aboitiz | GT2025

Together, we are building the Philippines' first techglomerate

Aboitiz Integrated Report 2022

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About the Theme

For over a hundred years, the Aboitiz Group has been a story of constant transformation and growth. This relentless pursuit for progress and improvement has been the cornerstone of our success and has enabled the company to advance business and communities even in the face of adversity and tumultuous times.

As we emerge from the global health crisis, we find ourselves at the cusp of yet another transformative period — a Great Transformation that will elevate all that we do, and completely redefine what it means to be a Philippine conglomerate.

At the heart of this movement are the people who embody our time-honored values of integrity, teamwork, innovation, and responsibility. With an unwavering commitment to sustainable growth and a firm belief in our ability to create value for our stakeholders, we look to the future with optimism. We envision a Philippines where technology drives progress, where business and society are intertwined in their shared pursuit of prosperity for all.

Together, as **#OneNewAboitiz**, we will propel the Group to new heights of success in the businesses we operate and create a deeper impact in the communities we serve.

Together,
we are building
the Philippines'
First **Techglomerate**.

About the Cover

The front of the Aboitiz Group's annual integrated report is a striking showcase of the company's vision and values. The cover features a collection of portraits, each one representing an individual whose life has been positively impacted by the Group's various businesses and initiatives. These faces serve as a powerful reminder of the company's mission to make a difference in the areas where we operate, as well as our unwavering commitment to advancing businesses and communities.

Moreover, the cover is not simply a collection of faces. It is a reflection of the Aboitiz Group's core values and principles, which have guided the company since its inception. These values, including a strong commitment to integrity, teamwork, and innovation, are key drivers behind the Group's continued success and growth.

The cover also represents a milestone in the Aboitiz Group's journey towards transformation. The company is in the midst of a Great Transformation (GT2025), transitioning from a legacy conglomerate to become an agile, synergistic, and tech-driven organization. This transformation has allowed the company to leverage its strengths and resources more effectively, resulting in even greater impact and value creation.

As you explore the pages of this report, we invite you to get to know the first year of the Group's GT2025 journey — the amazing people and stories behind every challenge, opportunity, and accomplishment. **Together, we are building the Philippines' first techglomerate.**

About the Report

We are pleased to present the 2022 Aboitiz Equity Ventures (AEV) Annual Integrated Report. This Report provides information on financial, operational, governance, social, and environmental performance that are material to AEV's business and stakeholders.

This Report contains a full-year's data—from January 1 to December 31, 2022—and focuses on AEV's strategic business units: Power, Banking and Financial Services, Food, Infrastructure, Land, and Data Science and Artificial Intelligence (DSAI). We gathered reports on their performance in the following focus areas: team member engagement and development, corporate social responsibility, customer focus, disaster resilience, carbon emissions reduction, resource efficiency, renewable energy, waste management, and financial growth and returns.
Monetary values in this Report are presented in Philippine Pesos (PHP), which is AEV's functional currency. All information is disclosed to uphold the principles of ethics and transparency, and to communicate vital information to our stakeholders.

This report's publication date is April 15, 2023 same day as its submission to the Securities and Exchange Commision.

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

Reporting Standards and Guidance

GRI Standards
Aboitiz Equity Ventures Inc. has reported in accordance with GRI Standard for the period from January 1, 2022 to December 31 2022. We provide a summary of how we developed this report, determining material topics and reporting disclosures using GRI Material Topics 2021 and GRI Topic Standards for each material topic , as well as our GRI Content index to help readers locate specific information about our policies, programs, and performance.

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

UNGC Communication on Progress

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

1. Our CEO Message includes statements expressing our continued support for the UN Global Compact and renewing the AEV's ongoing commitment to the initiative.
2. AEV's description of practical actions that the company has taken, or plans to take to implement the Ten Principles in each of the four areas: human rights, labor, environment, and anti-corruption.
3. Outcomes that are measured based on the aligned key performance indicators with the United Nations Sustainable Development Goals (SDGs) and the 10 business principles of the United Nations Global Compact.

The company is also one of the participants to the enhanced CoP Early Adopter Program, wherein we provide information on our progress through the new CoP Digital Platform.

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

Reporting Principles

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

- **Balance**: provided a balanced representation of our economic, governance, social, and environmental performance.
- **Clarity**: presented our information in a clear and concise manner to ensure that our stakeholders can easily understand our performance.
- **Comparability**: provided a basis for comparison with our previous performance and with other organizations to enhance transparency and accountability.
- **Sustainability Context**: identified the broader sustainability context of our business and provided information on how our performance aligns with our sustainability goals.
- **Timeliness**: reported on our performance within a reasonable timeframe to ensure that the information provided is relevant and up-to-date.
- **Verifiability**: ensured that our reported information is accurate and can be verified through a transparent and independent auditing process.

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

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

Reporting Scope

The reporting scope of our Annual Integarted Report considers the level of operational control and influence that the holding company has on its business subsidiaries. The scope is different from the consolidation and scoping of our Annual Audited Financial Statements for reference please see our 2022 20-IS Report.

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

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

BANKING AND FINANCIAL SERVICES
Union Bank of the Philippines
City Savings Bank, Inc.
PETNET, Inc.
UnionDigital Bank, Inc.
UBX Philippines Corporation

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

INFRASTRUCTURE
Aboitiz InfraCapital, Inc.
Apo Agua Infrastructura, Inc.
Lima Water Corporation
LIMA Land, Inc.
Republic Cement and Building Materials, Inc.

Aboitiz team members enjoy a lively break at the Satellite, the Group's latest spreadquarters co-working hub located within LIMA estates.

LAND
Aboitiz Land, Inc.

DATA SCIENCE AND ARTIFICIAL INTELLIGENCE (DSAI)
Aboitiz Data Innovation

CORPORATE SOCIAL RESPONSIBILITY
Aboitiz Foundation, Inc.

Materiality Assessment Process

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

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

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

Restatements and Improvements

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

Our Businesses

Aboitiz Equity Ventures

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

Power

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

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

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

Banking and Financial Services

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

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

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

UnionDigital (UD), UnionBank's wholly owned digital banking subsidiary, is one of the six digital banking licenses granted by the Bangko Sentral ng Pilipinas (BSP). It was commercially launched on July 18, 2022.

Food

Pilmico and Gold Coin Group is the integrated agribusiness and food company of the Aboitiz Group. Pilmico Foods Corporation (Pilmico) is a leading flour and feeds manufacturer in the Philippines. It comprises four divisions: Flour, Feeds, Farms, and Trading -- enabling the growth of its partners through its consistent quality products and unparalleled supporting services.

Meanwhile, Gold Coin Management Holdings Inc. (Gold Coin) is a pioneer in animal nutrition and manufacturing scientifically-based animal feeds in Asia. Pilmico & Gold Coin is one of Asia's largest privately owned agribusinesses, with over 2,900 partners throughout a multitude of production facilities across eight countries in Asia.

Infrastructure

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

The AIC Economic Estates, namely LIMA Estate in Batangas, Mactan Economic Zone II Estate and West Cebu Estate in Cebu, account for over 1,400 hectares of development that are home to 200 locators and around 100,000 employees. These economic zones are complemented by commercial, residential, and institutional components run by Aboitiz affiliates including AboitizLand, AboitizPower, and Aboitiz Construction.
Apo Agua Infrastructura, Inc. seeks to provide the Davao City Water District with 300 million liters of safe drinking water daily for over a million Davao City residents. LIMA Water Corporation provides end-to-end water and wastewater services for LIMA Estate. AIC also owns a minority stake in Balibago Waterworks System, Inc., one of the largest privately-owned waterworks systems in the country, that provides running water to over 280,000 nationwide.

Unity Digital Infrastructure, AIC's joint venture with Swiss-based global markets firm Partners Group, builds and operates passive telecommunications tower infrastructure across the Philippines to boost the coverage and connectivity of local telecommunications operators. AIC has also diversified into the data center industry through its partnership with EdgeConneX, the pioneer in global Hyperlocal to Hyperscale Data Center Solutions in the United States.

In 2022, AIC entered into a landmark deal to acquire shares in GMR Megawide Cebu Airport Corporation (GMCAC), the developer and operator of the award-winning Mactan Cebu International Airport (MCIA) which will see the company take full control of the airport by 2024.

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

Land

For over 25 years, Aboitiz Land, Inc. has been delivering its promise of creating better ways to live through innovative concepts translated into thriving residential communities. The company began its national expansion efforts in 2014 with the acquisition of LIMA Technology Center in Batangas, before shifting its focus towards strengthening its residential business — effectively transferring its industrial and commercial business units under the management of Aboitiz InfraCapital in 2020.

From its first venture in Luzon, the land group has continued to widen its foothold through several residential communities in the region. These include Seafront Residences in San Juan, Batangas, The Villages at Lipa also in Batangas, and Ajoya communities in Central Luzon, strategically located in Cabanatuan, Nueva Ecija, Capas, Tarlac, and Mexico, Pampanga. It also entered the Metro Manila real estate market through its acquisition of Point Blue, which are micro-studio rental apartments located in key business districts.

Aboitiz Land continues its commitment to innovating ways to lead more families home by leveraging on innovation to fuel its growth efforts, acquiring more land to develop, and forging partnerships to maintain market leadership in Cebu while expanding its presence across the country.

Data Science and Artifical Intelligence (DSAI)

In 2021, Aboitiz established Aboitiz Data Innovation (ADI), the Data Science and Artificial Intelligence (DSAI) arm of the Group. ADI operationalizes DSAI across the entire organization to drive operational efficiency and cost savings, strengthen risk management, optimize revenue, and champion sustainability. ADI promotes a data-driven mindset and a culture of innovation. Its primary objectives are to transform data into business outcomes, use information to make better decisions, reinvent business models, and develop high-value solutions to create new processes, products, and services. With professionals from various disciplines making up the team, ADI delivers innovative and sustainable products and solutions to transform businesses and advance communities. It fosters a data-powered future that makes life easier, simpler, and better for all.

Corporate Social Responsibility (CSR)

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

ENRIQUE
ABOITIZ
SABIN
ABOITIZ
CHAIRMAN
ABOITIZ
TECHNOLOGIES INC
ABOITIZ
TECHNOLOGIES INC
THE GREAT
BEGINS
TOGETHER
THE PHILIPPINE

Message of the Chairmen

Dear Fellow Stakeholders,

The stability of the world as we know it, as a result of the United States being in total control of most situations, has ended. For as long as we have recorded history, models have been at odds, political or religious. Today we have competition among two models — Autocratic–Democratic and Chaotic–Democratic. We at Aboitiz must adapt to the grass left over as two elephants play.

The skill we are working on improving is the capacity of our Governance and Management Teams to adapt to change as close to the right time as possible. Doing so earlier has a cost, and doing so late has a higher price. Not adapting means demise; it takes a vigilant team to do so most efficiently, i.e. at the right time.

Our Four Imperatives have the same mission — to create the teams and atmosphere to not just survive, but also adapt and thrive.

Talent. Better and better people, with the world as our pool, will upgrade those already there. We are searching the world for diverse talent and mixed cultures, outlooks, and attitudes to enrich our idea resource and our Never Good Enough philosophy on innovation and success. The overwhelmed will fade away, and more complex work requires intelligence, human and artificial, to be broken down. Teams are about weeding out the weaker links and not keeping them for sentimental reasons. Discipline and Diligence are what our conductors must not compromise on. Failure is the fertilizer for future decisions and not history to be obfuscated.

GT 2025 is about the individuals and the team. The reason why we need a Great Transformation is because we failed at slow evolution, and we acted late. We are correcting this delay to evolve individuals and teams that love a challenge and thrive in innovation. We live in a culture that avoids confrontation, and innovation needs controversy, challenge, and tension to feed its success. We are setting out to do this against the wind of Asian Non-Confrontation.

Federation is about the structure that needs evolution. Authority pushed down to the subsidiary level is just the start. Raising talent and capital follows that route. Structure drives behavior. The behavior we must insist on is agility and precision. Moving quickly is not enough, and greater effectiveness in execution is the outcome of thriving.

Building a techglomerate starts with digitization, with the final goal of evolving the intangible value of our many tangible assets.

We have no idea what the world of accelerating, accelerating change will bring us. To be prepared, we are evolving our people, structure, and balance sheet for what we think may come should nature do its worst.

Chance Favors the Prepared.

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

Sabin M. Aboitiz
Chairman of the Board
Aboitiz Power Corporation

> **“The reason why we need a Great Transformation is because we failed at slow evolution, and we acted late. We are correcting this delay to evolve individuals and teams that love a challenge and thrive in innovation.”**

Message of the President and CEO

Dear Fellow Stakeholders,

The Philippines is emerging from the pandemic and other global crises with a renewed sense of hope and determination. The past year has been a test of our resilience, but it has also shown us the strength of our spirit and the power of our unity. The new administration has taken office with a commitment to working with the private sector, recognizing the vital role that business plays in driving economic growth and creating jobs. Our economy has been slowly but surely recovering with the support of a robust public-private partnership, and our business climate is more favorable than ever.

However, we must remain vigilant, as new geopolitical challenges are emerging and technological advancement continues to escalate at an unprecedented pace. The world is changing rapidly, and we must be ready to adapt and innovate if we are to remain competitive. The opportunities are vast, but we must be proactive and forward-thinking in our approach. We must embrace change and seize the moment, leveraging our strengths and investing in the future. The road ahead may be uncertain, but we are confident that with a united effort and a shared vision, we can build a better tomorrow for all.

2022 Financial Performance

For the full-year 2022, Aboitiz Equity Ventures posted net income of PHP24.8 billion, a 9% decrease from PHP 27.3 billion in 2021. This was mainly due to AEV's reduction in equity ownership in AboitizPower from 77% to 52% effective end of 2021, as part of our transformation strategy. Power accounted for 62% of the total income contributions from AEV's Strategic Business Units (SBU), followed by Banking and Financial Services at 27%. Income contributions from Real Estate, Food, and Infrastructure SBUs were at 11%, 0%, and -1%, respectively.

POWER

AboitizPower's income contribution to AEV for 2022 amounted to PHP14.3 billion, 11% lower than the PHP16.0 billion recorded in 2021.

BANKING AND FINANCIAL SERVICES

UnionBank's income contribution to AEV in 2022 amounted to PHP6.3 billion, which was roughly the same year on year

LAND

Aboitiz Land and its subsidiaries reported a consolidated net income of PHP2.6 billion in 2022, which was also roughly the same year on year.

FOOD GROUP

One **Food Group's** income contribution to AEV amounted to a loss of PHP14 million in 2022, 101% lower than the PHP2.0 billion recorded in 2021.

INFRASTRUCTURE

For the **Infrastructure** group, Republic Cement's income contribution to AEV in 2022 amounted to a loss of PHP323 million, 121% lower than the PHP1.6 billion recorded in 2021.

As of December 31, 2022, the Company's consolidated assets totaled PHP808 billion, a 10% increase from end-2021's PHP733.6 billion.

GT2025

The journey towards becoming the Philippines' first techglomerate began last year, with opening our minds and believing in our Great Transformation or GT. This year, we will take the next step by embodying the characteristics and behaviors of a value-creating techglomerate and move closer to realizing our vision of a New Aboitiz.

Under the leadership of our new Chief Transformation Officer, Emilie Sydney-Smith and myself, we formed a GT Network of leaders assigned to govern the GT's Four Transformation Pillars — Cultural, Technological, Operational, and Financial — as well as defined the GT's A+10 Behaviors that are critical us to succeed in this new era of change. Our core values have also been supercharged with new definitions to fit the GT, and included a critical reminder that everything we do is guided by our ultimate imperative, the Timely Adaptation to Change.

Our techglomerate is defined by four main functions and characteristics. Firstly, we are committed to innovating our core, ensuring that our legacy businesses remain at the forefront of technological advancements and continue to drive progress. Secondly, we are pushing the boundaries of innovation at our edge, exploring new and untapped markets and opportunities. Thirdly, we are dedicated to helping tech-up our country, government, and institutions, working in partnership to help transform our economy, bringing the benefits of innovation to not just our organization but to all Filipinos. Finally and most importantly, we aim to create a techglomerate premium, leveraging our strengths and synergies to deliver much more value to our stakeholders and drive positive change in our country. These four pillars define our techglomerate vision for the future and our commitment to leading the way in the tech-driven economy of tomorrow.

Our transformation is not just a necessary step towards relevance in the future, but also a better, faster, and stronger way to advance business and communities. With the GT, we will continue to move forward with determination and drive, embracing the opportunities and challenges of this exciting new chapter in our great history.

Techglomerate Premium

Creating a techglomerate premium requires a relentless focus on value creation and synergy. Our success will be determined by our ability to ensure that all our companies, including AEV, are adding significant value to each other and to the Group as a whole. This requires us to constantly identify and leverage the synergies between our products, services, technologies, and talents. By doing so, we can create a multiplier effect that elevates the value of the conglomerate beyond the sum of its parts.

By bringing companies together in a complementary way, we can create new offerings that leverage the combination of strengths, deliver greater value to our customers and shareholders, and unlock new revenue streams. By integrating technologies across all our business units, we can create new and innovative solutions that consistently deliver a competitive advantage and increase value.

Creating synergies requires a culture of collaboration and open-mindedness.

Even as we federate, we must continue to be linked together by the synergies and value we create among each other. By doing so, we will be able to unlock the full potential of all our companies and drive growth for the Group as a whole. The end result will be a premium valuation for the Group, as we deliver greater value to our stakeholders and demonstrate our commitment to creating a better future.

SBU Updates

On a stand alone basis, AboitizPower ended the year on a high note with their earnings well above their previous year's performance, but we will continue to reduce its share in our total portfolio, as we don't want to be dependent on just one industry that is regulated. We are on track to our 2030 target of achieving a balanced 50:50 portfolio between thermal and renewable energy. We have solar and battery projects underway, and are exploring nuclear and wind as alternative energy sources. In line with the GT, technology and an innovative culture continues to ramp up in AP's organization and operations.

UnionBank continues to dominate its industry in terms of technology, rapidly accelerating towards our goal of becoming a bank of enduring greatness, particularly after closing the "Deal of the Decade," where we acquired the Philippine consumer banking business of the CitiGroup. UnionDigital, our country's first-ever digital bank, was built from scratch in an astonishing six months record time. We continue to lead in fintech with UBX, created the first Metaversal bank branch, and were the first to offer mobile cryptocurrency trading. The inauguration

"The world is changing rapidly, and we must be ready to adapt and innovate if we are to remain competitive. The opportunities are vast, but we must be proactive and forward- thinking in our approach."

of the first-of-its-kind UB Innovation Campus in September solidified our commitment to teching-up our country by being a hub for research and development, and home to the first-ever Asian Institute of Digital Transformation. We doubled our customer base, doubled our loans, and quadrupled our income from fees, all in the last three years, which is four times the industry growth rate.

The Food Group started off strong but faced some setbacks in the last year because of the African Swine Flu and the war in Ukraine, but our ambition to become an integrated regional player remains. We will continue on this path prudently, being more selective about which regional markets to penetrate, and at the same time developing some new, potentially game-changing solutions. In April, we will launch Project LEAP, the Food Group's single biggest tech project that will revolutionize how we work.

At Aboitiz InfraCapital we are heavily investing in both digital and hard infrastructure, building economic estates, water systems, and data towers and centers through our strategic partnership with EdgeConneX. Our "Deal of the Decade" here was acquiring the Mactan Cebu International Airport, which we see as a crucial catalyst to creating value from one of the Philippines' most promising industries, tourism. AIC will play a much more important role in nation-building through our collaborations with the government. The Philippines is digitizing more than it

ever imagined, and as AIC team members like to say: we are making it happen. Aboitiz Land has been an underinvested industry, but our returns were quite good so we will continue to keep an eye on this. Two hundred new GT initiatives were introduced last year with continued investments in innovating marketing and sales.
Our new game-changing tech startup Aboitiz Data Innovation (ADI) was established in Singapore where we can hire the best talent for data science and artificial intelligence (DSAI). This will enable us to become a techglomerate by digitizing our own businesses, but it will also service clients outside Aboitiz, generating additional revenues. DSAI will be essential in all industries and ADI dreams to become the data science backbone of the country. DSAI is also enabling us to start new tech companies through our Voyager and Foundry programs.

Aboitiz Foundation and ESG

With our new techglomerate approach to sustainability through the Aboitiz Foundation (AFI), our Group will have a much larger role to play in society by modernizing and accelerating the way we advance business and communities. AFI will be delivering the big social impact or the "S" in ESG. Being a sustainability leader in the Philippines is not just about scores and ratings, but also about having ESG initiatives that result in real transformative change all the way down to the grassroots. We are repositioning its branding and reputation to the rest of the world as a partner of choice in the Philippines. If you are a global institution with global funding that wants to help in sustainability-related initiatives in the Philippines, and you want to do it at scale, we are the best partner for you.

We will focus on programs that matter to us and the entire country, such as job creation, upskilling for the future, and attracting the talent we need. With all the challenges our country faces, we need to develop the best minds in science, technology, and engineering — people who can think about a problem and design a solution — and this is just one example of how our new macroscopic AFI will drive our global ESG ambitions.

> **"Our transformation is not just a necessary step towards relevance in the future, but also a better, faster, and stronger way to advance business and communities."**

Conclusion

With the pandemic behind us but with undoubtedly more unpredictable challenges ahead, I want to thank all our shareholders who continue to believe and stay on this incredible adventure with us as we confidently move towards the future with a spirit of curiosity and genuine excitement. Daghang Salamat to all our team members for your continued commitment to driving change for a better world by advancing business and communities.

Sabin

Sabin M. Aboitiz
President and CEO
Aboitiz Group

Financial Highlights

(in PHP millions)

Revenues

EBITDA

Net Income to Equity Holders of the Parent

Core Net Income

Cash Dividend Paid to Common

Cash and Cash Equivalents

Total Assets

Equity Attributable to Equity Holders of the Parent

Market Capitalization

Financial Summary

(in PHP millions)	2020	2021	2022	% Change (2022 vs. 2021)
INCOME STATEMENT				
Revenues	186,726	223,929	306,753	37%
Operating costs & expenses	(155,252)	(190,828)	(271,766)	
Operating profit	31,474	33,101	34,987	6%
Equity in net earnings of associates	9,019	17,246	20,782	21%
Net interest expense	(16,910)	(16,511)	(15,989)	
Other income	4,809	3,142	4,248	35%
Income before income tax	28,392	36,978	44,027	19%
Provision for income tax	(7,583)	(2,808)	(3,818)	
Net Income before non-controlling interests	20,809	34,170	40,209	18%
Non-controlling interests	(5,375)	(6,860)	(15,381)	
Net income attributable to equity holders of parent	15,434	27,310	24,827	-9%
EBITDA	57,720	67,242	71,176	6%
FINANCIAL CONDITION				
Total assets	609,156	733,607	807,982	10%
Total liabilities	385,556	405,840	455,780	12%
Non-controlling interests	40,538	83,088	96,007	16%
Equity attributable to equity holders of the parent	183,062	244,679	256,196	5%
RATIOS				
Per Share (Pesos)				
Earnings	2.74	4.85	4.41	-9%
Book Value	32.51	43.46	45.50	5%
Cash dividend to common	1.30	0.91	1.62	78%
Return on equity	9.0%	15.2%	10.4%	
Current ratio	1.6	2.3	1.9	
Debt/Equity	1.7	1.2	1.3	
Net debt/Equity	1.1	0.6	0.7	

Breakdown

Per Business Segment (in Php millions)

Income Contribution

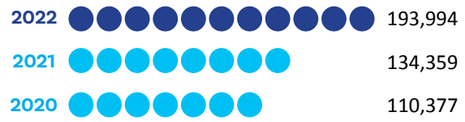
Equity Investment

Aboitiz Power Corporation

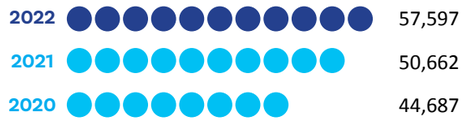
Financial Highlights

(in PHP millions)

Revenues



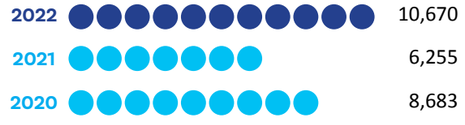
EBITDA



Net Income to Equity Holders of the Parent*

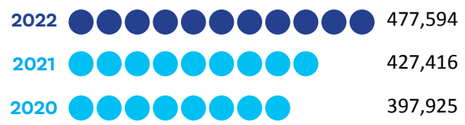
Core Net Income

Cash Dividend Paid to Common

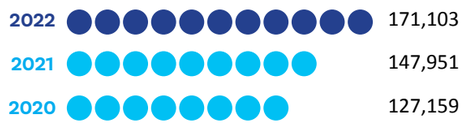


Cash and Cash Equivalents

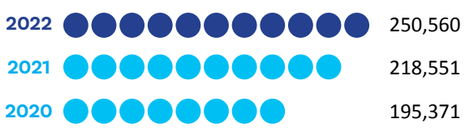
Total Assets



Equity Attributable to Equity Holders of the Parent



Market Capitalization



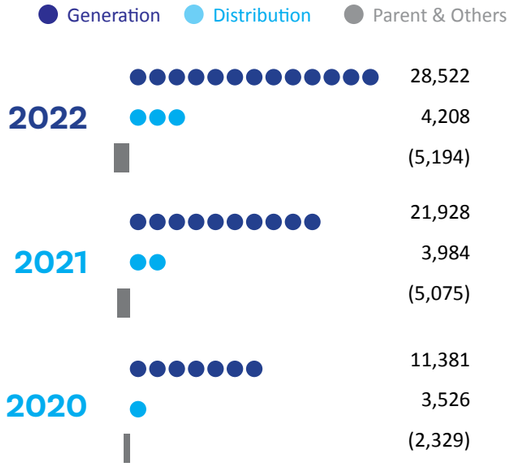
*AboitizPower

Financial Summary

(in PHP millions)	2020	2021	2022	% Change (2022 vs. 2021)
INCOME STATEMENT				
Operating revenues	110,377	134,359	193,994	44%
Operating expenses	83,497	106,149	164,191	55%
Operating profit	26,880	28,210	29,803	6%
Share in net earnings of associates and joint ventures	2,675	9,480	15,135	60%
Other income (charges)	(8,672)	(13,034)	(12,227)	-6%
Income before income tax	20,883	24,656	32,711	33%
Provision for income tax	6,062	2,111	3,164	50%
Net income before non-controlling interests	14,821	22,545	29,547	31%
Net income attributable to non-controlling interests	2,244	1,708	2,012	18%
Net income attributable to equity holders of the parent	12,578	20,837	27,535	32%
EBITDA	44,687	50,662	57,597	14%
FINANCIAL CONDITION				
Total assets	397,925	427,416	477,594	12%
Total liabilities	263,340	271,835	297,419	9%
Non-controlling interests	7,426	7,630	9,072	19%
Equity attributable to equity holders of the parent	127,159	147,951	171,103	16%
RATIOS				
Per Share (Pesos)				
Earnings	1.71	2.83	3.74	32%
Book Value	17.28	20.11	23.25	16%
Cash dividend to common	1.18	0.85	1.45	71%
Return on equity	11%	17%	20%	
Current ratio	1.38	1.53	1.78	
Debt/Equity	1.96	1.75	1.65	
Net debt/Equity	1.37	1.11	0.99	

Income Contribution Breakdown

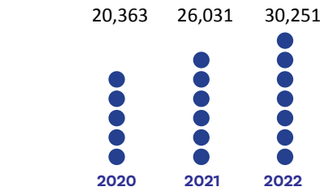
Per Business Segment (in PHP millions)



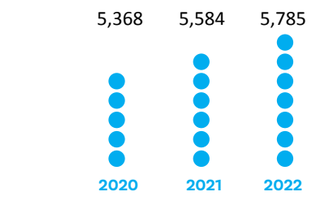
Attributable Power Sales

(in GWh)

Generation



Distribution



MANUEL LOZANO

CHIEF FINANCIAL OFFICER

ABOITIZ POWER CORPORATION

LIZA LUV MONTELIBANO

CHIEF FINANCIAL OFFICER

ABOITIZ POWER CORPORATION

Message of the CFOs

Dear Fellow Stakeholders,

2022 was a turning point for the Philippines as it continued its recovery story from the effects of the pandemic the past two years. New hope has dawned in the country with a new administration taking helm and promising unity and partnership especially with the private sector as they play an integral role in the recovery arc of the country.

However, 2022 also saw new challenges that threatened the Philippines' recovery story as the war in Russia-Ukraine continued to rage, intensified geopolitical tensions, and exacerbated inflationary problems globally. In particular, the uncertainty and instability brought about by the conflict had a significant impact on global commodity prices, including that of coal, which was a vital input to our power businesxxs. Amidst this global backdrop, part of our transformation efforts was to exhibit what we call our A+10 Behaviors, which include being faster, more agile, more resilient, and more adaptable in order to weather these and other threats and optimize our financial performance. This was clearly exhibited by AboitizPower, which as a result of its risk mitigation strategies, was able to manage its fuel costs, honor its fixed priced contracts and protect its customers. AboitizPower, which had a comprehensive hedging program for commodity and currency as early 2018 was completely hedged on its fixed priced contracts which protected it in the midst of the coal price increase.

Capital Raising & Financial Performance

In 2022, the Aboitiz Group embarked on its transformation journey. Recall that as a result of the strategic partnership with JERA, AEV's ownership and, therefore, share in earnings in AboitizPower declined from 77% to 52% at the end of 2021. This transaction unlocked capital of approximately USD1.46 billion, which AEV started to redeploy over the past year, beginning with our share in the capital raised by our Banking strategic business unit (SBU) to acquire the consumer banking business of CitiGroup in the Philippines. The Citi acquisition started contributing to our bank's bottomline in August 2022.

Moreover, in December 2022, AEV issued PHP20.0 billion worth of fixed-rate retail bonds, its largest single issuance since 2015. The proceeds were used to fund the acquisition of the Mactan Cebu International Airport (MCIA) that month, effectively preserving AEV's cash balance for future invesetments and M&A activities. The MCIA investment will start contributing to our infrastructure group's bottomline in the first quarter of 2023.

In 2022, AEV's beneficial EBITDA (earnings before interest, taxes, depreciation and amortization), which represents AEV's proportional share of the EBITDAs of the companies it has investments in, was at PHP46.8 billion or 20% lower than the previous year. This was mainly due to the decrease in share of earnings from its Power strategic business unit (SBU) due to the decrease in its ownership of AEV, a decrease from its Real Estate SBU contributions due to asset monetization gains in 2021 and a decrease from its Infrastructure SBU mainly due to lower cement volume and higher input costs. Had AEV retained its 77% ownership in AboitizPower, normalized beneficial EBITDA would have been 4% higher.

Consolidated EBITDA, on the other hand, increased by 6% year-on-year (YoY) to PHP71.1 billion.

Accounting for interest, tax, and depreciation expenses, consolidated core net income amounted to PHP21.3 billion, 21% lower than in 2021 and resulted in core earnings per share of PHP3.78.

Also during the year, AEV recognized non-recurring gains, which brought net income to PHP24.8 billion, a decrease of 9% YoY. This resulted in a return on shareholders' equity (ROE) of 11%.

Upon the conclusion of 2022, AEV's consolidated cash balance stood at PHP128.5 billion, down by 19% as we funded growth plans, which included infrastructure projects in our new endeavors such as the MCIA acquisition, as well as digitization efforts in UnionBank of the Philippines and its Citi Acquisition.

In March 2023, the AEV Board approved a cash dividend of PHP1.47 per share. This accounted for 33% of 2022's consolidated net income and resulted in a dividend yield of 2.7%.

Meanwhile, AboitizPower continued with its own transformation by making strategic moves towards its target of a balanced 50:50 portfolio between thermal and renewable energy by 2030.

In terms of capital raising, AboitizPower issued PHP10.0 billion worth of bonds in March 2022, representing the final tranche of its PHP30.0 billion shelf registration. The proceeds were used to partially fund its renewable energy projects, refinance maturing debt, and prepay existing higher-cost debt. Also, in October 2022, AboitizPower secured a PHP15 billion loan from Metrobank to primarily finance a portion of Therma Luzon Inc.'s (TLI) remaining IPPA related obligations to government-run Power Sector Assets and Liabilities Management Corp. TLI continues to provide much needed baseload energy to the Luzon grid.

Moreover, in December, AboitizPower, through its clean energy subsidiary Aboitiz Renewables, Inc., entered into a PHP20-billion loan agreement with the Land Bank of the Philippines to further fund the growth of its renewable energy portfolio.

As we moved forward in our pursuit of a lower-carbon future, we continue to seek that balance between the nation's economic growth and sustainability aspirations, because we have a crucial role in uplifting Filipino lives. True to this cause, we are glad to share that our GNPower Dinginin (GNPD) baseload plant has started to play a significant role in

> **What we find interesting is that, for the first time in years, the total spend of a non-power business, our infra group, has exceeded that of our power business, indicating momentum in our efforts to diversify our business mix.**

addressing supply gaps and meeting critical market needs.

GNPD Unit 1 started commercial operations on January 25, 2022 while GNPD Unit 2 synchronized to the grid on April 23, 2022 and subsequently started delivering an additional 668 MW, later on receiving its Certificate Of Compliance from the ERC on October 11, 2022. As of 2022, AboitizPower recorded a consolidated EBITDA of PHP57.6 billion, 14% higher YoY. This was due to fresh contributions from GNPD, higher availability across our portfolio, gains from commodity hedges, and higher water inflows. Beneficial EBITDA for 2022 was also 11% higher than 2021 at PHP55.8 billion. Taking into account interest, tax, and depreciation expenses, the consolidated core net income amounted to PHP26.5 billion, or 27% higher than the previous year's. This core income translated to an earnings per share of PHP3.60.

The Power SBU also recognized non-recurring gains related to the portion of commodity hedge gains which were not recognized in fuel costs. It recorded a consolidated net income of PHP27.5 billion, up 32% from the previous year and resulted in an ROE of 20%, which is also an improvement over last year's 17%.

In March 2023, the AboitizPower Board approved a cash dividend of PHP1.87 per share. This was 50% of the company's 2022 consolidated net income and resulted in a dividend yield of 4.9%. This is the highest dividend per share that we have paid out in the company's entire history.

ESG Assessments

The Group continued to place sustainability at the heart of its Great Transformation and, for the second year in a row, AEV topped the list of Philippine companies included in the Industrial Conglomerate Sector of the 2022 S&P Global Corporate Sustainability Assessments.
We were also in the upper quartile among our global peers in the same category.

AboitizPower led the local energy industry in environmental, social, and governance (ESG) standards and practices as it also took the top spot among local electric utility companies ranked in S&P Global's Corporate Sustainability Assessment. The company also maintained its 3.1 out of 5.0 rating to secure its place in the FTSE4Good Index Series, which tracked companies demonstrating strong ESG practices.

With these recognitions for AboitizPower, it was no surprise that the company was also the first corporate invited to present in the first ever ESG investing webinar series hosted by a leading PH-based securities firm, BPI Securities. The series features leading companies that have strong ESG practices. AboitizPower was able to share its sustainability practices to almost 300 retail investors.

Risk Finance

Our risk transfer costs escalated in the latter part of the year when we renewed our major insurance programs. To manage this, we consolidated the insurance programs of AboitizPower to leverage the insurance market. On top of that, the Group proactively considered retaining risks by making a conscious decision to use our captive insurance company, Archipelago Insurance Pte Limited, which we previously considered as a back-up. These strategies resulted in attracting insurers to provide capacity and support to our risk transfer requirements, minimize the impact of premium increases, and optimize the retention capacity of our captive company.

Insurance requirements for coal-fired power plants continued to be challenging.
We anchored on the Group's ESG framework and initiatives, including actively engaging with ESG assessment agencies to address gaps and better reflect our performance, in order to gain continued support from the insurance market.

We will be expecting challenges with the Group's risk transfer strategies, as the insurance market's forecast will still be on the upward trajectory in 2023. The Aboitiz Group will continue exploring better ways to manage insurance requirements looking into risk retention optimization, alternative risk transfer, and non-traditional structures in order to support the business unit's objectives.

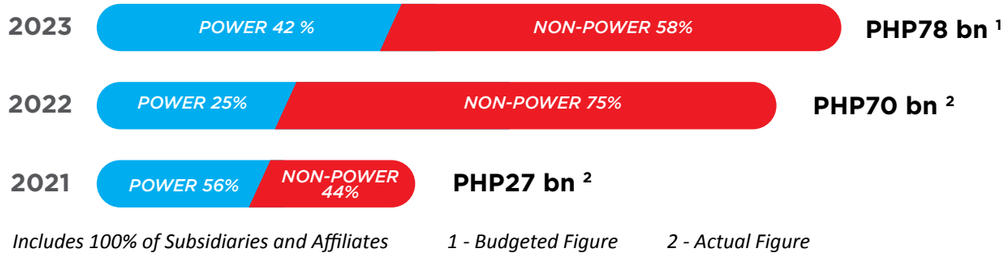
Capital Expenditure and Funding Plan for 2023

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

Towards this end, AEV, together with our partners, has allocated PHP78 billion in capital expenditures (capex) for 2023, 10% higher than the PHP70 billion used in 2022. What we find interesting is that, for the first time in years, the total spend of a non-power business, our infra group, has exceeded that of our power business, indicating momentum in our efforts to diversify our business mix. Of the total capex spent last year, 61% was made by our infra group, mostly for its airports, water, and towers businesses.
Of the PHP78 billion budgeted for 2023, our Infrastructure arm allocated PHP32 billion, or 42%, for the expansion of its tower and economic estate businesses, new investments in digital infrastructure, completion of Apo Agua

Capital Expenditures

(with partners)



Includes 100% of Subsidiaries and Affiliates *1 - Budgeted Figure* *2 - Actual Figure*

bulk water supply project and maintenance of its businesses. Once again, the sizable budget allocated to a non-power SBU, should indicate the growth momentum we hope to achieve in this segment.

Meanwhile, PHP32 billion, or 42%, was set aside by our Power SBU for the development and construction of various solar, geothermal, hydro, and wind projects, sustained reliability of our baseload plants, and various land acquisitions, new substations, new meters for its distribution business.

And, finally, as it continues to double-down on its digital transformation, our Banking SBU has allocated more than PHP5 billion for the migration of the acquired Citi consumer banking business as well as continued enhancements of its digital channels and feature builds to accelerate its aspiration of becoming a leading consumer bank.

Our Food business is expecting to invest almost PHP5 billion mainly for feedmill expansions across the region.
Our Real Estate business has allocated a capital expenditure of almost PHP3 billion for the construction and completion of its residential projects.

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

In terms of capital raising, AboitizPower is in a good position having successfully completed its capital raising activities last year. However, as agility is part of our transformation efforts, we are always exploring and ready to grab opportunities in the capital markets to finance our growth ambitions.

For our infrastructure business, we are looking at raising capital to refinance the existing debt of the Mactan airport to support and optimize the industry's recovery, fund the growth of its digital infrastructure and industrial estate businesses and to supplement its debt funding for the completion of its water infrastructure project this year.

Thank You

At the start of 2023, AEV continued its transformation journey through what we called "The Big Switch". This involved our colleague, Toto Hilado, transferring as AEV's CFO while I, Dmi, moved to UnionBank, also as CFO,

> **"As we move forward in our pursuit of a lower-carbon future, we continue seeking a balance between the nation's economic growth and sustainability aspirations. We recognize that we have a crucial role in uplifting Filipino lives beyond our growth."**

to take on a new mandate to help craft and implement the bank's business strategies. This was a strategic move to unlock more value from key talents as the Group believes that it is important for team leaders and team members to always have the opportunity to grow, learn, and improve.

There will certainly be adjustments but we believe that among the critical defining strengths of the techglomerate we are building are agility, flexibility, and synergy, and how these strengths empower our timely adaptation to change. A clear and specific demonstration of these strengths is the ability of our Group to make swift and seamless adjustments in our organization, especially at the very top level.

As always, we thank you for your unwavering support and look forward to another year of significant milestones!

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

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

MSCI ESG RATINGS BBB

S&P Global Ratings

Rated

In 2022, 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 has made steady progress with an incremental 3 points increase in its raw score placing us at 85th percentile, an increase as compared to last year's percentile ranking of 82nd among the industrial conglomerates peer group. The group also has high data availability and transparency relative to peers.

The Sustainalytics ESG Risk Rating of the Company also maintained its management performance with a score of 40.7 which indicates strong ESG reporting . The company maintained a risk exposure rating of 38.4. Meanwhile, the company maintained its BBB rating in the MSCI ESG Rating. The Company also looks into the CDP reporting framework by including it in the Company assessments of its ESG initiatives. The company completed the three assessments on Climate Change, Water Security and Forest. The group was able to move from Disclosure to Awareness level for Climate Change and Forest guidance to companies.

MSCI ESG RATINGS BB

FTSE4Good

S&P Global Ratings

Rated

AboitizPower's efforts in "transforming energy for a better world" continues to be commended by various independent assessors of ESG. The Company remained a constituent of the FTSE4Good Index Series for the fifth consecutive year with a maintained overall rating of 3.1 in 2022. S&P Global also accorded the Company with a score of 50 in its 2022 Corporate Sustainability Assessment, reflecting marked improvements in its ESG performance.

AboitizPower's recent Sustainalytics ESG Risk Rating coverage moved to the core framework from comprehensive. In consideration of the company's high ESG risk exposure and strong management, Sustainalytics views the Company to be at medium risk of material financial impacts driven by ESG factors giving AboitizPower a final risk rating of 28.6, a 14% decrease of risk rating from the previous year.

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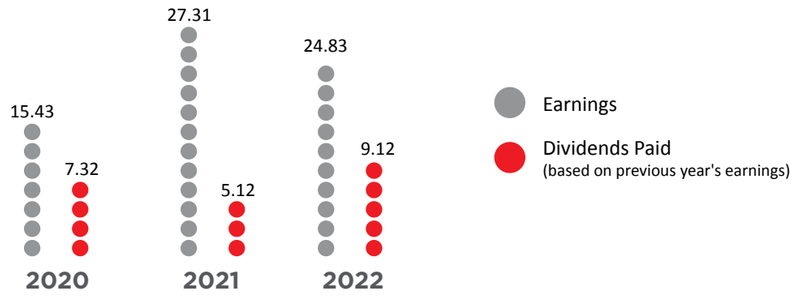
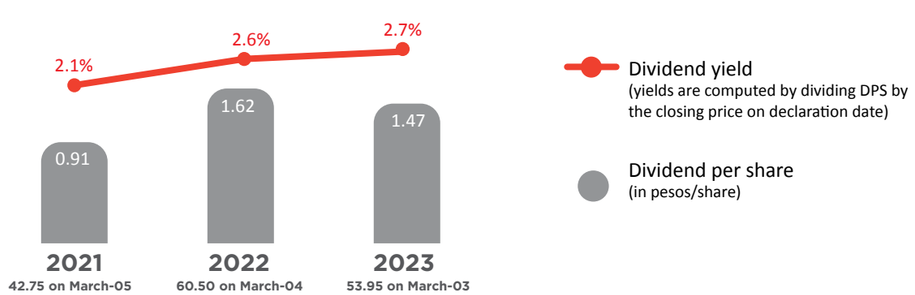
Shareholder Values

Aboitiz Equity Ventures Inc.

