of this PIC Q&A for a period of three years until December 31, 2020.

On December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023. A summary of the PIC Q&A provisions covered by the SEC deferral and the related deferral period follows:

	Deferral Period
Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04)	Until December 31, 2023
Treatment of land in the determination of the POC discussed in PIC Q&A 2018-12-E	Until December 31, 2023
Treatment of uninstalled materials in the determination of the POC discussed in PIC Q&A 2018-12-E (as amended by PIC Q&A 2020-02)	Until December 31, 2020
Accounting for CUSA Charges discussed in PIC Q&A No. 2018-12-H	Until December 31, 2020



The SEC Memorandum Circulars also provided the mandatory disclosure requirements should an entity decide to avail of any relief. Disclosures should include:

- a. The accounting policies applied.
- b. Discussion of the deferral of the subject implementation issues in the PIC Q&A.
- c. Qualitative discussion of the impact on the financial statements had the concerned application guidelines in the PIC Q&A been adopted.
- d. Should any of the deferral options result into a change in accounting policy (e.g., when an entity excludes land and/or uninstalled materials in the POC calculation under the previous standard but opted to include such components under the relief provided by the circular), such accounting change will have to be accounted for under PAS 8, i.e., retrospectively, together with the corresponding required quantitative disclosures.

In November 2020, the PIC issued the following Q&As which provide additional guidance on the real estate industry issues covered by the above SEC deferrals:

- PIC Q&A 2020-04, which provides additional guidance on determining whether the transaction price includes a significant financing component
- PIC Q&A 2020-02, which provides additional guidance on determining which uninstalled materials should not be included in calculating the POC

After the deferral period, real estate companies would have to adopt PIC Q&A No. 2018-12 and any subsequent amendments thereto retrospectively or as the Philippine SEC will later prescribe.

The Group has already applied the provisions of these PIC Q&As except for the availment of the deferral option with respect to the accounting for significant financing component as provided in PIC Q&A No. 2018-12 in its most recent annual consolidated financial statements as of and for the year ended December 31, 2020. As of January 1, 2021, the Group completed the evaluation of the impact which is as follows:

- The mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell might constitutes a significant financing component. Adoption of this guidance impacted interest income, interest expense, revenue from real estate sales, contract asset, provision for deferred income tax, deferred income tax asset or liability.

The Group has concluded that the impact to the consolidated financial statements, including the effect on all comparative periods presented, and the opening balance of retained earnings is not significant. The Group adopted the provisions of these PIC Q&As using modified retrospective approach.

- Certain Provisions of PIC Q&A 2018-12, *PFRS 15 Implementation Issues Affecting the Real Estate Industry* (as amended by PIC Q&As 2020-02 and 2020-04)

On June 27, 2018, PIC Q&A 2018-14 was issued providing guidance on accounting for cancellation of real estate sales. Under SEC MC No. 3-2019, the adoption of PIC Q&A





No. 2018-14 was deferred until December 31, 2020. After the deferral period, real estate companies will adopt PIC Q&A No. 2018-14 and any subsequent amendments thereto retrospectively or as the Philippine SEC will later prescribe.

On November 11, 2020, PIC Q&A 2020-05 was issued which supersedes PIC Q&A 2018-14. This PIC Q&A adds a new approach where the cancellation is accounted for as a modification of the contract (i.e., from non-cancellable to being cancellable). Under this approach, revenues and related costs previously recognized shall be reversed in the period of cancellation and the inventory shall be reinstated at cost. PIC Q&A 2020-05 will have to be applied prospectively from approval date of the Financial Reporting Standards Council which was November 11, 2020.

The Group has concluded that the impact to the consolidated financial statements is not significant as its current policy in accounting for the cancellation of real estate sales is aligned with one of the approaches allowed by PIC Q&A 2020-05 where the cumulative amount of previously recognized real estate sales and the related costs of sales are reversed.

#### New Standards and Interpretation Issued and Effective after December 31, 2021

The Group will adopt the standards enumerated below when these become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended PFRSs, PAS and Philippine Interpretations to have significant impact on its consolidated financial statements.

#### *Effective beginning on or after January 1, 2022*

- *Amendments to PFRS 3, Reference to the Conceptual Framework*

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately. At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The amendments are applied prospectively.

- *Amendments to PAS 16, Plant and Equipment: Proceeds before Intended Use*

The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.



The Group is currently in the process of quantifying the impact of this amendment.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *Annual Improvements to PFRSs 2018-2020 Cycle*

- Amendments to PFRS 1, *First-time Adoption of PFRS – Subsidiary as a first-time adopter*

The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted.

- Amendments to PFRS 9, *Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

- Amendments to PAS 41, *Agriculture – Taxation in fair value measurements*

The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.



An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted.

*Effective beginning on or after January 1, 2023*

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

The Group is currently in the process of quantifying the impact of this amendment in respect of those temporary differences arising from the transactions contemplated by this amendment.

- Amendments to PAS 8, *Definition of Accounting Estimates*

The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures



The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed.

*Effective beginning on or after January 1, 2024*

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024. The Group is currently assessing the impact the amendments will have on current practice.

*Effective beginning on or after January 1, 2025*

- PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by



the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

#### *Deferred effectivity*

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

### **Summary of Significant Accounting Policies**

#### Business Combination and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the noncontrolling interest in the acquiree pertaining to instruments that represent present ownership interests and entitle their holders to a proportionate share of the net assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interest are measured at fair value unless another measurement basis is required by PFRS. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability that is within the scope of PFRS 9 will be recognized either in profit



or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest (based on the proportionate share of the Group in the identifiable net assets of the acquiree) over the Group's interest in the fair values of the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized as "bargain purchase gain" in the consolidated statement of income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

#### *Impairment of goodwill*

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized.

#### *Common control business combination*

Business combination of entities under common control is accounted for similar to pooling of interest method, which is scoped out of PFRS 3. Under the pooling of interest method, any excess of acquisition cost over the net asset value of the acquired entity is recorded in equity.

#### Current versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated balance sheet based on current/noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading



- Expected to be realized within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for a least twelve months after reporting period

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as noncurrent.

Deferred income tax assets and liabilities are classified as non-current assets and liabilities.

#### Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable





For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The Group's valuation team (the Team) determines the policies and procedures for fair value measurement of its investment properties. External valuers (the Valuers) are involved in the periodic valuation of these assets. The respective subsidiary's Team decides the selection of the Valuers after discussion with and approval by its Chief Financial Officer (CFO). Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Team also determines, after discussions with the chosen valuers, which valuation techniques and inputs to use for each case.

At each balance sheet date, the Team analyzes the movements in the values of the investment properties which are required to be re-measured or re-assessed in accordance with the subsidiary's accounting policies. The Team, in coordination with the Valuers, also compares each of the changes in the fair value of each property with relevant external sources to determine whether the change is reasonable.

On the re-appraisal year, the Team and Valuers present the valuation results and the major assumptions used in the valuation to its CFO.

#### Investments in Associates and Joint Ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates and joint ventures are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.



The consolidated statement of income reflects the Group's share of the results of operations of the associate or joint venture. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share in the profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each balance sheet date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the loss in the consolidated statement of income.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in consolidated statement of income.

#### Interest in Joint Operations

A joint arrangement is classified as a joint operation if the parties with joint control have rights to the assets and obligations for the liabilities of the arrangement. For interest in joint operations, the Group recognizes:

- assets, including its share of any assets held jointly;
- liabilities, including its share of any liabilities incurred jointly;
- revenue from the sale of its share of the output arising from the joint operation;
- share of the revenue from the sale of the output by the joint operation; and
- expenses, including its share of any expenses incurred jointly.

The accounting and measurement for each of these items is in accordance with the applicable PFRSs.

#### Foreign Currency Translation

The consolidated financial statements are presented in Philippine peso, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency at the rate ruling at the date of the transaction. Monetary assets and liabilities



denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the consolidated statement of income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

As at the balance sheet date, the assets and liabilities of subsidiaries and associates whose functional currencies are not the Philippine peso, are translated into the Group's presentation currency at the rate of exchange ruling at the balance sheet date, and their statements of income are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to other comprehensive income as cumulative translation adjustment. On disposal of any of these subsidiaries or associates, the cumulative translation adjustment recognized in other comprehensive income relating to the disposed entity is recognized in the consolidated statement of income.

#### Cash and Cash Equivalents

Cash and cash equivalents in the consolidated balance sheet consist of cash on hand and with banks, and short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. They are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

#### Financial Instruments - Classification and Measurement

##### *Classification of financial assets*

Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and the Group's business model for managing the financial assets. The Group classifies its financial assets into the following measurement categories:

- financial assets measured at amortized cost
- financial assets measured at fair value through profit or loss (FVTPL)
- financial assets measured at fair value through other comprehensive income (FVOCI), where cumulative gains or losses previously recognized are reclassified to profit or loss
- financial assets measured at fair value through other comprehensive income, where cumulative gains or losses previously recognized are not reclassified to profit or loss

##### *Contractual cash flows characteristics*

If the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the Group assesses whether the cash flows from the financial asset represent solely payment of principal and interest (SPPI) on the principal amount outstanding.

In making this assessment, the Group determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset



for a particular period of time. In addition, interest can include a profit margin that is consistent with a basic lending arrangement. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual terms that introduce exposure to risks or volatility in the contractual cash flows that is unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI on the principal amount outstanding.

#### *Business model*

The Group's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument.

The Group's business model refers to how it manages its financial assets in order to generate cash flows. The Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. Relevant factors considered by the Group in determining the business model for a group of financial assets include how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel, the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed and how managers of the business are compensated.

#### *Financial assets at amortized cost*

A financial asset is measured at amortized cost if (i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding. These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the EIR method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortization is included in 'Interest income' in the consolidated statement of income and is calculated by applying the EIR to the gross carrying amount of the financial asset, except for (i) purchased or originated credit-impaired financial assets and (ii) financial assets that have subsequently become credit-impaired, where, in both cases, the EIR is applied to the amortized cost of the financial asset. Losses arising from impairment are recognized in 'Provision for credit and impairment losses' in the consolidated statement of income.

The Group's debt financial assets as of December 31, 2021 and 2020 consist of cash in banks, including restricted cash, cash equivalents, trade and other receivables and the Power Sector Assets and Liabilities Management Corporation (PSALM) deferred adjustment - net of current portion included in "Other noncurrent assets" in the consolidated balance sheet. The Group assessed that the contractual cash flows of its debt financial assets are SPPI and are expected to be held to collect all contractual cash flows until their maturity. As a result, the Group concluded these debt financial assets to be measured at amortized cost.

#### *Financial assets at FVOCI*

A financial asset is measured at FVOCI if (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and (ii) its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.



These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest income and foreign exchange gains and losses are recognized in profit and loss until the financial asset is derecognized. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. This reflects the gain or loss that would have been recognized in profit or loss upon derecognition if the financial asset had been measured at amortized cost. Impairment is measured based on the expected credit loss (ECL) model.

The Group may also make an irrevocable election to measure at FVOCI on initial recognition investments in equity instruments that are neither held for trading nor contingent consideration recognized in a business combination in accordance with PFRS 3. Amounts recognized in OCI are not subsequently transferred to profit or loss. However, the Group may transfer the cumulative gain or loss within equity. Dividends on such investments are recognized in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment.

Dividends are recognized in profit or loss only when:

- the Group's right to receive payment of the dividend is established
- it is probable that the economic benefits associated with the dividend will flow to the Group; and
- the amount of the dividend can be measured reliably.

#### *Financial assets at FVTPL*

Financial assets at FVTPL are measured at unless these are measured at amortized cost or at FVOCI. Included in this classification are equity investments held for trading and debt instruments with contractual terms that do not represent solely payments of principal and interest. Financial assets held at FVTPL are initially recognized at fair value, with transaction costs recognized in the statement of income as incurred. Subsequently, they are measured at fair value and any gains or losses are recognized in the consolidated statement of income.

Additionally, even if the asset meets the amortized cost or the FVOCI criteria, the Group may choose at initial recognition to designate the financial asset at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) that would otherwise arise from measuring financial assets on a different basis.

Trading gains or losses are calculated based on the results arising from trading activities of the Group, including all gains and losses from changes in fair value for financial assets and financial liabilities at FVTPL, and the gains or losses from disposal of financial investments.

The Group's investments in quoted equity securities and in unquoted equity shares are measured at FVTPL as of December 31, 2021 and 2020.

#### *Classification of financial liabilities*

Financial liabilities are measured at amortized cost, except for the following:

- financial liabilities measured at FVTPL
- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the Group retains continuing involvement



- financial guarantee contracts
- commitments to provide a loan at a below-market interest rate
- contingent consideration recognized by an acquirer in accordance with PFRS 3

A financial liability may be designated at fair value through profit or loss if it eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) or:

- if a host contract contains one or more embedded derivatives; or
- if a group of financial liabilities or financial assets and liabilities is managed and its performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Where a financial liability is designated at FVTPL, the movement in fair value attributable to changes in the Group's own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in other comprehensive income.

The Group's financial liabilities measured at amortized cost (which was initially recognized at fair value net of directly attributable transaction costs) as of December 31, 2021 and 2020 include trade and other payables, customers' deposits, bank loans, lease liabilities, long-term obligation on PDS and long-term debts (see Note 36).

#### *Reclassifications of financial instruments*

The Group reclassifies its financial assets when, and only when, there is a change in the business model for managing the financial assets. Reclassifications shall be applied prospectively by the Group and any previously recognized gains, losses or interest shall not be restated. The Group does not reclassify its financial liabilities.

The Group does not reclassify its financial assets when:

- A financial asset that was previously a designated and effective hedging instrument in a cash flow hedge or net investment hedge no longer qualifies as such;
- A financial asset becomes a designated and effective hedging instrument in a cash flow hedge or net investment hedge; and
- There is a change in measurement on credit exposures measured at FVTPL.

#### Derivative Financial Instruments

Derivative financial instruments, including embedded derivatives, are initially recognized at fair value on the date in which a derivative transaction is entered into or bifurcated, and are subsequently remeasured at FVPL, unless designated as effective hedge. Changes in fair values of derivative instruments not accounted as hedges are recognized immediately in the consolidated statement of income. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

An embedded derivative within a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as either at amortized cost or at fair value depending on whether the cash flows of the hybrid contract are solely payments of principal and interest and the assessment of the business model within which the financial asset is held. On the other hand, an embedded derivative with a financial liability or a non-financial host is separated from the host and accounted for as a separate derivative if: its economic characteristics and risks are not closely related to the host; a separate instrument with the same



terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss.

Separated embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modified the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

The Group uses derivative financial instruments, such as foreign currency forward, IRS and commodity swap contracts to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively.

For the purpose of hedge accounting, the Group's hedges are classified as cash flow hedges. Hedges are classified as cash flow hedge when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

The Group's hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

#### *Cash flow hedges*

The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses foreign currency forward contracts as hedges of its exposure to foreign currency risk in forecast transactions, as well as commodity swap contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to foreign currency forward contracts and the commodity contracts are recognized in other operating income or expenses as realized gain or loss on derivative instruments.





The Group designated all of the foreign currency forward and commodity swap contracts as hedging instrument. The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a nonfinancial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognized in OCI for the period. This also applies where the hedged forecast transaction of a nonfinancial asset or nonfinancial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to the consolidated statement of income as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in OCI must be accounted for depending on the nature of the underlying transaction as described above.

#### Classification of Financial Instruments Between Liability and Equity

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

A financial instrument is classified as liability if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity;
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

#### Derecognition of Financial Assets and Liabilities

##### *Financial assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when, and only when:

- the rights to receive cash flows from the asset expires;



- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group retains the contractual rights to receive the cash flows of a financial asset but assumes a contractual obligation to pay those cash flows to one or more entities, the Group treats the transaction as a transfer of a financial asset if the Group:

- has no obligation to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset;
- is prohibited by the terms of the transfer contract from selling or pledging the original asset other than as security to the eventual recipients for the obligation to pay them cash flows; and
- has an obligation to remit any cash flows it collects on behalf of the eventual recipients without material delay.

In transactions where the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and it retains control over the financial asset, the financial asset is recognized to the extent of the Group's continuing involvement in the financial asset. The extent of the Group's continuing involvement in the transferred asset is the extent to which it is exposed to changes in the value of the transferred asset. When the Group's continuing involvement takes the form of guaranteeing the transferred asset, the extent of the Group's continuing involvement is the lower of (i) the amount of the asset and (ii) the maximum amount of the consideration received that the Group could be required to repay ('the guarantee amount'). When the Group's continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase. However, in the case of a written put option on an asset that is measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price. When the Group's continuing involvement takes the form of a cash-settled option or similar provision on the transferred asset, the extent of the Group's continuing involvement is measured in the same way as that which results from non-cash settled options.

#### *Modification of contractual cash flows*

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Group recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in the consolidated statement of income.

When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of the modified financial asset, the modified asset is considered a 'new' financial asset. Accordingly, the date of the modification shall be treated as the date of initial



recognition of that financial asset when applying the impairment requirements to the modified financial asset.

#### *Financial liabilities*

A financial liability (or a part of a financial liability) is derecognized when the obligation under the liability is discharged, cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability or a part of it are substantially modified, such an exchange or modification is treated as a derecognition of the original financial liability and the recognition of a new financial liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of income.

#### Impairment of Financial Assets

The Group recognizes ECL for the following financial assets that are not measured at FVTPL:

- debt instruments that are measured at amortized cost and FVOCI;
- loan commitments; and
- financial guarantee contracts.

No ECL is recognized on equity investments.

ECLs are measured in a way that reflects the following:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the balance sheet date about past events, current conditions and forecasts of future economic conditions.

Financial assets migrate through the following three stages based on the change in credit quality since initial recognition:

#### *Stage 1: 12-month ECL*

For credit exposures where there have not been significant increases in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of lifetime ECLs that represent the ECLs that result from default events that are possible within the 12-months after the balance sheet date are recognized.

#### *Stage 2: Lifetime ECL - not credit-impaired*

For credit exposures where there have been significant increases in credit risk since initial recognition on an individual or collective basis but are not credit-impaired, lifetime ECLs representing the ECLs that result from all possible default events over the expected life of the financial asset are recognized.

#### *Stage 3: Lifetime ECL - credit-impaired*

Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are recognized and interest revenue is calculated by applying the credit-adjusted EIR to the amortized cost of the financial asset.



Loss allowances are recognized based on 12-month ECL for debt investment securities that are assessed to have low credit risk at the balance sheet date. A financial asset is considered to have low credit risk if:

- the financial instrument has a low risk of default
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade', or when the exposure is less than 30 days past due.

#### *Determining the stage for impairment*

At each balance sheet date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the balance sheet date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-months ECL.

The simplified approach, where changes in credit risk are not tracked and loss allowances are measured at amounts equal to lifetime ECL, is applied to trade receivables. The Group has established a provision matrix for customer segments that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

#### Financial Guarantee Contracts and Loan Commitments

Financial guarantees are contracts issued by the Group that require it to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees are initially recognized in the consolidated financial statements at fair value. Subsequently, these are measured at the higher of:

- the amount of the loss allowance determined in accordance with the ECL model; and
- the amount initially recognized less, when appropriate, the cumulative amount of income recognized in accordance with the principles of PFRS 15.

Loan commitments provided by the Group are measured as the amount of the loss allowance. The Group has not provided any commitment to provide loans that can be settled net in cash or by delivering or issuing another financial instrument or that are issued at below-market interest rates.

For loan commitments and financial guarantee contracts, the loss allowance is recognized as a provision. However, for financial instruments that include both a loan and an undrawn commitment



(i.e. loan commitment) component where the Group cannot separately identify the expected credit losses on the loan commitment component from those on the loan component, the expected credit losses on the loan commitment should be recognized together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the financial asset, the expected credit losses should be recognized as a provision.

#### Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is generally not the case with master netting agreements, and the related assets and liabilities are presented at gross in the consolidated balance sheet.

#### Redeemable Preferred Shares (RPS)

The component of the RPS that exhibits characteristics of a liability is recognized as a liability in the consolidated balance sheet, net of transaction costs. The corresponding dividends on those shares are charged as interest expense in the consolidated statement of income. On issuance of the RPS, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long-term liability on the amortized cost basis until extinguished on redemption.

#### Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Wheat grains and trading inventories	– purchase cost on a specific identification basis
Other raw materials and production supplies, materials, parts and supplies	– purchase cost on a moving average method
Finished goods and work in progress	– cost of direct materials, labor and a portion of manufacturing overhead based on normal operating capacity but excluding borrowing costs
Fuel	– purchase cost on a first-in, first-out basis

NRV of wheat grains and other raw materials and finished goods is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. NRV of fuel and materials, parts and supplies is the current replacement costs. An allowance for inventory losses and inventory shrinkage is provided, when necessary, based on management's review of inventory turnover in accordance with prescribed policies.

#### *Real estate inventories*

Real estate inventories include land, land and land improvements and residential lots for sale. Real estate inventories are carried at the lower of cost and NRV (i.e., estimated selling price less estimated costs to complete and sell). Cost includes costs incurred for the acquisition, development and improvement of the properties. The costs of inventory recognized in the consolidated



statement of income is determined with reference to the specific costs incurred on the real estate sold and an allocation on a pro-rata basis on any non-specific costs.

#### *Land and Improvements*

Land and improvements consist of properties for future development and are carried at the lower of cost and NRV. NRV is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated costs necessary to make the sale. Cost includes those costs incurred for development and improvement of the properties. Cost of land and improvements is transferred to real estate inventories upon commencement of the real estate project.

#### Agricultural Activity

##### *Agricultural produce*

Agricultural produce (livestock and poultry) are measured at fair value less estimated costs to sell at point of harvest.

##### *Biological assets*

Biological assets are measured on initial recognition, and at each balance sheet date, at fair value less estimated costs to sell except when, on initial recognition, market-determined prices or values are not available and for which alternative estimates of fair value are determined to be clearly unreliable. In such cases, those biological assets are measured at accumulated costs less any accumulated depreciation and any accumulated impairment losses. Once the fair value of such biological assets becomes reliably measurable, those biological assets are measured at fair value less estimated costs to sell.

Gains or losses arising on initial recognition of a biological asset (for market hogs, piglets, growing stock, broilers and others) at fair value less estimated costs to sell and from changes in their fair values less estimated costs to sell are included in the consolidated statement of income for the period in which they arise.

Biological assets measured at fair value less estimated costs to sell continue to be measured as such until disposed. Expenditures on biological assets subsequent to initial recognition, excluding the costs of day-to-day servicing, are capitalized.

#### Property, Plant and Equipment

Except for land, property, plant and equipment are stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and any accumulated impairment in value. The initial cost of property, plant and equipment comprises its purchase price, including import duties, if any, and nonrefundable taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Cost includes the cost of replacing part of such property, plant and equipment when that cost is incurred and the recognition criteria are met. Cost also include decommissioning liability relating to the decommissioning of power plant, if any. Repairs and maintenance costs are recognized in the consolidated statement of income as incurred.

Land is stated at cost less any accumulated impairment in value.



Depreciation and amortization of the Group's property, plant and equipment and assets under finance leases is calculated on a straight-line basis over the useful lives of the assets as follows:

Category	Estimated Useful Life (in years)
Buildings, warehouses and improvements	10 - 50
Power plant and equipment	2 - 50
Steam field assets	20 - 25
Transmission, distribution and substation equipment	12 - 40
Machinery and equipment	2 - 30
Transportation equipment	2 - 10
Office furniture, fixtures and equipment	2 - 25
Leasehold improvements	3 - 20
Others	2 - 20

Leasehold improvements are amortized over the shorter of the lease terms and the lives of the improvements.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

Fully depreciated assets are retained in the accounts until these are no longer in use. When assets are retired or otherwise disposed of, both the cost and related accumulated depreciation and amortization and any allowance for impairment losses are removed from the accounts and any resulting gain or loss is credited or charged to current operations. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income in the year the asset is derecognized.

The asset's residual values, useful lives and depreciation and amortization methods are reviewed and adjusted, if appropriate, at each financial year-end.

When each major inspection is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria satisfied.

Construction in progress represents structures under construction and is stated at cost. This includes cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of property, plant and equipment are capitalized during the construction period.

#### Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.



#### Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### *Right-of-use assets*

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Category	Number of Years
Land	10-50
Building	2-50
Power plant	20-25
Manufacturing plant, equipment and others	2-20

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

#### *Lease liabilities*

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

#### *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value





assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

#### Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

#### Service Concession Arrangements

Public-to-private service concession arrangements where: (a) the grantor controls or regulates what services the entities in the Group must provide with the infrastructure, to whom it must provide them, and at what price; and (b) the grantor controls - through ownership, beneficial entitlement or otherwise - any significant residual interest in the infrastructure at the end of the term of the arrangement, are accounted for under the provisions of Philippine Interpretation IFRIC 12, *Service Concession Arrangements*. Infrastructures used in a public-to-private service concession arrangement for its entire useful life (whole-of-life assets) are within the scope of this Interpretation if the conditions in (a) are met.

This interpretation applies to both: (a) infrastructure that the entities in the Group constructs or acquires from a third party for the purpose of the service arrangement; and (b) existing infrastructure to which the grantor gives the entity in the Group access for the purpose of the service arrangement.

Infrastructures within the scope of this Interpretation are not recognized as property, plant and equipment of the Group. Under the terms of contractual arrangements within the scope of this Interpretation, an entity acts as a service provider. An entity constructs or upgrades infrastructure (construction or upgrade services) used to provide a public service and operates and maintains that infrastructure (operation services) for a specified period of time.

An entity recognizes and measures revenue in accordance with PFRS 15 for the services it performs. If an entity performs more than one service (i.e., construction or upgrade services and operation services) under a single contract or arrangement, consideration received or receivable shall be allocated by reference to the relative fair values of the services delivered, when the amounts are separately identifiable.

When an entity provides construction or upgrades services, the consideration received or receivable by the entity is recognized at the stand-alone selling price of the related service. An entity accounts for revenue and costs relating to construction or upgrade services in accordance with PFRS 15. Revenue from construction contracts is recognized based on the percentage-of-completion method, measured by reference to the percentage of costs incurred to date to estimated total costs for each contract. The applicable entities account for revenue and costs relating to operation services in accordance with PFRS 15.



An entity recognizes a financial asset to the extent that it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services. An entity recognizes an intangible asset to the extent that it receives a right (a license) to charge users of the public service.

When the applicable entities have contractual obligations it must fulfill as a condition of its license (a) to maintain the infrastructure to a specified level of serviceability or (b) to restore the infrastructure to a specified condition before it is handed over to the grantor at the end of the service arrangement, it recognizes and measures these contractual obligations in accordance with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, i.e., at the best estimate of the expenditure that would be required to settle the present obligation at the balance sheet date.

Borrowing cost attributable to the construction of the asset if the consideration received or receivable is an intangible asset, is capitalized during the construction phase. In all other cases, borrowing costs are expensed as incurred.

#### Intangible Asset

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of the acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the consolidated statement of income in the year in which the expenditure is incurred.

#### *Service concession right*

The Group's intangible asset - service concession right pertains mainly to its right to charge users of the public service in connection with the service concession and related arrangements. This is recognized initially at the fair value which consists of the cost of construction services and the fair value of future fixed fee payments in exchange for the license or right. Following initial recognition, the intangible asset is carried at cost less accumulated amortization and any accumulated impairment losses.

The intangible asset - service concession right is amortized using the straight-line method over the estimated useful economic life which is the service concession period, and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The estimated economic useful life is ranging from 18 to 25 years. The amortization period and the amortization method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense is recognized in the consolidated statement of income in the expense category consistent with the function of the intangible asset.

#### *Intangible assets - customer contracts*

The Group's intangible assets - customer contracts pertain to contracts entered by subsidiaries relating to the provision of utility services to locators within an industrial zone.

These are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition,



intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

The intangible assets - customer contracts are amortized using the straight-line method over the remaining life of the contract, and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and method are reviewed at least at each financial year end. The amortization expense is recognized in the consolidated statement of income in the expense category consistent with the function of the intangible asset.

#### *Franchise*

The Group's franchise pertains to VECO's franchise to distribute electricity within an area granted by the Philippine Legislature, acquired in the business combination in 2013. The franchise is initially recognized at its fair value at the date of acquisition. Following initial recognition, the franchise is carried at cost less accumulated amortization and any accumulated impairment losses. The Group's franchise is amortized using the straight-line method over the estimated economic useful life, and assessed for impairment whenever there is an indication that the franchise may be impaired. The estimated economic useful life of the franchise is 40 years. The amortization period and amortization method for franchise are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the franchise are accounted for by changing the amortization period or method, as appropriate, and treated as a change in accounting estimates. The amortization expense on franchise is recognized in the consolidated statement of income in the expense category consistent with its function.

#### *Software and licenses*

Software and licenses are initially recognized at cost. Following initial recognition, the software development costs are carried at cost less accumulated amortization and any accumulated impairment in value.

The software development costs are amortized on a straight-line basis over its estimated useful economic life of 3 to 5 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization commences when the software development costs are available for use. The amortization period and the amortization method for the software development costs are reviewed at each financial year-end. Changes in the estimated useful life is accounted for by changing the amortization period or method, as appropriate, and treating them as changes in accounting estimates. The amortization expense is recognized in the consolidated statement of income in the expense category consistent with the function of the software development costs.

#### *Project development costs*

Project development costs include power plant projects in the development phase which meet the "identifiability" requirement under PAS 38, *Intangible Assets*, as they are separable and susceptible to individual sale and are carried at acquisition cost. These assets are transferred to "Property, plant and equipment" when construction of each power plant commences. During the period of development, the asset is tested for impairment annually.



#### Research and Development Expenditure

The Group's policy is to record research expenses in the consolidated statement of income in the period when they are incurred.

Development costs are recognized as an intangible asset on the consolidated balance sheet if the Group can identify them separately and show the technical viability of the asset, its intention and capacity to use or sell it, and how it will generate probable future economic benefits.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

#### Investment Properties

Investment properties, which pertain to land, land improvements and buildings, are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are carried at fair value, which reflects market conditions at the balance sheet date. Gains or losses arising from changes in fair values of investment properties are included in the consolidated statement of income in the year in which they arise.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statement of income in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation, or commencement of an operating lease to another party. For a transfer from investment property to owner-occupied property or inventories, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. For a transfer from inventories to investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognized in the consolidated statement of income. When the Group completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognized in the consolidated statement of income.

#### Impairment of Nonfinancial Assets

*Property, plant and equipment, intangible assets, investments and advances and other current and noncurrent assets excluding restricted cash and PSALM deferred adjustment*

The Group assesses at each balance sheet date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is



determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in the consolidated statement of income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each balance sheet date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of accumulated depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

#### Decommissioning liability

The decommissioning liability arose from the Group's obligation, under its contracts, to decommission, abandon and perform surface rehabilitation at the end of the useful lives of the steam field assets or upon abandonment of the plant. A corresponding asset is recognized as part of property, plant and equipment. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized in the consolidated statement of income as an "Accretion of decommissioning liability" under the "Interest expense" account. The estimated future costs of decommissioning are reviewed annually and adjusted prospectively.

Changes in the estimated future costs or in the discount rate applied are added or deducted from the cost of property, plant and equipment. The amount deducted from the cost of property, plant and equipment, shall not exceed its carrying amount.

If the decrease in the liability exceeds the carrying amount of the property, plant and equipment, the excess shall be recognized immediately in the consolidated statement of income.

#### Capital Stock and Additional Paid-in Capital

Capital stock is measured at par value for all shares issued. When the Company issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued. Capital stock includes common stock and preferred stock.

When the shares are sold at premium, the difference between the proceeds and the par value is credited to the "Additional paid-in capital" account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case



the shares are issued to extinguish or settle the liability of the Company, the shares shall be measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Direct costs incurred related to equity issuance, such as underwriting, accounting and legal fees, printing costs and taxes are debited to the "Additional paid-in capital" account, net of tax. If additional paid-in capital is not sufficient, the excess is charged against an equity reserve account.

#### Retained Earnings

Retained earnings include accumulated earnings of the Company and reduced by dividends on capital stock. Dividends on capital stock are recognized as a liability and deducted from equity when they are approved by the BOD. Dividends for the year that are approved after the balance sheet date are dealt with as an event after the balance sheet date. Retained earnings may also include effect of changes in accounting policy as may be required by the transition provisions of new and amended standards.

#### Treasury Shares

The Group's own equity instruments which are reacquired (treasury shares) are deducted from equity. No gain or loss is recognized in the consolidated statement of income on the purchase, sale, issue or cancellation of the Group's own equity instruments.

#### Revenue Recognition

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or an agent.

#### *Sale of Power*

Contracts with customers for the Power Group generally include power generation and ancillary services, power distribution and retail supply.

For power generation and ancillary services where capacity and energy dispatched are separately identified, these two obligations are to be combined as one performance obligation since these are not distinct within the context of the contract as the buyer cannot benefit from the contracted capacity alone without the corresponding energy and the buyer cannot obtain energy without contracting a capacity. The combined performance obligation qualifies as a series of distinct goods or services that are substantially the same and have the same pattern of transfer.

Revenue from power generation and ancillary services is recognized in the period actual capacity is generated. Revenue is recognized over time since the customer simultaneously receives and consumes the benefits as the seller supplies power.

In contracts with fixed capacity payments which are determined at contract inception, the fixed capacity payments for the entire contract period is determined at day 1 and is recognized over time. Specifically, on contracts where capacity payments are fixed but escalates throughout the contract period without any reference to market indices, the fixed escalation is recognized on a straight-line basis over the contract period.



Some contracts with customers provide unspecified quantity of energy, includes provisional Energy Regulatory Commission (ERC) rates, and volume and prompt payment discounts that give rise to variable consideration. The variable consideration is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved.

Power distribution and retail supply also qualify as a series of distinct goods or services that are substantially the same and have the same pattern of transfer accounted for as one performance obligation. Revenue is recognized over time based on amounts billed.

#### *Sale of Goods*

Revenue from the sale of goods is recognized at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 90 days upon delivery. The Group has concluded that it is the principal in its revenue arrangements because it controls the goods before transferring them to the customer.

#### *Sale of Real Estate*

Contracts with customers for the Real Estate Group's real estate segment generally include sale of lot, sale of house and lot and sale of unfurnished and fully furnished condominium units.

For the sale of lot, the lot and the development made on the lot are separately identifiable promises but are combined as one performance obligation since these are not distinct within the context of the contract as the development of lot is used as an input to deliver a combined output.

For the sale of house and lot, the house and lot are separately identifiable promises but are combined as one performance obligation since these are not distinct within the context of the contract. The obligation to deliver the house duly constructed in a specific lot is fully integrated in the lot in accordance with the approved plan.

If the sale of lot, house and lot and unfurnished and fully furnished condominium units occurs at completion, the Real Estate Group shall recognize revenue at a point in time when control of the asset is transferred to the customer, generally on delivery of the properties. Otherwise, if the sale occurs prior to completion, the Real Estate Group shall recognize revenue over time, using the output method (i.e., POC) as the appropriate measure of progress, satisfying the criterion of which the Real Estate Group's performance does not create an asset with an alternative use and the Real Estate Group has an enforceable right to payment for performance completed to date. This is based on the monthly project accomplishment report prepared by the project engineers which integrates the surveys of performance to date of the construction activities.

The buyer could enforce its rights to the promised property if the developer seeks to sell the unit to another buyer. This contractual restriction on the developer's ability to direct the promised property for another use is considered substantive as the property is not interchangeable with other properties that the entity could transfer to the buyer without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. The Real Estate Group also has enforceable right to payment for performance completed to date notwithstanding contract terminations.

In determining the transaction price for real estate sales, the Real Estate Group considers the existence of significant financing component. Contracts with real estate customers provide two alternative payment options, spot cash and installment payments, after the contracts are signed. For



both payment options, the Real Estate Group concluded that there is a significant financing component because the timing between when the customer pays for the property and when the Real Estate Group transfers the property to the customer do not match and the period between transfers are more than a year. The transaction price for such contracts is determined by discounting the amount of promised consideration using the appropriate discount rate. The Real Estate Group also concluded that there is a significant financing component for those contracts where the customer elects to pay in advance considering the length of time between the customer's payment and the transfer of property to the customer, as well as the prevailing interest rates in the market.

#### *Costs to obtain contract*

The incremental costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover them. The Group has determined that commissions paid to brokers and marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Commission expense is included in the "Cost of real estate sales" account in the consolidated statement of income.

#### *Rendering of services*

Service revenues are recognized over time when the related services are rendered based on agreed hourly billing rates. Customer payments for which services have not yet been rendered are classified as unearned revenue under "Trade and other payables" account in the consolidated balance sheet.

#### *Rental income*

Rental income arising from operating leases is accounted for on a straight-line basis over the related lease terms.

#### *Dividend income*

Dividend income is recognized when the Group's right to receive payment is established.

#### *Interest income*

Interest income is recognized as it accrues taking into account the effective yield on the asset.

#### Costs and Expenses

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are recognized when incurred.

#### Pension Benefits

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.





Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the consolidated statement of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the consolidated statement of income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

#### Borrowing Costs

Borrowing costs are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. To the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization on that asset shall be determined as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings. To the extent that funds are borrowed generally, the amount of borrowing costs eligible for capitalization shall be determined by applying a capitalization rate to the expenditures on that asset. The capitalization rate shall be the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized during a period shall not exceed the amount of borrowing costs incurred during that period.



## Taxes

### *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date.

Current income tax relating to items recognized directly in OCI is recognized in the consolidated statement of comprehensive income and not in the consolidated statement of income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### *Deferred income tax*

Deferred income tax is provided using the balance sheet liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences and carryforward benefits of net operating loss carryover (NOLCO) and excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT), to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and the carryforward benefits of NOLCO and excess of MCIT over RCIT can be utilized, except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.



Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as at the balance sheet date.

Deferred income tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred income tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

#### Value-added Tax (VAT)

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

For its VAT-registered activities, when VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated balance sheet. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated balance sheet up to the extent of the recoverable amount.

For its non-VAT registered activities, the amount of VAT passed on from its purchases of goods or service is recognized as part of the cost of goods/asset acquired or as part of the expense item, as applicable.

#### Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of income, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

#### Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the probability of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

#### Events After the Reporting Period

Post year-end events that provide additional information about the Group's financial position at the balance sheet date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed when material.



#### Earnings Per Common Share

Basic earnings per common share are computed by dividing net income for the year attributable to the common shareholders of the parent by the weighted average number of common shares issued and outstanding during the year, after retroactive adjustments for any stock dividends declared and stock rights exercised during the year.

Diluted earnings per share amounts are calculated by dividing the net income for the year attributable to the common shareholders of the parent by the weighted average number of common shares outstanding during the year plus the weighted average number of common shares that would be issued for outstanding common stock equivalents. The Group does not have dilutive common stock equivalents.

#### Dividends on Common Shares

Dividends on common shares are recognized as a liability and deducted from retained earnings when approved by the respective shareholders of the Group and its subsidiaries. Dividends for the year that are approved after the balance sheet date are dealt with as an event after the reporting period.

#### Operating Segments

For management purposes, the Group is organized into five major operating segments (power, food manufacturing, financial services, real estate and infrastructure) according to the nature of the products and the services provided. The Group's identified operating segments are consistent with the segments reported to the BOD which is the Group's Chief Operating Decision Maker (CODM). Financial information on operating segments is presented in Note 34.

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### **3. Summary of Significant Accounting Judgments, Estimates and Assumptions**

The consolidated financial statements prepared in accordance with PFRSs require management to make judgment, estimates and assumptions that affect amount reported in the consolidated financial statements and related notes. The judgment, estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from such estimates. Judgments, estimates and assumptions are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under circumstances. The following items are those matters which the Group assess to have significant risk arising from judgements and estimation uncertainties:

#### Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

#### *Determining functional currency*

Based on the economic substance of the underlying circumstances relevant to the companies in the Group, the functional currency of the companies in the Group has been determined to be the Philippine peso, except for certain subsidiaries and associates whose functional currencies are the US dollar (US\$), Singapore dollar, Vietnamese Dong, Indonesian Rupiah, Renminbi, Malaysian Ringgit, Sri Lanka Rupee, Pakistani Rupee, Myanmar Kyat, or Thai Baht. The Philippine peso is the



currency of the primary economic environment in which most of the companies in the Group operate and it is the currency that mainly influences their revenues and costs.

*Service concession arrangements - Companies in the Group as Operators*

Based on management's judgment, the provisions of Philippine Interpretation IFRIC 12 apply to SEZ's Distribution Management Service Agreement (DMSA) with Subic Bay Metropolitan Authority (SBMA); MEZ's Built-Operate-Transfer agreement with Mactan Cebu International Airport Authority (MCIAA); LHC's Power Purchase Agreement (PPA) with the National Power Corporation (NPC) and Apo Agua's Treated Bulk Water concession agreement with Davao City Water District (DCWD). SEZ, MEZ, LHC and Apo Agua's service concession agreements were accounted for under the intangible asset model.

The Company's associate, STEAG State Power, Inc. (STEAG), has also determined that the provisions of Philippine Interpretation IFRIC 12 apply to its PPA with NPC. STEAG's service concession agreement was accounted for under the financial asset model. Refer to the accounting policy on service concession arrangements for the discussion of intangible asset and financial asset models.

*Determining fair value of customers' deposits*

In applying PFRS 9 on transformer and lines and poles deposits, the Group has made a judgment that the timing and related amounts of future cash flows relating to such deposits cannot be reasonably and reliably estimated for purposes of establishing their fair values using alternative valuation techniques since the expected timing of customers' refund or claim for these deposits cannot be reasonably estimated. These customers' deposits amounted to ₱7.4 billion and ₱7.0 billion as of December 31, 2021 and 2020, respectively (see Notes 20).

*Determining whether Independent Power Producer (IPP) Administration Agreement Contains a Lease*

In accounting for its IPP Administration Agreement with PSALM, the Group has made a judgment that the IPP Administration Agreement of TLI is an arrangement that contains a lease. The Group has made a judgment that it has substantially acquired all the risks and rewards incidental to ownership of the power plant principally by virtue of its right to control the capacity of the power plant and its right to receive the transfer of the power plant at the end of the IPP Administration Agreement for no consideration. Accordingly, the Group accounted for the agreement as a lease and recognized a right-of use asset included as part of property, plant and equipment and lease liability at the present value of the agreed monthly payments to PSALM (see Note 22).