Earnings and Dividends
(in PHP billions)



Dividend Per Share (DPS) and Dividend Yield



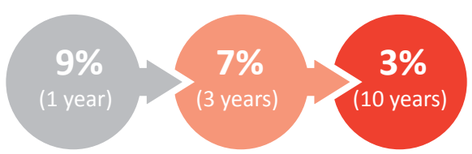
Share Price (Peso/Share)

YEAR	HIGH	LOW
2022	64.05	46.90
2021	59.05	34.00
2020	54.00	29.10

Share Price Performance

YEAR	2022
AEV	6%
PSEi	-8%

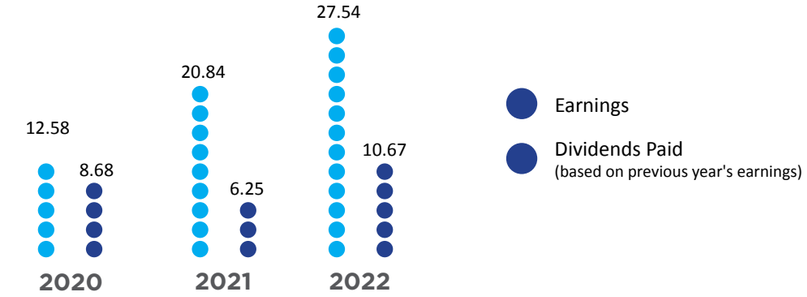
Total Return to Shareholder (TRS)*



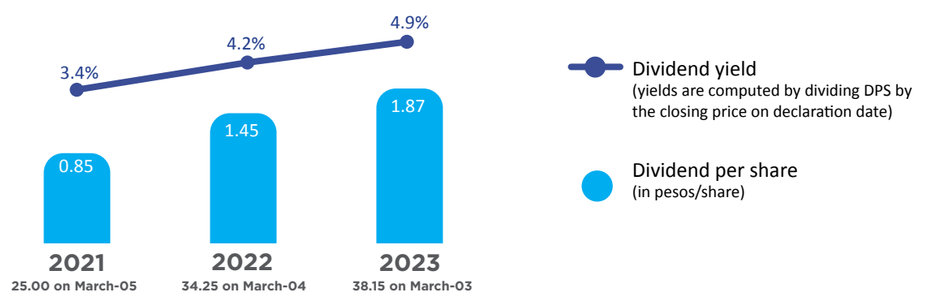
**TRS is computed by combining share price appreciation and dividends paid to show TRS expressed as a compounded annual growth rate (CAGR). Data compiled by Bloomberg.*

Aboitiz Power Corporation

Earnings and Dividends
(in PHP billions)



Dividend Per Share (DPS) and Dividend Yield



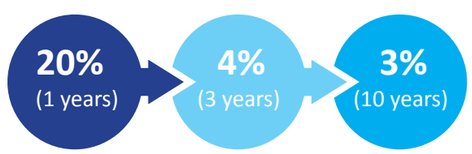
Share Price (Peso/Share)

YEAR	HIGH	LOW
2022	37.00	28.50
2021	34.20	20.50
2020	35.00	23.45

Share Price Performance

YEAR	2022
AP	15%
PSEi	-8%

Total Return to Shareholder (TRS)*



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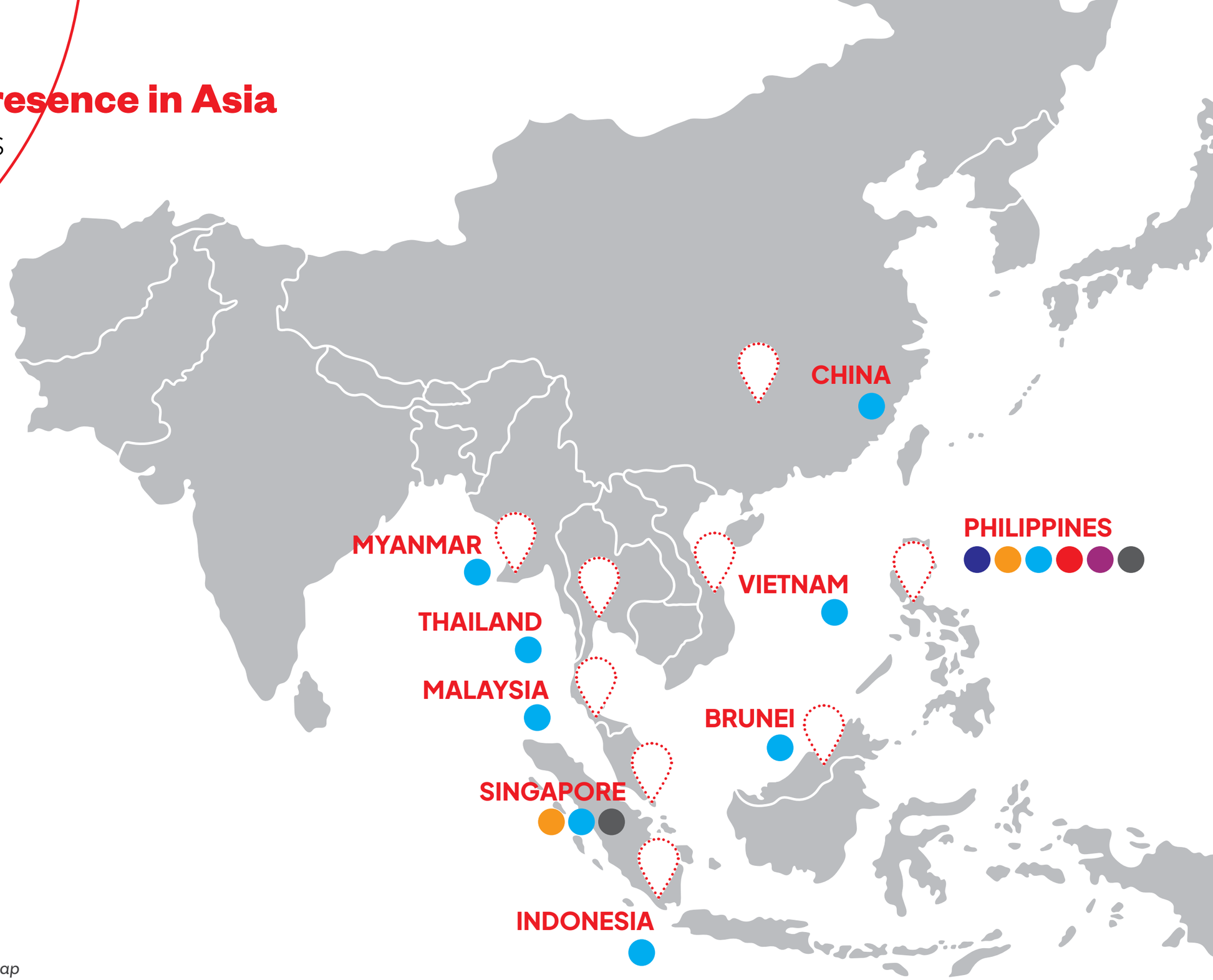
Aboitiz Group Presence in Asia

Map of Operations



Legend

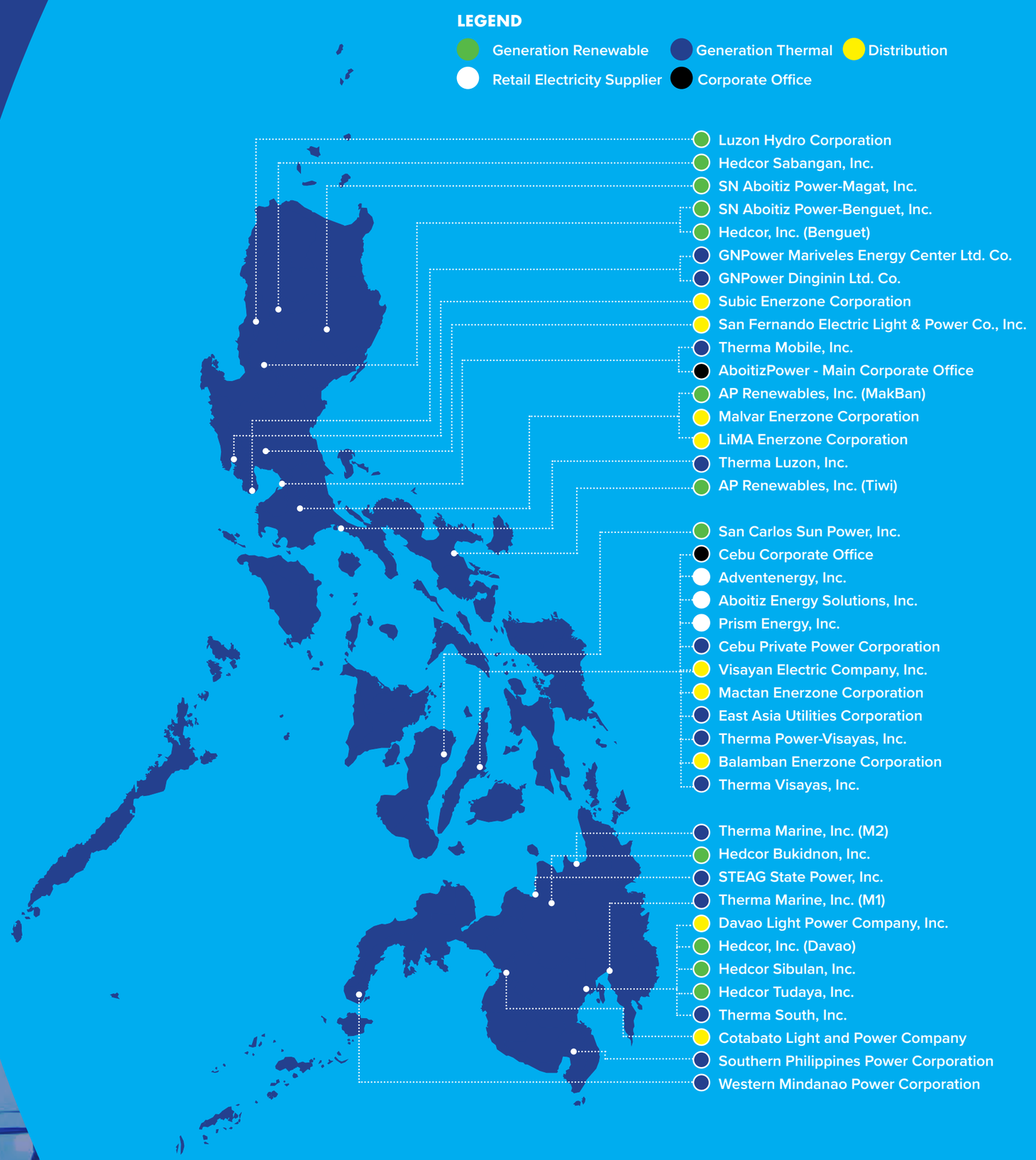
Aboitiz Strategic Business Units

- Power
- Banking and Financial Services
- Food
- Infrastructure
- Land
- Data Science

Check www.aboitiz.com for the detailed map of operations of all Aboitiz business units.

Map of Operations

Aboitiz Power Corporation



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Board of Directors

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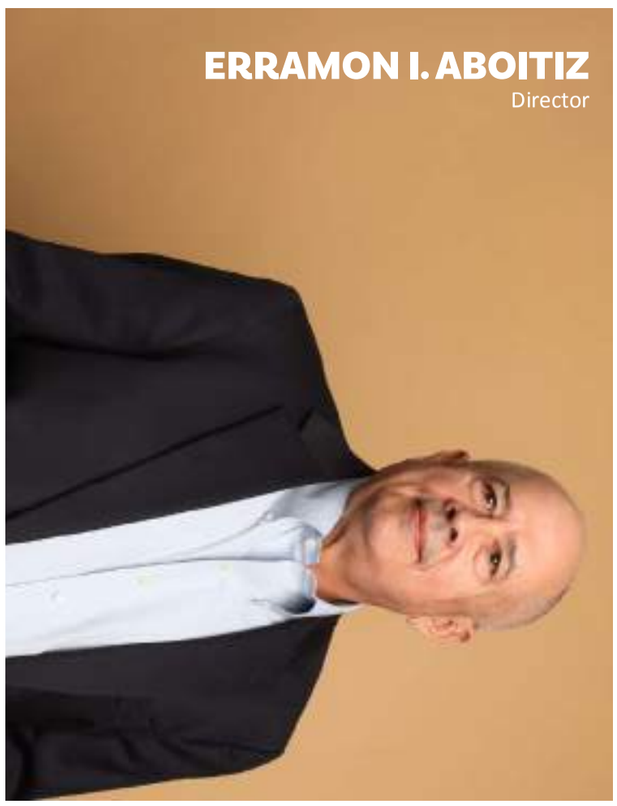

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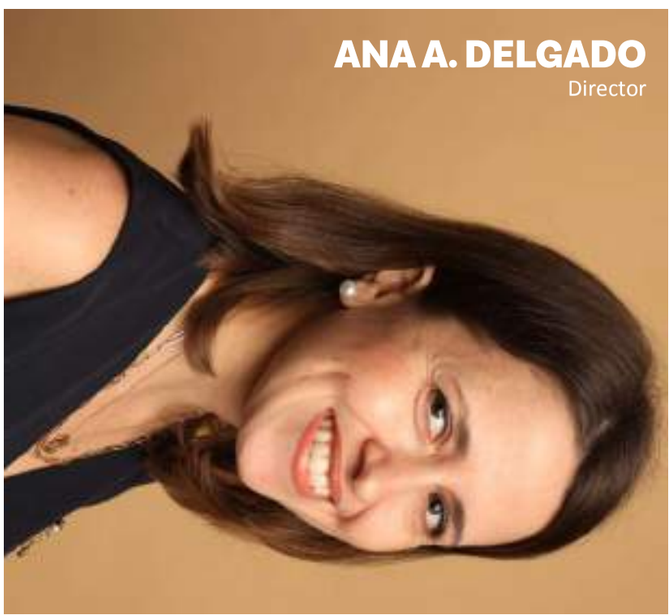
Director



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City Savings Bank, Inc.

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Food Group Philippines

ERIC NOJAC
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Aboitiz Land, Inc.

DR. DAVID R. HARDOON
Managing Director
Aboitiz Data Innovation

Aboitiz Equity Ventures Inc.

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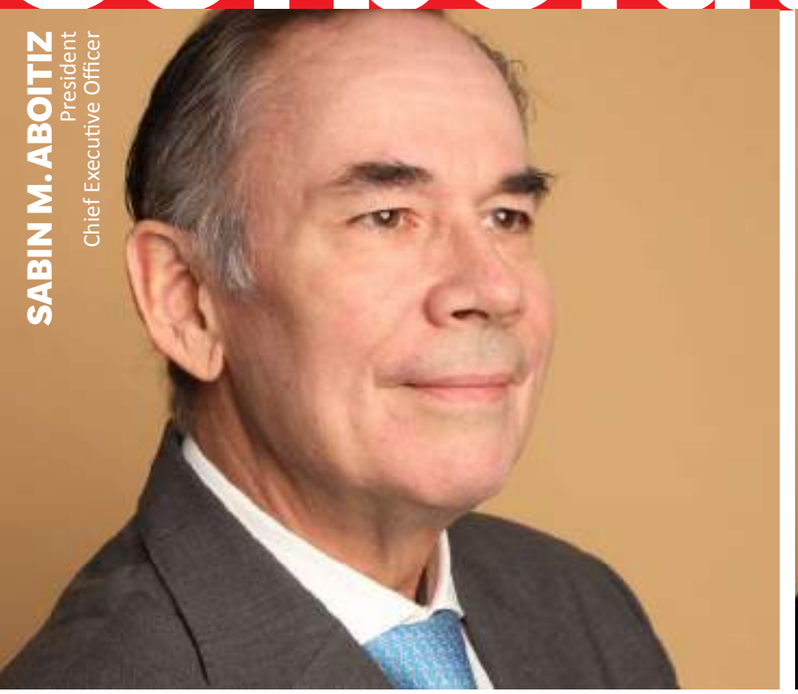

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Office of the Group President

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AboitizPower

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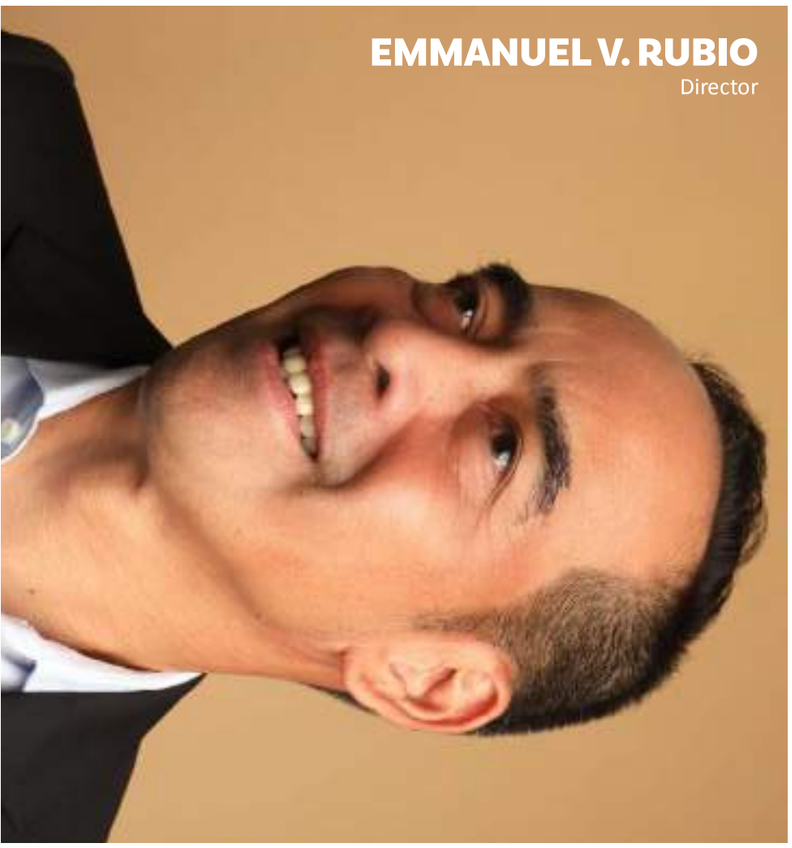
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Director

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Director

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Independent Director

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Director

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Renewable Power
Generation Group

FELINO M. BERNARDO
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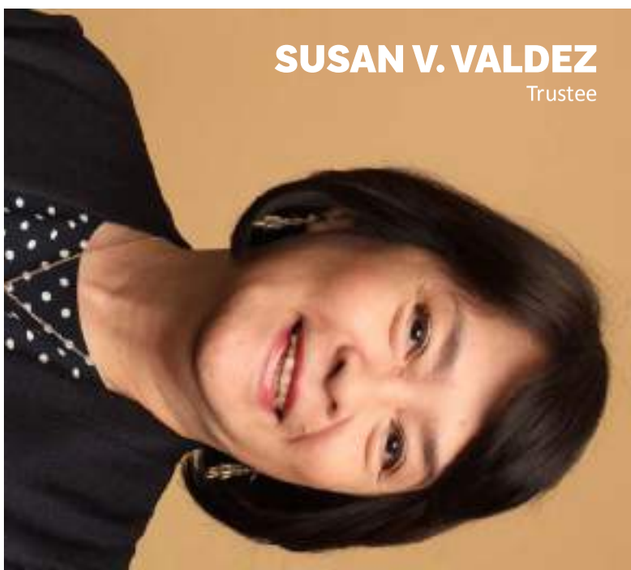

SUSAN V. VALDEZ
Trustee

Leveraging our Conglomerate DNA to Drive Growth and Profitability

The Aboitiz Group has been creating value in the Philippines for over 100 years in a variety of ways. However, technology is shifting how businesses create value. While this is a challenge to us today, technology is also making it possible to mine and create value in new ways. This is a benefit to all firms, but as a conglomerate, we believe we have a distinctive advantage: embedded in an ecosystem of multiple businesses like ours are six forms of tangible and intangible capital. By lowering costs and accelerating interactions, technology makes it possible for us to create value from those different forms of capital. So not only are we able to do old things in a new way but, as a conglomerate, we can collaborate across all our businesses to offer superior propositions to the market. And, unlike single, stand-alone firms, we can create entirely new businesses from the capital embedded in our ecosystem. Transitioning to this value creation model — the coupling of technology in unique, hard-to-replicate ways with our conglomerate portfolio — is the central purpose of our Great Transformation into the Philippine's first techglomerate.

Leading for the Future

Our Value Creation Story has been transforming for over a century. We have created value by being highly efficient in Power and path-breaking in banking; we focused on greenfield to open new markets and are now acquiring brownfield (airports) to better serve existing markets; we have operated as a sole owner, but as we expand we are creating value through superior partnering. Yet while the value creation model has adapted and shifted, human, financial, and intellectual capital have remained the foundational elements of AEV.

Our portfolio has also undergone a value-creating transformation. While we have largely been in physical and industrial businesses, we have reallocated financial capital over time. In the last century we shifted from hemp to shipping to power to now more broad diversification with banking and financial services, food, infrastructure, land, and technology. Sometimes our shifts have been well placed, other times not. The world is fast changing, however, and we believe that the only way we can continue creating value is by changing right along with it.

The forces driving transformation continue, even as they change in character. Today, social and environmental pressures are changing how consumers view production and associated externalities. Rising incomes are creating the possibility for scale in some markets where it didn't exist before. And as regulation creates more level playing fields, competition rises and forces us all to be ever better. All told, we see the emergence of new business models to disrupt and replace existing ones, and we see the rise of entirely new businesses.

Technological advancement is the main enabler behind many of these changes, by extending reach, lessening friction, accelerating data-heavy analytics, and reducing marginal costs, among many others. And this has made it ever more possible to gain value not only from tangible capital (financial, manufactured, natural, social and relationship) but also from intangible capital (intellectual and reputational) such as expertise, special skills, unique leadership, a good reputation, and hard-to-replicate data, which in today's world is one of the most strategic assets a company could have.

At Aboitiz, we fully recognize and appreciate this reality, and see extraordinary opportunity to create value in new ways and to drive market development. As a conglomerate, we are distinctively positioned to create value precisely because we have a combination of businesses. We are also uniquely positioned because embedded in our ecosystem of businesses are the many forms of capital. The sheer amount and diversity of those forms of capital is uncommon, and we are regularly creating and replenishing our capital. Technology gives rise to a new value creation model for AEV: the ability to deliver exponential value by combining these various types of capital in unique and hard-to-replicate ways.

The Archetypes of a Techglomerate

We see four applications for creating value under our conglomerate structure; the first is common across all firms inside and outside of Aboitiz, but the other three are unique to being a conglomerate and all four are critically enabled by technology

1. **Old in a new way**. By applying new technology and business models to our existing legacy businesses, we are doing "old in a new way." This is no walk in the park and requires a great deal of reshaping and rethinking how we go to market, as well as using data to gain unique insights that lead directly to more informed decision-making, improved operations, and accelerated growth.
2. **Combinations**. Through the synergetic combination, collaboration, and cross-functioning of all our business units – sometimes bilaterally, sometimes multilaterally.
3. **Entirely new**. By creating entirely new businesses from the unique capabilities,

With our value creation model, our Great Transformation, our investments, and our techglomerate approach to operations, we will not only drive superior performance beyond anything we've achieved in the past but, more importantly, also extract value beyond what is predictable, imitable, and readily identifiable.

know-how, and capital assets embedded in our ecosystem. Examples of this would be creating a venture studio that can do tech buildout for firms by leveraging our deep bench of business builders and programmers at UBX and UBP; and superior investment choices in disruptive technologies by leveraging data across our ecosystem and the data scientists in our Group.

4. **A "Public good."** We are using our various sources of capital at AEV, particularly in the form of unique insights and technological expertise, and combining that with the capital contributions of other conglomerates to leverage our collective wisdom and help develop smart and sustainable public policy for the government that can promote growth, long-term investment, and job creation.

The Great Transformation

At Aboitiz, we are well underway on our mission to the moon. Our Great Transformation, like Apollo 11, is ambitious, historical, adventurous, and, through brave and bold innovation, entirely doable. We are fully transforming to create, capture, and combine value in old and new ways, in any and every way, and this thinking is being infused into all our business and corporate service units.

This transformation includes AEV. In our new, federated techglomerate, AEV's role has shifted from playing the historical role of owner-operator to now corporate asset manager and investment company — a strategic business unit all on its own, adding value to the Group just as the SBUs do. AEV oversees all our assets and investments, governing with a clear and big picture of how they strategically add value to each other and to the entire portfolio to make sure we generate a maximum return on investment for our shareholders. Our value creation proposition will be a critical factor in making new investments at the AEV level. We want new businesses that enter our synergy network to add value in and of themselves, but also to enhance the value of their sister companies.

Also as a federation, it is the responsibility of all our strategic business units to make a concerted effort to create value through the four-archetype model, with more autonomy and flexibility within their lanes to make this effort as productive as possible.

Complementing the "what" of our Value Creation Story is the "how." This is precisely the purpose of our Great Transformation into the Philippines' first techglomerate, with an enhanced, heightened, and more urgent and accelerated implementation of the four archetypes.

The shifts we've made over the last decade — the capital reallocation, the skill building, the building up of AboitizPower, UnionBank, the Food Group, Aboitiz InfraCapital, and now the game-changing establishment of Aboitiz Data Innovation — have provided the scaffolding for our Great Transformation and enriched and deepened our various capitals. This construction must continue and the show must go on. As our value creation model evolves and our portfolio expands, our explicit goal is to continually enhance and increase our stock of capital for the sustainability of value creation.

Our Great Transformation is guided by four interconnected pillars:

1. The Cultural Pillar is the transformation of our people.
2. The Technological Pillar is the transformation of our technological capabilities.
3. The Operational Pillar is the transformation of our organization as an entity.
4. The Financial Pillar is the transformation of our financial outcomes as a result of the preceding three.

The Techglomerate Premium

It is our expectation that with our value creation model, our Great Transformation, and our techglomerate approach to investments and operations, we will drive superior performance beyond anything we've achieved in the past and extract value beyond what others can. That is part of our conglomerate

DNA — the ability to extract more value than is predictable and readily identifiable, a "premium," if you will.

We believe this is achievable and sustainable. Conglomerates in the 20th Century helped fill gaps in markets, and brought added value through unique combinations. We believe that as a techglomerate in the 21st Century, we can bring unique, sustainable, and superior value to our investments through the coupling of technology and our various forms of capital, which we continue to leverage and replenish. This is our "Techglomerate Premium,"which we expect to create and sustain for your company.

The Six Capitals

Our value creation model is a framework for understanding and optimizing the creation of value for our stakeholders. The six capital inputs and outputs of this model are a way of organizing and categorizing the resources and outcomes that contribute to value creation.

Financial

Our Financial Capital, which includes the funds made available for the production of goods and delivery of services, is strengthened by our robust investor and shareholder relationships, which help us build a strong business portfolio.

- Economic Value Generated and Distibuted

Manufactured

To reach and serve our customers, we also invest in Manufactured Capital, which includes physical assets such as our various spreadquarters, power plants, flour and feed milling facilities, commercial estates, water and electric distribution facilities, bank branches, and other assets.

- Number of physical assets
- (map of operations)
- Number of new physical assets
- prospective investments

Intellectual

As a leader in the life-essential sectors, we recognize the importance of Intellectual Capital in providing us with a competitive advantage. By building and acquiring intellectual capital, we are able to create unique organizational systems and processes that help us better understand our customers and provide quality products and services that are essential to the way they live.

- Number of ideas created/ innovation projects implemented or R&D expense
- Number of patents/ licenses (check data)

Social and Relationship

We understand the importance of Social and Relationship Capital in making positive impacts on society, including job creation, community development, and innovative philanthropy. Our concept of shared value helps us build trust and loyalty with our various stakeholder networks, creating more value from the relationships and connections we have established and nurtured over time.

- Number of partnership engagements; Number of membership organizations

Reputational

As we continue to build the Philippines' first techglomerate, we capitalize on our legacy brand and strong reputation built upon years of stakeholder trust. This allows us to make relevant decisions as the market and economy change, while also maintaining our commitment to our stakeholders.

- Number of awards and recognition

Human

At the core of our success is our Human Capital. We recognize the capacity and motivations of our people to innovate, and we invest in their skills and engagement to ensure a fulfilling experience with the company. This helps us achieve our goals for GT2025 and beyond.

- Number of FTE, beneficiaries, communities served

Natural

We recognize the importance of Natural Capital and our dependence on the stocks of natural resources and ecosystems that enable us to provide goods and services to society. This includes clean air and water, fertile soils, and biodiversity. We remain conscious of this dependency and work to ensure the responsible use and conservation of these resources.

- Amount of Water and Energy Consumption
- Number of trees planted
- Number of Envi projects/ investment

POWER

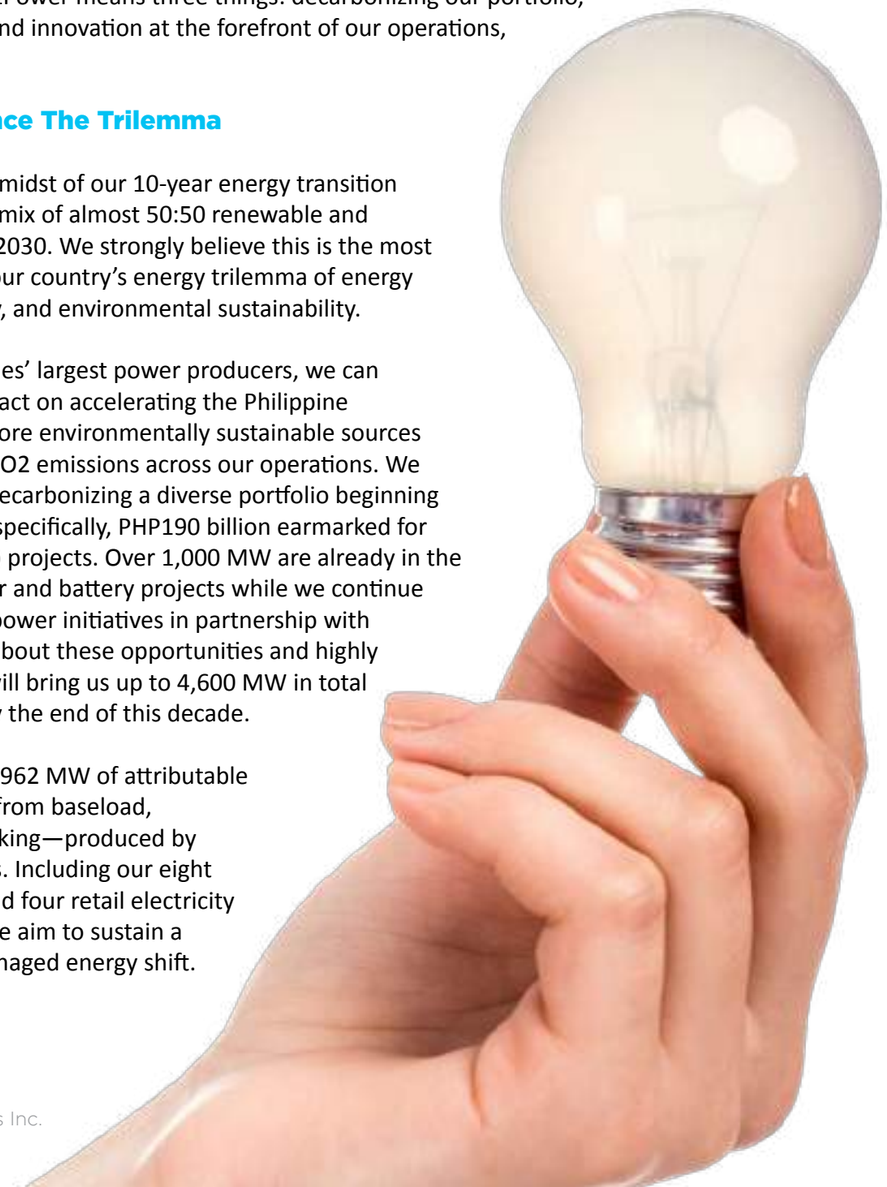
A New Energy Revolution

Following the launch of the Great Transformation in early 2022, AboitizPower soon began to craft its own massive transformative purpose or MTP. It would set the tone for our Power group's tenacious goals around its responsibility of supplying close to 20 percent of the country's power. That MTP is ***transforming energy for a better world*** and it highlights our determination to conquer an ever expanding horizon as we take part in building the Philippines' first techglomerate.

True to form, AboitizPower's MTP statement is about taking the long view, about being hyper-aware of what's coming around the corner. We need to strengthen our ability to adapt quickly and, to us, this means constantly preparing and upgrading ourselves if we want to continue to thrive in the space in which we operate. But before we expect to make any change within our industry, we first need to determine how we can become new at our core. AboitizPower CEO Manny Rubio gives us the definitive answer: "A transformed AboitizPower means three things: decarbonizing our portfolio, putting digitalization and innovation at the forefront of our operations, and decentralization."

The Shift To Balance The Trilemma

AboitizPower is in the midst of our 10-year energy transition strategy to a portfolio mix of almost 50:50 renewable and thermal capacities by 2030. We strongly believe this is the most sensible approach to our country's energy trilemma of energy security, energy equity, and environmental sustainability.



As one of the Philippines' largest power producers, we can make a significant impact on accelerating the Philippine energy transition to more environmentally sustainable sources by reducing our own CO_2 emissions across our operations. We are deliberate about decarbonizing a diverse portfolio beginning with financial capital, specifically, PHP190 billion earmarked for renewable energy (RE) projects. Over 1,000 MW are already in the pipeline including solar and battery projects while we continue exploration of gas-to-power initiatives in partnership with JERA. We are excited about these opportunities and highly confident that these will bring us up to 4,600 MW in total RE capacity realized by the end of this decade.

As of 2022, we have 3,962 MW of attributable generation capacity—from baseload, intermediate, and peaking—produced by 49 generation facilities. Including our eight distribution utilities and four retail electricity services companies, we aim to sustain a balanced and well-managed energy shift.

For us, it is not about choosing RE over thermal but ensuring eco-efficiency and environmental management throughout all our manufactured capital. Our Cayanga Solar project in Bugallon, Pangasinan and the Binary Geothermal Plant in Tiwi, Albay are significant RE projects underway that will complement GN Power Dinginin and support the Luzon grid. Campaigning for a cleaner and more sustainable energy system for the future should not disregard the importance of securing energy needs for the here and now, especially for a steadily rising economy like the Philippines.

To Digitalization and Beyond

We are doubling down on our "digital first and digital where it matters" mindset to leverage digitalization. Our DigitaLeap program has democratized how we maximize technology in the organization while we pursue synergies and create ecosystems with other strategic business units, building more apps to help serve our customers better, and exploring ExO core and edge initiatives through start-ups and pilots. As our industry continues to evolve, we have to be comfortable with learning about and exploring new growth opportunities for our beyond-the-core business. While still related to power, we will pay closer attention to ideas that present exponential growth through speed, innovation, and synergy, and even using different business models such as the decentralization of energy and new deep technology. We are equally excited about our newly formed 1882 Energy Ventures and what it can build in and around energy verticals such as distributed energy resources, electric vehicles, the Internet of Things, and microgrids.

These three transformation pillars—decarbonization, digitalization, and decentralization—map out the areas where AboitizPower's decisions will be made as we

“At AboitizPower, our purpose of transforming energy for a better world continues to drive us forward. We remain dedicated to pursuing excellence and creating better energy solutions for our customers. A single-minded goal unites us. And with resolve and collaboration, we believe a brighter future is within our reach.”

Emmanuel V. Rubio
President & CEO
Aboitiz Power Corporation

On September 22, 2022, AboitizPower introduced to its 3,000-strong workforce its new “massive transformative purpose” of Transforming Energy for a Better World. The organization also communicated its redefined value statements, bringing more relevance and significance to its principles of Integrity, Teamwork, Innovation, Responsibility, and Service Excellence.

navigate the energy transition and chart the future of our company.

We are 1AP in Winning

Our people are the single most important element to making technology—and all our plans—work. This portfolio shift we are pursuing, like any endeavor we undertake, is primarily driven by our team members and so we need to ensure that they have the skills and capacity to execute the most ambitious of plans.

Human capital investment will always be top priority for AboitizPower. Everyday, we take the opportunity to ask: How sufficient are the resources we channel into programs that elevate our people’s skills and overall experience? Do our efforts consider their motivations to innovate? It starts with ensuring everyone has a clear understanding of their role in implementing our organizational strategy, strengthening loyalties and motivations for improving processes, providing goods and services, and their ability to lead and collaborate. These are consistent criteria of AboitizPower’s talent management approach, which aligns with and supports the Aboitiz Group’s governance framework and ethical values such as recognizing human rights.

Our talent engagement activities have also been recognized externally, being among the top five regional exemplars at the People Management Association of the Philippines Employer of the Year Awards in October 2022. Likewise, SN Aboitiz Power and Therma South were both big winners during the Department of Labor and Employment’s Gawad Kaligtasan at Kalusugan, which recognizes outstanding achievement in

responding to the safety and health needs of workers, workplaces, and the community.

How Our Stakeholders See Us

We value our grassroots view on how our mission of providing reliable, reasonable, and responsible energy solutions may impact our stakeholder community. The first on that list is always going to be our own people. We make sure to promote their safety and wellness across all aspects of our operations. But we also understand the equal importance of our dedication to solving the global challenge of power consumption and its adverse impacts on the environment.

In 2022, AboitizPower led the local energy industry in Environmental, Social, and Governance (ESG) standards and practices by taking the top spot among local electric utility companies ranked in S&P Global's Corporate Sustainability Assessment. We also secured our place in the FTSE4Good Index Series for the fifth consecutive year. These awards affirm the good work our team does through the lens of external experts, reinforce our momentum toward our sustainability goals, and attest to our resolve to achieve our purpose.

AboitizPower is able to allocate resources into nurturing our natural environment because of solid team member volunteerism and partnership with our host communities, government agencies, non-government organizations and people's groups. These programs include our annual tree-growing partnerships, the Cleanergy Park in Davao City, watershed projects, adoption of protected areas, Adopt-a-River, Adopt-a-Marine Sanctuary, coastal and river clean-ups, and Philippine Eagle adoption.

AboitizPower exists to create a difference in the lives of Filipinos by providing today's energy requirements while building a cleaner and more sustainable energy system for a prosperous tomorrow.

Our Strategic Business Units

Always About Keeping The Light On

In 2023, AboitizPower aims to deliver our purpose of transforming energy for a better world on the back of world-class products and services. We will continue to make our mark in ESG practices, make clear and meaningful connections between ESG dimensions and our stakeholders, and continue zeroing in on sustainability investments that drive value to the organization. In the same way, we will remain a strong advocate of public-private collaboration in ensuring a robust industry that sustains itself through difficult and unfamiliar challenges that may arise. We are driven to hit our targets, enabled by living our values daily and using these as unwavering guidance to help us keep the light on for our customers and stakeholders.

UnionBank's New

Digital Dawn

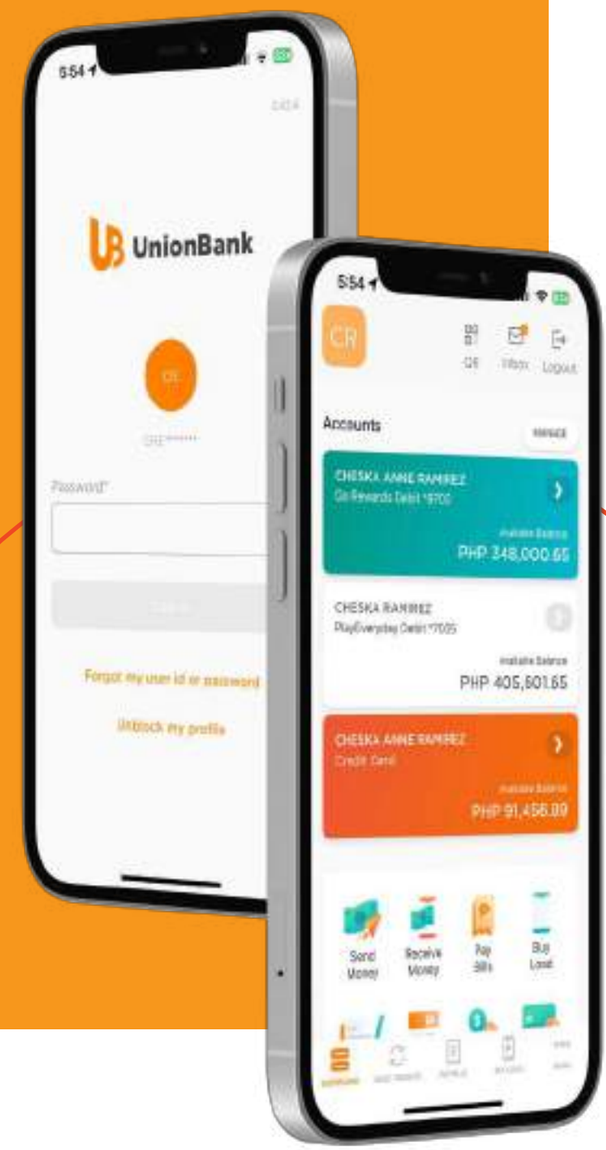
BANKING AND FINANCIAL SERVICES

When we think of banking, what usually comes to mind is bankers and branches with tellers behind a counter accepting cold cash. Union Bank of the Philippines, however, has never been your typical bank. UnionBank has always thrived in the digital sphere where only the brave and bold stay one step ahead of their peers through innovation and technology. If the Aboitiz Group endeavors to become the Philippines' first techglomerate, it is largely because UnionBank has already become the Philippines' digital trailblazer in banking.

UnionBank's digital transformation started in 2016 when it laid the foundations for its leap towards becoming a great retail bank. It has built a reputation for its proactive approach in adopting new technologies to provide customers with convenient, secure, and completely satisfying banking experience through its online banking platforms such as UnionBank Online for retail customers, The Portal for corporate clients, and SME Business Banking for MSMEs. These cutting-edge digital capabilities and achievements have earned multiple awards and recognitions, such as six-time "Best Retail Bank in the Philippines" from The Asian Banker; "Asia Trailblazer Institution of the Year" from Retail Banker International; "Best Digital Bank in Southeast Asia 2022" from Capital Finance International; back-to-back "Best Bank for Customer Experience in Southeast Asia" from Global Brands Magazine; "Best Bank Transformation in Southeast Asia 2021" from Global Banking and Finance; and five-Time "Digital Bank of the Year (2018-2022)" from The Asset Triple A Awards. The journey however is far from over as its upward trajectory continues from 2022 on to 2023.

Blazing Trails Towards the Future of Banking

- UnionBank pioneered internet and wireless access protocol banking in the country back in the late 1990s, a time when mobile and remote banking was still unheard of.
- Fast-forward to 2017, the Bank launched its award-winning mobile platforms and introduced the first fully digital bank branch in the country called "The Ark" located on Ayala Avenue in Makati City.
- In 2018, UBX PH was established to serve as UnionBank's investment house to hold, purchase, and acquire businesses engaged in financial and information technology services.
- UnionBank is the first local bank to offer Digital Account Opening through its UnionBank Online app. Since its launch, it has onboarded close to two million digitally-opened retail accounts.
- Also in 2018, we established the country's first state-of-the-art Integrated Operations Center (IOC), a collaborative facility for the 24/7 monitoring of the bank's business, network, and security operations.



“We increased our customer base by thirty percent, or doubled it in just three years, which is unheard of in the industry.”

Edwin R. Bautista
President & CEO
Union Bank of the Philippines

The Deal of The Decade

UnionBank acquired the consumer banking business of Citigroup (CitiPH) in the Philippines. The deal included an asset and liability transfer of CitiPH’s retail banking business, the sale of shares in Citicorp Financial Services and Insurance Brokerage Philippines, Inc., and the sale of real estate shares in Citibank Square building in Eastwood City in Quezon City.
The output of this deal was PHP98.1 billion in total assets of which PHP68.5 billion are loans. UnionBank welcomed over 1,500 new employees, with 100% retention of the senior leadership team of the consumer business, and elevated its credit card ranking in billings to number two.

Revolutionizing Philippine Banking One Innovation at a Time

In September 2022, UnionBank inaugurated the UB Innovation Campus that sits on a one-hectare property in San Pedro, Laguna. The five-story building is designed to be a hub for research and development to further boost the Bank’s digital capabilities by creating solutions for the future of banking, fintech, and other industries.
To launch the facility, the Bank organized the country’s first-ever Innovation Festival, a three-day event held to showcase the future of banking through Filipino tech ingenuity and talent, drawing an estimated 3,000 attendees.
As home to various centers of innovation such as UnionDigital and the first-ever Asian Institute of Digital Transformation, the Campus aims to encourage brave new ideas and innovations along with building up tech talent for the future.
The Bank launched two more breakthrough projects that put the Philippines front and center of innovation once again, this time offering next-generation investing services through its award-winning Bonds.ph, the first blockchain-enabled mobile app in Asia that can distribute retail treasury bonds; as well

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as the Primary Market Online Bond Ordering and Allocation Platform, the first fully digital self-service channel for Philippine corporate bonds. Enabled by blockchain technology and a collaboration with Standard Chartered, the platform successfully mirrored a live retail corporate bond issuance, and was able to execute an PHP11 billion peso 11 times oversubscribed issuance of a digitally native DLT-based bond to 893 investors in collaboration with the Philippine Depository and Trust Corporation and Singapore-based blockchain company STACS.

UnionBank developed 11 new features on the MSME app in 2022. Business activities in between were composed almost entirely of continuous enhancements to the apps, which helped grow its SME client base from 60,000 to around 100,000. This financial outcome included a monthly reach of 16 million fund transfer transactions, 700,000 bills payment transactions, and almost 60,000 digitally deposited checks through MSME Mobile Banking, averaging 6,000 payment links successfully transacted via MSMEs and customers. Along with the Bank's customer

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platforms (UnionBank Online for retail customers and The Portal for corporate clients), UnionBank was ranked as the Top 2 sender in InstaPay and Top 3 for PESONet among commercial universal banks.

The Phenomenal Rise of CitySavings

UnionBank's thrift bank subsidiary, CitySavings, increased its social and relationship capital by increasing stakeholder engagements through business activities that leveraged on the success of its salary loans business model.

In February 2022, DepEd allowed the extension of loan payment terms under its Automatic Payroll Deduction System (APDS) program for a new maximum tenure of four to five years from the previous three years. The Bank seized this opportunity two months ahead of its competitors through its agile implementation and performance-based business model.

On reputational output, CitySavings was recognized as the Fastest Growing Savings Bank in the Philippines at the 2022 International Business Magazine Awards for the rapid expansion of its loan portfolio beyond the traditional client base of teachers in need of salary loans. Moreover, CitySavings was acknowledged as the Most Innovative Savings Bank in the Philippines at the 2022 International Finance Awards for its straightforward, easy, and user-friendly banking services. CitySavings produced even more reputational outcomes by earning recognition from DepEd for its relevant, accessible, and sustainable teacher care programs, CSR projects, and National Teachers Month initiatives.

The Power and Potential of Fintech

The launch of the latest version of online lending marketplace SeekCap enabled UBX to make business loans easier and more accessible for Filipino MSMEs. Business activities were extensive as SeekCap registered over 30,000 MSMEs to bring their total community to 74,000. Output was just as prolific with five record-breaking months of disbursements in

BANKING AND FINANCIAL SERVICES

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2022. The platform processed over 20,000 loans and disbursed PHP2.7 billion of MSME loans.

Through a partnership with art-tech startup Unit 256 Ventures Inc., UBX launched Artifract, the country's first tokenized non-fungible token (NFT) platform. Similar to its financial inclusion advocacy, UBX wants to show that anyone to create or own valuable and authentic digital art. Partnering with the Philippine Postal Corporation (PHLPost), UBX launched Kasama Lahat ("Include Everyone") to transform over 1,500 PHLPost centers nationwide into community financial centers. Through the UBX Bangko sa Barangay Service, PHLPost offices nationwide can start offering financial services such as disbursements, fund transfers, cash withdrawals, loan applications, payments, and insurance and collections, among others. The resulting inclusivity is a human outcome for Philippine society and a social and relationship outcome for UBX as it taps a new ecosystem to "Tech-Up Pilipinas."
Motivated by the social and relationship input of inclusivity, and UBX's leadership in Open Finance, the fintech firm launched the Open Finance Foundation Philippines in November 2022, during the Singapore Fintech Festival, where they advocated the adoption, education, and consumer research and protection needed to realize the benefits of Open Finance.

How to Build a Bank in Less than 12 Months

UnionBank invested PHP3 billion in financial capital to start up UnionDigital (UD), which was launched in record time, thanks to business activities such as receiving BSP's Certificate to Operate in July 2022, becoming one of six licensed digital banks and the only digital bank owned by a publicly listed universal bank.

Following just five months of operations, UD ended the year with an output of PHP5.7 billion in outstanding gross loans. Powered by an ecosystem strategy of working within the UnionBank group, UD was able to deliver rapid balance sheet growth and sustainably profitable operations in less than a year.

Going For Gold in 2025

Aligned with the Great Transformation, UnionBank's ambitions are both audacious and realistic given the outcomes produced thus far. UnionBank is going for gold and has launched into action to become the largest and most profitable consumer bank in the Philippines. The 'deal of the decade' was a giant step towards realizing this dream; and with its high-tech, high-touch approach, the scaling of UD's digital lending capabilities and CitySavings' continuing transformation expansion into mass market communities, UnionBank will continue to lead the Group towards becoming the Philippines' first techglomerate.

From Crisis to Opportunity

How The Food Group is Revolutionizing Its Industry Through Innovation and Adaptation

FOOD

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2022 was a year of challenge and opportunity for our company and industry. Facing a complex global landscape, including geopolitical events, rising interest rates, and animal disease risks, we were determined to embrace adversities and turn them into opportunities. As part of the Aboitiz Group, we are hardwired with an entrepreneurial spirit that allowed us to navigate these challenges successfully.

We in the Aboitiz Food Group (Pilmico and Gold Coin Group), engaged in food and agribusiness, have a unique responsibility to our stakeholders, a responsibility that extends far beyond profit margins and market share. From farmers and workers in the agricultural sector to feeding Asia, our value-creation story is designed to succeed by uplifting the well-being of our entire community.

To stay ahead of the curve, we always seek to address the evolving needs of our stakeholders, continuing to be agile and innovative in the process. The launch of the Great Transformation provided the perfect opportunity to take a step back, learn, unlearn, and recalibrate. Our Massive Transformative Purpose (MTP) of “Sustainably feeding Asia’s growth from Mill to Meal” became our North Star, and we rallied behind it with determination and grit.

One of the hallmarks of our success has been our commitment to our people. We invest in our team members’ development, providing them with the tools and support they need to thrive, including training, education programs, and flexible work arrangements.

Through the Voyager Program, we started three exciting projects: Fish of Mind, NovelProtein, and Reimagined Seaweed. These business ideas are now being developed through the AEV Transformation Team and provide a glimpse into how we are pushing the boundaries of innovation and driving the industry forward.

Moving closer to our desired outcomes in 2025 and beyond, we drive the momentum to continue growing and evolving to become the integrated regional food and agribusiness company we aspire to be. While the marketplace is in constant change, our social and relationship capital remains at the core of being a better Partner for Growth for all our stakeholders.

A Resilient Balance Sheet

The Food Group posted a 21% YoY increase in revenue, amounting to PHP106 billion, with revenue contribution from both the Agribusiness and Food and Nutrition divisions showing improvements higher by 16% and 28%, respectively.

However, EBITDA decreased by 6% to PHP4.6 billion, driven by a 53% YoY decline in EBITDA contribution from the Food and Nutrition business units. This decline was tempered by a 12% increase in contribution from the Agribusiness unit.

Despite the geopolitical and macroeconomic challenges, the Agribusiness unit delivered a total of PHP80 billion in revenue, which was 16% higher than in 2021. The increase was driven by increases in average selling prices of 23% and was necessary to offset the impact of rising raw material costs, as well as increasing costs related to local and global freight.

While the Farms division was heavily impacted due to animal disease risks, causing its EBITDA

"The changing demands of the food and agribusiness industry and the unprecedented challenges that came with 2022 have reinforced the need for our company to focus on ensuring the resiliency of our core businesses of feed milling, flour milling and livestock raising, while we continue to make the push toward more consumer-centric businesses.