The power plant is depreciated over its estimated useful life as there is reasonable certainty that the Group will obtain ownership by the end of the lease term. As of December 31, 2021 and 2020, the carrying value of the power plant amounted to ₱31.4 billion and ₱32.5 billion, respectively (see Note 13). The carrying value of the lease liability amounted to ₱31.4 billion and ₱37.1 billion as of December 31, 2021 and 2020, respectively (see Note 22).

*Determination of control or joint control over an investee company*

Control is presumed to exist when an investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. On the other hand, joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Management has determined that by virtue of its majority



ownership of voting rights in its subsidiaries as of December 31, 2021 and 2020, the Company had the ability to exercise control over these investees (see Note 2).

*Nonconsolidation of certain investees*

The Group has 83.33% interest in Manila-Oslo Renewable Enterprise, Inc. (MORE) which has a 60% ownership interest in SN Aboitiz Power-Magat (SNAP-Magat), Inc., SN Aboitiz Power-Benguet (SNAP-Benguet), Inc., SN Aboitiz Power-RES, Inc. (SNAP-RES), and SN Aboitiz Power-Generation, Inc. (SNAP-Generation).

The Group has 60% and 70% interest in AA Thermal and GN Power Dinginin Ltd. Co. (GNPD), respectively.

The Group does not consolidate MORE, AA Thermal and GNPD since it does not have the ability to direct the relevant activities which most significantly affect the returns of MORE and its investees, AA Thermal and GNPD, and their respective investees. This is a result of the partnership and shareholders' agreements which, among others, stipulate the management and operation of MORE, AA Thermal and GNPD. Management of MORE, AA Thermal and GNPD are vested in their respective BOD or "Management Committee" and the affirmative vote of the other shareholders or partners is required for the approval of certain company actions which include financial and operating undertakings.

The Group has 60% interest in AEV CRH Holdings, Inc. (AEV CRH) which has 99.09% ownership interest in Republic Cement and Building Materials, Inc. (RCBM), 99.63% ownership interest in Republic Cement Mindanao, Inc. (RCMI), 94.63% ownership interest in Republic Cement Iligan, Inc. (RCII) and 100% ownership interest in Luzon Continental Land Corporation (LCLC).

The Group does not consolidate AEV CRH since it does not have the ability to direct the relevant activities which most significantly affect the returns of AEV CRH and its investees. This is a result of the contractual arrangements that give the other party the power to direct the relevant non-nationalized activities of the subsidiaries of AEV CRH. Consequently, the Group recognizes AEV CRH as an associate that is accounted for using the equity method in the consolidated financial statements.

*Determining a joint operation*

The Group has 50% interest in Pagbilao Energy Corporation (PEC). The Group assessed that the joint arrangement is a joint operation as the financial and operating activities of the operation are jointly controlled by the participating shareholders and are primarily designed for the provision of output to the shareholders.

*Classification of financial instruments*

The Group exercises judgment in classifying a financial instrument, or its component parts, on initial recognition as either a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definition of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated balance sheets.



#### *Contractual cash flows assessment*

For each financial asset, the Group assesses the contractual terms to identify whether the instrument is consistent with the concept of SPPI.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

#### *Evaluation of business model in managing financial instruments*

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and
- The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

#### *Identifying performance obligations*

The Group identifies performance obligations by considering whether the promised goods or services in the contract are distinct goods or services. A good or service is distinct when the customer can benefit from the good or service on its own or together with other resources that are readily available to the customer and the Group's promise to transfer the good or service to the customer is separately identifiable from the other promises in the contract.

The Group assesses performance obligations as a series of distinct goods and services that are substantially the same and have the same pattern of transfer if i) each distinct good or services in the series are transferred over time and ii) the same method of progress will be used (i.e., units of delivery) to measure the entity's progress towards complete satisfaction of the performance obligation.



For power generation and ancillary services where capacity and energy dispatched are separately identified, these two obligations are to be combined as one performance obligation since these are not distinct within the context of the contract as the buyer cannot benefit from the contracted capacity alone without the corresponding energy and the buyer cannot obtain energy without contracting a capacity.

The combined performance obligation qualifies as a series of distinct goods or services that are substantially the same and have the same pattern of transfer since the delivery of energy every month are distinct services which are all recognized over time and have the same measure of progress.

Power distribution and retail supply also qualify as a series of distinct goods or services which is accounted for as one performance obligation since the delivery of energy every month are distinct services which are recognized over time and have the same measure of progress.

For sale of developed lots, the lot and the development made on the lot are separately identifiable promises but are combined as one performance obligation since these are not distinct within the context of the contract as the lot development is used as an input to deliver a combined output. For the sale of house and lot, the house and lot are separately identifiable promises but are combined as one performance obligation since these are not distinct within the context of the contract. The obligation to deliver the house duly constructed in a specific lot is fully integrated in the lot in accordance with the approved plan.

#### *Revenue recognition*

The Group recognizes revenue when it satisfies an identified performance obligation by transferring a promised good or service to a customer. A good or service is considered to be transferred when the customer obtains control. The Group determines, at contract inception, whether it will transfer control of a promised good or service over time. If the Group does not satisfy a performance obligation over time, the performance obligation is satisfied at a point in time.

The Group concludes that:

- revenue from power generation, power distribution, ancillary services and retail supply are to be recognized over time, since customers simultaneously receives and consumes the benefits as the Group supplies power;
- when a contract is judged to be for the construction of a property, revenue is recognized using the POC method as construction progresses. The POC is made reference to the stage of completion of projects and contracts determined on the basis of the estimated completion of physical proportion of the contract work;
- for sale of goods, revenue is recognized at a point in time, generally on the delivery of goods.

#### *Identifying methods for measuring progress of revenue recognized over time*

The Group determines the appropriate method of measuring progress which is either through the use of input or output methods. Input method recognizes revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation while output method recognizes revenue on the basis of direct measurements of the value to the customer of the goods or services transferred to date.





For power generation and ancillary services, the Group determined that the output method is the best method in measuring progress since actual electricity is supplied to customers. The Group recognizes revenue based on:

For power generation and ancillary services:

- a. For the variable energy payment, actual kilowatt hours consumed which are billed on a monthly basis.
- b. For fixed capacity payments, the Group allocates the transaction price on a straight-line basis over the contract term. The allocated fixed payments are also billed on a monthly basis.

For power distribution and retail supply, the Group uses the actual kilowatt hours consumed, which are also billed on a monthly basis.

The Group recognizes revenues from real estate sales over time using output method in measuring progress. The use of output method is the best method in measuring progress since the entitlement of the customers to the output performed as of date is easily measured and observed on the basis that POC for the construction of real estate properties is determined using the estimated completion of physical proportion of the contract work.

*Determining method to estimate variable consideration and assessing the constraint*

The Group includes some or all the amounts of variable consideration estimated but only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The Group considers both the likelihood and magnitude of the revenue reversal in evaluating the extent of variable consideration the Group will subject to constraint. Factors such as i) highly susceptibility to factors outside the Group's influence, ii) timing of resolution of the uncertainty, and iii) having a large number and broad range of possible considerations amount are considered.

For Power Group, some contracts with customers provide unspecified quantity of energy, provisional ERC rates, and volume and prompt payment discounts that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled. The expected value method of estimation takes into account a range of possible outcomes while the most likely amount is used when the outcome is binary. It is determined that the expected value method is the appropriate method to use in estimating the variable consideration given the large number of customer contracts that have similar characteristics and the range of possible outcomes.

*Allocation of variable consideration*

Variable consideration may be attributable to the entire contract or to a specific part of the contract. For power generation, power distribution, ancillary services and retail supply revenue streams which are considered as series of distinct goods or services that are substantially the same and have the same pattern of transfer, the Group allocates the variable amount that is no longer subject to constraint to the satisfied portion (i.e., month) which forms part of the single performance obligation, and forms part of the monthly billing of the Group.



*Distinction among real estate inventories, land and improvements, and investment properties*

The Group determines whether a property is classified as real estate inventories, land and improvements or investment properties:

- Real estate inventories comprise properties that are held for sale in the ordinary course of business. Principally, these are residential properties that the Group develops and intends to sell before or on completion of construction.
- Land and improvements comprise land and related improvements that are part of the Group's strategic land banking activities for development or sale in the medium or long-term. These properties are neither developed nor available for sale and therefore not yet considered as part of real estate inventories.
- Investment properties comprise land, land improvements and buildings (principally composed of offices, commercial warehouses and retail properties) which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and for capital appreciation.

The Group considers each property separately in making its judgment.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed as follows:

*Estimating allowance for impairment losses on investments and advances*

Investments and advances are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable or impairment recovery for any significant change in the expected historical or projected future operating results of the investees. There were no impairment indicators in 2021 and 2020 based on management's assessment. The carrying amounts of the investments in and advances to associates and joint ventures amounted to ₱154.8 billion and ₱145.4 billion as of December 31, 2021 and 2020, respectively. The allowance for impairment losses amounted to ₱680.7 million as of December 31, 2021 and 2020 (see Note 10).

*Assessing impairment of goodwill*

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as of December 31, 2021 and 2020 amounted to ₱57.6 billion and ₱55.2 billion, respectively (see Note 14). No impairment of goodwill was recognized in 2021, 2020 and 2019.

*Estimating useful lives of property, plant and equipment*

The Group estimates the useful lives of property, plant and equipment based on the period over which assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, the estimation of the useful lives of property, plant and equipment is based on collective assessment of internal technical evaluation and experience with similar assets. It



is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in the factors and circumstances mentioned above. As of December 31, 2021 and 2020, the net book values of property, plant and equipment, excluding land and construction in progress, amounted to ₱173.4 billion and ₱175.0 billion, respectively (see Note 13).

*Estimating residual value of property, plant and equipment*

The residual value of the Group's property, plant and equipment is estimated based on the amount that the entity would obtain from disposal of the asset, after deducting estimated costs of disposal, if the asset is already of the age and in the condition expected at the end of its useful life. The estimated residual value of each asset is reviewed periodically and updated if expectations differ from previous estimates. As of December 31, 2021 and 2020, the net book values of property, plant and equipment, excluding land, amounted to ₱180.9 billion and ₱179.6 billion, respectively (see Note 13).

*Estimating useful lives of intangible asset - service concession rights*

The Group estimates the useful lives of intangible asset arising from service concessions based on the period over which the asset is expected to be available for use which is 18 to 30 years. The Group has not included any renewal period on the basis of uncertainty, as of balance sheet date, of the probability of securing renewal contract at the end of the original contract term. As of December 31, 2021 and 2020, the net book value of intangible asset - service concession rights amounted to ₱13.1 billion and ₱8.7 billion, respectively (see Note 14).

*Estimating useful life of franchise*

The Group estimates the useful life of VECO's distribution franchise based on the period over which the asset is estimated to be available for use which is 40 years. As of December 31, 2021 and 2020, the carrying value of franchise amounted to ₱2.4 billion and ₱2.5 billion, respectively (see Note 14).

*Assessing impairment of nonfinancial assets*

The Group assesses whether there are any indicators of impairment for nonfinancial assets at each balance sheet date. These nonfinancial assets (other current assets, property, plant and equipment, intangible assets (excluding goodwill), and other noncurrent assets) are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

Determining the recoverable amount of these assets, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect its consolidated financial statements. Future events could cause the Group to conclude that the other current assets, property, plant and equipment, intangible assets (excluding goodwill) and other noncurrent assets are impaired. Any resulting impairment loss could have a material adverse impact on the consolidated balance sheets and consolidated statements of income.



The aggregate net book values of these assets as of December 31 are as follows:

	2021	2020
Property, plant and equipment (see Note 13)	<b>₱220,018,207</b>	₱219,538,095
Other current assets (see Note 7)	<b>12,632,570</b>	10,450,450
Intangible assets (see Note 14)	<b>16,762,991</b>	12,606,478
Other noncurrent assets (see Note 16)	<b>9,559,925</b>	10,170,589
	<b>₱258,973,693</b>	₱252,765,612

Impairment losses and write-offs recognized on these nonfinancial assets in 2021, 2020 and 2019 amounted to ₱710.5 million, ₱170.1 million and nil, respectively.

#### *Measurement of ECL*

ECLs are derived from unbiased and probability-weighted estimates of expected loss, and are measured as follows:

- *Financial assets that are not credit-impaired at the balance sheet date:* as the present value of all cash shortfalls over the expected life of the financial asset discounted by the effective interest rate. The cash shortfall is the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive.
- *Financial assets that are credit-impaired at the balance sheet date:* as the difference between the gross carrying amount and the present value of estimated future cash flows discounted by the effective interest rate.
- *Undrawn loan commitments:* as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive.
- *Financial guarantee contracts:* as the expected payments to reimburse the holder less any amounts that the Group expects to recover.

The Group leverages existing risk management indicators (e.g. internal credit risk classification and restructuring triggers), credit risk rating changes and reasonable and supportable information which allows the Group to identify whether the credit risk of financial assets has significantly increased.

#### *Inputs, assumptions and estimation techniques*

The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD), defined as follows:

- *Probability of default*  
The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months, or over the remaining life of the obligation. PD estimates are estimates at a certain date, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures. The 12-months and lifetime PD represent the expected point-in-time probability of a default over the next 12 months and remaining lifetime of the financial instrument, respectively, based on



conditions existing at the balance sheet date and future economic conditions that affect credit risk.

- *Loss given default*  
Loss Given Default represents the Group's expectation of the extent of loss on a defaulted exposure, taking into account the mitigating effect of collateral, its expected value when realized and the time value of money. LGD varies by type of counterparty, type of seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of EAD.
- *Exposure at default*  
EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.

The ECL is determined by projecting the PD, LGD, and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the balance sheet date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by customer segment.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. LGDs are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGD's are influenced by collection strategies including contracted debt sales and price.

The assumptions underlying the ECL calculation, such as how the maturity profile of the PDs change, are monitored and reviewed on a quarterly basis.

#### *Simplified approach for trade receivables and contract assets*

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the industrial segment, the historical default rates are adjusted. At every balance sheet date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.



The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

*Incorporation of forward-looking information*

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

The base case represents a most-likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Group has identified and documented key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

The macro-economic variables include the following key indicators for the Philippines: unemployment rates, inflation rates, gross domestic product growth and net personal income growth.

Predicted relationship between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past 5 years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

The Group has not identified any uncertain event that it has assessed to be relevant to the risk of default occurring but where it is not able to estimate the impact on ECL due to lack of reasonable and supportable information.

An increase in the Group's allowance for ECL of trade and other receivables will increase the Group's recorded expenses and decrease current assets. As of December 31, 2021 and 2020, allowance for ECL amounted to ₱4.4 billion and ₱3.4 billion, respectively. Trade and other receivables, net of allowance for ECL, amounted to ₱48.4 billion and ₱39.4 billion as of December 31, 2021 and 2020, respectively (see Note 5).

*Estimating allowance for inventory obsolescence*

The Group estimates the allowance for inventory obsolescence based on the status of inventories. The amounts and timing of recorded expenses for any period would differ if different judgments or different estimates are made. An increase in allowance for inventory obsolescence would increase recorded expenses and decrease current assets. As of December 31, 2021 and 2020, allowance for inventory obsolescence amounted to ₱27.5 million and ₱102.8 million, respectively. The carrying



amounts of inventories, including land and improvements, net of valuation allowance, amounted to ₱32.0 billion and ₱24.7 billion as of December 31, 2021 and 2020, respectively (see Note 6).

*Estimating the incremental borrowing rate (IBR)*

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

The carrying amount of the lease liabilities amounted to ₱34.3 billion and ₱39.8 billion as of December 31, 2021 and 2020, respectively (see Note 22).

*Estimating decommissioning liability*

Under the Geothermal Resource Service Contract (GRSC), the Group has a legal obligation to decommission, abandon and perform surface rehabilitation on its steam field asset at the end of its useful life. The Group also has a legal obligation under its land lease agreements to decommission the power plants at the end of its lease term. The Group recognizes the present value of the obligation to decommission the plant, abandon and perform surface rehabilitation of the steam field asset and capitalizes the present value of this cost as part of the balance of the related property, plant and equipment, which are being depreciated and amortized on a straight-line basis over the useful life of the related asset.

These costs are accrued based on in-house estimates, which incorporates estimates of the amount of obligations and interest rates, if appropriate. Assumptions used to compute the provision are reviewed and updated annually. Each year, the provision is increased to reflect the accretion of discount and to accrue an estimate for the effects of inflation, with charges being recognized as accretion expense, included under "Interest expense" in the consolidated statements of income.

Changes in the decommissioning liability that result from a change in the current best estimate of cash flows required to settle the obligation or a change in the discount rate are added to (or deducted from) the amount recognized as the related asset and the periodic unwinding of the discount on the liability is recognized in the consolidated statement of income as it occurs.

While the Group has made its best estimate in establishing the decommissioning provision, because of potential changes in technology as well as safety and environmental requirements, plus the actual time scale to complete decommissioning activities, the ultimate provision requirements could either increase or decrease significantly from the Group's current estimates.

The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

Decommissioning liability amounted to ₱5.7 billion and ₱5.0 billion as of December 31, 2021 and 2020, respectively (see Note 21).



*Recognition of deferred income tax assets*

The Group reviews the carrying amounts of deferred income tax assets at each balance sheet date and reduces deferred income tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax assets to be utilized. The Group has deferred income tax assets amounting ₱2.8 billion and ₱2.9 billion as of December 31, 2021 and 2020, respectively (see Note 32).

Details of the Group's recognized and unrecognized deferred income tax assets are discussed in Note 32.

*Pension benefits*

The costs of defined benefit pension plans, as well as the present value of the pension obligation, are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each balance sheet date.

Net benefit expense amounted to ₱448.6 million in 2021, ₱353.7 million in 2020 and ₱315.8 million in 2019. The net pension assets as of December 31, 2021 and 2020 amounted to ₱293.2 million and ₱115.0 million, respectively. Net pension liabilities as of December 31, 2021 and 2020 amounted to ₱493.3 million and ₱574.2 million, respectively (see Note 30).

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

Further details about the assumptions used are provided in Note 30.

*Fair value less estimated costs to sell of biological assets*

The Group determines the most reliable estimate of fair value less estimated costs to sell of its biological assets. Fair value reflects the most recent market transaction price provided that there has been no significant change in economic circumstances between the date of transaction and balance sheet date. Point-of-sale cost is estimated based on recent transactions and is deducted from the fair value in order to measure the biological assets at balance sheet date.

As of December 31, 2021 and 2020, the carrying value of the biological assets amounted to ₱1.3 billion and ₱0.9 billion, respectively (see Note 8).

*Fair value of financial instruments*

When the fair values of financial assets and financial liabilities recorded in the consolidated balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgments include considerations of inputs such





as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 36 for further disclosures.

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently re-measured to fair value at each balance sheet date. The determination of the fair value is based on discounted cash flows.

#### *Revaluation of investment properties*

The Group carries its investment properties at fair value, with changes in fair value being recognized in the consolidated statements of income. The Group engaged an independent valuation specialist to assess the fair values of these properties. For these assets, the valuation methodology used was Sales Comparison Approach. This method considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison (see Note 15).

#### *Legal contingencies*

The estimate of probable costs for the resolution of possible claims has been developed in consultation with outside counsels handling the Group's defense in these matters and is based upon an analysis of potential results. No provision for probable losses arising from legal contingencies was recognized in the Group's consolidated financial statements for the years ended December 31, 2021, 2020 and 2019.

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#### 4. Cash and Cash Equivalents

	2021	2020
Cash on hand and in banks	<b>₱69,873,600</b>	₱22,224,763
Short-term deposits	<b>77,660,435</b>	43,741,648
	<b>₱147,534,035</b>	₱65,966,411

Cash in banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. Interest income earned from cash and cash equivalents amounted to ₱0.5 billion in 2021, ₱0.9 billion in 2020 and ₱1.5 billion in 2019 (see Note 36).



## 5. Trade and Other Receivables

	2021	2020
Trade receivables		
Power (see Note 36)	<b>₱22,637,873</b>	₱17,726,379
Food manufacturing	<b>9,606,123</b>	7,901,937
Real estate	<b>9,672,636</b>	7,593,207
Holding and others	<b>1,418,008</b>	1,096,632
	<b>43,334,640</b>	34,318,155
Nontrade receivables	<b>7,790,692</b>	6,521,500
Dividends receivable (see Note 10)	<b>1,192,000</b>	1,498,000
Advances to contractors	<b>202,394</b>	234,799
Others	<b>297,928</b>	276,282
	<b>52,817,654</b>	42,848,736
Less allowance for expected credit losses	<b>4,430,583</b>	3,423,691
	<b>48,387,071</b>	39,425,045
Less noncurrent portion	<b>366,651</b>	1,398,791
	<b>₱48,020,420</b>	₱38,026,254

Trade receivables, except real estate receivables, are generally non-interest bearing and on 10 - 30 days' terms.

For terms and conditions relating to related party receivables, refer to Note 35.

Advances to contractors refer to noninterest-bearing advance payments made for acquisition of inventories and services which are offset against progress billings to be made by the suppliers.

Non-trade receivable relates mostly to claims from insurance against the property damage and business interruption insurance policies, and receivable of GMEC from the National Grid Corporation of the Philippines (NGCP) related to the sale of transmission assets in 2019 and advances to partners in GMEC. This account also includes receivables relating to PSALM deferred adjustments (see note 42k), receivable from disposal of property held for sale in 2021 and reimbursable expenses from contractors and customers of the real estate group.

Other receivables include accrued interest income.

### *Trade Receivables of Real Estate Group*

Contractual maturities of trade receivables from sale of real estate inventories range from 1 to 180 months. Current and noncurrent portion of these receivables amounted to ₱9.4 billion and ₱0.3 billion, respectively, as of December 31, 2021, and ₱7.3 billion and ₱0.3 billion, respectively, as of December 31, 2020.

Trade receivables of real estate group include contract assets amounting to ₱2.6 billion and ₱2.7 billion as of December 31, 2021 and 2020, respectively. Contract assets represent excess of recognized revenues from contracts with real estate customers determined based on percentage-of-completion, against amounts billed to customers.



The rollforward analysis of allowance for expected credit losses is presented below:

**December 31, 2021**

	Trade Receivables			Total
	Power	Food Manufacturing	Real Estate	
At beginning of year	₱2,276,373	₱986,646	₱160,672	₱3,423,691
Provisions (see Note 28)	1,089,566	277,873	—	1,367,439
Write-off	(204,940)	(10,322)	(4,976)	(220,238)
Reversals/recovery/others	(142,018)	1,709	—	(140,309)
At end of year	₱3,018,981	₱1,255,906	₱155,696	₱4,430,583

**December 31, 2020**

	Trade Receivables			Total
	Power	Food Manufacturing	Real Estate	
At beginning of year	₱1,973,520	₱701,871	₱102,835	₱2,778,226
Provisions (see Note 28)	719,193	328,809	57,837	1,105,839
Write-off	(121,618)	(2,264)	—	(123,882)
Reversals/recovery/others	(294,722)	(41,770)	—	(336,492)
At end of year	₱2,276,373	₱986,646	₱160,672	₱3,423,691

Reversals of allowance for expected credit losses are presented as part of “Others - net” under “Other income (expense) - net” account in the consolidated statements of income.

## 6. Inventories

	2021	2020
At cost:		
Fuel	₱3,399,155	₱1,635,333
Materials, parts and supplies	6,330,406	4,812,170
Real estate inventories	5,571,339	4,761,107
Raw materials	3,103,215	2,101,297
Land and improvements	2,898,818	3,039,972
Finished goods (see Note 28)	1,437,567	1,449,166
Work in progress	21,223	33,367
At NRV:		
Wheat grains and other raw materials	8,229,431	5,915,153
Materials, parts and supplies	1,001,305	938,320
	₱31,992,459	₱24,685,885

The cost of inventories recognized as part of cost of generated power in the consolidated statements of income amounted to ₱27.5 billion in 2021, ₱19.7 billion in 2020 and ₱29.4 billion in 2019 (see Note 28). The cost of inventories recognized as part of operating expenses in the consolidated



statements of income amounted to ₱272.1 million in 2021, ₱305.8 million in 2020 and ₱353.7 million in 2019 (see Note 28).

Cost of inventories carried at NRV amounted to ₱9.2 billion and ₱6.9 billion as of December 31, 2021 and 2020, respectively.

A summary of the movement in real estate inventories is set out below:

	2021	2020
At January 1	<b>₱4,761,107</b>	₱4,891,197
Construction/development costs incurred	<b>1,218,748</b>	1,397,039
Land acquired during the year	<b>1,594,136</b>	41,814
Contract cost asset related to capitalized sales commissions	<b>198,732</b>	182,574
Reversal of capitalized commission related to forfeited units	<b>(13,027)</b>	(6,035)
Amortization of capitalized contract cost asset (recognized as cost of real estate inventories sold)	<b>(86,826)</b>	(64,572)
Cost of real estate inventories sold	<b>(2,101,531)</b>	(1,683,698)
Others	—	2,788
At December 31	<b>₱5,571,339</b>	₱4,761,107

A summary of the movement of land and improvements is set out below:

	2021	2020
At January 1	<b>₱3,039,972</b>	₱2,570,892
Addition	—	456,011
Transfers to investment properties	—	(406)
Disposal	—	(141)
Other transfers/adjustments	<b>(141,154)</b>	13,616
At December 31	<b>₱2,898,818</b>	₱3,039,972



## 7. Other Current Assets

	2021	2020
Restricted cash	<b>₱4,073,381</b>	₱5,324,213
Input VAT	<b>2,073,926</b>	3,452,005
Prepaid expenses	<b>3,965,498</b>	2,239,858
Insurance assets	<b>2,440,819</b>	2,227,427
Advances to NGCP	<b>615,785</b>	1,167,296
Short-term cash deposits	<b>6,986,505</b>	960,460
Deposits for land acquisition	<b>1,058,123</b>	885,788
Biological assets (see Note 8)	<b>1,110,023</b>	800,264
Advances to suppliers	<b>864,879</b>	106,870
Others	<b>2,229,325</b>	1,538,502
	<b>₱25,418,264</b>	₱18,702,683

Restricted cash represents proceeds from sale of power under the control of trustees of TVI's and TSI's lenders as per loan agreement (see Note 19). The asset will be used to pay the current portion of loans payable and interest payments in the following period.

Advances to NGCP pertain TVI's cost of construction and installation of substation and transmission facilities which are subject for reimbursement.

Short-term cash deposits are fixed-term deposits with maturities of less than one year from dates of acquisition. These earn interest at the respective bank deposit rates.

Prepaid expenses mainly include prepaid taxes and prepayments for insurance.

"Others" include asset held for sale and prepayments to regulatory agencies.

## 8. Biological Assets

	2021	2020
Presented under Other Current Assets (see Note 7):		
Market hogs	<b>₱591,807</b>	₱396,905
Piglets	<b>323,180</b>	230,173
Growing stocks	<b>177,850</b>	173,186
Others	<b>17,186</b>	—
	<b>1,110,023</b>	800,264
Presented under Other Noncurrent Assets:		
Bearers (breeders) (see Note 16)	<b>166,271</b>	133,440
	<b>₱1,276,294</b>	₱933,704



As of December 31, 2021 and 2020, biological assets are measured at fair value under Level 3 input. Fair values are determined based on average market selling prices at balance sheet date. Market hogs, piglets, growing stocks, bearers (breeders), and others are measured at fair value less estimated costs to sell.

During the years ended December 31, 2021 and 2020, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

The reconciliation of changes in the carrying amount of consumable biological assets follows:

	2021	2020
At beginning of year	₱933,704	₱1,083,124
Additions	1,052,236	1,079,523
Sales at fair value	(578,149)	(1,310,621)
Transferred to breeding herd	(268,371)	(224,033)
Increase in fair value (see Notes 28 and 31)	133,774	305,711
Others	3,100	—
At end of year	₱1,276,294	₱933,704

Consumable biological assets are included under “Other current assets” account while bearers are included under “Other noncurrent assets” account in the consolidated balance sheets (see Notes 7 and 16).

## 9. Acquisitions and Disposals of Shares of Stock of Subsidiaries

### a. Sale of AP shares

On December 16, 2021, AEV completed the sale of its 25% ownership in AP to JERA Asia Private Limited. Total consideration for the sale was \$1.46 billion or ₱73.1 billion. This sale reduced the Company’s ownership in AP from 77% to 52% but did not result to a loss of control over AP and is considered as an equity transaction, as a sale of non-controlling interest, accordingly, the gain from the sale totaling to ₱35.5 billion is recognized directly in equity as part of “Equity reserves”.

### b. Acquisition of additional interest from non-controlling interests in GCMH Group

In January 2021, GCMH acquired the remaining 30% equity interest in GCSSB.

In November 2021, GCMH acquired the remaining 30% equity interest in GCMG.

The total consideration for the acquisitions amounted to RM 75.2 million or ₱897.7 million.

The carrying value of non-controlling interest acquired is ₱1.1 billion. GCMH recognized the ₱208.0 million difference between the consideration and carrying value of the additional interest acquired as “Acquisition of non-controlling interests”, an equity reserve account.

The completion of the transaction increased GCMH Group's equity interest in GCMG and GCSSB to 100%.



## 10. Investments and Advances

	2021	2020
Acquisition cost:		
Balance at beginning of year	<b>₱102,434,357</b>	₱99,669,607
Additions during the year	<b>2,687,648</b>	2,764,750
Disposal	<b>(660,000)</b>	—
Balance at end of year	<b>104,462,005</b>	102,434,357
Accumulated share in net earnings:		
Balances at beginning of year	<b>44,585,338</b>	41,228,330
Share in net earnings for the year	<b>17,245,643</b>	9,019,033
Newly consolidated subsidiary	<b>1,007</b>	—
Disposals during the year	<b>6,742</b>	—
Cash dividends received and receivable	<b>(10,182,096)</b>	(5,662,025)
Balance at end of year	<b>51,656,634</b>	44,585,338
Equity reserve	<b>1,014,136</b>	1,014,136
Share in net unrealized mark-to-market gains on FVOCI investments of associates	<b>(₱609,141)</b>	₱125,612
Share in cumulative translation adjustments of associates and joint ventures	<b>109,898</b>	(699,430)
Share in actuarial losses on retirement benefit plan of associates and joint ventures	<b>(1,148,110)</b>	(1,383,165)
	<b>155,485,422</b>	146,076,848
Less allowance for impairment losses	<b>680,731</b>	680,731
	<b>154,804,691</b>	145,396,117
Advances to associates	<b>10,922</b>	20,527
	<b>₱154,815,613</b>	₱145,416,644

The Group's investees and the corresponding equity ownership are as follows:

	Nature of Business	Percentage of ownership		
		2021	2020	2019
MORE <sup>1</sup> (see Note 3)	Holding	<b>83.33</b>	83.33	83.33
GNPD <sup>1**</sup> (see Note 3 and 9)	Power generation	<b>70.00</b>	70.00	72.50
AEV CRH (see Note 3)	Holding	<b>60.00</b>	60.00	60.00
AA Thermal <sup>1 &amp; 2</sup> (see Notes 3 and 9)	Holding	<b>60.00</b>	60.00	60.00
Cebu District Property Enterprise, Inc. (CDPEI) <sup>1 **</sup>	Real estate	<b>50.00</b>	50.00	50.00
Cebu Homegrown Developers, Inc. (CHDI) <sup>1**</sup>	Real estate	—	50.00	50.00
Union Bank of the Philippines (UBP)	Banking	<b>49.66</b>	49.34	49.34
Hijos de F. Escaño, Inc. (Hijos)	Holding	<b>46.73</b>	46.73	46.73
CRH ABOITIZ Holdings, Inc. (CRH ABOITIZ)	Holding	<b>45.00</b>	45.00	45.00
Mazzaraty Energy Corporation (MEC)	Retail electricity supplier	<b>44.87</b>	44.87	44.87
San Fernando Electric Light & Power Co., Inc. (SFELAPCO)	Power distribution	<b>43.78</b>	43.78	43.78
Pampanga Energy Ventures, Inc. (PEVI)	Holding	<b>42.84</b>	42.84	42.84
Electricidad, Inc.**	Power generation	—	40.00	40.00
STEAG	Power generation	<b>34.00</b>	34.00	34.00
Cebu Energy Development Corp. (CEDC)	Power generation	<b>26.40</b>	26.40	26.40
Redondo Peninsula Energy, Inc. (RP Energy) **	Power generation	<b>25.00</b>	25.00	25.00
Gold Coin Feed Mills (B) Sdn. Bhd. (see Note 9) ***	Feedmills	<b>20.00</b>	20.00	20.00
Southern Philippines Power Corporation (SPPC)	Power generation	<b>20.00</b>	20.00	20.00



Western Mindanao Power Corporation (WMPC)	Power distribution	<b>20.00</b>	20.00	20.00
Balibago Water Systems, Inc. (BWSI) <sup>3</sup>	Water distribution	<b>15.94</b>	15.94	15.94
Singlife Philippines Inc. [SLPI] <sup>3</sup>	Insurance	<b>15.00</b>	15.00	15.00
Unity Digital Infrastructure Inc. (formerly Aboitiz Airports Advisory Services Corporation, UDII) <sup>4</sup>	Services	<b>50.00</b>	100.00	—

<sup>1</sup>Joint ventures.

<sup>2</sup>Economic interest.

<sup>3</sup>Significant influence by virtue of the board seat held by the Group.

<sup>4</sup>In 2021, the Group reduced its effective ownership in UDII to 50% upon entry of new joint venture partner.

**\*\*No commercial operations as of December 31, 2021.**

**\*\*\*Registered in Malaysia and is part of GCMH Group.**

Unless otherwise indicated, the principal place of business and country of incorporation of the Group's associates and joint ventures are in the Philippines. All investees above are associates except as otherwise indicated.

All ownership percentages presented in the table above are direct ownership of the Group except for GNPDP and SFELAPCO. As of December 31, 2021, AA Thermal has an indirect ownership in GNPDP of 50% while the Group's direct ownership in GNPDP is 40% resulting to the Group's effective ownership in GNPDP of 70%. PEVI has direct ownership in SFELAPCO of 54.83% while the Group's direct ownership in SFELAPCO is 20.29% resulting to the Group's effective ownership in SFELAPCO of 43.78%.

As of December 31, 2021 and 2020, the undistributed earnings of the associates and joint ventures included in the Group's retained earnings are not available for distribution to the stockholders unless declared by the associates and joint ventures (see Note 24).

## 2021

### GNPDP

In 2021, the Group, through TPI and AA Thermal, made capital contributions to GNPDP amounting to ₱952.1 million.

### UDII

In 2021, the Group made capital contributions to UDII amounting to ₱993.7 million.

### UBP

In 2021, the Group acquired 4.8 million additional shares of UBPP for a total consideration of ₱384.6 million.

### CDPEI

In 2021, the Group made capital contributions to CDPEI amounting to ₱310.0 million.

### SLPI

In 2021, the Group made capital contributions to SLPI amounting to ₱45.0 million.

### CHDI

In 2021, Aboitizland sold its 50% equity interest in CHDI for ₱609.0 million.





Electricidad, Inc.

In 2021, the Group, through ARI acquired 100% of Electricidad, Inc. from TPI (40%) and La Filipina Uy Gongco Corporation (60%) at its par value of ₱0.2 million. As a result, Electricidad, Inc. (formerly an associate) became a subsidiary.

## 2020

### GNPD

In 2020, the Group, through TPI and AA Thermal, made capital contributions to GNPD amounting to US\$48.3 million (₱2.3 billion).

### CHDI

In 2020, Aboitizland made capital contributions to CHDI amounting to ₱430.0 million.

### Hijos

In 2020, the Group converted the advances to Hijos to equity in the form of common and redeemable preferred shares amounting to ₱15.4 million.

The detailed carrying values of investees, which are accounted for under the equity method, follow:

	2021	2020
UBP	₱59,428,617	₱55,369,791
GNPD/ATI	48,681,280	41,859,316
AEV CRH	25,245,843	24,297,741
MORE	8,151,748	10,653,803
STEAG	3,211,116	3,855,162
CEDC	2,928,493	3,409,799
CDPEI	1,721,667	1,417,499
CRH ABOITIZ	1,694,840	1,146,868
SFELAPCO/PEVI	1,023,892	928,495
UDII	960,008	—
BWSI	620,870	580,523
RP Energy	361,663	522,347
WMPC	179,639	168,244
SPPC	48,368	53,246
CHDI	—	652,257
Others	546,647	481,026
	<b>₱154,804,691</b>	<b>₱145,396,117</b>



The fair value of the investment in UBP for which there is a published price quotation amounted to ₱60.3 billion and ₱43.2 billion as of December 31, 2021 and 2020, respectively. Following is the summarized financial information of significant associates and joint ventures:

	2021	2020	2019
<b>UBP</b>			
Total current assets	<b>₱189,859,889</b>	₱199,808,679	₱164,085,694
Total noncurrent assets	<b>646,963,055</b>	579,640,542	611,326,747
Total current liabilities	<b>(649,381,089)</b>	(609,454,264)	(623,292,442)
Total noncurrent liabilities	<b>(69,853,986)</b>	(59,853,656)	(49,373,397)
Equity attributable to equity holders of UBP Parent Company	<b>₱116,810,507</b>	₱109,348,591	₱102,224,491
Gross revenue	<b>₱36,327,569</b>	₱38,577,694	₱38,355,155
Operating profit	<b>15,417,321</b>	12,706,087	15,082,156
Net income attributable to equity holders of the parent	<b>12,887,813</b>	11,866,730	14,492,636
Total comprehensive income attributable to equity holders of the parent	<b>11,779,111</b>	11,400,379	14,089,679
<b>AEV CRH</b>			
Total current assets	<b>₱9,043,918</b>	₱9,846,023	₱7,641,829
Total noncurrent assets	<b>85,060,615</b>	86,791,652	88,563,173
Total current liabilities	<b>(13,751,204)</b>	(8,760,495)	(10,153,092)
Total noncurrent liabilities	<b>(37,729,595)</b>	(47,148,627)	(46,636,497)
Equity attributable to equity holders of AEV CRH Parent Company	<b>₱42,664,241</b>	₱40,761,254	₱39,457,293
Gross revenue	<b>₱27,347,174</b>	₱22,436,120	₱23,937,863
Operating profit	<b>2,864,011</b>	3,077,040	1,760,626
Net income (loss) attributable to equity holders of the parent	<b>1,371,940</b>	1,222,888	(756,190)
Group's share in net income (loss)	<b>₱823,164</b>	₱733,733	(₱453,714)



	2021	2020	2019
<b>GNPD</b>			
Total current assets	₱14,738,599	₱3,949,591	₱1,612,549
Total noncurrent assets	81,161,930	71,095,383	67,043,356
Total current liabilities	(5,173,546)	(2,542,327)	(5,623,202)
Total noncurrent liabilities	(64,794,734)	(56,958,752)	(48,514,482)
Equity	₱25,932,249	₱15,543,895	₱14,518,221
Gross revenue	₱18,531,437	₱1,725,867	₱—
Operating income (loss)	₱2,067,594	(₱752,254)	(₱1,161,098)
Net income (loss)	7,495,055	(1,642,379)	(1,160,004)
Other comprehensive income	—	1,514	—
Group's share in net income (loss)	₱2,922,760	(₱683,376)	(₱726,682)
Additional information:			
Cash and cash equivalents	₱6,037,783	₱272,868	₱1,093,991
Current financial liabilities	1,295,090	1,213,841	2,033,297
Noncurrent financial liabilities	2,133,426	2,146,158	48,514,482
Depreciation and amortization	113,358	8,051	61,005
Interest income	26,868	3,702	590
Interest expense	(87,560)	(24,494)	(63,928)
Income tax expense	1,448,237	807,066	395,945
<b>MORE</b>			
Total current assets	₱655,296	₱1,046,825	₱681,925
Total noncurrent assets	9,672,667	12,724,102	12,222,826
Total current liabilities	(510,947)	(961,848)	(610,443)
Total noncurrent liabilities	(34,918)	(24,516)	(75,721)
Equity	₱9,782,098	₱12,784,563	₱12,218,587
Gross revenue	₱222,460	₱178,636	₱198,636
Operating profit	3,800,149	3,194,516	3,750,522
Net income	3,788,908	3,193,335	3,732,874
Other comprehensive income (loss)	16,501	22,889	(152,630)
Group's share in net income	₱3,157,424	₱2,658,476	₱3,110,204



	2021	2020	2019
Additional information:			
Cash and cash equivalents	₱55,669	₱36,165	₱34,480
Current financial liabilities	10,385	9,890	11,745
Noncurrent financial liabilities	8,209	13,785	43,821
Depreciation and amortization	18,628	20,124	18,163
Interest income	188	500	1,175
Interest expense	(1,501)	(2,132)	(4,272)
Income tax expense	10,149	4,836	14,373
<b>STEAG</b>			
Total current assets	₱3,510,163	₱5,053,099	₱3,107,046
Total noncurrent assets	9,155,136	9,000,415	9,967,406
Total current liabilities	(1,687,950)	(1,605,648)	(1,379,138)
Total noncurrent liabilities	(3,732,167)	(4,205,178)	(2,840,129)
Equity	₱7,245,182	₱8,242,688	₱8,855,185
Gross revenue	3,780,615	₱3,941,673	₱4,812,414
Operating profit	1,242,155	1,504,642	1,250,028
Net income	1,028,755	1,022,111	1,150,501
Other comprehensive income (loss)	73,301	(42,194)	(29,106)
Group's share in net income	₱218,730	₱210,781	₱249,432
<b>CEDC</b>			
Total current assets	₱4,546,675	₱4,611,404	₱5,199,140
Total noncurrent assets	11,074,007	11,851,774	12,842,201
Total current liabilities	(3,205,091)	(7,751,429)	(2,496,096)
Total noncurrent liabilities	(5,823,525)	(1,008,946)	(7,672,244)
Equity	₱6,592,066	₱7,702,803	₱7,873,001
Gross revenue	₱8,984,184	₱7,718,729	₱8,578,452
Operating profit	4,111,795	2,726,815	3,017,831
Net income	1,921,029	1,576,645	2,317,071
Other comprehensive income (loss)	(36,552)	(17,256)	29,483
Group's share in net income	₱839,766	₱1,002,882	₱611,707



<b>SFELAPCO</b>			
Total current assets	<b>₱1,071,258</b>	₱1,112,909	₱1,135,431
Total noncurrent assets	<b>2,918,480</b>	2,825,295	2,691,104
Total current liabilities	<b>(699,925)</b>	(831,991)	(868,787)
Total noncurrent liabilities	<b>(772,733)</b>	(826,003)	(784,368)
Equity	<b>₱2,517,080</b>	₱2,280,210	₱2,173,380
Gross revenue	<b>₱4,674,301</b>	₱4,318,340	₱4,448,624
Operating profit	<b>1,336,613</b>	573,989	479,553
Net income	<b>517,748</b>	437,566	342,199
Other comprehensive income (loss)	<b>68,923</b>	8,203	(51,500)
Group's share in net income	<b>₱234,137</b>	₱164,080	₱149,815
<b>CRH ABOITIZ</b>			
Total current assets	<b>₱4,301,756</b>	₱3,465,478	₱2,282,852
Total noncurrent assets	<b>972,387</b>	1,060,228	2,018,183
Total current liabilities	<b>(1,649,191)</b>	(1,998,848)	(1,207,635)
Total noncurrent liabilities	<b>(137,845)</b>	(235,367)	(311,037)
Equity attributable to equity holders of CRH ABOITIZ Parent Company	<b>₱3,487,107</b>	₱2,291,491	₱2,782,363
Gross revenue	<b>₱24,523,388</b>	₱19,400,456	₱22,381,756
Operating profit	<b>1,853,270</b>	753,143	2,006,089
Net income (loss) attributable to equity holders of the parent	<b>1,155,742</b>	(540,705)	2,123,380
Group's share in net income (loss)	<b>₱520,084</b>	(₱243,317)	₱955,521
<b>BWSI</b>			
Total current assets	<b>₱1,170,651</b>	₱914,456	₱873,394
Total noncurrent assets	<b>2,740,581</b>	2,442,976	1,985,934
Total current liabilities	<b>(1,089,356)</b>	(874,732)	(376,229)
Total noncurrent liabilities	<b>(831,087)</b>	(588,271)	(655,607)
Equity	<b>₱1,990,789</b>	₱1,894,429	₱1,827,492
Gross revenue	<b>₱2,007,370</b>	₱1,771,653	₱1,542,971
Gross profit	<b>1,026,115</b>	1,017,943	879,122
Net income	<b>353,031</b>	379,214	287,131
Group's share in net income	<b>₱56,273</b>	₱60,447	₱44,129



<b>WMPC</b>			
Total current assets	<b>₱933,419</b>	₱786,831	₱643,983
Total noncurrent assets	<b>245,101</b>	338,568	348,174
Total current liabilities	<b>(210,852)</b>	(203,776)	(193,157)
Total noncurrent liabilities	<b>(67,288)</b>	(80,403)	(83,804)
Equity	<b>₱900,380</b>	₱841,220	₱715,196
Gross revenue	<b>₱1,596,258</b>	₱1,390,204	₱1,157,772
Operating profit	<b>630,603</b>	427,771	280,417
Net income	<b>351,931</b>	348,795	196,693
Other comprehensive income	—	—	—
Group's share in net income	<b>₱71,395</b>	₱69,667	₱31,353
<b>SPPC</b>			
Total current assets	<b>₱142,071</b>	₱149,970	₱148,228
Total noncurrent assets	<b>189,810</b>	222,642	265,422
Total current liabilities	<b>(37,565)</b>	(51,339)	(39,137)
Total noncurrent liabilities	<b>(53,015)</b>	(55,041)	(76,324)
Equity	<b>₱241,301</b>	₱266,232	₱298,189
Gross revenue	<b>₱—</b>	₱12,857	₱—
Operating loss	<b>(9,490)</b>	(56,722)	(88,013)
Net loss	<b>(43,115)</b>	(48,136)	(77,296)
Other comprehensive income	—	—	—
Group's share in net loss	<b>(₱4,878)</b>	(₱8,250)	(₱15,459)
<b>AA Thermal</b>			
Total current assets	<b>₱9,859</b>	₱491,206	₱75,243
Total noncurrent assets	<b>16,775,941</b>	15,998,648	14,827,626
Total current liabilities	<b>(89)</b>	(134)	(7,762)
Total noncurrent liabilities	<b>(152)</b>	—	—
Equity	<b>₱16,785,559</b>	₱16,489,720	₱14,895,107
Gross revenue	<b>₱—</b>	₱—	₱—
Operating profit	—	—	—
Net loss	<b>(2,920)</b>	—	—
Other comprehensive income	—	—	—
Group's share in net loss	<b>₱—</b>	(₱6,937)	₱—



<b>Others*</b>			
Total current assets	<b>₱2,522,526</b>	₱2,516,803	₱777,850
Total noncurrent assets	<b>9,903,488</b>	10,768,059	10,180,503
Total current liabilities	<b>384,304</b>	(474,097)	(910,703)
Total noncurrent liabilities	<b>4,041,193</b>	(4,546,333)	(3,591,416)
Gross revenue	<b>₱134,657</b>	₱238,538	₱154,018
Net loss	<b>(23,844)</b>	(169,835)	(57,732)

\*The financial information of insignificant associates and joint ventures is indicated under "Others".

The amounts for SFELAPCO are based on appraised values which are adjusted to historical amounts upon equity take-up of the Group. Using cost method in accounting for property, plant and equipment, net income amounted to ₱517.7 million, ₱449.2 million and ₱374.8 million in 2021, 2020, and 2019, respectively.

#### 11. Material partly - owned subsidiary

As of December 31, 2021 and 2020, the Company has 52.00% and 77.00% interest in AP, a holding company incorporated in the Philippines.

The summarized financial information as of December 31, 2021, 2020 and 2019 of AP is provided below:

	<b>2021</b>	<b>2020</b>	<b>2019</b>
<i>Summarized comprehensive income information</i>			
Revenue	<b>₱134,359,221</b>	₱110,376,649	₱125,635,157
Cost of sales	<b>74,996,207</b>	54,871,109	71,361,850
Operating expenses	<b>31,153,218</b>	28,625,653	25,417,433
Finance costs - net	<b>13,247,132</b>	13,600,452	12,755,943
Other income - net	<b>9,693,261</b>	7,603,699	7,297,349
Profit before tax	<b>24,655,925</b>	20,883,134	23,397,280
Income tax	<b>2,110,710</b>	6,061,912	3,215,498
Profit for the year	<b>₱22,545,215</b>	₱14,821,222	₱20,181,782
Total comprehensive income	<b>₱28,821,731</b>	₱11,997,615	₱17,566,603

#### *Summarized other financial information*

Total comprehensive income attributable to non-controlling interests	<b>₱1,774,414</b>	₱1,698,873	₱2,619,313
Dividends paid to non-controlling interests	<b>1,687,998</b>	2,350,216	2,580,724



*Summarized balance sheet information*

Total current assets	<b>₱104,419,937</b>	₱77,504,702
Total noncurrent assets	<b>322,995,682</b>	320,420,416
Total current liabilities	<b>68,419,553</b>	56,023,593
Total noncurrent liabilities	<b>203,415,363</b>	207,316,452
<u>Equity</u>	<u><b>₱155,580,703</b></u>	<u>₱134,585,07</u>
<u>Non-controlling interest</u>	<u><b>₱7,629,621</b></u>	<u>₱7,426,494</u>

*Summarized cash flow information*

Operating cash flows	<b>₱36,327,036</b>	₱31,781,669
Investing cash flows	<b>1,018,171</b>	(4,526,973)
Financing cash flows	<b>(19,103,660)</b>	(25,914,010)

On May 15, 2014, the Group, through TPI, entered into a shareholders' agreement with TPEC Holdings Corporation (TPEC) for the development, construction and operation of the 400 MW Pagbilao Unit III in Pagbilao, Quezon through Pagbilao Energy Corporation (PEC). TPI and TPEC both agreed to provide their respective capital contributions and subscribe to common shares such that each stockholder owns 50% of the issued and outstanding shares of stock of PEC.

The financial and operating activities of the operation are jointly controlled by the participating shareholders and are primarily designed for the provision of output to the shareholders.

The Group's share of assets, liabilities, revenue, expenses and cash flows of joint operations are included in the consolidated financial statements on a line-by-line basis.

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**13. Property, Plant and Equipment**

	<b>2021</b>	<b>2020</b>
Property, plant and equipment	<b>₱184,559,214</b>	₱183,138,341
<u>Right-of-use asset (see Note 22)</u>	<u><b>35,458,993</b></u>	<u>36,399,754</u>
	<u><b>₱220,018,207</b></u>	<u>₱219,538,095</u>





December 31, 2021

	Building, Warehouses and Improvements	Power Plant and Equipment and Steamfield assets (see Note 21)	Transmission, Distribution and Substation Equipment	Machinery and Equipment	Transportation Equipment	Office Furniture, Fixtures and Equipment	Leasehold Improvements	Land	Construction in Progress	Tools and Others	Total
<b>Cost</b>											
At January 1	₱47,509,690	₱138,325,267	₱23,002,108	₱9,930,653	₱6,446,901	₱13,317,976	₱3,216,534	₱3,677,559	₱7,287,650	₱5,980,779	₱258,695,117
Additions	121,580	1,424,131	—	271,809	173,940	230,309	112,970	10,861	8,696,629	64,504	11,106,733
Disposals	(195)	(335,264)	(9,909)	(9,482)	(117,574)	(76,625)	(53,949)	—	(6,218)	(2,191)	(611,407)
<b>Reclassifications/transfers</b>	<b>13,815,816</b>	<b>(13,146,159)</b>	<b>2,327,320</b>	<b>1,431,728</b>	<b>(3,689,659)</b>	<b>2,628,450</b>	<b>73,682</b>	<b>185,997</b>	<b>(5,872,831)</b>	<b>135,578</b>	<b>(2,110,078)</b>
<b>At December 31</b>	<b>61,446,891</b>	<b>126,267,975</b>	<b>25,319,519</b>	<b>11,624,708</b>	<b>2,813,608</b>	<b>16,100,110</b>	<b>3,349,237</b>	<b>3,874,417</b>	<b>10,105,230</b>	<b>6,178,670</b>	<b>267,080,365</b>
<b>Accumulated depreciation and amortization</b>											
At January 1	9,615,381	40,644,497	6,411,392	5,599,155	1,743,811	6,030,227	934,461	167,863	—	1,161,866	72,308,653
Depreciation and amortization	2,368,350	5,414,585	723,878	731,398	262,164	886,287	160,170	24,831	—	354,248	10,925,911
Disposals	(146)	(119,538)	(2,092)	(9,326)	(103,518)	(84,611)	(53,792)	—	—	(2,134)	(375,157)
<b>Reclassifications/transfers</b>	<b>3,071,861</b>	<b>(7,072,552)</b>	<b>645</b>	<b>237,997</b>	<b>(4,070)</b>	<b>199,466</b>	<b>108,868</b>	<b>690</b>	<b>—</b>	<b>(469,881)</b>	<b>(3,926,976)</b>
<b>At December 31</b>	<b>15,055,446</b>	<b>38,866,992</b>	<b>7,133,823</b>	<b>6,559,224</b>	<b>1,898,387</b>	<b>7,031,369</b>	<b>1,149,707</b>	<b>193,384</b>	<b>—</b>	<b>1,044,099</b>	<b>78,932,431</b>
<b>Impairment (see Note 31)</b>	<b>9,955</b>	<b>787,496</b>	<b>77,541</b>	<b>—</b>	<b>2,088</b>	<b>66,360</b>	<b>251</b>	<b>—</b>	<b>2,645,029</b>	<b>—</b>	<b>3,588,720</b>
<b>Net Book Values</b>	<b>₱46,381,490</b>	<b>₱86,613,487</b>	<b>₱18,108,155</b>	<b>₱5,065,484</b>	<b>₱913,133</b>	<b>₱9,002,381</b>	<b>₱2,199,279</b>	<b>₱3,681,033</b>	<b>₱7,460,201</b>	<b>₱5,134,571</b>	<b>₱184,559,214</b>

December 31, 2020

	Building, Warehouses and Improvements	Power Plant and Equipment (see Note 21)	Transmission, Distribution and Substation Equipment	Machinery and Equipment	Transportation Equipment	Office Furniture, Fixtures and Equipment	Leasehold Improvements	Land	Construction in Progress	Tools and Others	Total
<b>Cost</b>											
At January 1	₱45,258,069	₱141,948,261	₱21,295,812	₱9,630,900	₱2,796,330	₱12,659,004	₱3,055,878	₱3,754,564	₱8,094,853	₱2,344,094	₱250,837,765
Additions	452,224	416,501	—	158,599	144,300	269,838	68,193	10,015	5,593,097	214,673	7,327,440
Disposals	(163,304)	(98,178)	—	(40,933)	(201,752)	(61,831)	(12,372)	(1,610)	—	(15,311)	(595,291)
<b>Reclassifications/transfers</b>	<b>1,962,701</b>	<b>(3,941,317)</b>	<b>1,706,296</b>	<b>182,087</b>	<b>3,708,023</b>	<b>450,965</b>	<b>104,835</b>	<b>(85,410)</b>	<b>(6,400,300)</b>	<b>3,437,323</b>	<b>1,125,203</b>
<b>At December 31</b>	<b>47,509,690</b>	<b>138,325,267</b>	<b>23,002,108</b>	<b>9,930,653</b>	<b>6,446,901</b>	<b>13,317,976</b>	<b>3,216,534</b>	<b>3,677,559</b>	<b>7,287,650</b>	<b>5,980,779</b>	<b>258,695,117</b>
<b>Accumulated depreciation and amortization</b>											
At January 1	7,881,849	32,096,916	5,738,598	5,077,557	1,643,826	5,328,053	779,768	147,102	—	1,034,769	59,728,438
Depreciation and amortization	1,781,330	5,923,510	672,817	657,152	272,069	748,404	146,151	21,448	—	389,308	10,612,189
Disposals	(11,234)	(24,237)	(23)	(39,798)	(159,133)	(55,510)	(11,988)	—	—	(2,708)	(304,631)
<b>Reclassifications/transfers</b>	<b>(36,564)</b>	<b>2,648,308</b>	<b>—</b>	<b>(95,756)</b>	<b>(12,951)</b>	<b>9,280</b>	<b>20,530</b>	<b>(687)</b>	<b>—</b>	<b>(259,503)</b>	<b>2,272,657</b>
<b>At December 31</b>	<b>9,615,381</b>	<b>40,644,497</b>	<b>6,411,392</b>	<b>5,599,155</b>	<b>1,743,811</b>	<b>6,030,227</b>	<b>934,461</b>	<b>167,863</b>	<b>—</b>	<b>1,161,866</b>	<b>72,308,653</b>
<b>Impairment (see Note 31)</b>	<b>—</b>	<b>599,963</b>	<b>—</b>	<b>—</b>	<b>2,088</b>	<b>792</b>	<b>251</b>	<b>—</b>	<b>2,645,029</b>	<b>—</b>	<b>3,248,123</b>
<b>Net Book Values</b>	<b>₱37,894,309</b>	<b>₱97,080,807</b>	<b>₱16,590,716</b>	<b>₱4,331,498</b>	<b>₱4,701,002</b>	<b>₱7,286,957</b>	<b>₱2,281,822</b>	<b>₱3,509,696</b>	<b>₱4,642,621</b>	<b>₱4,818,913</b>	<b>₱183,138,341</b>



In 2021 and 2020, the Group determined that an impairment test has to be performed on certain segments of its property, plant and equipment amounting to ₱8.4 billion and ₱41.6 billion respectively. In performing an impairment test calculation, the Group determined the recoverable amount of the relevant property, plant and equipment through value in use (VIU). VIU is derived based on financial budgets prepared by senior management covering the project's entire life. Pre-tax discount rate of 7.51% to 10.88% in 2021 and 7.12% to 8.79% in 2020 was used.

The calculation of value in use of these property, plant and equipment are most sensitive to the following assumptions:

- Discount rate - Discount rate reflects the management's estimate of risks applicable to these projects. The benchmark used by the management to assess operating performance and to evaluate future investment proposals. In determining appropriate discount rates, consideration has been given to various market information, including, but not limited to, government bond yield, bank lending rates and market risk premium.
- Material price inflation - Estimates are obtained from published indices from which the materials are sourced, as well as data relating to specific commodities. Forecast figures are used if data is publicly available, otherwise past actual material price movements are used as an indicator of future price movement.
- Growth rate - The long-term rate used to extrapolate future cash flows excludes expansions and potential improvements in the future. Management also recognized the possibility of new entrants, which may have significant impact on existing growth rate assumptions. Management however, believes that new entrants will not have a significant adverse impact on the forecasts included in the financial budget.

Management have reflected future economic uncertainty in the risk-adjusted cash flows, giving a more accurate representation of the risks specific to the projects taking into account the impact of COVID-19.

In addition, the Group also performed an assessment whether there are specific equipment that should have been impaired.

These assessment resulted to the recognition of impairment losses in 2021 and 2020 amounting to ₱340.6 million and ₱113.7 million, respectively.

In 2021 and 2020, power plant equipment and steam field assets increased by ₱0.5 billion and ₱1.3 billion, respectively, due to the change in accounting estimate and because of an additional obligation originating in 2020 (see Note 21).



In 2021 and 2020, additions to “Construction in progress” include capitalized borrowing costs, net of interest income earned from short-term deposits, amounting to ₱35.8 million and nil, respectively (see Note 19). The rate used to determine the amount of borrowing costs eligible for capitalization ranged from 4.54% to 5.86% and 4.49% to 4.82% which are the effective interest rate of the specific borrowings in 2021 and 2020, respectively.

Property, plant and equipment with carrying amounts of ₱68.1 billion and ₱110.5 billion as of December 31, 2021 and 2020, respectively, are used to secure the Group’s long-term debts (see Note 19).

Fully depreciated property, plant and equipment with cost amounting to ₱4.0 billion and ₱8.1 billion as of December 31, 2021 and 2020, respectively, are still in use.

In 2019, the Group completed the sale of its transmission assets. These assets have been previously recognized as property held for sale carried at its recoverable amount of ₱675.8 million (see Note 31).

#### 14. Intangible Assets

##### December 31, 2021

	Goodwill	Service concession rights	Franchise	Project development costs	Customer contracts	Software and licenses	Total
<b>Cost:</b>							
Balances at beginning of year	₱55,170,011	₱12,068,755	₱3,078,431	₱1,029,421	₱99,746	₱943,175	₱72,389,539
Additions during the year	—	4,740,735	—	817,954	—	132,668	5,691,357
Write-off (see Note 31)	—	—	—	(369,918)	—	—	(369,918)
Exchange differences/Others	2,405,409	54,583	—	(671,441)	—	(563)	1,787,988
Balances at end of year	57,575,420	16,864,073	3,078,431	806,016	99,746	1,075,280	79,498,966
<b>Accumulated amortization:</b>							
Balances at beginning of year	—	3,403,951	583,620	—	88,835	536,644	4,613,050
Amortization	—	335,239	76,961	—	3,968	131,337	547,505
Balances at end of year	—	3,739,190	660,581	—	92,803	667,981	5,160,555
Net book values	₱57,575,420	₱13,124,883	₱2,417,850	₱806,016	₱6,943	₱407,299	₱74,338,411



December 31, 2020

	Goodwill	Service concession rights	Franchise	Project development costs	Customer contracts	Software and licenses	Total
Cost:							
Balances at beginning of year	₱56,322,732	₱9,585,872	₱3,078,431	₱911,600	₱99,746	₱867,829	₱70,866,210
Additions during the year	—	2,568,430	—	188,439	—	96,599	2,853,468
Write-off (see Note 31)	—	—	—	(56,410)	—	—	(56,410)
Exchange differences/Others	(1,152,721)	(85,547)	—	(14,208)	—	(21,253)	(1,273,729)
Balances at end of year	55,170,011	12,068,755	3,078,431	1,029,421	99,746	943,175	72,389,539
Accumulated amortization:							
Balances at beginning of year	—	3,050,596	506,659	—	84,867	422,993	4,065,115
Amortization	—	353,355	76,961	—	3,968	113,651	547,935
Balances at end of year	—	3,403,951	583,620	—	88,835	536,644	4,613,050
Net book values	₱55,170,011	₱8,664,804	₱2,494,811	₱1,029,421	₱10,911	₱406,531	₱67,776,489

Goodwill

Goodwill acquired through business combinations have been attributed to the following cash-generating unit (CGU).

	2021	2020
GMEC	₱40,284,323	₱37,933,567
GCMH	15,853,122	15,832,496
LEZ	467,586	467,586
PVCL	425,422	395,539
HI	220,228	220,228
BEZ	191,471	191,471
LLI	61,202	61,202
GCFBDC	58,977	54,833
TCP & PB	13,089	13,089
	<b>₱57,575,420</b>	<b>₱55,170,011</b>

The recoverable amount of the CGUs has been determined based on a value in use calculation using cash flow projections based on financial budgets approved by senior management covering a five-year period.

Key assumptions used in value in use calculation for December 31, 2021 and 2020

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill.

*Discount rates and growth rates*

The discount rate applied to cash flow projections are from 7.51% to 21.10% in 2021 and from 7.12% to 20.67% in 2020, and cash flows beyond the five-year period are extrapolated using a zero percent growth rate.



*Revenue assumptions*

**2021**

	LEZ	BEZ	GMEC	HI	GCMH	PVCL	GCFBDC	LLI	TCP & PB
Basis for Revenue Assumptions	Electricity sales				Animal feeds sales			Lot sales	Rental
Year 1	6%	6%	30%	-2%	1%	-4%	-52%	122%	15%
Year 2	9%	1%	5%	3%	7%	7%	4%	5%	12%
Year 3	6%	10%	-3%	0%	6%	10%	6%	-6%	41%
Year 4	4%	0%	1%	20%	6%	9%	6%	11%	22%
Year 5	9%	-3%	-2%	0%	6%	8%	6%	13%	21%

**2020**

	LEZ	BEZ	GMEC	HI	GCMH	PVCL	GCFBDC	LLI	TCP & PB
Basis for Revenue Assumptions	Electricity sales				Animal feeds sales			Lot sales	Rental
Year 1	4%	6%	8%	17%	12%	8%	2%	4%	83%
Year 2	10%	2%	0%	-2%	8%	3%	5%	4%	15%
Year 3	7%	1%	10%	3%	6%	5%	4%	3%	12%
Year 4	11%	2%	4%	0%	6%	5%	6%	12%	41%
Year 5	10%	3%	0%	20%	5%	5%	6%	9%	22%

*Materials price inflation*

In 2021, the assumption used to determine the value assigned to the materials price inflation is 2.98% in 2022, 2.51% in 2023 and settles at 2.31% for the next 3 years until 2026. The starting point of 2022 is consistent with external information sources.

In 2020, the assumption used to determine the value assigned to the materials price inflation is 2.50% in 2021, and settles at 3.00% for the next 4 years until 2025.

*Foreign exchange rates*

In 2021, the assumption used to determine foreign exchange rate is a weakening Philippine peso which starts at a rate of ₱50.92 to a dollar in 2022 and depreciates annually at an average of 1.00% until 2026. In 2020, the assumption used to determine foreign exchange rate is weakening Philippine peso which starts at a rate of ₱50.00 to a dollar in 2021 and depreciates annually at an average of 0.88% until 2025.

Management has reflected future economic uncertainty in the risk-adjusted cash flows, giving a more accurate representation of the risks specific to the Group taking into consideration the impact of COVID-19. To reflect ongoing uncertainty, the likelihood that actual performance will differ from these assumptions has been estimated at a CGU level with reference to external market forecasts and the CGU's current performance.



Based on the impairment testing, no impairment of goodwill was recognized in 2021 and 2020.

With regard to the assessment of value-in-use, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the goodwill to materially exceed its recoverable amount.

#### Service Concession Rights

Service concession arrangements entered into by the Group are as follows:

- On November 24, 1996, LHC entered into a PPA with NPC, its sole customer, for the construction and operation of a 70-megawatt hydroelectric power generating facility (the Power Station) in Bakun River in Benguet and Ilocos Sur Provinces on a build-operate-transfer scheme. Under the PPA, LHC shall deliver to NPC all electricity generated over a cooperation period of 25 years until February 5, 2026.

On the Transfer Date, as defined in the PPA, LHC shall transfer to NPC, free from any lien or encumbrance, all its rights, title and interest in and to the Power Station and all such data as operating manuals, operation summaries/transfer notes, design drawings and other information as may reasonably be required by NPC to enable it to operate the Power Station.

Since NPC controls the ownership of any significant residual interest of the Power Station at the end of the PPA, the PPA is accounted for under the intangible asset model as LHC has the right to charge users for the public service under the service concession arrangement.

The Power Station is treated as intangible asset and is amortized over a period of 25 years, which is the service concession period in accordance with Philippine Interpretation IFRIC 12. The intangible asset with a carrying value of ₱1.1 billion and ₱1.3 billion as of December 31, 2021 and 2020, respectively, was used as collateral to secure LHC's long-term debt (see Note 19).

- On May 15, 2003, the SBMA, AEV and DLP entered into a DMSA for the privatization of the SBMA Power Distribution System (PDS) on a rehabilitate-operate-and-transfer arrangement; and to develop, construct, lease, lease out, operate and maintain property, structures and machineries in the Subic Bay Freeport Zone (SBFZ).

Under the terms of the DMSA, SEZ was created to undertake the rehabilitation, operation and maintenance of the PDS (the Project), including the provision of electric power service to the customers within the Subic Bay Freeport Secured Areas of the SBFZ as well as the collection of the relevant fees from them for its services and the payment by SBMA of the service fees throughout the service period pursuant to the terms of the DMSA. The DMSA shall be effective for a 25-year period commencing on the turnover date.

For and in consideration of the services and expenditures of SEZ, it shall be paid by the SBMA the service fees equivalent to all the earnings of the Project, provided, however, that SEZ shall remit the amount of ₱40.0 million to the SBMA at the start of every 12-month period throughout the service period, regardless of the earnings of the Project. The said remittances may be reduced by the outstanding power receivables from SBMA, including streetlights power consumption and maintenance, for the immediate preceding year.



Since SBMA controls ownership of the equipment at the end of the agreement, the PDS are treated as intangible assets and are amortized over a period of 25 years up to year 2028, in accordance with Philippine Interpretation IFRIC 12.

The carrying value of the intangible asset arising from the service concession arrangement amounted to ₱594.9 million and ₱655.8 million as of December 31, 2021 and 2020, respectively.

- The transmission and distribution equipment of MEZ are located within Mactan Export Processing Zone (MEPZ) II. Since MCIAA controls ownership of the equipment at the end of the agreement, the equipment are treated as intangible assets and amortized over a period of 21 years up to year 2028, in accordance with Philippine Interpretation IFRIC 12.

The carrying amount of the intangible asset arising from the service concession arrangement amounted to ₱71.4 million and ₱77.6 million as of December 31, 2021 and 2020, respectively.

- Service concession rights consist of the costs of construction of the treated bulk water supply facility, required for the delivery of treated bulk water to the Davao City Water District, pursuant to the concession agreement.

The carrying amount of the intangible asset arising from the service concession arrangement amounted to ₱11.4 billion and ₱6.7 billion as of December 31, 2021 and 2020, respectively.

The amortization of intangible assets is included in “Depreciation and amortization” under “Operating Expenses” in the consolidated statements of income (see Note 28).

## 15. Investment Properties

### December 31, 2021

	Land	Land Improvements	Buildings	Construction-in-Progress	Total
At January 1	₱7,405,011	₱114,632	₱2,843,599	₱574,443	₱10,937,685
Additions	936	22,311	35,662	178,551	237,460
Gain on fair valuation (see Note 31)	213,514	—	762,714	—	976,228
Transfers/adjustments	(108,517)	508,843	63,871	(388,017)	76,180
At December 31	₱7,510,944	₱645,786	₱3,705,846	₱364,977	₱12,227,553



December 31, 2020

	Land	Land Improvements	Buildings	Construction- In-Progress	Total
At January 1	₱7,787,454	₱253,256	₱2,686,663	₱564,507	₱11,291,880
Additions	137,950	11,098	43,538	128,892	321,478
Gain on fair valuation (see Note 31)	361,925	—	39,485	—	401,410
Disposal	(9,072)	—	(6,831)	—	(15,903)
Transfers/ adjustments	(873,246)	(149,722)	80,744	(118,956)	(1,061,180)
At December 31	₱7,405,011	₱114,632	₱2,843,599	₱574,443	₱10,937,685

Rental income earned from and direct operating expenses of investment properties amounted to ₱617.9 million and ₱97.5 million, respectively, in 2021; ₱527.8 million and ₱51.5 million, respectively, in 2020; and ₱539.8 million and ₱71.8 million, respectively, in 2019 (see Note 26).

As of December 31, 2021 and 2020, the fair values of the properties are based on valuations performed by an accredited independent valuer. The valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied.

The fair values of the Group's investment properties were determined as follows:

- In valuing the land, the Group used the Sales Comparison Approach. This is a comparative approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison.
- The appraiser gathers data on actual sales and/or listings, offers, and renewal options, and identifies the similarities and differences in the data, ranks the data according to their relevance, adjusts the sales prices of the comparable to account for the dissimilarities with the unit being appraised, and forms a conclusion as to the most reasonable and probable market value of the subject property.

The elements of comparison include location, physical characteristics, available utilities, zoning, and highest and best use. The most variable elements of comparison are the site's physical characteristics, which include its size and shape, frontage, topography and location.

Reproduction cost is the current cost of constructing a replica of the existing structures, employing the same design and similar building materials. The current cost of an identical new item.

- In valuing the land improvements and buildings, the Group used the Cost Approach and Income Approach, as applicable.

Cost approach is a comparative approach to the value of property or another asset that considers as a substitute for the purchase of a given property, the possibility of constructing another property that is a replica of, or equivalent to, the original or one that could furnish equal utility with no undue cost resulting from delay. It is based on the reproduction or replacement cost of the subject property or asset, less total (accrued) depreciation. In the context of asset





valuation, depreciation refers to the adjustments made to the cost of reproducing or replacing the asset to reflect physical deterioration, functional (technical) obsolescence and economic (external) obsolescence in order to estimate the value of the asset in a hypothetical exchange in the market when there is no direct sales evidence available. Sound value of an asset is determined by applying the two types of depreciation such as physical deterioration and functional obsolescence. Market Value reflects all the three types of depreciation.

Income approach is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value.

Fair value investment properties are estimated under Level 3 inputs.

The Group has no restrictions on the realizability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

	Fair value at December 31, 2021	Valuation technique	Significant unobservable inputs	Range (weighted average)
Land	₱7,510,944	Sales Comparison Approach	Price per square meter	₱1,100 - ₱75,100
Buildings and land Improvements	4,351,632	Income Approach, Cost Approach	Rental income, Reproduction cost, Remaining economic life	₱436 - ₱450 per square meter 17 – 33 years
	Fair value at December 31, 2020	Valuation technique	Significant unobservable inputs	Range (weighted average)
Land	₱7,405,011	Sales Comparison Approach	Price per square meter	₱1,100 - ₱21,840
Buildings and land Improvements	2,958,231	Income Approach, Cost Approach	Rental income, Estimated cost, remaining economic life	₱436 - ₱450 per square meter 20 – 34 years

For land, significant increases (decreases) in price per square meter would result in a significantly higher (lower) fair value of the properties.

For buildings and land improvements, significant increases (decreases) in estimated replacement cost and remaining economic life would result in a significantly higher (lower) fair value of the properties.



## 16. Other Noncurrent Assets

	2021	2020
Input VAT and tax credit receivable, net of allowance for impairment loss of ₱77.9 million in 2021 and ₱44.1 million in 2020 (see Note 31)	<b>₱3,478,446</b>	₱3,076,027
Prepaid taxes	<b>3,356,509</b>	3,559,354
Financial assets at FVOCI	<b>3,333,403</b>	2,215,044
Advances to contractors and projects	<b>1,218,141</b>	2,030,652
Advances to NGCP - net of current portion (see Note 7)	<b>1,044,846</b>	920,682
Financial assets at FVTPL	<b>1,009,537</b>	1,009,554
Prepaid rent and other deposits	<b>488,645</b>	845,586
Biological assets (see Note 8)	<b>166,271</b>	133,440
Debt investments at amortized cost	<b>31,690</b>	101,161
Others	<b>1,018,184</b>	658,970
	<b>₱15,145,672</b>	₱14,550,470

## 17. Trade and Other Payables

	2021	2020
Trade payables (see Notes 21 and 40)	<b>₱29,034,977</b>	₱21,245,087
Nontrade and other payables	<b>3,631,468</b>	2,236,388
Accrued expenses		
Interest	<b>2,904,588</b>	2,880,135
Taxes and fees	<b>1,019,860</b>	941,214
Others	<b>2,269,618</b>	1,795,287
Output VAT	<b>4,325,133</b>	3,583,387
Amounts due to contractors and other third parties	<b>2,442,550</b>	3,501,864
PSALM deferred adjustment (see Note 42)	<b>1,097,366</b>	1,042,861
Unearned revenue	<b>36,461</b>	43,351
	<b>46,762,021</b>	37,269,574
Less noncurrent portion (see Note 35)	<b>982,617</b>	1,657,982
	<b>₱45,779,404</b>	₱35,611,592



Trade payables are non-interest bearing and are usually on 30-90 days' terms.

Accrued taxes and fees represent accrual of real property tax, transfer tax and other fees.

Other payables represent withholding taxes, insurance liabilities and other accrual of expenses arising in the ordinary course of business and are generally payable within 12 months from the balance sheet date.

Amounts due to contractors and other third parties include liabilities arising from construction projects (see Notes 13 and 14).

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## 18. Bank Loans

	2021	2020
Philippine peso loans	<b>₱26,830,000</b>	₱25,582,500
US dollar loans	<b>4,785,233</b>	192,092
Chinese yuan loans	<b>1,509,529</b>	1,074,805
Vietnamese dong loans	<b>1,332,458</b>	2,022,115
Indonesia rupia loans	<b>387,682</b>	—
Other foreign currency-denominated loans	<b>570,522</b>	459,371
	<b>₱35,415,424</b>	<b>₱29,330,883</b>

The bank loans are unsecured short-term notes payable obtained from local and foreign banks with annual interest rates ranging from 1.10% to 7.00% and 1.15% to 5.55% in 2021 and 2020, respectively. These loans will mature on various dates within the next 12 months.

The loans are covered by the respective borrower's existing credit lines with the banks and are not subject to any significant covenants and warranties.



## 19. Long-term Debts

	2021		2020	
	Annual Interest Rate	Amount	Annual Interest Rate	Amount
Company:				
Financial and non-financial institutions - unsecured	2.84% - 6.32%	₱37,621,350	2.84% - 6.32%	₱37,888,380
Subsidiaries:				
GMEC				
Financial institutions - unsecured	LIBOR + 1.70% - 4.00%	32,260,286	LIBOR + 1.70% - 4.85%	33,711,803
Therma Marine				
Financial institutions - secured	4.54 %	1,790,000	—	—
Hedcor Sabangan				
Financial institutions - secured	4.92 %	1,145,000	—	—
TVI				
Financial institutions - secured	5.56% to 9.00%	26,947,493	5.56% - 9.00%	29,418,667
AP				
Financial and non-financial institutions - Peso - unsecured	3.13% - 8.51%	60,900,000	3.13% - 8.51%	44,950,000
Financial institutions - Foreign currency - unsecured	LIBOR + 1.20%	2,804,945	LIBOR + 1.20%	14,406,900
TSI				
Financial institutions - secured	4.27 %	18,314,624	5.26 %	18,729,025
APRI				
Financial institutions - secured	4.48% - 5.20%	10,600,000	4.48% - 5.20%	6,873,920
Hedcor Bukidnon				
Financial institutions - secured	4.00% - 5.34%	8,714,717	4.00% - 5.34%	9,315,000
HSI				
Fixed rate corporate notes - unsecured	4.63% - 5.42%	3,403,401	4.63% - 5.42%	3,702,401
PFC				
Financial institutions - unsecured	4.50% - 5.16%	2,870,000	4.18% - 5.16%	2,877,500
PANC				
Financial institutions - unsecured	4.50%	2,500,000	4.50%	2,570,000
VECO				
Financial institution - unsecured	4.73% - 4.81%	384,000	4.73% - 4.81%	579,000
LHC				
Financial institutions - secured	LIBOR + 2.00%	7,650	2.25% - 4.81%	271,330
DLP				
Financial institution - unsecured	4.73% to 4.92%	288,000	4.73% - 4.92%	434,250
HI				
Financial institutions - secured	7.41% - 7.87%	1,500,000	7.41% - 7.87%	1,630,000
SEZ				
Financial institution - unsecured	—	—	5.00 %	56,500
CLP				
Financial institution - unsecured	4.73% to 4.92%	57,600	4.73% - 4.92%	86,850
TPVI				



	2021		2020	
	Annual Interest Rate	Amount	Annual Interest Rate	Amount
Financial institution - secured	3.32%-5.06%	1,500,000	3.32% - 5.06%	1,500,000
AESI				
Financial institution - secured	4.87%	594,000	4.87 %	600,000
Hedcor Tudaya				
Financial institutions - secured	4.92 %	752,000	—	—
Apo Agua				
Financial institutions - secured	5.75% - 8.26%	9,000,000	5.75% - 8.26%	9,000,000
LWC				
Financial institutions - unsecured	5.47%	250,000	—	—
AEV International				
Financial institutions - secured	3.26% - 3.72%	11,372,777	3.26% - 3.72%	10,709,129
Bonds - unsecured	4.20%	20,399,600	4.20 %	19,209,200
GCMH				
Financial institution - unsecured	LIBOR + 1.44%	2,039,960	LIBOR + 2.55%	1,920,920
PTAYAM				
Financial institution - unsecured	JIBOR + 3.48%	125,937	JIBOR + 3.48%	119,082
GCFHN				
Financial institution - unsecured	2.50%	60,992	4.00% - 4.90%	89,112
AboitizLand				
Financial institution - secured	3.96% - 4.41%	2,000,000	—	—
TCP				
Financial institution - unsecured	6.50%	330,350	6.50%	235,360
LLI				
Financial institution - unsecured	5.76% - 5.97%	2,000,000	—	—
Joint Operation - PEC				
Financial institution - secured	5.66% - 6.27%	11,146,343	5.50% - 8.31%	12,251,259
Total		273,681,025		263,135,588
Deferred financing costs		(2,002,382)		(2,094,508)
		271,678,643		261,041,080
Less current portion		18,608,778		17,417,474
Noncurrent portion		₱253,069,865		₱243,623,606

### The Company

In August 2021, the Company issued a total of 10.0 billion bonds, broken down into ₱5.0 billion 4-year and ₱5.0 billion 7-year bonds at fixed interest rates ranging from 3.30% to 4.32%.

In November 2020, the Company issued a total of ₱7.6 billion bonds, broken down into ₱6.9 billion 3-year and ₱0.7 billion 5-year bonds at fixed interest rates ranging from 2.84% to 3.31%.

In June 2019, the Company issued a total of ₱5.0 billion bonds, broken down into ₱3.4 billion 5-year and ₱1.6 billion 10-year bonds at fixed interest rates ranging from 6.02% to 6.32%.



In August 2015, the Company issued a total of ₱24.0 billion bonds, broken down into ₱10.5 billion 5-year, ₱8.5 billion 7-year and ₱5.0 billion 12-year bonds at annual fixed interest rates ranging from 4.47% to 6.02%. As of December 31, 2020, the ₱10.5 billion 5-year bonds were fully paid upon maturity. As of December 31, 2021, the ₱8.5 billion 7-year bonds were prepaid in full.

In November 2013, the Company issued a total of ₱8.0 billion bonds, broken down into ₱6.2 billion 7-year and ₱1.8 billion 10-year bonds at fixed interest rates ranging from 4.41% to 4.62%. As of December 31, 2020, the ₱6.2 billion 7-year bonds were fully paid upon maturity. As of December 31, 2021, the ₱1.8 billion 10-year bonds were prepaid in full.

All of the Company's issued retail bonds have been rated PRS Aaa by the Philippine Rating Services Corporation (PhilRatings).

The principal amount of the above bonds shall be payable on a lump sum basis on the respective maturity date at its face value. These bonds may be redeemed in advance by the Company based on stipulated early redemption option dates and on agreed early redemption price.

In April 2020, the Company executed an agreement with Metropolitan Bank and Trust Company (MBTC) for a 7-year loan in the amount of ₱10.0 billion at an annual fixed rate of 4.45%. In November 2020, ₱10.0 billion was drawn from this facility.

#### GMEC

On August 29, 2017, GMEC entered into a Notes Facility Agreement (NFA) with local banks with BDO Capital and Investment Corporation as Lead Arranger, with the maximum principal amount of US\$800.0 million, the proceeds of which will be used to refinance GMEC's existing loan obligation and for other general corporate purposes.

On September 29, 2017, US\$600.0 million was drawn from the NFA, out of which US\$462.4 million was used to prepay the outstanding loans. In February 2018, the remaining principal amount of \$200.0 million was drawn from the NFA.



Loans payable consist of the following dollar denominated loans as of December 31, 2021 and 2020 (in thousands):

	2021	2020	Interest Rate Per Annum	Payment Schedule
<i>NFA</i>				
Fixed Rate Loan	\$396,118	\$420,818	(i) Fixed rates of 2.5514% and 3.4049% plus 1.45% margin for the first seven-year period and (ii) Fixed Rate Loan Benchmark plus 1.45% margin for the subsequent five-year period	24 semi-annual payments starting from the first Interest Payment Date
LIBOR Loan	236,475	251,175	Six-month LIBOR plus 1.70% margin	
<i>Working Capital</i>				
BDO	30,000	15,000	LIBOR plus 1.7% applicable margin	Payable within 3 months
SCB	—	15,000	LIBOR plus 2.55% to 2.80% applicable margin	Payable within six months
ICBC Manila	5,000	—	LIBOR plus 1.95% applicable margin	Payable within 90 days
ICBC Dubai	25,000	—	LIBOR plus 1.95% applicable margin	Payable within 90 days
PBCOM	9,830	—	Fixed Rate 3.75%	Payable within 360 days
Chinabank	20,000	—	LIBOR plus 2.75% applicable margin	Payable within 90 days
	89,830	30,000		
Total borrowings	722,423	701,993		
Less unamortized portion of deferred financing costs	1,438	4,151		
	720,985	697,842		
Less current portion	135,189	67,984		
Loans payable - net of current portion	\$585,796	\$629,858		

#### TMI

On February 23, 2021, TMI entered into a Loan Agreement with China Banking Corporation (CBC) for an aggregate principal amount of ₱2.6 billion. The loan proceeds will be utilized, among others, to finance capital expenditures for the development and integration of a Battery Energy Storage System, working capital requirements, and for other financing and corporate purposes of TMI. Total amount drawn as of December 31, 2021 is ₱1.8 billion.