We have a long way to go in our transformation journey. Together, our team across the region is committed to doing what is necessary to ensure that we achieve our goal of Sustainably feeding Asia's growth from Mill to Meal."

Tristan R. Aboitiz
President & CEO
Food Group

to go down by 82% to PHP165 million, the successful recovery in operations of Breeder Farm 1, which was hit by African Swine Fever (ASF) in 2020, allowed for a 24% YoY increase in revenue. The Flour division's revenue rose 29% YoY, driven by price increases necessary to offset the sharp increases in the cost of milling wheat seen throughout the entire year of 2022.

Delivering Profits and Purpose in Food and Nutrition

We have automated several processes in our flour mills in Iligan, leading to increased operational efficiency. This intellectual capital input for the automation of the facilities enabled us to streamline our operations, achieve better quality control, improve production capacity, and significantly save on costs. These measures are vital manufactured capital for the Food and Nutrition business and are definitive steps toward strengthening our position as a low-cost producer in the market, making our products more competitive and profitable.

We also continued to grow our bakery solutions distribution arm, BASCo, in 2022 by infusing PHP706,683 million in financial capital into adding five new branches across Luzon. This equated to manufactured capital output of eight total branches at year-end, an outcome that further strengthened our customer network and improved our industry reach.

For our Farms division, we completed Breeder Farm 3 in Nueva Ecija to increase housing capacity for 2,500 animals, which has begun to farrow market hogs that will be available in the foreseeable future. It represents a crucial step in our swine repopulation efforts by helping to improve the supply chain and boost local food production toward mitigating the pork supply shortage in the Philippines.

Our meats business continued its robust growth with The Good Meat. With financial capital of PHP75 million, we now have five standalone stores and 60 retail concessionaires in Luzon. Our value-added meat products, meanwhile, are available in over 250 major supermarkets across greater Luzon, such as Robinson's, Puregold, Shopwise, and Merrymart. We have also increased our digital footprint to eight digital marketplaces, including Lazada, Shopee, Metromart, and Grab, an expansion that has also helped improve our distribution channels and increase our reach in the meat industry.

Sustainable Solutions in Asia

In 2022, we broke ground on two new feed mills located outside the Philippines: Yunnan Province in China and Long An Province in Vietnam. These mills are expected to be completed by the fourth quarter of 2023 and will help the company meet the increasing demand for aqua and livestock feeds, respectively, in these regions. Furthermore, they create opportunities to serving more customers in China and Vietnam with the highest quality feed products.

In Malaysia, we commissioned our floating fish feed line with PHP120 million in financial capital and is now producing a complete portfolio of floating fish feed products, which are also now exported to the Middle East. It is a significant addition to the division's operations as we expand our reach in the region.

In Indonesia, we installed a new corn-drying facility and completed an additional silo, increasing manufactured capital capacity of 4,000 metric tons in Medan. These improvements will help us optimize raw materials and become low-cost feed producers in the region. We are excited about the opportunities these new facilities will bring and look forward to further expanding our reach in Indonesia.

In the Philippines, we maximized our 20-tonne-per-hour feed mill in Iligan, commissioned in 2021. This new mill improves manufactured

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capital output to meet demand from our Visayas and Mindanao-based customers, especially with the growth of new categories such as rabbit and poultry feeds, among others. It also enabled us to pivot and adapt our products and services to a market that has been affected by ASF and Avian Influenza (AI).

Our Agribusiness division also enjoyed a good level of growth in its pet food business as it maximized the production from its own extrusion line in Ha Nam, Vietnam. It now produces dog and cat food products distributed in the Philippines, Vietnam, Malaysia, and Indonesia, providing a new and innovative product line for pet owners in the region.

From Mill to Meal

As a food and agribusiness company, we are uniquely positioned to uplift our stakeholders across the value chain and do so sustainably. The company's flagship corporate social responsibility (CSR) program, the Pilmico Livelihood Kits, provides aspiring agripreneurs with various livelihood kits. These include egg machines, gilt packages, bakery starter kits, and aquaponics systems as well as free technical assistance and training to help ensure business growth and sustainability.

Throughout 2022, the company formed partnerships to expand the reach of our Livelihood Kits program. Our joint collaboration with Aboitiz Foundation and the Department of Agriculture launched Kabuhayan Ni Ani At Kita, an initiative that distributes sustainable livelihood kits, including aquaponics, to farming and agribusiness beneficiaries in Region III. We also oversaw the launch of Project Omelette that provides egg machine kits and support to our beneficiaries in Tarlac, Nueva Ecija, Pampanga, and Zambales. Pilmico aims to provide additional income to farmers while ensuring a steady egg supply.

In response to Typhoon Odette, Pilmico launched #RebuildCebu's Padayon sa Pagbusay program in partnership with Ramon Aboitiz Foundation and Aboitiz Foundation, providing livelihood kits to 15 beneficiaries from Cebu and Bohol who were affected by the typhoon. The company also signed a Memorandum of Agreement with Aboitiz Foundation for Project Pugo, a quail egg livelihood kit distribution to 16 beneficiaries affected by ASF in the CARAGA region, Misamis Oriental, and Lanao del Norte.

Through our partnerships with Aboitiz Foundation and the Department of Agrarian Reform, we have distributed a total of 177 livelihood kits, amounting to over PHP17.2 million, to beneficiaries nationwide. The livelihood program will provide Agrarian Reform Beneficiary Organizations (ARBOs) with opportunities through egg machines and gilt dispersal kits. These programs attest to our strong reputational capital in the agriculture sector, a top priority for the Food Group.

By providing livelihood kits and technical assistance, we seek to empower agripreneurs to augment their capabilities and income. Our partnerships with various organizations have enabled us to reach more beneficiaries and provide them with sustainable livelihood opportunities. No matter the challenge, we will do our best to strengthen the agriculture sector, one livelihood kit at a time.

Feeding the Future

As we look ahead to the future, we understand the immense responsibility that comes with our position as a regional food and agribusiness company to make a difference across all value chains, stakeholders, and communities.

With GT2025, we focus on two areas of transformation. The first is transforming our core business by creating a low-cost and efficient production and distribution system for

In line with our MTP, we will continue to improve and expand our CSR initiatives to adapt to the demands of our stakeholders.

our regional feed and Philippine flour business. We will prioritize research and development to create new products and services while upskilling our team members to ensure they are equipped with the latest knowledge and skills, thereby increasing intellectual capital.

The second area of transformation is the creation of new growth engines. We will focus on developing our pet food and branded meats businesses. By diversifying our product offerings and improving our operational efficiencies, we aim to create value for our stakeholders and contribute to sustainable growth.

We recognize the importance of technology in driving growth and innovation. We are determined to be a valuable player within the Aboitiz Group's techglomerate ecosystem by providing relevant products and services for the customer of the future and contributing to the development of cutting-edge solutions for the food and agribusiness industry.

Above all, we are committed to an agile mindset and encouraging innovation throughout the company. We have identified two pilot teams focused on R&D and BASCo, which will play a critical role in transforming our business and creating value for our stakeholders. Through these teams, we hope to learn and develop how to operate in an agile fashion — fast, resilient, and constantly adapting — and be able to deliver products and services that respond to the needs of our customers.

Coming Attractions

- **Greenfield Projects**: We are looking forward to further progress on the Vietnam and China Greenfield mill construction sites, as collaboration between Engineering, Business, and Centers of Excellence (COEs) help push towards each milestone. The first half of this year will be focused on final design and construction, while the second half will include equipment installation, gearing us up for launches in 2024.

- **R&D**: Through partnership between the Food Group's project team, subject matter experts, and local resources, we plan to identify and select the final sites where we will build R&D facilities to support aqua, swine, and poultry species in research, product development, and capability enhancement. Once constructed (estimated 2024/25), these facilities will help us stay ahead of the game for the species and relevant products across the Food Group's business units.

- **IT:** Testing activities for Project LEAP (Leveraging ERP for Agility and Performance) are in full-blast for this SAP / Integrated Systems deployment for the Philippines. Being part of the Food Group's Technology Roadmap, this project will introduce transactional efficiencies, promote further data standardization/integration, and strengthen our IT ERP model across the Philippine operations and support teams, once it goes live within the first half of 2023.

Our Strategic Business Units

At the heart of our transformation is a razor-sharp focus on making a positive impact on the world. Transforming our business enables us to create value beyond the bottom line. Sustainable food production is essential to creating a brighter future for all, and we are committed to playing our part in achieving it. For us in the Food Group, our MTP of sustainably feeding Asia's growth from mill to meal is clear as day.

Revitalizing the Backbone of the Nation

INFRASTRUCTURE

Taking stock of Aboitiz InfraCapital's (AIC) big wins in 2022 easily brings up visions of the Aboitiz techglomerate supernova taking shape. Economic estates expansion, smart city projects, water facilities construction, data center ventures, towers acquisition and a landmark deal that paved its entry to the airport space — all these and a few more show "the fifth leg" of the Aboitiz Group making strides in expanding its portfolio. Anchored on its massive transformative purpose of Enabling Businesses and Uplifting Communities, AIC is determined to revitalize the backbone of our nation by providing smart, innovative and future-ready solutions that are essential to human life. Wherever we operate, growth and livelihood are flourishing.

As we solidified our presence in our four business sectors—namely, Economic Estates, Water, Digital Infrastructure, Transport and Mobility—we were able to address the increasing needs of our customers, partner governments and the communities we operate in. These enabled AIC to lay the groundwork for sustainable ecosystems that helped accelerate the economic development of the country and 2022 was only the beginning.

AIC has commenced its expansion initiatives in West Cebu Estate in Balamban, the Shipbuilding Capital of the Philippines, to include light to medium manufacturing, as well as its own CBD with commercial lots, a neighborhood mall, a transport terminal and a communal park.

AIC's Unity Digital Infrastructure is actively constructing macro towers, integrating acquired towers into its portfolio, and ensuring robust operations nationwide to efficiently support mobile network operators in delivering quality connectivity.

The Future of Flights

AIC's most compelling story for 2022 was the successful acquisition of the award-winning Mactan Cebu International Airport (MCIA). AIC acquired a 33 and 1/3% minus 1 share stake in GMR Megawide Cebu Airport Corporation from Megawide and GAIBV for PhP 9.5 billion. Megawide and GMR have also issued P15.5 billion worth of exchangeable notes to AIC which would mature on October 30, 2024. These can be exchanged by AIC for the remaining 66 and ⅔ plus 1 share of GMCAC's outstanding capital stock.

Apart from solidifying our presence in Cebu, the addition of MCIA into AIC's portfolio of businesses will give us the opportunity to leverage synergies within the Aboitiz Group as we tech-up the airport's operations. Our goal is to transform MCIA into a smarter and greener transport hub by leveraging data science and artificial intelligence to help further improve overall passenger experience and establish its status as one of the Philippines' premiere international airports.

Connecting the Archipelago

AIC's digital arm, Unity Digital, continued to strengthen its digital infrastructure and pole position in the tower market with the purchase of 650 telecom towers from PLDT Smart for PHP9.2 billion. We now have over 600 active sites, including macro towers and small cells in key cities nationwide.

Another significant partnership was forged in this area, this time with global data center

“AIC is determined to revitalize the backbone of our nation by providing smart, innovative and future-ready solutions that are essential to human life.”

Cosette Canilao
President & CEO
Aboitiz InfraCapital

Apo Agua has completed the construction of its run-off type intake weir across the Tamugan River, which will aid in managing the rate and volume of raw water diverted from the surface water source before it is conveyed to the water treatment plant.

solutions leader EdgeConneX. Together, we will strategically expand and deepen our data center footprint across the Philippines, tackling head-on the critical need for complete country-wide connectivity through data storage, processing, and transmission.

Turning the Tide of Adversity

During the year, AIC’s water business in Davao, Apo Agua Infrastructura, took over the construction of the Davao City Bulk Water Supply Project. In the midst of pandemic-related difficulties and a challenging construction arrangement, the Apo Agua team, through remarkable resolve and resilience, secured the right of way needed to continue its commitment to deliver clean and quality drinking water to the people of Davao. This reassured stakeholders of the project’s great value in ensuring a reliable and quality water supply in the city as it will shift its dependence from groundwater wells to the more sustainably-sourced surface water from the Tamugan River. The state-of-the-art facility is designed using the ‘water-energy nexus’ concept - a first in Southeast Asia - that will run on renewable energy through a built-in hydroelectric power plant. The same water used to generate power will be treated and delivered to customers. Once operational, it will provide more than one million Davaoeños with over 300 million liters of water daily.

INFRASTRUCTURE

Breaking Barriers Beyond Expectations

2022 was a huge and prosperous year for our Economic Estates, generating PHP1.8 billion in EBITDA, an increase of more than 55% year on year. Having established our position as one of the top industrial-anchored mixed-use developers in the Philippines and Asia, we commenced and completed several expansion projects, including the 200-hectare industrial expansion of our LIMA Estate in Batangas, which will generate 75,000 jobs. A new phase of commercial lots within the 30-hectare LIMA Central Business District was also signed, sealed, and delivered, along with the first of seven towers in a smart, new BPO office park in the same location. Our West Cebu Estate is also growing fast with an expectation of 14,000 new jobs for Filipinos, the addition of light to medium manufacturing locators, and its own brand new CBD.

Located in the masterfully planned MEZ II Estates in Cebu, The Outlets at Pueblo Verde offers a wide variety of retail, lifestyle, dining, and entertainment options.

We have also started integrating SMART City features and sustainable practices in our operations, making us the first and only industrial estate in the Philippines to receive a five star rating from the Philippine Green Building Council and be recognized as a leading sustainable industrial developer in the Asia Pacific region.

AIC partnered with EdgeConneX to meet the rising demand for data centers in the Philippines and provide a secure and reliable platform for storing and processing critical data.

With over 1,400 developed hectares of industrial developments in Batangas and Cebu, our Economic Estates are home to over 200 global industry leaders directly employing over 100,000 Filipinos. We are committed to further move forward with the expansion and transformation of these industrial estates to fulfill the needs of investors who want to take advantage of a thriving location as well as the anticipated economic surge outside of Metro Manila.

The Estate Water team has successfully reduced non-revenue water (NRW) in LIMA while extending our NRW management initiatives to MEZ 2 and West Cebu Estate, resulting in much lower NRW. LIMA Water's SMART Water Network technology which enabled its water facilities to be interconnected for greater efficiency, will be replicated in the other two

Estates in Cebu. It is also expanding its services to provide specialized wastewater treatment for our locators and septage management for our surrounding communities. Currently, we have two wastewater treatment facilities with a combined treatment capacity of 26 million liters of wastewater daily.

Through our proactive roles in both local and international business forays, and as a leading builder of smart and sustainable industrial estates in the Asia Pacific, AIC continues to be a staunch and effective promoter of the Philippines as the Next Big Thing in investment destinations.

Building the Future Through Innovation and Sustainability

The Great Transformation for AIC is about creatively integrating technological, environmental, and social considerations in all aspects of infrastructure development, creating a premium for ourselves, our Group, and our stakeholders. We set our sights sharp towards creating value and capturing opportunities to adopt responsible and efficient infrastructure design and construction, as well as overall business operations, with the least environmental disruption. We aim to provide an equitable and safe workplace for the inclusivity, growth, and productivity of all our workers, and do what we can to increase access to markets of vulnerable and underserved sectors.

Finally, in this future we are eagerly building, we commit to strengthening infrastructure governance and harnessing a strong stakeholder network of partners who clearly see our techglomerate vision taking shape one day at a time.

The Great Turnaround

How Aboitiz Land Defied the Odds and Thrived

LAND

When the pandemic hit in 2020, it was a disruption that quite surprisingly, and unexpectedly, had a positive impact on the real estate industry. The community lockdowns had urban dwellers yearning for larger homes equipped with dedicated areas for work-from-home set-ups, and ample outdoor space for social distancing and relaxation. But with strict restrictions on site visits and in-person selling, only the innovative real estate companies were able to address the demand with the digitalization of sales and marketing processes.

For Aboitiz Land, our digital transformation had begun even before the pandemic, with financial capital investments in digital marketing and sales. This allowed us to shift seamlessly into digital sales operations, launching our Contactless Home Buying Service just two weeks after the lockdown. Today, we continue to reap positive outcomes from our early pivot towards digitalization.

In step with the Aboitiz Group's Great Transformation, we are pursuing our digital transformation journey with innovation-driven value creation initiatives that enhance and transform our systems and processes to produce significant outcomes. Following the Group's value creation model, 2022 was a year of major innovations made possible by the input of intellectual, manufactured, and social and relationship capital.

These initiatives in our sales and marketing, construction, collections, customer service, planning and design, finance, and information technology, resulted in an overall good performance outcome in 2022 and created more value for Aboitiz Land and our stakeholders. Our financial capital outcome at yearend was a core net income after tax (NIAT) of PHP865 million, a 37% increase from the previous year. Our gross profit margins increased to 49% from the previous year's 46%.

Transforming the business through innovation

In 2022, we continued to build our intellectual capital with a slew of innovations that have produced positive outcomes, including record-breaking sales figures. Our Contactless Home

Our big wins in 2022:

- In 2022, we managed to break our own sales record, achieving a historically high PHP4.4 billion in reservation sales and PHP3.8 billion in booked sales.
- We launched a new phase of Foressa Mountain Town, and the third and most premium of The Villages at Lipa's enclaves, Meadow.
- We posted core NIAT of PHP865 million, an increase of 37% from the previous year.
- Aboitiz Land is carving a niche and differentiating itself as an innovation-driven property developer and as a thought leader in property technology.
- Our Gross Profit Margins increased from 46% in the previous year to 49% in 2022.
- Aboitiz Land also received recognition from leading property industry award giving bodies, not only for the quality of its developments, but also for its innovative solutions for stakeholders during the pandemic.
- We achieved sustained property value escalation for all projects, in turn delivering more value for our vecinos and stakeholders.

Awards

FIABCI Philippines Property and Real Estate Excellence Awards:

- *The Villages at Lipa - Silver Award in the Residential Low Rise Category.*
- *Seafront Residences - Silver Award in the Environmental Category*

PropertyGuru Philippine Property Awards:

- *Amoa is awarded Best Housing Development in Visayas*
- *Seafront Villas is Highly Commended as Best Waterfront Condo Development in the Philippines*
- *Ajoya Cabanatuan is Highly Commended as Best Housing Development in Luzon*

The Outlook: Philippine Real Estate Awards 2022:

- *Aboitiz Land is awarded Best Developer of the Year in Visayas and Mindanao*
- *Seafront Residences wins Best Premium House of the Year in Luzon.*
- *Amoa wins Best Affordable Housing Development in Visayas and Mindanao*
- *Aboitiz Land is also Highly Commended for Seller Support as pioneers of Contactless Home Buying Service that helps buyers take the entire home buying journey conveniently*
- *Pristina North Residences is Highly Commended as Best Master-Planned Community.*

Amoa, Aboitiz Land's community in Compostela, Cebu, garnered recognition for being the most outstanding horizontal development in Cebu for 3 years by various award-giving bodies.

“As we pursue Aboitiz Land’s Great Trajectory, we expect to see more transformative outcomes in efficiency, customer experience, and our financial bottomline, fueled by a highly engaged and value-driven organization committed to innovating ways to lead our vecinos home.”

David Rafael
President & CEO
Aboitiz Land

Buying Service has been a game changer, evolving to make home acquisition a truly seamless experience for our customers and sales partners. This service has helped us to be recognized as an innovation-driven developer and a thought leader in property technology, which is certainly a boost to our reputational capital.

Our hybrid marketing capabilities also continue to evolve, with our digital lead generation yielding more leads year on year. We are leveraging data science and artificial intelligence to improve our leads profiling and consequently increase our sales conversion rates. We turned the peso’s depreciating value into an advantage, intensifying our international sales and marketing campaigns to tap the spending power of the overseas Filipino market.

With the same level of product inventory and direct sales and marketing expenses, and despite record-high forfeitures, we managed to break our own sales record, achieving a historically high PHP4.4 billion in reservation sales and PHP3.8 billion in booked sales. With our proprietary vecino App as the backbone, our booking efficiency jumped to 86% from 65%, and app usage rate was at 98%.

We achieved sustained property value escalation for all projects, in turn delivering more value for our vecinos and stakeholders. In 2022, we invested heavily in our manufactured capital with the launch of Meadow, the third and most premium enclave in The Villages at Lipa, as well as a new phase of Foressa Mountain Town.

Also crucial in Aboitiz Land’s business transformation are the innovative construction technologies we have implemented. Our partnerships — our social and relationship capital — with leading precast construction systems Sumitomo Mitsui and Connovate, have resulted in a 50% reduction in time spent

Launched in 2022, Meadow is The Villages at Lipa’s third and most premium village, offering upscale residential lots. The Villages at Lipa is the residential component of LIMA Estate in Lipa, Batangas.

for house construction, plus other important outcomes. With these partners, we have been able to deliver more sustainable and disaster-resilient homes, with our product quality increasing by 24%.

In 2022, our precast panel technology increased our manufactured and financial capital output as it enabled us to build 809 housing equivalents much faster than usual, which in turn led to faster revenue recognition and collection. There was a 41% increase, another historical high, in housing equivalents from the previous year. Interestingly, the inputs, outputs, and outcomes of this construction technology came from a merging of our intellectual, social and relationship, manufactured, and financial capitals. Not to mention its impact on environmental sustainability.

In the area of collections, our data-centric approach enabled us to surpass 2021's collections performance by 28% even with disruptions like rising interest rates. We achieved our highest residential collections performance ever with PHP2.6 billion collected. Our intellectual capital of databases and dashboards allowed for the timely visibility of actionable information with increasing efficiency as the outcome. Our partnerships with mortgage brokers like Nook, Matchmo, and Uwi offered our vecinos more options for home financing, as well as a more hassle-free experience in the loan application process. We will also be adopting collections automation that will further improve our efficiency as well as arm us with prescriptive and predictive data analytics that will help us form more effective strategies versus forfeitures.

Aboitiz Land's horizontal mid-market brand in Luzon, Ajoya, now features vibrant communities with fully built amenities.

For customer service, we used our omnichannel support system, which allows us to meet our customers on their platforms of choice. We now focus on true customer service metrics like response time, resolution rates, and customer satisfaction. These are the outcomes of the omnichannel system: average first response time is four hours, average resolution is three days, with a 57% first contact resolution and 100% SLA resolution, and a 94% customer satisfaction rate. We will soon implement the Digitized Property Management System that will make available, through an app, common homeowner requests such as selling and leasing, billing, amenity booking, and visitor management.

Building The Future

We continue to acquire intellectual and manufactured capital with our planning and design teams adopting new systems such as the Building Information Modeling and Trimble Stratus, which will result in a 7% additional cost reduction, increased design efficiency from 60% to 95%, and a shorter project design lifecycle from 18 months to 14 months.

For our soon-to-be-launched projects, we are aiming for EDGE certification to make our communities more sustainable. With this, we hope to reduce the consumption of energy and embodied energy in materials by 20% as compared to traditional buildings.

How Data-Driven Finance is Revolutionizing Our Business

In finance, our innovations focused on data-centricity with the adoption of business planning platform Anaplan, which promotes data transparency and visibility across the organization, resulting in better business decisions. This has paved the way for the real-time availability of financial reports, reduced time spent, elimination of human errors, and interconnected data for the operations team.

Unleashing Information Technology to Drive Success

Information technology has been one of the most important contributors to our innovation journey. Aboitiz Land was one of the first business units within the Group to invest in the migration of our data to the cloud, ensuring business continuity and faster disaster recovery, as well as improving cybersecurity and data access. We partnered with SAP and CloudFourCee, and this new system empowers teams to access data and information from anywhere using mobile devices.

Several innovations have been implemented with the goal of automating processes, integrating systems, and increasing data and information visibility within the organization. These systems include the Single Approver Technical Update, Automated Payment

Foressa Mountain Town offers idyllic mountain living with access to modern conveniences via the upcoming township in West Cebu Estate in Balamban, Cebu.

Reminder, IT Monitoring Data Studio, Integration of IGA and Peoplecore, Integration of non-SAP Systems to Google Sheet, IT Portal Microsite, IT Document Template, EAS, Finance Dashboard, and the Vendor Portal Application.

Thriving Through Turbulent Times Ahead

As we move ahead on our transformation and value creation journey, we are ready to confront the challenges and risks of a volatile world, as well as the vulnerable markets we serve. With our time–tested values, we maintain a positive outlook towards the company's future growth. For 2023 to 2025, we aim to achieve 15-20% year-on-year (YoY) growth on EBITDA while establishing the foundation for long-term sustainable growth. Our Return on Equity for 2023 is projected at 59.5%, an increase of over 100% from the previous year, driven by one-time gains from our continued monetization of inventory and project launches.

Our ultimate goal is to achieve a long-term sustained growth trajectory towards making Aboitiz Land a more meaningful investment in the AEV portfolio. It is a goal we intend to achieve with multiple strategies, leveraging on the power of being part of a synergetic, value-driven techglomerate, drawing from the industry expertise of our sister business units to deliver more and better value for all our stakeholders.

We will pursue our forays into new business streams through tokenized real estate, where we partnered with UBX to deliver an innovative way to democratize real estate investment for more Filipinos; offer new real estate formats such as condotels that deliver recurring income and help solve the country's housing backlog; introduce pioneering products and innovations such as modular homes and sustainable self-produced raw materials in coal-based precast concrete; and expand our market base to include the economic housing segment.

We will accelerate the sale and development of our existing inventory and landbank, as well as monetize and explore joint ventures for undeveloped land banks. We will sustain the expansion of our footprint in South Luzon and Cebu, further enabled by our synergy with Aboitiz InfraCapital as we serve the residential housing needs of the integrated economic estates.

As we continue to reap the rewards of our early and bold investments in innovation, we expect to see more significant outcomes in efficiency, customer experience, and our financial bottomline, fueled by a highly engaged and value-driven organization.

The Foundation of the future

We at the Aboitiz Foundation remain steadfast in our commitment to co-create resilient, empowered, and sustainable communities. We continue to implement more value-driven projects in our priority program areas of education, enterprise development, and environment. Following the Aboitiz Value Creation Model, we are optimizing our financial, intellectual, reputational, human, and social and relationship capital to produce positive outcomes and create more value for our beneficiaries, our communities, our environment, and the Aboitiz Group itself.

In 2022, the Foundation received a financial capital input of PHP260 million in donations, which allowed us to allocate a budget of PHP162.2 million for our group-wide Corporate Social Responsibility (CSR) activities. This enabled us to implement activities for 1,390 projects in 827 communities, benefiting a total of 583,167 beneficiaries. These numbers are a testament to the scope and impact of our programs, and we are proud to have made a difference in the lives of so many.

With the Aboitiz Group's ongoing Great Transformation into the first Philippine techglomerate, we have been working tirelessly to transform our organization to meet the challenges that lie ahead for us and all our stakeholders. We are committed to creating a better world for ourselves and future generations, one community at a time.

The impact of the Foundation's programs is reflected not only in the numbers, but also in the remarkable stories of the individuals whose lives we have touched. We have seen communities come together to work towards a common goal, as well as individuals empowered to take control of their own destinies.

Bridging the Digital Divide

One of the Foundation's most important mission is to promote enterprise development and livelihood, recognizing the critical role of micro, small, and medium-sized enterprises (MSMEs) and cooperatives in driving economic growth and alleviating poverty.

In 2022, we strengthened our efforts to upskill and introduce digital technology to MSMEs, farmer cooperatives, and other marginalized communities. We firmly believe that in order to build truly sustainable communities, we need to empower the most vulnerable to overcome economic and environmental challenges.

Our Byaheng Digiskarte program, which empowers MSMEs and cooperatives with innovation and technology, has been instrumental in helping individuals and communities bridge the digital divide. We provide access to training and resources that help them become more proficient in using technology to their advantage. This program has enabled people to adapt and pivot to new opportunities, and has been a lifeline for many who have been affected by the pandemic.

For 2022, we allocated a financial capital input of PHP14.1 million for enterprise development programs and activities, with PHP1.8 million dedicated to Byaheng Digiskarte. To facilitate project implementation, we leveraged the intellectual capital of the Aboitiz Group ecosystem, collaborating with business units to create programs that enhance the capabilities of our target beneficiary communities. We also utilized our social and relationship capital to partner with other organizations in order to co-facilitate learning and knowledge sessions for the benefit of our stakeholders.

“In the Great Transformation, Aboitiz Foundation continues to implement programs that create sustainable impact at scale. Through innovative processes, we aim to provide life-changing solutions that not only develop but transform our communities into becoming more resilient and empowered for now and in the exciting future.”

Maribeth L. Marasigan
President and COO
Aboitiz Foundation, Inc.

In 2022, a total of 6,197 enterprise development program beneficiaries, which included MSMEs and cooperatives, received our support and training. This kickstarted the digital transformation journey of our cooperative partners so they can take advantage of emerging opportunities in e-commerce.

Together with our partners, we implemented a number of training activities for our beneficiaries. We co-facilitated the Digital 101: Establishing your Digital Presence workshop with 12 cooperatives and participated by 1,600 coop members. The workshop, which featured 46 modules, trained 1,070 MSMEs. The workshop helped participants start the recovery and growth of their enterprises, which were severely affected by the pandemic.

We co-conducted the Cooperative Digital Solutions program for two cooperatives benefiting 1,500 coop members, and resulted in the development of six new online coop businesses. The program outcome was the coops’ increased productivity and sales using digital platforms.

We also did a co-facilitation with UnionBank for digital banking, which helped one cooperative, including 84 farmers, and led to the opening of a UnionBank MSMEs account. This initiative created a collaboration among various stakeholders including MSMEs, enablers (private entities such as e-commerce platforms), government agencies, national government agencies, and other non-profit organizations.

More importantly, the success of Byaheng Digiskarte demonstrates the Foundation’s commitment to sustainable development and social progress. The program’s positive outcomes are evidence of the achievement

Samahan ng may iba’t-ibang Kakayahan sa Dabaw (SAKADAB) Consumer Cooperative received their National Certification (NCII) in dressmaking after completing the training provided by Aboitiz Foundation, Inc., and Davao Light, in partnership with the Technical Education and Skills Development Authority (TESDA) Region XI.

of our goals for our beneficiaries, and of our valuable contribution to a more prosperous and sustainable future for them.

Empowering the Next Generation of Leaders

The Foundation invested financial capital worth PHP18 million in 2022 to support the education of scholars all across the Philippines through the Aboitiz Scholarship Program, where we leveraged our social and relationship capital by forging partnerships with top universities and colleges to provide more opportunities for our scholars to access high-quality education.

The program produced 181 college scholars, 187 tech-voc scholars, and 166 senior high school scholars. Moreover, 66 scholars have graduated from the program, and 13 scholars have gained employment with the Aboitiz Group — a great example of using CSR to create value not just for our communities but also for ourselves.

More notably, the program has also achieved the desired outcome of increasing opportunities for employment, demonstrating an ability to not only support scholars through their educational journey but also fostering their professional development.

Education for All

One of our flagship programs is the Adopt-a-School program, which aims to properly educate underprivileged students by improving school facilities and providing educational resources. We partner with schools across the country to provide them with resources needed to improve the quality of education.

A major project under this program is Brigada Eskwela. In 2022, with the return to normalcy and easing of safety restrictions, we resumed these school-based activities and marked the first time in two years that volunteers were able to participate in person.

The human capital inputs for this initiative were the revived volunteerism activities, as well as the commitment of Aboitiz team members to help create a positive impact on the community. Brigada Eskwela 2022 involved the participation of 12 business units and 350 team member volunteers group-wide, and benefited 43 schools nationwide. With this annual event, we further deepened our reputational capital.

With a financial capital infusion of PHP4.1 million to fund this project, we made a real impact by creating a conducive, face-to-face learning environment for students, making a meaningful contribution to the development and education of the next generation.

Students from Talos Elementary School received laptops from Aboitiz Foundation and Davao Light while their teachers were provided basic computer training.

Stronger Together

As the country experiences a growing number of disasters, we continue to focus our environmental initiatives on advocating disaster preparedness, and risk reduction and management to create resilient communities. In 2022, with a financial capital of PHP31.8 million allocated in the CSR budget, we were able to fund 68 projects and provide disaster risk reduction (DRR) support to a total of 8,735 beneficiaries.

Recognizing the importance of partnerships in disaster preparedness, we utilized our far-reaching social and relationship capital to collaborate with key organizations such as DOST-Phivolcs, DENR-Mines and Geosciences Bureau, and the Philippine Disaster Resilience Foundation (PDRF). Through these partnerships, we have been able to co-facilitate community-based Disaster Risk Reduction and Management (DRRM), Business Continuity Plan (BCP) Trainings, and DRR 101 Orientation.

Aboitiz Foundation college scholars in their first face-to-face general assembly in Taguig City.

Fisherfolks receives new motorized fishing boat from Aboitiz Foundation through Project Banca in Talisay City, Cebu

Through our community-based DRRM activities, which required a financial capital input of PHP1 million, we have been able to enhance or update six DRRM plans in six communities, benefiting 180 individuals. Meanwhile, our BCP Trainings, which cost PHP300,000, enabled 60 cooperatives to create BCP plans and trained 200 individuals. Our DRR 101 Orientation also reached two universities, 100 communities, and 450 individuals.

By investing in disaster preparedness and risk reduction capabilities, we believe that we can co-create resilient communities that can withstand the challenges of disasters and achieve sustainable development.

In times of crisis, we have consistently stepped up to provide humanitarian assistance and disaster relief to those affected by natural calamities in the country. With adequate resources and strategic partnerships, we are able to address immediate needs and help build resilient communities.

Rebuilding Cebu

In the aftermath of Typhoon Odette that swept across the Visayas and Mindanao in December 2021, we immediately mobilized our resources to provide relief aid and donations to the most affected areas. Soon after, we launched the #RebuildCebu campaign, one of our most significant initiatives of 2022, that focused on rebuilding communities devastated by the typhoon. For the entire first quarter, we worked with local authorities, community leaders, and other stakeholders to provide the necessary support and resources needed to rebuild homes, schools, and other critical infrastructure.

The total project cost for #RebuildCebu was PHP27,547,574 and it included giving 75 fisherfolks a motorized fishing boat each, livelihood kits to 23 organized community groups, calamity loans to two cooperatives benefiting 700 members, and rehabilitating 42 classrooms in five schools in Lapu-Lapu City and Liloan, Cebu.

One of the key inputs to this campaign was our partnership with the Wilfred and Bonnie Uytengsu Foundation for the Project Rebuild Schools. This social and relationship capital allowed us to have a more coordinated and impactful response to the needs of affected communities. To support this effort, a total of PHP18.2 million was raised in counterpart funds. The rehabilitated classrooms ensured the learning continuity for students affected by the typhoon.

In 2022, we formed a partnership with the Philippine Army for Humanitarian Assistance and Disaster Relief (HADR), which allowed us to leverage the army's expertise and logistical support during disasters. Together, we built a mobile kitchen and implemented joint public service programs and activities, including the distribution of relief goods to affected families. These activities assisted 10 communities and institutions. The partnership also increased the manpower needed to respond and relieve effectively.

In addition to building partnerships, the Foundation allocated PHP10 million for relief operations. This provided initial relief assistance to 25,000 families, 125,000 individuals, and 25 communities affected by floods and fires.

Climate Crisis Ready

We continue to strengthen our partnership with the Climate Change Commission (CCC) through climate-related research in aid of policy and decision making, and local climate change action, adaptation, and mitigation.

Aboitiz Foundation President and COO Maribeth L. Marasigan and Wilfred B. Uytengsu Jr. of the Wilfred and Bonnie Uytengsu Foundation unveiled the commemorative plaque, witnessed by the Marigondon Elementary School teachers and school officials.

CORPORATE SOCIAL RESPONSIBILITY

Aboitiz Cleanergy Park is not just known as one of the nesting grounds of the critically endangered hawksbill sea turtles in the Davao Region but also as a bird sanctuary. Photo by Brenda Milan.

In November 2022, we signed a memorandum of agreement for the implementation of the capacity building programs of the Enhanced Local Climate Change Action Plan (LCCAP) Formulation. This allows us to conduct systematic knowledge sharing and prompt provision of technical assistance to LGUs, communities, the private sector, and other entities in key vulnerable areas.

As an output, 30 individuals from 6 LGUs have been trained, while also receiving a PHP2.5 million funding for capacity development programs. The partnerships resulted in mainstreamed climate-smart and climate-resilient processes and undertakings.

A Model for Habitat Conservation and Biodiversity Management

Together with Davao Light, we manage the Aboitiz Cleanergy Park in Punta Dumalag, Davao City. The eight-hectare site, which opened in 2014, has a turtle sanctuary, a mangrove and coastal forest, and a rich coral reef surrounded by a 37-hectare Marine Protected Area.

A model for habitat conservation and biodiversity management in an urban setting, the park is our contribution towards sustaining natural resources and enhancing the environment, while promoting public education and environmental conservation.

In 2022, we earmarked a financial capital of PHP1.74 million for the park's operational expenses and upkeep, ensuring that it remains a sanctuary for local flora and fauna.

Towards a Better World

As we move forward, the Aboitiz Foundation is committed to establishing a stronger mandate, direction, and leadership to make a deeper and wider impact. With a renewed and redefined sense of purpose, we will go beyond our borders to become a vital bridge between the biggest, most heavily funded philanthropic foundations in the world and the Philippines, to seek funding for economic and social development projects that not just benefit our country, but also the larger purpose of addressing issues that affect all countries.

In this era of globalization, there is simply no other way to go.

Thus, our goal is to position the Foundation's brand reputation as the partner of choice for global institutions seeking to fund socio-economic development and sustainability programs in the Philippines. By leveraging the resources of these potential partners with our strong relationship and intellectual capital, we can transform communities at scale through upskilling for the future, job creation, education, enterprise development, and climate resilience.

As we look to the future, we are excited about the possibilities and opportunities that lie ahead. By collaborating with like-minded global organizations and individuals, we can achieve even greater impact and create a brighter future for all. Together, we can build a more sustainable, prosperous, and equitable Philippines.

DATA SCIENCE AND ARTIFICIAL INTELLIGENCE

Revolutionizing the Future

The Power of Data Innovation

DATA SCIENCE AND ARTIFICAL INTELLIGENCE

An integral part of the Aboitiz Group's Great Transformation is the ongoing technological revolution that is rapidly changing the way we do business. At the frontlines is Aboitiz Data Innovation (ADI), which has been accelerating the Group's journey to become the Philippines' first techglomerate. At ADI, our call to action is simple yet complex: Transform data into business and sustainability outcomes by operationalizing Data Science and Artificial Intelligence (DSAI) across the Group's business units, and promote a data-driven mindset and a culture of innovation across the organization.

Guided by this transformative growth strategy, we are determined to deliver DSAI-enabled products and solutions that address business, environmental, social, and governance challenges. Our ultimate goal is to create a data-powered future that would make life easier, simpler, and better for everyone.

In the increasingly digital world we live in, data is a vital asset in addressing complex challenges, uncovering new opportunities, and opening up new revenue streams. Leveraging data and operationalizing DSAI across the Group help us drive operational efficiency and cost savings, better manage risks, optimize revenue generation, and champion sustainability.

ADI operationalizes Data Science and AI to drive operational efficiency and cost savings, better manage risks, optimize revenue, and champion sustainability. In photo: ADI Head of Solutions Architecture Josh Bosiños.

Our company is anchored on three key components — people, technology, and operationalization — as these are crucial in being able to build more value and deliver the best possible outcomes. Since 2021, we have been at full throttle operationalizing DSAI frameworks and solutions across the Group's power, banking and financial services, food, infrastructure, and land businesses.

Exploring The World of Artificial Intelligence

With the Aboitiz mindset of value creation for all stakeholders, 2022 was a full year of introducing more game-changing solutions that have produced significant outcomes for the Group's A-people, business units, communities, and the environment. We invested heavily in our intellectual capital by deploying a suite of DSAI capabilities that have clearly improved operational efficiency and forecasting, customer experience, environmental sustainability, risk prediction, documentation and reporting, and upskilling of our team members.

Here are some of our AI use cases:

For Power, we used our intellectual capital to operationalize DSAI in power generation, distribution, grid, and markets. We are continuously building DSAI-powered capabilities to make power plants more reliable, markets less volatile, and renewable energy more economically feasible. Our aim is to leverage data and technology to enable a more efficient, less expensive, and more sustainable energy that is available for all Filipinos. With AboitizPower's 2030 goal for a 50:50 balance between thermal and renewable energy, our critical role is to use DSAI to enable a sustainable transition into the future of power generation and distribution.

We're working closely with AboitizPower's thermal plant experts to tackle boiler tube

“After just over a year of operations, I can say that our key ingredients for success are investing in people, identifying the most appropriate Data Science and AI solution for a specific problem, and operationalizing these solutions to accelerate quantifiable impact.”

Dr. David R. Hardoon
Chief Executive Officer
Aboitiz Data Innovation

leaks. These severely impact the operations and typically cause the plant to shut down – making it unable to produce power for millions of Filipinos. The team started looking for strategies to pinpoint anomalies and build models of causality from plant sensors to refine the understanding of plant variables.

We are developing a price forecasting tool that predicts the price of kilowatt-hours (KWH) to improve contracting and trading strategies by incorporating non-market insights and data in the forecasting and simulation processes.

We are also helping transform AboitizPower’s transmission and distribution utilities to improve safety and resiliency, reduce operational cost, and increase customer satisfaction.

In 2022, we started developing AI-powered solutions to protect and maintain AboitizPower assets, ensuring power supply reliability and grid resilience. We are working on a vegetation prediction tool to improve and optimize tree trimming operations. This data-driven approach to vegetation management has the potential to reduce the impact of storms and outage duration in the grid.

For an intelligent grid, we are in the process of automating asset inventory and inspection of the grid infrastructure using computer vision to identify network assets and defects. This enables the optimization of installed field and network equipment across AboitizPower’s franchise areas for more intelligent troubleshooting and preventive maintenance.

For financial services, our AI and Innovation Center of Excellence collaborated with UnionBank’s Customer Engagement Group to utilize the Net Promoter Score (NPS) Free-text Analysis Tool. This tool automates and quickly identifies user needs and gains through direct feedback analysis. The information from its various feedback channels — online surveys, social media comments, and actual

The cornerstone of ADI is its people, and its success is built on their dedication and expertise. In photo, from left to right: Republic Cement’s John Ngo, ADI’s Mc Dranreb Cuartero and Jay Manlapaz.

interviews — allows UnionBank to create more personalized offers and engagements with different customers. After using the tool for eight months, the bank was able to streamline the analysis of more than 10,000 monthly survey responses and over 35,000 inquiries and complaints from customers.

For financial crime management, we developed the Suspicious Transaction Report (STR) Alerts Prioritization and Auto-Disposition Model for Anti Money Laundering (AML) that helps measure an alert’s risk of becoming false positive. It allows the AML operations team of UnionBank to prioritize their manual investigations; the monthly average number of alerts being auto-disposed is 40%, which translates to up to a 40% reduction in man-hours for these investigations, while concurrently achieving very high confidence in detecting valid alerts.

ADI also built an AI-powered model that helped City Savings Bank drive estimated credit loss savings by 26 percent higher than the bank’s target.

For risk prediction, ADI worked with the AEV security team to develop the Security Risk

Together with Republic Cement, ADI developed and deployed the 28-Day Compressive Strength Predictive Modeling Tool. In photo (clockwise): ADI's Head of Data Science Solutions for Power & Smart Cities Marwell Dalangin, ADI's Mc Dranreb Cuartero and Jay Manlapaz, and Republic Cement's John Ngo.

Scoring Intelligent Dashboard app.
This tool analyzes external security events and incidents as it relates to the facility based on the incident's proximity, severity, recency, and frequency. The system processes these inputs to provide the security risk score for each business unit facility; this enables security heads to quickly assess what alert level a facility should be and implement preemptive measures in accordance with the Security Alert Level System. This tool has drastically reduced man hours from 4 hours to 30 minutes to process the data, analyze, and assess external security threats.

ADI automated AEV's Tax Advisory and Compliance Services (TACS) wherein nformation from financial documents is extracted and converted into a system-readable and user-accessible unified material. This has saved 925 man hours from doing the laborious manual process.

On operational efficiency and sustainability, the 28-day Compressive Strength Prediction tool, which has revolutionized the Philippine cement industry, is now being utilized in all of Republic Cement's manufacturing plants nationwide. It usually takes 28 days to measure the compressive strength of cement but we simplified the process by developing an AI-powered solution that was able to do the measurement almost instantaneously. In a case of merging purpose and profit, we leveraged this DSAI model to optimize the cement manufacturing process and reduce its environmental impact. It not only saved a lot of time, but led to better resource management, operational efficiency, and improved consistency of the cement products. Most importantly, it reduced CO_2 emissions in the manufacturing process, which contributed to helping us achieve our collective ESG goals.

Another DSAI solution being implemented at Republic Cement is the Cash Collections Forecasting, which enables better financial planning as it can estimate potential cash inflows for the next 6-12 months.

Finally, one of our most significant intellectual capitals in 2022 was Parlay, a data exchange platform designed to unlock and synergize the ecosystems of the Group and its stakeholders. We launched it to fully maximize our data-driven innovation plans. The platform provides users easy and unparalleled access and sharing of a vast, varied, and valuable data resources across the Group's entire ecosystem. Built on a Harbr platform, Parlay allows users to freely interact with data, and collaborate with other users to create high-value data products, while still preserving control and security.

Bolstering A Data-Driven Culture

Behind the technological innovations we deploy, it is our people who drive our company to achieve the transformative outcomes we aim for. In 2022, we continued to build our human capital, further deepening our talent bench, by hiring new leaders to assume key critical roles, further driving the company's strategy and direction. Our management team is getting bigger as we have welcomed onboard a Chief Operating Officer (COO) for Financial Services, a COO for Smart Cities, and a Chief Data and Technology Officer.

In 2022, we set up our key infrastructure as a company by hiring more talents for corporate solutions functions. We added personnel to our HR, Finance and IT teams, as well as our Data Protection Office. As an outcome, we are now operationally self-sufficient and have a baseline infrastructure for our corporate solutions.

In the area of talent management, we put in place the Bamboo HR infrastructure. This centralized platform has resulted in increased efficiency for managing employee data; automated HR processes such as performance management and onboarding; improved data accuracy; and enhanced reporting and analytics. All these benefits have reduced the burden of administrative tasks.

We also aligned our compensation and benefits structure with that of technology companies in the market to enhance our competitiveness and to continue to attract the best talents. With our HR infrastructure and talent strategy, we now have the ability and agility to effectively address our talent needs in an efficient and cost-effective manner.

Also in 2022, we helped build human capital when we worked with the SN Aboitiz Power Group on its Data Acquisition, Reporting, and Analytics (DARnA) Data Science Upskilling Program (DSUP). The program has led to nine of SNAP's team members being citizen data scientists. DARnA DSUP taught participants guiding principles in formulating their own data strategy/technical roadmap and aligning these to the overall company strategy. They also learned programming, data visualization, machine learning, which enable them to take on real-world data-driven projects in their respective departments.

Building Bridges to Success With Strategic Partnerships

We strongly value partnerships because we believe in creating and maximizing synergies and ecosystems for the best possible outcomes. Over the past year, we built up our social and relationship capital, sealing new strategic partnerships.

October 27, 2022 was a red-letter day for the company as we hosted ADI: Let's Press Start, an evening of networking and discovery held in Singapore, the region's techno hub and center of innovation. It was a successful launch attended by over a hundred valued partners and stakeholders from the region. Through the event, we promoted opportunities for our partners to create a meaningful and positive impact on society, offering tried and tested solutions to help them start or accelerate their DSAI journey.

Significant sidelights at the Singapore launch event were the signing of three partnership agreements. Over the past year, we have forged strategic partnerships with businesses in diverse industries as well as academic institutions.