Interest is payable semiannually and is fixed at 4.54% for the first five years, with an adjustment for inflation on the five-year period thereafter. The principal amount is payable in 20 equal semi-annual installments after the 30 months grace period. The total interest expense capitalized to construction in progress in 2021 amounted to ₱34.9 million.

#### HSAB

On December 16, 2021, HSAB entered into an Omnibus Notes Facility and Security Agreement (Agreement) with Bank of the Philippine Islands (Lender) for a loan facility in the principal amount of ₱1.2 billion for capital expenditures and other general purposes.

Based on the loan agreement, borrowing shall be for a term of ten (10) years reckoned from initial borrowing date. HSAB shall pay the first principal amount in six months from the initial borrowing



date and shall continue on every six months interval. HSAB may not re-borrow any part of the loan that has already been paid.

This loan is subject to an annual interest fixed at 4.92% for the first 5 years. For the remaining five years, interest rate will be repriced. HSAB shall pay interest on the unpaid principal amount of the loan on each interest payment date. The interest rate shall be set on an interest rate setting date, and on the interest rate resetting date, as applicable.

#### TVI

On June 18, 2015, TVI entered into an omnibus agreement with local banks for a project loan facility with an aggregate principal amount of ₱32.0 billion. As of December 31, 2021 and 2020, ₱31.5 billion has been drawn from the loan facility.

The loan is available in two tranches, as follows:

- Tranche A, in the amount of ₱25.6 billion, with interest rate fixed for the first eight years and will be repriced and fixed for another seven years.
- Tranche B, in the amount of ₱5.9 billion, with a fixed interest rate for fifteen years.

70% of the principal amount of the loan is payable in 22 equal semi-annual installments, with the remaining 30% payable in full on the final maturity date. TVI may prepay the loan in part or in full beginning on the end of the fourth year from the initial advance or on the project completion date, whichever is earlier. Any prepayment shall be subject to a certain percentage of prepayment penalty on the principal to be prepaid.

The loan is secured by a mortgage of all its assets with carrying amount of ₱42.5 billion as of December 31, 2021, and a pledge of TVI's shares of stock held by its shareholders.

#### AP

In September 2014, AP issued a total of ₱10.0 billion bonds, broken down into a ₱6.6 billion 7-year bond due 2021 at an annual fixed rate equivalent to 5.21% and a ₱3.4 billion 12-year bond due 2026 at an annual fixed rate equivalent to 6.10%.

In July 2017, AP issued a ₱3.00 billion 10-year bond due 2027 at an annual fixed rate equivalent to 5.34%.

In October 2018, AP issued a total of ₱10.20 billion bonds, broken down into a ₱7.70 billion 5.25-year bond due 2024 at an annual fixed rate equivalent to 7.51% and a ₱2.50 billion 10-year bond due 2028 at an annual fixed rate equivalent to 8.51%.

In October 2019, AP issued ₱7.3 billion 7-year bond due 2026 at an annual fixed rate equivalent to 5.28%.

In July 2020, AP issued the fourth and last tranche of its ₱30.0 billion debt securities program, totaling to ₱9.55 billion, broken down into a ₱9.0 billion 2-year bonds due 2022 at an annual fixed rate equivalent to 3.13% and a ₱0.5 billion 5-year bonds due 2025 at an annual fixed rate equivalent to 3.94%.

In March 2021, AP issued the first tranche of its ₱30.00 billion debt securities program equivalent to ₱8.00 billion (the "Series A Bonds") with an annual fixed rate of 3.82% due in 2026.





In July 2021, AP availed ₱6.00 billion 5-year fixed-rate notes due 2026 at an annual fixed rate equivalent to 4%.

In December 2021, AP issued the second tranche of its ₱30.00 billion debt securities program equivalent to ₱12.00 billion (the "Series B and Bonds") with an annual fixed rates of 4.00% and 5.03% due in 2025 and 2028, respectively.

All of AP's issued retail bonds have been rated PRS Aaa by PhilRatings.

The principal amount of the bonds shall be payable on a lump sum basis on the respective maturity date at its face value. These bonds may be redeemed in advance by AP based on stipulated early redemption option dates and on agreed early redemption price.

In April 2019, AP executed and availed a US\$300.0 million syndicated bridge loan facility loan agreement with foreign banks to finance the AA Thermal, Inc. acquisition. The loan bears a floating interest based on credit spread over applicable LIBOR plus 1.2% margin. The loan will mature on the 5th anniversary of the first utilization date.

In April and July 2021, AP prepaid a total of \$245.0 million of the \$300.0 million syndicated bridge loan facility availed in 2019 to finance the AA Thermal, Inc. acquisition.

In September 2021, AP settled its 2014 Series 'B' bonds by prepaying ₱3.4 billion twelve-year bond maturing in 2026 and paying as scheduled its ₱6.6 billion ten-year bond.

Loss on extinguishment of the above loans amounted to ₱447.5 million included as part of the "Interest expense and other financing costs" account in the consolidated statement of income for the year ended December 31, 2021.

In November 2019, AP obtained a ₱5.0 billion 7-year long term loan from a local bank at an annual fixed rate of 5.28%.

In 2020, AP amended the "Mode of Payment" for the Principal from bullet payment to partial payments equal to 1% of total principal amount payable annually starting November 2020 and the remaining 94% upon maturity.

On July 13, 2021, AP reached a rate reduction agreement to amend the interest rates of the loan from fixed rate loan of 5.28% to the sum of a benchmark rate and a spread of 0.90%, divided by an applicable factor and 4.125% per annum, whichever is higher.

#### AESI

On April 16, 2020, AESI entered into a loan agreement with BPI with a principal amount of ₱600.0 million, which was fully drawn in 2020. The term of the loan is 10 years and interest is fixed at 4.87% for 5 years subject to reset 2 days prior to the 5th anniversary. The loan is payable in equal, semi-annual amortizations of at least one percent (1%) of the loan amount per annum, with balloon payment at maturity date.

#### TSI

On October 14, 2013, TSI entered into an omnibus agreement with local banks for a project loan facility with an aggregate principal amount of ₱24.0 billion, which was fully drawn in 2014.

On October 28, 2015, TSI entered into an additional loan agreement with principal amount of ₱1.7 billion, which was fully drawn in 2016.



The loan is secured by a mortgage of all its assets with carrying amount of ₱28.6 billion as of December 31, 2021, and a pledge of TSI's shares of stock held by the shareholders and TPI. Interest rate ranging from 4.50% - 5.15% is fixed for the first seven years and will be repriced and fixed for another five years. In 2018, upon release of AP guarantee, interest was increased by 0.5%.

Fifty percent of the principal amount of the loan is payable at semi-annual installments within 12 years with a two-year grace period, with the remaining 50% payable in full on the final maturity date.

TSI may prepay the loan in part or in full beginning on the end of the third year from the initial advance or on the project completion date, whichever is earlier. Any prepayment shall be subject to a certain percentage of prepayment penalty on the principal to be prepaid. In 2021, TSI prepaid its loan amounting to ₱2.26 billion which resulted in a prepayment penalty of ₱48.4 million including gross receipts tax.

In 2021, TSI also entered into amendments of its existing loan agreements with local banks to obtain additional financing intended to finance the prepayment of its loan, to pay costs, expenses and fees in relation to the loan prepayment and amendments and to re-leverage and optimize the capital structure of TSI. Moreover, the parties have agreed to amend certain financial terms of the existing loan agreements, including but not limited to the interest rate and final maturity date, and shall take effect after the prepayment.

The amendments resulted in the following:

- a. TSI has drawn additional loan principal in the amount of ₱2.5 billion;
- b. Interest rate for the initial 5-year period from the effective date of amendment until the 5th anniversary of the effective date will be the 3-day average of the 5-year BVAL rate plus a spread of 130 basis points (the original spread), divided by the applicable premium factor, subject to a floor rate of 4.25% per annum. For the subsequent 7-year period commencing on the date following the 5th anniversary of the effective date, interest rate will be the 3-day average of the 7-year BVAL rate plus a spread equivalent to the original spread, divided by the applicable premium factor, subject to a floor rate equivalent to the initial 5-year rate divided by the applicable premium factor; and,
- c. 58.5% of the outstanding principal amount is payable in 18 equal semi-annual installments, 16.5% of the remaining principal amount is payable in another 5 equal semi-annual installments, with the remaining 25% payable in the final maturity date of the loan in 2033.

These amendments were considered as extinguishment of the old loan, accordingly, TSI recognized a loss amounting to ₱90.5 million for the year ended December 31, 2021.

#### APRI

On February 29, 2016, APRI entered into an omnibus agreement with BPI, Asian Development Bank (ADB) and Credit Guarantee and Investment Facility (CGIF). This has been certified to have met the requirements of the Climate Bond Standard. The loan proceeds were used for return of equity to shareholders and to fund necessary operating and capital expenditures.

The loan is available in two tranches, as follows:

- a. The Notes Facility Agreement, in the amount of ₱10.7 billion, with interest rate already fixed for ten years. 41.6% of the principal amount is payable in ten equal semi-annual installments and the balance payable in another ten semi-annual installments;



- b. The ADB Facility Agreement, in the amount of ₱1.8 billion, with interest rate fixed for five years and principal repayments made in ten equal semi-annual installments.

On December 23, 2021, APRI entered into a ₱12.0 billion loan facility agreement with Bank of the Philippine Islands (BPI) to refinance its existing term loan under the Omnibus Agreement; finance the design, development, construction, and operation of the 16 MW Binary Cycle Geothermal Plant to be developed in Tiwi, Albay (Project); and other general corporate purposes.

The loan is available in three tranches, as follows:

- a. A portion of the Facility in the amount equivalent to the total amount outstanding under the Omnibus Agreement, duly supported by a Statement of Account to be provided by the Intercreditor Agent, and to be used to finance its payment of all outstanding obligations under the Omnibus Agreement.
- b. A portion of the Facility to be used by APRI for other general corporate purposes, in the amount equivalent to the resulting difference after deducting Tranche A and Tranche C from the maximum amount of the Facility.
- c. A portion of the Facility to be used by APRI to finance the Project up to the total amount of ₱1.4 billion.

Tranche A and B were already drawn from the initial borrowing date with the interest rate already fixed for 5 years. Maturity of all tranches shall be up to ten (10) years from initial drawdown date. 40% of the principal amount is payable in ten equal semi-annual installments, 20% is payable in succeeding four equal semi-annual installments, 30% is payable in succeeding five equal semi-annual installments, and the 10% balance is payable in the last installment.

The loan is secured by mortgage of its assets with carrying amount of ₱29.0 billion as of December 31, 2021, and pledge of APRI's shares of stock held by shareholders and assignment of Project Agreements and Project Accounts.

This loan refinancing is considered as an extinguishment of the old loan, accordingly, APRI recognized a loss amounting to ₱62.1 million for the year ended December 31, 2021.

#### Hedcor Bukidnon

On April 3, 2020, Hedcor Bukidnon entered into a loan agreement with BPI, up to the maximum principal amount of ₱225.0 million which was fully drawn in 2020, for the construction of the Transformer Facility and other general corporate purposes.

The term of the loan is 8 years and the loan shall be paid as follows: (i) payment of an aggregate amount equivalent to 70% of the total principal amount of the loans, by equal semi-annual amortizations beginning on the seventh interest payment date up to and including the maturity date; and (ii) payment of the amount equivalent to 30% of the total principal amount of the loans, on the maturity date.

On September 29, 2020, Hedcor Bukidnon entered into an omnibus agreement for a loan facility in the principal amount of ₱9.1 billion which was fully drawn in 2020 to refinance the project loan availed in 2015.



The term of the loan is 10 years and the loan shall be paid as follows: (i) payment of an aggregate amount equivalent to 70% of the total original amount of the Loan, by equal semi-annual amortizations beginning on the first interest payment date up to and including the Maturity Date; and (ii) payment of the amount equivalent to 30% of the total original amount of the loan, on the maturity date.

#### TPVI

On December 23, 2019, TPVI entered into a Loan Agreement with the Philippine National Bank (PNB) for an aggregate amount of ₱1.5 billion available in two drawdowns. The loan proceeds were utilized, among others, in funding necessary operating and capital expenditures. Drawdowns were made on December 26, 2019 and April 27, 2020 for ₱1.3 billion and ₱200.0 million respectively. The loan is payable for 15 years, with a grace period of 3 years. The mode of repayment is sculpted with balloon payment of 70%.

TPVI will pay PNB an interest of 5.0593% for the first 8 years, with the rate being expected to go up to 5.25% for the rest of the term due to: (1) continued inflation, and; (2) liquidity tightness due to funds held and additional borrowings by the Bureau of Treasury. The interest is payable semi-annually, every 30th of June and 31st of December.

#### HSI

On November 17, 2016, HSI entered into a NFA with various institutions with Metrobank - Trust Banking Group as the Notes Facility Agent, for a loan facility with an aggregate principal amount of up to ₱4.1 billion to return equity to shareholders, and for other general corporate purposes.

The unsecured notes were issued in ten tranches with interest payable semi-annually at annual fixed rates ranging from 4.05% - 5.42% with principal maturity as follows:

Tranche	Maturity Date	Principal Amount
1	Fifteen months from issue date	₱96.8 million
2	Two (2) years from issue date	₱96.8 million
3	Three (3) years from issue date	₱84.0 million
4	Four (4) years from issue date	₱84.0 million
5	Five (5) years from issue date	₱284.0 million
6 (Series A&B)	Six (6) years from issue date	₱388.4 million
7 (Series A&B)	Seven (7) years from issue date	₱445.8 million
8	Eight (8) years from issue date	₱451.4 million
9	Nine (9) years from issue date	₱508.1 million
10 (Series A&B)	Ten (10) years from issue date	₱1,660.7 million

Prior to maturity date, HSI may redeem in whole or in part the relevant outstanding notes on any interest payment date plus a one percent prepayment penalty.

#### PFC

PFC availed of ₱1.0 billion and ₱500 million loans from the NFA it signed on May 5, 2015, with Land Bank of the Philippines (LBP) as the Note Holder on May 11, 2015 and July 13, 2015, respectively. As provided for in the NFA, the 12-year corporate notes are issued as an exempt security pursuant



to Section 9.2 of RA No. 8799 and Rule 9.2(2)(B) of the amended implementing rules of the Securities Regulation Code (SRC) (“exempt security”).

In October 2019, PFC availed of ₱1.4 billion from the NFA it signed with LBP as the Note Holder. The NFA provided for the issuance of 10-year corporate notes issued as an exempt security.

PFC may early redeem in whole or in part the relevant outstanding notes on any interest payment date without premium or penalty. If prepayment is made on a different date, a certain fee shall be charged on the principal to be prepaid.

#### PANC

On December 28, 2016, PANC availed of a total of ₱700 million loan from NFA signed on December 28, 2016 with Security Bank Corporation as Note Holder.

On September 17, 2014, PANC availed of a total of ₱2.0 billion loan from NFA signed on September 17, 2014 with LBP as Note Holder.

The 2016 and 2014 notes are redeemable on a lump sum basis on their respective maturity dates at December 29, 2029 and September 27, 2026, respectively, at its face value. PANC may early redeem in whole or in part the relevant outstanding notes on any interest payment date without premium or penalty. If prepayment is made on a different date, a certain fee shall be charged on the principal to be prepaid.

#### HI

On August 6, 2013, HI availed of a ten-year ₱900 million loan from a local bank. This loan is subject to a semi-annual principal payment with annual interest fixed at 5.25% for the first 5 years. For the remaining five years, interest rate will be repriced and fixed on the fifth anniversary from the drawdown date. The debt is secured by a pledge of HI’s shares of stock held by ARI.

On December 14, 2018, HI entered into a Notes Facility Agreement with a local bank to borrow ₱1.4 billion, which will mature on August 31, 2033, to finance the rehabilitation and/or expansion of the Bineng hydropower plant, refinance its short-term loans and for other general corporate purposes. This loan is subject to a semi-annual principal payment with annual interest fixed at 7.8747% for the first 5 years. For the next five years, interest rate will be repriced and fixed one banking day prior to August 31, 2023. For the remaining five years, interest rate will be repriced and fixed one banking day prior to August 31, 2028. The debt is secured by a continuing suretyship from ARI.



#### VECO

On December 20, 2013, VECO availed of a ₱2.0 billion loan from the NFA it signed on December 17, 2013 with the LBP. The unsecured notes were issued in ten tranches of ₱200 million with interest payable semi-annually at fixed annual rates ranging from 3.5% - 4.9% and principal amortized as follows:

Tranche	Maturity Date	Principal Repayment Amount
A, B	December 20, 2014 and 2015	₱200M balloon payment on maturity date
C	December 20, 2016	₱1M each on first 2 years; ₱198M on maturity date
D	December 20, 2017	₱1M each on first 3 years; ₱197M on maturity date
E	December 20, 2018	₱1M each on first 4 years; ₱196M on maturity date
F	December 20, 2019	₱1M each on first 5 years; ₱195M on maturity date
G	December 20, 2020	₱1M each on first 6 years; ₱194M on maturity date
H	December 20, 2021	₱1M each on first 7 years; ₱193M on maturity date
I	December 20, 2022	₱1M each on first 8 years; ₱192M on maturity date
J	December 20, 2023	₱1M each on first 9 years; ₱191M on maturity date

Prior to maturity date, VECO may redeem in whole or in part the relevant outstanding notes on any interest payment date without premium or penalty. If it redeems the notes on a date other than an interest payment date, then a certain percentage of prepayment penalty on the principal amount to be prepaid shall be imposed.

#### HTI

On December 16, 2021, HTI entered into an Omnibus Notes Facility and Security Agreement (Agreement) with Bank of the Philippine Islands (Lender) for a loan facility in the principal amount of ₱752.0 million for capital expenditures and other general purposes.

Based on the loan agreement, borrowing shall be for a term of ten (10) years reckoned from initial borrowing date. HTI shall pay the first principal amount in six months from the initial borrowing date and shall continue on every six months interval. HTI may not re-borrow any part of the loan that has already been paid.

This loan is subject to an annual interest fixed at 4.92% for the first 5 years. For the remaining five years, interest rate will be repriced. HTI shall pay interest on the unpaid principal amount of the loan on each interest payment date. The interest rate shall be set on an interest rate setting date, and on the interest rate resetting date, as applicable.

#### LHC

On April 24, 2012, LHC entered into an omnibus agreement with Philippine National Bank and Banco De Oro to borrow US\$43.1 million with maturity on April 26, 2022 and payable in 20 semi-annual installments. Interest is repriced and paid semi-annually. Annual interest rate ranges from 2.25% to 4.81% in 2020 and range from 3.94% to 4.81% in 2019.

Intangible asset arising from service concession arrangement with carrying value of ₱1.1 billion as of December 31, 2021, was used as collateral to secure LHC's long-term debt (see Note 14).



DLP

On December 20, 2013, DLP availed of a ₱1.5 billion loan from the NFA it signed on December 17, 2013 with LBP. The unsecured notes were issued in ten tranches of ₱150 million with interest payable semi-annually at annual fixed rates ranging from 3.50% to 4.92% and principal amortized as follows:

Tranche	Maturity Date	Principal Repayment Amount
A, B	December 20, 2014 and 2015	₱150M balloon payment on maturity date
C	December 20, 2016	₱0.75M each on first 2 years; ₱148.5M on maturity date
D	December 20, 2017	₱0.75M each on first 3 years; ₱147.8M on maturity date
E	December 20, 2018	₱0.75M each on first 4 years; ₱147M on maturity date
F	December 20, 2019	₱0.75M each on first 5 years; ₱146.2M on maturity date
G	December 20, 2020	₱0.75M each on first 6 years; ₱145.5M on maturity date
H	December 20, 2021	₱0.75M each on first 7 years; ₱144.8M on maturity date
I	December 20, 2022	₱0.75M each on first 8 years; ₱144M on maturity date
J	December 20, 2023	₱0.75M each on first 9 years; ₱143.2M on maturity date

Prior to maturity date, DLP may redeem in whole or in part the relevant outstanding notes on any interest payment date without premium or penalty. If it redeems the notes on a date other than an interest payment date, then a certain percentage of prepayment penalty on the principal amount to be prepaid shall be imposed.

SEZ

On July 7, 2011, SEZ issued ₱565.0 million worth of fixed-rate notes to Metropolitan Bank and Trust Company. Interest on the notes is subject to quarterly payment at 5% annual fixed interest rate. Principal is payable annually over 10 years at an equal amortization of ₱56.5 million. The loan was settled in 2021.

CLP

On December 20, 2013, CLP availed of ₱300.0 million notes from the NFA it signed on December 17, 2013 with LBP. The unsecured notes were issued in ten tranches of ₱30.0 million with interest payable semi-annually at annual fixed rates ranging from 3.5% - 4.9% and principal amortized as follows:

Tranche	Maturity Date	Principal Repayment Amount
A, B	December 20, 2014 and 2015	₱30M balloon payment on maturity date
C	December 20, 2016	₱0.15M each on first 2 years; ₱29.7M on maturity date
D	December 20, 2017	₱0.15M each on first 3 years; ₱29.6M on maturity date
E	December 20, 2018	₱0.15M each on first 4 years; ₱29.4M on maturity date
F	December 20, 2019	₱0.15M each on first 5 years; ₱29.2M on maturity date
G	December 20, 2020	₱0.15M each on first 6 years; ₱29.1M on maturity date
H	December 20, 2021	₱0.15M each on first 7 years; ₱29M on maturity date
I	December 20, 2022	₱0.15M each on first 8 years; ₱28.8M on maturity date
J	December 20, 2023	₱0.15M each on first 9 years; ₱28.62M on maturity date

Prior to maturity date, CLP may redeem in whole or in part the relevant outstanding notes on any interest payment date without premium or penalty. If it redeems the notes on a date other than an



interest payment date, then a certain percentage of prepayment penalty on the principal amount to be prepaid shall be imposed.

#### Apo Agua

On November 29, 2018, Apo Agua entered into an Omnibus Notes Facility and Security Agreement with various banks for a project loan facility in the aggregate principal amount of up to ₱9.0 billion to design, develop, procure, construct, operate and maintain a water treatment plant facility at Brgy. Gumalang, Davao City. The loan drawdown mode is staggered based on an agreed schedule. As of December 31, 2021, ₱9.0 billion has been drawn from this facility-

The loan is secured by a mortgage of all the assets of Apo Agua and a pledge of Apo Agua's shares held by its pledgors: AEV, the Parent Company, JVACC and JVAGHC. The term of the loan is 15 years and the first principal payment will be made at the earlier of fifty-four (54) months after the date of issuance of the agreement or six (6) months after commercial operation date whichever comes earlier. The remaining principal balance shall be paid in semi-annual equal installments. No payment shall be made to the principal during the grace period.

#### LWC

On December 15, 2021, LWC entered into a loan agreement with Rizal Commercial Banking Corporation amounting to ₱250.0 million with an interest rate of 5.47% and payable in 10 years.

#### AEV International

On July 20, 2018, AEV International availed of a syndicated loan facility with the amount of US\$338 million (₱18.6 billion). The loan bears a floating interest rate computed based on applicable spread over LIBOR and will mature in five (5) years.

On December 28, 2018, the loan was partially prepaid in the amount of US\$115 million (₱6.3 billion).

In January 2020, AEV International issued a US dollar-denominated Regulation S-only senior unsecured notes, at an aggregate principal amount of US\$ 400 million and a tenor of 10 years (the "Notes"). The Notes are unrated, have a fixed coupon rate of 4.2% payable semiannually, and are unconditionally and irrevocably guaranteed by the Company as the guarantor. The Notes are listed on the Singapore Exchange.

#### TCP

TCP entered into a various loan agreement with a local bank whereby the latter agreed to provide TCP an aggregate principal amount of loan up to ₱250.0 million to finance the construction of TCP's real estate projects. Interest is payable quarterly and was initially set at 8.65% per annum for the first 3 months, subject to reset thereafter.





Drawdown Date	Maturity Date	Outstanding Balance
September 30, 2019	September 11, 2028	₱18.4 million
September 27, 2019	February 2, 2029	₱19.3 million
September 17, 2019	October 12, 2028	₱19.0 million
August 20, 2019	December 27, 2028	₱19.0 million
July 26, 2019	October 12, 2028	₱19.0 million
July 25, 2019	September 11, 2028	₱23.1 million
March 6, 2019	December 27, 2028	₱24.1 million
February 7, 2019	February 2, 2029	₱9.6 million
December 27, 2018	December 27, 2028	₱23.8 million
October 15, 2018	October 12, 2028	₱19.0 million
September 13, 2018	September 11, 2028	₱23.1 million
June 29, 2018	June 16, 2028	₱17.8 million
		<b>₱235.4 million</b>

#### AboitizLand

On September 16, 2021, AboitizLand entered into a loan agreement with the Bank of the Philippine Islands with a principal amount of P2.0 billion, which was fully drawn in 2021. The term of the loan is 5 years and bears a floating interest based on BVAL reference rate plus margin or floor rate, whichever is higher. At least 5% of the loan amount is payable on the 1st to the 3rd anniversary of the first drawdown, 15% on the 4th anniversary and balloon payment at maturity date. The loan is secured by landbank assets of the AboitizLand.

Drawdown Date	Maturity Date	Principal Amount
September 16, 2021	September 16, 2026	₱900.0 million
October 1, 2021	September 16, 2026	₱600.0 million
November 9, 2021	September 16, 2026	₱500.0 million

#### LLI

In December 2021, LLI availed of P2.0 billion long term loan with Bank of the Philippine Islands, payable over 5 years. Interest is initially set at 5.76%-5.97%, payable semi-annually.

Drawdown Date	Maturity Date	Principal Amount
December 6, 2021	December 6, 2026	₱1,413.50 million
December 16, 2021	December 6, 2026	₱586.50 million

#### GCMH and Subsidiaries

GCMH Group obtained loans from various lenders with floating interest rates ranging from 1.52% to 7.54% and from 1.59% to 8.6% in 2021 and 2020, respectively.

#### Long-term debt of Joint Operation

This pertains to TPI's share of the outstanding project debt of its joint operation.

In May 2014, PEC entered into an omnibus agreement with various local banks for a loan facility in the aggregate principal amount of up to ₱33.3 billion with maturity period of 15 years.



The loan facility is subject to a semi-annual interest payment with annual fixed interest ranging from 5.50% - 8.31%. The loans may be voluntarily prepaid in full or in part commencing on and from the third year of the date of initial drawdown with a prepayment penalty.

The loans are secured by a mortgage of substantially all its assets with carrying amount of ₱36.7 billion as of December 31, 2021, and a pledge of the shares of stock held by the joint operators.

#### Loan covenants

The loan agreements on long-term debts of the Group provide for certain restrictions with respect to, among others, mergers or consolidations or other material changes in their ownership, corporate set-up or management, investment and guaranties, incurrence of additional debt, disposition of mortgage of assets, payment of dividends, and maintenance of financial ratios at certain levels.

These restrictions and requirements were complied with by the Group as of December 31, 2021 and 2020.

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## 20. Customers' Deposits

	2021	2020
Bill and load	<b>₱4,551,775</b>	₱4,526,498
Lines and poles	<b>1,275,934</b>	1,187,053
Transformers	<b>1,372,632</b>	1,085,294
Others	<b>174,426</b>	191,163
	<b>₱7,374,767</b>	₱6,990,008

Transformers and lines and poles deposits are obtained from certain customers principally as cash bond for their proper maintenance and care of the said facilities while under their exclusive use and responsibility.

Effective April 1, 2010, the Amended Distribution Services and Open Access Rules (Amended DSOAR), increased the refund rate from 25% to 75% of the gross distribution revenue generated from the extension lines and facilities until such amounts are fully refunded.

Bill deposit serves to guarantee payment of bills by a customer which is estimated to equal one month's consumption or bill of the customer.

Both the Magna Carta and Distribution Services and Open Access Rules (DSOAR) also provide that residential and non-residential customers, respectively, must pay a bill deposit to guarantee payment of bills equivalent to their estimated monthly billing. The amount of deposit shall be adjusted after one year to approximate the actual average monthly bills. A customer who has paid his electric bills on or before due date for three consecutive years, may apply for the full refund of the bill deposit, together with the accrued interests, prior to the termination of the service; otherwise, bill deposits and accrued interests shall be refunded within one month from termination of service, provided all bills have been paid.



In cases where the customer has previously received the refund of his bill deposit pursuant to Article 7 of the Magna Carta, and later defaults in the payment of his monthly bills, the customer shall be required to post another bill deposit with the distribution utility and lose his right to avail of the right to refund his bill deposit in the future until termination of service. Failure to pay the required bill deposit shall be a ground for disconnection of electric service.

Other customer deposits pertain mainly to deposits from real estate buyers.

Interest expense on customers' deposits amounted to ₱4.2 million in 2021, ₱4.0 million in 2020, and ₱4.4 million in 2019 (see Note 36).

The Group classified customers' deposits under noncurrent liabilities due to the expected long-term nature of these accounts. The portion of customers' deposit to be refunded within the next 12 months amounted to ₱130.0 million and ₱23.4 million as of December 31, 2021 and 2020, respectively, and are presented as part of "Trade and other payables" (see Note 17).

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## 21. Decommissioning liability

Decommissioning liability includes the estimated costs to decommission, abandon and perform surface rehabilitation on a subsidiary's steam field assets at the end of their useful lives, and the best estimate of the expenditure required to settle the obligation to decommission power plant at the end of its lease term (see Note 13).

	2021	2020
Balances at beginning of year	<b>₱5,008,033</b>	₱3,567,492
Change in accounting estimate (see Note 13)	<b>459,228</b>	1,158,166
Additions	—	158,184
Accretion of decommissioning liability	<b>218,963</b>	124,191
(see Note 36)		
Balances at end of year	<b>₱5,686,224</b>	₱5,008,033

The actual dismantling and removal cost could vary substantially from the above estimate because of new regulatory requirements, changes in technology, increased cost of labor, materials, and equipment or actual time required to complete all dismantling and removal activities. Adjustment, if any, to the estimated amount will be recognized prospectively as they become known and reliably estimable.



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## 22. Leases

### TLI

In 2009, TLI was appointed by PSALM as Administrator of the coal-fired power plant in Pagbilao, Quezon under the IPP Administration Agreement, giving TLI the right to receive, manage and control the capacity of the power plant for its own account and at its own cost and risk; and the right to receive the transfer of the power plant at the end of the IPP Administration Agreement for no consideration.

In view of the nature of the IPP Administration Agreement, the arrangement has been accounted for as a lease. Accordingly, TLI recognized the right-of-use asset and related liability of ₱44.8 billion (equivalent to the present value of the minimum lease payments using TLI's incremental borrowing rates of 10% and 12% for dollar and peso payments, respectively) in the consolidated financial statements as part of "Power plant" and "Lease liabilities" accounts, respectively (see Notes 3 and 13).

### APRI

On May 25, 2009, APRI entered into a lease agreement with PSALM for a parcel of land owned by the latter on which a portion of the assets purchased under the Asset Purchase Agreement (APA) is situated. The lease term is for a period of twenty-five (25) years commencing from the Closing Date as defined in the APA which falls on May 25, 2009. The rental fees for the whole term of 25 years amounting to ₱492.0 million were paid in full after the receipt by APRI of the Certificate of Effectivity on the lease.

### GMEC

In August 2007, a 25-year lease agreement with Authority of the Freeport Area of Bataan for land at Bataan Economic Zone, used as an access road and right of way for electric power transmission lines.

In January 2010, a 50-year land lease agreement with PMR Group Retirement Plan, Inc. (PGRPI), used for its power plant facilities. GMEC, upon mutual agreement of PGRPI, has the right and option to extend the lease for a period of twenty-five years. In August 2016, GMEC entered into another lease agreement with PGRPI for land to be used for staff house.

### Sacasun

Sacasun entered into a contract for lease of land where the power plant is located. The contract pertains to rent for 25 years renewable upon mutual agreement by the parties.

### HI, HTI, HBI, HSAB, LHC and HSI

HI, HTI, HBI, HSAB, LHC and HSI entered into contracts with various lot owners for lease of land where their power plants are located. Terms of contract are for a period of 1 to 50 years renewable upon mutual agreement by the parties.

### Therma Mobile

On April 26, 2014, a 10-year lease for portions of the breakwater area of the Navotas Fishport Complex (NFPC), including the mooring facility, marine and land transmission lines.



EAUC

Lease agreement with PEZA for a piece of land located inside Mactan Economic Zone for its power plant facilities for a period of 25 years.

TPVI

TPVI entered into a contract for lease of land where the power plant is located. The contract pertains to rent for 25 years renewable upon mutual agreement by the parties.

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the years:

2021

Right-of-use assets						
	Land	Building	Power Plant	Manufacturing Plant, Equipment and Others	Total	Lease Liability
As at January 1	₱3,413,409	₱389,708	₱32,504,564	₱92,073	₱36,399,754	₱39,768,846
Additions	282,816	98,935	7,486	158,125	547,362	537,784
Amortization expense	(203,509)	(154,387)	(1,106,996)	(24,304)	(1,489,196)	—
Capitalized amortization	(2,214)	—	—	—	(2,214)	—
Interest expense	—	—	—	—	—	2,782,576
Payments	—	—	—	—	—	(9,611,197)
Others	15,837	(14,483)	—	1,933	3,287	778,219
As at December 31	₱3,506,339	₱319,773	₱31,405,054	₱227,827	₱35,458,993	₱34,256,228

2020

Right-of-use assets						
	Land	Building	Power Plant	Manufacturing Plant, Equipment and Others	Total	Lease Liability
As at January 1	₱3,242,610	₱578,432	₱33,575,200	₱187,636	₱37,583,878	₱45,293,762
Additions	233,058	234,270	—	12,838	480,166	473,381
Amortization expense	(203,517)	(198,778)	(1,105,125)	(29,279)	(1,536,699)	—
Capitalized amortization	(4,322)	—	—	—	(4,322)	—
Interest expense	—	—	—	—	—	3,287,801
Capitalized interest	—	—	—	—	—	6,417
Payments	—	—	—	—	—	(7,862,233)
Others	145,580	(224,216)	34,489	(79,122)	(123,269)	(1,430,282)
As at December 31	₱3,413,409	₱389,708	₱32,504,564	₱92,073	₱36,399,754	₱39,768,846



The carrying amount of the Group's right-of-use assets as of December 31, 2021 and 2020 is presented as part of "Property, plant and equipment" account.

The Group also has certain leases of equipment, meeting rooms and event sites with lease terms of 12 months or less. The Group applies the short-term lease recognition exemption of these leases.

Set out below, are the amounts recognized in the consolidated statements of income:

	2021	2020	2019
Amortization expense of right-of-use assets	<b>₱1,489,196</b>	₱1,536,699	₱1,391,757
Interest expense on lease liabilities	<b>2,782,576</b>	3,287,801	4,381,935
Rent expense – short-term leases	<b>166,549</b>	129,672	67,168
Rent expense – low value assets	<b>7,855</b>	4,759	25,750
	<b>₱4,446,176</b>	₱4,958,931	₱5,866,610

### 23. Capital Stock

Information on the Company's authorized capital stock as of December 31, 2021 and 2020 are as follows:

	Number of Shares
Authorized capital stock:	
Common shares, ₱1 par value	9,600,000,000
Preferred shares, ₱1 par value	400,000,000

Outstanding capital stock as of December 31, 2021 and 2020 are as follows:

	Number of Shares
Common shares issued	5,694,599,621
Less treasury shares	64,374,164
<b>Balance at end of year</b>	<b>5,630,225,457</b>

On November 16, 1994, the Company listed with the Philippine Securities Exchange its 3,650,385,204 common shares with a par value of ₱1.00 per share to cover the initial public offering (IPO) of 821,486,204 common shares at an offer price of ₱5.70 per share. Gross proceeds from this issuance of new shares amounted to ₱4.6 billion. Transaction costs incidental to the IPO totaling ₱528.0 million were charged against "Additional paid-in capital" in the consolidated balance sheets.

On May 23, 1995 and August 30, 1996, the Company distributed 20% stock dividend equivalent to 730.08 million shares and 30% stock dividend equivalent to 1.31 billion shares, respectively. Both stock dividends were issued at ₱1.00 per share. At the end of 1996, common shares issued totaled 5.69 billion.



The preferred shares are non-voting, non-participating, non-convertible, cumulative re-issuable and redeemable and may be issued from time to time by the BOD in one or more series and fixed before issuance thereof, the number of shares in each series, and all designations, relative rights, preferences and limitations of the shares in each series. Preferred shares that are redeemed by the Company may be re-issued.

There were no preferred shares issued as of December 31, 2021 and 2020.

As of December 31, 2021 and 2020, the Company has 8,347 and 8,375 shareholders, respectively.

#### Treasury Shares

In November 2018, AEV purchased 1 million treasury shares amounting to ₱44.1 million. In March 2020, the Company purchased 2.6 million treasury shares amounting to ₱82.4 million. As of December 31, 2021 and 2020 treasury shares held by AEV totaled 64.4 million with corresponding acquisition cost of ₱647.7 million.

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## **24. Retained Earnings**

On March 5, 2021, the BOD approved the declaration of a regular cash dividend of ₱0.91 per share (₱5.1 billion) to all stockholders of record as of March 19, 2021. These dividends were taken out of the unrestricted retained earnings as of December 31, 2020, and were paid on March 31, 2021.

On March 6, 2020, the BOD approved the following:

- a. Declaration of a regular cash dividend of ₱1.30 per share (₱7.3 billion) to all stockholders of record as of March 20, 2020. These dividends were taken out of the unrestricted retained earnings as of December 31, 2019, and were paid on April 3, 2020.
- b. Appropriation of ₱5.0 billion of the retained earnings as of December 31, 2019 for the additional capital infusion into AboitizLand to finance its on-going projects.

On March 7, 2019, the BOD approved the declaration of a regular cash dividend of ₱1.32 per share (₱7.4 billion) to all stockholders of record as of March 21, 2019. These dividends were taken out of the unrestricted retained earnings as of December 31, 2018, and were paid on April 5, 2019.

As mentioned in Note 19, the Company shall not permit its DE ratio to exceed 3:1 calculated based on the Company's year-end debt and consolidated equity.

The balance of retained earnings includes the accumulated equity in net earnings of subsidiaries, associates and joint arrangements amounting to ₱129.0 billion and ₱143.6 billion as at December 31, 2021 and 2020, respectively. Such amounts are not available for distribution until such time that the Company receives the dividends from the respective subsidiaries, associates and joint arrangements (see Note 10).



## 25. Other Comprehensive Income

	2021	2020
<b>Cumulative Translation Adjustments</b>		
Balance at beginning of year	₱785,141	₱720,970
Sale of non-controlling interest	(480,413)	—
Movements	2,557,461	64,171
Balance at end of year	2,862,189	785,141
<b>Cash Flow Hedge Reserve</b>		
Balance at beginning of year	(1,259,874)	(1,665,456)
Sale of non-controlling interest	(229,338)	—
Movements	1,888,267	405,582
Balance at end of year	399,055	(1,259,874)
<b>Actuarial Losses on Defined Benefit Plans</b>		
Balances at beginning of year	(1,468,919)	(861,868)
Sale of non-controlling interest	267,907	—
Movements	333,096	(607,051)
Balance at end of year	(867,916)	(1,468,919)
<b>Net Unrealized Gains (Losses) on Financial Assets at FVOCI</b>		
Balance at beginning of year	3,009	3,135
Movements	(3,127)	(126)
Balance at end of year	(118)	3,009
<b>Share in Cumulative Translation Adjustments of Associates and Joint Ventures</b>		
Balance at beginning of year	(765,424)	(137,020)
Sale of non-controlling interest	(17,480)	—
Movements	(66,567)	(628,404)
Balance at end of year	(849,471)	(765,424)
<b>Share in Actuarial Losses on Defined Benefit Plans of Associates and Joint Ventures</b>		
Balance at beginning of year	(1,356,084)	(₱819,928)
Sale of non-controlling interest	(4,166)	—
Movements	237,731	(536,156)
Balance at end of year	(1,122,519)	(1,356,084)
<b>Share in Fair Value Changes on Financial Assets at FVOCI of Associates and Joint Ventures</b>		
Balance at beginning of year	102,748	112,145
Sale of non-controlling interest	(24,591)	—
Movements	(734,752)	(9,397)
Balance at end of year	(656,595)	102,748
	(₱235,375)	(₱3,959,403)





## 26. Revenues

### a. Power

#### Sale from Distribution of Power

The Uniform Rate Filing Requirements (UFR) on the rate unbundling released by the ERC on October 30, 2001 specified that the billing for sale and distribution of power and electricity will have the following components: Generation Charge, Transmission Charge, System Loss Charge, Distribution Charge, Supply Charge, Metering Charge, the Currency Exchange Rate Adjustment and Interclass and Lifeline Subsidies. National and local franchise taxes, the Power Act Reduction (for residential customers) and the Universal Charge are also separately indicated in the customer's billing statements.

Pursuant to Section 43(f) of Republic Act (R.A.) No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA), and Rule 15, section 5(a) of its Implementing Rules and Regulations (IRR), the ERC promulgated the Distribution Wheeling Rates Guidelines on December 10, 2004. These were subsequently updated and released on July 26, 2006 as the Rules for Setting Distribution Wheeling Rates (RDWR) for Privately Owned Utilities entering Performance Based Regulation (PBR).

Details of the PBR regulatory period and the date of implementation of the approved rates are as follows:

	CLP	DLP	VECO	SEZ
Current regulatory period	April 1, 2009 to March 31, 2013	July 1, 2010 to June 30, 2014	July 1, 2010 to June 30, 2014	October 1, 2011 to September 30, 2015
Date of implementation of approved distribution supply and metering charges	May 1, 2009	August 1, 2010	August 1, 2010	November 26, 2011

The reset process for the Third Regulatory Period to adjust the previously approved distribution supply and metering charges were deferred due to the changes on PBR rules.

Through ERC Resolution No. 25 Series of 2016 dated July 12, 2016, the ERC adopted the Resolution Modifying the RDWR. Based on this Resolution, the Fourth Regulatory Period shall be as follows:

- i. CLP: April 1, 2017 to March 31, 2021
- ii. DLP and VECO: July 1, 2018 to June 30, 2022
- iii. SEZ: October 1, 2019 to September 30, 2023

The reset process for the Fourth Regulatory Period has not started for all private DUs as the above-mentioned ERC rules have not been published, which is a condition for their effectivity. Total sale from distribution of power amounted to ₱44.4 billion, ₱41.9 billion and ₱46.1 billion in 2021, 2020 and 2019, respectively.