We signed a Memorandum of Understanding (MOU) with the National University of Singapore (NUS) College of Design and

ADI encourages partners to start their DSAI journeys with them. In photo, from left to right: JERA Strategy Officer Sidhartha Basu, ADI COO for Power Luis F. Gonzalez, and Aboitiz Group President and CEO Sabin M. Aboitiz.

Engineering to work on projects that facilitate further research and development activities. We will develop use cases in the areas of AI-enabled sustainable systems — built environment, urban design, power utilities provision, manufacturing, and finance sectors throughout Singapore and the region.

We also inked a partnership with Synfindo, a technology company that delivers innovative products for the financial services industry, to enable financial institutions and fintech companies to interact with data seamlessly and securely, and accelerate their innovation initiatives. We are exploring to deploy our Parlay data exchange platform as part of the toolset that Synfindo would make available to its 1,400 fintech members and over 115 financial institution members.

We signed an MOU with Japanese energy group JERA Asia Private Limited (JERA) to work on DSAI projects that address power generation challenges using algorithms and data models.

Meanwhile, during the UnionBank Innovation Festival the UnionBank Innovation Festival in September, we signed an MOU with Shiptek Solutions Corporation for us to work together on DSAI projects that streamline MSMEs' access to finance, increase operational efficiency, and combat illegal transactions such as fraud and smuggling in the logistics and shipping industries.

Celebrating The Shapers of The Future

In 2022, we added to our reputational capital as technological innovations led by ADI reaped awards and recognition for the Aboitiz Group in 2022. The ASEAN Innovation Business Platform (AIBP) awarded Aboitiz Equity Ventures (AEV) the 2022 ASEAN Enterprise Innovation Award, which recognizes enterprises in the region that have adopted digital technologies to improve their business processes. Among the Group's diverse digital initiatives, AIBP picked out Parlay data exchange platform for unlocking its ecosystem. ADI also received recognition at the Regulation Asia Awards for Excellence 2022 in the One to Watch category for the entry Data Access & Exchange.

We took home the Philippines Technology Excellence Awards 2022 - AI for our predictive modeling tool used for Republic Cement, a pioneering innovation in cement manufacturing in the country. On the sustainability front, we won the AIBP ASEAN Tech for ESG Awards 2022 for championing social and environmental sustainability through our DSAI solutions.

Our financial services solutions with UnionBank also received the following accolades: Philippines Technology Excellence Awards 2022 - Analytics in Banking, Retail Banker International Asia Trailblazer Awards 2022 - Best Application of Data Analytics, and the Asian Banker Financial Technology Innovation Awards 2022 - Best Big Data Implementation.

A Future We Envision

Following our success in integrating DSAI solutions across the Aboitiz Group business units, we are ready to work with external partners to further revolutionize the financial services, power, and smart cities sectors. We are offering organizations across industries our reliable DSAI solutions, products, and expert advisories that will transform businesses and benefit customers.

Specifically for Smart Cities, we are partnering with Aboitiz InfraCapital (AIC) to develop a state-of-the-art industrial complex with advanced technology and environmentally-friendly features, including renewable energy sources, an energy management system, and a fully-integrated smart city infrastructure with green spaces. It will be the benchmark on how economic growth and environmental protection can coexist, serving as a model for other industrial derivatives to follow.

We are also collaborating with the AIC Airports team to develop solutions for a smart, future-ready airport. These solutions will be key enablers to unlock value in every facet of airport functions: from purely operational to non-aeronautical matters such as smart billboards and signage, and reshaping the terminal experience.

We will continue to go full speed ahead, constantly developing and deploying innovative products and solutions that will create more active collaborations and develop stronger synergies that produce significant outcomes all across the Aboitiz Group, and beyond. We will pursue building a culture driven by innovation that offers limitless possibilities, and working smarter to deliver better products and services to all our stakeholders in a sustainable manner.

For many, what may seem paradoxical at the moment is that these disruptive technologies with their complexities, will in fact ultimately lead to a future we all envision — one that is easier, simpler, and better.

Transformational Leadership to lead sustainable impacts at scale

Transformational leadership is a key ingredient in how the Aboitiz Group inspires and motivates our stakeholders to achieve a shared vision and goals for sustainable outcomes. Growth and development of people is crucial to creating a culture of sustainability within our organization and in the communities where our businesses operate.

ESCG Board guidance, Mancom, and ESG TWG Activities and Workstreams

We continuously improve and redefine our leadership functions and responsibilities to strengthen the Group's ESG (environmental, social, governance) work plans and performance targets and, ultimately, deliver on our ESG strategies.

Business Units and Corporate Service Units
Implement and address ESG operational programs and manage data gathering and monitoring

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

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

Environment, Social, and Corporate Governance Board Committee
Provides direct oversight on sustainability and the ESG framework, ensuring that ESG direction is integrated into the Aboitiz strategic pillars

Outlook of the ESG Journey

In 2023, we will continue building our sustainability maturity to define transformational initiatives in our ESG Journey by recalibrating our roadmap to lead sustainable impacts at scale.

Aboitiz Group will also be refreshing our Climate Risk Scenario Analysis to update with the latest information in understanding our context in the global climate transitions pathways. This exercise will start in 2023 to help us update our TCFD disclosures and update our risk assessments and strategy development.

Leading Sustainable Impacts at a Scale

Minimize environmental impact of our business
Contribute solutions to environmental issues

Focus Areas:
RE, low-carbon opportunities
Biodiversity
Water Security
Waste Management
Pollution & Deforestation

Grow Profitably and Sustainably

Focus Areas:
Good Governance Structure
ESG Risk Management
Market Opportunities
Investment Framework

Identify topics or issues that affect our business' ability to create value over time, including global/local trends

GT Federated Structure

Voyage
Sprints

ESG Monitoring
ESG Reporting
ESG Ecosystem Management
ESG Assurance

Gaining a deeper understanding of the role we play in society from a sustainability perspective is fundamental to the Aboitiz mission to create long-term value for all our stakeholders. To support this, we underwent a systems thinking exercise and developed mental models on growth, inclusion, and sustainability and how these are reflected in our own efforts and businesses. This pivot is to identify what good we want to focus on and scale to bring about systemic change for environment and society.

We identified the focus areas that are reflective of all the strategic business units in terms of its business model and stakeholders.

Environmental – Recognizing accountability for our businesses that have environmental footprint, we work to minimize that footprint within our core businesses through management and operational eco-efficiencies

Social – The Group's biggest contribution to a sustainable future is to drive positive impact on people's lives, on our team members, external stakeholders, and communities; by being the neighbor and partner of choice, we help create value as we co-create safe, resilient, and sustainable communities

Governance – We operate and manage the interests of our stakeholders, including checks and balances, that enable the Board of Directors to exercise appropriate control and oversight responsibilities on the environmental and social aspects of the business

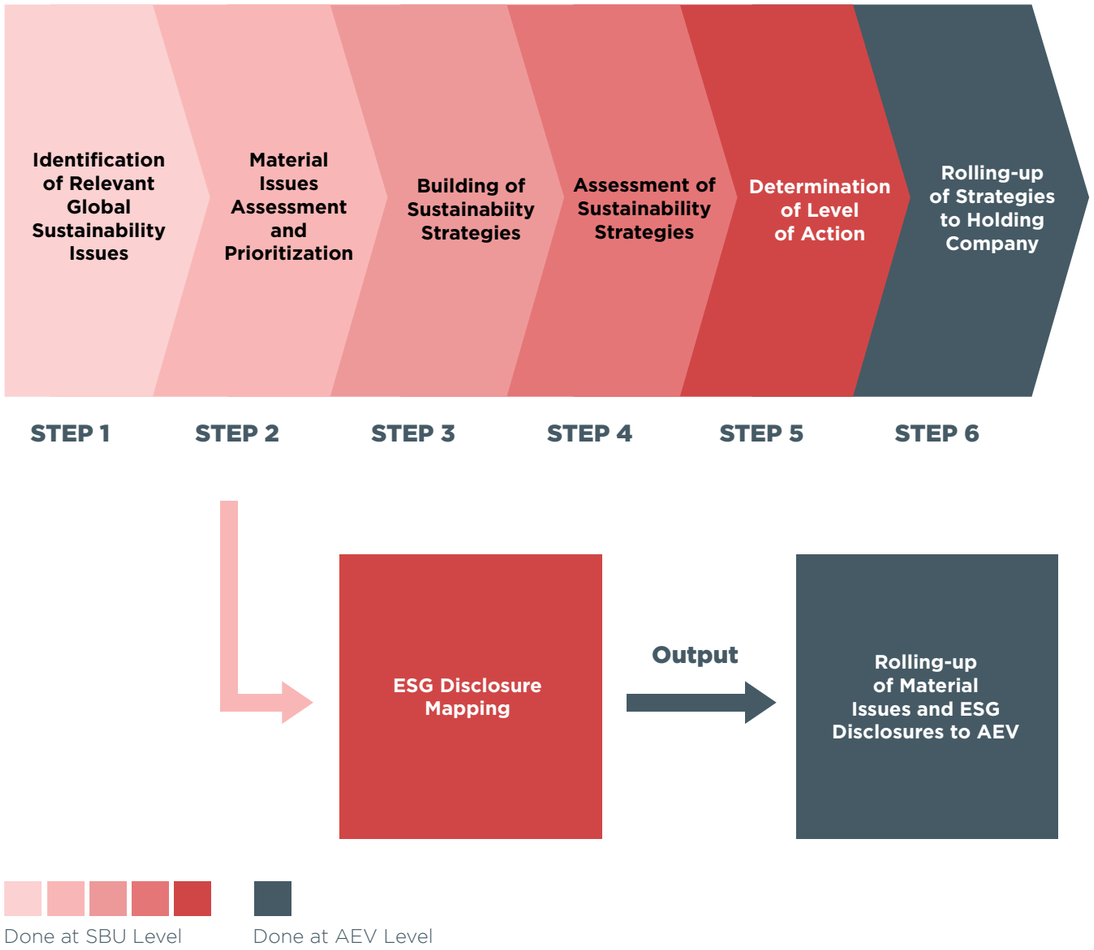
Materiality Process

With vast and dynamic sustainability issues impacting the company, it is important to continually assess our materiality and identify topics or issues that affect our business' ability to create value over time, including global and domestic issues. Understanding our organization context in terms of our transformation goals for GT2025 and federated structures will require us to work synergistically to achieve pertinent goals.

The process begins with a very macro view of global sustainability issues and identifying current relevant impacts and risks and societal challenges that communities are facing. This is narrowed down to our organizational context and understanding of stakeholder perspectives through different key dialogue channels and stakeholder touch points such as our functional teams from SBUs and CSUs. We then make assessments based on the impact to business value creation and future success, and the extent of impact of the business to societal challenges and the capability to effect change. Assessments are scanned through the lens of our sustainability reporting process and map our ESG Disclosure.

After the materiality assessment, our SBUs build and continuously develop sustainability strategies and programs and further weigh the material topics to determine the level of action to be reflected on different plans and solutions that are increasingly integrated with our operations and management approaches.

Development of Sustainability Strategies



Management of Material Topics

The identified material topics across the E, S, and G sections of the report are described based on the determined risks, strategies, and actions to actual and potential negative or positive impacts. Our approach towards the focus areas are evidenced by various programs to which we measure the success on managing and mitigating negative impacts and highlight the value we create for our various stakholders.

Information about our 2022 performance impact metrics and list of material topics and definitions are disclosed reports section, which can be downloaded in our sustainability microsite.

Management approaches of material topics at qualitative and quantitative information that are material to providing transparent information to our stakeholders are rolled up for AEV's annual integrated report. These are communicated in various formats to our stakeholders for better understanding and accessibility.

List of Material Topics and Relevant SDGs

This table shows the high-level overview of the SDG relavance per focus area topics that are common across the different SBUs. These are also priority areas in which business can lead positive impact that is scalable in the future. Each area also contributes to addressing the targets and indicators of the Sustainable Development Goals.

In 2022, the list of material topics were changed based on the determined and board approved focus areas which is expanded as compared to the reported material aspects we have reported in 2021.

Environmental

Resource Materials

The Aboitiz Group looks into the vitality of natural capitals to be able to deliver life essential products and services to its customers. Our approach to resource materials is through:

Energy Management

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

Use of Renewable Energy

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

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

AboitizPower Distributed Energy, Inc. (APX) and Aboitiz InfraCapital's LIMA Estate have teamed up to install 1.5MWp solar panels on the roofs of The Outlets at Lipa, which can offset 31,000 tons of CO2 annually; this is the estimated equivalent to planting 1.4 million trees every year.

Water Management

We recognize that water as a vital resource poses a business risk due to the impacts of climate change and water scarcity. Part of our ESCG Board responsibilities is the oversight on risks and concerns of the business regarding our impacts to water. The Group has its value chain in the water utilities sector through Aboitiz Infracapital's Apo Agua and Lima Water. These companies have reviewed their material concerns on water and established their risk management plans to adapt or mitigate risks.

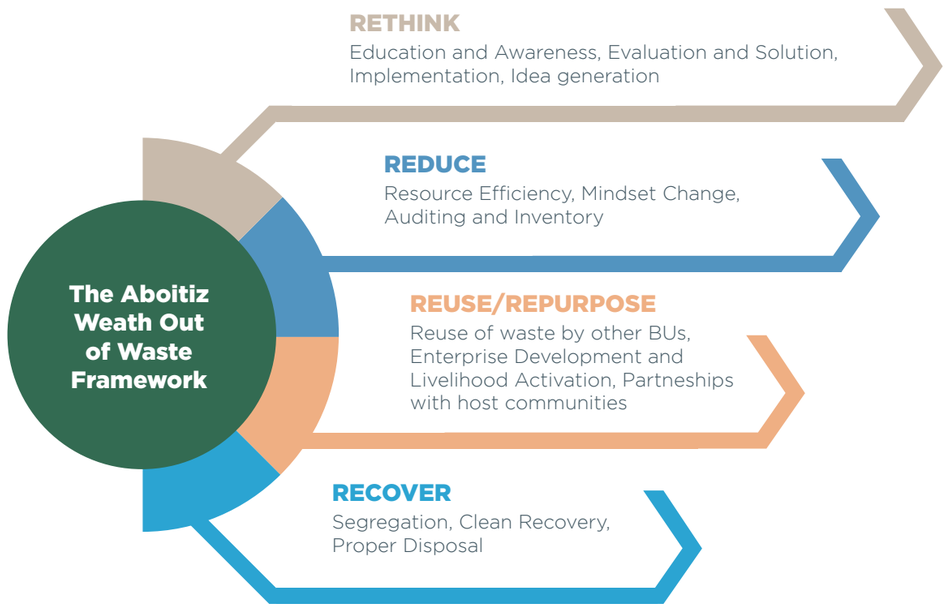
We also use water for energy generation. AboitizPower's hydropower facilities comprise 17% of our energy portfolio with 26 plant facilities across the country. Water supply is critical so it requires long-term risk management plans to ensure its viability for the future.

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

Waste Management

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

Wealth Out of Waste Framework



Ecosystem-based Biodiversity Management

Led by our different SBUs, we have initiated programs to manage our impact on Life on Water (SDG 14) and Life on Land (SDG 15). Initial environmental impact assessments for business projects have led to our managing different flora and fauna species in ecosystems near the locations of operations of our business units.

Coastal Ecosystems

Cleanergy Park

Aboitiz Cleanergy Park is an eight-hectare biodiversity park on the coast of Davao City known as a nesting ground for critically endangered hawksbill sea turtles. It is also home to different mangrove species, a botanical garden that propagates 29 natives tree species, and 100 species of birds. Its Pawikan Rescue Center center is currently looking after six rescued sea turtles. Through its weekly educational tour, regular public education and information campaigns, and the continuing PawiCamp program, the Park aims to bring in more partners who share its vision to advance environmental sustainability and conservation.

Success Metric: As of December 31, 2022, the Park has released 7,470 hawksbill turtle hatchlings, reported 67 new nests found, planted 16,442 mangroves, and rescued 20 pawikans (sea turtles), and welcomed 12,917 visitors

Aboitiz Land's Seafront Calubcub 2: Pawikan Conservation

As part of our dedication to biodiversity and environment conservation, we take steps to protect our surroundings and all who call it home. At its location in Barangay Calubcub II in San Juan, Batangas, which is also a sea turtle nesting site, Aboitiz Land's Seafront Residences community shares the be home with the endangered species. Here, several refresher training sessions in handling, monitoring, and releasing pawikans were conducted in conjunction with University of the Philippines – Institute of Environmental Science and Meteorology (UP IESM). Participants included vecinos and Bantay Dagat. The Pawikan Audio Visual Presentation and accompanying handbook were produced and distributed. In collaboration with Aboitiz Foundation, the local Municipal Environment and Natural Resources Office (MENRO), and UP IESM, we are proud to announce the release of over 2,500 pawikan hatchlings, a clear measure of success in our collective contribution to protecting and sustaining the environment.

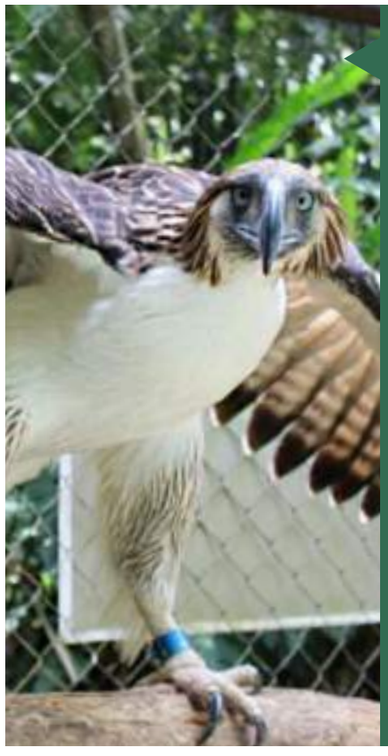
Success Metric: As of January 31, 2023, it recorded a total of 2,853 pawikan hatchlings released.

Forest Ecosystems

APARK Program

Under the Aboitiz Group's nationwide reforestation initiative, the trees we plant are all under our overall carbon sequestration drive and action on climate change, specifically, SDG 13 (take urgent action to combat climate change and its impacts) and SDG 17 (institutional partnerships to revitalize the global partnership for sustainable development). APARK also serves as our contribution to the government's national greening efforts in partnership with the DENR.

Success Metric: As of December 31, 2022, 12.44 million trees have been planted, with a total investment of PHP521 million for APARK.



AboitizPower and Pangarap

In 2010, AboitizPower adopted one of the country's few remaining female Philippine eagles. Named Pangarap, she is now 24 years old and continues to be the company's beneficiary with funding support for food, veterinary care, and shelter maintenance. Captive-bred and raised through hand and puppet-rearing, she remains in good health and has transitioned from the breeding program to becoming a bird ambassador for conservation education. She remains under the care of the Philippine Eagle Foundation (PEF) in Davao City and continues to symbolize the Aboitiz Group's hopes and dreams, both in wildlife conservation and for the Philippines as a country to take flight.

Wetlands and Rivers

Balabag Wetland Park (Wetland 4)

Revitalized over a three-year period, the one-hectare lagoon was converted to a linear urban park. Its key features are a plaza and a boardwalk lined with trees and plants endemic to Boracay to help rebuild the area's biodiversity.

Success Metrics:

- 5 in-lagoon aerators to improve water quality
- Activity area for community events
- Pavers and perimeter landscaping using native plant species
- Parking area for proper loading and unloading of visitors
- Park signages installed
- Development of a 3-year program
- Implementation of agreed activities
- Completion and turnover

Adopt-a-River/ Estero Program

This is a collaborative initiative of the estero community, donor-partners, LGUs, NGAs, and the DENR. The objective is to clean the esteros by mobilizing communities around the riverbanks in the actual cleanup, and implementing plans to sustain a clean river in the future.

**Due to COVID-related restrictions in Metro Manila, the program implementation is currently being reviewed and recalibrated for 2022 onwards.*

Sustainability Education and Environmental Awareness

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

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

AboitizPower's Energy Education Center (EEC) is located within Therma South's baseload power plant complex and features interactive scale models and displays illustrating the Philippine energy sector's various advanced technologies as well as an overview of the plant's operations. Some 3,500 visitors have experienced the EEC since it opened in May 2016.

**Due to COVID-related restrictions, some areas of the Center remain closed to the public.*

Empowering Minds, Energizing Futures.

AboitizPower's Cleanergy Center offers interactive education on renewable energy sources and power generation.

Our Progress on TCFD Implementation

	Description of actions towards Climate Change Related Impacts	Our way forward
Governance	The Aboitiz Group established the ESCG Board oversight on climate change related strategic directions, opportunities and programs. Concurrently, our Board Risk and Reputation Committee discuss the Climate related risks. The Management Committee and the ESG Technical Working Group implements the tactical approaches and the necessary assessment and management of climate related risk.	Expand oversight and governance in line with increasing climate regulatory requirements through the conduct of the Global Climate Risk Study Enhance cross-functional collaboration on climate issues and greater climate risk training across teams
Strategy	The Climate Value at Risk Study conducted by the group paved the way to the establishment of the Climate Risk Scenario Analysis Process. The climate-related valuation conducted in 2021 was used to estimate the Group's Climate VaR, and provide recommendations on how to move forward with the strategy assuming climate-related risks. Given its materiality and significance, the Climate Risk Scenario Analysis Process was integrated into a mutli-disciplinary company-wide risk management process and is now being utilized in the evaluation and risk analysis of new investments. The assessed potential impacts of physical risks, transition risks, and opportunities under the 1.5°C, 2°C or 3°C scenarios are being integrated in the organization's business strategy discussions and financial planning. AEV's Strategy Team provided the model which automatically estimates the annual and total climate-related costs of the investment over its operating life under the three scenarios based on the TCFD recommendation and assumptions for existing assets. The output of the analysis is used for project valuation models as an additional cost that may impact the rate of returns.	Continue to evolve our strategy through a combination of strengthening climate risk assessment requirements, considering climate risk in portfolio structure, pursuing climate transition opportunities, and evaluating sector exposures to reduce portfolio emissions over time Adjust our strategy based on lessons learned from past performance Continue to evaluate and assess our current portfolio structure and to integrate risk assessed in the investment sensitivity analysis
Risk Management	The Climate Scenario Analysis Process is continuously being integrated in the Enterprise Risk Management System to account for climate related risks in the group. Climate Change Risk is now part of the top groupwide risk. In line with these our process of identifying, assessing managing and establish risk transfer mechanisms identified in our operational risk management plans are continuously conducted across our business units In our Climate Value at Risk Study we found out that the biggest risk to the company's business operations, revenues and expenditures are associated with reaching emission-reduction targets based on the country's Nationally	Further improve and redefine assessment tools and methodologies, and integrate them into operational risk assessment processes Integrate climate-related risks and opportunities in our Enterprise Risk Management System through risk assessments and operational risk management planning

Our Progress on TCFD Implementation

	Description of actions towards Climate Change Related Impacts	Our way forward
Risk Management	Determined Contributions under the 1.5-, 2-, and 3-degree scenarios. Impact is calculated by discounting a future time series of costs based on annual emission reduction requirements and carbon price estimates in accordance with global temperature targets and various integrated assessment models (IAMs). The most significant climate-related physical risks to the company and its business units are intense tropical cyclones, flooding, and extreme heat (resulting in drought). Most of the mitigating actions reside at the business unit (BU) Level. At AEV Level, this is being managed by assisting the SBU/BU in the procurement of insurance. To manage these risks, AEV has started requiring all business units to assess and quantify the impact of a 1.5°C, 2°C or 3°C scenario on all new investments as part of the investment approval process. Methodology and assumptions were in line with those used for the existing assets. This analysis shall be incorporated in the standard sensitivity/scenario analysis charts. On top of this, business units are also being monitored on their performance against internal climate-related targets.	
Metrics and Targets	**Emissions Metrics:** Scope 1 Emission: 5,409,980.74 (tonnes CO2e) Scope 2 Emission: 923,470 (tonnes CO2e) Total: 6,333,450 (tonnes CO2e) **Potential Risk Metrics:** Based on the Natural Catastrophe (NatCat) study, our maximum potential exposure for a typhoon-related damage is around PHP33.7Bn (USD608.6Mn) on a 1-in-250 years return period assumption. Occurrence of natural catastrophes such as typhoons can be further exacerbated by flooding and extreme precipitation. **Opportunity Metrics:** We have identified opportunities brought by climate change based on 1.5°C, 2°C, 3°C scenarios. For Transitional Opportunities, the impact is calculated by discounting a future time series of profits to the present value and dividing this value by the current company value. It will also be expressed as a percentage of the company's market value, in accordance with global temperature targets and calculated using carbon prices from various integrated assessment models (IAMs). The estimated annual financial positive implications of identified opportunities is PHP163.0 billion (USD3.0 billion) under the 1.5°C scenario and PHP4.4 billion (USD80.2 million) under the 3°C scenario. These values are estimated green profits through 2080, adjusted for AEV's ownership stake in different business units.	Report on decarbonization initiatives and progress towards Paris Agreement alignment Enhance, review and assess GHG inventory emission methodology for calculation Integrate Inventory of Scope 3 significant emissions in the SBUs

Our alignment to the TCFD Recommendations and integrating climate change related business actions lead us to establish our commitments and targets in through the Council for Inclusive Capitalism

Commitment		Approach	Measures and Targets
Increase the Renewable Energy (RE) Capacity in our Electricity Generation Portfolio	Aboitiz Group, through its subsidiary AboitizPower, is committed to increase its renewable energy capacity to achieve a balanced 50:50 (renewable and thermal) energy portfolio by 2030. This is part of the group's transition plans and climate strategy.	AboitizPower plans to develop additional 3,700MW Renewable Energy capacity to double its net attributable sellable capacity to 9,200MW by 2030. AboitizPower also recently signed an agreement with the International Finance Corporation (IFC) for an in-depth joint study to assess the viability of RE as a source of baseload power for the Philippines.	AboitizPower will measure its success based on increasing its renewable energy capacity and making progress towards achieving the 50:50 balance between thermal and renewable capacity by 2030.
No New Coal Power Development/ Investments	Aboitiz, through its subsidiary AboitizPower, is committed to reaching a 50:50 balance between its renewable and thermal capacities by 2030. In addition to increasing renewable energy in our portfolio, AboitizPower will not invest in any new coal capacity.	AboitizPower will not add any coal capacity to its portfolio.	AboitizPower will measure its success based on not adding any new coal capacity and making progress towards achieving the 50:50 balance between thermal and renewable capacity by 2030
Develop gas as an alternative to meet electricity baseload requirements of the country	Aboitiz Group is committed to exploring decarbonization pathways while ensuring affordable and reliable supply of growing energy needs in the Philippines. It is currently exploring how to eventually shift its baseload focus from coal to natural gas.	AboitizPower will assess the need and opportunity for building new LNG-to-power projects.	AboitizPower will measure its success based on making progress towards achieving the 50:50 balance between thermal and renewable capacity by 2030.
Continue to study decarbonization solutions	Aboitiz commits to exploring decarbonization solutions that will balance society's demand for equitable products and services and environmental impacts	Our Great Transformation journey will lead us to exploring management approaches on innovation and technology while amplifying ESG outcomes in our initiatives for integrating decarbonization solutions. We will also commit to utilizing data science and artificial intelligence in making sound decisions for the environment and the society. AboitizPower is partnering with global innovation platform Plug and Play to collaborate on new ideas and relationships towards Decarbonization, Digitalization, Decentralization and Democratization. Some of the key focus areas this year include Hydrogen, DERs & Virtual Power Plants, Energy Marketplace Platform, Carbon Capture & Storage and EV/EV Infrastructure.	Aboitiz will measure its success based on equitability and price reasonableness of the decarbonization solutions from a financial perspective and stakeholder needs. We will continue to implement innovation management in the group and monitor the transcendence of ideation to implementation and the revenues generated from our innovative solutions. AboitizPower will measure success based on the number of new ideas tested and moved through our innovation pipeline.

Social

In the Aboitiz Group, our A-People are at the heart of everything we do. We recognize that to achieve great things, we must first invest in our people's growth and development. This is why our Human Capital Development initiatives are focused on ensuring that our team members have the knowledge, skills, and mindset to drive our Great Transformation (GT) towards becoming the Philippines' first techglomerate.

Human Capital Development

Culture Pillar for The Great Transformation

To spearhead Cultural Transformation, we formed the Culture Tribe composed of team members and leaders across the Group, who are working on initiatives to ensure that our people are ready for our techglomerate vision. The tribe's mission-based squads focus on Shared Mindset and Behavior, Capability Building, and Agile Ways of Working.

The A+10 Core behaviors of a transformed A-Person:

- **Open**
- **Faster**
- **Entrepreneurial**
- **Simpler**
- **Synergetic**
- **Articulate**
- **Innovative**
- **Purpose-Driven**
- **Smarter**
- **Fun**

Every UnionBanker is committed to bringing the future of banking to the present by being forward-thinking, innovative, open, and agile.

Succession Planning and Internal Mobility
Our succession management processes take on a forward-looking approach anchored on the Group's strategic direction towards growth, expansion, and diversification into other business opportunities and markets. This approach ensures the development of our A-People to take on leadership roles and responsibilities to support the Group's growth and expansion.

Upskilling and Capability Building
We recognize the need to continuously review the evolving roles and capabilities needed today and in the future through our strategic workforce planning process. Hence, we have a dedicated squad in the Culture Tribe to design learning interventions for GT capabilities. We have implemented GT-enablement initiatives for capability building, such as the #LearningLunes sessions to amplify GT norms, change management training to support leaders in transformation, and the use of CHRisbot, our very own chatbot, for insighting and action planning. We also conduct GT Workshops and Massive Transformative Purpose (MTP) Masterclasses to transform our team members to have the mindset, skillset, and attitude needed to thrive in our aspired organization.

In 2022, we promoted a culture of learning and development, and amplified GT2025 core behaviors through the Aboitiz Academy with 16 core programs groupwide and 332 participants; #LearningLunes program with 12 sessions and 3,319 viewers; Board Learning series with 7 sessions and 1,361 participants; GT2025 workshops and masterclasses with 5 sessions and 217 total participants; and targeted change management programs for leaders and executives.

Innovation, Agility, and Process Improvement
In Aboitiz, we believe that innovation is a key driver of our success. This is why we launched the Aboitiz Digital Entrepreneurial and Agile Innovation (ADEA) program to provide a platform for team members to propose innovative ideas and initiatives that can benefit any of the organization's four pillars: culture, operations, technology, and finance. Team members who had undergone the ADEA program were also invited to participate in an innovation experiment where approved ideas and proposals were each given PHP5,000 funding to experiment and implement their ideas.

In 2022, we conducted a total of 131 innovation experiments groupwide, with each experiment generating results that brought insights on how to improve processes, systems, and strategies moving forward.

We also held a bureaucracy-busting activity called Super Ditch Day that provided an avenue for team members to air their sentiments, suggestions, and ideas on what existing practices, processes, and services should be ditched to become a transformed organization. At the end of the event, we received a total of 1,791 ideas from our team members, and 206 ideas were ditched as a result. These ideas included opening Friday mornings for meetings to set this period as focus time, and streamlining approval workflows in identified processes.

Diversity, Equity, and Inclusion (DEI) and Total Rewards

Total Rewards
We believe that a competitive and sustainable total rewards program is essential for promoting a shareholder mindset and teamwork among our employees. Our compensation philosophy is centered on meritocracy and meaningful reward differentiation based on individual and organizational performance. We continuously review our total rewards programs to ensure that we are market-competitive, allowing us to attract potential talent and retain key talents who contribute to and share the success of the business.

We are proud to offer our team members the Flexible Benefits (Flexben) Program, which allows them the flexibility to optimize and tailor-fit their employee benefits for the year according to their specific needs. This program

Aboitiz provides competitive and sustainable total rewards programs that strengthen shareholder mindset and teamwork within the organization.

enables them to make informed choices about their benefits and promotes their overall well-being.

Well-being
The well-being of our employees is a top priority of the Group. We recognize that taking care of their well-being is not only good for them but also for our business. In line with this, we have implemented several initiatives to promote their mental health and wellness.

We offer medical benefits that cover mental health and wellness, as well as regular pulse surveys and check-ins with team members. We have established team member communications at different levels and venues, including teleconsultations, counseling sessions, 24/7 chat lines, and other health-related learning sessions through LinkedIn Learning, invited speakers, and other learning materials and newsletters. We also offer virtual fitness activities such as exercise classes and yoga.

We continuously review and update our company guidelines and processes for work-from-home and hybrid work arrangements, as well as team member benefits. We have implemented C-Focused Fridays, which give team members a specific, uniform time block during the week to enhance employee experience and support well-being and development. We also have a Power-Down hour from noon to 1 p.m. to make sure team members get their daily break. Moreover, we provide care kits to AEV team members who get sick with COVID-19.

Diversity, Equity and Inclusion
We believe that promoting diversity, equity, and inclusion (DEI) is essential for building a high-performing and engaged workforce. We implement several initiatives to celebrate diversity and maintain an inclusive workplace, among them, infosessions and people stories for Women's Month, Pride Month, and Mental Health Month. We are proud to announce that AEV, AboitizPower, and Aboitiz InfraCapital are member companies of Philippine Business Coalition for Women Empowerment, a non-profit organization advocating for workplace gender equality.

The Group's strategic direction towards growth, expansion, and diversification ensures that our A-People develop and take on leadership roles and responsibilities.

Because our A-People are at the heart of everything we do, we invest in our people's growth and development to build a high-performing and engaged workforce.

We also offer learning sessions for DEI awareness. For example, ConnectedWomen, a partnership between AboitizPower and Therma Visayas, promotes gender diversity and women's empowerment. AboitizPower celebrates Pride Month, while Aboitiz Land has a DEI Framework and Program. We have also established policies such as the Anti-Sexual Harassment and Safe Space Act to ensure that our workplaces are safe and inclusive for all.

Human Rights Assessments

The Aboitiz Group is continuously progressing its commitment to the 10 Business Principles of the Global Compact to support and respect the protection of internationally proclaimed human rights and must ensure to avoid complicity in human rights abuses.

In 2022, one of the ESG Integration initiatives set out by the Security Committee is the use of the Voluntary Principles of Human Rights and Security as guidance in assessing human rights risks in our security practices and protocols. A technical working group composed of Security Heads of AEV and SBUs worked on the VP Implementation Guidance Toolkit which resulted in completion of initial assessments on 2 modules: public security and private security.

For most of the items listed in the Implementation Guidance Toolkit, there has been security operations implementation that we have been practicing to ensure human rights risks and security risks are managed. Among them are making sure that our security service providers are compliant with legal, statutory and regulatory requirements, strengthening our relationships with public security (military and police), our Code of Ethics for security personnel, Use of Force guidelines, performance evaluation of security service providers, security Operational Risk Management Plans (ORMPs), improvement of the Security Group competency through the SG Evaluation Standard.

After undergoing this exercise, improvements through revisions and updates of our guidelines and procedures have been made. Among them are awareness and training among security personnel on human rights topics, review of documentation processes and contract management to include provisions required by the Voluntary Principles, and continuous conduct of security risk assessments to assess issues relevant to human rights. All of which will help lower our security risk across the Group, particularly those operating in remote and critical areas.

2022 Talent Analytics

Gender vs. Level

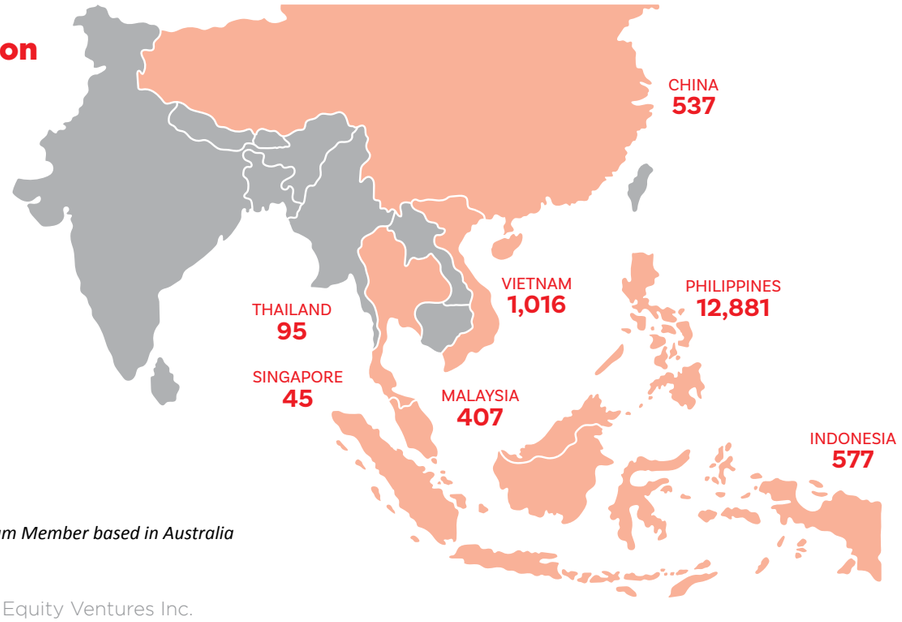
TOTAL NUMBER OF TMS IN ABOITIZ GROUP

MALE		FEMALE
540	AVPs and up	498
1,312	Managers	1,295
2,520	Officer Supervisor	2,700
4,484	Associate	2,073
8,856 57%	Total	6,566 43%

Notes:
- Fixed term/project-based employees of Food are not included
- For employment demographics: accounting for fixed-term/project-based employees is only included in the employment type section for Banking data.

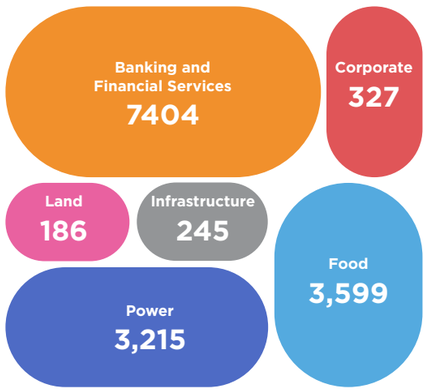
	Corporate		Power		Banking and Financial Services		Food		Infrastracture		Land	
	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE
AVPs & up	36	44	147	69	254	324	87	44	12	11	4	6
Manager	46	46	259	122	764	983	193	98	31	31	19	15
Officer Supervisor	39	25	551	222	1,307	1,999	495	323	72	60	56	71
Associate Specialist	55	54	1,453	602	940	833	1,914	445	91	80	31	59

Region

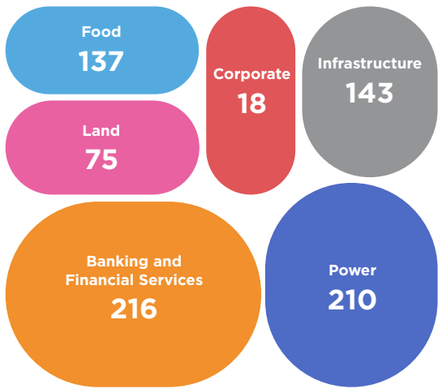


- One Team Member based in Australia

Employment Type

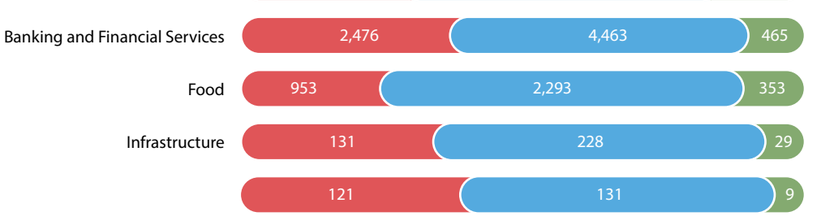


14,976
Regular / Probationary



799
Fixed Terms/ Project Based

Age



4,746
TMs below 30 years old

9,343
TMs between 30 and 50 years old

1,333
TMs above 50 years old

Note:
- Fixed term/project-based employees of Food are not included

Years of Tenure

No. of Years	Corporate	Power	Banking and Financial Services	Food	Infrastracture	Land	Total
Less than 1 year	93	676	2,526	460	189	72	**1,490**
1 to 5 years	117	1,094	2,091	1,333	152	129	**2,825**
6 to 10 years	72	633	1,105	905	27	45	**1,682**
11 to 15 years	34	567	841	496	8	9	**1,114**
16 to 20 years	18	219	370	174	5	5	**421**
21 to 25 years	2	69	215	9	5	0	**85**
Over 25 years	9	167	256	109	2	1	**288**
	345	**3,425**	**7,404**	**3,486**	**388**	**261**	

Note:
- 250 TMs for Food do not have tenure data

Occupational Safety and Health

Putting Safety First. Aboitiz team members are proactively prepared for emergencies with regular training on emergency response and first aid procedures.

While the COVID-19 pandemic gradually becomes more manageable, the Aboitiz Group's continuing priority is to ensure the safety and well-being of our employees. We remain consistent in our efforts to adapt our health and safety protocols to comply with the policies of the Department of Health and the Inter-Agency Task Force for the Management of Emerging Infectious Diseases.

Protecting Our Most Valuable Assets – Our Team Members

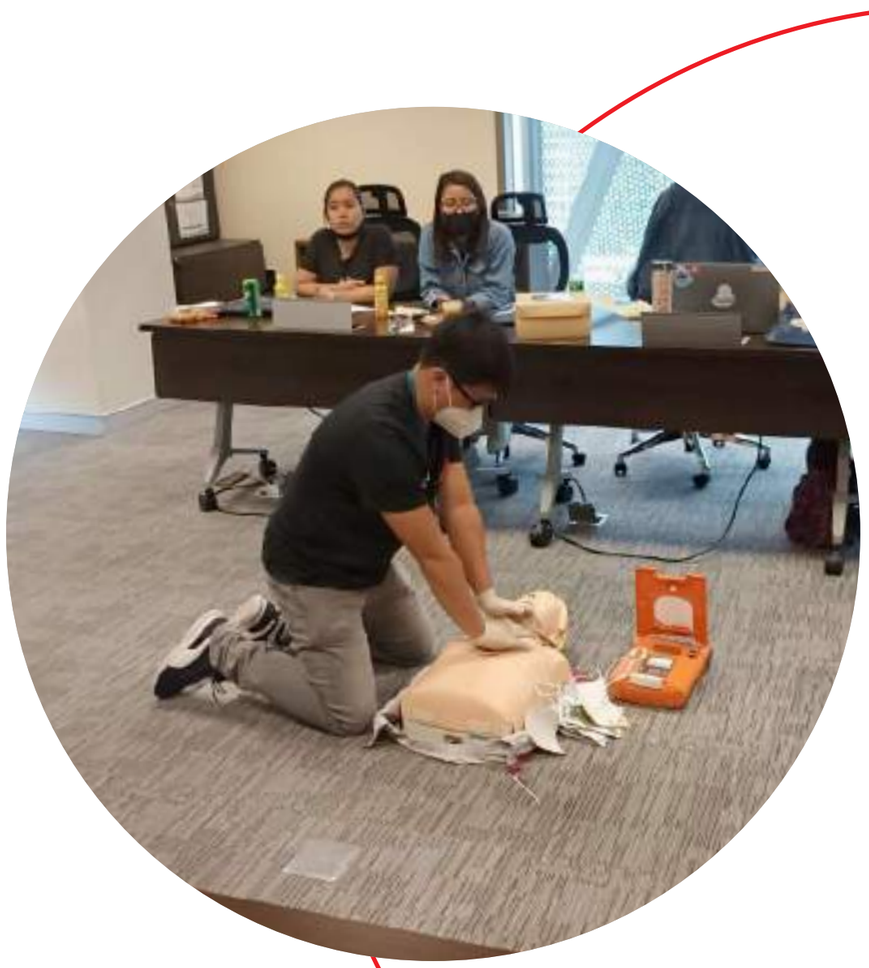
The Group continues to prioritize the protection of our team members, their families, and our subcontractors by supporting and promoting the vaccination drive against COVID-19. We actively campaigned and supported the vaccination drive for our employees, and as of 2022, 94% of our employees and subcontractors have been vaccinated. We also provided support for the mental well-being of our employees, leveraging technology to have them gain access to a network of mental health practitioners.

Emergency Preparedness

We recognize the importance of being prepared for any emergency situation. As part of our emergency preparedness plan, we conducted regular training on emergency response procedures in our offices and facilities, including first aid and basic life support training. We also partnered with the Bureau of Fire Protection (BFP) and participated in the Fire Safety Webinar and Fire Prevention Month. As restrictions eased up towards the second half of 2022, we held a face-to-face Fire Safety Seminar and conducted a fire drill and emergency evacuation. We also participated in the National Simultaneous Earthquake Drill (NSED) and facilitated a bomb threat awareness webinar that was conducted nationwide.

Hybrid Work Arrangement and First Aid E-Learning Videos

Despite the lifting of community quarantines, AEV continues to practice the hybrid work arrangement to allow employees the flexibility to choose their workplace. The setup has proven to be as equally productive as working in the office, sparing employees from unproductive time spent on the road during heavy traffic. In consideration of this, the corporate center's Safety and Health Committee produces first aid e-learning videos that feature how to deal with home emergencies such as sprained ankles, choking, burns, glass wounds, animal bite, and accidental poisoning.



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Governance

Supply Chain Management

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

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

Supply Chain Management Activities

AboitizPower

At AboitizPower, we believe that our suppliers have a significant role in achieving our mission to deliver reliable, reasonable, and responsible energy to our customers. We ensure that all of our suppliers uphold and share the same values and sustainability principles when doing business with the Company, and adhere to our compliance, social, and environmental standards and requirements.

Our supply chain management process promotes a sustainable and ethical handling and flow of products and services. We have a supplier code of conduct which defines the non-negotiable minimum standards that we require our suppliers and their sub-tier suppliers or subcontractors, with the goal to strengthen our mutual understanding, respect, transparency, trust and partnership toward a more sustainable business.

AboitizPower Supplier Code of Conduct: https://aboitizpower.com/wp-content/uploads/1AP-SCM-SSM-005-Policy-Supplier-Code-of-Conduct.pdf

UnionBank

UnionBank's supply chain management supports local enterprises and local populations to honor the mutually beneficial relationship we have with our host community. Our branch network is designed to encourage banking locally. We also do our part by investing in the local market, through our suppliers, and through our championing of small and medium enterprises (SMEs).

One Food Group

At One Food Group, we believe that sourcing our raw materials is essential in achieving our sustainability goals. Our macro raw materials (wheat, maize, and soybean meal and palm oil) are reviewed and disclosed using CDP Forest Assessments

These materials are obtained through an accredited central purchaser across 1FG or through group buys with trade organizations (Philippines). Exceptions to this arrangement include the country's regulatory guidance, pricing, or partnership arrangements to source through local traders, suppliers and farmers. We promote partnerships with local farmers, suppliers and traders for our Meats business (swine and poultry)

Meanwhile our bakery solutions company, BASCo, is under a consignment agreement with partner-suppliers.

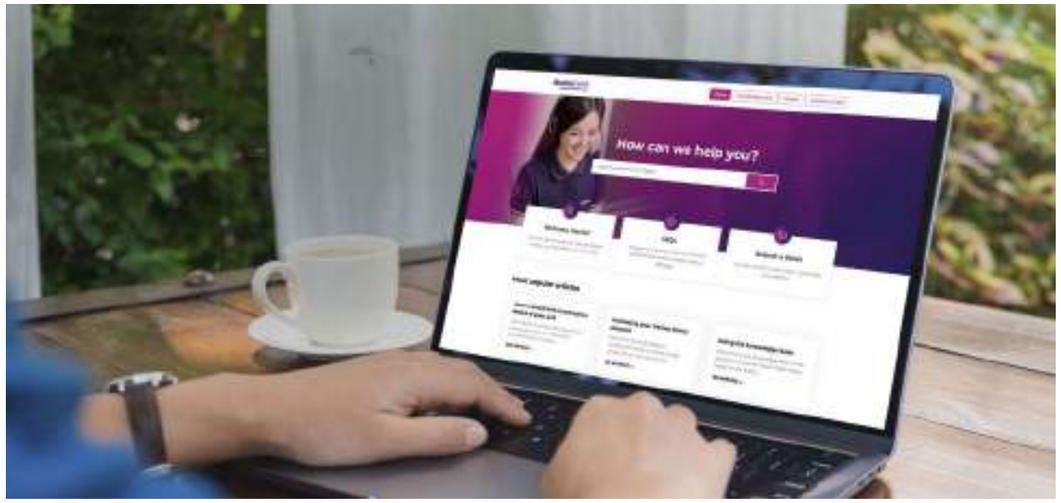
Aboitiz InfraCapital

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

We have set out clear policies and guidelines for transactions. We have also taken steps to ensure that ESG material concerns are taken into account based on the results of the due diligence and evaluations, particularly on material topics concerning occupational health and safety.

Aboitiz Land

AboitizLand's supply chain management practice begins with the development planning of residential communities. This includes conducting risk assessments and developing strategies, which are then put into action through various management processes, such as purchase requisitions, vendor accreditation, bidding processes, and delivery/receiving processes.



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Significant Improvements and Innovations in Our Supply Chain

Our value for innovation has been vital to our efforts in overcoming the challenges brought on by the pandemic. Across our strategic business units, supply chain process improvements have been done to improve supplier transactions and ensuring the timely availability of the appropriate materials. Our #OneNewAboitiz Sustainability Framework has also enabled us to accelerate transformations with regard to dealing with suppliers by ensuring their compliance with the applicable regulatory requirements on governance, environment, and labor policies.

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

In 2022, we also disclosed our AEV Supplier Code of Conduct and included environmental and social alignments among the requirements for vendor accreditation. Necessary due diligence was conducted for critical supply chain contracts to ensure that the vendor complies with applicable environmental and labor requirements of the country where we operate.

Approach to Tax

The Aboitiz Group strongly believes in and adheres to the fundamental principles of good governance which involves the payment of the correct taxes on time and compliance with all administrative and reportorial requirements of the relevant tax authorities. As a responsible corporate citizen, we do our best in doing our equitable share in contributing to the country's economic development and to maintain a sustainable long-term value for our business and stakeholders.

At the parent company, a Tax Committee has been instituted pursuant to its Charter with the primary objective to: (i) ensure that

tax strategies and implementation plans are aligned with the overall business objectives of the Aboitiz Group; (ii) review and assess the adequacy of the Group's tax programs and strategies against industry benchmarks and best practices, and to make recommendations on enhancements if necessary; (iii) assess the potential impact of tax risks on the Aboitiz Group's businesses, operations, and reputation and report to the Board Risk and Management Committee the treatment plans and mitigation strategies; and (iv) ensure consistency of compliance processes and documentation including international tax requirements (such as Transfer Pricing; Country-by-Country Reporting; Preparation of Master and Local Files), and controversy management for in-country audits.

In order to accomplish such objectives, the Tax Advisory & Compliance Services Team at the parent company is mandated to maintain collaboration with the Controllers and finance teams of the respective business units to continue to drive value by providing continuous guidance to effectively, execute strategies, optimize tax efficiency, ensure adherence to governance and compliance requirements, adapt best practices, and implement sustainable business solutions. The Team is committed to continuously develop professional and collaborative worth ethics, and enhance individual strengths to work as part of the multifunctional team in an evolving tax landscape.
From a tax governance perspective, the Group are guided by the following strategic focus areas such as:

a. **Internal** – Integrate tax with business planning, and adopt a top-down approach end -to-end tax issue management and developing the Group's level of awareness in the field of taxation.

b. **External** – Keeping abreast with regulators, new laws, and changes in tax policies. This includes tax measures and legislation monitoring, reassessing current strategies and creation of a legislative response plan.

c. **People** – Attracting and retaining the right people, with right skills, and mindset and in parallel, institutionalized the corporate culture of accountability and process ownership.

d. **Stakeholder Engagement** – Stay connected with internal and external stakeholders. This is aligned with the strategic objective of a proactive information gathering and market intelligence through strengthened networks.

In terms of tax advocacy and advisory functions, the Group, through its UniversiTax Programme, regular business partnership and committee meetings, round-table and focused-team discussions have instituted continuing learning keeping everyone informed, educated and updated on the latest tax rules and regulations. To reinforce the knowledge sharing component, the Group initiated various tailored-fit tax fora through external advisors to equip and instill the technical know-how to each of the business units' tax builders and tax ambassadors, collectively referred as the subject matter experts.

Regulators are driving the need for greater transparency through increasingly stringent reporting requirements. Toward this end, the Group has undertaken reasonable steps to comply with the reporting standards set by the Organization for Economic Cooperation and Development (OECD) Guidelines under the Three- Tiered Approach such as the preparation of the Master File, Local File and the Country-by- Country Report (CbCR). The Master File contains the high-level overview of the Group's business including, among others, the nature of its global business operations and organizational structure. The Local File contains the information relating to the business units/ local's entity's related party transactions and its compliance with the arms-length principle for its material intra-group transactions in a specific jurisdiction. On the other hand, the CBCR provides a summary of data by jurisdiction, including revenue, income, taxes, and indicators of economic activity among the tax jurisdictions which the Group operates.

Finally, the rapid advancement of technology has made it necessary to change how the Group relates to stakeholders and customer priorities among others. For this purpose, the Group through the Team steered the tax transformation journey, identifying solutions and leveraging existing technology where possible, thereby transforming the Group into a data-driven and digitally-enabled tax function.

Some of the notable tax innovation initiatives includes the ff: (i) BIR Audit Tracker for cost efficient closure and management of BIR audits ; (ii) Storage and Retention (SnR) Database, the central repository of the Group's tax records; (iii) Audit Readiness Program streamlining the BIR audit process by ensuring the Group is ready to handle audits; (iv) automation of safekeeping tax records in SnR as well as the compliance check. These are the on-going digital transformation of process improvements to drive and enhance efficiencies.

Over-all, the Group's strategic pillars pave the way for having clarity of purpose of the overarching tax policies, philosophies and functions that will enable the organization to magnify on what matters the most in advancing business and communities.

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Risk Management

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Enterprise Risk Management

Due to the rapidly changing risk landscape of the world and the Aboitiz Group's transition to a more federalized set-up, it is crucial to maintain a strong enterprise risk management (ERM) framework that can adapt to support overall business goals and strategies. Therefore, in 2022, the Risk Management Team developed a three-year roadmap that outlines the transformational themes for AEV's ERM framework. This roadmap starts with a review and alignment phase, then progresses to strengthening and optimization of risk management tools and practices. The roadmap contains clear actions that support AEV's commitment to safeguard, shape, and service the risk management needs of its strategic business units (SBUs), albeit at varying levels throughout the Group's Great Transformation journey.

Moving forward, the company will look to adapt its ERM framework to balance out risk oversight of SBUs, strengthening controls within AEV's own support functions, and supporting the growth or launch of new businesses via the Voyage program. Process improvement and automation initiatives will continue to be explored in the years ahead to ensure that risk management practices are made more efficient. Key risk indicators will also be reviewed to maintain relevance and adequacy in terms of monitoring key risk exposures and assessing overall risk posture for AEV.

Managing Top Risks

To ensure that we are managing risks that are relevant to our business goals, we regularly review the Risk Management Plans of all Aboitiz Group business units and discuss these with senior management and the Board. Some of the top risks that we continuously monitor are:

Climate Transition Risk

- This is the risk arising from the accelerated transitioning to a lower-carbon economy in response to climate change action. It has the potential to result in financial losses, business disruption, as well as have a negative impact on the organization's reputation.
- There has been a sustained increase in the public's awareness of climate change issues over the last decade. Likewise, setbacks (from economic reopening to the Russia-Ukraine conflict) in global carbon emission reduction goals will undoubtedly call for a quicker and more cohesive global response to climate change.
- Work is progressing to develop a comprehensive corporate transition plan, aligned with global transition goals.
- AEV continues to work proactively with key stakeholders (including lenders, insurers, suppliers, and regulators) to manage relationships, understand critical business impacts brought about by new climate-related policies, and implement mitigating measures. In addition, AEV will continue to enter into partnerships to provide the Group access to transition-related expertise and technology.
- SBUs are already crafting their respective transition roadmaps to ensure long-term strategies are recalibrated and business viability is maintained.
- Aside from strengthening our ESG practices, we are also working to increase our understanding of energy transition mechanisms (ETM) and carbon offset markets to ensure that we not only manage risks but also position ourselves well to maximize related opportunities.

Cyber and Information Security Risk

- This is the risk arising from any event or incident that may compromise the confidentiality, integrity, and availability of the organization's data/information, and may have negative implications on the organization's bottom line, operations, and/or reputation.
- As AEV and its SBUs continue to pursue business growth and increase the use of technology to support that growth, there is also a greater need to manage risks associated with an expanding digital and technology footprint.
- We continue to strengthen our cyber and information security posture with key initiatives that include, among others: the alignment of Cyber & Information Security Controls and Governance practices across the Group, the implementation of the AEV Data Governance Program, and the harmonization of the individual vendor management processes of AEV's corporate service units (CSUs).
- Third-party vendors play a vital role in the operations. However, they also bring with them a set of risks that can negatively impact an organization's security posture. As such, monitoring third-party risks has become a critical aspect of risk management. We operationalized the real-time third party risk monitoring service, which continuously monitors and manages the Group's third-party providers.
- In 2022, we completed the Cyber Risk Quantification (CRQ) project, which allowed us to better analyze and understand the impacts of cyber data breaches under a centralized IT infrastructure set-up. Hence, as we journey through our Great Transformation and pursue federalization

as a conglomerate, we are looking at decentralizing our IT infrastructure or segmenting the Group architecture to lower the concentration of cyber risks. Phase 2 of this project will look into operationalizing CRQ for the Group that would allow AEV and its business units to run more regular and thematic breach scenarios to adapt to the ever-changing security landscape.
- In 2022, the Cyber & Information Security Program focused on zero-trust principles around identity, access management, and data security capabilities. The Identity Governance and Administration, and Multi-Factor Authentication capabilities were successfully deployed.
- In 2023, continuous monitoring, cyber intelligence, and ecosystem development are our key initiatives as we take advantage of edge computing and threat intelligence capabilities, and continue deepening our organization's digital footprint. We will also continue to expand our security monitoring and capabilities with the convergence of Information and Operations Technologies.

Regulatory Compliance Risk

- This is the risk arising from non-compliance to existing laws and regulations which may result in penalties and/or business disruption or closure.
- As a conglomerate, we are subject to regulations across various industries and even jurisdictions where we operate or have a presence. A regulatory breach, no matter how small, has the potential to impact company reputation and may attract heightened regulatory scrutiny or supervision. Hence, there is a need to constantly monitor changes and developments in the regulatory landscape to enable us to not only comply with regulatory requirements but also adapt business strategies as required.
- Cutting across industries are data privacy regulations. As we continue to harness the power of new technology, we must remain abreast of regulatory mandates and expectations. We must also continue to improve data privacy risk awareness across the Group and safeguard the massive amounts of personal data we store and process.
- Aside from compliance, it is crucial that we maintain good relationships and open dialogue with our regulators. This is to ensure that the Group remains an integral part and a thought leader in policy shaping.

Disaster Risk

- This is the risk arising from a man-made or natural catastrophe resulting in loss of life or injury, financial losses, and business disruption.
- The 2023 World Economic Forum (WEF) Global Risks Report highlights climate-related risks as among the top risks to look out for in the next two years and also in the coming decade. This means that impacts of climate change such as extreme natural disasters are already clearly being felt and will only intensify in the next 10 years.
- Mitigating plans for this risk will need to be revisited and continuously calibrated as the climate change crisis continues to unfold. Additionally, risk treatment plans may also need to take on not just a climate transition focus, but also a climate adaptation angle as the global community braces for the breaching of the 1.5C0 with climate change impacts increasingly being felt.

Talent Management Risk

- This is the risk of non-availability of talents with the right capabilities at the right time to support our company's long-term strategies and the future organization, while operating under a transformed federalized model.
- As the Group progresses in its Great Transformation journey, we need to ensure that there is adequate talent to steer the organization towards achieving its goals and making it future-ready.
- Competition for talent is tight and so aside from building a robust pipeline of employee candidates, we must also continue investing in the development of our existing talent to support the Group's future needs and strategic objectives.
- Aside from putting in place succession plans, we also recognize the need to manage, most especially, the people's side of change for GT-related initiatives. The challenge will be to maintain employee engagement and productivity while navigating critical changes in the coming years and continuing to operate under a hybrid work set-up.
- Actions are progressing to mitigate these risks, which include Group-wide change management activities that aim to impact employee mindset and behaviors, capabilities, and ways of working.
- Strategic workforce planning (SWP) and succession management continue to be key activities for our HR team and we have identified new and evolving AEV roles critical to our organizational transformation and business strategy. This is coupled with a host of learning and development opportunities for all staff, including those identified as high performers to equip them for bigger roles within the Group.
- In the years ahead, added focus will be placed on strengthening our employer brand and ensuring alignment to our broader GT goals. We are also in the process of enhancing our total rewards infrastructure and talent engagement mechanisms.

Emerging Risks

While the curtains were slowly drawn on the COVID-19 pandemic in 2022, other risks emerged that shaped the global landscape. This was headlined by geopolitical tensions (i.e. Russia-Ukraine, China-Taiwan, China-US) that snowballed into other risk events such as soaring inflation and supply chain disruptions. To add to that, international recognition for urgent action on climate and other environmental, social and governance (ESG) challenges led to increased pressure on governments and industry to demonstrate stronger commitments in these areas.

In 2023 and in the next two years, we will continue to be on the lookout for potential risks associated with increased cost of living, as well as natural disasters and extreme weather events. That said, what follows below are the risks that could potentially impact the Aboitiz Group as a whole.

Climate Transition Risks
Given the setbacks in meeting climate targets, it is possible that efforts will be doubled to catch up with the 1.50C scenario. This may translate to more stringent measures to cut down emissions and transition to a low carbon economy in the medium term. We have yet to see how aggressively the international community will respond to this.

Cyber and Information Security Risk
Malicious activities in cyberspace will continue to escalate, with more aggressive and sophisticated attacks taking advantage of the larger digital footprint, emerging technologies, and the democratization of Artificial Intelligence (AI) and Machine Learning. Alongside the rise in cybercrimes, attempts to disrupt critical technology-enabled resources and services are becoming more common. We anticipate more attacks against agriculture, water, financial services, public security, transportation, and energy. Given our presence in critical infrastructure, it is imperative that we are proactive in monitoring this risk, ensure that the appropriate security measures are in place, and third parties are properly vetted. The operationalization of the Cyber Risk Quantification exercise will also give us a better view of where our exposures are and what to prioritze in our efforts to secure our businesses.

Regulatory Compliance Risk (Driven by Data Privacy)
Risk experts warn that governments and regulators struggle to balance the potential harm of privacy loss against the benefits of more rapid development of emerging technologies, including AI. AI and machine learning tools are on the rise and with this comes growing concerns about their privacy implications. These developments may prompt revisions in existing privacy laws or the creation of new laws such as the EU Artificial intelligence act, which is the first law of its kind by a major regulator anywhere. As we work towards being the Philippines' first techglomerate, we should ensure that we have adequate security measures in place to protect data subjects, while still meeting our business goals. This also means that privacy teams, legal teams, and teams working with or on AI projects should also keep abreast of developing regulations and standards.

Disaster Risk (extreme weather)
According to risk practitioners, natural disasters and extreme weather events have been ranked as the second-highest global risk over the next two years and the highest risk in the Philippines. During Aboitiz's last review of disaster risk, these events were referred to as Extreme Weather events. With 1.20C of warming already in the system, the compounding effect of the changing climate is already being felt. As such, SBUs and BUs must:

- Reassess business continuity scenarios based on more recent environmental data
- Update existing plans to reflect response and recovery procedures for extreme conditions
- Consider investments in resilience such as the reinforcement of existing structures and possible relocation to lower risk areas
- Review business interruption cover to ensure that it is still consistent with business requirements and takes into account the aforementioned changes

Talent Management Risk
Risk experts and leaders see fewer countries having the fiscal headroom to invest in future growth, green technologies, education, and care and health systems. The negative effects on public infrastructure and services may be subtle, but the accumulating impacts will be highly corrosive to the strength of human capital and development, which can erode future resilience. This may impact the Aboitiz Group's long-term strategies, since talent with the right capabilities at the right time may not be available. We need to consider investing in developing our own people to fill those future roles and ensure the availability of resources to support it.

Geoeconomic Confrontation
Geoeconomic Confrontation refers to the current situation where there are limitations on global trade opportunities, and more recent assessments have shown that this could pose a threat to national security. Operations and supply chains could be disrupted and cause damage. It is essential to continuously monitor these geoeconomic spaces, particularly as the Philippines seeks to strengthen its defense ties with the United States and Japan.

Perma-Pandemics
As COVID-19 gradually fades from the headlines, people's complacency towards preparing for future pandemics and other global health threats appears to be increasing. Given the mounting pressures resulting from geopolitical issues, coupled with the unpredictable nature of infectious diseases, it may not be feasible to respond to pandemics with the same speed and efficiency in the short term. As such, it is imperative that preparedness for any health crisis remains a part of business risk reviews and continuity exercises. This entails regular testing and updating of Pandemic Emergency Response Plans (ERPs), as well as Loss of Staff and Loss of Access to Facility Business Continuity Plans (BCPs).

We continue to live in unprecedented times, and now more than ever, risks are becoming more and more interconnected, necessitating a higher level of vigilance and discipline in scanning the horizon for emerging threats. In this regard, we continue to exert efforts to improve our emerging risk program. In 2022, we started to reassess the effectiveness of our framework while at the same time supporting the creation of concise yet easily digestible reports on key risks that have significantly shaped the global risk climate for the year. Moving forward, we will build on this momentum, working with key stakeholders and subject matter experts within the organization to streamline efforts to scan emerging risks. Likewise, work will progress to ensure that reports continue to add value by identifying actionable items (e.g. scenario planning exercises) that ultimately aim to improve our response to risks.

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Business Continuity

The Group-wide Integrated Loss of Technology (LOT) Crisis Management Plan was completed in 2022. This covered the management of infrastructure and/or cyber-related crises. A tabletop exercise was also conducted to test the interoperability of plans together with stakeholders from AboitizPower and One Food Group.

The Incident Management and Emergency Response Plans of the AEV Aviation team were developed.

AEV BCM and Data Privacy Teams conducted two tabletop exercises: Physical Data Breach and Cyber Breach. Stakeholders from AEV HR, Cyber and Information Security (CIS), Admin, and Physical Asset Security (PAS) participated in the exercises, which were conducted to test AEV's current breach management processes.

The BCM Team, together with other crisis management actors, participated in the Mabuhay Exercise, a crisis communication tabletop exercise that was conducted by an external consultant and hosted by Reputation Management. The exercise covered three scenarios: Pandemic, West Valley Fault earthquake, and Loss of Technology. The results of the exercise will be considered in the BCP review and update in 2023.

The Hazard Notification and Analysis Tool project was done in partnership with Physical Security and Aboitiz Data Innovation (ADI). In 2022, the automated earthquake notification and employee mapping was completed while additional modules will be integrated in 2023.

Data Privacy

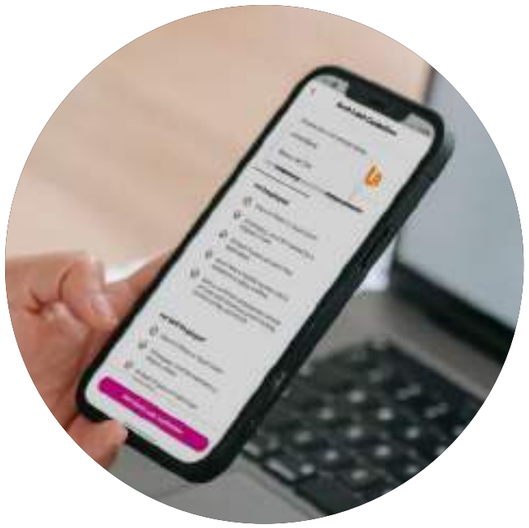
The AEV Data Privacy Team continued to strengthen its compliance with the Five Pillars of the National Privacy Commission (NPC). In 2022, the NPC was more active in reinforcing compliance with the Data Privacy Act (DPA) of 2012 through the issuance of new circulars and the implementation of its automation initiatives.

- The Privacy Team reviewed, cascaded, and prepared to comply with the Circular on Administrative Fines that took effect in August 2022, as well as the Circular on the Renewal of Registration of Personal Information Controllers (PICs) that was released in December.
- The team also continues to work with the Physical Asset Security Team to comply with the Guidelines for Private Security Agencies on the Proper Handling of Customer and Visitor Information, which was also released in December 2022.
- The NPC also implemented the Data Breach Notification Management System (DBNMS). As part of AEV's compliance, the Privacy Team submitted the annual security incident reports from 2018 – 2021, a requirement that was put on hold in 2018.

Phase 1 of the Data Privacy Automation project, which is the Privacy Impact Assessment (PIA) module, was completed with the production environment going live in November 2022. The team implemented an additional module, Data Mapping, which will simplify the management of data processing systems (DPS) inventory required by NPC.

Cyber and Information Security

The AEV Cyber Security Programs are based on several industry frameworks and standards, such as the National Institute of Standards and Technology (NIST), Cyber Security Framework (CSF), NIST 800 Series, Information Security Management System (ISO 27000 Series), and the Center for Internet Security (CIS) through People, Process, and Technology initiatives.



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We ensure that all reference frameworks and standards are mapped to our key strategy — Identify, Detect, Protect, Detect, Respond, and Recover — in laying out the foundation of how we implement our cybersecurity controls to significantly reduce and mitigate the organization's cybersecurity risks as part of our Great Transformation. Our cyber security program focuses on providing identity and access management and governance, vulnerability assessments, risk assessment and management, due diligence, and network security enhancements. We continuously monitor the cybersecurity of the Aboitiz Group's IT resources and act as the cyber incident response team along with the IT Infrastructure Team, Risk Management and Business Continuity Team, Legal Management and Compliance Team, and other key stakeholders in the organization.

We have designed our People, Process, and Technology Initiatives to complement each other, as one cannot be effective and efficient without the others. Technology alone is not enough; it needs to have a clearly defined Process to set up controls tailored for our business needs, along with People who play the most vital role in ensuring success. People will, however, always be our weakest link if we fail to equip them with enough knowledge about cybersecurity. On the other hand, People can be our best firewall (human) with the right mindset and best judgment by providing the appropriate awareness, orientation, and security training guided by the Process and armed with the Technology.

We recognize the need to be able to detect and respond quickly and effectively to cybersecurity incidents in order to reduce potential harm.

As such, we are constantly on the lookout to improve our existing strategies, test all our response and recovery plans, and find new and effective ways to go with the ever-changing cyber security landscape that we are in.

Optimizing Risk Retention to Maximize Risk Financing

The geopolitical crisis in the first quarter of 2022 as a result of the Russia-Ukraine war adversely affected the insurance industry. As economic difficulties grew — rising inflation, supply chain disruption, challenging geopolitical environment — insurance buyers experienced difficulty managing insurance requirements.

The occurrence of this event caused insurance premium rates to spiral upwards, leading to increased scrutiny of insurers and their underwriting practices in an effort to reduce volatility in their risk acceptance, which in turn, challenged the capacity and support of the market.

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We in the Aboitiz Group continued to look for ways to improve our risk transfer measures. We continue to collaborate with our facility heads and risk managers to better understand our exposures. At Group level, we started to conduct actuarial studies with the guidance of our risk management advisor, in order to determine the optimal levels of risk retention.

In Q4 2022, the renewals of our major insurance programs drove our risk transfer costs. We consolidated AboitizPower's insurance programs to leverage them with the insurance market. Additionally, at the AEV level, we proactively decided to retain risk through our captive insurance, Archipelago Insurance Pte Limited (AIPL). These strategies helped us attract insurers to provide capacity and support to our risk transfer programs, minimize the impact of premium increases, and optimize the retention capacity of our captive company.

Insurance requirements for coal-fired power plants will continue to be challenging. We anchored on the Group's ESG framework, initiatives, and transition plans in order to gain continued support from the insurance market.

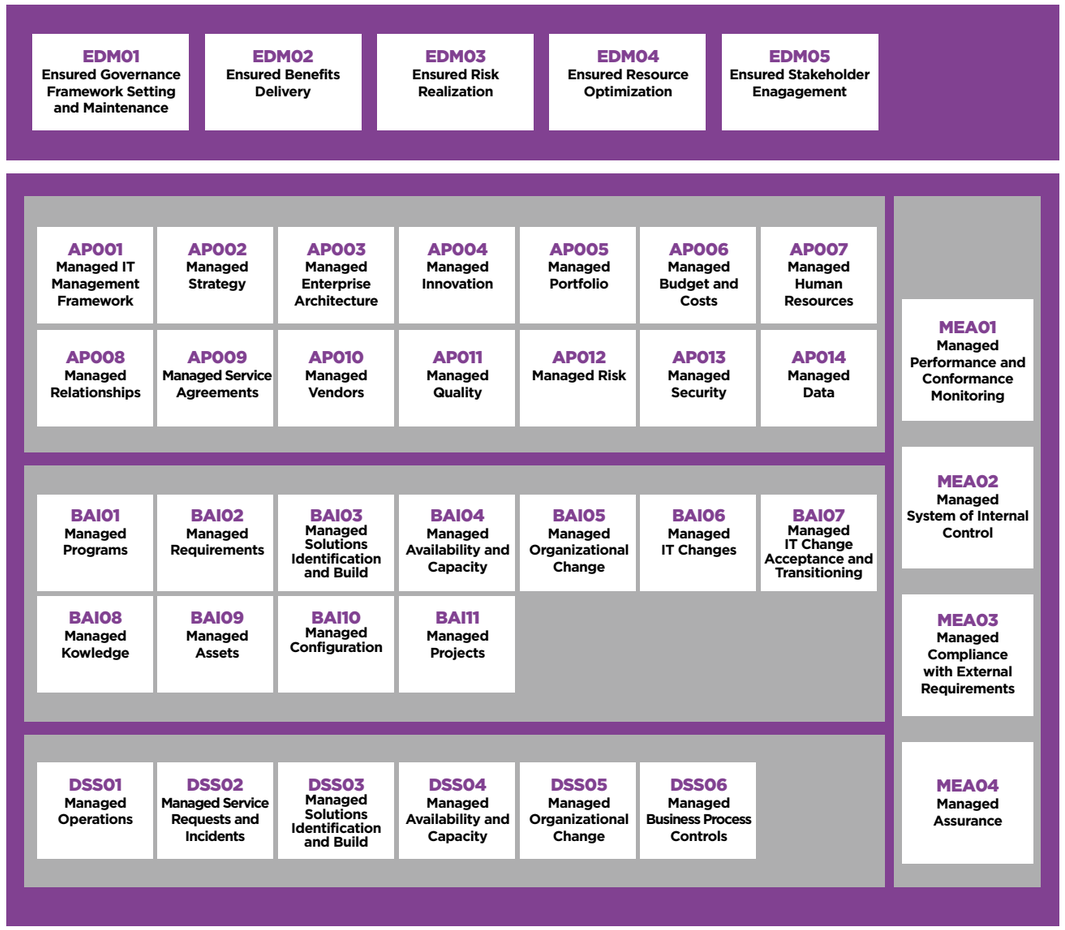
In the coming years, we expect challenges with the Group's risk transfer strategies as the insurance market forecast continues its upward trajectory. We will continue to explore better ways to manage insurance requirements, looking into risk retention optimization, alternative risk transfer, and non-traditional structures in order to support the business unit's objectives.

Audit

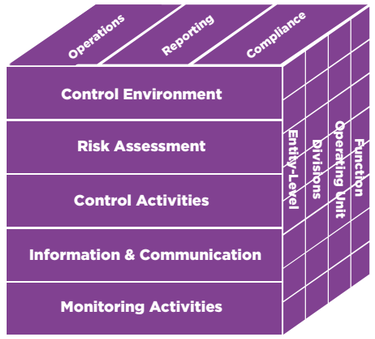
The Aboitiz Group Internal Audit (GIA) team provides management, the board, and key stakeholders with an ongoing independent assurance that the organization's risk management, governance, and control processes are operating efficiently and effectively. Our primary function is to help the Group's key decision makers maintain operational efficiency, financial reliability, and the safeguarding of the organization's assets and reputations. We continuously implement many process changes and improvements.

Audit Frameworks and Key Processes

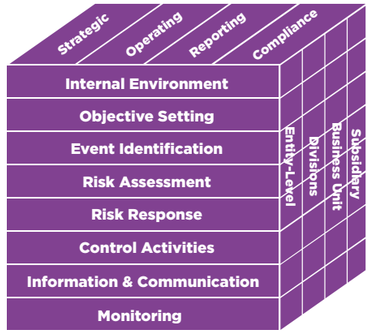
Our team is guided by the Institute of Internal Auditors' International Standards for the Professional Practices of Internal Auditing (Standards) and the related International Professional Practices Framework (IPPF). The Institute of Internal Auditors (IIA) is an international professional association that acts as the global advocate for the internal audit profession.



1992 COSO Pyramid



2013 COSO Cube



2017 COSO Cube

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) model is the main internal control framework used by internal auditors. COSO is a task force advisory group that was formed to develop a standard set of best practices to address the growing concern over fraud and financial security worldwide. The generally accepted global framework and best practices is the COSO Framework©, a model for evaluating risk management internal controls.

The COSO Framework has since evolved from its 1992 version that used The COSO Pyramid, which laid out the five tenets of the COSO control components: Control Environment, Risk Assessment, Control Activities, Information & Communication, and Monitoring Activities.

The framework was updated in 2013 with the COSO Cube, which instituted 17 internal control principles that fall within the five original components of the COSO pyramid. As the risk landscape evolved with increased volatility and complexity, and new business challenges, COSO added three principles highlighting the "importance of considering risk in both the strategy-setting process and in driving performance."

Today, our team is guided by the 2017 COSO ERM Framework that has 20 principles grouped to support one of five components: Governance and Culture, Strategy and Objective-setting; Performance; Review and Revision; and Information, Communication and Reporting. This latest framework better integrates the relationship between risks, strategy, and performance.

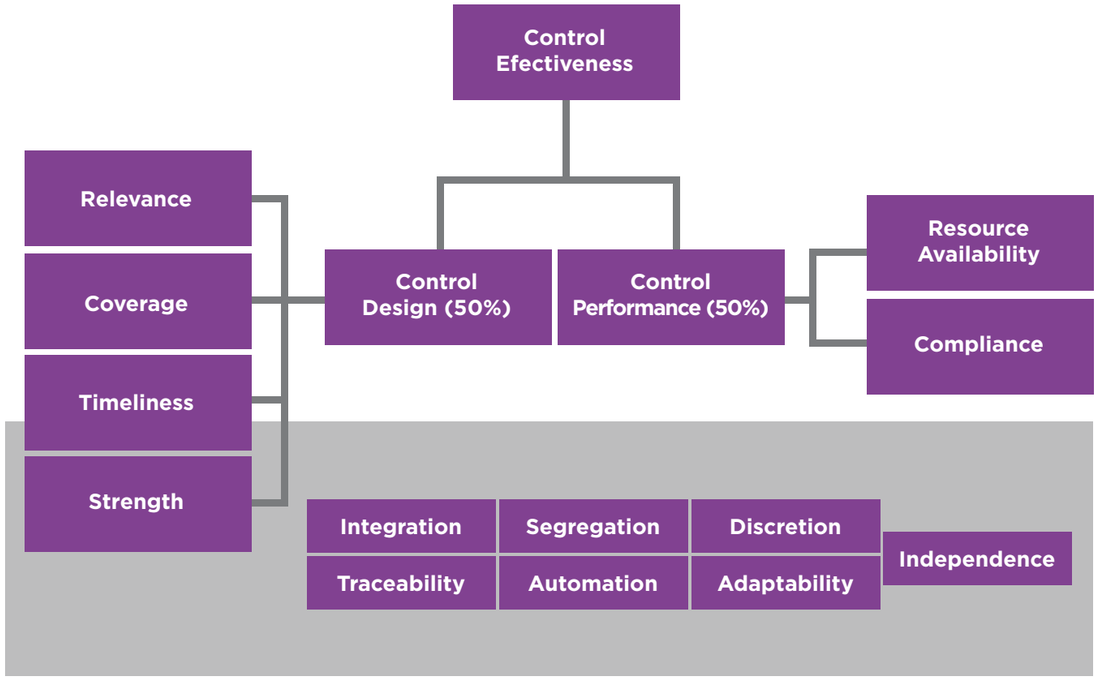
Supporting the COSO Framework, we also use the Control Objectives for Information and Related Technologies (COBIT) Framework. Created by the Information Systems Audit and Control Association (ISACA) in partnership with the IT Governance Institute, COBIT® is a globally-accepted IT governance framework. It allows for the effective management and governance of enterprise information and technology critical to strategy formulation and business transformation success. COBIT was first published in 1996 to initially assist auditors navigate the IT environment. Now, it has gone beyond auditing purposes.

We use the latest version, COBIT 2019, which includes new technology and business trends and can integrate with other standards, guidelines, regulations, and best practices

unique to the Aboitiz Group. It also provides an effective enterprise governance IT framework. We map out COBIT against other frameworks and standards used in the Group, including but not limited to COSO, ISO 27001, ITIL (Information Technology Infrastructure Library), NIST (National Institute of Standards and Technology), CMMI (Capability Maturity Model Integration), CSA (Cloud Security Alliance), and CIS (Center for Internet Security).

Our team comes up with an audit rating for our audit projects patterned after the Comprehensive Assessment Model (CAM) of the IIA Research Foundation. This systematic and objective methodology provides integrated assurance based on the evaluation of control and risk management processes that consider pertinent business and governance objectives using a unified and unique assessment approach. The CAM approach integrates business objectives by addressing fragmented oversight functions between compliance, reporting, and operational objectives. It aligns with the COSO, enterprise risk management and internal control models, and supports the lines of defense model.

In audit planning, we use the risk-based approach to ensure that we focus our efforts and allow our auditors to respond to the organization's top risks and to the identified inherent risks involved in the transactions, systems, and activities of specific functions, business units, and corporate service units. We assess a set of factors to come up with a list of priority review areas for the year.
We partner with audit clients, key stakeholders, and external audit providers to ensure the engagement of value-adding activities, serve as an agent for change, protect the organization, and help achieve objectives. Our role has evolved, undergoing a dramatic shift from assessing oversight to delivering insight and foresight to our clients.



As the demands of the internal audit function evolve, the greater the demand to have highly skilled auditors in the Aboitiz Group. We need to continually enhance our knowledge, skills, and competencies through continuing professional development. The company's individual development program ensures our continuous learning, whether formal, informal, and virtual social learning. We are also supported and encouraged to acquire global certifications appropriate to our work and professional responsibilities.

ESG Reporting and Assurance Review

In 2009, Aboitiz formally released a Sustainability Report and in 2014, introduced and first used the Global Reporting Initiative (GRI) as an Environment, Social, Governance (ESG) standard in its reporting. This was before the Securities and Exchange Commission (SEC) issued SEC Memorandum Circular No. 4 Series of 2019 – Sustainability Reporting Guidelines for Publicly-listed companies (PLCs). The SEC Guidelines that took effect in May 2019 were intended to help PLCs assess and manage

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non-financial performance across economic, environmental, and social aspects of their organization. The guidelines, which have adopted a "comply or explain" approach, also enable PLCs to measure and monitor their contributions towards achieving universal targets of sustainability.

The SEC recognizes four globally accepted Sustainability Reporting Frameworks: (1) the Global Reporting Initiative's (GRI) Sustainability Reporting Standards, (2) the International Integrated Reporting Council's (IIRC) Integrated Reporting Framework, (3) the Sustainability Accounting Standards Board's (SASB) Sustainability Accounting Standards, and (4) the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD).

The Aboitiz Group uses the GRI framework that covers the organization's material topic disclosures on governance, economic, environmental, and social topics. In addition, the company developed its value creation business model using the IIRC's guidance, and reports on climate change governance, risk

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strategy, metrics, and targets based on the TCFD Framework. It is also aligned with international standards and normative frameworks such as the United Nations Global Compact (UNGC) and the International Labour Organization (ILO) Tripartite Declaration.

Sustainability Report Assurance is the process of ensuring that a company's sustainability report meets certain standards. Stakeholders are increasingly looking to understand, via data and narrative disclosures, how a company is performing on various sustainability and ESG issues. In turn, this information influences a company's decisions and activities. To meet the information demands of their stakeholders, companies need to produce comparable, reliable, and timely disclosures. While sustainability reporting has been an Aboitiz practice for many years now, 2022 marked two maiden audit engagements in sustainability. The first was a baseline review of the 2021 Sustainability Report that included a gap analysis against existing laws and regulations only, and did not cover any future or prospective regulations. The objective of the review was to evaluate the adequacy and effectiveness of AEV's existing sustainability reporting processes, procedures, and practices, including internal controls and key risks. It focused on peer benchmarking, reporting principles, stakeholder engagement and materiality assessment process, sustainability reporting process, and sustainability performance indicators. It is worth noting that management took immediate action and response to address the gaps pointed out in the review.

The second was an external limited assurance review of the 2022 Sustainability Report. The objectives of this sustainability assurance review was to strengthen the company's competitive advantage by building investors' trust and confidence in ESG disclosures; and to find higher levels of disclosure and increased credibility of sustainability reports. To date, this type of a review is still voluntary and not yet a regulatory requirement. It is an activity that the Aboitiz Group was ready to take on as it provides the opportunity to reinforce current practices, address gaps and weaknesses, and further build confidence in its investment decisions. It is an opportunity for the Group to be one of the trailblazers in sustainability reporting.

The Future

The future of Aboitiz is the Great Transformation of 2025. "The GT2025 is all about speed, excitement, performance, and achievement through rough roads," said Aboitiz Group President and CEO Sabin Aboitiz. The goal is to speed ahead to become the Philippines' first techglomerate.

As Aboitiz moves towards becoming a more technology and data-driven organization, its assurance requirements inevitably will also change. For the internal audit team to stay relevant, we need to keep pace with the changing demands of the organization; transform and adapt to the challenges that go alongside the race towards becoming a techglomerate. Auditors need to embrace and immerse themselves in new learnings related to cybersecurity, cloud computing, climate change and sustainability, artificial intelligence, analytics and big data. We will need to upskill to provide maximum value to the organization. Life-long learning is essential and we have the full support of management.

Auditors cannot all be subject matter experts, so audit projects will have to be outsourced to those with specialized skills. However, the oversight function in the organization remains with audit. It is therefore imperative that we have critical and analytical thinking, good collaboration and communication skills, and financial and technological literacy to match our risk-based auditing skills. The internal auditor of the future must be more relevant and trusted. The key to the future internal audit function, as with GT2025, is to be able to work with speed and agility—fast, efficient, and value-adding.

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Paving the Way for the Great Transformation

Team members take charge during Super Ditch Day, unleashing ideas to streamline and optimize the Group's processes.

Since the launch of the Aboitiz Group Innovation Framework in 2021, we have made significant strides in institutionalizing innovation maturity across the organization. This framework is a model we use to assess the innovation maturity of each of our business units by examining the following key areas: strategy and intent, process and practices, people and culture, organization and infrastructure, partnerships and open innovation, and innovating how we innovate.

In 2022, we focused on operationalizing innovation focus areas that aligned with each company's business objectives. The outcome was a series of innovation and transformation initiatives that elevated the performance of our business units to new heights, achieving their desired innovation maturity goals.

Groupwide IT Workshop

IT team leaders from across the Group gathered for a two-day workshop to map out a strategy that will enhance the value of our IT services.

Super Ditch Day

An initiative that gave team members a platform to share their sentiments on what existing practices or processes needed to be "ditched," and suggest ways on how to maximize efficiency and eliminate bureaucratic red tape.

To further promote this innovation mindset and help accelerate our Great Transformation journey towards becoming the Philippines' first techglomerate, we created the AEV Transformation Team in 2022. This team, together with forward-thinking leaders across the Group, spearheads strategic programs and initiatives designed to foster a culture of innovation and entrepreneurship among team members, enhance the bottom line, and leverage cutting-edge technologies to optimize processes and deliver more value to stakeholders.

Scenario Planning Workshops:
A series of workshops designed to enable team members to explore a range of relevant and plausible scenarios, and craft appropriate responses for challenges that may arise in the future.

Contingency Planning Workshop: A seminar that sought to examine how potential conflict between China and Taiwan could affect the Philippines and its immediate region, identifying the most relevant risks and opportunities to develop ideas for contingency plans.

GT Workshops: A series of workshops led by world-class coaches to introduce A-People to transformation methods in preparation for our transition towards becoming a techglomerate.

The Voyage: A 12-week intensive start-up creation project in which select teams nurture their innovative business ideas, from ideation to execution, under the guidance of seasoned professionals and coaches. At the end of the voyage, their ideas are pitched to a panel of investors.

Future Foundry: Upon the completion of the Voyage program, teams will incubate their ventures in the Future Foundry until they are ready to launch. As of Q1 2023, eight teams are working on their Minimal Viable Products (MVPs), with plans to debut prototypes, onboard first customers, and conduct full-scale validation in the succeeding months. Current Foundry teams include ventures in agri-tech, information analytics, food science, and carbon capture.

Thus far, these initiatives have impacted 600 Aboitiz team members; the goal is to reach 18% of the whole organization, resulting in a critical mass for transformation momentum. The Future Co-creation Program further supports this innovation mindset, empowering team members to think outside the box, challenge the status quo, embrace audacious ideas and approaches, and possibly create new business models.

Our Innovations in Action

AEV

Aboitiz Equity Ventures (AEV) drives a culture of innovation within its corporate services units (CSUs) led by its innovation champions, resulting in improved work processes and tangible benefits such as man-hour savings, enhanced talent experience, and increased employee engagement. The AEV Transformation Team continues to promote corporate entrepreneurship, leverage technology to optimize operational excellence, including the creation of new revenue streams that could potentially contribute to the company's business growth.

Notable Milestones

- Achieved Level 3 AEV Innovation Maturity and targeting Level 4 by 2023, with optimized innovation program and emphasis on transformation programs and initiatives
- Launched the ADEA innovation program, which aims to enhance employee engagement, transform mindsets, and explore and implement new avenues for innovation, both incremental and transformational
- 16 Corporate Service Units (CSUs) generated a total of 468 innovation initiatives, including CSU committed projects, Super Ditch Day, and innovation experiments, all led by 29 AEV innovation champions

AboitizPower

AboitizPower prioritizes innovation and technology in its operations and growth strategy to fulfill its purpose of Transforming Energy for a Better World. The company invests in its employees to ensure they have the skills and knowledge to achieve business objectives. It also collaborates with partners and explores emerging technologies to contribute to the development of the country's energy system.

Notable Milestones

- Utilized data analytics to improve plant efficiency, data acquisition, reporting, analytics, and HR projects that enhance employee experience
- Partnered with Plug and Play, which matches its strengths with other companies in a bid to create sustainable competitive advantages and capture new value
- Optimized the Inyovation Program into the Inyovation IG.NI.TE, a simple and standard framework that the business units can align with for their innovation practices
- Incubated a potential startup, Genius
- Launched kAPit, an employee engagement program aimed at addressing the mental health needs of the AboitizPower workforce

UnionBank

The Aboitiz Group's banking and financial services business units leveraged on Data Science and Artificial Intelligence (DSAI) to elevate their services and boost overall customer experience. UnionBank collaborated with different partners to develop new innovations and further strengthen its position as one of the country's leading banks. Continuous innovation efforts, specifically developing and deploying DSAI solutions, have resulted in the bank attaining Level 3 Innovation Maturity, in accordance with the Aboitiz Innovation Framework.

Notable Milestones

- Utilized data analytics to improve plant Introduced Open Finance account linking for major e-wallets and e-commerce wallets that makes it quicker for end users to top up or deposit to their accounts
- Introduced Artificial Intelligence / Machine Learning and achieved 138% increase in total bancassurance bookings using the Bancassurance Cross-sell Model. Additionally, the Credit Cards Cross-sell Model resulted in an average monthly conversion rate increase of 187% through telesales and 237% through EDM for credit cards. Lastly, the Auto Loans Cross-sell Model achieved an average monthly conversion rate increase of 178% through the use of EDM for auto loans.
- Leveraged DSAI capabilities, along with its cloud platform to operationalize an AI-powered model for assessing Anti-Money Laundering alerts
- Introduced Financial Supply Chain (FSC) on the Blockchain, deemed as a strategic weapon of choice that allows working capital and cash flow management
- Optimized Blockchain and API Center of Excellence, which enabled UnionBank to tap new markets and create new business models by leveraging on the bank's early adoption of emerging technologies
- Leveled up customer experience by utilizing the Net Promoter Score (NPS) Free-text Analysis Tool that streamlines and automates the analysis of thousands of survey responses and complaints of bank customers
- Launched NextGen Academy, a UnionBank Private Banking event series that is a multi-awarded, first-in-the-country project designed to empower next-gen family business leaders
- Introduced UBX NFT Artifact, the country's first tokenized Fine Arts platform, that democratizes art ownership by fractionalizing them as non-fungible tokens (NFTs)
- UBX launched the Philippine Open Finance Foundation to bring in stakeholders from both technology and end users to help build policies
- UnionBank and Global Learning Solutions Singapore partnered to develop the Asian Institute of Digital Transformation (AIDT), and introduced the Executive Master Class in Digital Transformation.
- Inaugurated the UnionBank Innovation Campus, the first smart campus for a financial institution in the Asia-Pacific region, powered by Huawei Technologies

PETNET

In 2022, PETNET undertook several innovation initiatives aimed at developing new solutions to enhance its existing processes and improve service delivery to its customers. Its Digital Remittance Platform (DRP) bagged the Philippines Technology Excellence Award for Fintech-Remittance. This cutting-edge innovation enables businesses to connect to a network of remittance and other financial partners. The company also launched Ideanote, an idea generation platform, and established its first batch of innovation champions who spearheaded innovative practices in the company. It also conducted in-house professional development programs, including the Data Analytics Fundamentals Training program.

Notable Milestones

- Developed and launched the PERA Remit Partner (PRP) System, a platform that onboards clients and business partners by allowing KYC (Know Your Customer) documents to be submitted and systematically filed
- Introduced the My Performance Plan (MPP) advocating a holistic approach on performance management
- Launched the Forex Information System (FIS), a platform created to support the growing business of FOREX and Global Business Solutions for front-end customer transactions and compliance requirements

Food Group

In 2022, the Food Group had many remarkable innovations that contributed to the year's overall success. With a total of 1,825 ideas collected from all its locations of operations in the Philippines and overseas, the group implemented 1,173 ideas, achieving an impressive implementation rate of 64%. The team members' increasing innovation engagement year-on-year is a testament to the group's commitment to progress. Despite the supply chain challenges resulting from the Russia-Ukraine war, the Food Group remained committed to innovation and concentrated more on small incremental and groundbreaking innovations. Its primary innovation initiatives focused on enhancing processes and exploring alternatives to reduce procurement, logistics, and raw material costs.

Notable Milestones

- FG China: Optimized low-grade raw material to superior quality feeds, using an improved sieve method to classify corn and utilize raw material according to different quality specifications
- FG Malaysia/Brunei: Redefined crude palm oil (CPO) quality maintenance, using Barox to stabilize the quality of CPO to improve feed performance
- FG Thailand: Reduced feed shrink loss by determining the optimum moisture and feed formula to maximize output
- FG Philippines: Optimized mill material handling equipment to maximize the utilization of underutilized assets to eliminate manual handling
- FG Indonesia: Used broken maize as raw material to produce feeds
- FG Vietnam: Installed compartments in its flat warehouses to classify different raw materials to maximize space and eliminate raw material bagging

Aboitiz InfraCapital

In 2022, AIC pioneered and implemented innovative and world-class infrastructure projects and solutions across the company's key sectors: economic estates, water, digital infrastructure, and transport and mobility. These include the Smart water technology at the LIMA Estate in Batangas, Smart City features in the AIC Economic Estates, and the Davao Bulk Water Supply Project being constructed by Apo Agua that will feature the water-energy nexus concept. For transport and mobility, AIC is exploring the use of DSAI in tech-ing up the operations of the Mactan-Cebu International Airport.