#### Sale from Generation of Power and Retail Electricity

##### *Energy Trading through the Philippine Wholesale Electricity Spot Market (WESM)*

Certain subsidiaries are trading participants and direct members under the generator sector of the WESM. These companies are allowed to access the WESM Market Management System



through its Market Participant Interface (MPI). The MPI is the facility that allows the trading participants to submit and cancel bids and offers, and to view market results and reports. Under its price determination methodology as approved by the ERC, locational marginal price method is used in computing prices for energy bought and sold in the market on a per node, per hour basis. In the case of bilateral power supply contracts, however, the involved trading participants settle directly with their contracting parties.

Total sale of power to WESM amounted to ₱14.7 billion in 2021, ₱6.4 billion in 2020 and ₱6.4 billion in 2019.

#### *Power Supply Agreements*

Revenue recognition for customers under the power supply contracts assumed under the APA and IPP Administration Agreements are billed based on the contract price which is calculated based on the pricing structure approved by the ERC. Rates are calculated based on the time-of-use pricing schedule with corresponding adjustments using the GRAM and the ICERA.

Certain subsidiaries have negotiated contracts with NPC, Private Distribution Utilities, Electric Cooperatives and Commercial and Industrial Consumers referred to as PPA/PSA or ESA. These contracts provide a tariff that allows these companies to charge for capacity fees, fixed operating fees and energy fees.

Certain subsidiaries were issued a FIT Certificate of Compliance from the ERC which entitles them to avail the FIT rate. These subsidiaries also signed agreements with the National Transmission Corporation (NTC), the FIT administrator. These agreements enumerate the rights and obligations under the FIT rules and FIT-All guidelines, in respect to the full payment of the actual energy generation of the generator, at a price equivalent to the applicable FIT rate, for the entire duration of its FIT eligibility period.

Total sale of power under power supply agreements amounted to ₱52.4 billion in 2021, ₱42.4 billion in 2020 and ₱46.6 billion in 2019.

#### *Ancillary Services Procurement Agreement (ASPA)*

Certain subsidiaries have ASPA with the NGCP. Ancillary services are support services such as frequency regulating, contingency and dispatchable reserves, reactive power support, and black start capability which are necessary to support the transmission capacity and energy that are essential in maintaining power quality and security of the grid.

Total sale of power under ASPA amounted to ₱2.7 billion in 2021 and 2020 and ₱2.8 billion in 2019.

#### *Retail Electricity Supply Agreements*

Certain subsidiaries have negotiated contracts with contestable customers. These contracts provide supply and delivery of electricity where capacity fees, fixed operating fees and energy fees are at fixed price/kwh or time of use.

Total sale of power under retail electricity supply agreements amounted to ₱19.9 billion in 2021, ₱16.5 billion in 2020 and ₱22.8 billion in 2019.



b. Real estate revenues consist of the following:

	2021	2020	2019
Real estate sales	<b>₱4,324,337</b>	₱2,730,257	₱3,296,910
Rental income	<b>617,851</b>	527,832	539,761
Service fees and others	<b>292,654</b>	283,183	279,504
	<b>₱5,234,842</b>	₱3,541,272	₱4,116,175

## 27. Purchased Power

### Distribution

The Group's distribution utilities entered into contracts with NPC/PSALM and generation companies for the purchase of electricity, and into Transmission Service Agreements with NGCP for the transmission of electricity.

To avail of opportunities in the competitive electricity market, some of the Group's distribution utilities registered as direct participants of the WESM.

Total purchased power amounted to ₱19.8 billion, ₱20.0 billion, ₱21.8 billion in 2021, 2020 and 2019, respectively.

### Generation

Purchased power takes place during periods when power generated from power plants are not sufficient to meet customers' required power as stated in the power supply contracts. Insufficient supply of generated energy results from the shutdowns due to scheduled maintenance or an emergency situation. The Group purchases power from WESM to ensure uninterrupted supply of power and meet the requirements in the power supply contracts.

The Group entered into Replacement Power Contracts with certain related parties (see Note 34). Under these contracts, the Group supplies power to counterparties when additional power is needed. Correspondingly, when faced with energy shortfalls, the Group purchases power from counterparties.

Total purchased power amounted to ₱16.3 billion, ₱7.7 billion, ₱7.6 billion in 2021, 2020 and 2019, respectively.

### Retail Electricity Supply

AESI pays PSALM monthly generation payments using the formula specified in the IPP Administration Agreement. In October 2019, a compromise agreement with PSALM was effected, which includes the termination of supply and ₱125.0 million payment of AESI as termination fee.

The Group also purchases from WESM in order to supply its contestable customers.

Total purchased power amounted to ₱5.4 billion, ₱3.7 billion and ₱6.4 billion in 2021, 2020 and 2019, respectively.



## 28. Costs and Expenses

Cost of generated power consists of:

	2021	2020	2019
Fuel costs (see Note 6)	<b>₱27,484,810</b>	₱19,650,746	₱29,394,773
Steam supply costs (see Note 40)	<b>4,950,813</b>	2,974,611	5,008,607
Energy fees	<b>746,182</b>	565,676	694,696
Ancillary charges	<b>169,467</b>	225,916	360,095
Wheeling expenses	<b>148,436</b>	44,909	68,535
	<b>₱33,499,708</b>	₱23,461,858	₱35,526,706

Cost of goods sold consists of:

	2021	2020	2019
Raw materials used, purchases and changes in biological assets and inventories (see Notes 6 and 8)	<b>₱67,976,574</b>	₱56,243,449	₱55,809,698
Direct labor (see Note 29)	<b>401,144</b>	375,476	384,488
Manufacturing overhead			
Depreciation (see Note 13)	<b>1,229,953</b>	1,142,955	1,070,930
Indirect labor (see Note 29)	<b>881,403</b>	834,018	774,055
Power	<b>773,469</b>	679,519	739,874
Repairs and maintenance	<b>594,034</b>	532,641	573,206
Fuel and lubricants	<b>322,086</b>	283,416	311,971
Employees' benefits (see Notes 29 and 30)	<b>258,783</b>	204,396	199,841
Outside services	<b>242,785</b>	479,294	384,525
Toll milling expenses	<b>159,235</b>	68,969	54,049
Insurance	<b>132,250</b>	115,182	99,625
Taxes and licenses	<b>89,074</b>	81,096	71,784
Office and general supplies	<b>81,402</b>	107,074	70,210
Freight and handling	<b>80,232</b>	63,897	72,642
Rental	<b>67,967</b>	35,277	41,027
Medicines and vaccines	<b>50,490</b>	22,661	56,529
Pest control	<b>₱29,999</b>	₱25,280	₱19,251
Royalty fee	—	8,912	10,520
Others	<b>206,616</b>	195,813	149,602
	<b>5,199,778</b>	4,880,400	4,699,641



	2021	2020	2019
Finished goods inventory (see Note 6)			
Beginning of year	1,449,166	1,468,608	1,752,729
End of year	(1,437,567)	(1,449,166)	(1,468,608)
	<b>₱73,589,095</b>	<b>₱61,518,767</b>	<b>₱61,177,948</b>

Operating expenses consist of:

	2021	2020	2019
Depreciation and amortization (see Notes 13 and 14)	<b>₱11,732,659</b>	₱11,553,868	₱10,465,907
Personnel costs (see Notes 29 and 30)	<b>8,274,889</b>	8,146,599	7,606,946
Taxes and licenses	<b>3,680,613</b>	3,350,398	3,132,133
Outside services (see Note 35)	<b>3,457,561</b>	3,264,600	2,670,470
Repairs and maintenance	<b>3,330,570</b>	2,672,138	2,580,412
Insurance	<b>2,246,849</b>	1,738,902	1,061,027
Freight and handling	<b>1,512,732</b>	1,340,004	1,342,422
Provision for impairment of trade receivables (see Note 5)	<b>1,367,439</b>	1,105,839	278,766
Management and professional fees (see Note 35)	<b>758,496</b>	927,392	918,395
Transportation and travel	<b>605,629</b>	506,814	839,882
Advertising	<b>457,670</b>	369,263	476,780
Rent	<b>111,030</b>	108,400	49,017
Utilities	<b>100,316</b>	182,914	187,374
Training and development	<b>69,995</b>	66,520	255,570
Fuel and lubricants	<b>7,495</b>	22,210	85,205
Commissions	—	1,394	640
Others	<b>2,182,148</b>	1,756,637	1,706,693
	<b>₱39,896,091</b>	<b>₱37,113,892</b>	<b>₱33,657,639</b>

Other operating expenses consist of miscellaneous items, the most significant of which are materials and supplies.



Sources of depreciation and amortization are as follows:

	2021	2020	2019
Property, plant and equipment (see Note 13)	<b>₱10,925,911</b>	₱10,612,189	₱9,585,437
Right-of-use assets (see Note 22)	<b>1,489,196</b>	1,536,699	1,391,757
Intangible assets (see Note 14)	<b>547,505</b>	547,935	559,643
	<b>₱12,962,612</b>	₱12,696,823	₱11,536,837

## 29. Personnel Costs

	2021	2020	2019
Salaries and wages	<b>₱7,955,165</b>	₱8,112,268	₱6,862,064
Employee benefits (see Note 30)	<b>1,553,659</b>	1,286,581	1,799,914
	<b>₱9,508,824</b>	₱9,398,849	₱8,661,978

## 30. Pension Benefit Plans

Under the existing regulatory framework, Republic Act 7641, otherwise known as *The Retirement Pay Law*, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity. It further states that the employees' retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The Company and its subsidiaries have funded, noncontributory, pension benefit plans ("Plan") covering all regular and full-time employees and requiring contributions to be made to separately administered funds. The retirement benefit fund ("Fund") of each subsidiary is in the form of a trust being maintained and managed by AEV, under the supervision of the Board of Trustees (BOT) of the Plan. The BOT, whose members are also corporate officers, is responsible for the investment of the Fund assets. Taking into account the Plan's objectives, benefit obligations and risk capacity, the BOT periodically defines the investment strategy in the form of a long-term target structure.

The following tables summarize the components of net benefit expense recognized in the consolidated statements of income and the funded status and amounts recognized in the consolidated balance sheets for the respective plans.



*Net benefit expense (recognized as part of personnel costs under operations)*

	2021	2020	2019
Retirement expense recognized in the consolidated statements of income:			
Service cost	<b>₱424,951</b>	₱327,922	₱294,728
Net interest cost	<b>21,377</b>	27,204	19,653
Remeasurement of other long-term employee benefits	<b>2,319</b>	(1,396)	1,372
	<b>₱448,647</b>	₱353,730	₱315,753

	2021	2020	2019
Remeasurement gains (losses) recognized in the consolidated statements of comprehensive income:			
Actuarial gains (losses) on defined benefit plan	<b>₱273,979</b>	(₱437,544)	(₱130,633)
Return (losses) on assets excluding amount included in net interest cost	<b>324,517</b>	(573,483)	23,460
	<b>₱598,496</b>	(₱1,011,027)	(₱107,173)

*Net pension liabilities*

	2021	2020
Present value of obligation	<b>₱3,993,697</b>	₱4,003,447
Fair value of plan assets	<b>(3,793,572)</b>	(3,544,253)
Pension liability	<b>₱200,125</b>	₱459,194



Changes in the present value of the defined benefit obligation are as follows:

	2021	2020
At January 1	<b>₱4,003,447</b>	₱3,576,699
Net benefit costs in the consolidated statements of income		
Current service costs	<b>398,272</b>	320,721
Interest cost	<b>152,922</b>	179,927
Transfers and others	<b>16,359</b>	12,885
Past service costs	<b>26,679</b>	7,201
Remeasurement of other long-term employee benefits	<b>2,319</b>	(1,396)
Benefits paid	<b>(332,322)</b>	(530,134)
Remeasurements in other comprehensive income:		
Actuarial losses due to experience adjustments	<b>109,725</b>	177,014
Actuarial losses due to changes in financial assumptions	<b>(383,704)</b>	260,530
At December 31	<b>₱3,993,697</b>	₱4,003,447

Changes in the fair value of plan assets are as follows:

	2021	2020
At January 1	<b>₱3,544,253</b>	₱3,127,787
Actual contributions	<b>90,053</b>	1,091,944
Interest income included in net interest cost	<b>131,545</b>	152,723
Transfers and others	<b>6,080</b>	23,429
Actual return excluding amount included in net interest cost	<b>324,517</b>	(573,483)
Benefits paid	<b>(302,876)</b>	(278,147)
At December 31	<b>₱3,793,572</b>	₱3,544,253

Changes in net pension liability recognized in the consolidated balance sheets are as follows:

	2021	2020
At January 1	<b>₱459,194</b>	₱448,912
Contribution to retirement fund	<b>(90,053)</b>	(1,091,944)
Retirement expense for the year	<b>448,647</b>	353,730
Actuarial losses recognized for the year	<b>(598,496)</b>	1,011,027
Transfers and others	<b>10,279</b>	(10,544)
Benefits paid from Group operating funds	<b>(29,446)</b>	(251,987)
At December 31	<b>₱200,125</b>	₱459,194





The fair value of plan assets by each class as at the end of the reporting period are as follows:

	2021	2020
Cash and fixed-income investments	<b>₱2,050,089</b>	₱2,402,972
Equity instruments:		
Power	<b>458,890</b>	402,335
Holding	<b>623,724</b>	492,551
Financial institution	<b>248,805</b>	75,733
Others	<b>412,064</b>	170,662
Fair value of plan assets	<b>₱3,793,572</b>	₱3,544,253

All equity and debt instruments held have quoted prices in active market. The remaining plan assets do not have quoted market prices in active market.

The plan assets have diverse investments and do not have any concentration risk.

The principal assumptions used in determining pension benefit obligations for the Group's plans are shown below:

	2021	2020	2019
Discount rate	<b>3.46% - 9.70%</b>	2.75% - 7.83%	4.36% - 8.31%
Salary increase rate	<b>6% - 7%</b>	6% - 7%	6% - 7%

The sensitivity analysis below has been determined based on reasonable possible changes of each significant assumption on the defined benefit obligation as of December 31, 2021 and 2020, assuming all other assumptions were held constant:

**December 31, 2021**

	Increase (decrease) in basis points	Effect on defined benefit obligation
Discount rates	100 (100)	(₱218,760) 307,004
Future salary increases	100 (100)	321,651 (236,541)



December 31, 2020

	Increase (decrease) in basis points	Effect on defined benefit obligation
Discount rates	100	(₱224,378)
	(100)	356,284
Future salary increases	100	362,092
	(100)	(233,336)

The pension benefit plans are funded by the Company and its subsidiaries. The Group expects to contribute approximately ₱259.5 million to the retirement benefit funds in 2022.

The average durations of the defined benefit obligation as of December 31, 2021 and 2020 are 2.53 - 23.42 years and 4.00 - 24.00 years, respectively.

The Board of Trustees reviews the performance of the plans on a regular basis. It assesses whether the retirement plans will achieve investment returns which, together with contributions, will be sufficient to pay retirement benefits as they fall due. The Group also reviews the solvency position of the different member companies on an annual basis and estimates, through the actuary, the expected contribution to the Plan in the subsequent year.

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31. Other Income (Expense) - Net

	2021	2020	2019
Net unrealized fair valuation gains on investment properties (see Note 15)	<b>₱976,228</b>	₱401,410	₱1,829,732
Net foreign exchange gains	<b>584,641</b>	1,185,689	1,167,551
Surcharges	<b>561,367</b>	447,703	536,856
Rental income (see Note 34)	<b>188,846</b>	49,385	87,497
Non-utility operating income	<b>138,922</b>	142,013	170,640
Increase in fair value of biological assets (see Note 8)	<b>133,774</b>	305,711	—
Dividend income	<b>2,984</b>	4,827	10,651
Unrealized valuation loss on financial assets	<b>(4,727)</b>	—	—
Gain (loss) on sale/disposal of:			
Financial assets at FVTPL	<b>115,707</b>	15,622	3,965
Investment	<b>(44,258)</b>	—	—
Property, plant and equipment	<b>(209,420)</b>	(27,097)	(301,228)
(Forward)			



	2021	2020	2019
Write off of project development costs	(P369,918)	(P56,410)	(P71,802)
Recovery of (provision for) impairment losses on property, plant and equipment and other assets (see Note 13)	(340,597)	(113,683)	245,489
Others – net	1,408,745	2,454,105	1,838,452
	<b>P3,142,294</b>	<b>P4,809,275</b>	<b>P5,517,803</b>

Provision and recovery of impairment losses pertain to the following:

- The net book value of VECO's damaged assets due to typhoon Odette amounting to P143.1 million was recognized as impairment loss in 2021.
- The income from the 2019 recovery of a certain Aseagas asset previously impaired in 2017 amounting to P245.5 million.

"Others - net" includes gain on sale of asset held for sale amounting to P770.0 million and mark-to-market loss on derivative amounting to P851.4 million in 2021, insurance claims from plant outages of TSI of P1.8 billion and liquidating damages from contractor due to the delay of the completion of TVI's power plant of P611.0 million in 2020, and reversal of APRI and TLI's liability to PSALM pertaining to GRAM/ICERA of P924.0 million in 2019. "Others - net" also included non-recurring items like sale of scrap and sludge oil and reversal of provisions.

## 32. Income Taxes

The provision for (benefit from) income tax consists of:

	2021	2020	2019
Current			
Corporate income tax	P3,338,935	P6,111,431	P4,257,044
Final tax	158,340	218,334	154,135
	<b>3,497,275</b>	<b>6,329,765</b>	<b>4,411,179</b>
Deferred	(689,022)	1,253,493	347,225
	<b>P2,808,253</b>	<b>P7,583,258</b>	<b>P4,758,404</b>



A reconciliation between the statutory income tax rate and the Group's effective income tax rates follows:

	2021	2020	2019
Statutory income tax rate	25.00%	30.00%	30.00%
Tax effects of:			
Changes on unrecognized deferred income tax assets	1.22	11.93	3.92
Non-deductible interest expense	1.93	8.50	4.85
Non-deductible depreciation expense	0.77	2.30	0.97
Deductible lease payments	(6.33)	(17.54)	(7.93)
Nontaxable share in net earnings of associates and joint ventures	(11.66)	(9.53)	(10.09)
Income under ITH	(2.81)	(1.13)	(10.31)
Interest income subjected to final tax at lower rates - net	(0.08)	(0.57)	(0.84)
Others	(0.45)	2.75	3.34
	7.59%	26.71%	13.91%

Net deferred income tax assets as at December 31 relate to the following:

	2021	2020
Deferred income tax assets:		
Tax effects of items in other comprehensive income	₱134,082	₱107,300
Allowances for impairment and probable losses	647,220	556,397
NOLCO	1,888,272	427,094
Accrued retirement benefits	41,969	195,987
Unamortized contributions for past service	167,471	98,671
MCIT	16,715	16,526
Others	792,382	1,205,469
	2,634,797	2,607,444
Deferred income tax liabilities:		
Unrealized foreign exchange gain	512,572	484,162
Pension asset	140,985	75,220
Others	4,692	6,565
	658,249	565,947
	₱1,976,548	₱2,041,497



Net deferred income tax liabilities as at December 31 relate to the following:

	2021	2020
Deferred income tax liabilities:		
Unrealized gain on investment property	<b>₱1,502,670</b>	₱1,460,920
Unamortized franchise	<b>604,463</b>	744,193
Percentage-of-completion recognition of real estate sales and related costs	<b>126,941</b>	152,329
Unamortized customs duties and taxes capitalized	<b>4,197</b>	5,348
Unrealized foreign exchange gains	<b>2,165</b>	24,739
Others	<b>265,968</b>	277,911
	<b>2,506,404</b>	2,665,440
Deferred income tax assets:		
Tax effects of items in other comprehensive income	<b>₱67,395</b>	₱106,851
NOLCO	<b>6,093</b>	5,782
Allowances for:		
Inventory obsolescence	<b>30,683</b>	31,364
Impairment and probable losses	<b>107,628</b>	71,006
Unrealized foreign exchange losses	<b>7,846</b>	9,389
Unamortized past service cost	<b>15,962</b>	10,480
Pension asset	<b>—</b>	31,039
	<b>235,607</b>	265,911
	<b>₱2,270,797</b>	₱2,399,529

In computing for deferred income tax assets and liabilities, the tax rates used were 30% and 10%, which are the rates expected to apply to taxable income in the years in which the deferred income tax assets and liabilities are expected to be recovered or settled and considering the tax rate for renewable energy developers as allowed by the Renewable Energy Act of 2008.

The Group has unrecognized deferred income tax assets on NOLCO amounting to ₱26.1 billion and ₱13.0 billion as of December 31, 2020 and 2019, respectively, and on MCIT amounting to ₱134.3 million and ₱165.1 million as of December 31, 2021 and 2020, respectively. Management expects that no sufficient taxable income and income tax payable will be generated in the future to allow all of the corresponding deferred income tax assets to be utilized.

The Group did not recognize deferred income tax liability on its undistributed retained earnings of its subsidiaries on the basis that there are no income tax consequences to the Group attaching to the payment of dividends to its shareholders or that the reversal of the temporary differences are not expected to reverse in the foreseeable future (see Note 24).



### 33. Earnings per Common Share

Earnings per common share amounts were computed as follows:

	2021	2020	2019
a. Net income attributable to equity holders of the parent	<b>₱27,309,623</b>	₱15,433,613	₱22,036,129
b. Weighted average number of common shares issued and outstanding	<b>5,630,225</b>	5,630,225	5,633,543
c. Earnings per common share (a/b)	<b>₱4.85</b>	₱2.74	₱3.91

There are no dilutive potential common shares as of December 31, 2021, 2020 and 2019.

### 34. Operating Segment Information

Operating segments are components of the Group that engage in business activities from which they may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's CODM to make decisions about how resources are to be allocated to the segment and assess their performances, and for which discrete financial information is available.

For purposes of management reporting, the Group's operating businesses are organized and managed separately according to services provided, with each segment representing a strategic business segment. The Group's identified operating segments, which are consistent with the segments reported to the BOD, the Group's CODM, are as follows:

- power segment, which is engaged in power generation and sale of electricity;
- financial services segment, which is engaged in banking and money remittance operations;
- food manufacturing segment, which is engaged in the production of flour and feeds and swine breeding;
- real estate segment, which is engaged in real property development for sale and lease;
- infrastructure segment, which is engaged in the production of cement and other building materials and in the supply of treated bulk water; and
- the parent company and others, which include the operations of the Company and the service provider subsidiaries that cater mainly to the Group.

In addition, The Group presents geographical segments based on two categories, as follows:

- Philippines, which represents the Group's local operations; and
- Rest of Asia, which represents the foreign operations of the Group across several countries in Asia.

Management monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment revenue and segment expenses are measured in accordance with PFRS. The presentation and classification of segment revenue and segment expenses are consistent with the consolidated statements of income. Interest



expense and financing charges, depreciation and amortization expense and income taxes are managed on a per segment basis.

The Group has inter-segment revenues in the form of management fees as well as inter-segment sales of electricity and other services which are eliminated in consolidation. The transfers are accounted for at competitive market prices on an arm's-length basis.

Segment assets do not include deferred income tax assets, pension asset and other noncurrent assets. Segment liabilities do not include deferred income tax liabilities, income tax payable and pension liability. Capital expenditures consist of additions of property, plant and equipment and intangible asset - service concession rights. Adjustments as shown below include items not presented as part of segment assets and liabilities.

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Group, and that the revenue can be reliably measured. Sale of power to Manila Electric Company (MERALCO) accounted for 8%, 10% and 22% of the power generation revenues of the Group in 2021, 2020, and 2019, respectively.

Financial information on the operations of the various business segments are summarized as follows:

	2021							
	Power	Financial Services	Food Manufacturing	Real Estate	Infrastructure	Parent Company and Others	Eliminations	Consolidated
<b>REVENUES</b>								
Third parties	₱134,144,405	₱—	₱83,643,746	₱5,234,842	₱122,776	₱783,650	₱—	₱223,929,419
Inter-segment	214,816	—	3,555,851	91,887	2,810	1,220,369	(5,085,733)	—
<b>Total revenue</b>	<b>₱134,359,221</b>	<b>₱—</b>	<b>87,199,597</b>	<b>₱5,326,729</b>	<b>₱125,586</b>	<b>₱2,004,019</b>	<b>(₱5,085,733)</b>	<b>₱223,929,419</b>
<b>RESULTS</b>								
Segment results	₱28,209,796	₱—	₱3,386,863	₱1,699,343	(₱284,752)	₱89,834	₱—	₱33,101,084
Unallocated corporate income (expenses) - net	213,565	—	(90,566)	1,294,680	39,289	1,685,326	—	3,142,294
<b>INCOME FROM OPERATIONS</b>								<b>36,243,378</b>
Interest expense	(13,590,365)	—	(818,828)	(66,651)	(453)	(2,591,729)	25,870	(17,042,156)
Interest income	343,233	—	68,553	5,335	30,278	109,322	(25,870)	530,851
Share in net earnings of associates and joint ventures	9,479,696	6,376,021	16,194	(4,831)	1,380,211	20,370,751	(20,372,399)	17,245,643
Provision for income tax	(2,110,710)	—	(533,305)	(69,396)	(6,895)	(87,947)	—	(2,808,253)
<b>NET INCOME</b>	<b>₱22,545,215</b>	<b>₱6,376,021</b>	<b>₱2,028,911</b>	<b>₱2,858,480</b>	<b>₱1,157,678</b>	<b>₱19,575,557</b>	<b>(₱20,372,399)</b>	<b>₱34,169,463</b>
<b>OTHER INFORMATION</b>								
Segment assets	₱104,419,938	₱—	₱33,331,377	₱24,505,318	₱7,542,447	₱86,837,632	(₱2,287,631)	₱254,349,081
Investments and advances	64,952,728	59,428,617	56,702	1,721,667	28,521,561	116,882,696	(116,748,358)	154,815,613
Unallocated corporate assets	258,042,953	—	32,486,682	10,516,613	13,349,620	10,619,935	(573,875)	324,441,928
<b>Consolidated total assets</b>								<b>₱733,606,622</b>



2021								
	Power	Financial Services	Food Manufacturing	Real Estate	Infrastructure	Parent Company and Others	Eliminations	Consolidated
Segment liabilities	₱270,682,017	₱—	₱35,205,305	₱14,256,695	₱10,407,878	₱74,977,513	(₱2,835,857)	₱402,693,551
Unallocated corporate liabilities	1,152,899	—	32,618,245	948,055	11,656	(31,584,542)	—	3,146,313
Consolidated total liabilities								₱405,839,864
Capital expenditures	₱9,149,864	₱—	₱1,754,712	₱331,588	₱109,129	₱33,912	₱—	₱11,379,205
Depreciation and amortization	₱11,202,273	₱—	₱1,486,698	74,655	₱34,078	₱164,908	₱—	₱12,962,612
2020								
	Power	Financial Services	Food Manufacturing	Real Estate	Infrastructure	Parent Company and Others	Eliminations	Consolidated
REVENUES								
Third parties	₱110,144,339	₱—	₱72,597,093	₱3,541,272	₱93,253	₱349,871	₱—	₱186,725,828
Inter-segment	232,310	—	—	77,096	2,590	1,099,846	(1,411,842)	—
Total revenue	₱110,376,649	₱—	₱72,597,093	₱3,618,368	₱95,843	₱1,449,717	(₱1,411,842)	₱186,725,828
RESULTS								
Segment results	₱26,879,887	₱—	₱4,481,626	₱507,768	(₱189,192)	(₱283,067)	₱76,768	₱31,473,790
Unallocated corporate income (expenses) - net	4,928,563	—	(13,136)	62,941	10,679	(103,005)	(76,767)	4,809,275
INCOME FROM OPERATIONS								36,283,065
Interest expense	(14,253,528)	—	(941,119)	(83,610)	—	(2,706,411)	67,581	(17,917,087)
Interest income	653,076	—	93,047	9,138	16,394	303,162	(67,581)	1,007,236
Share in net earnings of associates and joint ventures	2,675,136	5,855,311	19,781	(33,456)	525,013	11,766,479	(11,789,231)	9,019,033
Provision for income tax	(6,061,912)	—	(1,289,752)	(52,324)	(11,248)	(168,022)	—	(7,583,258)
NET INCOME	₱14,821,222	₱5,855,311	₱2,350,447	₱410,457	₱351,646	₱8,809,136	(₱11,789,230)	₱20,808,989
OTHER INFORMATION								
Segment assets	₱77,504,703	₱—	₱27,288,310	₱19,182,052	₱3,385,735	₱21,443,628	(₱1,423,195)	₱147,381,233
Investments and advances	61,828,801	55,369,791	71,020	2,069,756	26,025,132	126,890,485	(126,838,341)	145,416,644
Unallocated corporate assets	258,591,615	—	41,561,960	8,300,160	8,023,658	454,533	(573,876)	316,358,050
Consolidated total assets								₱609,155,927
Segment liabilities	₱261,578,030	₱—	₱28,397,739	₱12,256,824	₱9,824,430	₱71,843,403	(₱1,971,504)	₱381,928,922
Unallocated corporate liabilities	1,762,015	—	31,000,041	581,967	17,009	(29,734,026)	—	3,627,006
Consolidated total liabilities								₱385,555,928
Capital expenditures	₱5,428,730	₱—	₱1,605,410	₱352,711	₱207,335	₱54,732	₱—	₱7,648,918
Depreciation and amortization	₱10,973,364	₱—	₱1,395,118	₱118,989	₱22,146	₱187,206	₱—	₱12,696,823





2019								
	Power	Financial Services	Food Manufacturing	Real Estate	Infrastructure	Parent Company and Others	Eliminations	Consolidated
<b>REVENUES</b>								
Third parties	₱125,419,377	₱—	₱71,155,177	₱4,116,175	₱95,769	₱370,970	₱—	₱201,157,468
Inter-segment	215,780	—	—	79,681	—	1,179,475	(1,474,936)	—
<b>Total revenue</b>	<b>₱125,635,157</b>	<b>₱—</b>	<b>₱71,155,177</b>	<b>₱4,195,856</b>	<b>₱95,769</b>	<b>₱1,550,445</b>	<b>(₱1,474,936)</b>	<b>₱201,157,468</b>
<b>RESULTS</b>								
Segment results	₱28,855,872	₱—	₱3,646,190	₱549,245	(₱174,141)	(₱441,004)	₱218,728	₱32,654,890
Unallocated corporate income (expenses) - net	3,483,389	—	243,718	1,211,636	186	797,602	(218,728)	5,517,803
<b>INCOME FROM OPERATIONS</b>								<b>38,172,693</b>
Interest expense	(14,047,646)	—	(1,261,093)	(63,772)	(19)	(1,731,329)	55,500	(17,048,359)
Interest income	1,291,703	—	68,976	18,129	10,745	242,412	(57,697)	1,574,268
Share in net earnings of associates and joint ventures	3,813,962	7,150,500	13,487	(20,912)	545,936	16,252,690	(16,253,573)	11,502,090
Provision for income tax	(3,215,498)	—	(886,741)	(429,267)	(15,438)	(211,460)	—	(4,758,404)
<b>NET INCOME</b>	<b>₱20,181,782</b>	<b>₱7,150,500</b>	<b>₱1,824,537</b>	<b>₱1,265,059</b>	<b>₱367,269</b>	<b>₱14,908,911</b>	<b>(₱16,255,770)</b>	<b>₱29,442,288</b>
<b>OTHER INFORMATION</b>								
Segment assets	₱76,896,786	₱—	₱22,134,273	₱16,011,885	₱2,476,896	₱7,204,501	(₱299,049)	₱124,425,292
Investments and advances	60,878,541	51,837,773	60,374	1,673,212	25,833,195	130,091,898	(130,023,245)	140,351,748
Unallocated corporate assets	272,694,030	—	30,353,984	8,755,063	5,470,776	6,925,209	(590,001)	323,609,061
<b>Consolidated total assets</b>								<b>₱588,386,101</b>
Segment liabilities	₱275,041,691	₱—	₱25,289,176	₱9,753,786	₱6,590,858	₱51,382,673	(₱864,426)	₱367,193,758
Unallocated corporate liabilities	1,784,655	—	735,764	990,195	16,895	469,754	—	3,997,263
<b>Consolidated total liabilities</b>								<b>₱371,191,021</b>
Capital expenditures	₱9,675,816	₱—	₱1,895,149	₱896,460	₱26,765	₱81,444	₱—	₱12,575,634
Depreciation and amortization	₱9,895,695	₱—	₱1,317,211	₱112,373	₱15,424	₱196,134	₱—	₱11,536,837

Revenues and noncurrent operating assets by geographical locations are summarized below:

	Revenue			Property, Plant and Equipment		Intangible Assets	
	2021	2020	2019	2021	2020	2021	2020
Philippines	₱171,804,664	₱142,541,418	₱158,786,154	₱179,353,934	₱178,347,621	₱16,669,351	₱12,503,579
Rest of Asia	71,797,275	56,659,866	47,156,740	5,205,280	4,790,720	93,640	102,899
	<b>₱243,601,939</b>	<b>₱199,201,284</b>	<b>₱205,942,894</b>	<b>₱184,559,214</b>	<b>₱183,138,341</b>	<b>₱16,762,991</b>	<b>₱12,606,478</b>

The revenue information above is based on the locations of customers. Noncurrent operating assets consist of property, plant and equipment and intangible assets.



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### 35. Related Party Disclosures

Parties are considered to be related if one party has the ability to control, directly or indirectly, the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. The Group enters into transactions with its parent, associates, joint ventures and other related parties, principally consisting of the following:

- a. Service contracts of certain associates with AEV or AP at fees based on agreed rates. Professional and technical fees paid by these associates and joint ventures to AEV and AP totaled ₱576.9 million, ₱399.9 million and ₱393.3 million in 2021, 2020 and 2019, respectively.
- b. Cash deposits and placements with UBP earn interest at prevailing market rates (see Note 4).
- c. Aviation services are rendered by AEV Aviation to ACO and certain associates.
- d. Lease of commercial office units by ACO and certain associates from CPDC.
- e. Purchase of lots for residential and commercial project development by AboitizLand from ACO in 2012. The purchase was for a total consideration of ₱595.8 million, a portion of which was paid upon execution of the Contract to Sell. The remaining balance is payable on quarterly installments for the next 10 years. The current portion of the related liability amounted to ₱14.2 million as of December 31, 2021, and ₱64.8 million as of December 31, 2020 (see Note 19).
- f. Power sales to and purchases from certain associates and joint ventures based on the Group's power supply and purchase agreements, respectively (see Notes 26 and 27).
- g. Services rendered by Aboitiz Construction, Inc. (ACI), a wholly owned subsidiary of ACO, to the Group for various construction projects.

The above transactions are settled in cash.



Significant outstanding account balances with related parties as of December 31, 2021 and 2020 are as follows:

a. Revenue - Management, Professional and Technical Fees

	Revenue			Accounts Receivable			
	2021	2020	2019	2021	2020	Terms	Conditions
Ultimate Parent							
ACO	₱14,199	₱11,823	₱—	₱—	₱245,000	30-day; interest-free	Unsecured; no impairment
Associates and Joint Ventures							
RCBM (see Note 10)	168,145	82,065	88,773	—	—	30-day; interest-free	Unsecured; no impairment
SFELAPCO	123,025	108,838	106,760	—	—	30-day; interest-free	Unsecured; no impairment
CEDC	84,260	88,445	74,074	—	5,861	30-day; interest-free	Unsecured; no impairment
RCMI (see Note 10)	60,252	21,594	18,600	—	—	30-day; interest-free	Unsecured; no impairment
RCII (see Note 10)	—	6,055	12,106	—	—	30-day; interest-free	Unsecured; no impairment
AEV CRH Holdings, Inc.	—	—	—	—	3	30-day; interest-free	Unsecured; no impairment
GNPD	39,502	39,884	41,768	7,575	3,112	30-day; interest-free	Unsecured; no impairment
SNAP-Magat	10,038	13,814	5,910	—	—	30-day; interest-free	Unsecured; no impairment
SNAP-Benguet	9,620	13,591	5,986	—	—	30-day; interest-free	Unsecured; no impairment
SNAP-Res, Inc.	5	5	—	—	—	30-day; interest-free	Unsecured; no impairment
MORE	2,139	1,358	4,522	—	—	30-day; interest-free	Unsecured; no impairment
UBP	63,877	8,756	11,165	—	—	30-day; interest-free	Unsecured; no impairment
CSB	600	881	—	—	1,074	30-day; interest-free	Clean; no impairment
SNAP-Generation	474	371	23,678	—	—	30-day; interest-free	Unsecured; no impairment
RCSI	894	2,413	—	—	—	30-day; interest-free	Unsecured; no impairment
Total	₱577,030	₱399,893	₱393,342	₱7,575	₱255,050		



b. Cash Deposits and Placements with UBP

	Interest Income			Outstanding Balance		Terms	Condition
	2021	2020	2019	2021	2020		
AP	<b>₱45,793</b>	₱159,058	₱277,850	<b>₱13,827,284</b>	₱14,562,293	90 days or less; interest-bearing	No impairment
AEV	<b>25,040</b>	42,189	48,250	<b>22,801,039</b>	7,791,270	90 days or less; interest-bearing	No impairment
PILMICO	<b>971</b>	9,968	6,199	<b>645,254</b>	545,064	90 days or less; interest-bearing	No impairment
AboitizLand	<b>1,752</b>	1,110	1,152	<b>1,130,482</b>	621,639	90 days or less; interest-bearing	No impairment
Aboitiz Infracapital	<b>20,388</b>	10,108	7,478	<b>4,708,066</b>	865,933	90 days or less; interest-bearing	No impairment
CPDC	<b>117</b>	978	1,637	<b>6,231</b>	48,116	90 days or less; interest-bearing	No impairment
AEV AVIATION	<b>105</b>	89	198	<b>67,021</b>	68,462	90 days or less; interest-bearing	No impairment
AIPL	—	—	9	<b>11,591</b>	10,898	90 days or less; interest-bearing	No impairment
Weather Solutions, Inc.	—	5	2	—	16	90 days or less; interest-bearing	No impairment
	<b>₱94,166</b>	₱223,505	₱342,775	<b>₱43,196,968</b>	₱24,513,691		

c. Revenue - Aviation Services

	Revenue			Accounts Receivable		Terms	Conditions
	2021	2020	2019	2021	2020		
Ultimate Parent							
ACO	₱—	₱—	₱520	₱—	₱—	30-day; interest-free	Unsecured; no impairment
Associates and Joint Ventures							
SNAP-Magat	7,992	7,179	7,353	—	—	30-day; interest-free	Unsecured; no impairment
SNAP-Benguet	2,017	1,734	1,969	—	—	30-day; interest-free	Unsecured; no impairment
UBP	1,500	1,500	1,500	—	413	30-day; interest-free	Unsecured; no impairment
SNAP-Generation	—	126	726	—	—	30-day; interest-free	Unsecured; no impairment
Tsuneishi Holdings (Cebu), Inc.	—	456	—	—	251	30-day; interest-free	Unsecured; no impairment
	₱11,509	₱10,995	₱12,068	₱—	₱664		



d. Revenue - Rental

	Revenue			Accounts Receivable			
	2021	2020	2019	2021	2020	Terms	Conditions
Ultimate Parent							
ACO	₱4,730	₱6,590	₱4,269	₱—	₱—	30-day; interest-free	Unsecured; no impairment
Associates							
UBP	4,263	5,038	5,268	—	—	30-day; interest-free	Unsecured; no impairment
	₱8,993	₱11,628	₱9,537	₱—	₱—		

e. Land Acquisition

	Purchase			Payable		Terms	Condition
	2021	2020	2019	2021	2020		
<i>Ultimate Parent</i>							
ACO	₱—	₱—	₱—	₱14,177	₱78,988	Quarterly installment	Unsecured

f. Revenue - Sale of Power

	Revenue (see Note 26)			Receivable			
	2021	2020	2019	2021	2020	Terms	Conditions
Associate and Joint Ventures							
SFELAPCO	₱2,710,153	₱2,351,358	₱2,655,153	₱234,517	₱171,663	30-day; interest-free	Unsecured; no impairment
RCBM	2,464,158	1,509,512	1,295,957	180,143	33,028	30-day; interest-free	Unsecured; no impairment
SNAP-Magat	2,912	7,355	22,802	2,901	—	30-day; interest-free	Unsecured; no impairment
SNAP-RES	—	—	28,983	—	—	30-day; interest-free	Unsecured; no impairment
Investees of ACO							
Tsuneishi Heavy Industries (Cebu), Inc.	—	30,662	165,254	—	—	30-day; interest-free	Unsecured; no impairment
	₱5,177,223	₱3,898,887	₱4,168,149	₱417,561	₱204,691		



**g. Cost of Purchased Power**

	Purchases (see Note 26)			Payable			
	2021	2020	2019	2021	2020	Terms	Condition
Associates and Joint Ventures							
CEDC	₱4,522,422	₱3,955,490	₱3,619,999	₱341,528	₱330,478	30-day; interest-free	Unsecured
SNAP-Magat	73,350	94,730	109,142	103,516	7,745	30-day; interest-free	Unsecured
SFELAPCO	—	30,002	—	—	—	30-day; interest-free	Unsecured
	₱4,595,772	₱4,080,222	₱3,729,141	₱445,044	₱338,223		

**h. Capitalized Construction and Rehabilitation Costs**

	Purchases			Payable		Terms	Condition
	2021	2020	2019	2021	2020		
Fellow Subsidiary							
ACI	₱340,286	₱271,383	₱458,564	₱—	₱2,137	30-day; interest-free	Unsecured

**i. Advances to Suppliers (Contractors)**

	Purchases			Payable		Terms	Condition
	2020	2019	2018	2020	2019		
Fellow Subsidiary							
ACI	₱—	₱—	₱—	₱—	₱151,698	30-day; interest-free	Unsecured

**Retirement Benefit Fund**

The Company's retirement benefit fund is in the form of a trust being maintained and managed by ACO under the supervision of the BOT of the plan.

The Fund has a carrying amount and a fair value of ₱1.3 billion and ₱1.2 billion as of December 31, 2021 and 2020, respectively. The assets and investments of the Fund are as follows:

	2021	2020
Equity investments at FVTPL	<b>₱1,160,920</b>	₱810,125
Financial assets at amortized cost	<b>84,954</b>	363,375
Debt investments at FVOCI	<b>18,342</b>	16,166
	<b>₱1,264,216</b>	₱1,189,666



The Company's retirement benefit fund for its employees has investments in the equities of the Company and one of its subsidiaries. The carrying values of these investments as of December 31, 2021 and 2020 and the gains and losses of the Fund arising from such investments for the years then ended are as follows:

	2021		2020	
	Carrying Value	Gains	Carrying Value	Losses
AEV common shares	<b>₱461,752</b>	<b>₱165,241</b>	₱346,353	(₱3,405)
AP common shares	<b>343,342</b>	<b>65,893</b>	296,523	(70,872)

The above investments of the Fund were approved by the BOT. The voting rights over these equity securities are exercised by the chairman of the BOT.