Notable Milestones

- AIC Economic Estates awarded as Best Industrial Development and Special Recognition in Sustainable Design and Construction
- Introduced SMART water technology at LIMA Estate
- Using the water-energy nexus concept in Apo Agua's Davao Bulk Water project

Republic Cement

Republic Cement's strong culture of innovation proved to be synergistic with our Great Transformation. The company's TIBAY innovation ideas perfectly complemented AEV's Super Ditch Day, further delivering value and growth in the organization. The TIBAY Program was launched in 2020 aimed at identifying, pursuing, and allocating resources towards significant innovation ideas that address the big challenges in the company and industry. The program received over 3,000 ideas over the next two years. In Q4 2022, TIBAY 2.0 was launched, pivoting towards supporting idea execution instead of generation, and recognizing teams executing the ideas selected instead of only the individual who generated the idea.

Notable Milestones

- Achieved its corporate goal of meeting the target number of contributions for TIBAY innovation ideas
- Over 3,800 ideas collected in the program's first two years
- Over PHP860 million in savings and income contribution from ideas collected from 2020 to 2022

Aboitiz Land

In 2022, Aboitiz Land achieved impressive breakthroughs in its innovation initiatives covering all areas of operations and support, resulting in record-high performances in Sales, Construction, and Collections. This success was driven by the company's various teams, who worked collaboratively to develop and implement key digitization projects and innovative solutions that brought significant value to the organization.

Notable Milestones

- Launched and formalized the Innovation Program, achieving the company's 2022 target of Level 3 Innovation Maturity
- Remix program resulted in the ideation and implementation of 203 innovation initiatives covering all pillars of the Great Transformation
- The company's proprietary sales and marketing app, the Aboitiz Land Vecino App, played a vital role in driving record-breaking sales, as well as delivering an end-to-end digital home-buying experience for customers
- Innovative construction technologies led to the delivery of more durable housing units at a 50% faster rate
- Innovations in customer servicing anchored on omnichannel support enabled the company to meet customers in their platforms of choice, resulting in higher customer satisfaction rates

Aboitiz Data Innovation

Aboitiz Data Innovation (ADI) worked with business and corporate units across the Aboitiz Group to develop and deploy solutions that contributed to driving operational efficiency and cost savings, managing risks better, optimizing revenue, and championing sustainability.

Notable Milestones

- Financial crime management - Operationalized an AI-powered model that enabled UnionBank to improve both operational efficiency and risk management. Resulted in a considerable decrease in the number of alerts (40%) that eventually led to a reduction in man-hours for manual investigation, while concurrently achieving very high confidence in detecting valid alerts.
- Sustainable manufacturing - The 28-day cement strength predictive modeling tool co-developed by ADI and Republic Cement was institutionalized and deployed to all Republic Cement manufacturing plants across the country.
- Intelligent security dashboard - Developed a tool to enable the business units' security heads to quickly assess a facility's alert level and implement the appropriate preemptive measures. Led to reduced man-hours to process the data, analyze and assess external security threats from 4 hours to 30 minutes.
- Automated document review and comparison - Collaborated with AEV's Tax Advisory and Compliance Services (TACS) team to save 925 man-hours by automating the extraction of information from financial documents into a system-readable, user-accessible and unified material.

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Aboitiz Construction

Aboitiz Construction, Inc. (ACI) has been continuously exploring new opportunities to drive growth and enhance its products and services. In line with this, the company has ventured into the industrial maintenance business, focusing on power plants, cement plants, and mining facilities to tap into additional revenue sources. ACI also invested in seven units of the Automated Trimble Machine Control equipment, which will have a direct impact on the productivity of construction activities in project sites, including the implementation of the LIMA 9-2 land development.

Notable Milestones

- Recertified for ISO 9001, ISO 14001, ISO 45001
- Hired its first batch of apprentices to be trained to become well-equipped engineers and possibly be the company's future leaders; and strengthened the organization with experienced mid-level team leaders and ready talents for succession
- Completed the full migration of processes and data to the cloud

Transformation Accelerated: A Look Ahead

Moving forward, we are determined to further drive and accelerate transformation across all our business units, uniting them towards a common goal. Our focus is on empowering every team member to contribute to our Great Transformation journey by bridging challenging skill gaps, leveraging technology to create 10x value, and supporting changes that profoundly impact our people, planet, and profit. Our goal is to create a culture of innovation and growth, where everyone has a stake in our success. By staying true to our values and embracing innovation and teamwork, we are confident that we will drive significant transformation, not just for our business but also for the communities we serve.

Co-Creating Value with Key Stakeholders through the Strategic Lens of ESG

In the Aboitiz Group, the co-creation of value with key internal and external stakeholders involves proactive engagement to understand their needs and the development of solutions that meet their expectations. This can involve collaborative partnerships with government, the private sector, civic organizations, customers, host communities, suppliers, and our employees to address shared challenges and create shared value.

We engage with our stakeholders in a variety of ways, such as through surveys, virtual calls, focus group discussions, consultations, and partnerships. Our goal is to establish open and constructive dialogue, and to co-create solutions that address the needs and aspirations of everyone, especially after the reopening of opportunities post-pandemic.

In 2022, our Group President and CEO Sabin M. Aboitiz was appointed as one of the stewards of the Council for Inclusive Capitalism. He also holds positions in various business and socio-civic organizations in the Philippines and abroad, including as Lead Strategic Convener of the Private Sector Advisory Council to the Philippine government, co-chairman in the APEC Business Advisory Council of the Asia Pacific Economic Cooperation, and member of the United Nations Global Compact Network Philippines Board of Trustees.

Known for his passion for people and innovation, he is currently leading the Aboitiz Group in a Great Transformation towards becoming the Philippines' first techglomerate.

The Group's ESG focus in the entire organization is solid proof of our commitment in promoting inclusive development, as we lead sustainable impact at scale. Our initiatives are aligned with the United Nations' Sustainable Development Goals, particularly those related to decent work and economic growth, and sustainable cities and communities.

Aboitiz lives by these 4 key principles:

Stakeholder engagement: We believe in engaging with our stakeholders to understand their needs and expectations, and to build trust and relationships. This includes regular communication and dialogue with them, as well as formal mechanisms for feedback and input.

Materiality assessment: We identify and prioritize the most important issues for our stakeholders and for the company itself, using a materiality assessment process. This helps to ensure that we focus on the issues that are most important to our stakeholders and that have the greatest impact on the Group's long-term success.

Integrated thinking: We promote integrated thinking, which involves considering the interdependencies between different aspects of the business, including financial, environmental, social, and governance factors. This helps to ensure that our decision-making takes into account the broader impacts on all our stakeholders and on the Group's long-term sustainability.

Continuous improvement: We are committed to continuous improvement in our stakeholder management approach, including regular monitoring, evaluation, and reporting of its progress. This helps to ensure that we remain responsive to the changing needs and expectations of all our stakeholders, and that we continue to create value for them over time.

We believe that our overall principles reflect the Aboitiz commitment to creating long-term value for all stakeholders, while also promoting sustainability and responsible business practices.

Key Dialogue Channels

Stakeholder Group and Description	Channels of Engagement	Material Topics
Team Members and Leaders Partners in realizing our Group's Purpose and Brand Promise	Events and campaigns Digital communications channels and employer branding portals Various learning, development, and mentorship opportunities Engagement surveys and initiatives Awards and recognition programs Volunteer opportunities Wellness programs	Talent Management: Attraction, retention, and optimization of A-People
Customers Patrons of our product and service offerings	Various customer engagement initiatives Product campaigns, caravans, conventions, expos and exhibits Customer satisfaction surveys	Transparency in: • Products and Services • Client Information • Security/Privacy • Compliance to Regulatory Requirements
Suppliers and Partners Partners in the supply chain that provide us with vital services	Bidding and orientation process Digital channels for procurement and supply Engagement activities and fellowship events	Sustainable supply chain
Shareholders Partners who provide the capital to fuel our growth aspirations	Annual Stockholders' Meeting Analyst and investor briefings Roadshows, one-on-one meetings, and conference calls Quarterly reports and disclosures E-newsletters ESG ratings and reports	Corporate governance and economic performance
Communities Partners who share in our success	CSR 2.0 Training and capability building Expos and exhibits Outreach programs (livelihood and feeding programs) Partnerships and informal conversations	Corporate social responsibility and disaster resilience
Private Sector Partners in realizing our growth aspirations	Joint Ventures Board Meetings Private Sector Partnerships	Corporate Governance
Government and regulatory agencies Partners in compliance and upholding the law	Public private partnerships Formal dialogue and roundtable discussions Audit and compliance	Compliance to regulatory requirements
Academe Partners in enhancing capabilities	Scholarship Joint research and development Funding and Grants	Innovation Management Biodiversity Management
Media Partners in communicating our mission and purpose to the larger community	Regular press briefings, conferences and roundtables Sponsorship Events Community and media tours Journalism workshop Various engagement activities	Reputation management (communication on business performance and building market presence)

2022 Corporate Governance Report

Creating the path towards the Great Transformation

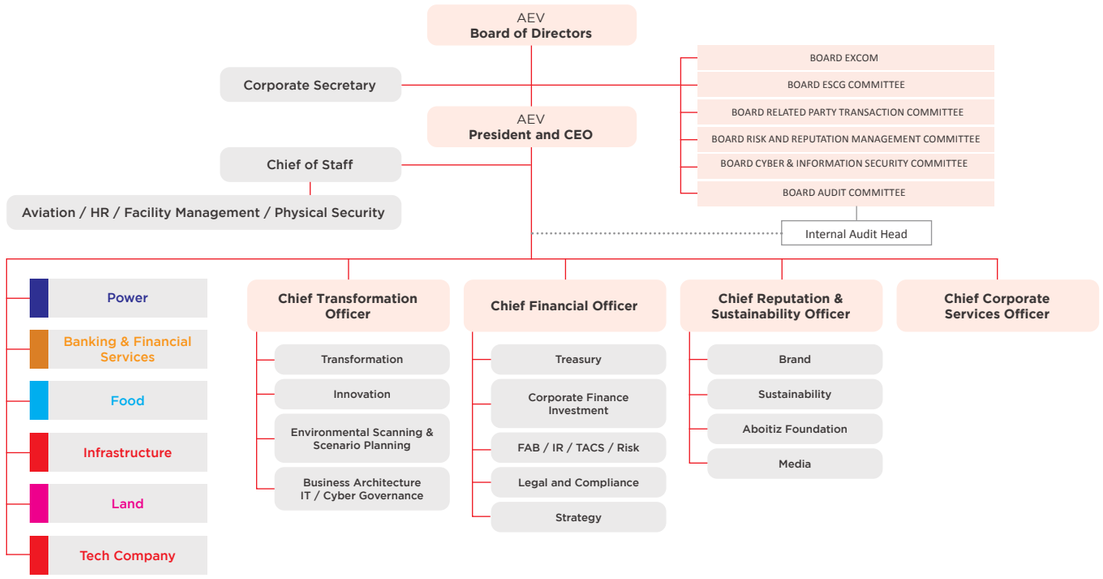
In 2022, the Aboitiz Group continued its journey through the next chapter in its history, by continuing to drive change for a better world by advancing business and communities for the next 100 years. By embarking on the Great Transformation, the Company has also taken deliberate steps in transforming the organization into an enterprise that puts innovation at the forefront of its growth strategy to become the Philippines first *techgolmerate*. 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.

Aboitiz Governance Framework

Our corporate governance framework, which is deeply rooted in the Aboitiz core values of Integrity, Teamwork, Innovation, and Responsibility, are institutionalized in the respective AEV and AboitizPower Corporate Governance Manuals (Manual), Codes of Ethics and Business Conduct (Code), and related governance policies and protocols.

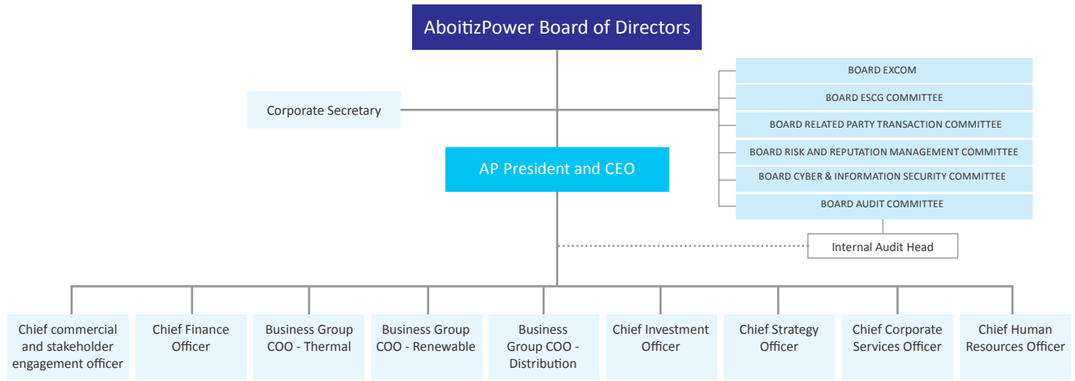
AEV Table of Organization

As of January 2023



AboitizPower Governance Structure

As of January 2023



Aboitiz High Impact Governance

Governance in Aboitiz is driven by a productive collaboration between AEV and AboitizPower's diverse and highly-competent Boards and Board Committees, each supported by capable and accountable management teams and empowered team members. This ensures that both Boards are able to build on their company's future prosperity, adapt to the changing business environment, and carry out their strategic direction and growth aspirations.

Aboitiz High Impact Governance - Program Components

Agile Board

- A Board that has the right size, committee structure, and profile that is aligned with the operational requirements and the growth aspirations of the Group,
- A Board that has the right mix of Technical and Behavioral Competencies and are exposed to the business.

Engaged Board

- A Board that has a productive working relationship amongst each other and with management.
- A Board that is FAMILIAR not only with the Company's mission, vision, and culture, but also IMMERSED in businesses, operations, initiatives of the Company through collaborations within and outside the confines of the Board room.

Supported Board

- A Board that is SUPPORTED by processes and protocols that facilitate the effective discharge of its functions, so that the directors can focus on governing, rather than administrative details.

BOARD OF DIRECTORS

The Boards of AEV and AboitizPower perform the crucial role of articulating and reviewing each company's purpose, vision and mission, and strategies to carry out its goals. They ensure that the strategic direction of each company's businesses are well defined, properly managed, and are aligned with the overall strategic goals of the Aboitiz Group. Independent from management, the AEV and AboitizPower Boards are committed to provide each company's a strategic roadmap towards a modern and transformative future by focusing on high-potential growth initiatives, a renewed entrepreneurial mindset, and continuous investment in the hypergrowth of its team members in an enabling and inclusive work environment.

Board of Directors at a Glance

(as of December 31, 2022)

	AEV	AboitizPower
Chairman	Enrique M. Aboitiz (Non-Executive Director)	Sabin M. Aboitiz (Non-Executive Director)
Vice Chairman	Mikel A. Aboitiz (Non-Executive Director)	Eric Ramon O. Recto (Independent Director)
Lead Independent Director	Romeo L. Bernardo	Eric Ramon O. Recto
Composition	- Seats: 9 - Non-Executive Directors: 5 - Executive Directors: 1 - Independent Directors: 3	- Seats: 9 - Non-Executive Directors: 5 - Executive Directors: 2 - Independent Directors: 2
Term of Office	One Year	One Year
Board Committees	• Audit Committee • Environmental, Social, and Corporate Governance Committee • Risk and Reputation Management Committee • Related Party Transactions Committee • Cyber and Information Security Committee • Executive Committee*	• Audit Committee • Environmental, Social, and Corporate Governance Committee • Risk and Reputation Management Committee • Related Party Transactions Committee • Cyber and Information Security Committee • Executive Committee*
Age Profile	• Average: 62 years old • Youngest: 42 years old • Eldest: 72 years old	• Average: 59 years old • Youngest: 41 years old • Eldest: 65 years old
Tenure Profile	• Average: 10 years • Lowest: 8 months • Highest: 28 years • Independent Directors with more than 9 years tenure: None	• Average: 2 years • Lowest: 4 months • Highest: 4 years • Independent Directors with more than 9 years tenure: None
Gender Profile	• Male: 7 • Female: 2	• Male: 9 • Female: 0
Shareholdings	• Directors owning 5% or more: None • Independent Directors owning 2% or more: None	• Directors owning 5% or more: None • Independent Directors owning 2% or more: None
Limit on Directorships in other PLCs	Five publicly-listed companies	Five publicly-listed companies
Quorum Requirement	Two-thirds of the members of the Board	Majority of the members of the Board
Voting Requirement	At least two-thirds of the quorum	At least a majority of the quorum
Attendance Requirement	75%	50%

**No Executive Committee meetings were held because the Board met monthly during 2022.*

Summary of Changes in the AEV and AboitizPower Boards

	Resignation	Election / Appointments	Did not Seek Re-election
AEV	-	-	-
AboitizPower	Mikel A. Aboitiz (Dec 2021)	Cesar G. Romero (Oct 1, 2022)	-

In 2022, the members of the AEV and AboitizPower Boards of Directors were the following:

Aboitiz Equity Venture

ENRIQUE M. ABOITIZ
Chairman – Board of Directors
Non-Executive Director

Age: 69 years old
Citizenship: Filipino
Date of First Appointment: May 10, 1999
Tenure: 23 years

Board and Committee Memberships and % Attendance Record in 2022:
(C) BOD (89%)
(M) ExCom (n.a)
(M) ESCG (100%)
(M) Cyber (75%)

Directorships in Other Listed Companies Outside the Aboitiz Group:
None

Educational and Professional Background:
- Bachelor of Science in Business Administration, Major in Economics, Gonzaga University, Spokane, Washington, U.S.A.

MIKEL A. ABOITIZ
Vice Chairman of the Board
Non-Executive Director

Age: 68 years old
Citizenship: Filipino
Date of First Appointment: May 15, 2017
Tenure: 5 years

Board and Committee Memberships and % Attendance Record in 2022:
(VC) BOD (100%)
(M) ExCom (n.a)

Directorships in Other Listed Companies Outside the Aboitiz Group:
None

Educational and Professional Background:
- Bachelor of Science in Business Administration, Gonzaga University, Spokane, Washington, U.S.A.

ERRAMON I. ABOITIZ
Non-Executive Director

Age: 66 years old
Citizenship: Filipino
Date of First Appointment: May 9, 1994
Tenure: 28 years

Committee Memberships:
(M) BOD (100%)
(C) Risk (100%)
(M) ExCom (n.a)
(M) AudCom (100%)

Directorships in Other Listed Companies Outside the Aboitiz Group:
None

Educational and Professional Background:
- Bachelor of Science in Business Administration, Major in Accounting and Finance, Gonzaga University, Spokane, Washington, U.S.A.
- Honorary Doctorate Degree in Management from the Asian Institute of Management
- Awardee - Management Man of the Year by the Management Association of the Philippines (2011)
- Awardee - Entrepreneur of the Year by Ernst & Young (2011)

SABIN M. ABOITIZ
President and Chief Executive Officer
Executive Director

Age: 58 years old
Citizenship: Filipino
Date of First Appointment: May 21, 2018
Tenure: 4 years

Board and Committee Memberships and % Attendance Record in 2022:
(M) BOD (100%)
(C) ExCom (n.a)
(M) ESCG (100%)
(M) Risk (100%)

Directorships in Other Listed Companies Outside the Aboitiz Group: None

Educational and Professional Background:
- Bachelor of Science in Business-Administration, Major in Finance, Gonzaga University, Spokane, U.S.A.

ANA MARIA A. DELGADO
Non-Executive Director

Age: 42 years old
Citizenship: Filipino
Date of First Appointment: December 11, 2018
Tenure: 4 years

Board and Committee Memberships and % Attendance Record in 2022:
(M) BOD (100%)
(M) Audit (100%)

Directorships in Other Listed Companies Outside the Aboitiz Group: None

Educational and Professional Background:
- Bachelor of Arts in Art History/Painting from Boston College
- Master's Degree in Business Administration, New York University Stern School of Business

JUSTO A. ORTIZ
Non-Executive Director

Age: 65 years old
Citizenship: Filipino
Date of First Appointment: May 9, 1994
Tenure: 25 years (1994 -2017, 2021 - 2022)

Board and Committee Memberships and % Attendance Record in 2022:
(M) BOD (100%)
(C) Cyber (100%)
(M) ExCom (n.a)

Directorships in Other Listed Companies Outside the Aboitiz Group: None

Educational and Professional Background:
- Member of the Claustro de Profesores and Doctor of Humanities Degree (honoris causa), University of Santo Tomas
- Economics Honors Program (magna cum laude), Ateneo de Manila University

ROMEO L. BERNARDO
Lead Independent Director

Age: 68 years old
Citizenship: Filipino
Date of First Appointment: April 26, 2021
Tenure: 1 year

Board and Committee Memberships and % Attendance Record in 2022:
(M) BOD (100%)
(C) ESCG (100%)
(M) RPT (100%)
(M) AudCom (100%)
(M) Risk (100%)

Directorships in Other Listed Companies Outside the Aboitiz Group:
- Globe Telecom, Inc.
- Bank of the Philippine Islands
- RFM Corporation
- PHINMA, Inc.
- Monde Nissin Corporation

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

JOANNE G. DE ASIS
Independent Director

Age: 72 years old
Citizenship: Filipino
Date of First Appointment: April 26, 2021
Tenure: 1 year

Board and Committee Memberships and % Attendance Record in 2022:
(M) BOD (100%)
(C) RPT (100%)
(M) AudCom (100%)
(M) ESCG (100%)
(M) Risk (100%)
(M) Cyber (100%)

Directorships in Other Listed Companies Outside the Aboitiz Group:
- Easycall Communications Philippines, Inc.

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

CESAR G. ROMERO
Independent Director

Age: 57 years old
Citizenship: Filipino
Date of First Appointment: April 25, 2022
Tenure: 8 months

Board and Committee Memberships and % Attendance Record in 2022:
(M) BOD (100%)
(C) AudCom (100%)
(M) ESCG (100%)
(M) Risk (100%)
(M) RPT (100%)

Directorships in Other Listed Companies Outside the Aboitiz Group:
- Robinsons Retail Holdings, Inc.

Educational and Professional Background:
- Bachelor of Science in Mechanical Engineering (cum laude) , University of the Philippines – Diliman
- Master's Degree in Business Administration (with High Distinction), University of Michigan, Michigan, U.S.A.
- Various Management Development Courses in London Business School and Wharton Business School, U.S.A.

AboitizPower

SABIN M. ABOITIZ
Chairman of the Board

Age: 58 years old
Citizenship: Filipino
Date of First Appointment: April 26, 2021
Tenure: 1 year

Board and Committee Memberships and % Attendance Record in 2022:
(C) BOD (100%)
(C) Risk (100%)
(M) ESCG (100%)
(M) ExCom (n.a)
(M) Cyber (100%)

Directorships in Other Listed Companies Outside the Aboitiz Group: None

Educational and Professional Background:
- Business Administration, Major in Finance, Gonzaga University, Spokane, Washington, U.S.A.

ERIC RAMON O. RECTO
Independent Director

Age: 59 years old
Citizenship: Filipino
Date of First Appointment: May 21, 2018
Tenure: 4 years

Board and Committee Memberships and % Attendance Record in 2022:
(VC) BOD (100%)
(M) ESCG (100%)
(C) Audit (100%)
(M) Risk (100%)
(C) RPT (100%)
(C) Cyber (100%)

Directorships in Other Listed Companies Outside the Aboitiz Group:
- Philippine Bank of Communications
- Atok-Big Wedge Co., Inc
- DITO CME Holdings Corp.
- PH Resorts Group Holdings, Inc.
- Manila Water Company, Inc.

Educational and Professional Background:
- Bachelor of Science in Industrial Engineering, University of the Philippines – Diliman
- Masters in Business Administration, with concentration in Finance and Operation Management, Johnson Graduate School of Management, Cornell University, Ithaca, New York, U.S.A.

EMMANUEL V. RUBIO
Director/President and Chief Executive Officer

Age: 58 years old
Citizenship: Filipino
Date of First Appointment: January 1, 2020
Tenure: 3 years

Board and Committee Memberships and % Attendance Record in 2022:
(M) BOD (100%)
(M) Risk (100%)
(C) ExCom (n.a.)

Directorships in Other Listed Companies Outside the Aboitiz Group: None

Educational and Professional Background:
- Bachelor of Science in Industrial Management Engineering , minor in Mechanical Engineering, De La Salle University, Manila
- Master's in Business Administration, Certificate of Completion, De La Salle University, Manila

Certifications:
The LEAD Program, Columbia University
- Advanced Management Program, Columbia University
- Strategic Management Course, Nanyang Technological University, Singapore
- Executive Certificate in Directorship, Singapore Management University – Singapore Institute of Directors

TOSHIRO KUDAMA
Non-Executive Director

Age: 65 years old
Citizenship: Japanese
Date of First Appointment: December 22, 2022
Tenure: 1 year

Board and Committee Memberships and % Attendance Record in 2022:
(M) BOD (93%)
(M) Risk (100%)
(M) ExCom (n.a.)

Directorships in Other Listed Companies Outside the Aboitiz Group: None

Educational and Professional Background:
- Bachelor's Degree in Mechanical Engineering, Tokyo Institute of Technology
- Master's Degree in Mechanical Engineering, Graduate School of Tokyo Institute of Technology

EDWIN R. BAUTISTA
Director

Age: 62 years old
Citizenship: Filipino
Date of First Appointment: April 26, 2021
Tenure: 1 year

Board and Committee Memberships and % Attendance Record in 2022:
(M) BOD (100%)
(M) ESCG (100%)
(M) Audit (100%)

Directorships in Other Listed Companies Outside the Aboitiz Group: None

Educational and Professional Background:
- Bachelor of Science in Mechanical Engineering, De La Salle University, Manila
- Advanced Management Program, Harvard Business School in Massachusetts, U.S.A.

DANEL C. ABOITIZ
Director

Age: 41 years old
Citizenship: Filipino
Date of First Appointment: December 11, 2018
Tenure: 4 years

Board and Committee Memberships and % Attendance Record in 2022:
(M) BOD (93%)
(M) Audit (100%)
(M) ExCom (n.a.)

Directorships in Other Listed Companies Outside the Aboitiz Group: None

Educational and Professional Background:
- MA, Philosophy & Politics (with Second Honors), University of Edinburgh
- Beijing Language and Culture University, Chinese Language

CESAR G. ROMERO
Independent Director

Age: 57 years old
Citizenship: Filipino
Date of First Appointment: October 1, 2022
Tenure: 4 months

Board and Committee Memberships and % Attendance Record in 2022:
(ID) BOD (100%)
(C) ESCG (100%)
(M) Audit (100%)
(M) Risk (100%)
(M) RPT (100%)

Directorships in Other Listed Companies Outside the Aboitiz Group:
- Robinsons Retail Holdings, Inc.

Educational and Professional Background:
- Bachelor of Science in Mechanical Engineering (cum laude) , University of the Philippines – Diliman
- Master's Degree in Business Administration (with High Distinction), University of Michigan, Michigan, U.S.A.
- Various Management Development Courses in London Business School and Wharton Business School, U.S.A.

LUIS MIGUEL O. ABOITIZ
Vice Chairman of the Board

Age: 58 years old
Citizenship: Filipino
Date of First Appointment: April 26, 2021
Tenure: 1 year

Board and Committee Memberships and % Attendance Record in 2022:
(M) BOD (93%)
(M) ESCG (100%)
(M) Audit (100%)
(M) Risk (100%)
(M) RPT (100%)
(M) ExCom (n.a.)

Directorships in Other Listed Companies Outside the Aboitiz Group:
None

Educational and Professional Background:
- Bachelor of Science in Computer Science and Engineering, Santa Clara University, California, U.S.A.
- Master's degree in Business Administration, University of California, Berkeley, U.S.A.

SATOSHI YAJIMA
Director

Age: 55 years old
Citizenship: Japanese
Date of First Appointment: April 25, 2022
Tenure: 8 months

Board and Committee Memberships and % Attendance Record in 2022:
(M) BOD (100%)

Directorships in Other Listed Companies Outside the Aboitiz Group:
none

Educational and Professional Background:
- Bachelor's Degree in Electrical Engineering, Waseda University, Japan

Board Performance

In 2022, the members of the AEV and AboitizPower Boards conducted the following performance reviews and assessments::

Type of Assessment	Respondents and Scope	Criteria
1. **Director Self-Assessment** Completed: October 2022	**Respondents:** Members of the Board **Scope:** Individual and the collective performance of members of the Board and Board committees.	(1) compliance with best governance practices and principles; (2) participation and contribution to the Board and committee meetings; and (3) performance of their duties and responsibilities as provided in the company's Revised Manuals, Charters, Amended Articles, and Amended By-Laws.
2. **Key Officers Evaluation** Completed: October 2022	**Respondents:** Members of the Board **Scope:** Chairman, Chief Executive Officer, Internal Audit Head, Risk Officer, Corporate Secretary, and Compliance Officer	
3. **Director Evaluation** Completed: October 2022	**Respondents:** Executive Officers **Scope:** 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
4. **Board and Committee Charter Assessment** Completed: December 2022	**Respondents:** 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 recommends that at least once in every three years, the conduct of the Board performance assessment must be supported by an independent third-party facilitator. AEV and AboitizPower complied with this requirement in 2020 with the engagement of the Good Governance Advocates and Practitioners of the Philippines (GGAPP), an independent association of corporate governance practitioners, to support its Board performance assessment exercise. The results of the assessment, as well as the recommendations from GGAPP, were presented and discussed during the ESCG Committee meeting on February 16, 2021.

Board Independence

By virtue of their respective Manuals and Committee charters, the Environmental, Social and Corporate Governance (ESCG) Committees of AEV and AboitizPower are tasked to develop and recommend a set of corporate governance principles, aimed to promote the independence of their respective Boards, including standards and guidelines applicable to the selection, contribution, and conduct of Board members.

In 2022, the AEV and AboitizPower Boards were composed of a majority of Non-Executive Directors and Independent Directors. AEV has three qualified Independent Directors and five Non-Executive Directors out of its nine Board members. Meanwhile, AboitizPower has two qualified Independent Directors and five Non-Executive Directors out of its nine Board members. In addition, both Boards appointed a Lead Independent Director who serves as an intermediary between the Chairman and the other directors whenever necessary. In 2022, AEV and AboitizPower had no Independent Directors that served for more than nine years.

Board Diversity Policy

The AEV and AboitizPower Board diversity policies encourage the selection of a diverse mix of highly-competent directors and officers with in-depth knowledge and experience in the core industries where AEV and AboitizPower are involved. Other factors considered are diversity of business experience, behavioral and technical competencies, background, age, and gender. Both Boards are composed of legal and finance professionals, engineers, former or current CEO/COOs, auditors, and accountants. Many of them have management experience in private and government sectors, as well as in multilateral agencies.

Recognizing that a sustainable enterprise goes beyond the current generations of leaders, the AEV and AboitizPower Boards appointed Ms. Ana Maria A. Delgado and Mr. Danel C. Aboitiz, respectively, as Directors in 2018. Ana and Danel are part of a new generation of homegrown leaders who add fresh perspectives to each Board's deliberation. In terms of gender, AEV currently has two female members in the Board of Directors.

AEV and AboitizPower defined the technical and behavioral competencies regarded as essential to the realization of each company's strategic goals and growth aspirations. This set of skills and competencies are incorporated in the evaluation and selection processes of the AEV and AboitizPower Boards to ensure that competency gaps are addressed and that the target profile is achieved.

Board Profile Target	
Professional Background / Industry Experience *A mix of directors that have notable experience or have worked in the following industries:*	1. Advocacy Group / Professional Organizations (Integrated Bar of the Philippines, Philippines Stock Exchange, Institute of Corporate Directors, Bankers Association, Chartered Financial Analyst, etc.) 2. Power Industry (Generation, Distribution, Retail Electricity Supply) 3. Real Estate Industry 4. Infrastructure 5. Banking and Finance 6. Investments 7. Food Manufacturing 8. Technology 9. Information Technology and Cybersecurity 10. Legal and Regulatory
Technical Skills / Experience *A mix of directors that received either formal education or training, or considerable experience in the following fields:*	1. Finance 2. Economics 3. Risk Management 4. ESG 5. Audit and Accounting 6. Legal and Regulatory 7. Strategy Development and Implementation 8. Technology (DSAI, Digitization, etc) 9. Information Technology and Cybersecurity (infrastructure/operational) 10. International Transactions 11. Mergers and Acquisitions
Governance Competencies *A mix of directors that exhibits the following:*	1. Business Acumen 2. Independent Judgment 3. Familiarity with the Business 4. Active Participation 5. Mentoring Abilities 6. High Ethical Standards 7. Strategic Thinking
Behavioral Competencies *A mix of directors that embodies the following:*	1. Integrity 2. Team Work (Collaborative) 3. Innovation (willingness to improve) 4. Responsibility and Accountability 5. Radical Candor 6. Willingness to devote time and energy to the role 7. Problem-Solver 8. Self-Awareness and Self-Management

Director Development Program – Aboitiz Board Learning Sessions and Virtual Asset Tours:

AEV and AboitizPower believe that their directors should keep abreast with current industry developments and business trends in order to promote the Group's competitiveness. It is equally important that all directors are aware of their duties and responsibilities, and are provided with all the information needed to discharge their functions.

The AEV and AboitizPower Manuals require every director to undergo an initial onboarding session upon first appointment to the Board, and to commit to a continuing professional training program (formal and informal) to be kept updated on recent developments in internal policies, relevant laws and regulations, and various business risks relevant to the Group. The Chairmen of both Boards, with the assistance of their respective Compliance Officer, ensure that directors and key officers comply with these requirements.

In 2022, instead of the traditional one-day activity for the Annual Corporate Governance Seminar, AEV and AboitizPower organized the "Aboitiz Board Learning Sessions", a series of online seminars with renowned experts across the globe. intended to provide the directors and officers with current industry developments, business trends, and corporate governance practices in order to promote the group's competitive advantage and build on the techglomerate premium. The AEV and AboitizPower Boards also use these learning sessions to address any identified skill or competency gaps. In 2022, these seminars were accredited by the Securities & Exchange Commission (SEC) as compliance with the four-hour mandatory corporate governance seminars for directors and officers of publicly-listed companies.

2022 Virtual Asset Tours

AboitizLand Luzon Properties January 26, 202
Food Group: Tarlac Meatmasters February 22, 2022
UnionBank Innovation Campus April 21, 2022
Cement Group: RCBM Plant Tour October 27, 2022
Food Group: West Port Malaysia Plant December 13, 2022

2022 Board Learning Sessions

The Secrets of Motivation and Influence *Aboitiz Team Leaders' Conference* January 11, 2022	**Start-up Nation - The Story of Israel's Economic Miracle*** *Mr. Saul Singer* July 28, 2022
Special Session on Global Industry Developments *Mr. Adam Rozencwajg* March 31, 2022	**Special Session on Global Industry Developments** *Mr. Adam Rozencwajg* August 18, 2022
Breakthroughs and Applications of Artificial Intelligence and Robotics *Mr. Neil Jacobstein* March 15, 2022	**Geo-Politics and Cyber Security: Preparing for Change in Era of Crisis*** *Ms. Beth Sanner* September 7, 2022
Vietnam Investment Opportunities and Risks *Mr. Soren Pederson* April 25, 2022	**How Innovation Works*** *Mr. Matt Ridley* November 24, 2022
Bouncing Back - Preparing for Future Growth *Mr. Leonard Brody* June 27, 2022	

**These trainings were accredited by the SEC as compliance with the annual four-hour mandatory corporate governance seminar for directors and officers of publicly-listed companies. All the directors and officers of AEV and AboitizPower were able to attend and complete the mandatory corporate governance seminars.*

Director Compensation

The ESCG Committees of AEV and AboitizPower ensure that the remuneration for directors and key executives is consistent with the Group's culture, strategy, and business policies. Guided by the Aboitiz Compensation Philosophy, factors such as individual and organizational performance, and inflation, among others, are taken into account to ensure that the compensation structure will attract, retain, and engage the best talents to contribute to the success of the business. Each year, the results of the study are presented,discussed, and approved during the first meeting of the ESCG Committees of the two companies.

In 2022, the directors of AEV and AboitizPower were entitled to the following compensation:

Remuneration	Type of Meeting	Directors / Committee Members	Chairman of the Board / Committee Chairman
Per Diem	Board Meeting	₱150,000.00	₱225,000.00
	Board Committee Meeting (except Audit Committee)	₱100,000.00	₱150,000.00
	Audit Committee	₱100,000.00	₱200,000.00
		Directors	Chairman of the Board
Monthly Allowance		₱150,000.00	₱200,000.00

In compliance with Section 29 of the Revised Corporation Code, the total compensation of each of the Company's directors as of December 31, 2022 were as follows:

AEV Directors	Total Compensation Received as a Director
ENRIQUE M. ABOITIZ Chairman of the Board	₱6,750,000.00
MIKEL A. ABOITIZ Vice Chairman of the Board	₱4,350,000.00
ERRAMON I. ABOITIZ Director	₱6,650,000.00
SABIN M. ABOITIZ* President and Chief Executive Officer	₱6,000,000.00
ANA MARIA A. DELGADO* Director	₱4,900,000.00
JUSTO A. ORTIZ* Director	₱5,100,000.00
ROMEO L. BERNARDO Lead Independent Director	₱5,900,000.00
JOANNE G. DE ASIS Independent Director	₱6,150,000.00
CESAR G. ROMERO** Independent Director	₱3,900,000.00
MANUEL R. SALAK III** Independent Director	₱2,300,000.00

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

*** Mr. Romero was elected as the Company's Independent Director during the 2022 ASM. Mr. Salak II was not re-elected during the 2022 ASM.*

AboitizPower Directors	Total Compensation Received as a Director
SABIN M. ABOITIZ* Chairman of the Board of Directors	₱6,275,000.00
ERIC RAMON O. RECTO Vice Chairman/ Lead Independent Director	₱6,350,000.00
LUIS MIGUEL O. ABOITIZ Director	₱4,800,000.00
EMMANUEL V. RUBIO* Director/President and Chief Executive Officer	₱3,900,000.00
TUSHIRO KUDAMA Director	₱3,750,000.00
SATOSHI YAJIMA Director	₱2,250,000.00
EDWIN R. BAUTISTA Director	₱4,000,000.00
DANEL C. ABOITIZ* Director/Chief Commercial and Stakeholder Engagement Officer	₱3,850,000.00
CESAR G. ROMERO** Independent Director	₱1,600,000.00

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

***Appointed as Independent Director, effective October 1, 2022*

BOARD COMMITTEES

The **Environmental, Social, and Corporate Governance Committees (formerly the Corporate Governance Committee)** of AEV and AboitizPower are responsible for ensuring the establishment of a governance mechanism that promotes sustainability practices through proper environmental stewardship, social development, and sound corporate governance. The ESCG Committees also perform the functions of the Nomination and Remuneration Committees. In carrying out their duties and responsibilities, the ESCG Committee is supported by the company's Compliance Officer, Chief External Relations Officer, as well as the Group Chief Human Resources Officer. These officers regularly attend committee meetings to act as resource persons. The cChairmen of the ESCG Committees are the Lead Independent Directors of AEV and AboitizPower.

Key Areas of Focus in 2022

ESCG Committee Charter	- Reviewed and updated AEV's Manual and Board Charter's to increase the quorum and vote requirement to two thirds (⅔).
Environmental and Social	- Discussed the potential impact of the COP26 outcome on the Group - Monitored the progress of the ongoing Climate Value at Risk study - Monitored the progress of the Group-wide ESG Materiality Re-assessment - 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.

Key Areas of Focus in 2022

Compliance	- Reviewed and monitored AEV and AboitizPower's compliance with new laws and regulations - Ensured that the nomination, selection, election, remuneration, and assessment of each company's directors and officers are aligned with the Manuals
Corporate Governance	- Reviewed and endorsed for Board approval the proposed amendments to and RPT Charter, Risk and Reputation Management Committee Charter - Reviewed and monitored the status of whistleblowing reports
Nomination and Compensation	- Approved the final list of nominees for directors for election after reviewing all the qualifications as provided in the By-Laws, Revised Manuals, and other relevant SEC rules - Reviewed the qualifications of all persons nominated to appointed positions by the Board - Reviewed and approved the 2022 Group-wide merit increase guidelines

The Audit Committees continued to provide oversight over the AEV and AboitizPower financial reporting policies, practices and controls, and over the internal and external audit functions necessary for making good audit-related decisions. In 2022, the AEV and AboitizPower Audit Committees were Chaired by independent directors. AEV's Audit Committees were composed of all three independent directors and two non-executive directors. Meanwhile, the AboitizPower Audit Committee was composed of all two independent directors, two non-executive directors, and one executive director. Each company's Chief Financial Officer and Internal Audit Head, who performs the functions of a Chief Audit Executive, are regular attendees and resource persons at committee meetings. At the end of every Audit Committee meeting during 2022, the committee members held private sessions with the companies Internal Audit Heads and the external auditors of AEV and AboitizPower. Other attendees are invited as needed.

Key Areas of Focus in 2022

Financial Reports	- Reviewed, discussed, and approved for public disclosure the 2022 quarterly unaudited consolidated financial statements - Endorsed for approval by the full Board the 2022 annual audited financial statements of AEV and AboitizPower, their subsidiaries and affiliates.
External Auditors	- Reviewed the performance of SGV as AEV and AboitizPower's external auditor - Endorsed to the Board the appointment of SGV as AEV and AboitizPower's External Auditor for 2022 - Reviewed and approved the overall scope and audit plan of SGV - Reviewed and approved the audit plan, fees, and terms of engagement, which covers audit and non-audit services provided by SGV
Internal Auditors	- Reviewed and approved the annual audit program for 2022 which also covers the adequacy of resources, qualifications and competency of the staff, and independence of the internal auditor - Confirmed that the internal audit function is executed effectively and internal auditors have conducted their responsibilities objectively and in an unbiased manner. - Brought to the attention of the Board the seriousness of cybersecurity risks to the Group
Audit Charters	- Updated the Board Audit Committee and Internal Audit Charters to improve on each of the company's control performance by having an adequate and effective internal control system

Sufficiency of Internal Control and Compliance System

The AEV and AboitizPower Audit Committees assist their respective Boards in fulfilling oversight responsibilities over their company's system of internal controls. They are responsible for monitoring, overseeing, and evaluating the duties and responsibilities of management, the internal audit activity, and the external auditors as those duties and responsibilities relate to the organization's processes for controlling its operations. In 2022, the President and Chief Executive Officers, and Internal Audit Heads of AEV and AboitizPower attested to the sufficiency of the internal control and compliance system of their respective companies.

Audit and Non-Audit Fees

The independent external auditor of AEV and AboitizPower is the accounting firm of SyCip Gorres Velayo & Co. (SGV), with Jhoanna Feliza C. Go as current audit partner on her maiden year in 2022 replacing Maria Veronica Andresa R. Pore who has served since 2017. The Board Audit Committee reviews the performance of its external auditors. As a policy, the Committee makes the recommendation to the full Board concerning the choice of external auditor for the year. The Committee also reviews the extent and nature of the services to be provided to ensure that the independence of the external auditors is preserved. The Board Audit Committee also approves the internal audit plan for the year.

The Risk and Reputation Committees exercise oversight functions over each company's enterprise risk management and reputation management, including their respective corporate brands and communication strategies.

Key Areas of Focus in 2022 (AEV)

Governance	- Established separate board risk and reputation management committees for AEV, Aboitiz Power and Food Group in support of the federalization direction of the group
Business continuity	- Conducted lessons learned on the disruption to operation, namely Typhoon Rai ("Odette") and Indonesian Coal Export Ban. Gaps and recommendations from this lookback process are implemented to strengthen response and recovery of IT, supply chain and other operational disruptions.
Business Risk management	- Reviewed and consolidated top risks of the group for 2022 and assessing frameworks and processes to transition focus on AEV as an investment and portfolio management company
Reputation	- Updated the committee on the annual reputation management plans, result of brand and reputation surveys of the company and other Philippine conglomerates .

Key Areas of Focus in 2022 (AboitizPower)

Governance	- Reviewed, discussed, and approved the Committee Charter for the Board Risk and Reputation Management Committee of AboitizPower including the risk management governance reporting structure and the composition of the AboitizPower Risk Management Council.
Risk Planning	- Regularized "Risk in Focus" segment in the agenda to discuss strategically relevant and highly critical emerging risks with inputs from subject matter and industry experts. - Regularized Learning Session segment in the agenda to reinforce board learning of key and foundational risk management concepts and practices - Discussed topics on potential for coal supply shortage, rising inflation and market failure its impact to AboitizPower commercial operations including identification of relevant mitigation plans - Invited a resource speaker to help the Committee dissect the issues around the Indonesian coal market dynamics in Indonesia including high level scenario planning. - Regularized discussion on emerging threats and opportunities for AboitizPower relative to political, regulatory, and policy drivers - Reviewed and discussed AboitizPower Group's consolidated Mid Year and Year-End Top Risks report where Accelerated Climate Transition taking the top spot - Regularized releasing of Risk Bulletins to capture action plans and update required by the Board
Business Continuity	- Presented the results of the lookback exercise for Typhoon Odette where the Distribution Utilities Group shared lessons learned and current and future mitigations to lessen the impact of climate physical risks.
Risk Finance	- Presented Insurance Transfer Strategy including background of current Insurance state and discussion of alternative solutions for AboitizPower.
Reputation	- Discussed results of AboitizPower's Reputation and Brand Impact Study in the first two quarters of 2022 including way forward action plans.

The **Related Party Transactions (RPT) Committees** of AEV and AboitizPower have the mandate to ensure that related party transactions are taken at an arm's length basis and within market rates, with sufficient documentation, and coursed through all appropriate levels of necessary approvals. In 2022, the AEV RPT Committee was composed of all three Independent Directors, incluing the Chairman. Meanwhile, the AboitizPower RPT Committee was composed of all two Independent Directors, including the Chairman, and one Non-Executive Director. In 2022, all RPTs were conducted at arm's-length basis.

Key Areas of Focus in 2022

RPT Policy and Committee Charter	- Reviewed and updated AEV's Manul and Board Charter to increase the quorum and voting requirement to two thirds (⅔).
Completion of RPT Certification	- Updated and monitored compliance with the submission of the RPT Certification by directors and key officers of AEV and AboitizPower to comply with relevant BIR regulations on the reporting guidelines for transactions of individuals and juridical entities with related parties - Monitored the compliance of AEV and AboitizPower with BIR's reportorial requirements
Fairness of RPTs	- Continued to ensure that RPTs are taken at an arm's length basis and within market rates, with sufficient documentation, and coursed through the appropriate levels of approval

The **Board Cyber and Information and Security Committees** assist the AEV and AboitizPower Boards in providing the strategic direction, ensure the establishment of each company's system of governance (processes, policies, controls and management) on all matters relating to information security and cybersecurity. In 2022, the AEV Cyber Committee was composed of one Independent Director and two Non-Executive Directors, including its Chairman. Meanwhile, the AboitizPower Cyber Committee was composed of two Non-Executive Directors and one Independent Director who also served as the Chairman of the committee.

Key Areas of Focus in 2022 (AEV)

Organizational	- Established the AEV and Aboitiz Power's Cyber and Information Security Organizations.
Cybersecurity Strategy	- Reviewed the security programs and initiative supporting the Aboitiz Group cybersecurity programs and its maturity roadmap, and their respective implementation strategies
Cybersecurity Risks	- Reviewed the cybersecurity risk map and key risk treatment plans to include the quantification of cybersecurity risks.

Key Areas of Focus in 2022 (AboitizPower)

Organizational	- Established the Aboitiz Power's Cyber and Information Security Organization. Organized the governance structure of AboitizPower on matters involving information and cybersecurity.
Cybersecurity Strategy	- Reviewed the security programs and existing initiatives, and came up with a revised strategy that accounts for the unique business context of AboitizPower, especially in OT.
Cybersecurity Risks	- Reviewed the cybersecurity risk map and key risk treatment plans to include the quantification and better positioning of OT Security risks.

The **Executive Committees** assist 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. Since the Company's Board of Directors met monthly in 2022, no Executive Committee meetings were held in the same year.

GOVERNANCE PRACTICES

Disclosure and Transparency

The Governance and Compliance Team, as well as the Board Secretariat, of AEV and AboitizPower monitor and timely disclose any changes in the share ownership of their respective directors, executives, and key officers. They also ensure that trading blackouts are implemented at the right time and to appropriate individuals.

Every quarter, AEV and AboitizPower disclose a public ownership report detailing the extent of ownership of their respective controlling shareholders, including the shareholdings of subsidiaries and affiliates, and of directors and key officers. In addition, the two companies disclose a list of their top 100 shareholders every quarter. They also disclose their top 20 shareholders, including record and beneficial shareholders owning more than five percent of their respective outstanding capital stock. Both companies, however, have no control over external shareholders who opt to put their shares under nominee holding companies such as the PCD Nominee Corporation, and are thus unable to make any disclosure on the details of beneficial ownership.

Shareholders with at least 5% Beneficial Ownership of AEV as of December 31, 2022

Shareholder	Number of Shares Owned (Record and/or Beneficial)	% Ownership
Aboitiz & Company, Inc. (ACO)	2,735,600,915	48.59%
PCD Nominee Corporation (Filipino)	1,017,073,440	18.06%
Ramon Aboitiz Foundation, Inc. (RAFI)	426,804,093	7.58%
PCD Nominee Corporation (Foreign)	321,645,954	5.71%
Others	**1,129,101.005**	**20.06%**
TOTAL	**5,630,225,457**	**100%**

Shareholders with at least 5% Beneficial Ownership of AboitizPower as of December 31, 2022

Shareholder	Number of Shares Owned (Record and/or Beneficial)	% Ownership
Aboitiz Equity Ventures Inc. (AEV)	3,817,195,833	51.87%
JERA Asia Private Limited	1,986,823,063	27.00%
PCD Nominee Corporation (Filipino)	1,094,735,596	14.88%
Others	**459,849,815**	**6.25%**
TOTAL	**7,358,604,307**	**100%**

All relevant disclosures were filed in a timely manner with the Securities and Exchange Commission (SEC), Philippine Stock Exchange (PSE), and the Philippine Dealing & Exchange Corp. (PDEx). All the 2022 filings and relevant information were filed and disclosed within the period indicated below:

2022 Disclosure Schedule of Reports

	AEV	AboitizPower
SEC Form 17-A (Annual Report)	April 12, 2022 (within 120 days after year end)	April 13, 2022 (within 120 days after year end)
Sustainability Report	April 13, 2022 (part of SEC Form 17-A)	April 13, 2022 (part of SEC Form 17-A)
Notice of ASM	March 4, 2022 (within 52 days from the date of ASM)	March 4, 2022 (within 52 days from the date of ASM)
2021 Audited Financial Statements	March 29, 2022 (as part of the Definitive Information Statement)	March 29, 2022 (as part of the Definitive Information Statement)
SEC Form 17-Q (First Quarter)	May 16, 2022 (beyond 45 days from the end of reporting period)	May 13, 2022 (within 45 days from the end of reporting period)
SEC Form 17-Q (Second Quarter)	August 15, 2022 (within 45 days from the end of reporting period)	August 15, 2022 (witin 45 days from the end of reporting period
SEC Form 17-Q (Third Quarter)	November 15, 2022 (within 45 days from the end of reporting period)	November 14, 2022 (within 45 days from the end of reporting period)
SEC Form IACGR (Integrated Annual Corporate Governance Report)	May 30, 2022 (within the deadline prescribed by the SEC)	May 30, 2022 (within the deadline prescribed by the SEC)
In-House Corporate Governance Seminar Completion Report	December 6, 2022 (within the prescribed 10 days from the completion of the event)	December 6, 2022 (within the prescribed 10 days from the completion of the event)

Transactions of Directors and Officers

AEV and AboitizPower disclose the beneficial ownership of their directors and key officers in regular filings of the Statement of Beneficial Ownership, and in the Annual Corporate Governance Report. The Revised General Trading Policies of both companies require the Board of Directors and officers to notify the Office of the Corporate Secretary immediately after they deal in company shares. The AEV and AboitizPower Directors and Officers made the following transactions as of December 31, 2022:

Reported Transactions of AEV Directors and Officers

	Balance as of December 31, 2021	Acquired	Disposed	Balance as of December 31, 2022
Directors				
Enrique M. Aboitiz Chairman of the Board	1,956,300	-	1,531,190	425,110
Mikel A. Aboitiz Vice Chairman of the Board	95,295,955	169,649	-	95,465,604
Erramon I. Aboitiz Director	78,075,387	-	-	78,075,387
Sabin M. Aboitiz Director/President and CEO	29,160,181	2,599,131	-	31,759,312
Ana Maria A. Delgado Director	27,592,055	353,928	-	27,945,983
Justo A. Ortiz Director	1	-	-	1
Romeo L. Bernardo Lead Independent Director	100	-	-	100
Joanne G. De Asis Independent Director	100	-	-	100
Cesar G. Romero Independent Director	-	50	-	50
Officers				
Manuel R. Lozano SVP /Chief Financial Officer/ Corporate Information Officer	400,015	60,000	-	460,015
Susan V. Valdez SVP - Chief Corporate Services Officer	1,090,563	-	100,000	990,563
Manuel Alberto R. Colayco SVP-Chief Legal and Compliance Officer/ Corporate Secretary	64,717	-	-	64,717
Maria Veronica C. So SVP and Group Treasurer	9,617	-	-	9,617
Santanina Apolinaria B. Castro FVP – Risk Management	13,414	-	-	13,414
Christine C. Kempeneers AVP - Data Privacy Officer	500	300	-	800
Maria Lourdes Y. Tanate VP - Group Internal Audit Head	66,036	8,350	-	74,386
Mailene M. de la Torre VP - Assistant Corporate Secretary	0	-	-	0
Sammy Dave A. Santos Assistant Corporate Secretary	0	-	-	0

Reported Transactions of AboitizPower Directors and Officers

	Balance as of December 31, 2021	Acquired	Disposed	Balance as of December 31, 2022
Directors				
Sabin M. Aboitiz Chairman of the Board	20,947,485	1,555,600	-	22,503,085
Eric Ramon O. Recto Vice Chairman/ Lead Independent Director	1,000	-	-	1,000
Luis Miguel O. Aboitiz Director	32,405,404	-	-	32,405,404
Toshiro Kudama Director	100	-	-	100
Emmanuel V. Rubio Director/President and Chief Executive Officer	517,130	-	-	517,130
Edwin R. Bautista Director	1,000	-	-	1,000
Danel C. Aboitiz Director/ Chief Commercial and Stakeholder Engagement Officer	7,451,140	2,774,000	-	10,225,140
Satoshi Yajima Director	-	100	-	100
Cesar G. Romero Independent Director	-	100	-	100
Officers				
Liza Luv T. Montelibano SVP /Chief Financial Officer/ Corporate Information Officer	19,600	-	-	19,600
Manuel Alberto R. Colayco Corporate Secretary	0	-	-	0
Maria Veronica C. So Group Treasurer	0	-	-	0
Mark Louie L. Gomez Vice President for Risk and Organizational Performance Management and Data Protection Officer	0	-	-	0
Juan Pascual Cosare Group Internal Audit Head	-	300	-	300
Mailene M. de la Torre Assistant Corporate Secretary	5000	-	-	5000
Sammy Dave A. Santos Assistant Corporate Secretary	0	-	-	0

Compliance with Key Governance Policies

In 2022, AEV and AboitizPower updated their respective Codes to align with international best practices and promote the Group's ESG efforts, and their commitment to ethical corporate citizenship. The following policies and guidelines were approved by the AEV and AboitizPower Board of Directors:

Manual on Corporate Governance	The Manuals of AEV and AboitizPower are the articulation of each company's corporate governance principles. In addition, each company's Manual defines their respective compliance system, outlines the functions and responsibilities of their Board of Directors, and provides for the rights of all shareholders and the protection of the interest of the minority shareholders. The AEV and AboitizPower Manuals are clear statements by their respective Boards of Directors, management, employees, and shareholders that corporate governance is a fundamental component of sound strategic business management. Since the Manuals were first approved, they have since been reviewed and amended by subsequent Board actions in keeping with evolving best practices in the Philippines and the ASEAN Region. There are no reported major deviations from the Revised Manuals as of the date of this report.
Whistleblowing Policy	To support the implementation of the Revised Manuals and the Codes, AEV and AboitizPower both have a Whistleblowing Policy. Through their respective policies, allegations of violations of the Revised Manuals, Codes, and other related policies or of other illegal conduct can be reported through the Aboitiz Whistleblowing Portal. In keeping with global best practices, the management of the Aboitiz Whistleblowing Portal was migrated from internally-managed to an independent third-party service provider beginning in 2022. Alleged violations of the Revised Manual, the Code of Ethics, or of other illegal conduct can now be reported online through the following link: *https://secure.ethicspoint.eu/domain/media/en/gui/109135/index.html.* Matters reported through the platform are discussed by the ESCG Committee and, if necessary, by the entire Board of Directors. Once received, whistleblowing reports undergo the Aboitiz Group's investigation standard operating procedure and escalation process. The Group acknowledges that a key component to an effective whistleblowing policy is the whistleblower's protection from retaliation. As such, each of AEV and AboitizPower's Whistleblowing Policy ensures the complete anonymity of the whistleblower and that any person raising a serious concern in good faith will be protected from reprisals or retaliation.

2022 Summary of Whistleblowing Reports

	Reports Received	Corruption-Related	Closed	Ongoing Investigation
Groupwide	14	0	10	4
AEV	0	0	0	0
AboitizPower	4	0	2	2

Related Party Transactions (RPT) Policy	In October 2019, the AEV and AboitizPower Boards approved the RPT Policy in compliance with the SEC Memorandum Circular No. 10 series of 2019 (SEC RPT Circular) . The SEC RPT Circular focuses and regulates only material RPTs or RPTs amounting to 10% or higher of a company's total assets. The SEC RPT Circular also specified an approval process for material RPTs and mandated publicly-listed companies to notify the SEC of their RPTs that breach the threshold. The AEV and AboitizPower Board RPT Committees have the mandate to ensure the fairness and arm's-lenght bases of RPTs, with sufficient documentation, and coursed through all appropriate levels of necessary approvals. In 2022, AEV and AboitizPower did not enter into any material RPTs and there was no reported case of non-compliance with the laws, rules and regulations pertaining to significant or material RPTs. In 2022, all RPTs were conducted at arm's-length basis.
Conflict of Interest Policy	AEV and AboitizPower believe that it is the duty of the Board of Directors to advance the Group's interests and those of the companies' stakeholders. To this end, both companies have adopted a Policy on Conflict of Interest, which promotes an ethical corporate culture. It prohibits directors, officers, team leaders, and team members from taking advantage of their access to corporate property and proprietary information for personal gain. The policies require the disclosure of relationships, actions, or transactions that may give rise to a conflict of interest. In addition, AEV and AboitizPower directors are required to abstain or inhibit themselves from any Board discussion or decision that affects or has relevance or relation to their personal, business, or professional interests. The directors are also prohibited from engaging in any business that competes with or is antagonistic to the Group. In the event of a perceived or actual conflict of interest, the concerned director must notify the Board, through the Corporate Secretary. Directors must also notify the Board, through the Corporate Secretary, before accepting any directorship outside the Aboitiz Group during their term. In 2022, there was no reported incident of non-compliance with the Conflict of Interest Policy.
Data Privacy Policy	In 2017, AEV and AboitizPower launched their respective data privacy compliance programs, which include the implementation of the Information Security Management System (ISMS). Since then, both companies have been able to establish a fundamental awareness of data privacy principles and the related ISMS philosophies, through various learning channels including e-learning modules, face-to- face trainings, and forums. They also continue to ensure the implementation of Data Privacy Policies, manuals, and guidelines that are aligned with the Data Privacy Act, including its implementing rules, and supporting National Privacy Commission (NPC) circulars. As the Aboitiz Group continues to operate in a highly digital and fast-changing environment, the Data Protection Teams of its business units, will strive to keep up with the expectations of their Data Subjects, as well as with the evolving guidelines of the NPC. This constant review of requirements, downloading of information, updating of processes, and testing of capabilities aim to ensure that Aboitiz is able to meet stakeholders' expectations. Inquiries or concerns regarding data privacy and/or data subjects' rights may be submitted to the Data Privacy Officer through AEV: *aevdpo@aboitiz.com* and AboitizPower: *apdpo@aboitiz.com*

Disclosure Policy	To supplement the implementation of the Manuals and the Codes and in compliance with laws and regulations, AEV and AboitizPower each have their own Disclosure Policy that requires complete, timely, and accurate disclosures to the Securities and Exchange Commission (SEC), the Philippine Stock Exchange (PSE), and the Philippine Dealing & Exchange Corp. (PDEx). The company's Board Secretariat ensures compliance with the disclosure rules. In 2022, there were no reported cases of non-compliance with the disclosure rules of the SEC, the PSE, and the PDEx.

Transparency, Communication, and Sustainability Reporting

The Aboitiz Group's governance framework includes the timely, complete, and accurate disclosure of all material information regarding AEV and AboitizPower. Information includes earnings results, acquisitions or disposals of assets, Board changes, RPTs, shareholdings of directors, and changes in ownership. In addition, the Group's Consolidated Annual and Sustainability Report, which is based on GRI Sustainability Reporting standards, sets out its values and governance model. The integrated report links the Group's strategy and its commitment to a sustainable global economy. Through the report, the Group is able to measure, understand, and communicate its economic, environmental, social and governance performance. From these, goals can then be set, and change managed more effectively.

In 2022, AEV and AboitizPower launched their respective sustainability websites to communicate their ESG efforts to a wider audience. Group-wide ESG initiatives are found at *https://sustainability.aboitiz.com*, while those of AboitizPower can be found at *https://aboitizpower.com/sustainability/sustainability-at-aboitizpower*

Rights of Shareholders

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 he or she owns.

Among the rights of the Company's stockholders are to: (i) receive notices of and to attend stockholders' meetings; (ii) participate and vote on the basis of the one-share, one-vote policy; (ii) call for a special board meeting and propose a meeting agenda; (iii) participate and vote on the basis of the one-share, one-vote policy; (iv) vote in person, in absentia, or through proxy; (v) ratify corporate actions; (vi) nominate, elect, remove, and replace Board members (including via cumulative voting); (vii) inspect corporate books and records; (viii) receive dividends; and (viii) (ix) be informed in a timely and regular manner of the state of the Company's businesses.

Right to Actively Participate at Shareholders' Meetings

AEV and AboitizPower strive tto conduct its Annual and Special Stockholders' Meetings in a transparent and fair manner, and ensures that accurate and timely information is available to the stockholders to enable them to make sound decisions on all matters brought to their attention for consideration or approval.

The highlights and summary of the financial, non-financial, and operating performance of AEV and AboitizPower, and their Subsidiaries are contained in their respective Definitive Information Statements and the Annual Reports, which are distributed prior to the ASMs and made available in each company's website. Shareholders are likewise provided with individual profiles of new and returning directors, as well as a summary of the Board and Board Committee's performance assessments, attendance record, compensation, and notable accomplishments for the year. As an added measure, the notices to the AEV and AboitizPower ASMs, including quick response (QR) codes to the companies Definitive Information Statements, are published in two news papers of general circulation within 21 days from the date of the meetings.

In the conduct of AEV and AboitizPower's 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.

AEV and AboitizPower are committed to provide an accessible and convenient venue for its shareholders to exercise their basic and inviolable right to attend and participate at any shareholder meeting, including the opportunity to elect their representatives to the Boards of Directors and ratify corporate actions. In 2022, AEV and AboitizPower conducted a fully digital stockholders' meeting for the third consecutive year. Since 2020, shareholders were given the opportunity to cast their votes through non-traditional means such as remote communication or in absentia. Shareholders may access AEV's online voting portal in order to register and vote on the matters submitted for shareholders' approval at any stockholder meetings.

All stockholders are encouraged and given the right to participate in the meetings. They are allowed to raise their concerns, ask questions, and comment on the state of the AEV and AboitizPower's businesses during stockholder meetings through the ASM online portal, or live if time permits. There are no barriers or impediments preventing stockholders from consulting or communicating with one another, with the Directors, and with the Corporate Secretary.

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 and are made publicly available by the next working day through each of the company's website under the Investor Relations page. AEV and AboitizPower also disclose to PSE, PDEx and the SEC all the items approved at the shareholders' meeting no later than the next business day.

AEV and AboitizPower continue to exert efforts to broaden the communication channels between them and their institutional and individual stockholders through the Investor Relations Office and Shareholder Relations Office, respectively.

Right to Dividends

The right to receive dividends is a basic stockholder right. AEV and AboitizPower promote this basic stockholder right by adopting a clear and transparent dividend policy.

Every year, AEV and AboitizPower pay dividends in an equitable and timely manner. All shareholders are treated equally, receiving dividends that are proportionate to their shareholdings. The period for paying the dividends is based on trading requirements or constraints of the SEC and PSE. In 2022, AEV and AboitizPower paid the cash dividends within 26 days from the declaration date.

In the last three years, AEV and AboitizPower have paid the following dividends:

		Declaration Date	Record Date	Payment Date	Dividends per Share	Total Dividends Declared
AEV	2022	March 4, 2022	March 18, 2022	March 30, 2022	P1.62 (regular)	P9.12bn
	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
AboitizPower	2022	March 4, 2022	March 18, 2022	March 30, 2022	P1.45 (regular)	P10.66bn
	2021	March 5, 2021	March 19, 2021	March 31, 2021	P0.85 (regular)	P6.25bn
	2020	March 6, 2020	March 20, 2020	April 3, 2020	P1.18 (regular)	P8.68bn

AEV and AboitizPower believe that the rights and interests of minority shareholders are aligned with those of the controlling shareholders, not only in terms of returns on their investments, but also in the sustainability of the Group's businesses. Both companies ensure the timely disclosure to shareholders regarding their respective businesses, and that shareholders receive dividends in accordance with established dividend policies. The Board Secretariat has adopted certified Board protocols and procedures under the ISO 9001:2015 Management Board and System to ensure the effectiveness of Board and shareholders' commitments. This includes coordinating with stock transfer agents to ensure appropriate responses and the timely resolution of shareholders' queries and requests.

Disclosure Policy	To supplement the implementation of the Manuals and the Codes and in compliance with laws and regulations, AEV and AboitizPower each have their own Disclosure Policy that requires complete, timely, and accurate disclosures to the Securities and Exchange Commission (SEC), the Philippine Stock Exchange (PSE), and the Philippine Dealing & Exchange Corp. (PDEx). The company's Board Secretariat ensures compliance with the disclosure rules. In 2022, there were no reported cases of non-compliance with the disclosure rules of the SEC, the PSE, and the PDEx.

Transparency, Communication, and Sustainability Reporting

The Aboitiz Group's governance framework includes the timely, complete, and accurate disclosure of all material information regarding AEV and AboitizPower. Information includes earnings results, acquisitions or disposals of assets, Board changes, RPTs, shareholdings of directors, and changes in ownership. In addition, the Group's Consolidated Annual and Sustainability Report, which is based on GRI Sustainability Reporting standards, sets out its values and governance model. The integrated report links the Group's strategy and its commitment to a sustainable global economy. Through the report, the Group is able to measure, understand, and communicate its economic, environmental, social and governance performance. From these, goals can then be set, and change managed more effectively.

In 2022, AEV and AboitizPower launched their respective sustainability websites to communicate their ESG efforts to a wider audience. Group-wide ESG initiatives are found at https://sustainability.aboitiz.com, while those of AboitizPower can be found at https://aboitizpower.com/sustainability/sustainability-at-aboitizpower

Rights of Shareholders

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 he or she owns.

Among the rights of the Company's stockholders are to: (i) receive notices of and to attend stockholders' meetings; (ii) participate and vote on the basis of the one-share, one-vote policy; (ii) call for a special board meeting and propose a meeting agenda; (iii) participate and vote on the basis of the one-share, one-vote policy; (iv) vote in person, in absentia, or through proxy; (v) ratify corporate actions; (vi) nominate, elect, remove, and replace Board members (including via cumulative voting); (vii) inspect corporate books and records; (viii) receive dividends; and (viii) (ix) be informed in a timely and regular manner of the state of the Company's businesses.

Right to Actively Participate at Shareholders' Meetings

AEV and AboitizPower strive to conduct their Annual and Special Stockholders' Meetings in a transparent and fair manner, and ensure that accurate and timely information is available to the stockholders to enable them to make sound decisions on all matters brought to their attention for consideration or approval.

The highlights and summary of the financial, non-financial, and operating performance of AEV and AboitizPower, and their Subsidiaries are contained in their respective Definitive Information Statements and the Annual Reports, which are distributed prior to the ASMs and made available in each company's website. Shareholders are likewise provided with individual profiles of new and returning directors, as well as a summary of the Board and Board Committee's performance assessments, attendance record, compensation, and notable accomplishments for the year. As an added measure, the notices to the AEV and AboitizPower ASMs, including quick response (QR) codes to the companies' Definitive Information Statements, are published in two news papers of general circulation within 21 days from the date of the meetings.

In the conduct of AEV and AboitizPower's 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.

AEV and AboitizPower are committed to provide an accessible and convenient venue for its shareholders to exercise their basic and inviolable right to attend and participate at any shareholder meeting, including the opportunity to elect their representatives to the Boards of Directors and ratify corporate actions. In 2022, AEV and AboitizPower conducted a fully digital stockholders' meeting for the third consecutive year. Since 2020, shareholders were given the opportunity to cast their votes through non-traditional means such as remote communication or in absentia. Shareholders may access AEV's online voting portal in order to register and vote on the matters submitted for shareholders' approval at any stockholder meetings.

All stockholders are encouraged and given the right to participate in the meetings. They are allowed to raise their concerns, ask questions, and comment on the state of the AEV and AboitizPower's businesses during stockholder meetings through the ASM online portal, or live if time permits. There are no barriers or impediments preventing stockholders from consulting or communicating with one another, with the Directors, and with the Corporate Secretary.

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 and are made publicly available by the next working day through each of the company's website under the Investor Relations page. AEV and AboitizPower also disclose to PSE, PDEx and the SEC all the items approved at the shareholders' meeting no later than the next business day.

AEV and AboitizPower continue to exert efforts to broaden the communication channels between them and their institutional and individual stockholders through the Investor Relations Office and Shareholder Relations Office, respectively.

Right to Dividends

The right to receive dividends is a basic stockholder right. AEV and AboitizPower promote this basic stockholder right by adopting a clear and transparent dividend policy.

Every year, AEV and AboitizPower pay dividends in an equitable and timely manner. All shareholders are treated equally, receiving dividends that are proportionate to their shareholdings. The period for paying the dividends is based on trading requirements or constraints of the SEC and PSE.

In the last three years, AEV and AboitizPower have paid the following dividends:

		Declaration Date	Record Date	Payment Date	Dividends per Share	Total Dividends Declared
AEV	2022	March 4, 2022	March 18, 2022	March 30, 2022	P1.62 (regular)	P9.12bn
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	2020	March 6, 2020	March 20, 2020	April 3, 2020	P1.30 (regular)	P7.32bn
AboitizPower	2022	March 4, 2022	March 18, 2022	March 30, 2022	P1.45 (regular)	P10.66bn
	2021	March 5, 2021	March 19, 2021	March 31, 2021	P0.85 (regular)	P6.25bn
	2020	March 6, 2020	March 20, 2020	April 3, 2020	P1.18 (regular)	P8.68bn

AEV and AboitizPower believe that the rights and interests of minority shareholders are aligned with those of the controlling shareholders, not only in terms of returns on their investments, but also in the sustainability of the Group's businesses. Both companies ensure the timely disclosure to shareholders regarding their respective businesses, and that shareholders receive dividends in accordance with established dividend policies. The Board Secretariat has adopted certified Board protocols and procedures under the ISO 9001:2015 Management Board and System to ensure the effectiveness of Board and shareholders' commitments. This includes coordinating with stock transfer agents to ensure appropriate responses and the timely resolution of shareholders' queries and requests.

The Board Audit Committee Report to the Board of Directors

Aboitiz Equity Ventures Inc.

The Board Audit Committee is pleased to present its report for the financial year ended December 31, 2022.

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.

Cesar G. Romero, 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.

In 2022, four (4) meetings were held. The attendance by each member of the committee is so indicated below:

Member	Mar 2, 2022 Regular Meeting*	Apr 21, 2022 Regular Meeting*	July 27, 2022 Regular Meeting*	Oct 26, 2022 Regular Meeting*
MANUEL R. SALAK III Chairman, Independent Director	✓	✓	N/A	N/A
CESAR G. ROMERO Chairman, Independent Director	N/A	N/A	✓	✓
ROMEO L. BERNARDO Independent Director	✓	✓	✓	✓
JOANNE DE ASIS Independent Director	✓	✓	✓	✓
ERRAMON I. ABOITIZ, JR. Non-Executive Director	✓	✓	✓	✓
ANA MARIA A. DELGADO Non-Executive Director	✓	✓	✓	✓

**Attendance via Videocon*

Cesar G. Romero replaced Manuel R. Salak III as independent director and Chairman of the AEV Board Audit Committee based on the results of the company's organizational meeting disclosed to the SEC on April 25, 2022.

Attendees to these committee 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 appropriate and necessary.

Executive sessions, without the presence management, are scheduled after every regular committee meeting as part of the meeting agenda to allow for unfiltered and candid discussions.

One-on-one sessions with between the Board Audit Committee Chairman and the AEV Group Internal Audit head are also held as needed.

Financial Reports

The Board Audit Committee reviewed, discussed, and approved for public disclosure the 2022 quarterly unaudited consolidated financial statements. The Committee endorsed for approval by the full Board the 2022 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 2022 overall scope and audit plan of SGV were reviewed and approved during the October 26, 2022 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, 2023. 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 2022. 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 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 2022 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 2023. The full board, in its special meeting held March 3, 2023 approved the re-appointment of SGV with Jhoanna Feliza C. Go as the signing partner for AEV.

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 24, 2023.

Internal Auditors

The Audit Committee is satisfied with the internal audit function and has assessed that it is operating effectively and generally covers 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 2022. 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 including the management of its outsourcing/co-sourcing activities.

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.

With cybersecurity risk still 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. Internal audit prioritized business unit compliance reviews to the minimum information technology and operational technology security standards set and agreed upon at corporate level.

In the previous year, AEV underwent a full independent external cybersecurity review. Employing the NIST Cybersecurity Framework maturity scale, AEV was assessed as having a balance maturity posture with is 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. Henceforth, internal audit will ensure that it continually works on its Quality Assurance Improvement Program and encourage its adoption across the group.

Review of the Audit Charters

Annual review of the audit charters—Board Audit Committee charter and Internal Audit charter—was conducted. Proposed changes to the charters were presented, discussed andendorsed for full board approval during the October 26, 2022 Board Audit Committee meeting.

Proposed revisions were subsequently approved during the full board meeting dated December 13, 2022. The changes provided clarity on the role of the Board Audit Committee over the function of the Internal Audit Head. The charters reinforce 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.

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. 19, series of 2016 and the Company's Manual on Corporate Governance . The assessment result showed that the Committee 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 risk management team and internal audit has remained solid and vital in continuously providing objective assurance to the board on the effectiveness of the risk management function in the organization.

The top strategic risks, emerging risks and project risks are key inputs in the preparation and prioritization of internal audit's master plan for the following year. The risk management plan, presented, discussed and approved by the Board Risk and Reputation Committee empowers the business to adequately identify and address the risks to ensure that the organization's plans, strategies and business objectives are achieved.

The internal audit team presents to the Board Risk and Reputation Committee the results of the annual Strategic Risk Management Plan validation reviews conducted across the different business units. The reviews give an assurance to management and the Board on the existence status and effectiveness assessment, where verifiable, of the risk treatments plans 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.

(SGD) **Cesar G. Romero**
Independent Director
Board Audit Committee Chairman

Aboitiz Equity Ventures Inc.

Internal Control and Compliance System Attestation

For the year ended, December 31, 2022

Aboitiz Equity Ventures, Inc.'s (AEV) corporate governance system includes a combination ofinternal 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 evaluated through a Quality Assessment Review.

Based on the above assurance provided by the internal auditors as well as the external auditors as a result of their reviews, we attest that AEV's internal control and compliance system, which covers governance, risk management, and control processes, are generally adequate.

(SGD) **Sabin M. Aboitiz**
President & Chief Executive Officer

(SGD) **Maria Lourdes Y. Tanate**
Group Internal Audit Head

The Board Audit Committee Report to the Board of Directors

Aboitiz Power Corporation

The Board Audit Committee is pleased to present its report for the financial year ended December 31, 2022.

Board Audit Committee Responsibility

The primary purpose of the Audit Committee is to assist the full Board in fulfilling its responsibility to the public, governmental and/or regulatory bodies in:

a) Ensuring the integrity of the Company's financial reporting processes, including ensuring the integrity of financial reports and other financial information provided by the Company to the public, governmental and/or regulatory bodies;
b) Ensuring excellence in the Company's control performance by having an adequate and effective internal control system, governance and risk management processes and reviewing the performance of the Company's internal audit function;
c) Reviewing the annual independent audit of the Company's financial statements and the external auditors qualifications and independence;
d) Ensuring compliance with applicable laws and regulations which may represent material financial exposure to the Company; and
e) Providing an avenue of communication among the Company's independent auditors, the management, the internal audit department and the Company.

The Committee in fulfilling its purpose, will establish a constructive and collaborative relationship with the Company's senior leadership especially the Company CEO, COO, CFO and the heads of the different departments.

Committee Membership

The Board Audit Committee is composed of five (5) Directors, four (4) of whom are independent directors and non-executive directors including the Chairman, Eric Ramon O. Recto (Independent Director). Other members of the committee are Cesar G. Romero (Independent Director), Edwin R. Bautista (Non-Executive Director), Luis Miguel O. Aboitiz (Non-Executive Director), and Danel C. Aboitiz (Director). The Board Audit Committee is composed of five (5) Directors, four (4) of whom are independent directors and non-executive directors including the Chairman, Eric Ramon O. Recto (Independent Director). Other members of the committee are Cesar G. Romero (Independent Director), Edwin R. Bautista (Non-Executive Director), Luis Miguel O. Aboitiz (Non-Executive Director), and Danel C. Aboitiz (Director).

Meetings and Attendance

The Board Audit Committee carried out its function through its meetings with management, internal auditors, independent external auditors, advisers and others, where appropriate.

The Audit Committee Charter provided for the committee to hold at least four (4) regular meetings a year, with the authority to convene special meetings, when deemed required.

In 2022, four (4) meetings were held via videoconferencing. The attendance of the committee members is indicated below:

Member	Mar 2, 2022 Regular Meeting	Apr 20, 2022 Regular Meeting	July 26, 2022 Regular Meeting	Oct 25, 2022 Regular Meeting
ERIC RAMON O. RECTO Chairman, Independent Director	✓	✓	✓	✓
CARLOS C. EJERCITO* Former Chairman, Independent Director	✓	✓	N/A	N/A
CESAR G. ROMERO** Member, Independent Director	N/A	N/A	N/A	✓
RAPHAEL P.M. LOTILLA*** Former Member, Independent Director	✓	✓	N/A	N/A
EDWIN R. BAUTISTA Member, Non-Executive Director	N/A	N/A	✓	✓
LUIS MIGUEL O. ABOITIZ Member, Non-Executive Director and Chairman of the Board	✓	✓	✓	✓
DANEL C. ABOITIZ Member, Director	✓	✓	✓	✓

**Until April 2022*
***Effective Date of Appointment is October 1, 2022*
****Effective Date of Resignation is July 11, 2022*

Attendees to these meetings also include the 1AP Internal Audit Group Head, Aboitiz Group Internal Audit Head, and, by invitation, the Chief Risk Officer, Chief Financial Officer, Controller and other key leaders when deemed appropriate.

Regular one-on-one sessions of 1AP Internal Audit Head with the Chairman of the Board Audit Committee prior to every scheduled Board Audit Committee meeting are also conducted.

Financial Reports

The Board Audit Committee reviewed, discussed, and approved for public disclosure the 2022 quarterly unaudited consolidated financial statements and endorsed for approval by the full Board the 2022 annual audited financial statements of Aboitiz Power Corp., its subsidiaries and alliances. Included in the review were the Management Discussion and Analysis of Financial Condition and Results of Operations following prior review and discussion with management, accounting, and the company's independent external auditor, SyCip Gorres Velayo & Co. (SGV) – a member practice of Ernst & Young (EY) in the Philippines.

The activities of the Board Audit Committee are performed in the context –

- That management has the primary responsibility for the financial statements and the financial reporting process; and
- That the company's independent external auditor is responsible for expressing an unqualified opinion on the conformity and consistency of application of the Company's audited financial statements with Philippine Financial Reporting Standards.

External Auditors

Upon endorsement of the Board Audit Committee to the full Board which, in turn, sought the approval of the shareholders of Aboitiz Power Corp., during its Annual General Stockholders Meeting held last April 25, 2022, SyCip Gorres Velayo & Co. (SGV) was re-appointed as the independent external auditor for 2022 with Jhoanna Feliza C. Go as the signing partner for SGV.

The overall scope and audit plan of SGV were reviewed and approved during the October 25, 2022 regular Board Audit Committee meeting. The audit plan, fees and terms of engagement which covers audit-related services provided by SGV were also reviewed and found to be reasonable.

The results of the SGV audits and its assessment of the overall quality of the financial reporting process were presented and discussed during the first Audit Committee meeting the following year, March 1, 2023.

In 2022, the Company also engaged SGV on non-audit related services particularly on transfer pricing study and the related BIR 1709 compliance reporting.

Internal Auditors

The Board Audit Committee is satisfied with the internal audit function and had assessed that it is operating effectively and is able to generally cover the relevant risks pertinent to the company in its audits. The Committee has reviewed and approved the annual audit program for the year which also covers the adequacy of resources, qualifications and competencies of the staff, and independence of the internal auditor.

With reference to the International Professional Practices Framework (IPPF) Attribute Standard 1100 which states that "The Internal Audit Activity must be independent, and internal auditors must be objective in performing their work.", the Board Audit Committee confirms that the function is executed effectively and internal auditors have conducted their responsibilities objectively and in an unbiased manner. The Committee further confirms that, to the best of its knowledge and belief, the auditors have no personal or other impairments that would prevent them from objectively planning, conducting, reporting, or otherwise participating and reaching independent conclusions in their audit assignments in 2022. Internal audit is organizationally positioned to be independent – functionally reporting to the Board Audit Committee and administratively to the President and Chief Executive Officer.

The Board Audit Committee is satisfied with the content and quality of reports prepared and issued by the internal auditors during the year under review.

The 1AP Group Internal Audit remains to be the single-point-of-contact for the Board Audit Committee. It takes the lead in setting the standards, initiatives, and overall direction of the audit team which, in turn, focuses its reviews on the top risks of respective business units.

Information systems and technology-related risks, however, still remain to be an area mostly covered by the Aboitiz Equity Ventures' information systems auditors in 2022.

In line with the strategic intent of the Group Internal Audit to gradually decentralize the Information Systems Audit starting 2020 to 2023, 1AP internal audit had covered information systems related risks in their 2022 engagements as identified and agreed with AEV IT/IS Team.

In 2024 and as part of the federalization initiative of the Group, the 1AP IT and IS engagements will be fully under the responsibility of 1AP Internal Audit Group.

Based on audit reports and highlights presented to the Board Audit Committee and with the contribution provided by management and other key leaders on the issues raised to their attention, the Board Audit Committee concurs with the internal audit's assessment that, generally, there is a reasonable assurance that the existing system of internal controls, risk management, and governance allow for generally adequate management of identified risks and effectively supports the improvement of the management of the Company as a whole. There is a need, however, to further strengthen governance and controls over security standards for information and related technologies, particularly in relation to cyber-security risks.

External Quality Assessment

The 1AP Internal Audit Group (IAG), after undergoing the External Quality Assessment (EQA) review by the authorized validator of the Institute of Internal Auditors (IIA) Australia that are duly accredited by the Institute of Internal Auditors (IIA) International, received the official EQAR results in October 2022.

It is the opinion of the IIA-Australia that the AboitizPower Internal Audit team has achieved **100 percent conformance** with the standards and a maturity rating of **optimizing** across all standards.

In its report, IIA-Australia said the IAG is "built on solid foundations, operating professionally, and focused on building a high-performing function that meets the needs of AboitizPower."

It also said that IAG continues to seek and implement ways to improve, especially with regard to its charter, quality assurance and improvement, as well as internal audit resourcing. In its maturity assessment, IIA-Australia described IAG as "leading" for its innovative best practices and strategic partnerships.

Acquiring the EQA global certification helps build the reputation not just of internal audit but of Aboitiz Power Corp. as a company that not only conforms, complies, and follows but adopts and implements the International Standards for the Professional Practice of Internal Auditing. **The EQA certification is valid for 5 years until 2027**. Until then, 1AP Internal Audit Group ensures that it continually works on its Quality Assurance Improvement Program by doing its interim self-assessment annually.

Review of the Audit Charters

Annual review and updating of the Board Audit Committee Charter was conducted. No further changes were effected in 2022. The existing Board Audit Committee charter reinforced the oversight responsibilities of the board audit committee in ensuring excellence in control performance by having an adequate and effective internal control system, governance and risk management processes. It likewise includes among its oversight duties and responsibilities the establishment of a fraud response plan.

The review and updating of the Internal Audit Team Charter are also done annually, and approved by the Board Audit Committee.

Self-Assessment

The Board Audit Committee conducted its annual self-assessment in accordance with the guidelines of SEC Memo Circular No. 4, series of 2012. The assessment results showed that it fully complied with the requirements set forth in the Audit Charter and met the necessary and most important requirements set by global standards and best practices.

Risk Management

The partnership between the functions of risk management and audit has remained solid. In order to continuously provide objective assurance to the Board on the adequacy (effectiveness and efficiency) of the internal control system, the top strategic risks that present a significant impact to the Company's ability to execute its plans and strategies as well as to achieve its business objectives are prioritized.

These top risks are among the relevant factors in consideration for the preparation of the internal audit's master plan for the following year.

Results of the 2022 series of existence and effectiveness validation reviews by internal audit on risk management or treatment plans identified and implemented by the different business units across AP were discussed to the various levels of management including the Risk Management Head of AP.

Assurance is given when results of the review show that majority of the risk management or treatment plans were generally acted upon (done) or being addressed (in-progress), and generally effective for those subjected to deep-dive reviews in 2022.

After considering, analyzing and reviewing all pertinent information to the integrity of financial reporting, adequacy of internal controls, risk management, governance and compliance within Aboitiz Power Corp. and its affiliated companies, the Committee is of the view that, in all material aspects, the duties and responsibilities as so outlined in its Charter have been satisfactorily performed.

In behalf of the Board Audit Committee,

(SGD) **Eric Ramon O. Recto**
Chairman, Independent Director
Board Audit Committee

Aboitiz Power Corporation

Internal Control and Compliance System Attestation

For the year ended, December 31, 2022

Aboitiz Power Corporation (AP) corporate governance system includes a combination of internal and external mechanisms such as the structure of the board of directors and our committees, the oversight it exercises over management, and the formulation of sound policies and controls.

- The Board of Directors is responsible for providing governance and in overseeing the effective implementation of adequate internal control mechanism and risk management processes;
- Management is primarily responsible for designing and implementing an adequate (effective and efficient) internal control system and risk management processes as well as in ensuring compliance with legal requirements (statutory and regulatory);
- Management is responsible for developing a system to monitor and manage risks;
- SGV & Co., the Company's external auditor is responsible for assessing and expressing an opinion on the conformity of the audited financial statement with Philippine Financial Reporting Standards and the overall quality of the financial reporting process;
- Internal Audit adopts a risk-based audit approach in developing an annual audit master plan and conducts reviews to assess the adequacy of the Company's internal control system;
- The Company's Internal Audit Group Head that acts as the equivalent of a Chief Audit Executive and reports functionally to the Board Audit Committee to ensure independence and objectivity, allowing internal audit to fulfil its responsibilities; and
- Internal Audit activities conform to the International Standards for the Professional Practice of Internal Auditing as re-assessed in November 2022 as "generally conforming" with "Optimising" maturity level assessment. Also, the Internal Audit Team is continuously evaluated annually through self- assessment and peer reviews.

Based on the above assurance provided by the internal auditors as well as the external auditors as a result of their reviews, we attest that Aboitiz Power Corporation's internal control and compliance system, which covers governance, risk and control processes, are generally adequate.

(SGD) **Emmanuel V. Rubio**
President & Chief Executive Officer

(SGD) **Juan Pascual C. Cosare**
AP Internal Audit Head

Corporate Structure

aboitiz
Equity Ventures

POWER

- Aboitiz Power Corporation 52.00% (D)
  - DISTRIBUTION
    - Davao Light & Power Company, Inc. 99.93%
    - Visayan Electric Company, Inc. 55.26%
    - Cotabato Light & Power Company 99.94%
    - Cotabato Ice Plant, Inc. 100%
    - San Fernando Electric Light & Power Co., Inc. 20.29% (D) 43.78% (B)
    - Subic EnerZone Corporation 99.98% (B)
    - Mactan EnerZone Corporation 100%
    - Balamban EnerZone Corporation 100%
    - LiMA EnerZone Corporation 100%
    - Malvar EnerZone Corporation 100%
  - GENERATION
    - Aboitiz Renewables, Inc. 100%
      - AP Renewables, Inc. 100%
      - Luzon Hydro Corp. 100%
      - Hedcor, Inc. 100% (B)
      - Hedcor Sibulan, Inc. 100%
      - Hedcor Tudaya, Inc. 100% (B)
      - Hedcor Sabangan, Inc. 100% (B)
      - Hedcor Bukidnon, Inc. 100% (B)
      - Aseagas Corporation 100%
      - Maaraw Holdings San Carlos, Inc. 100% (B)
      - San Carlos Sun Power, Inc. 100% (B)
      - AboitizPower Distributed Energy, Inc. 100% (B)
      - AboitizPower Distributed Renewables, Inc. 100%
      - PV Sinag Power, Inc. 100%
      - RE Resources, Inc. 100% (B)
      - AP Renewables Energy Corporation 100%
      - Manila-Oslo Renewable Enterprise, Inc. 83.33%
        - SN Aboitiz Power - Magat, Inc. 60%
        - SN Aboitiz Power - Benguet, Inc. 60%
        - SN Aboitiz Power - Generation, Inc. 60%
        - SN Aboitiz Power - Res, Inc. 60%***
    - Cebu Private Power Corp. 60%
    - East Asia Utilities Corp. 50% (D) 100% (B)
    - STEAG State Power, Inc. 34%
    - Southern Philippines Power Corp. 20%
    - Western Mindanao Power Corp. 20%
    - Therma Power, Inc. 100%
      - Therma Luzon, Inc. 100%
      - Therma South, Inc. 100% (B)
      - Therma Marine, Inc. 100%
      - Therma Mobile, Inc. 100% (B)
      - Therma Power Visayas, Inc. 100%
      - Therma Visayas, Inc. 80% (B)
      - GNPower Mariveles Energy Center LTD. Co. [1] 78.33% (B)
      - AA Thermal, Inc. 49% (voting) 60% (Economic)
      - GNPower Dinginin Ltd. Co. 70% (B)
      - Pagbilao Energy Corporation** 50%
      - Redondo Peninsula Energy, Inc. 25%
      - Abovant Holdings, Inc. 60%
        - Cebu Energy Devt. Corp. 44%
  - RETAIL ELECTRICITY SUPPLY
    - Aboitiz Energy Solutions, Inc. 100%
    - Advent Energy, Inc. 100%
    - Prism Energy, Inc. 60%
    - Mazzaraty Energy Corporation 44.87%
  - OTHERS
    - AboitizPower International Pte. Ltd. 100%

BANKING AND FINANCIAL SERVICES

- Union Bank of the Philippines 49.66%
  - UnionDigital Bank Inc. 100%
  - CITICORP Financial Services and Insurance Brokerage Philippines, Inc.
  - UBX Philippines Corporation 100%
    - UBX Private Limited 100%
    - UBX Remit Pte. Ltd. 100%
    - Shiptek Solutions PTE. LTD. 30% [UBX PH]; 30% [UBX PL]
  - City Savings Bank 99.79%
    - First Agro Industrial Rural Bank, Inc. (Fairbank) 51% [UIC]; 49% [CSB]
    - Progressive Bank, Inc. 51% [UIC]; 49% [CSB]
    - Bangko Kabayan, Inc. 21% [UIC]; 49% [CSB]
    - PETNET, Inc. 11% [UIC]; 40% [CSB]
  - UBP Investments Corp. 100%
    - First Union Insurance & Financial Agencies, Inc. 100%
    - First Union Plans, Inc. 100%
    - First Union Direct Corp. 100%

FOOD

- Pilmico FeedAll Holdings, Inc. 100%
  - Pilmico Foods Corporation 100%
    - Pilmico Animal Nutrition Corp. 100% (B)
    - Fil-Agri Holdings, Inc. 100%
    - Fil-Agri, Inc. 100% (B)
- Pilmico International Pte. Ltd. 100% *
  - ABAQA International Pte. Ltd. 100%
  - Pilmico Vietnam Company Ltd. 100%
  - Gold Coin Management Holdings Pte. Ltd. 100%
    - GC Investment Holdings Ltd. 100%
      - Gold Coin (Zhangzhou) Company Ltd. 100%
      - Gold Coin (Zhuhai) Company Ltd. 100%
      - Gold Coin Feedmill (Kunming) Company Ltd.
        - Jin Fu Boar Stud Farm (Mengzi) Co., LTD 100%
      - Gold Coin Feedmill (Dongguan) Company Ltd.
    - Gold Coin Malaysia Group Sdn. Bhd. 100%
      - Gold Coin Feedmills (Malaysia) Sdn. Bhd. 100%
      - Gold Coin Feedmill (Sabah) Sdn. Bhd. 100%
      - Gold Coin Sarawak Sdn. Bhd. 72.8%
      - Gold Coin Feed Mills (Brunei) Sdn. Bhd. 20%
      - Golden Livestock Sdn. Bhd. 100%
        - K&L Farming Industries Sdn. Bhd. 30%
    - Gold Coin Sabah Sdn. Bhd. 100%
      - Gold Coin Feedmill (Dong Nai) Co. Ltd. 100%
        - American Feeds Company Ltd. 100%
          - Gold Coin Feedmill Ha Nam Company Ltd. 100%
      - Gold Coin Feedmills (Lanka) Ltd. 100% (B)
      - Gold Coin Holdings Sdn. Bhd. 100%
      - P.T. Gold Coin Indonesia 100% (B)
    - Klean Greentech Co. Ltd. 100% (B)
      - Gold Coin Feedmill Binh Duong Company Ltd. 100%
      - Gold Coin Vietnam Holdings Pte. Ltd. 100%
    - Gold Coin Aqua Feed Incorporated 100%
      - Gold Coin Aqua Feed (Singapore) Pte. Ltd. 100%
        - Gold Coin Specialities Sdn. Bhd. 100%
        - Gold Coin Specialities (Thailand) Co. Ltd. 100% (B)
        - P.T. Gold Coin Trading Indonesia 100% (B)

INFRASTRUCTURE

- Aboitiz InfraCapital, Inc. 100%
  - Apo Agua Infrastructura, Inc. 70% (B)
  - LiMA Water Corp. 100%
  - Balibago Water Systems, Inc. 15.94%
  - Unity Digital Infrastructure, Inc. [2] 50%
  - Lima Land, Inc. 100%
  - GMR Megawide Cebu Airport Corporation 33.33%
- AEV CRH Holdings, Inc.
  - Republic Cement & Building Materials, Inc. 99.40%
    - Republic Cement Mindanao, Inc. 99.72% (B)
    - Republic Cement Land and Resources, Inc. 100%
- CRH Aboitiz Holdings, Inc. 45%
  - Republic Cement Services, Inc. 100%

LAND

- Aboitiz Land, Inc. 100%
  - Cebu Industrial Park Developers Inc. 60%
    - Cebu Industrial Park Services Inc. 100%
  - Cebu District Property Enterprise, Inc. 50%
  - Propriedad Del Norte 100%
  - Misamis Oriental Land Development Corp. 60%
  - Allrise Development Corp. 50%
    - Triplecrown Properties, Inc. 100%
    - 78 Pointblue, Inc. 100%
    - Firmwall Systems, Inc. 100%

OTHERS

- AEV Aviation, Inc. 73.31% (D)
- Cebu Praedia Development Corp.
- Archipelago Insurance
- Singapore Life (Philippines), Inc.
- AEV International Pte. Ltd.
- Aboitiz Data Innovation

Legend:
B - beneficial ownership
D - direct ownership

* 100% owned by AEV International
** Joint Operations
*** Engages in retail electricity supply business
[1] Formerly, GNPower Mariveles Coal Plant Ltd. Co.
[2] Formerly, Aboitiz Airports Advisory Services Corporation

As of December 31, 2021

Statement of Management's Responsibility for Financial Statements

Aboitiz Equity Ventures Inc.