#### Compensation of Key Management Personnel

	2021	2020	2019
Short-term benefits	<b>₱167,714</b>	₱219,528	₱309,496
Post-employment benefits	<b>9,446</b>	10,145	20,145
	<b>₱177,160</b>	₱229,673	₱329,641

### 36. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of cash and cash equivalents, investments in FVTPL or FVOCI, bank loans, and long-term debts. The main purpose of these financial instruments is to raise finances for the Group's operations and its investments in existing subsidiaries and associates and in new projects. The Group has other financial assets and liabilities such as trade and other receivables, trade and other payables, customer deposits and lease liabilities which arise directly from operations.

The Group also enters into derivative transactions, particularly foreign currency forwards, to economically hedge its foreign currency risk from foreign currency denominated liabilities and purchases.

#### Risk Management Structure

The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Group.

#### *Financial risk committee*

The Financial Risk Committee has the overall responsibility for the development of risk strategies, principles, frameworks, policies and limits. It establishes a forum of discussion of the Group's approach to risk issues in order to make relevant decisions.

#### *Treasury service group*

The Treasury Service Group is responsible for the comprehensive monitoring, evaluating and analyzing of the Group's risks in line with the policies and limits.



The main risks arising from the Group's financial instruments are interest rate risk resulting from movements in interest rates that may have an impact on outstanding long-term debts; credit risk involving possible exposure to counter-party default on its cash and cash equivalents, investments in financial assets at FVOCI and trade and other receivables; liquidity risk in terms of the proper matching of the type of financing required for specific investments; and foreign exchange risk in terms of foreign exchange fluctuations that may significantly affect its foreign currency denominated placements and borrowings.

#### Market Risk

The risk of loss, immediate or over time, due to adverse fluctuations in the price or market value of instruments, products, and transactions in the Group's overall portfolio (whether on or off-balance sheet) is market risk. These are influenced by foreign and domestic interest rates, foreign exchange rates and gross domestic product growth.

#### *Interest rate risk*

The Group's exposure to market risk for changes in interest rates relates primarily to its long-term debt obligations. To manage this risk, the Group determines the mix of its debt portfolio as a function of the level of current interest rates, the required tenor of the loan, and the general use of the proceeds of its various fund-raising activities. As of December 31, 2021, 15.3% of the Group's long-term debt had annual floating interest rates ranging from 2.00% to 8.26%, and 84.7% are with fixed rates ranging from 2.84% to 9.00%. As of December 31, 2020, 15.5% of the Group's long-term debt had annual floating interest rates ranging from 1.62% to 4.9%, and 84.5% are with fixed rates ranging from 2.0% to 8.1%.

The following tables set out the carrying amount, by maturity, of the Group's financial instruments that are exposed to cash flow interest rate risk:

#### December 31, 2021

	Less than 1 year	1-5 years	More than 5 years	Total
<b>Long-term debts</b>				
<b>Floating rate</b>	<b>₱1,178,812</b>	<b>₱23,911,673</b>	<b>₱16,530,611</b>	<b>₱41,621,096</b>

#### December 31, 2020

	Less than 1 year	1-5 years	More than 5 years	Total
<b>Long-term debts</b>				
<b>Floating rate</b>	<b>₱2,448,799</b>	<b>₱30,086,294</b>	<b>₱8,007,950</b>	<b>₱40,543,043</b>

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on the other financial instruments of the Group that are not included in the above tables are either fixed-rate or non-interest bearing, and are therefore not subject to interest rate risk. Its derivative assets and liabilities are subject to fair value interest rate risk.





The interest expense recognized during the years ended December 31 is as follows:

	2021	2020	2019
Long-term debts (see Note 19)	<b>₱12,507,449</b>	₱13,208,979	₱11,116,862
Lease liabilities (see Note 22)	<b>2,782,576</b>	3,287,801	4,381,935
Bank loans (see Note 18)	<b>998,937</b>	1,210,646	1,215,563
Loss on loan extinguishment	<b>447,502</b>	—	—
Long-term obligation on PDS and others	<b>301,512</b>	205,634	329,647
Customers' deposits (see Note 20)	<b>4,180</b>	4,027	4,352
	<b>₱17,042,156</b>	₱17,917,087	₱17,048,359

The interest income recognized during the years ended December 31 is as follows:

	2021	2020	2019
Cash and cash equivalents (see Note 4)	<b>₱456,869</b>	₱921,440	₱1,503,698
Others	<b>73,982</b>	85,796	70,570
	<b>₱530,851</b>	₱1,007,236	₱1,574,268

The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings) as of December 31, 2021, 2020 and 2019:

	Increase (decrease) in basis points	Effect on income before tax
<b>2021</b>	<b>200</b> <b>(100)</b>	<b>(₱834,703)</b> <b>417,351</b>
2020	200 (100)	(₱813,082) 406,541
2019	200 (100)	(₱854,501) 427,251

The Group's sensitivity to an increase/decrease in interest rates pertaining to derivative instruments is expected to be insignificant in 2021, 2020 and 2019 due to their short-term maturities and immateriality relative to the total assets and liabilities of the Group.



There is no other impact on the Group's equity other than those already affecting the consolidated statements of income.

*Commodity Price Risk*

Commodity price risk of the Group arises from transactions on the world commodity markets to secure the supply of fuel, particularly coal, which is necessary for the generation of electricity.

The Group's objective is to minimize the impact of commodity price fluctuations and this exposure is hedged in accordance with the Group's commodity price risk management strategy.

Based on a 36-month forecast of the required coal supply, the Group hedges the purchase price of coal using commodity swap contracts. The commodity swap contracts do not result in physical delivery of coal, but are designated as cash flow hedges to offset the effect of price changes in coal.

Currently, the management is monitoring the development of the situation in Ukraine which could indirectly impact the Group because of higher prices of fuel.

*Foreign exchange risk*

The foreign exchange risk of the Group pertains significantly to its foreign currency denominated borrowings, including lease liabilities. To mitigate the risk of incurring foreign exchange losses, foreign currency holdings are matched against the potential need for foreign currency in financing equity investments and new projects. As of December 31, 2021 and 2020, foreign currency denominated borrowings account for 27.61% and 31.15%, respectively, of total consolidated borrowings.



The following table presents the Group's foreign currency denominated assets and liabilities:

	2021		2020	
	US dollar	Philippine peso Equivalent <sup>1</sup>	US dollar	Philippine peso Equivalent <sup>2</sup>
Financial assets:				
Cash and cash equivalents	\$1,595,772	₱81,382,790	\$618,093	₱29,682,701
Short-term cash deposits	134,370	6,852,745	20,000	960,460
Trade and other receivables	54,164	2,762,312	111,091	5,334,947
Investments in FVTPL and FVOCI	38,887	1,983,198	21,789	1,046,395
Total financial assets	1,823,193	92,981,045	770,973	37,024,503
Financial liabilities:				
Bank loans	4,000	203,996	78,054	3,748,384
Trade and other payables	164,553	8,392,048	240,418	11,545,608
Long-term debts	714,902	36,459,287	963,243	46,257,829
Lease liabilities	323,620	16,504,296	400,786	19,246,931
Total financial liabilities	1,207,075	61,559,627	1,682,501	80,798,752
Net foreign currency denominated assets (liabilities)	\$616,118	₱31,421,418	(\$911,528)	(₱43,774,249)

<sup>1</sup>\$1= ₱51.00

<sup>2</sup>\$1= ₱48.02

The following table demonstrates the sensitivity to a reasonable possible change in the US dollar exchange rates, with all other variables held constant, of the Group's profit before tax as of December 31, 2021 and 2020.

	Increase (decrease) in US dollar rate against the Philippine peso	Effect on income before income tax
2021	US dollar strengthens by 5%	₱1,571,070
	US dollar weakens by 5%	(1,571,070)
2020	US dollar strengthens by 5%	(₱2,188,712)
	US dollar weakens by 5%	2,188,712

The increase in US dollar rate represents depreciation of Philippine peso while the decrease in US dollar rate represents appreciation of Philippine peso.



The following table presents LHC's and GMEC's foreign currency denominated assets and liabilities:

	2021		2020	
	Philippine Peso	US Dollar Equivalent <sup>1</sup>	Philippine Peso	US Dollar Equivalent <sup>2</sup>
Financial assets:				
Cash and cash equivalents	<b>₱2,400,523</b>	<b>\$47,070</b>	₱1,160,417	\$24,164
Trade and other receivables	<b>4,378,060</b>	<b>85,846</b>	773,437	16,106
	<b>6,778,583</b>	<b>132,916</b>	1,933,854	40,270
Financial liabilities:				
Trade and other payables	<b>2,797,091</b>	<b>54,846</b>	824,791	17,175
Net foreign currency denominated assets	<b>₱3,981,492</b>	<b>\$78,070</b>	₱1,109,063	\$23,095

<sup>1</sup>\$1= ₱51.00

<sup>2</sup>\$1= ₱48.02

The following tables demonstrate the sensitivity to a reasonable possible change in the US dollar exchange rate in relation to Philippine peso, with all variables held constant, of the Group's income before tax as of December 31:

	Effect on income before tax
<b>2021</b>	
<b>US dollar appreciates against Philippine peso by 5.0%</b>	(₱3,904)
<b>US dollar depreciates against Philippine peso by 5.0%</b>	3,904
<b>2020</b>	
US dollar appreciates against Philippine peso by 5.0%	(\$1,155)
US dollar depreciates against Philippine peso by 5.0%	1,155

There is no other impact on the Group's equity other than those already affecting the consolidated statements of income.

#### *Equity price risk*

Equity price risk is the risk that the fair value of traded equity instruments decreases as the result of the changes in the levels of equity indices and the value of the individual stock.

As of December 31, 2021 and 2020, the Group's exposure to equity price risk is minimal.



### Credit Risk

For its cash investments (including restricted portion and short-term cash deposits), financial assets at FVTPL and FVOCI, debt investments at amortized cost, derivative assets, and receivables, the Group's credit risk pertains to possible default by the counterparty, with a maximum exposure equal to the carrying amount of these financial assets. With respect to cash and financial assets at FVTPL or FVOCI, the risk is mitigated by the short-term and or liquid nature of its cash investments mainly in bank deposits and placements, which are placed with financial institutions and entities of high credit standing. With respect to receivables, credit risk is controlled by the application of credit approval, limit and monitoring procedures. It is the Group's policy to enter into transactions with a diversity of credit-worthy parties to mitigate any significant concentration of credit risk. The Group ensures that sales are made to customers with appropriate credit history and has internal mechanism to monitor the granting of credit and management of credit exposures.

### *Concentration risk*

Credit risk concentration of the Group's receivables according to the customer category as of December 31, 2021 and 2020 is summarized in the following table:

	2021	2020
Power distribution:		
Industrial	<b>₱4,934,502</b>	₱4,005,713
Residential	<b>2,566,449</b>	1,922,998
Commercial	<b>778,568</b>	1,144,382
City street lighting	<b>109,700</b>	764,702
Power generation:		
Power supply contracts	<b>11,930,242</b>	8,066,769
Spot market	<b>2,318,412</b>	1,821,815
	<b>₱22,637,873</b>	₱17,726,379

The above receivables were provided with allowance for ECL amounting to ₱3.0 billion and ₱2.3 billion as of December 31, 2021 and 2020, respectively (see Note 5).



*Credit quality*

The maximum exposure to credit risk on the Group's financial assets, including their related credit quality per class, is as follows:

**December 31, 2021**

	Neither past due nor impaired			Past due or individually impaired	Total
	High grade	Standard grade	Sub-standard grade		
Cash and cash equivalents	₱147,534,035	₱—	₱—	₱—	₱147,534,035
Restricted cash	4,073,381	—	—	—	4,073,381
Short-term cash deposits	6,986,505	—	—	—	6,986,505
Trade and other receivables					
Trade receivables					
Power	14,000,257	—	—	8,637,615	22,637,872
Food manufacturing	2,598,735	1,735,035	1,193,684	4,078,669	9,606,123
Real estate	4,621,188	312,146	4,583,606	155,696	9,672,636
Holding and others	1,398,246	14,766	4,997	—	1,418,009
Other receivables	9,304,849	63,868	22,481	91,816	9,483,014
Debt investments at amortized cost	31,690	—	—	—	31,690
Financial assets at FVTPL					
Quoted shares of stock	997,467	—	—	—	997,467
Unquoted shares of stock	12,070	—	—	—	12,070
Financial assets at FVOCI	3,333,403	—	—	—	3,333,403
Derivative asset	1,459,621	—	—	—	1,459,621
	₱196,351,447	₱2,125,815	₱5,804,768	₱12,963,796	₱217,245,826



December 31, 2020

	Neither past due nor impaired			Past due or individually impaired	Total
	High grade	Standard grade	Sub-standard grade		
Cash and cash equivalents	₱65,966,411	₱—	₱—	₱—	₱65,966,411
Restricted cash	5,324,213	—	—	—	5,324,213
Short-term cash deposits	960,460	—	—	—	960,460
Trade and other receivables					
Trade receivables					
Power	11,119,895	—	—	6,606,484	17,726,379
Food manufacturing	3,597,902	738,904	1,620,830	1,944,301	7,901,937
Real estate	4,927,642	301,426	2,203,467	160,672	7,593,207
Holding and others	1,083,576	3,830	9,226	—	1,096,632
Other receivables	8,434,440	—	76,043	20,098	8,530,581
Debt investments at amortized cost	101,161	—	—	—	101,161
Financial assets at FVTPL					
Quoted shares of stock	997,484	—	—	—	997,484
Unquoted shares of stock	12,070	—	—	—	12,070
Financial assets at FVOCI	2,215,044	—	—	—	2,215,044
Derivative asset	—	—	—	—	—
	₱104,740,298	₱1,044,160	₱3,909,566	₱8,731,555	₱118,425,579

	2021				Total
	Stage 1	Stage 2	Stage 3	Lifetime ECL	
	12-month ECL	Lifetime ECL	Lifetime ECL	Simplified Approach	
High grade	₱165,587,266	₱—	₱—	₱30,462,660	₱196,049,926
Standard grade	2,125,815	—	—	—	2,125,815
Substandard grade	6,106,289	—	—	—	6,106,289
Default	91,816	—	—	12,871,980	12,963,796
Gross carrying amount	173,911,186	—	—	43,334,640	217,245,826
Loss allowance	—	—	—	4,430,583	4,430,583
Carrying amount	₱173,911,186	₱—	₱—	₱38,904,057	₱212,815,243



	2020				
	Stage 1	Stage 2	Stage 3	Lifetime ECL	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	Simplified Approach	
High grade	₱79,133,600	₱—	₱—	₱25,606,698	₱104,740,298
Standard grade	1,044,160	—	—	—	1,044,160
Substandard grade	3,909,566	—	—	—	3,909,566
Default	20,098	—	—	8,711,457	8,731,555
Gross carrying amount	84,107,424	—	—	34,318,155	118,425,579
Loss allowance	—	—	—	3,423,691	3,423,691
Carrying amount	₱84,107,424	₱—	₱—	₱30,894,464	₱115,001,888

High grade - pertain to receivables from customers with good favorable credit standing and have no history of default.

Standard grade - pertain to those customers with history of sliding beyond the credit terms but pay a week after being past due.

Sub-standard grade - pertain to those customers with payment habits that normally extend beyond the approved credit terms, and has high probability of being impaired.

Trade and other receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments and accounts under dispute and legal proceedings.

The Group evaluated its cash and cash equivalents, restricted cash and short-term cash deposits as high-quality financial assets since these are placed in financial institutions of high credit standing.

With respect to other receivables, debt investments at amortized cost, FVOCI and FVTPL investments and derivative asset, the Group evaluates the counterparty's external credit rating in establishing credit quality.





The aging analysis per class of financial assets that are past due but not impaired is as follows:

**December 31, 2021**

			Past Due				
			Less than 30 days	31 days to 1 year	Over 1 year up to 3 years	Over 3 years	
Cash and cash equivalents	₱147,534,035	₱147,534,035	₱—	₱—	₱—	₱—	₱—
Restricted cash	4,073,381	4,073,381	—	—	—	—	—
Short-term deposits	6,986,505	6,986,505	—	—	—	—	—
Trade and other receivables							
Trade receivables							
Power	22,637,872	14,000,257	1,375,798	4,242,836	—	—	3,018,981
Food manufacturing	9,606,123	5,527,454	1,477,940	1,419,284	—	—	1,181,445
Real estate	9,672,636	9,516,940	—	—	—	—	155,696
Holding and others	1,418,009	1,418,009	—	—	—	—	—
Other receivables	9,483,014	9,391,198	724	16,631	—	—	74,461
Debt investments at amortized cost	31,690	31,690	—	—	—	—	—
Financial assets at FVTPL:							
Quoted shares of stock	997,467	997,467	—	—	—	—	—
Unquoted shares of	12,070	12,070	—	—	—	—	—
Financial assets at FVOCI	3,333,403	3,333,403	—	—	—	—	—
Derivative asset	1,459,621	1,459,621	—	—	—	—	—
	₱217,245,826	₱204,282,030	₱2,854,462	₱5,678,751	₱—	₱—	₱4,430,583



December 31, 2020

			Past Due				
			Less than 30 days	31 days to 1 year	Over 1 year up to 3 years	Over 3 years	
Cash and cash equivalents	₱65,966,411	₱65,966,411	₱—	₱—	₱—	₱—	₱—
Restricted cash	5,324,213	5,324,213	—	—	—	—	—
Short-term deposits	960,460	960,460	—	—	—	—	—
Trade and other receivables							
Trade receivables							
Power	17,726,379	11,119,895	1,637,745	2,692,366	—	—	2,276,373
Food manufacturing	7,901,937	5,957,636	643,234	314,421	—	—	986,646
Real estate	7,593,207	7,432,535	—	—	—	—	160,672
Holding and others	1,096,632	1,096,632	—	—	—	—	—
Other receivables	8,530,581	8,510,483	5,306	14,792	—	—	—
Debt investments at amortized cost	101,161	101,161	—	—	—	—	—
Financial assets at FVTPL:							
Quoted shares of stock	997,484	997,484	—	—	—	—	—
Unquoted shares of stock	12,070	12,070	—	—	—	—	—
Financial assets at FVOCI	2,215,044	2,215,044	—	—	—	—	—
Derivative asset	—	—	—	—	—	—	—
	₱118,425,579	₱109,694,024	₱2,286,285	₱3,021,579	₱—	₱—	₱3,423,691

Trade and other receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments and accounts under dispute and legal proceedings.

Liquidity Risk

Liquidity risk is the risk that an entity in the Group will be unable to meet its obligations as they become due. The Group manages liquidity risk by effectively managing its working capital, capital expenditure and cash flows, making use of a centralized treasury function to manage pooled business unit cash investments and borrowing requirements.

Currently, the Group is maintaining a positive cash position, conserving its cash resources through renewed focus on working capital improvement and capital reprioritization. The Group meets its financing requirements through a mixture of cash generated from its operations and short-term and long-term borrowings. Adequate banking facilities and reserve borrowing capacities are maintained.

The Group is in compliance with all of the financial covenants per its loan agreements, none of which is expected to present a material restriction on funding or its investment policy in the near future. The Group has sufficient undrawn borrowing facilities, which could be utilized to settle obligations.

In managing its long-term financial requirements, the policy of the Group is that not more than 25% of long-term borrowings should mature in any twelve-month period. As of December 31, 2021 and 2020, the portion of the total long-term debt, inclusive of customers' deposits, that will mature in less than one year is 8.59% and 8.02%, respectively. For its short-term funding, the policy of the



Group is to ensure that there are sufficient working capital inflows to match repayments of short-term debt.

Cash and cash equivalents and trade and other receivables, which are all short-term in nature, have balances of ₱147.5 billion and ₱48.0 billion as of December 31, 2021, respectively and of ₱66.0 billion and ₱38.0 billion as of December 31, 2020, respectively (see Notes 4 and 5). These financial assets will be used to fund short-term and operational liquidity needs of the Group.

The table below analyzes the financial liabilities of the Group into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity. The amounts disclosed in the table are the contractual undiscounted cash flows and include interest.

**December 31, 2021**

	Total carrying value	Contractual undiscounted payments				
		Total	On demand	Less than 1 year	1-5 years	> 5 years
Financial liabilities:						
Operating						
Trade and other payables*	₱42,244,829	₱42,244,829	₱3,111,065	₱38,151,147	₱982,617	₱—
Customers' deposits	7,374,767	7,374,767	—	—	473,811	6,900,956
Financing						
Bank loans	35,415,424	35,489,783	—	35,489,783	—	—
Long-term debts	271,678,643	315,896,735	—	23,842,763	156,462,998	135,590,974
Lease liabilities	34,256,228	44,697,803	—	11,117,560	28,160,862	5,419,381
Long-term obligation on PDS	165,532	240,000	—	40,000	200,000	—
Others						
Derivative liabilities	1,354,712	1,354,712	—	1,180,048	174,664	—
	₱392,490,135	₱447,298,629	₱3,111,065	₱109,821,301	₱186,454,952	₱147,911,311

\*Excludes statutory liabilities



December 31, 2020

	Total carrying value	Contractual undiscounted payments				
		Total	On demand	Less than 1 year	1-5 years	> 5 years
Financial liabilities:						
<i>Operating</i>						
Trade and other payables*	₱33,230,980	₱33,230,980	₱1,662,192	₱30,441,702	₱1,127,086	₱—
Customers’ deposits	6,990,008	6,990,008	—	171	417,072	6,572,765
<i>Financing</i>						
Bank loans	29,330,883	29,364,275	—	29,364,275	—	—
Long-term debts	261,041,080	311,532,857	—	26,045,719	170,055,071	115,432,067
Lease liabilities	39,768,846	53,764,786	—	10,723,920	37,744,854	5,296,012
Long-term obligation on PDS	183,436	320,000	—	40,000	200,000	80,000
<i>Others</i>						
Derivative liabilities	1,983,877	1,983,877	—	982,348	1,001,529	—
	₱372,529,110	₱437,186,783	₱1,662,192	₱97,598,135	₱210,545,612	₱127,380,844

\*Excludes statutory liabilities

Capital Management

Capital includes equity attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

Certain entities within the Group that are registered with the Board of Investments (BOI) are required to raise a minimum amount of capital in order to avail of their registration incentives. As of December 31, 2021 and 2020, these entities have complied with this requirement as applicable (see Note 39).

The Group monitors capital using a gearing ratio, which is net debt divided by equity plus net debt. The Group's policy is to keep the gearing ratio at 70% or below at the consolidated level. The Group determines net debt as the sum of interest-bearing short-term and long-term obligations (comprised of long-term debts and lease liabilities) less cash and short-term deposits (including restricted cash).



Gearing ratios of the Group as of December 31, 2021 and 2020 are as follows:

	2021	2020
Bank loans	<b>₱35,415,424</b>	₱29,330,883
Long-term obligations	<b>305,934,871</b>	300,809,926
Cash and cash equivalents (including restricted cash and short-term cash deposits)	<b>(158,593,921)</b>	(71,290,624)
Net debt (a)	<b>182,756,374</b>	258,850,185
Equity	<b>327,766,758</b>	223,599,999
Equity and net debt (b)	<b>₱510,523,132</b>	₱482,450,184
Gearing ratio (a/b)	<b>35.80%</b>	53.65%

Part of the Group's capital management is to ensure that it meets financial covenants attached to long-term borrowings. Breaches in meeting the financial covenants would permit the banks to immediately call loans and borrowings. The Group is in compliance with the financial covenants attached to its long-term debt as of December 31, 2021 and 2020 (see Note 19).

No changes were made in the objectives, policies or processes during the years ended December 31, 2021 and 2020.

#### Financial and Other Risk Relating to Livestock

The Group is exposed to financial risks arising from the change in cost and supply of feed ingredients and the selling price of hogs, all of which are determined by constantly changing market forces of supply and demand, and other factors. The other factors include environmental regulations, weather conditions and livestock diseases which the Group has little control. The mitigating factors are listed below:

- The Group is subject to risks relating to its ability to maintain animal health status considering that it has no control over neighboring livestock farms. Livestock health problems could adversely impact production and consumer confidence. However, the Group monitors the health of its livestock on a daily basis and proper procedures are put in place.
- The livestock industry is exposed to risk associated with the supply and price of raw materials, mainly grain prices. Grain prices fluctuate depending on the harvest results. The shortage in the supply of grain will result in adverse fluctuation in the price of grain and will ultimately increase production cost. The Group monitors the prices of grains regularly. The formulation of feeds at a least cost being done by the Group considers the appropriate nutrients the hogs need. It is the Group's policy not to enter into forward contracts until a firm commitment is in place.



### 37. Financial Instruments

#### Fair Value of Financial Instruments

Fair value is defined as the amount at which the financial instrument could be sold in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced liquidation or sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily available from an exchange, dealer, broker, pricing services or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. For a financial instrument with an active market, the quoted market price is used as its fair value. On the other hand, if transactions are no longer regularly occurring even if prices might be available and the only observed transactions are forced transactions or distressed sales, then the market is considered inactive. For a financial instrument with no active market, its fair value is determined using a valuation technique (e.g. discounted cash flow approach) that incorporates all factors that market participants would consider in setting a price.

Set out below is a comparison by category of carrying amounts and fair values of the Group's financial instruments whose fair values are different from their carrying amounts.

	2021		2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial asset:				
PSALM deferred adjustment	<b>₱1,097,366</b>	<b>₱1,032,511</b>	₱2,140,226	₱1,939,398
Financial liabilities				
Lease liabilities	<b>₱34,256,228</b>	<b>₱32,394,835</b>	₱39,768,846	₱38,413,752
Long-term debt - fixed rate	<b>230,057,547</b>	<b>239,426,108</b>	220,498,037	245,613,118
PSALM deferred adjustment	<b>1,097,366</b>	<b>1,032,511</b>	2,140,226	1,939,398
Long-term obligation on PDS	<b>165,532</b>	<b>151,878</b>	183,436	162,164
	<b>₱265,576,673</b>	<b>₱273,005,332</b>	₱262,590,545	₱286,128,432

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

*Cash and cash equivalents, short-term cash deposits, trade and other receivables, short-term loans and trade and other payables*

The carrying amounts of cash and cash equivalents, short-term cash deposits, trade and other receivables, short-term loans and trade and other payables approximate their fair values due to the relatively short-term maturity of these financial instruments.



*Lease liabilities*

The fair value of the lease liabilities was calculated by discounting future cash flows using discount rates of 0.0911 for dollar payments and 2.86% to 9.75% for peso payments in 2021; and 1.38% to 2.44% for dollar payments and 1.38% to 3.56% for peso payments in 2020.

*Fixed-rate borrowings*

The fair value of fixed rate interest-bearing loans is based on the discounted value of future cash flows using the applicable rates for similar types of loans. Interest-bearing loans were discounted using credit-adjusted interest rates ranging from 1% to 6.44% in 2021 and 3.03% to 6.22% in 2020. The disclosed fair value is determined using Level 3 inputs.

*Variable-rate borrowings*

Where the repricing of the variable-rate interest-bearing instruments is frequent (i.e., three-month repricing), the carrying value approximates the fair value. Otherwise, the fair value is determined by discounting the principal plus the known interest payment using current market rates.

*Long-term obligation on PDS and PSALM deferred adjustment*

The fair values of the long-term obligations on PDS and PSALM deferred adjustment are calculated by discounting expected future cash flows at prevailing market rates. Discount rates used in discounting the obligation ranges from 1.66% to 4.63% in 2021 and 3.11% to 5.09% in 2020.

*Customers' deposits*

The fair value of bill deposits approximates their carrying values as these deposits earn interest at the prevailing market interest rate in accordance with regulatory guidelines. The timing and related amounts of future cash flows relating to transformers and lines and poles deposits cannot be reasonably and reliably estimated for purposes of establishing their fair values using an alternative valuation technique.

*Financial assets at FVTPL and FVOCI*

These securities are carried at fair value.

*Derivative asset and liabilities*

The fair value of forward contracts is calculated by reference to prevailing interest rate differential and spot exchange rate as of valuation date, taking into account its remaining term to maturity. The fair value of the embedded prepayment options is determined using Binomial Option Pricing Model which allows for the specification of points in time until option expiry date. This valuation incorporates inputs such as interest rates and volatility. The fair value of the IRS and interest rate cap are determined by generally accepted valuation techniques with reference to observable market data such as interest rates.

The Group also entered into an IRS agreement to fully hedge its floating rate exposure on its foreign currency-denominated loan and par forward contracts to hedge the floating rate exposure on foreign currency-denominated payments.

The Group enters into deliverable and non-deliverable short-term forward contracts with counterparty banks to manage its foreign currency risks associated with foreign currency-denominated liabilities, purchases and highly probable forecasted purchases.



The Group also entered into commodity swap contracts to hedge the price volatility of its forecasted coal purchases.

#### *IRS*

In August 2012, LHC entered into an IRS agreement effective October 31, 2012 to fully hedge its floating rate exposure on its US dollar denominated loan. Under the IRS agreement, LHC, on a semi-annual basis, pays a fixed rate of 1.505% per annum and receives variable interest at 6-month LIBOR plus margin. The interest payments and receipts are based on the outstanding USD notional amount simultaneous with the interest payments on the hedged loan. Similar with the hedged loan, the IRS has amortizing notional amounts which cover a period up to final maturity. LHC designated the swap as a cash flow hedge.

As of December 31, 2021, the outstanding notional amount and derivative liability as a result of the swap amounted to US\$0.2 million and ₱0.1 million respectively. As of December 31, 2020, the outstanding notional amount and derivative asset as a result of the swap amounted to US\$5.7 million and ₱2.8 million, respectively.

On September 29, 2017, GMEC entered into an IRS agreement to hedge the variability in the interest cash flows on the entire amount of its LIBOR Loan (see Note 19), which bears interest based on six-month US LIBOR. Under the swap agreement, GMEC pays a fixed rate of 2.18% and receives six-month US LIBOR rate, semi-annually from March 29, 2018 until September 27, 2024. The IRS settlement dates coincide with the semi-annual interest payment dates of the NFA. GMEC designated the swap as a cash flow hedge.

As of December 31, 2021, the outstanding notional amount and derivative liability as a result of the swap amounted to US\$236.5 million and ₱393.7 million, respectively. As of December 31, 2020, the outstanding notional amount and derivative asset as a result of the swap amounted to US\$267.5 million and ₱252.3 million, respectively.

In August and September 2019, AEV International entered into IRS agreements (IRS 1 and 2) to fully hedge its floating rate exposure on its US Dollar-denominated loan. Under the IRS agreements, AEV International, on a quarterly basis, pays an annual fixed rate (IRS 1 = 1.464%; IRS 2 = 1.435%) and receives variable interest at 3-month LIBOR plus margin, subject to a floor of 0% on LIBOR. The interest payments and receipts are based on the outstanding USD notional amount simultaneous with the interest payments on the hedged loan. Similar with the hedged loan, the IRS has amortizing notional amounts which cover a period up to final maturity of the hedged loan. AEV International designated the swaps as cash flow hedges.

As of December 31, 2021, the outstanding notional amount and derivative liability as a result of the swaps amounted to US\$114.0 million and ₱91.3 million, respectively. As of December 31, 2020, the outstanding notional amount and derivative liability as a result of the swaps amounted to US\$114.0 million and ₱195.1 million, respectively.

In September 2019, AP entered into an IRS agreement effective September 30, 2019 to hedge US\$150.0 million of its floating rate exposure on its loan (see Note 18). Under the agreement, AP, on a quarterly basis, pays a fixed rate of 1.4493% per annum and received variable interest at 3-month LIBOR, subject to a floor of 0%. The interest payments and receipts are based on the outstanding USD notional amount simultaneous with the interest payments on the hedged loan.





Similar with the hedged loan, the IRS has amortizing notional amounts which cover a period up to April 30, 2024. AP designated the swap as a cash flow hedge.

As of December 31, 2021, the outstanding notional amount and fair value of the swap amounted to ₱2.8 billion and ₱34.0 million, respectively. As of December 31, 2020, the outstanding notional amount and fair value of the swap amounted to ₱9.6 billion and ₱389.4 million, respectively.

#### *Foreign currency forward contracts*

In 2020, AP entered into foreign currency forward contracts, namely Principal-only Swap (POS) and Call Spread (CS), with counterparty banks to manage foreign currency risks associated with its US dollar denominated liabilities and purchases. The notional amount of the forward contract is \$25.0 million (₱1.2 billion) and \$10.0 million (₱480.8 million) for POS and CS, respectively. In 2021, AP entered into additional POS contract with a notional amount of \$10.0 million (₱485.8 million). AP designated these forward contracts as cash flow hedges.

TLI entered into forward contracts to hedge the foreign currency risk arising from forecasted US dollar denominated coal purchases. These forecasted transactions are highly probable, and they comprise about 20% of the TLI's total expected coal purchases. The forward contracts were designated as cash flow hedges.

On January 1, 2020, TLI re-designated its foreign currency forwards with notional amount of \$22.5 million and average forward rate of ₱48.00 as cash flow hedges of the monthly fees due to PSALM under its IPP Administration Agreement, the settlement of which is in USD. The cash flow hedges of PSALM fees were all matured as of December 31, 2020.

As of December 31, 2021 and 2020, the aggregate notional amount of the forward contracts is ₱15.4 billion and ₱5.3 billion, respectively.

#### *Commodity swap contracts*

In 2018, TLI entered into commodity swap contracts to hedge the price volatility of forecasted coal purchases. The commodity swaps do not result in physical delivery of coal, but are designated as cash flow hedges to offset the effect of price changes in coal. TLI hedges approximately 30% of its expected coal purchases considered to be highly probable. There is an economic relationship between the hedged items and the hedging instruments as the terms of the foreign currency forward and commodity swap contracts match the terms of the expected highly probable forecasted transactions.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the foreign currency forward, IRS and commodity swap contracts match the terms of the expected highly probable foreign currency denominated forecasted purchases and floating rate loans. The Group has established a hedge ration of 1:1 for the hedging relationships as the underlying risk of the foreign currency forward, IRS and commodity swap contracts are identical to the hedged risk components. To test the hedge effectiveness, the Group uses the hypothetical derivative technique and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.



The hedge ineffectiveness can arise from:

- Different reference prices linked to the hedged risk of the hedged items and hedging instruments
- Differences in the timing of the cash flows of the hedged items and the hedging instruments
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items
- Changes to the forecasted amount of cash flows of hedged items and hedging instruments
- Non-zero fair value hedging instruments

The Company is holding the following hedging instruments designated as cash flow hedges:

**December 31, 2021**

	Maturity					Total
	Less than 3 months	3 to 6 months	6 to 12 months	1 to 2 years	More than 2 years	
IRS - Derivative Assets						
Notional amount (in PHP)	428,392	—	481,941	1,820,664	9,328,992	12,059,989
Average fixed interest rate (%)	2.18%	2.18%	2.18%	2.18%	2.18%	
IRS - Derivative Liabilities						
Notional amount (in PHP)	—	(7,650)	—	(5,813,886)	(2,805)	(5,824,341)
Average fixed interest rate (%)	—	1.51 %	—	—	1.45%-1.51%	
Foreign Currency Forward Contracts - Derivative Assets						
Notional amount (in PHP)	1,745,437	2,844,785	4,972,328	3,960,874	3,257,050	16,780,474
Average forward rate (in PHP)	50	51	51	52	55	
Foreign Currency Forward Contracts - Derivative Liability						
Notional amount (in PHP)	283,276	252,063	377,561	—	504,326	1,417,226
Average forward rate (in PHP)	54	55	54	—	56	
Commodity swaps - Derivative Asset						
Notional amount (in metric tonnes)	273,000	191,000	304,000	105,000	—	873,000
Notional amount (in PHP)	1,410,758	946,281	1,353,512	476,921	—	4,187,472
Average hedged rate (in PHP per metric tonne)	5,168	4,954	4,452	4,542	—	
Commodity swaps - Derivative Liability						
Notional amount (in metric tonnes)	76,000	103,000	164,000	59,000	—	402,000
Notional amount (in PHP)	617,606	753,062	1,105,646	390,880	—	2,867,194
Average hedged rate (in PHP per metric tonne)	8126	7311	6742	6625	—	



December 31, 2020

	Maturity					Total
	Less than 3 months	3 to 6 months	6 to 12 months	1 to 2 years	More than 2 years	
IRS - Derivative Assets						
Notional amount (in PHP)	—	—	—	—	9,604,600	9,604,600
Average fixed interest rate (%)	—	—	—	—	1.45%-1.51%	
IRS - Derivative Liability						
Notional amount (in PHP)	517,352	105,651	579,349	1,084,455	16,322,778	18,609,585
Average fixed interest rate (%)	2.18%	2.18%	2.18%	2.18%	1.44%-2.18%	
Foreign Currency Forward Contracts - Derivative Assets						
Notional amount (in PHP)	48,106	54,559	49,247	—	—	151,912
Average forward rate (in PHP)	48	48	49	—	—	
Foreign Currency Forward Contracts - Derivative Liability						
Notional amount (in PHP)	1,187,189	1,016,015	1,825,623	1,343,132	34,057	5,406,016
Average forward rate (in PHP)	54	53	53	53	51	
Principal only swap currency forward						
Notional amount (in PHP)	—	—	—	—	1,214,775	1,214,775
Call Spread Foreign Currency						
Notional amount (in PHP)	—	—	—	—	480,360	480,360
Commodity swaps - Derivative Asset						
Notional amount (in metric tonnes)	105,000	72,000	140,000	52,000	—	369,000
Notional amount (in PHP)	363,966	243,215	477,051	177,783	—	1,262,015
Average hedged rate (in PHP per metric tonne)	3,466	3,466	3,408	3,419	—	
Commodity swaps - Derivative Liability						
Notional amount (in metric tonnes)	177,000	174,000	291,000	260,000	8,000	910,000
Notional amount (in PHP)	748,246	725,808	1,211,904	1,040,778	31,782	3,758,518
Average hedged rate (in PHP per metric tonne)	4,227	4,171	4,165	4,411	3,973	

The impact of the hedged items and hedging instruments in the consolidated balance sheets and consolidated statements of income and comprehensive income is as follows:

	As of December 31, 2021			
	Carrying amount	Change in fair value used for measuring ineffectiveness	Total hedging gain (loss) recognized in OCI	Ineffectiveness recognized in other comprehensive income (charges)
<b>IRS</b>				
Derivative asset	P—	P—	P—	P—
Derivative liability	(518,962)	(582,789)	(585,741)	—
<b>Forward exchange currency forwards</b>				
Derivative asset	263,254	263,255	263,254	—
Derivative liability	(42,124)	(42,124)	(42,124)	—



As of December 31, 2021				
	Carrying amount	Change in fair value used for measuring ineffectiveness	Total hedging gain (loss) recognized in OCI	Ineffectiveness recognized in other comprehensive income (charges)
<b>Principal only swap foreign currency forwards</b>				
Derivative Asset	64,789	64,789	64,789	—
Derivative liability	—	—	—	—
<b>Call spread currency foreign currency forwards</b>				
Derivative Asset	44,887	44,887	44,887	—
Derivative liability	—	—	—	—
<b>Commodity swaps</b>				
Derivative asset	1,460,544	1,460,315	1,460,315	229
Derivative liability	(297,771)	(250,930)	(250,930)	(46,841)
As of December 31, 2020				
	Carrying amount	Change in fair value used for measuring ineffectiveness	Total hedging gain (loss) recognized in OCI	Ineffectiveness recognized in other comprehensive income (charges)
<b>IRS</b>				
Derivative asset	₱—	₱—	₱—	₱—
Derivative liability	(1,388,776)	(₱572,764)	(1,199,949)	—
<b>Forward exchange currency forwards</b>				
Derivative asset	735	735	735	—
Derivative liability	(461,531)	(461,531)	(461,531)	—
<b>Principal only swap foreign currency</b>				
Derivative liability	(39,350)	(39,350)	(39,350)	—
<b>Call spread currency foreign currency</b>				
Derivative liability	(771)	(771)	(771)	—
<b>Commodity swaps</b>				
Derivative asset	164,361	161,703	161,703	2,658
Derivative liability	(258,545)	(251,251)	(251,251)	(7,294)



The movements in fair value changes of all derivative instruments for the years ended December 31, 2021 and 2020 are as follows:

	2021	2020
At beginning of year	(₱1,983,877)	(₱2,334,937)
Net changes in fair value of derivatives designated as cash flow hedges	2,526,217	877,257
Net changes in fair value of derivatives not designated as accounting hedges	(851,375)	(4,848)
Fair value of settled instruments	413,944	(521,349)
At end of year	₱104,909	(₱1,983,877)

The net losses from the net fair value changes of derivatives not designated as accounting hedges are included under "Other income (expense) - net". In 2021, this pertains to a foreign currency forward not designated as an accounting hedge to economically hedge the Group's exposure on foreign currency fluctuation.

The changes in the fair value of derivatives designated as accounting hedges were deferred in equity under "Cash flow hedge reserve".

The net movement of changes to cash flow hedge reserve is as follows:

	2021	2020
Balance at beginning of year (net of tax)	(₱1,720,254)	(₱2,257,289)
Changes in fair value recorded in equity	4,993,385	(1,694,143)
	3,273,131	(3,951,432)
Changes in fair value transferred to profit or loss	(2,435,888)	2,229,012
Balance at end of year before deferred tax effect	837,243	(1,722,420)
Deferred tax effect	345,976	2,166
Balance at end of year (net of tax)	₱1,183,219	(₱1,720,254)

The Group has not bifurcated any embedded derivatives as of December 31, 2021 and 2020.



The Group held the following financial instruments that are measured and carried or disclosed at fair value:

**December 31, 2021**

	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Carried at fair value:</b>				
Investments in financial assets:				
At FVTPL	<b>₱1,009,537</b>	<b>₱1,009,537</b>	<b>₱—</b>	<b>₱—</b>
At FVOCI	<b>3,333,403</b>	<b>3,333,403</b>	<b>—</b>	<b>—</b>
Derivative asset	<b>1,459,621</b>	<b>—</b>	<b>1,459,621</b>	<b>—</b>
Derivative liability	<b>1,354,712</b>	<b>—</b>	<b>1,354,712</b>	<b>—</b>
<b>Disclosed at fair value:</b>				
Lease liabilities	<b>32,394,835</b>	<b>—</b>	<b>—</b>	<b>32,394,835</b>
Long-term debt - fixed rate	<b>239,426,108</b>	<b>—</b>	<b>—</b>	<b>239,426,108</b>
PSALM deferred adjustment	<b>1,032,511</b>	<b>—</b>	<b>—</b>	<b>1,032,511</b>
Long-term obligation on PDS	<b>151,878</b>	<b>—</b>	<b>—</b>	<b>151,878</b>

**December 31, 2020**

	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Carried at fair value:</b>				
Investments in financial assets:				
At FVTPL	<b>₱1,009,554</b>	<b>₱1,009,554</b>	<b>₱—</b>	<b>₱—</b>
At FVOCI	<b>2,215,044</b>	<b>2,215,044</b>	<b>—</b>	<b>—</b>
Derivative asset	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Derivative liability	<b>1,983,877</b>	<b>—</b>	<b>1,983,877</b>	<b>—</b>
<b>Disclosed at fair value:</b>				
Lease liabilities	<b>38,413,752</b>	<b>—</b>	<b>—</b>	<b>38,413,752</b>
Long-term debt - fixed rate	<b>245,613,118</b>	<b>—</b>	<b>—</b>	<b>245,613,118</b>
PSALM deferred adjustment	<b>1,939,398</b>	<b>—</b>	<b>—</b>	<b>1,939,398</b>
Long-term obligation on PDS	<b>162,164</b>	<b>—</b>	<b>—</b>	<b>162,164</b>

During the years ended December 31, 2021 and 2020, there were no transfers between level 1 and level 2 fair value measurements and transfers into and out of level 3 fair value measurement.



### 38. Notes to Consolidated Statements of Cash Flows

The following are the cash flow movements of the Group's financing liabilities in 2021 and 2020:

	January 1, 2021	Net cash flows	Non-cash Changes					December 31, 2021
			Amortized deferred financing costs	Foreign exchange movement	Changes in fair values	Accreted interest	Others	
Current interest-bearing loans and borrowings, excluding lease liabilities	₱46,788,357	(₱43,066,539)	(₱1,201)	₱—	₱—	₱—	₱50,343,585	₱54,064,202
Current lease liabilities	7,283,183	(9,611,197)	—	—	—	23,621	10,596,114	8,291,721
Non-current interest-bearing loans and borrowings, excluding lease liabilities	243,767,042	54,556,816	583,710	3,041,362	—	—	(48,753,533)	253,195,397
Non-current lease liabilities	32,485,663	—	—	1,007,764	—	2,758,955	(10,287,875)	25,964,507
Derivatives	1,983,877	—	—	5,328	(525,400)	—	(109,093)	1,354,712
<b>Total liabilities from financing activities</b>	<b>₱332,308,122</b>	<b>₱1,879,080</b>	<b>₱582,509</b>	<b>₱4,054,454</b>	<b>(₱525,400)</b>	<b>₱2,782,576</b>	<b>₱1,789,198</b>	<b>₱342,870,539</b>

	January 1, 2020	Net cash flows	Non-cash Changes					December 31, 2020
			Amortized deferred financing costs	Foreign exchange movement	Changes in fair values	Accreted interest	Others	
Current interest-bearing loans and borrowings, excluding lease liabilities	₱52,884,055	(₱33,060,327)	(₱31)	(₱1,851)	₱—	₱—	₱26,966,511	₱46,788,357
Current lease liabilities	5,656,225	(7,862,233)	—	2,900	—	14,879	9,471,412	7,283,183
Non-current interest-bearing loans and borrowings, excluding lease liabilities	212,611,970	62,231,716	434,797	(3,810,968)	—	—	(27,700,473)	243,767,042
Non-current lease liabilities	39,637,536	—	—	(1,050,787)	—	3,272,922	(9,374,008)	32,485,663
Derivatives	2,468,324	—	—	—	(679,522)	—	195,075	1,983,877
<b>Total liabilities from financing activities</b>	<b>₱313,258,110</b>	<b>₱21,309,156</b>	<b>₱434,766</b>	<b>(₱4,860,706)</b>	<b>(₱679,522)</b>	<b>₱3,287,801</b>	<b>(₱441,483)</b>	<b>₱332,308,122</b>



### 39. Registrations with the Board of Investments (BOI)

#### a. Power Segment

Certain power generation companies in the Group have been registered with the BOI. Accordingly, they are entitled to, among others, ITH incentives covering four (4) to seven (7) years. The ITH shall be limited only to sales/revenue generated from sales of electricity of the power plant and revenues generated from the sales of carbon emission reduction credits. To be able to avail of the incentives, the companies are required to maintain a minimum equity level. As of December 31, 2021 and 2020 these companies have complied with the requirements.

#### b. Food Manufacturing Segment

##### PFC

On October 9, 2015, the BOI approved the registration of PFC's feedmill plant expansion as "Expanding Producer of Animal Feeds" (2015-210) on a nonpioneer status under the Omnibus Investment Code of 1987. Among others, said registration entitles PFC to three-year ITH from January 2016 or actual start of commercial operations, whichever is earlier, and importation of capital equipment at zero duty for a period of five years.

On January 22, 2020, the BOI approved the registration of the PFC's feedmill plant expansion as "New Producer of Animal Feeds" (2020-016) on a nonpioneer status under the Omnibus Investment Code of 1987. Among others, said registration entitles PFC to four-year ITH from January 2021 or actual start of commercial operations, whichever is earlier, and importation of capital equipment at zero duty for a period of five years.

PFC's ITH incentive is ₱16.5 million in 2021. As of December 31, 2021, PFC has complied with the terms and conditions indicated in the above BOI registrations.

##### PANC

PANC has been registered with the BOI and granted the following incentives:

- ITH for a period of three to five years;

Type of Registration	BOI Approval Date	Start of ITH Period	ITH Period
Expanding Producer of Animal Feeds	June 24, 2016	July 2016 <sup>1</sup>	3 years
New Producer of Table Eggs and By- Products	April 7, 2015	October 2015 <sup>1</sup>	4 years
New Producer of Hogs and Pork Meat *	July 16, 2017	July 2017 <sup>1</sup>	3 years
New Operator of Slaughterhouse Integrated with Fabrication and Cold Storage/Blast Freezing Facility	October 8, 2020	January 2025 <sup>1</sup>	5 years

<sup>1</sup> Or actual start of commercial operations, whichever is earlier, but not earlier than registration date,

\* ITH period for taxable year 2020 was deferred and can be availed for the period January 1, 2021 to June 30, 2022

- Importation of capital equipment at zero duty for a period of five years from date of registration;
- Other tax and duty exemptions on purchase of certain inventories.

PANC's ITH incentive is ₱115.5 million in 2021. There is no income tax incentive availed in 2020 and 2019 since PANC has incurred losses and did not exceed the base figure in the registered





project's operation. As of December 31, 2021, PANC has complied with the terms and conditions indicated in the above BOI registrations.

c. Infrastructure Segment

On January 24, 2018, the BOI approved Apo Agua's application for registration as new operator of Bulk Water Supply (Davao City Bulk Water Project) under the 2017 IPP on a non-pioneer status under Omnibus Investments Code of 1987. The BOI issued the Certificate of Registration on April 12, 2018 which entitles Apo Agua to an ITH of four years from February 2022 or actual start of commercial operations, whichever is earlier but availment shall in no case be earlier than the date of registration.

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#### 40. Fuel Supply and Other Agreements

a. Steam Supply Agreement

On May 26, 2013, APRI's steam supply contract with Chevron Geothermal Philippines Holdings, Inc. (CGPHI) shifted to a Geothermal Resource Sales Contract (GRSC). The change is due to an existing provision under the government's existing contract with CGPHI when the Tiwi-Makban facilities were bidded out under the former's privatization program. Under the GRSC, the effective steam price of APRI payable to CGPHI will be at a premium to coal.

To ensure that APRI will continue to remain competitive in the market, a two-month interim agreement supplementing the GRSC was implemented on August 4, 2013 and extended until August 25, 2018. On August 24, 2018, a new contract was signed by the Company and Philippine Geothermal Production Company, Inc. which aims to ensure long-term operations of both parties. The Geothermal Resources Supply and Services Agreement took effect August 26, 2018 and shall continue in effect until October 22, 2034, unless earlier terminated or extended by mutual agreement of the Parties.

Total steam supply cost incurred by APRI, reported as part of "Cost of generated power" amounted to ₱5.0 billion in 2021, ₱3.0 billion in 2020 and ₱5.0 billion in 2019.

b. Coal Supply Agreements (CSA)

TLI enters into short-term CSA. Outstanding CSA as of December 31, 2021 have aggregate supply amounts of 1,840,000 MT (equivalent dollar value is estimated to be at \$131 million), which are due for delivery from January 2021 to December 2022. Terms of payment are by letter of credit where payment is due at sight against presentation of documents, and by telegraphic transfer where payment is due within 7 days from receipt of original invoice.

GMEC has a current CSA with Avra Commodities Pte. Ltd. (Avra) and PT Arutmin Indonesia (Arutmin) dated December 20, 2019 and December 23, 2019, respectively, for coal deliveries commencing on January 1, 2020. Avra shall annually deliver between minimum of 500,000 MT to a maximum of 1,200,000 MT of coal until the CSA expires on December 31, 2024, while Arutmin shall annually deliver 1,650,000 MT with an option for an additional 160,000 MT of coal until the CSA expires on December 31, 2029. In addition, GMEC entered into a CSA with PT Bayan Resources TBK (Bayan) on April 8, 2020. Bayan shall annually deliver between a minimum of 500,000 MT to a maximum of 1,000,000 MT of coal until the CSA expires on April 30, 2030.



c. Fuel Supply Agreements

TMI has a Heavy Fuel Oil (HFO) Supply Agreement with Pilipinas Shell Petroleum Corporation (PSPC) dated September 1, 2014. The said agreement provides for the supply and delivery of HFO by PSPC to TMI, subject to terms and conditions of the agreement. The actual quantities may vary from month to month and are contingent to the actual generation of the TMI's power plant. Moreover, on December 1, 2016, TMI entered into a Lube Oil Supply Agreement with PSPC for the supply and delivery of lube oil products with an agreed aggregate volume of 3.8 million liters.

EAUC has a Lube Oil Supply Agreement (LOSA) with PSPC dated December 1, 2016. The LOSA provides for PSPC to supply and deliver an agreed aggregate volume of 220,000 liters. On March 20, 2018, EAUC entered into an HFO Supply Agreement with Phoenix Petroleum Philippines Inc. (PPPI) for the supply and delivery of HFO on a consignment basis with an agreed aggregate volume of 38.2 million liters. The actual quantities may vary from month to month and are contingent on the actual generation of the EAUC's power plant.

d. Pagbilao IPP Administration Agreement

TLI and PSALM executed the IPP Administration Agreement wherein PSALM appointed TLI to manage the 700MW contracted capacity (the "Capacity") of NPC in the coal-fired power plant in Pagbilao, Quezon.

The IPP Administration Agreement includes the following obligations TLI would have to perform until the transfer date of the power plant (or the earlier termination of the IPP Administration Agreement):

- a. Supply and deliver all fuel for the power plant in accordance with the specifications of the original Energy Conservation Agreement (ECA); and
- b. Pay to PSALM the monthly payments (based on the bid) and energy fees (equivalent to the amount paid by NPC to the IPP).

TLI has the following rights, among others, under the IPP Administration Agreement:

- a. The right to receive, manage and control the Capacity of the power plant for its own account and at its own cost and risk;
- b. The right to trade, sell or otherwise deal with the Capacity (whether pursuant to the spot market, bilateral contracts with third parties or otherwise) and contract for or offer related ancillary services, in all cases for its own account and its own risk and cost. Such rights shall carry the rights to receive revenues arising from such activities without obligation to account therefore to PSALM or any third party;
- c. The right to receive the transfer of the power plant at the end of the IPP Administration Agreement (which is technically the end of the ECA) for no consideration; and
- d. The right to receive an assignment of NPC's interest to existing short-term bilateral Power Supply Contract from the effective date of the IPP Administration Agreement the last of which were scheduled to end in November 2011.



e. Joint Venture Agreement

On March 17, 2015, Apo Agua entered into a Joint Venture Agreement (JVA) with the Davao City Water District (DCWD) in accordance with the Guidelines and Procedures for Entering into JVAs between Government and Private Entities issued by the National Economic Development Authority. Based on the JVA, Apo Agua shall undertake the development and operations of a treated bulk water supply facility while the DCWD shall assign a water permit to Apo Agua to enable it to operate the treated bulk water supply facility that shall generate revenues, primarily from the supply of treated bulk water to the DCWD. The principal place of business of the joint venture shall be in Davao City.

Pursuant to the JVA, Apo Agua entered into a Bulk Water Purchase Agreement (BWPA) with the DCWD for the supply and delivery of treated bulk water to the latter.

Under the BWPA, Apo Agua shall supply and deliver to the DCWD an agreed volume of Treated Bulk Water sourced from the Tamuga River, for a delivery period of thirty (30) years beginning on the first day of the operations of the Facility. Under the BWPA, the Apo Agua shall be entitled to a fixed rate per cubic meter of water delivered, subject to an annual rate adjustment that is based on the Annual Inflation Rate as determined by the National Statistical Coordination Board. The ownership, commissioning, operation, and management of the Facility required for the delivery of the Treated Bulk Water to the DCWD shall be vested in Apo Agua. Although the legal title to these assets shall remain with Apo Agua at the end of the concession period, the concession period is for the entire estimated useful life of the assets.

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**41. Contingencies**

The Group is a party to certain proceedings and legal cases with other parties in the normal course of business. The ultimate outcome of these proceedings and legal cases cannot be presently determined. Management, in consultation with its legal counsels, believes that it has substantial legal and factual bases for its positions and is currently of the opinion that the likely outcome of these proceedings and legal cases will not have a material adverse effect on the Group's financial position and operating results. It is possible, however, that the future results of operations could be materially affected by changes in estimates or in the effectiveness of the strategies relating to these proceedings and legal cases.

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**42. Other Matters**

a. Renewable Energy Act of 2008

On January 30, 2009, R.A. No. 9513, *An Act Promoting the Development, Utilization and Commercialization of Renewable Energy Resources and for Other Purposes*, which shall be known as the "Renewable Energy Act of 2008" (the Act), became effective. The Act aims to (a) accelerate the exploration and development of renewable energy resources such as, but not limited to, biomass, solar, wind, hydro, geothermal and ocean energy sources, including hybrid systems, to achieve energy self-reliance, through the adoption of sustainable energy development strategies to reduce the country's dependence on fossil fuels and thereby minimize the country's exposure to price fluctuations in the international markets, the effects of which spiral down to almost all sectors of the economy; (b) increase the utilization of renewable energy by institutionalizing the development of national and local capabilities in the use of renewable



energy systems, and promoting its efficient and cost-effective commercial application by providing fiscal and non-fiscal incentives; (c) encourage the development and utilization of renewable energy resources as tools to effectively prevent or reduce harmful emissions and thereby balance the goals of economic growth and development with the protection of health and environment; and (d) establish the necessary infrastructure and mechanism to carry out mandates specified in the Act and other laws.

As provided for in the Act, renewable energy (RE) developers of RE facilities, including hybrid systems, in proportion to and to the extent of the RE component, for both power and non-power applications, as duly certified by the DOE, in consultation with the BOI, shall be entitled to incentives, such as, ITH, duty-free importation of RE machinery, equipment and materials, zero percent VAT rate on sale of power from RE sources, and tax exemption of carbon credits, among others.

b. EPIRA of 2001

RA No. 9136 was signed into law on June 8, 2001 and took effect on June 26, 2001. The law provides for the privatization of NPC and the restructuring of the electric power industry. The Implementing Rules and Regulations (IRR) were approved by the Joint Congressional Power Commission on February 27, 2002.

R.A. No. 9136 and the IRR impact the industry as a whole. The law also empowers the ERC to enforce rules to encourage competition and penalize anti-competitive behavior.

R.A. No. 9136, the EPIRA, and the covering IRR provides for significant changes in the power sector, which include among others:

- i. The unbundling of the generation, transmission, distribution and supply and other disposable assets of a company, including its contracts with IPPs and electricity rates;
- ii. Creation of a WESM; and
- iii. Open and non-discriminatory access to transmission and distribution systems.

The law also requires public listing of not less than 15% of common shares of generation and distribution companies within 5 years from the effectivity date of the EPIRA. It provides cross ownership restrictions between transmission and generation companies and a cap of 50% of its demand that a distribution utility is allowed to source from an associated company engaged in generation except for contracts entered into prior to the effectivity of the EPIRA.

There are also certain sections of the EPIRA, specifically relating to generation companies, which provide for a cap on the concentration of ownership to only 30% of the installed capacity of the grid and/or 25% of the national installed generating capacity.

c. Temporary Restraining Order (TRO) affecting Power Generation Companies trading in WESM

On December 19, 2013, Bayan Muna representatives filed a Petition for Certiorari against the ERC and the Manila Electric Company (MERALCO) with the Supreme Court (SC). On December 20, 2013, National Association of Electricity Consumers for Reforms filed a Petition for Certiorari and/or Prohibition against MERALCO, ERC and DOE. These cases raised and questioned, among others, the alleged substantial increase in MERALCO's power rates for the billing period of November 2013, the legality of Sections 6, 29 and 45 of the EPIRA, the failure of



ERC to protect consumers from the high energy prices and the perceived market collusion of the generation companies.

These cases were consolidated by the SC which issued a TRO for a period of 60 days from December 23, 2013 to February 21, 2014, preventing MERALCO from collecting the increase in power rates for the billing period of November 2013. The TRO was subsequently extended for another 60 days ending April 22, 2014 by the SC. Thereafter, the TRO was extended indefinitely.

MERALCO, in turn, filed a counter-petition impleading generation companies supplying power to the WESM. The SC also ordered all the parties in the consolidated cases to file their respective pleadings in response to MERALCO's counter-petition. The Supreme Court set the consolidated cases for oral arguments last January 21, February 4 and 11, 2014. After hearing, all parties were ordered to file their comments and/or memorandum. The case is now submitted for resolution.

As a result of the TRO, Meralco has not been able to fully bill its consumers for the generation costs for the supply month of November 2013; and in turn, it has not been able to fully pay its suppliers of generation costs. As of December 31, 2021, the SC has not lifted the TRO.

d. Imposition of financial penalties on Therma Mobile by the Philippine Electricity Market Corporation (PEMC)

This case involves an investigation of Therma Mobile in the dispatch of its power barges during the November and December 2013 supply period. As a result of the Meralco price hike case brought before the SC, the SC ordered the ERC to investigate anti-competitive behavior and abuse of market power allegedly committed by some WESM participants.

PEMC conducted the investigation under the "Must-Offer" rules of the WESM Rules.

PEMC initially found that Therma Mobile violated the "Must-Offer Rule" during the period under investigation. In its letter dated January 30, 2015, the PEM Board imposed financial penalties amounting to ₱234.9 million on Therma Mobile. According to the PEM Board, the penalties will be collected from Therma Mobile through the WESM settlement process.

Therma Mobile maintains that there is no basis for the PEMC decision. It did not violate the Must-Offer Rule, for the period ended, as it was physically impossible for Therma Mobile to transmit more than 100MW to Meralco. Although Therma Mobile's rated capacity is 234 MW (Net), it could only safely, reliably and consistently deliver 100MW during the November and December 2013 supply period because of transmission constraints. Therma Mobile's engines and transmission lines were still undergoing major repairs to address issues on post rehabilitation.

On February 13, 2015, Therma Mobile filed a notice of dispute with the PEMC to refer the matter to dispute resolution under the WEM Rules and the WESM Dispute Resolution Market Manual.

Therma Mobile also filed a Petition for the Issuance of Interim Measures of Protection with the Regional Trial Court (RTC) of Pasig to hold off enforcement of the payment of the penalties during the pendency of the Therma Mobile and PEMC dispute resolution proceedings. Last



February 24, 2015, the RTC issued in favor of Therma Mobile an ex parte 20-day Temporary Order of Protection directing PEMC to refrain from (a) demanding and collecting from Therma Mobile the ₱234.9 million financial penalty; (b) charging and accruing interest on the financial penalty; and (c) transmitting the PEMC-ECO investigation report to the ERC.

On April 1, 2015, the RTC granted the prayer for the issuance of Writ of Preliminary Injunction, which ruling was assailed by the PEMC and elevated to the Court of Appeals (CA) via Petition for Review. On December 15, 2015, the CA issued a Decision confirming the RTC's findings. PEMC filed a Motion for Reconsideration, and in compliance with Resolution of the CA, has filed a comment on the said motion.

On June 6, 2016, PEMC filed a petition before the SC questioning the CA's Decision. TMO also filed its Comment on the Petition on November 14, 2016. On June 1, 2017, TMO received the SC Notice dated March 29, 2017. In the Resolution, the SC noted TMO's Comment and PEMC's Reply. As of December 31, 2021, the petition is still pending resolution with the SC.

e. Therma Marine Case

In 2013, ERC issued Final Approval of various ESAs of Therma Marine with some modifications on ERC's provisionally approved rates which directed both parties to devise a scheme for the refund of the difference between the final and the provisionally approved rates.

On November 25, 2013, ERC issued its order for Therma Marine to refund the amount of ₱180.0 million to its customers for a period of 6 months with equal installments per month. On August 27, 2014, ERC issued an order directing NGCP to refund its customers the amount of ₱12.7 million and the corresponding VAT for a period of twelve months. As such, Therma Marine will refund the said amount to NGCP and the latter will refund the same to its customers.

In 2015, ERC issued Provisional Approvals (PA) on ESA contracts extensions with capacity fees lower than the previously approved rates. Therma Marine filed MRs on these PAs. During the last quarter of 2015, ERC issued Final Approvals on some of these ESA's sustaining the decision in the PA's, thus Therma Marine filed MRs on the final decisions. As of December 31, 2021, there has been no resolution on the MRs on the Final Approvals.

f. ERC Case No. 2013-077 MC

On August 29, 2013, MERALCO filed a petition for dispute resolution against TLI/APRI, among other Successor Generating Companies ("SGCs") under ERC Case No. 2013-077 MC. The case arose from a claim of refund of the alleged over charging of transmission line losses pursuant to the ERC Order dated March 4, 2013 and July 1, 2013 in ERC Case No. 2008-083 MC.

On September 20, 2013, TLI, together with the other SGCs, filed a Joint Motion to Dismiss arguing that MERALCO's petition should be dismissed for failure to state a cause of action and ERC's lack of jurisdiction over the subject matter of the case. The SGCs and Meralco have filed their respective comments, reply, rejoinder and sur-rejoinder after the filing of the Joint Motion to Dismiss. The Joint Motion to Dismiss has since then been submitted for resolution with the ERC. As of December 31, 2021, the ERC has yet to render its decision on the Joint Motion to Dismiss.



g. Sergio Osmeña III vs. PSALM, Emmanuel R. Ledesma, Jr., SPC Power Corporation (SPC) and Therma Power Visayas, Inc. (TPVI)

In 2009, SPC acquired through a negotiated bid the 153.1MW Naga Land-Based Gas Turbine Power Plant ("Naga Plant") in Naga, Cebu. In the same year, it entered into a Land Lease Agreement (LLA) with PSALM, which includes SPC's right to top (RTT) the price of a winning bidder for the sale of any property in the vicinity of the leased premises.

PSALM subsequently bid out the Naga Plant located in the leased premises. On April 30, 2014 and after two failed biddings, PSALM issued a Notice of Award to TPVI for submitting the highest bid for the Naga Plant. SPC wrote PSALM of its intent to exercise its RTT the winning bid, on the condition that the LLA would be for a term of 25 years from closing date.

Senator Sergio Osmeña III filed with the Supreme Court (SC) a Petition for Certiorari and Prohibition with prayer for issuance of a TRO and/or Writ of Preliminary Injunction dated June 16, 2014 (the "Case") with PSALM, Emmanuel R. Ledesma, SPC and TPVI as respondents to enjoin PSALM from making the award of the Naga Plant to SPC. In his petition, Sen. Osmeña argued that the RTT should be held invalid as it defeats the purpose of a fair and transparent bidding for a government asset and it discourages interested bidders considering the unfair advantage given to SPC.

On July 25, 2014, PSALM awarded the contract to SPC, despite TPVI's objection on the ground that SPC did not validly exercise its right to top because of its qualified offer. Thereafter, an APA for the Naga Plant was executed between PSALM and SPC.

On September 28, 2015, the SC declared in the Case that the RTT and the APA executed in favor of SPC are null and void. The parties thereafter filed various motions for reconsideration which the SC subsequently denied.

On March 16, 2016, TPVI filed its Manifestation/Motion praying that the Notice of Award dated April 30, 2014 be reinstated and that respondent PSALM be ordered to execute the Asset Purchase Agreement ("NPPC-APA"), Land Lease Agreement ("NPPC-LLA") and other documents to implement TPVI's acquisition of the Naga Plant.

On April 6, 2016, the SC issued a Resolution that required PSALM and SPC to comment on TPVI's Manifestation/Motion. In the same Resolution, the SC denied the motion for leave to file and admit SPC's second motion for reconsideration and referral to the SC en banc.

On July 19, 2016, TPVI filed its Manifestation with Omnibus Motion to clarify the motion dated March 16, 2016 and for early resolution. TPVI prayed that the SC Decision dated September 28, 2015 be clarified, and if necessary, be amended to include in its "fallo" that the Notice of Award in favor of TPVI be reinstated.

In response to various motions, the SC issued a Notice of Judgment and Resolution dated October 5, 2016 clarifying that the nullification of SPC's right to top did not invalidate the entire bidding process. Thus, the SC ordered the reinstatement of the Notice of Award dated April 30, 2014 in favor of TPVI. Further, the SC annulled and set aside the APA and the LLA executed between SPC and PSALM and directed PSALM to execute with dispatch the NPPC-APA and the NPPC-LLA in favor of TPVI.



On October 26, 2016, SPC filed an Urgent Motion for Reconsideration with Alternative Motion to Refer to the En Banc of the SC. SPC reiterated its prayer for the reversal of the October 5, 2016 Resolution, denial of TPVI's Manifestation/Motion and for the conduct of a new round of bidding for the Naga Plant. PSALM also filed its Motion for Reconsideration with Leave and prayed that the SC's October 5, 2016 Resolution be re-examined and/or reconsidered.

In its Resolution dated November 28, 2016, the SC denied SPC's and PSALM's motions for reconsideration (of the October 5, 2016 Resolution) with finality. The SC ordered that no further pleadings, motions, letters, or other communications shall be entertained in the Case, and it ordered the issuance of Entry of Judgment.

Notwithstanding the above SC Resolution, SPC filed its Motion for Leave to File and Admit (Motion for Reconsideration dated 9 December 2016) with attached Motion for Reconsideration dated December 9, 2016. Thereafter, SPC filed its Supplemental Motion/Petition for Referral to the Banc dated January 16, 2017.

On February 14, 2017, TPVI received a copy of the Entry of Judgment which states that the October 5, 2016 Resolution of the SC has become final and executory on November 28, 2016.

In May 2018, TPVI received the Certificate of Effectivity (COE) from PSALM initiating the purchase of the facility. The COE implements the September 28, 2015 decision of the SC, which upheld the April 30, 2014 award of the facility to TPVI. Pursuant to the NPPC-APA, on July 16, 2018 ("Closing date"), the Joint Certificate of Turn-Over was signed and issued and the facility was formally turned-over to TPVI.

In 2018, TPVI paid a total amount of ₱1.0 billion for the NPPC-APA and NPPC-LLA and ₱496.0 million for the inventories upon implementation of the acquisition of the Naga Power Plant.

h. DLP Case

On December 7, 1990, certain customers of DLP filed before the then Energy Regulatory Board (ERB) a letter-petition for recovery claiming that with the SC's decision reducing the sound appraisal value of DLP's properties, DLP exceeded the 12% Return on Rate Base (RORB). The ERB's order dated June 4, 1998, limited the computation coverage of the refund from January 19, 1984 to December 14, 1984. No amount was indicated in the ERB order as this has yet to be recomputed.

The CA, in Court of Appeals General Register Special Proceeding (CA-GR SP) No. 50771, promulgated a decision dated February 23, 2001 which reversed the order of the then ERB, and expanded the computation coverage period from January 19, 1984 to September 18, 1989.

The SC in its decision dated November 30, 2006 per GR150253 reversed the CA's decision CA-GR SP No. 50771 by limiting the period covered for the refund from January 19, 1984 to December 14, 1984, approximately 11 months. The respondent/customers filed a Motion for Reconsideration with the SC, which was denied with finality by the SC in its Order dated July 4, 2007.





The SC, following its decision dated November 30, 2006, ordered the ERC to proceed with the refund proceedings instituted by the respondents with reasonable dispatch.

On March 17, 2010, the ERC directed DLP to submit its proposed scheme in implementing the refund to its customers. In compliance with the order, the DLP filed its compliance stating that DLP cannot propose a scheme for implementing a refund as its computation resulted to no refund.

A clarificatory meeting was held where DLP was ordered to submit its memoranda.

On October 4, 2010, in compliance with the ERC directive, DLP submitted its memoranda reiterating that no refund can be made. After which, no resolution has been received by DLP from the ERC as of December 31, 2021.

i. LHC Franchise Tax Assessment

In 2007, the Provincial Treasurer of Benguet issued a franchise tax assessment against LHC, requiring LHC to pay franchise tax amounting to approximately ₱40.4 million, inclusive of surcharges and penalties covering the years 2002 to 2007. In 2008, LHC has filed for a petition for the annulment of the franchise tax assessment, based primarily on the fact that LHC is not liable for franchise tax because it does not have a franchise to operate the business. Section 6 of R.A. No. 9136 provides that power generation shall not be considered a public utility operation. As such, an entity engaged or which shall engage in power generation and supply of electricity shall not be required to secure a national franchise. Accordingly, no provision has been made in the consolidated financial statements. The case remains pending as of December 31, 2021.

j. Retail Competition and Open Access

The EPIRA mandates the implementation of Retail Competition and Open Access (RCOA) subject to the fulfilment of the conditions as provided in the EPIRA. The ERC was tasked under the EPIRA Implementing Rules and Regulations to declare, after due notice and public hearing, the initial implementation of RCOA. Through the RCOA, eligible customers will have the option to source their electricity from eligible suppliers that have secured Retail Electricity Supplier (RES) licenses from the ERC. End users with a monthly average peak demand of at least 1 Megawatt (MW) for the preceding 12 months are eligible to be contestable customers. The 1 MW qualification would gradually be reduced upon evaluation of the ERC.

In June 2011, after due notice and public hearings, the ERC declared December 26, 2011 as the date to mark the commencement of the full operation of RCOA in Luzon and Visayas. However, due to deficiencies in the rules and guidelines governing the RCOA at that time, the December 26, 2011 commencement date was deferred several times until an interim system commenced on July 26, 2013.

The DOE and ERC have issued and revised several circulars, rules and resolutions on the implementation of the RCOA and the issuance of RES licences, including a Code of Conduct, Rules on Contestability, and Rules on RES Licencing.



On February 21, 2017, the SC issued a TRO enjoining the DOE and ERC from implementing the following issuances:

1. DOE Circular No. DC-2015-06-0010 or the DOE Circular Providing Policies to Facilitate the Full Implementation of RCOA in the Philippine Electric Power Industry;
2. ERC Resolution No. 5, Series of 2016 or the Rules Governing the Issuance of Licenses to RES and Prescribing the Requirements and Conditions Therefor;
3. ERC Resolution No. 10, Series of 2016 or a Resolution adopting the Revised Rules for Contestability;
4. ERC Resolution No. 11, Series of 2016 or a Resolution Imposing Restrictions on the Operations of DUs and RES in the Competitive Retail Electricity Market; and
5. ERC Resolution No. 28, Series of 2016 or the Revised Timeframe for Mandatory Contestability, Amending Resolution No. 10, Series of 2016, entitled Revised Rules of Contestability.

The TRO effectively enjoined the DOE and the ERC from imposing the mandatory migration of end-users with average monthly peak demand of at least 1MW and 750 kW on 26 February 2017 and 26 June 2017, respectively, and barring Local RESs and DUs from supplying electricity to the Contestable Market.

Due to the TRO, no new or renewed RES licenses were issued by the ERC due to the perceived risk of being declared in contempt by the SC. The renewal of PEI, AEI and AESI's RES licenses remain pending before the ERC. The application for RES licenses of TLI and APRI are likewise pending.

On November 29, 2017, DOE issued Department Circular No. 2017-12-0013, which provides, among other things, for voluntary participation of Contestable Customers in the Retail Market. On the same date, DOE issued Department Circular No. 2017-12-0014, which provides, among other things, the guidelines on the licensing of RES. Both DOE Circulars enjoin the ERC to promote the supporting guidelines to the DOE Circulars. Once the ERC promulgates these rules, approval of RES license applications and renewals can be expected.

k. PSALM deferred adjustment

*Deferred Accounting Adjustments (DAA)*

The ERC issued a Decision dated March 26, 2012 which granted PSALM DAA pertaining to GRAM and ICERA and in its Order dated June 20, 2017, the ERC authorized PSALM to implement the methodology for the recovery/refund of the approved DAA.

Upon Private Electric Power Operators Association's (PEPOA) motion, the ERC, in an Order dated October 19, 2017, deferred the implementation of the approved DAA pending clarification by the ERC of the queries raised in the motion for clarification.

In its Order dated December 19, 2017, the ERC clarified that the GRAM and ICERA DAA are deferred adjustments, which were incurred by PSALM/NPC in supplying energy during the corresponding period; thus, it should be recovered/refunded by PSALM/NPC to its customers. Hence, the Distribution Utilities (DUs) are not just mere collectors of the said DAA but these are charges that they should pay to NPC/PSALM and charged to their customers as part of their



generation charge. In the same Order, the ERC directed the DUs to resume the implementation of the GRAM and ICERA starting the January 2018 billing period.

*Automatic Cost Recovery Mechanism (ACRM)*

On June 20, 2017, the ERC issued its Decision, authorizing PSALM to recover/refund the True-up Adjustments of Fuel and Purchased Power Costs and Foreign Exchange-Related Costs effective its next billing period.

In an Order dated October 19, 2017, the implementation of the ACRM was deferred to the January 2018 billing period pending the evaluation of the clarifications raised in PEPOA's letter and motion and on December 19, 2017, the Commission issued an Order directing PSALM and the DUS to abide with the clarifications issued by the Commission.

I. COVID-19

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six months and imposed an enhanced community quarantine (ECQ) throughout the island of Luzon until April 12, 2020, as subsequently extended to April 30, 2020. This was further extended to May 15, 2020 in selected areas including the National Capital Region. These measures have caused disruptions to businesses and economic activities, and its impact on businesses continues to evolve.

The Group has experienced the negative effect of the COVID-19 pandemic in its 2020 operations across most of its segments, varying in terms of magnitude. However, because of the diverse business portfolio of the Group covering different industries and to a certain extent, geographical location, the overall effect has been cushioned. In addition, significant improvements have been felt in the latter part of 2020 as the economy started to improve, and has been continuing during the year as the community quarantine starts to ease down.

The Group has an in-placed and extensive business continuity plan on similar risk, including the lay out of the necessary steps that will help address or minimize the Group's business exposures. However, considering the evolving nature of this outbreak, the Group will continue to monitor the situation and adjust the steps it is currently implementing in subsequent periods.

m. Application of the Provisions of Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

On March 26, 2021, the Office of the President of the Philippines signed into law the CREATE Act to attract more investments and maintain fiscal prudence and stability in the Philippines. RA 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the consolidated financial statements of the Group as of and for the year ended December 31, 2020 because of their retroactive effect:



- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5 million and with total assets not exceeding ₱100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- MCIT rate reduced from 2% to 1% of gross income, effective from July 1, 2020 to June 30, 2023.

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 26, 2021 is considered as a non-adjusting subsequent event in the consolidated financial statements of the Group as of and for the year ended December 31, 2020. Accordingly, current and deferred income taxes continued to be computed and measured using the applicable income tax rates as of December 31, 2020 (i.e., 30% RCIT / 2% MCIT) for financial reporting purposes.

The Group reflected the changes in the current and deferred income taxes in its consolidated financial statements as of and for the year ended December 31, 2021, including the retroactive effect of the change in tax rates arising from the CREATE Act, reducing provisions for current and deferred income tax by ₱572.9 million.

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#### 43. Events after the Reporting Period

- a. To comply with the requirements of Section 43 of the Corporation Code, on March 4, 2022, the BOD approved the declaration of a regular cash dividend of ₱1.62 per share (₱9.1 billion) to all stockholders of record as of March 18, 2021. These dividends will be taken out of the unrestricted retained earnings as of December 31, 2021, and will be paid on March 30, 2022. Said declaration is in compliance with the Company's policy of distributing a regular dividend equivalent to at least 33% of previous year's consolidated net income.
- b. On March 4, 2022, the BOD approved the appropriation of ₱70.6 billion of the Company's retained earnings as of December 31, 2021 for the additional capital infusion into UBP and AIC to finance its on-going projects, and for debt payment of AEV.
- c. On January 5, 2022, AP filed the application with the SEC for the issuance of the third tranche of its ₱30.0 billion fixed-rate retail bonds registered on March 1, 2021 under the shelf registration program of SEC (the "Third Tranche Bonds"). The Third Tranche Bonds, with an aggregate principal amount of up to ₱10.0 billion, including oversubscription, is expected to be issued sometime in March 2022. Interest rate setting was completed on February 28, 2022.



ABOITIZ EQUITY VENTURES, INC.  
AND SUBSIDIARIES

Supplementary Schedules  
to the Financial Statements  
Required by the Securities and Exchange Commission  
For the Year Ended December 31, 2021

and

Independent Auditor's Report

Philippine  
Pesos

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## **INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES**

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 Andres R. Pore*

Maria Veronica Andres 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**

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



ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES

Supplementary Schedules Required  
By the Securities and Exchange Commission  
As of and for the Year Ended December 31, 2021

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NA: NOT APPLICABLE



## ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES

## SCHEDULE A - FINANCIAL ASSETS

AS OF DECEMBER 31, 2021  
(Amounts in Thousands)

Name of Issuing Entity and Association of each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet	Value Based on Market Quotation at Balance Sheet Date	Income Received and Accrued
<b>CASH ON HAND AND IN BANKS, INCLUDING RESTRICTED CASH</b>				
Australia and New Zealand Banking Group Limited (ANZ)	Not applicable	P 15,730,395	Not applicable	P 1,348
Asian United Bank	Not applicable	28	Not applicable	4
Banco de Oro	Not applicable	6,056,395	Not applicable	67,389
Bank of Commerce	Not applicable	844	Not applicable	1
Bank of the Philippine Islands	Not applicable	736,554	Not applicable	1,030
BDO Network Bank	Not applicable	8,132	Not applicable	-
China Banking Corporation	Not applicable	1,302	Not applicable	6
Citibank	Not applicable	43,757	Not applicable	33
City Savings Bank	Not applicable	2,381,223	Not applicable	-
Development Bank of the Philippines	Not applicable	80,667	Not applicable	9
ING Bank N.V.	Not applicable	3,491	Not applicable	-
JP Morgan	Not applicable	5,845	Not applicable	-
Landbank of the Philippines	Not applicable	50,869	Not applicable	36
Metropolitan Bank and Trust Company	Not applicable	1,912,187	Not applicable	774
PB Com	Not applicable	1,658	Not applicable	2
Philippine National Bank	Not applicable	160,591	Not applicable	39
Philippine Veterans Bank	Not applicable	455	Not applicable	-
Security Bank Corporation	Not applicable	373,330	Not applicable	171
Union Bank of the Philippines	Not applicable	15,816,734	Not applicable	62,114
Agriculture Bank of China	Not applicable	88,432	Not applicable	249
Bangkok Bank Public Company Limited	Not applicable	4,920	Not applicable	7
Bank Central Asia	Not applicable	15,405	Not applicable	254
Bank Mandiri	Not applicable	4,277	Not applicable	38
Bank Muamalat	Not applicable	9,471	Not applicable	33
Bank of China	Not applicable	249,488	Not applicable	515
China Merchants Bank	Not applicable	9,621	Not applicable	25
Commerce International Merchant Bankers Berhad (CIMB)	Not applicable	58,448	Not applicable	-
EPCI Bank	Not applicable	51	Not applicable	-
Hongkong Shanghai Banking Corporation	Not applicable	3,766,913	Not applicable	715
Malayan Banking Berhad	Not applicable	20,221	Not applicable	-
Myanma Foreign Trade Bank (MFTB Bank)	Not applicable	6	Not applicable	-
Mizuho Corporate Bank, Ltd.	Not applicable	5,260	Not applicable	43
Oversea-Chinese Banking Corporation, Limited (OCBC)	Not applicable	122	Not applicable	-
PT Bank Permata	Not applicable	14	Not applicable	-
Rizal Commercial Banking Corporation	Not applicable	60,852	Not applicable	124
Robinson's Bank	Not applicable	5,044	Not applicable	4
Rural Credit Cooperatives Association	Not applicable	359	Not applicable	3
Industrial and Commercial Bank of China	Not applicable	1,531	Not applicable	1
Saigon Thuong Tin Commercial Joint Stock Bank (Sacombank)	Not applicable	101,648	Not applicable	194
Standard Chartered Bank	Not applicable	10,505,380	Not applicable	1,100
The Bank of China Construction	Not applicable	10,976	Not applicable	59
The Bank of Tokyo - Mitsubishi UFJ, Ltd.	Not applicable	13,872,892	Not applicable	-
The Siam Commercial Bank Public Company Limited	Not applicable	970	Not applicable	-

## ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES

## SCHEDULE A - FINANCIAL ASSETS

AS OF DECEMBER 31, 2021  
(Amounts in Thousands)

Name of Issuing Entity and Association of each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet	Value Based on Market Quotation at Balance Sheet Date	Income Received and Accrued
Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank)	Not applicable	87,111	Not applicable	247
Vietinbank	Not applicable	-	Not applicable	3
Development Bank of Singapore	Not applicable	2,778	Not applicable	-
Fudian Bank Co., Ltd.	Not applicable	34	Not applicable	-
Bank of Dongguan Co., Ltd.	Not applicable	20	Not applicable	16
Mitsubishi UFJ Financial Group (MUFG)	Not applicable	1,200,119	Not applicable	4,178
National Development Bank PLC	Not applicable	60	Not applicable	26
Sampath Bank	Not applicable	64,274	Not applicable	-
Sumitomo Mitsui Banking Corporation	Not applicable	97,826	Not applicable	-
Cash on Hand, Cash in Vault and Revolving Fund	Not applicable	338,001	Not applicable	-
TOTAL		P 73,946,981		P 140,790
Money Market Placements, Including Short-term Deposits				
Australia and New Zealand Banking Group Limited (ANZ Bank)	Not applicable	P 509,991	Not applicable	P 234
Banco de Oro	Not applicable	1,329,036	Not applicable	5,466
BDO Private Bank, Inc.	Not applicable	540,920	Not applicable	5,061
Bank of the Philippine Islands	Not applicable	6,001,553	Not applicable	6,617
Bank Muamalat	Not applicable	596,515	Not applicable	5,499
City Savings Bank	Not applicable	21,579,828	Not applicable	220,801
Development Bank of the Philippines	Not applicable	21,171,728	Not applicable	9,035
Hongkong & Shanghai Banking Corporation	Not applicable	20,423	Not applicable	123
Philippine National Bank	Not applicable	-	Not applicable	22
Rizal Commercial Banking Corporation	Not applicable	1,000,000	Not applicable	778
Security Bank Corporation	Not applicable	25,499	Not applicable	7
Saigon Thuong Tin Commercial Joint Stock Bank (Sacombank)	Not applicable	397,061	Not applicable	27,765
Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank)	Not applicable	69,234	Not applicable	4,888
Mitsubishi UFJ Financial Group (MUFG)	Not applicable	6,338,341	Not applicable	18,885
Union Bank of the Philippines	Not applicable	25,066,811	Not applicable	17,298
TOTAL		P 84,646,940		P 322,479
Trade Receivables				
Power	Not applicable	P 22,637,873	Not applicable	Not applicable
Food manufacturing	Not applicable	9,606,123	Not applicable	Not applicable
Real estate	Not applicable	9,672,636	Not applicable	Not applicable
Holding and others	Not applicable	1,418,008	Not applicable	Not applicable
TOTAL		P 43,334,640		
Other Receivables				
Nontrade receivables	Not applicable	P 7,790,692	Not applicable	Not applicable
Dividends receivable	Not applicable	1,192,000	Not applicable	Not applicable
Advances to contractors	Not applicable	202,394	Not applicable	Not applicable
Others	Not applicable	297,928	Not applicable	Not applicable
TOTAL		P 9,483,014		

## ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES

## SCHEDULE A - FINANCIAL ASSETS

AS OF DECEMBER 31, 2021  
(Amounts in Thousands)

Name of Issuing Entity and Association of each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet	Value Based on Market Quotation at Balance Sheet Date	Income Received and Accrued
Financial assets at FVTPL				
Quoted Shares of Stock				
Alta Vista Golf and Country Club	2	₱ 3,245	₱ -	₱ -
Golf and Country Club of Iligan	1,000	1	-	-
Vistamar Country Club	90,000	90	-	-
Mimosa Leisure Park	1	150	-	-
Celebrity Sports Plaza	2	500	-	-
Aboitiz Equity Ventures, Inc.	157,297	8,565	-	-
Apo Golf and Country Club	1	2	-	-
CEBECO1-VECO Subtransmission Company, Inc.	375,000	375	-	-
Rizal Commercial Bank	1,382,672	27,653	27,653	671
Empire East Land, Inc.	4,377,063	1,116	1,116	-
Filinvest Development Corporation	160,316	1,278	1,278	-
Megaworld Properties, Inc.	1,842,750	5,805	5,805	-
Filinvest Land, Inc.	303,515	334	334	-
JP Morgan	-	938,789	938,789	1,590
		P 987,903	P 974,975	P 2,261
Unquoted Shares of Stock				
AEV Development Corporation	-	65	-	-
International Container Terminal Services, Inc.	100	2	-	-
Cebu Holdings, Inc.	1	1,038	-	-
Cebu Country Club	3	9,600	-	-
Lever VC GP Limited	-	9,563	-	-
PICOP	164	8	-	-
Philex Mining Corporation	2,618	5	-	-
Philippine Long Distance and Telephone Company	44,344	560	-	-
Equitable Banking Corporation	8,050	793	-	-
		P 21,634	P -	P -
Financial assets at FVOCI				
Union Bank of the Philippines	2,182,600	2,313,423	2,313,423	14,754
Lombard Odier - IMA	-	1,019,980	-	-
		P 3,333,403	P 2,313,423	P 14,754
Debt Investments at Amortized Cost				
SMC Global Power Holdings	-	10,137	-	476
VLL International, Inc.	-	21,553	-	1,126
Royal Capital BV	-	-	-	177
		P 31,690	P -	P 1,779
<b>TOTAL</b>		<b>P 4,374,630</b>	<b>P 3,288,398</b>	<b>P 18,794</b>

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES

SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES  
WHICH ARE ELIMINATED DURING THE CONSOLIDATION  
OF FINANCIAL STATEMENTS

AS DECEMBER 31, 2021  
(Amounts in Thousands)

Name and Designation of Debtor	Beginning Balance	Additions	Deductions		Current	Non-Current	Ending Balance
			Amounts Collected	Amounts Written Off			
TRADE							
Aboitiz Equity Ventures, Inc. (Parent)	P -	P 2,897	P -	P -	P 2,897	P -	P 2,897
Pilmico Animal Nutrition Corporation	-	194,806	-	-	194,806	-	194,806
Pilmico Foods Corporation	-	1,294,196	-	-	1,294,196	-	1,294,196
Abaga International Pte Ltd. (formerly Comfez Pte. Ltd.)	-	8,147	-	-	8,147	-	8,147
Aboitizland, Inc.	(1,820)	10,949	1,820	-	10,949	-	10,949
Cebu Industrial Park Developers, Inc.	(205)	-	205	-	-	-	-
Lima Land, Inc.	-	8,982	-	-	8,982	-	8,982
Aboitiz Energy Solutions, Inc.	(2)	12,452	2	-	12,452	-	12,452
Advent Energy, Inc.	-	2,171	-	-	2,171	-	2,171
Lima Enerzone Corporation	-	4,686	-	-	4,686	-	4,686
Luzon Hydro Corporation	(29)	-	29	-	-	-	-
Therma Luzon, Inc.	(1,021)	-	1,021	-	-	-	-
NON-TRADE							
Aboitiz Equity Ventures, Inc. (Parent) - Advances	-	25,648	-	-	25,648	-	25,648
Aboitiz Power International Pte. Ltd. - Loan Receivable	-	41,309	-	-	41,309	-	41,309
Pilmico Foods Corporation - Dividend	-	700,000	-	-	700,000	-	700,000
Pilmico Foods Corporation - Advances	275,553	5,489	(1,678)	-	279,364	-	279,364
Adventenergy, Inc. - Advances	302,144	1,547	(2,144)	-	301,547	-	301,547
Total	P 574,620	P2,313,279	P (745)	P -	P2,887,154	P -	P2,887,154

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES

SCHEDULE D - INTANGIBLE ASSETS AND OTHER ASSETS

AS OF DECEMBER 31, 2021

(Amount in Thousands)

Description	Beginning Balance	Additions At Cost	DEDUCTIONS		Other Changes Additions (Deductions)	Discontinued Operation	Ending Balance
			Charged to Costs and Expenses	Charged to Other Accounts			
<b>A. Intangibles</b>							
Goodwill	P 55,170,011	P -	P -	P -	P 2,405,409	P -	P 57,575,420
Service concession right	8,664,804	4,740,735	(335,239)	-	54,583	-	13,124,883
Franchise	2,494,811	-	(76,961)	-	-	-	2,417,850
Project development costs	1,029,421	817,954	-	(369,918)	(671,441)	-	806,016
Customer contracts	10,911	-	(3,968)	-	-	-	6,943
Software and licenses	406,531	132,668	(131,337)	-	(563)	-	407,299
<b>B. Other Noncurrent Assets</b>							
Input VAT and tax credit receivable	3,076,027	402,419	-	-	-	-	3,478,446
Financial assets at FVTPL	1,009,554	-	-	-	(17)	-	1,009,537
Financial assets at FVOCI	2,215,044	1,019,980	-	-	98,379	-	3,333,403
Debt investments at amortized cost	101,161	-	(69,471)	-	-	-	31,690
Prepaid rent and other deposits	845,586	-	(356,941)	-	-	-	488,645
Prepaid taxes	3,559,354	-	-	-	(202,845)	-	3,356,509
Advances to contractors and projects	2,030,652	-	-	-	(812,511)	-	1,218,141
Advances to NGCP - net of current portion	920,682	124,164	-	-	-	-	1,044,846
Biological assets	133,440	32,831	-	-	-	-	166,271
Others	658,970	359,214	-	-	-	-	1,018,184
<b>Total</b>	<b>P82,326,959</b>	<b>P7,629,965</b>	<b>(P973,917)</b>	<b>(P369,918)</b>	<b>P870,994</b>	<b>P0</b>	<b>P89,484,083</b>

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES

SCHEDULE E - LONG-TERM DEBT

AS OF DECEMBER 31, 2021

(Amounts in Thousands)

Name of Issuer and Type of Obligation	Amount Authorized by Indentures	Amount Shown as Current	Amount Shown as Long-Term	Remarks
Parent Company:				
BPI Capital Corporation	5,049,711	-	5,049,711	
BDO Capital & Investment Corporation	4,960,607	-	4,960,607	
Metropolitan Bank and Trust Company	9,936,116	39,949	9,896,167	
BDO Unibank, Inc.	17,356,433	-	17,356,433	
Subsidiaries:				
Aboitiz Power Corporation	63,189,156	9,012,854	54,176,302	
AP Renewables, Inc.	10,520,765	836,116	9,684,649	
Hedcor, Inc.	1,491,600	128,959	1,362,641	
Hedcor Bukidnon, Inc.	8,656,313	591,650	8,064,663	
Hedcor Sibulan, Inc.	3,384,328	393,764	2,990,564	
Hedcor Sabangan	1,136,464	40,490	1,095,974	
Hedcor Tudaya, Inc.	746,393	57,686	688,707	
Aboitiz Energy Solutions, Inc.	594,000	-	594,000	
Cotabato Light and Power Co., Inc.	57,600	28,650	28,950	
Davao Light & Power Co., Inc.	288,000	144,750	143,250	
Pagbilao Energy Corporation (Joint Operation)	10,993,112	1,166,231	9,826,881	
Luzon Hydro Corporation	7,646	7,646	-	
Therma South, Inc.	18,104,113	1,165,380	16,938,733	
Therma Visayas, Inc.	26,730,748	2,040,350	24,690,398	
Therma Power Visayas, Inc.	1,489,717	-	1,489,717	
Therma Marine, Inc.	1,777,437	-	1,777,437	
GNPower Mariveles Energy Center Ltd. Co.	32,186,946	2,311,945	29,875,001	
Visayan Electric Company	383,635	192,755	190,880	
Pilmico Foods Corporation	2,857,411	12,675	2,844,736	
Pilmico Animal Nutrition Corp.	2,493,820	68,712	2,425,108	
AEV International and Subsidiaries	33,841,271	112,352	33,728,919	
AboitizLand, Inc. and Subsidiaries	4,295,215	255,864	4,039,351	
Aboitiz Infra Capital	9,150,086	-	9,150,086	
Total	P271,678,643	P18,608,778	P253,069,865	

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES

SCHEDULE H - CAPITAL STOCK

AS OF DECEMBER 31, 2021  
(Amounts in Thousands)

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares Reserved for Options, Warrants, Conversions, and Other Rights	Number of Shares Held By		
				Affiliates	Directors, Officers and Employees	Others
COMMON SHARES	9,600,000	5,630,225	-	2,737,173	233,725	2,659,327
PREFERRED SHARES	400,000	-	-	-	-	-

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES  
SCHEDULE I - TRADE AND OTHER RECEIVABLES FROM RELATED PARTIES  
WHICH ARE ELIMINATED DURING THE CONSOLIDATION  
OF FINANCIAL STATEMENTS

AS DECEMBER 31, 2021  
(Amounts in Thousands)

Related Party	Balances			Volume				Terms
	Trade	Non-trade	Total	Sales	Rental	Interest	Advances	
<b>TRADE</b>								
Aboitiz Equity Ventures, Inc. (Parent)	P 2,897	P -	P 2,897	P 1,037,490	P -	P -	P -	30 days
Pilmico Animal Nutrition Corporation	194,806	-	194,806	213	-	-	-	30 days
Pilmico Foods Corporation	1,294,196	-	1,294,196	17,938	16,620	-	-	30 days
Fil-Agri Holdings, Inc.	-	-	-	13,564	-	-	-	30 days
Abaqa International Pte Ltd. (formerly Comfez Pte. Ltd.)	8,147	-	8,147	17,427,538	-	-	-	30 days
Gold Coin Feedmill Ha Nam Co. Ltd.	-	-	-	1,856	-	-	-	30 days
Gold Coin Specialities (Thailand) Co. Ltd.	-	-	-	53,276	-	-	-	30 days
Gold Coin (Zhuhai) Company Ltd.	-	-	-	8,710	-	-	-	30 days
KLEAN Greentech Co. Ltd.	-	-	-	28,431	-	-	-	30 days
Pilmico Vietnam Company Limited	-	-	-	574,492	-	-	-	30 days
Cebu Praedia Development Corporation	-	-	-	15,852	48,286	-	-	30 days
AEV Aviation, Inc.	-	-	-	116,380	-	-	-	30 days
Lima Water Coporation	-	-	-	2,810	-	-	-	30 days
Aboitizland, Inc.	10,949	-	10,949	1,210	334	-	-	30 days
Lima Land, Inc.	8,982	-	8,982	89,582	760	-	-	30 days
Aboitiz Energy Solutions, Inc.	12,452	-	12,452	84,521	-	-	-	30 days
Aboitiz Power Distributed Energy, Inc.	-	-	-	6,056	-	-	-	30 days
Aboitiz Renewables, Inc.	-	-	-	53	-	-	-	30 days
Advent Energy, Inc.	2,171	-	2,171	551	-	-	-	30 days
Balamban Enerzone Corp.	-	-	-	1,568	-	-	-	30 days
Cotabato Light and Power Company	-	-	-	26	-	-	-	30 days
Davao Light and Power Co., Inc.	-	-	-	8,143	-	-	-	30 days
Hedcor, Inc.	-	-	-	11,173	-	-	-	30 days
Lima Enerzone Corporation	4,686	-	4,686	24,175	-	-	-	30 days
Mactan Enerzone Corporation	-	-	-	15,898	-	-	-	30 days
Subic Enerzone Corporation	-	-	-	47	-	-	-	30 days
Therma Marine, Inc.	-	-	-	75	-	-	-	30 days
Therma South, Inc.	-	-	-	53,759	-	-	-	30 days
Visayan Electric Co., Inc.	-	-	-	4,366	4,404	-	-	30 days
<b>NON-TRADE</b>								
Aboitiz Equity Ventures, Inc. (Parent) - Advances		25,648	25,648	-	-	-	25,648	short term
Aboitiz Power International Pte. Ltd. - Loan Receivable		41,309	41,309	-	-	334	41,309	short term
Pilmico Foods Corporation - Dividend		700,000	700,000	-	-	-	700,000	short term
Pilmico Foods Corporation - Advances		279,364	279,364	-	-	17,905	-	short term
Adventenergy, Inc. - Advances		301,547	301,547	-	-	7,965	-	short term
<b>Total</b>	<b>P 1,539,286</b>	<b>P 1,347,868</b>	<b>P 2,887,154</b>	<b>P 19,599,753</b>	<b>P 70,404</b>	<b>P 26,204</b>	<b>P 766,957</b>	



ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES  
SCHEDULE J- TRADE AND OTHER PAYABLES TO RELATED PARTIES  
WHICH ARE ELIMINATED DURING THE CONSOLIDATION  
OF FINANCIAL STATEMENTS

AS DECEMBER 31, 2021  
(Amounts in Thousands)

Related Party	Balances			Volume				Terms
	Trade	Non-trade	Total	Purchases	Rental	Interest	Advances	
<b>TRADE</b>								
Aboitiz Equity Ventures, Inc. (Parent)	P -	P -	P -	P 51,103	P 11,326	P -	P -	30 days
Pilmico Animal Nutrition Corporation	14,623	-	14,623	1,524,066	-	-	-	30 days
Pilmico Foods Corporation	8,147	-	8,147	13,524,527	3,722	-	-	30 days
Fil-Agri Holdings, Inc.	-	-	-	4	-	-	-	30 days
Abaga International Pte Ltd. (formerly Comfez Pte. Ltd.)	1,265,027	-	1,265,027	17,938	-	-	-	30 days
Gold Coin Services Singapore Pte Limited	-	-	-	13,564	-	-	-	30 days
Gold Coin Feedmill Ha Nam Co. Ltd.	1,888	-	1,888	-	-	-	-	30 days
Gold Coin Specialities (Thailand) Co. Ltd.	10,966	-	10,966	-	-	-	-	30 days
Gold Coin (Zhuhai) Company Ltd.	3,024	-	3,024	-	-	-	-	30 days
KLEAN Greentech Co. Ltd.	2,624	-	2,624	-	-	-	-	30 days
Pilmico Vietnam Company Limited	192,515	-	192,515	-	-	-	-	30 days
Cebu Praedia Development Corporation	-	-	-	4,166	-	-	-	30 days
AEV Aviation, Inc.	-	-	-	4,672	16,620	-	-	30 days
Aboitiz Infracapital, Inc.	-	-	-	26,508	4,590	-	-	30 days
Apo Agua Infraestructura Inc.	-	-	-	23,839	-	-	-	30 days
Lima Water Coporation	-	-	-	22,807	389	-	-	30 days
Unity Digital Infrastructure, Inc.	-	-	-	665	371	-	-	30 days
Aboitizland, Inc.	-	-	-	56,755	9,606	-	-	30 days
Misamis Oriental Land Dev. Corp.	-	-	-	17	-	-	-	30 days
Cebu Industrial Park Developers, Inc.	-	-	-	5,874	71	-	-	30 days
Lima Land, Inc.	4,686	-	4,686	47,091	0	-	-	30 days
Aboitiz Power Corporation	-	-	-	127,663	1,029	-	-	30 days
Aboitiz Energy Solutions, Inc.	9,063	-	9,063	3,196	-	-	-	30 days
Aboitiz Power Distributed Energy, Inc.	6,056	-	6,056	519	-	-	-	30 days
Aboitiz Power Distributed Renewables, Inc.	-	-	-	279	-	-	-	30 days
Aboitiz Renewables, Inc.	60	-	60	5,477	-	-	-	30 days
Abovant Holdings, Inc.	-	-	-	46	-	-	-	30 days
Advent Energy, Inc.	630	-	630	2,552	334	-	-	30 days
AP Renewables, Inc.	-	-	-	26,393	-	-	-	30 days
Balamban Enerzone Corp.	-	-	-	969	267	-	-	30 days
Cebu Private Power Corporation	-	-	-	18,000	-	-	-	30 days
Cotabato Light and Power Company	-	-	-	5,972	1,335	-	-	30 days
Davao Light and Power Co., Inc.	-	-	-	22,799	5,340	-	-	30 days
East Asia Utilities Corp.	68	-	68	2,541	-	-	-	30 days
Hedcor Bukidnon, Inc.	-	-	-	4,979	-	-	-	30 days
Hedcor Sabangan, Inc.	-	-	-	1,095	-	-	-	30 days
Hedcor Sibulan, Inc.	-	-	-	6,377	-	-	-	30 days
Hedcor Tudaya, Inc.	-	-	-	728	-	-	-	30 days
Hedcor, Inc.	-	-	-	17,788	-	-	-	30 days
Lima Enerzone Corporation	408	-	408	91,235	267	-	-	30 days
Luzon Hydro Corporation	-	-	-	2,990	-	-	-	30 days
Mactan Enerzone Corporation	10,949	-	10,949	1,191	267	-	-	30 days
Malvar Enerzone Corporation	-	-	-	703	-	-	-	30 days
Prism Energy, Inc.	-	-	-	691	186	-	-	30 days
San Carlos Sun Power, Inc.	-	-	-	1,160	-	-	-	30 days
Subic Enerzone Corporation	-	-	-	2,837	534	-	-	30 days
Therma Luzon, Inc.	2,461	-	2,461	24,638	-	-	-	30 days
Therma Marine, Inc.	367	-	367	16,949	-	-	-	30 days
Therma Mobile, Inc.	-	-	-	3,932	-	-	-	30 days
Therma Power Visayas, Inc.	-	-	-	2,956	-	-	-	30 days
Therma Visayas, Inc.	-	-	-	18,201	-	-	-	30 days
Therma Power, Inc.	-	-	-	1,743	-	-	-	30 days
Therma South, Inc.	5,724	-	5,724	3,535,685	-	-	-	30 days
Visayan Electric Co., Inc.	-	-	-	323,872	14,150	-	-	30 days
<b>NON-TRADE</b>								
AEV Properties, Inc. - Advances	-	25,648	25,648	-	-	-	25,648	short term
AEV International Pte. Ltd. - Loan Payable	-	41,309	41,309	-	-	334	41,309	short term
Aboitiz Equity Ventures, Inc. (Parent) - Dividend	-	700,000	700,000	-	-	-	700,000	short term
Aboitiz Equity Ventures, Inc. (Parent) - Advances	-	279,364	279,364	-	-	17,905	-	short term
Aboitiz Equity Ventures, Inc. (Parent) - Advances	-	301,547	301,547	-	-	7,965	-	short term
<b>Total</b>	<b>P1,539,286</b>	<b>P1,347,868</b>	<b>P2,887,154</b>	<b>P 19,599,753</b>	<b>P 70,404</b>	<b>P 26,204</b>	<b>P 766,957</b>	

Aboitiz Equity Ventures, Inc.  
32nd Street, Bonifacio Global City  
Taguig City, Metro Manila

Statement of Reconciliation of Retained Earnings Available for Dividend Declaration  
For the year ended December 31, 2021  
(Amounts in Philippine Currency and in Thousands)

Unappropriated Retained Earnings, beginning	22,170,948
Adjustments:	
Less: Unrealized income, net of tax	
Unrealized foreign exchange gains - net (except those attributable to Cash and Cash Equivalents)	-
Effects of adoption of new accounting standard	-
Adjustments directly made to retained earnings:	
Treasury Shares	647,672
Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning	21,523,276
Net Income based on the face of audited financial statements	77,728,165
Less: Unrealized income, net of tax	
Unrealized foreign exchange gains - net (except those attributable to	-
Net Income Realized	77,728,165
Less: Adjustments directly made to retained earnings:	
Cash dividends paid	5,123,505
Appropriation of Retained Earnings during the period	-
Treasury Shares purchased	-
Retained Earnings available for Dividend, as of year-end	94,127,936

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES

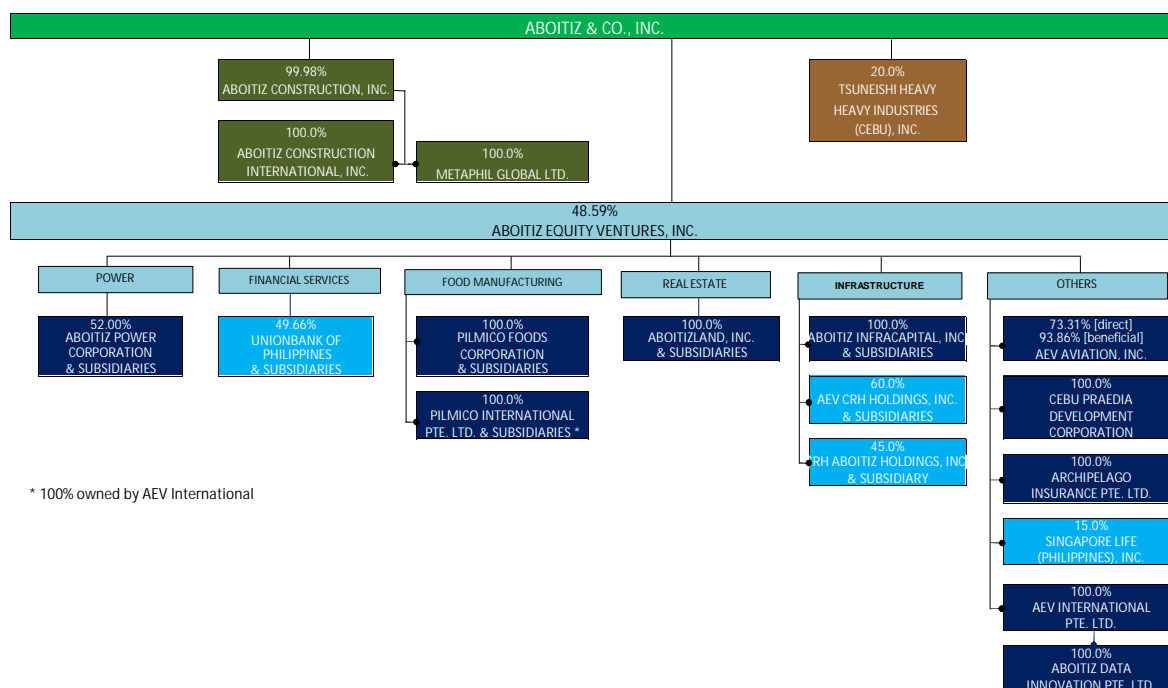
SCHEDULE OF RELEVANT FINANCIAL RATIOS

	FORMULA	DEC 2020	DEC 2021
LIQUIDITY RATIOS			
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	1.6	2.3
Acid test ratio	$\frac{\text{Cash + Marketable Securities} + \text{Accounts Receivable} + \text{Other Liquid Assets}}{\text{Current liabilities}}$	1.2	1.9
SOLVENCY RATIOS			
Debt to equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$	1.7	1.2
Asset to equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	2.7	2.2
Net debt to equity ratio	$\frac{\text{Debt - cash \& cash equivalents}}{\text{Total equity}}$	1.2	0.6
Gearing ratio	$\frac{\text{Debt - cash \& cash equivalents}}{\text{Total equity} + (\text{Debt - cash \& cash equivalents})}$	53.6%	35.8%
Interest coverage ratio	$\frac{\text{EBIT}}{\text{Net interest expense}}$	2.7	3.3
PROFITABILITY RATIOS			
Operating Margin	$\frac{\text{Operating Profit}}{\text{Total revenues}}$	16.9%	14.8%
Return on Equity	$\frac{\text{Net income after tax}}{\text{Total equity (adjusted for cash dividend)}}$	9.0%	15.2%

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES  
CONGLOMERATE MAPPING  
As of December 31, 2021

Legend:

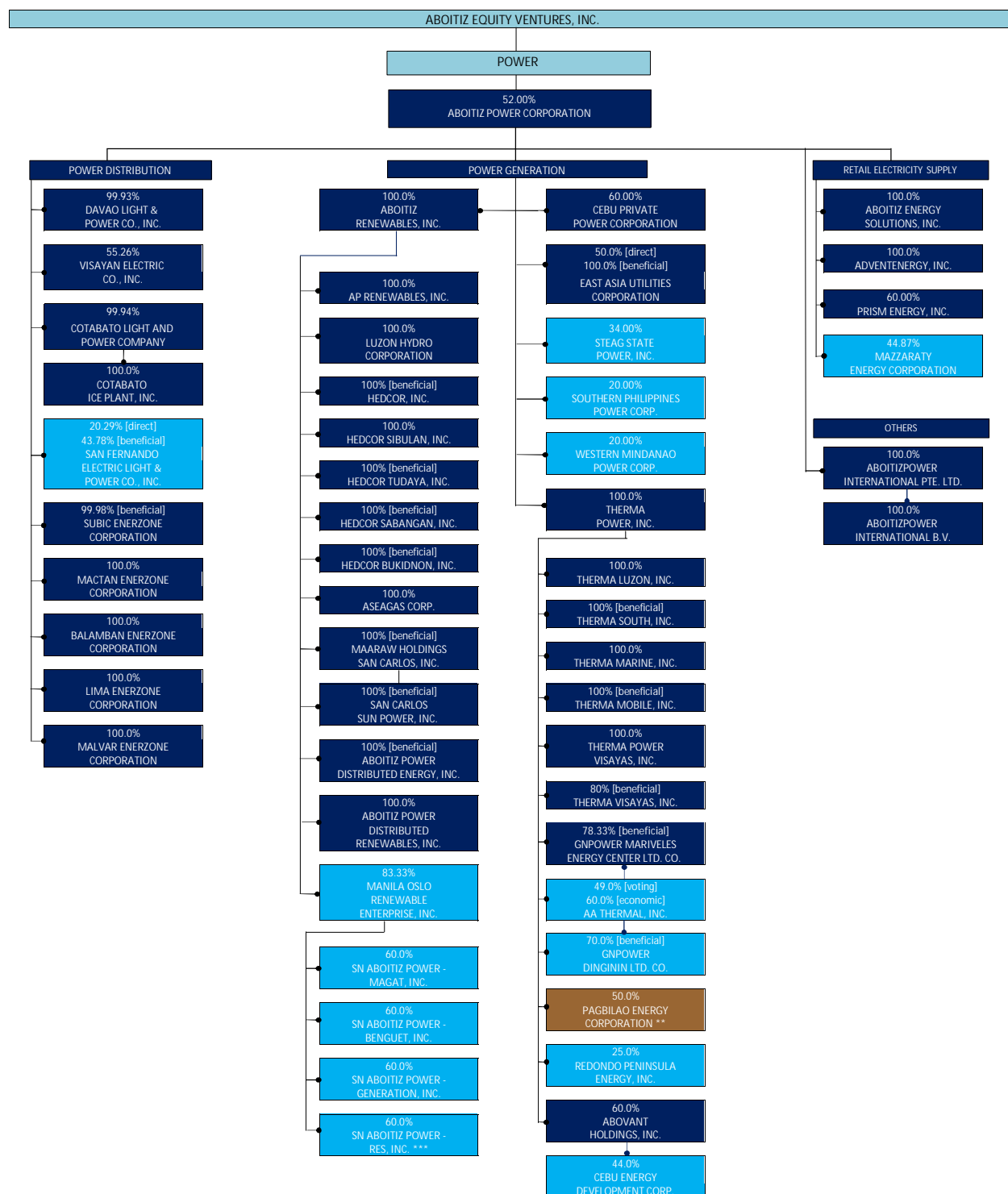
- Parent Company
- Reporting Company
- Co-Subsidiary
- Subsidiary
- Associate or Joint Venture
- Other Related Parties



ABOITIZ EQUITY VENTURES, INC. - POWER  
CONGLOMERATE MAPPING  
As of December 31, 2021

Legend:

- Reporting Company
- Subsidiary
- Associate or Joint Venture
- Other Related Parties



\*\* Joint Operations

\*\*\* Engages in retail electricity supply business

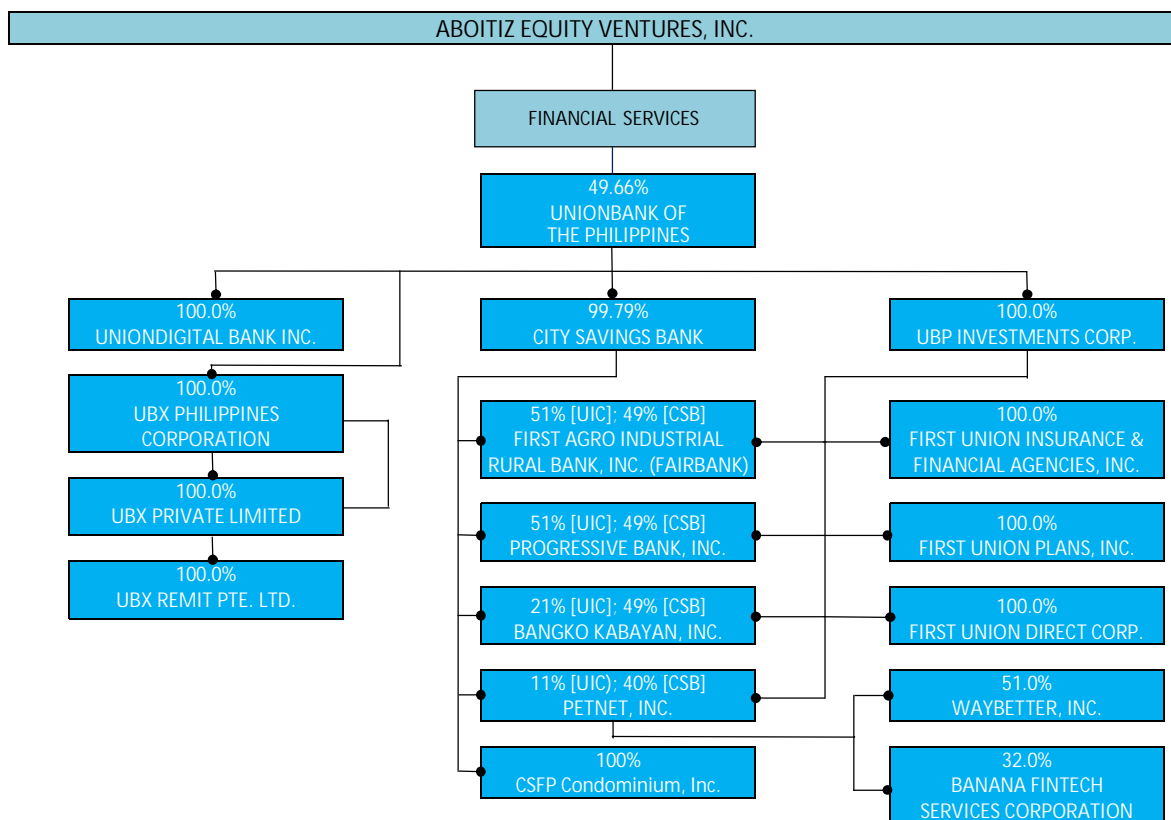
# ABOITIZ EQUITY VENTURES, INC. - FINANCIAL SERVICES

## CONGLOMERATE MAPPING

As of December 31, 2021

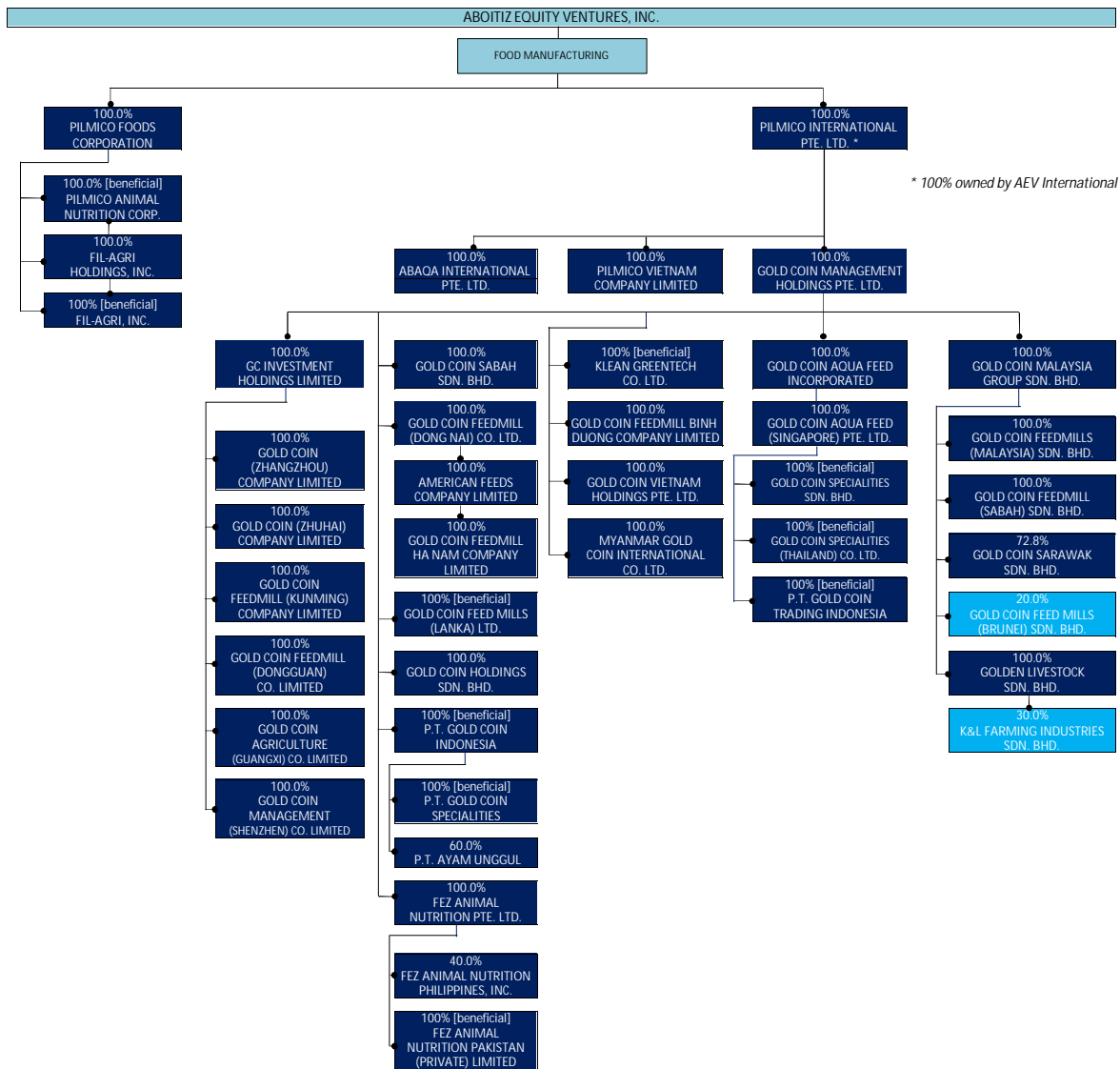
### Legend:

- Reporting Company
- Subsidiary
- Associate or Joint Venture



ABOITIZ EQUITY VENTURES, INC. - FOOD MANUFACTURING  
CONGLOMERATE MAPPING  
As of December 31, 2021

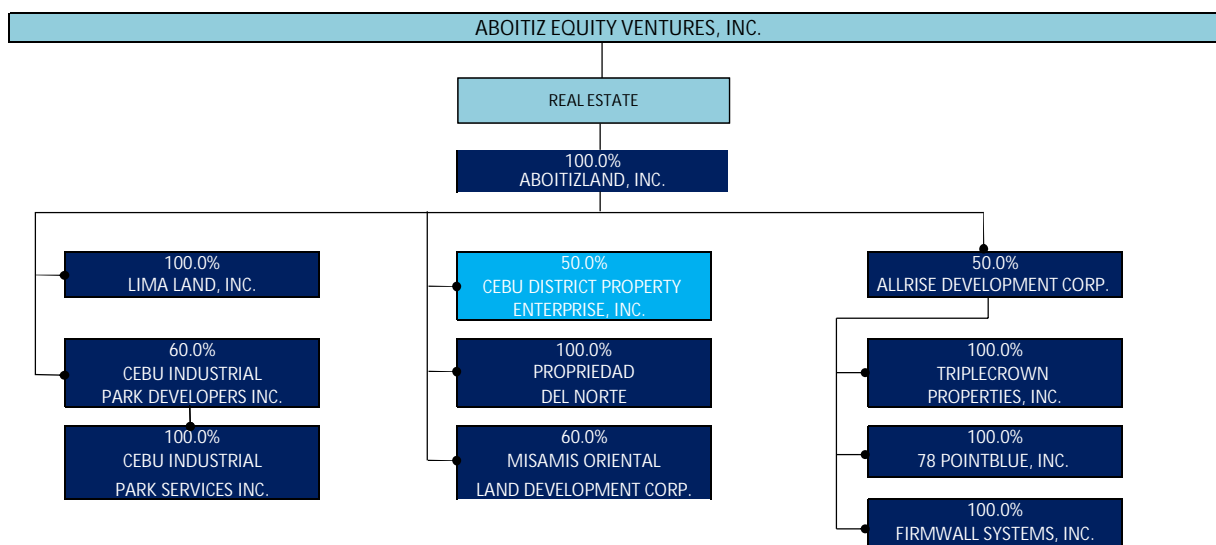
Legend:  
Reporting Company  
Subsidiary  
Associate or Joint Venture



ABOITIZ EQUITY VENTURES, INC. - REAL ESTATE  
 CONGLOMERATE MAPPING  
 As of December 31, 2021

Legend:

- Reporting Company
- Subsidiary
- Associate or Joint Venture

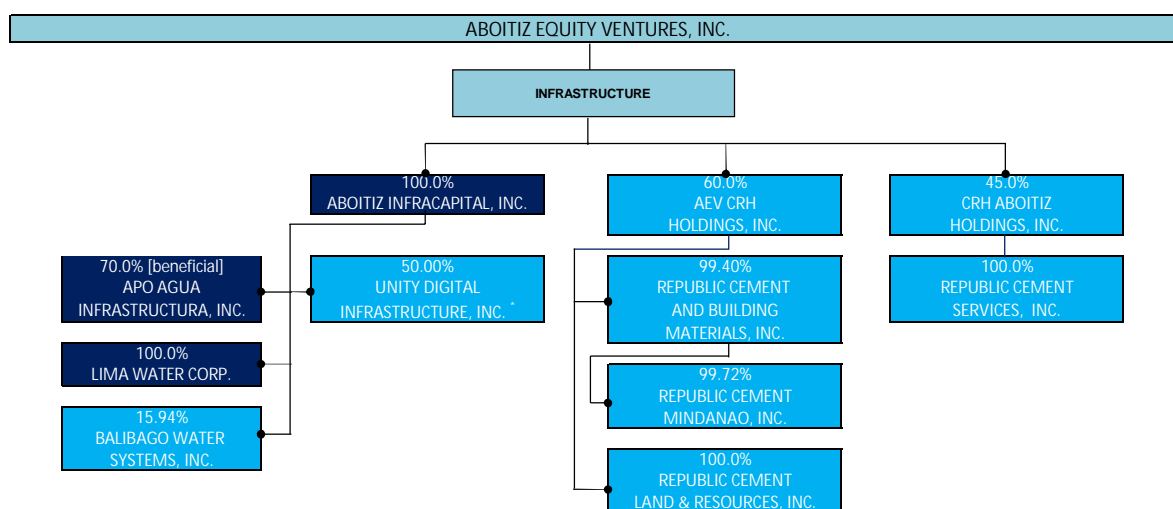




ABOITIZ EQUITY VENTURES, INC. - INFRASTRUCTURE  
 CONGLOMERATE MAPPING  
 As of December 31, 2021

Legend:

- Reporting Company
- Subsidiary
- Associate or Joint Venture



\* Formerly, Aboitiz Airports Advisory Services Corporation