SECURITIES & EXCHANGE COMMISSION
SEC Building, EDSA Greenhills
Mandaluyong, Metro Manila

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Aboitiz Equity Ventures**, Inc. is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended **December 31, 2022** and **2021**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders or members.

Sycip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

(sgd.)
ENRIQUE M. ABOITIZ JR.
Chairman of the Board

(sgd.)
SABIN M. ABOITIZ
President & Chief Executive Officer

(sgd.)
MANUEL R. LOZANO
Senior Vice President - Chief Financial Officer

Signed this **3rd day of March, 2023.**

Republic of the Philippines)
Taguig City) S.S.

Before me, a notary public in and for the city named above, personally appeared:

Name	Passport/CTC	Date/Place Issued
Enrique M. Aboitiz Jr.	P	
Sabin M. Aboitiz	P	
Manuel R. Lozano	P	

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 **25rd** day of **March 2023**.

Doc. No. 402;
Page No. 82;
Book No. 73;
Series of 2023.

ATTY. JENNYLYN R. OJANO-SABADO
Notary Public City of Taguig
Until 31 December 2024
IBP O.R. No. 251632 issued on December 19, 2022
PTR No. 9563520 / 3 January 2023/ Makati City
Appointment No. 9 (2023-2024)
MCLE Compliance No. VII-0003699
Unit 25, G/F Fiesta Market Market Ext.
BGC, Taguig City
Roll No. 71171

Independent Auditor's Report

Aboitiz Equity Ventures Inc.

The Board of Directors and Stockholders
Aboitiz Equity Ventures, Inc.
32nd 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, 2022 and 2021, 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, 2022, 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, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2022 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.

Accounting for the Acquisition of Shares in GMR Megawide Cebu Airport Corporation (GMCAC)

In September 2022, the Group, through Aboitiz Infracapital, Inc. (AIC), acquired 33 1/3% interest in GMCAC for a total consideration of ₱9.5 billion through a primary infusion to GCMAC and secondary purchase of shares from MCC and GMR. In addition, for a total consideration of ₱15.5 billion, MCC and GMR issued non-interest bearing exchangeable notes to AIC which can either be settled by exchanging MCC and GMR's remaining 66 2/3% stake in GMCAC or through a cash option which is equivalent to ₱15.5 billion plus interest of 19% per annum.

We consider the accounting for these transactions as a key audit matter because of the significance of the amount, as well as the significant management judgments involved in determining existence of control or significance influence and the classification of the exchangeable notes. The Group's disclosures about these transactions are in Note 10 to the consolidated financial statements.

Audit Response
We obtained an understanding on the Group's accounting for these transactions though discussions with management and our review of the Share Subscription and Transfer Agreement and the Exchangeable Notes Agreement. We also evaluated management's assessment on existence of either control or significant influence in accordance with PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures,* respectively, as well as the classification of the exchangeable notes in accordance with PFRS 9, *Financial Instruments*. We have reviewed management's accounting of the investment and the exchangeable notes and performed procedures to check the results of operations commencing from the acquisition date. We also evaluated the presentation and the disclosures of the transactions in the 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, 2022, the goodwill attributable to several cash-generating units (CGUs) amounted to ₱60.0 billion or 7% of total consolidated assets, which is considered significant to the consolidated financial statements. In addition, management's assessment process requires significant judgment and is based on assumptions which are subject to uncertainty on the estimation process due to the current economic conditions which have been impacted by the coronavirus pandemic, specifically discount and growth rates, revenue assumptions, and material price inflation.

The Group's disclosures about goodwill are included in Note 14 to the consolidated financial statements.

Audit Response
We involved our internal specialist in assessing the methodologies and assumptions used. We compared the key assumptions used, such as growth rate and revenue assumptions against the historical performance of the CGUs, industry outlook and other relevant external data, taking into consideration the impact associated with the coronavirus pandemic. We tested the parameters used in the determination of the discount rates against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically, those that have the most significant effect on the determination of the recoverable amount of goodwill.

Revenue Recognition of Distribution Utilities

The distribution utilities' revenue from the sale of electricity amounting to ₱57.2 billion accounts for 19% 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, 2022, certain segments of its property, plant and equipment totaling ₱5.5 billion, may be impaired due to the existence of impairment indicators. As such, the Group assessed the recoverable amount of these segments of property, plant and equipment and this requires significant judgment and involves estimation and assumptions about future electricity generation levels and costs as well as external inputs such as fuel prices, electricity prices and discount rates. In addition, because of the coronavirus pandemic, there is heightened level of uncertainty on the future economic outlook and market forecast. Hence, we consider such assessment as a key audit matter in our audit.

The disclosures about the recoverability of certain segments of property, plant and equipment are included in Note 13 to the consolidated financial statements.

Audit Response
We involved our internal specialist in assessing the methodologies and assumptions used. We compared the key assumptions used against the historical performance of certain segments of property, plant and equipment, industry outlook and other relevant external data, taking into consideration the impact associated with the coronavirus pandemic. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically those that have the most significant effect on the determination of the recoverable amounts of certain segments of property, plant and equipment.

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, 2022, the Group's share in the net income of UBP amounted to ₱6.3 billion and accounts for 16% 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, 2022 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 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 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 reconciliation of intercompany balances. We also checked the entities included in the consolidation and 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, 2022, 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, 2022 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 Jhoanna Feliza C. Go.

SYCIP GORRES VELAYO & CO.

Jhoanna Feliza C. Go
Partner
CPA Certificate No. 0114122
Tax Identification No. 219-674-288
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 114122-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
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. 08-001998-103-2022, November 7, 2022, valid until November 6, 2025
PTR No. 9564628, January 3, 2023, Makati City

March 3, 2023

Independent Auditor's Report on Supplementary Schedules

Aboitiz Equity Ventures Inc.

The Board of Directors and Stockholders
Aboitiz Equity Ventures, Inc.
32nd 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, 2022 and 2021, and for each of the three years in the period ended December 31, 2022. 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.

Jhoanna Feliza C. Go
Partner
CPA Certificate No. 0114122
Tax Identification No. 219-674-288
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 114122-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
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. 08-001998-103-2022, November 7, 2022, valid until November 6, 2025
PTR No. 9564628, January 3, 2023, Makati City

March 3, 2023

Independent Auditor's Report on Components of Financial Soundness Indicators

Aboitiz Equity Ventures Inc.

The Board of Directors and Stockholders
Aboitiz Equity Ventures, Inc.
32nd 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, 2022 and 2021, and for each of the three years in the period ended December 31, 2022. 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 (PFRS) 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 PFRS. The components of these financial soundness indicators have been traced to the Company's financial statements as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Jhoanna Feliza C. Go
Partner
CPA Certificate No. 0114122
Tax Identification No. 219-674-288
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 114122-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
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. 08-001998-103-2022, November 7, 2022, valid until November 6, 2025
PTR No. 9564628, January 3, 2023, Makati City

March 3, 2023

Consolidated Balance Sheets

Aboitiz Equity Ventures Inc.

(Amounts in Thousands)

	December	
	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱101,526,260**	₱147,534,035
Trade and other receivables (Note 5)	**61,319,148**	48,020,420
Inventories (Note 6)	**46,161,542**	31,992,459
Derivative asset (Note 37)	**2,669,218**	1,383,903
Other current assets (Notes 7 and 8)	**46,282,770**	25,418,264
Total Current Assets	**257,958,938**	254,349,081
Noncurrent Assets		
Property, plant and equipment (Notes 13 and 18)	**224,711,720**	220,018,207
Investments and advances (Note 10)	**195,855,745**	154,815,613
Intangible assets (Note 14)	**78,375,252**	74,338,411
Investment properties (Notes 15 and 31)	**14,423,957**	12,227,553
Deferred income tax assets - net (Note 32)	**1,723,675**	1,976,548
Trade receivables - net of current portion (Note 5)	**329,538**	366,651
Derivative asset - net of current portion (Note 37)	**395,644**	75,718
Net pension assets (Note 30)	**487,129**	293,168
Other noncurrent assets (Notes 8 and 16)	**33,720,624**	15,145,672
Total Noncurrent Assets	**550,023,284**	479,257,541
TOTAL ASSETS	**₱807,982,222**	₱733,606,622
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 17, 35 and 40)	**₱59,347,137**	₱45,779,404
Bank loans (Note 18)	**45,367,586**	35,415,424
Current portions of:		
Long-term debts (Note 19)	**17,926,663**	18,608,778
Long-term obligation on Power Distribution System (PDS) (Note 14)	**40,000**	40,000
Lease liabilities (Notes 13 and 22)	**9,420,133**	8,291,721
Derivative liability (Note 37)	**330,809**	1,180,048
Income tax payable	**555,580**	382,223
Total Current Liabilities	**132,987,908**	109,697,598

(Forward)

	December	
	2022	2021
Noncurrent Liabilities		
Noncurrent portions of:		
Long-term debts (Note 19)	**₱285,612,355**	₱253,069,865
Lease liabilities (Note 22)	**18,440,790**	25,964,507
Trade payables (Notes 17 and 35)	**1,107,359**	982,617
Long-term obligation on PDS (Note 14)	**105,390**	125,532
Customers' deposits (Note 20)	**8,314,885**	7,374,767
Decommissioning liability (Note 21)	**5,654,234**	5,686,224
Deferred income tax liabilities - net (Note 32)	**2,469,668**	2,270,797
Net pension liability (Note 30)	**756,404**	493,293
Derivative liability - net of current portion (Note 37)	**330,592**	174,664
Total Noncurrent Liabilities	**322,791,677**	296,142,266
Total Liabilities	**455,779,585**	405,839,864
Equity Attributable to Equity Holders of the Parent		
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, 9 and 10)	**29,491,200**	29,491,200
Accumulated other comprehensive income (Note 25)	**(4,424,925)**	(235,375)
Retained earnings (Notes 10 and 24)		
Appropriated	**79,800,000**	9,200,000
Unappropriated	**133,269,226**	188,162,793
Treasury stock at cost (Note 23)	**(647,672)**	(647,672)
	256,195,626	244,678,743
Non-controlling Interests	**96,007,011**	83,088,015
Total Equity	**352,202,637**	327,766,758
TOTAL LIABILITIES AND EQUITY	**₱807,982,222**	₱733,606,622

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Income

Aboitiz Equity Ventures Inc.

(Amounts in Thousands, Except Earnings Per Share Amounts)

	Years Ended December 31		
	2022	2021	2020
REVENUES			
Sale of:			
Power (Note 26)	**₱193,625,879**	₱134,043,812	₱109,867,394
Goods	**103,562,218**	83,065,597	71,286,473
Real estate (Notes 15 and 26)	**7,333,578**	4,942,188	3,258,089
Service fees (Note 40)	**1,373,478**	1,009,041	834,638
Sale of swine at fair value (Note 8)	**532,453**	578,149	1,310,621
Others (Note 35)	**325,075**	290,632	168,613
	306,752,681	223,929,419	186,725,828
COSTS AND EXPENSES			
Cost of generated and purchased power (Notes 27, 28, 35 and 40)	**129,998,462**	74,996,207	54,871,109
Cost of goods sold (Notes 6 and 28)	**93,365,449**	73,589,095	61,518,767
Operating expenses (Notes 28, 35, 38 and 39)	**44,344,870**	39,896,091	37,113,892
Cost of real estate sales (Note 6)	**4,057,279**	2,346,942	1,748,270
	271,766,060	190,828,335	155,252,038
OPERATING PROFIT	**34,986,621**	33,101,084	31,473,790
Share in net earnings of associates and joint ventures (Note 10)	**20,781,865**	17,245,643	9,019,033
Interest income (Notes 4, 7, 35 and 36)	**1,867,224**	530,851	1,007,236
Interest expense (Notes 22 and 36)	**(17,856,684)**	(17,042,156)	(17,917,087)
Other income (expense) - net (Notes 5, 31 and 35)	**4,247,576**	3,142,294	4,809,275
INCOME BEFORE INCOME TAX	**44,026,602**	36,977,716	28,392,247
PROVISION FOR INCOME TAX (Note 32)	**3,817,805**	2,808,253	7,583,258
NET INCOME	**₱40,208,797**	₱34,169,463	₱20,808,989
ATTRIBUTABLE TO:			
Equity holders of the parent	**₱24,827,398**	₱27,309,623	₱15,433,613
Non-controlling interests	**15,381,399**	6,859,840	5,375,376
	₱40,208,797	₱34,169,463	₱20,808,989
EARNINGS PER SHARE (Note 33)			
Basic and diluted, for net income for the year attributable to equity holders of the parent	**₱4.41**	₱4.85	₱2.74

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

Aboitiz Equity Ventures Inc.

(Amounts in Thousands)

	Years Ended December 31		
	2022	2021	2020
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the parent	**₱24,827,398**	₱27,309,623	₱15,433,613
Non-controlling interests	**15,381,399**	6,859,840	5,375,376
	40,208,797	34,169,463	20,808,989
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to consolidated statements of income:			
Movement in cumulative translation adjustments	**1,357,951**	2,534,198	(464,398)
Movement in cash flow hedges, net of tax	**1,807,349**	2,416,469	600,291
Share in movement in cumulative translation adjustments of associates and joint ventures (Note 10)	**910,902**	809,328	(513,559)
Share in movement in net unrealized mark-to-market losses on FVOCI investments of associates (Note 10)	**(6,299,539)**	(734,752)	(10,116)
Revaluation surplus, net of tax (Note 13)	**642,672**	—	—
Movement in net unrealized mark-to-market losses on FVOCI investments (Note 25)	**(31,263)**	(3,127)	(126)
	(1,611,928)	5,022,116	(387,908)
Items that will not be reclassified to consolidated statements of income:			
Share in movement in actuarial gains (losses) on defined benefit plans of associate and joint ventures, net of tax (Note 10)	**250,113**	235,055	(531,153)
Movement in actuarial gains (losses) on defined benefit plans, net of tax (Note 30)	**266,598**	333,096	(607,051)
	516,711	568,151	(1,138,204)
TOTAL COMPREHENSIVE INCOME	**₱39,113,580**	₱39,759,730	₱19,282,877
ATTRIBUTABLE TO:			
Equity holders of the parent	**₱20,637,848**	₱31,521,732	₱14,122,232
Non-controlling interests	**18,475,732**	8,237,998	5,160,645
	₱39,113,580	₱39,759,730	₱19,282,877

See accompanying Notes to Consolidated Financial Statements.

FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020
(Amounts in Thousands, Except Dividends Per Share Amounts)

	Attributable to equity holders of the parent									
					Retained Earnings					
	Capital Stock: Common (Note 23)	Additional Paid-in Capital (Note 23)	Equity Reserve (Notes 2 and 9)	Accumulated Other Comprehensive Income (Notes 10 and 25)	Appropriated (Note 24)	Unappropriated (Note 24)	Treasury Stock (Note 23)	Total	Non-controlling Interest	Total
Balances at January 1, 2022	**₱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**
Net income for the year	**—**	**—**	**—**	**—**	**—**	**24,827,398**	**—**	**24,827,398**	**15,381,399**	**40,208,797**
Other comprehensive income (loss)	**—**	**—**	**—**	**(4,189,550)**	**—**	**—**	**—**	**(4,189,550)**	**3,094,333**	**(1,095,217)**
Total comprehensive income (loss) for the year	**—**	**—**	**—**	**(4,189,550)**	**—**	**24,827,398**	**—**	**20,637,848**	**18,475,732**	**39,113,580**
Cash dividends - ₱1.62 per share (Note 24)	**—**	**—**	**—**	**—**	**—**	**(9,120,965)**	**—**	**(9,120,965)**	**—**	**(9,120,965)**
Appropriation during the year (Note 24)	**—**	**—**	**—**	**—**	**70,600,000**	**(70,600,000)**	**—**	**—**	**—**	**—**
Cash dividends paid to non-controlling interests	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(6,128,351)**	**(6,128,351)**
Changes in non-controlling interests	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**571,615**	**571,615**
Balances at December 31, 2022	**₱5,694,600**	**₱13,013,197**	**₱29,491,200**	**(₱4,424,925)**	**₱79,800,000**	**₱133,269,226**	**(₱647,672)**	**₱256,195,626**	**₱96,007,011**	**₱352,202,637**
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 (Note 9)	—	—	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

(Forward)

	Attributable to equity holders of the parent									
					Retained Earnings					
	Capital Stock: Common (Note 23)	Additional Paid-in Capital (Note 23)	Equity Reserve (Notes 2 and 9)	Accumulated Other Comprehensive Income (Notes 10 and 25)	Appropriated (Note 24)	Unappropriated (Note 24)	Treasury Stock (Note 23)	Total	Non-controlling Interest	Total
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 (Note 23)	—	—	—	—	—	—	(82,426)	(82,426)	—	(82,426)
Appropriation during the year (Note 24)	—	—	—	—	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

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

Aboitiz Equity Ventures Inc.

(Amounts in Thousands)

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱44,026,602**	₱36,977,716	₱28,392,247
Adjustments for:			
Interest expense (Note 36)	**17,856,684**	17,042,156	17,917,087
Depreciation and amortization (Note 28)	**13,778,454**	12,962,612	12,696,823
Net unrealized foreign exchange losses (gains)	**(1,546,712)**	281,255	(1,972,048)
Impairment losses on property, plant and equipment, goodwill and other assets (Notes 13, 14 and 16)	**1,224,108**	340,597	113,683
Write-off of project development costs (Note 31)	**314,490**	369,918	56,410
Loss (gain) on sale/disposal of:			
Property, plant and equipment and other assets (Notes 13 and 31)	**158,832**	(560,857)	27,097
Fair value through profit or loss (FVTPL) and FVOCI investments (Note 3)	**(31,283)**	(120,941)	(15,622)
Unrealized mark-to-market loss (gains) on FVTPL investments	**191,710**	4,727	(79,501)
Investment in a subsidiary and associate (Notes 9 and 10)	**(183,299)**	44,258	—
Unrealized mark-to-market losses (gains) on derivatives	**(11,105)**	851,375	4,848
Unrealized mark-to-market loss (gains) on FVTPL investments	**191,710**	4,727	(79,501)
Dividend income (Note 31)	**(3,379)**	(2,984)	(4,827)
Net unrealized valuation gains on investment property (Notes 15 and 31)	**(527,154)**	(976,228)	(401,410)
Interest income (Note 36)	**(1,867,224)**	(530,851)	(1,007,236)
Share in net earnings of associates and joint ventures (Note 10)	**(20,781,865)**	(17,245,643)	(9,019,033)
Operating income before working capital changes	**52,598,859**	49,437,110	46,708,518
Decrease (increase) in:			
Trade and other receivables	**(16,881,735)**	(9,466,903)	(12,509,152)
Inventories	**(15,567,048)**	(7,327,478)	(1,112,332)
Pension asset	**8,292**	2,348	(5,165)
Other current assets	**(6,200,945)**	(1,132,632)	4,455,492
Increase in:			
Trade and other payables	**18,938,169**	7,773,934	4,605,102
Pension liability	**183,342**	65,169	2,207
Customers' deposits	**980,007**	401,496	277,376
Net cash flows generated from operations	**34,058,941**	39,753,044	42,422,046
Income and final taxes paid	**(3,878,267)**	(3,434,010)	(6,087,298)
Net cash flows from operating activities	**30,180,674**	36,319,034	36,334,748
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash dividends received (Note 10)	**5,737,663**	10,491,079	5,366,853
Interest received	**1,543,936**	528,326	989,728
Proceeds from sale of:			
FVTPL and FVOCI investments	**151,289**	800,415	358,705
Property, plant and equipment	**119,332**	89,136	285,176

(Forward)

	Years Ended December 31		
	2022	2021	2020
Disposal of a subsidiary, net of cash disposed (Note 9)	**(₱190,312)**	₱—	₱—
Additions to:			
Short-term cash deposits	**(13,929,164)**	(6,026,045)	(960,460)
FVTPL, including exchangeable notes and FVOCI investments (Notes 10 and 16)	**(16,644,751)**	(1,805,670)	(2,446,260)
Property, plant and equipment and investment properties (Notes 13 and 15)	**(16,238,852)**	(10,484,632)	(7,648,918)
Investments in and advances to associates (Note 10)	**(30,731,074)**	(2,678,043)	(2,762,715)
Increase in intangible assets (Note 14)	**(2,540,531)**	(4,297,612)	(2,292,307)
Decrease (increase) in other noncurrent assets	**(1,755,165)**	2,695,661	(2,507,868)
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	**(74,477,629)**	(10,078,385)	(11,618,066)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availment of long-term debts - net of transaction costs (Note 19)	**63,063,047**	54,556,816	62,231,716
Net proceeds from bank loans	**9,952,162**	4,554,571	3,613,747
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 9)	—	(897,673)	(165,196)
Cash dividends paid to non-controlling interest	**(6,128,351)**	(1,624,383)	(4,607,417)
Cash dividends paid to equity holders of the parent (Note 24)	**(9,120,965)**	(5,123,505)	(7,321,268)
Interest paid	**(14,785,307)**	(13,242,432)	(13,478,788)
Payments of:			
Long-term debts (Note 19)	**(37,113,280)**	(47,621,110)	(36,674,074)
Lease liabilities, including accretion of interest	**(10,232,070)**	(9,611,197)	(7,862,233)
Net cash flows from (used in) financing activities	**(4,364,764)**	52,988,973	(4,345,939)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(48,661,719)**	79,229,622	20,370,743
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**2,653,944**	2,338,002	(828,995)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**147,534,035**	65,966,411	46,424,663
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱101,526,260**	₱147,534,035	₱65,966,411

See accompanying Notes to Consolidated Financial Statements.

Investor Information

Aboitiz Equity Ventures Inc.

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Tel (632) 8886-2800 | Fax (632) 8886-2407

Cebu Office:
Aboitiz Corporate Center,
Gov. Manuel A. Cuenco Avenue,
Kasambagan, Cebu City 6000 Philippines
Tel (6332) 411-1800 | Fax (6332) 231-4037

Common Stock
The Company's common stock is listed
and traded in the Philippine Stock Exchange.

Stockholders' Meeting
The Company's regular stockholders' meeting is
held on the fourth Monday of April of every year.

Stockholder Services and Assistance
Stock Transfer Service, Inc. (STSI) serves as the Company's stock transfer agent.

For matters concerning dividend payments, account status, lost or damaged stock certificates, change of address, please write or call:

STOCK TRANSFER SERVICE, INC.
Unit 34-D Rufino Pacific Tower,
6784 Ayala Avenue, Makati City 1226, Philippines
Telephone No.: (632) 8403-3798 | (632) 8403-2410
(632) 85310-1351
Contact Person:
Mr. Michael C. Capoy
mccapoy@stocktransfer.com.ph
aboitiz.shareholder.services@aboitiz.com

AEV welcomes inquiries from institutional investors, analysts, and the financial community.

Please call or write:

Investor Relations
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Statement of Management's Responsibility for Financial Statements

Aboitiz Power Corporation

SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA Greenhills
Mandaluyong, Metro Manila

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Aboitiz Power Corporation** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended **December 31, 2022, 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 financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.
The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

(sgd.)
SABIN M. ABOITIZ
Chairman of the Board

(sgd.)
EMMANUEL V. RUBIO
President & Chief Executive Officer

(sgd.)
LIZA LUV T. MONTELIBANO
SVP & Chief Financial Officer/Corporate Information Officer

Signed this 6th day of March 2023

Republic of the Philippines)
Makati City) S.S.

Before me, a notary public in and for the city named above, personally appeared:

Name	Passport	Date/Place Issued
SABIN M. ABOITIZ	P [redacted]	July 19, 2021; DFA Manila
EMMANUEL V. RUBIO	P [redacted]	September 13, 2019; DFA Manila
LIZA LUV T. MONTELIBANO	P [redacted]	May 7, 2018, DFA Manila

who are personally known to me and to me known to be the same persons who presented the foregoing instrument and signed the instrument in my presence, and who took an oath before me as to such instrument.

Witness my hand and seal this MAR 06 2023.

Doc. No. 195;

Page No. 40;

Book No. 53;

Series of 2021

ATTY. ROMEO M. MONFORT
Notary Public City of Makati
Until December 31, 2023
Appointment No. 172 (2022-2023)
PTR NO. 9663077 Jan. 3, 2023 Makati City
IBP No. 1062634 - Jan. 3, 2018
MCLE NO. VI-0023417 Roll No. 27932
26 Amorsolo Street Legaspi Village
Makati City

Independent Auditor's Report

Aboitiz Power Corporation

The Board of Directors and Stockholders
Aboitiz Power Corporation
32nd Street, Bonifacio Global City
Taguig City, Metro Manila
Philippines

Opinion

We have audited the consolidated financial statements of Aboitiz Power Corporation and its subsidiaries (the Group), which comprise the consolidated balance sheets as at December 31, 2022 and 2021, 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, 2022, 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, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2022 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, 2022, the goodwill attributable to several cash-generating units (CGUs) amounted to ₱44.92 billion or 9% of total consolidated assets, which is considered significant to the consolidated financial statements. In addition, management's assessment process requires significant judgment and is based on assumptions which are subject to uncertainty on the estimation process due to the current economic conditions which have been impacted by the coronavirus pandemic, specifically discount and growth rates, revenue assumptions, and material price inflation.

The Group's disclosures about goodwill are included in Note 12 to the consolidated financial statements.

Audit Response
We involved our internal specialist in assessing the methodologies and assumptions used. We compared the key assumptions used, such as growth rate and revenue assumptions against the historical performance of the CGUs, industry outlook and other relevant external data, taking into consideration the impact associated with the coronavirus pandemic. We tested the parameters used in the determination of the discount rates against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically, those that have the most significant effect on the determination of the recoverable amount of goodwill.

Revenue Recognition of Distribution Utilities

The distribution utilities' revenue from the sale of electricity amounting to ₱57.24 billion for the year ended December 31, 2022 accounts for 30% of the Group's consolidated revenues and is material to the Group. This matter is significant to the audit because the revenue recognized depends on the electric consumption captured, the rates applied across different customers, and the systems involved in the billing process. Electric consumption captured is based on the meter readings taken on various dates for the different types of customers (i.e., industrial, commercial, and residential customers) within the franchise areas of operations of the distribution utilities.

The Group's disclosures related to this matter are provided in Notes 3 and 20 to the consolidated financial statements.

Audit Response
We obtained an understanding and evaluated the design and tested the controls over the billing and revenue process which includes the capture and accumulation of meter data in the billing system and calculation of billed amounts, and uploading of billed amounts from the billing system to the financial reporting system. We performed a test calculation of the rates using the Energy Regulatory Commission-approved rates and formulae, then compared them with the rates used in billing statements.

Recoverability of Certain Segments of Property, Plant and Equipment

Based on the assessment of the Group as of December 31, 2022, certain segments of its property, plant and equipment totaling ₱5.51 billion, may be impaired due to the existence of impairment indicators. As such, the Group assessed the recoverable amount of these segments of property, plant and equipment and this requires significant judgment and involves estimation and assumptions about future electricity generation levels and costs as well as external inputs such as fuel prices, electricity prices and discount rates. In addition, because of the coronavirus pandemic, there is heightened level of uncertainty on the future economic outlook and market forecast. Hence, we consider such assessment as a key audit matter in our audit.

The disclosures about the recoverability of certain segments of property, plant and equipment are included in Note 11 to the consolidated financial statements.

Audit Response
We involved our internal specialist in assessing the methodologies and assumptions used. We compared the key assumptions used against the historical performance of certain segments of property, plant and equipment, industry outlook and other relevant external data, taking into consideration the impact associated with the coronavirus pandemic. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically those that have the most significant effect on the determination of the recoverable amounts of certain segments of property, plant and equipment.

Consolidation Process

Aboitiz Power Corporation owns a significant number of domestic and foreign entities at varying equity interests. We considered the consolidation process as a key audit matter because it required significant auditor attention, particularly on the following areas: (a) fair value adjustments arising from business combinations, (b) numerous intercompany transactions, (c) alignment of accounting policies of the investees with the Group's policy on property, plant and equipment and investment properties, (d) translation of investees' foreign-currency-denominated financial information to the Group's functional currency and (e) other equity adjustments.

The Group's disclosures on the basis of consolidation are in Note 3 to the consolidated financial statements.

Audit Response
We obtained an understanding of the Group's consolidation process and the related controls, the process for identifying related parties and related party transactions, as well as the reconciliation of intercompany balances. We also checked the entities included in the consolidation and reviewed the eliminating entries recorded, including fair value adjustments. In addition, we reviewed the foreign currency translation adjustments, as well as the alignment of accounting policies on property, plant and equipment and investment properties.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2022 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, 2022 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 Jhoanna Feliza C. Go.

SYCIP GORRES VELAYO & CO.

Jhoanna Feliza C. Go
Partner
CPA Certificate No. 0114122
Tax Identification No. 219-674-288
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 114122-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
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. 08-001998-103-2022, November 7, 2022, valid until November 6, 2025
PTR No. 9564628, January 3, 2023, Makati City

March 3, 2023

Independent Auditor's Report on Supplementary Schedules

Aboitiz Power Corporation

The Board of Directors and Stockholders
Aboitiz Power Corporation
32nd Street, Bonifacio Global City
Taguig City, Metro Manila
Philippines

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Aboitiz Power Corporation and Subsidiaries as at December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022. 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.

Jhoanna Feliza C. Go
Partner
CPA Certificate No. 0114122
Tax Identification No. 219-674-288
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 114122-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
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. 08-001998-103-2022, November 7, 2022, valid until November 6, 2025
PTR No. 9564628, January 3, 2023, Makati City

March 3, 2023

Independent Auditor's Report on Components of Financial Soundness Indicators

Aboitiz Power Corporation

The Board of Directors and Stockholders
Aboitiz Power Corporation
32nd Street, Bonifacio Global City
Taguig City, Metro Manila
Philippines

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Aboitiz Power Corporation and Subsidiaries as at December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022. 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, 2022 and 2021 and for each of the three years in the period ended December 31, 2022 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Jhoanna Feliza C. Go
Partner
CPA Certificate No. 0114122
Tax Identification No. 219-674-288
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 114122-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
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. 08-001998-103-2022, November 7, 2022, valid until November 6, 2025
PTR No. 9564628, January 3, 2023, Makati City

March 3, 2023

Consolidated Balance Sheets

Aboitiz Power Corporation and Subsidiaries

(Amounts in Thousands)

	December 31	
	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents (Note 5)	**₱64,763,642**	₱57,130,243
Trade and other receivables (Note 6)	**35,342,951**	26,820,071
Inventories (Note 7)	**16,123,700**	9,574,613
Derivative assets (Note 33)	**2,666,226**	1,383,903
Other current assets (Note 8)	**14,079,868**	9,511,107
Total Current Assets	**132,976,387**	104,419,937
Noncurrent Assets		
Investments and advances (Note 9)	**77,928,459**	64,952,728
Property, plant and equipment (Notes 11 and 34)	**206,857,588**	203,239,825
Intangible assets (Note 12)	**49,771,385**	46,015,496
Derivative assets - net of current portion (Note 33)	**245,801**	75,718
Net pension assets (Note 26)	**83,438**	87,146
Deferred income tax assets (Note 28)	**1,343,346**	1,441,768
Other noncurrent assets (Note 13)	**8,387,477**	7,183,001
Total Noncurrent Assets	**344,617,494**	322,995,682
TOTAL ASSETS	**₱477,593,881**	₱427,415,619
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term loans (Note 15)	**₱21,402,715**	₱18,625,546
Current portions of:		
Long-term debts (Note 16)	**10,279,212**	18,419,227
Lease liabilities (Note 34)	**9,288,292**	8,106,781
Long-term obligation on power distribution system	**40,000**	40,000
Derivative liabilities (Note 33)	**116,672**	219,030
Trade and other payables (Note 14)	**32,948,328**	22,744,322
Income tax payable	**492,656**	264,647
Total Current Liabilities	**₱74,567,875**	₱68,419,553

(Forward)

	December 31	
	2022	2021
Noncurrent Liabilities		
Noncurrent portions of:		
Long-term debts (Note 16)	**₱189,172,706**	₱163,618,747
Lease liabilities (Note 34)	**18,253,664**	25,667,098
Long-term obligation on power distribution system	**105,390**	125,532
Derivative liabilities - net of current portion (Note 33)	**330,592**	174,664
Customers' deposits (Note 17)	**8,144,054**	7,200,341
Decommissioning liability (Note 18)	**5,654,234**	5,686,224
Deferred income tax liabilities (Note 28)	**591,107**	585,440
Net pension liabilities (Note 26)	**599,491**	302,812
Other noncurrent liabilities (Note 39j)	**—**	54,505
Total Noncurrent Liabilities	**222,851,238**	203,415,363
Total Liabilities	**297,419,113**	271,834,916
Equity Attributable to Equity Holders of the Parent		
Paid-in capital (Note 19a)	**19,947,498**	19,947,498
Share in other comprehensive income of associates and joint ventures (Note 9)	**1,220,171**	185,183
Cumulative translation adjustments (Note 33)	**5,462,557**	1,917,151
Cash flow hedge reserve (Note 33)	**2,646,733**	917,353
Actuarial losses on defined benefit plans (Note 26)	**(1,095,697)**	(1,072,629)
Equity reserve	**(7,175,742)**	(7,175,742)
Retained earnings (Note 19b)		
Appropriated	**20,060,000**	20,060,000
Unappropriated (Notes 9 and 19c)	**130,037,425**	113,172,268
	171,102,945	147,951,082
Non-controlling Interests	**9,071,823**	7,629,621
Total Equity (Note 19c)	**180,174,768**	155,580,703
TOTAL LIABILITIES AND EQUITY	**₱477,593,881**	₱427,415,619

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Income

Aboitiz Power Corporation and Subsidiaries

(Amounts in Thousands, Except Earnings Per Share Amounts)

	Years Ended December 31		
	2022	2021	2020
OPERATING REVENUES			
Sale of power (Notes 20 and 31):			
Generation	**₱101,500,632**	₱70,008,135	₱51,750,660
Distribution	**57,235,327**	44,375,529	41,872,331
Retail electricity supply	**35,179,570**	19,874,964	16,476,713
Technical, management and other fees (Note 31)	**78,059**	100,593	276,945
OPERATING REVENUES	**193,993,588**	134,359,221	110,376,649
OPERATING EXPENSES			
Cost of purchased power (Notes 21 and 31)	**69,379,333**	41,496,499	31,409,251
Cost of generated power (Note 22)	**60,619,129**	33,499,708	23,461,858
Depreciation and amortization (Notes 11, 12 and 34)	**11,863,670**	11,202,273	10,973,364
General and administrative (Note 23)	**10,194,903**	9,540,775	8,663,373
Operations and maintenance (Note 24)	**12,133,579**	10,410,170	8,988,916
	164,190,614	106,149,425	83,496,762
FINANCIAL INCOME (EXPENSES)			
Interest income (Notes 5 and 31)	**678,696**	343,233	653,076
Interest expense and other financing costs (Notes 15, 16, 32 and 34)	**(13,420,348)**	(13,590,365)	(14,253,528)
	(12,741,652)	(13,247,132)	(13,600,452)
OTHER INCOME (EXPENSES)			
Share in net earnings of associates and joint ventures (Note 9)	**15,134,970**	9,479,696	2,675,136
Other income - net (Note 27)	**515,330**	213,565	4,928,563
	15,650,300	9,693,261	7,603,699
INCOME BEFORE INCOME TAX	**32,711,622**	24,655,925	20,883,134
PROVISION FOR INCOME TAX (Note 28)	**3,164,205**	2,110,710	6,061,912
NET INCOME	**₱29,547,417**	₱22,545,215	₱14,821,222
ATTRIBUTABLE TO:			
Equity holders of the parent	**₱27,535,133**	₱20,837,182	₱12,577,676
Non-controlling interests	**2,012,284**	1,708,033	2,243,546
	₱29,547,417	₱22,545,215	₱14,821,222
EARNINGS PER COMMON SHARE (Note 29)			
Basic and diluted, income for the period attributable to ordinary equity holders of the parent	**₱3.74**	₱2.83	₱1.71

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

Aboitiz Power Corporation and Subsidiaries

(Amounts in Thousands)

	Years Ended December 31		
	2022	2021	2020
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the parent	**₱27,535,133**	₱20,837,182	₱12,577,676
Non-controlling interests	**2,012,284**	1,708,033	2,243,546
	29,547,417	22,545,215	14,821,222
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods:			
Movement in cumulative translation adjustments	**3,532,388**	2,990,011	(2,749,926)
Movement in cash flow hedges (Note 32)	**1,884,965**	2,355,803	764,459
Share in movement in cumulative translation adjustment of associates and joint ventures	**986,012**	753,960	(530,557)
Share in net unrealized valuation losses on fair value through other comprehensive income (FVOCI) investments of an associate (Note 9)	**—**	—	(3,125)
Net other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods	**6,403,365**	6,099,774	(2,519,149)
Other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods:			
Share in actuarial gain on defined benefit plans of associates and joint ventures, net of tax	**48,976**	7,915	23,047
Actuarial gain (loss) on defined benefit plans, net of tax (Note 26)	**4,871**	168,827	(327,505)
Net other comprehensive gain (loss) not to be reclassified to profit or loss in subsequent periods	**53,847**	176,742	(304,458)
Total other comprehensive income (loss) for the period, net of tax	**6,457,212**	6,276,516	(2,823,607)
TOTAL COMPREHENSIVE INCOME	**₱36,004,629**	₱28,821,731	₱11,997,615
ATTRIBUTABLE TO:			
Equity holders of the parent	**₱33,821,839**	₱27,047,317	₱10,298,742
Non-controlling interests	**2,182,790**	1,774,414	1,698,873
	₱36,004,629	₱28,821,731	₱11,997,615

See accompanying Notes to Consolidated Financial Statements.

(Amounts in Thousands, Except Dividends Per Share Amounts)

	Attributable to Equity Holders of the Parent									
							Retained Earnings (Note 19b)			
	Paid-in Capital (Note 19a)	Share in Other Comprehensive Income (Loss) of Associates and Joint Ventures (Note 9)	Cumulative Translation Adjustments (Note 33)	Cash Flow Hedge Reserve	Actuarial Losses on Defined Benefit Plans (Note 26)	Equity Reserve	Appropriated	Unappropriated	Non-controlling Interests	Total
Balances at January 1, 2022	**₱19,947,498**	**₱185,183**	**₱1,917,151**	**₱917,353**	**(₱1,072,629)**	**(₱7,175,742)**	**₱20,060,000**	**₱113,172,268**	**₱7,629,621**	**₱155,580,703**
Net income for the year	—	—	—		—	—	—	27,535,133	2,012,284	29,547,417
Other comprehensive income										
Share in other comprehensive loss of associates and joint ventures	—	1,034,988	—	—	—	—	—	—	—	1,034,988
Movement in cumulative translation adjustments	—	—	3,545,406	—	—	—	—	—	(13,018)	3,532,388
Movement in cash flow hedges	—	—	—	1,729,380	—	—	—	—	155,585	1,884,965
Actuarial loss on defined benefit plans, net of tax	—	—	—	—	(23,068)	—	—	—	27,939	4,871
Total comprehensive income (loss) for the year	—	1,034,988	3,545,406	1,729,380	(23,068)	—	—	27,535,133	2,182,790	36,004,629
Cash dividends - ₱1.45 per share (Note 19b)	—	—	—	—	—	—	—	(10,669,976)	—	(10,669,976)
Cash dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	(1,380,664)	(1,380,664)
Change in non-controlling interests	—	—	—	—	—	—	—	—	640,076	640,076
Balances at December 31, 2022	**₱19,947,498**	**₱1,220,171**	**₱5,462,557**	**₱2,646,733**	**(₱1,095,697)**	**(₱7,175,742)**	**₱20,060,000**	**₱130,037,425**	**₱9,071,823**	**₱180,174,768**

	Attributable to Equity Holders of the Parent									
							Retained Earnings (Note 19b)			
	Paid-in Capital (Note 19a)	Share in Other Comprehensive Income (Loss) of Associates and Joint Ventures (Note 9)	Cumulative Translation Adjustments (Note 33)	Cash Flow Hedge Reserve	Actuarial Gains (Losses) on Defined Benefit Plans (Note 26)	Equity Reserve	Appropriated	Unappropriated	Non-controlling Interests	Total
Balances at January 1, 2021	₱19,947,498	(₱576,692)	(₱1,067,593)	(₱1,379,180)	(₱1,239,612)	(₱7,175,742)	₱33,660,000	₱84,989,900	₱7,426,494	₱134,585,073
Net income for the year	—	—	—	—	—	—	—	20,837,182	1,708,033	22,545,215
Other comprehensive income (loss)										
Share in other comprehensive loss of associates and joint ventures	—	761,875	—	—	—	—	—	—	—	761,875
Movement in cumulative translation adjustments	—	—	2,984,744	—	—	—	—	—	5,267	2,990,011
Movement in cash flow hedges	—	—	—	2,296,533	—	—	—	—	59,270	2,355,803
Actuarial loss on defined benefit plans, net of tax	—	—	—	—	166,983	—	—	—	1,844	168,827
Total comprehensive income (loss) for the year	—	761,875	2,984,744	2,296,533	166,983	—	—	20,837,182	1,774,414	28,821,731
Reversal of appropriation	—	—	—	—	—	—	(13,600,000)	13,600,000	—	—
Cash dividends - ₱.85 per share (Note 19b)	—	—	—	—	—	—	—	(6,254,814)	—	(6,254,814)
Cash dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	(1,586,998)	(1,586,998)
Change in non-controlling interests	—	—	—	—	—	—	—	—	15,711	15,711
Balances at December 31, 2021	₱19,947,498	₱185,183	₱1,917,151	₱917,353	(₱1,072,629)	(₱7,175,742)	₱20,060,000	₱113,172,268	₱7,629,621	₱155,580,703

	Attributable to Equity Holders of the Parent								
				Retained Earnings (Note 19b)					
	Paid-in Capital (Note 19a)	Share in Other Comprehensive Income (Loss) of Associates and Joint Ventures (Note 9)	Cumulative Translation Adjustments	Appropriated	Unappropriated	Cash Flow Hedge Reserve	Actuarial Gains (Losses) on Defined Benefit Plans (Note 26)	Equity Reserve	Non-controlling Interests	Total
Balances at January 1, 2020	₱19,947,498	(₱66,057)	₱1,229,557	₱33,660,000	₱81,095,377	(₱2,223,810)	(₱923,833)	(₱7,175,742)	₱8,100,021	₱133,643,011
Net income for the year	—	—	—	—	12,577,676	—	—	—	2,243,546	14,821,222
Other comprehensive income (loss)										
Share in other comprehensive loss of associates and joint ventures	—	(510,635)	—	—	—	—	—	—	—	(510,635)
Movement in cumulative translation adjustments	—	—	(2,297,150)	—	—	—	—	—	(452,776)	(2,749,926)
Movement in cash flow hedges	—	—	—	—	—	844,630	—	—	(80,171)	764,459
Actuarial gains (losses) on defined benefit plans, net of tax	—	—	—	—	—	—	(315,779)	—	(11,726)	(327,505)
Total comprehensive income (loss) for the year	—	(510,635)	(2,297,150)	—	12,577,676	844,630	(315,779)	—	1,698,873	11,997,615
Cash dividends - ₱1.18 per share (Note 19b)	—	—	—	—	(8,683,153)	—	—	—	—	(8,683,153)
Cash dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	(2,350,216)	(2,350,216)
Change in non-controlling interests	—	—	—	—	—	—	—	—	(22,184)	(22,184)
Balances at December 31, 2020	₱19,947,498	(₱576,692)	(₱1,067,593)	₱33,660,000	₱84,989,900	(₱1,379,180)	(₱1,239,612)	(₱7,175,742)	₱7,426,494	₱134,585,073

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

Aboitiz Power Corporation and Subsidiaries

(Amounts in Thousands)

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱32,711,622**	₱24,655,925	₱20,883,134
Adjustments for:			
Share in net earnings of associates and joint ventures (Note 9)	**(15,134,970)**	(9,479,696)	(2,675,136)
Interest expense and other financing costs (Note 32)	**13,420,348**	13,590,365	14,253,528
Depreciation and amortization (Notes 11 and 12)	**11,863,670**	11,202,273	10,973,364
Net unrealized foreign exchange loss (gain)	**1,227,513**	1,816,579	(2,022,493)
Impairment loss on property, plant and equipment, goodwill and other assets (Notes 11, 12, 13 and 27)	**729,255**	340,597	113,683
Interest income (Notes 5 and 31)	**(678,696)**	(343,233)	(653,076)
Write-off of project development costs (Notes 12 and 27)	**238,021**	298,031	7,240
Unrealized fair valuation gain on investment property (Note 27)	**(78,600)**	—	(115,829)
Unrealized fair valuation loss (gain) on derivatives and financial assets at FVTPL (Note 33)	**(57,109)**	(18,333)	4,848
Loss on disposal of property, plant and equipment (Note 27)	**34,843**	214,032	88,227
Operating income before working capital changes	**44,275,897**	42,276,540	40,857,490
Decrease (increase) in:			
Trade and other receivables	**(8,115,523)**	(4,134,879)	(8,521,328)
Inventories	**(6,549,087)**	(3,266,413)	323,829
Other current assets	**(5,058,887)**	1,102,850	2,857,713
Increase (decrease) in:			
Trade and other payables	**11,529,552**	2,427,336	632,050
Long-term obligation on power distribution system	**(40,000)**	(40,000)	(40,000)
Customers' deposits	**943,713**	401,496	277,376
Net cash generated from operations	**36,985,665**	38,766,930	36,387,130
Income and final taxes paid	**(2,772,328)**	(2,439,894)	(4,605,461)
Net cash flows from operating activities	**34,213,337**	36,327,036	31,781,669
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash dividends received (Note 9)	**3,585,997**	8,355,017	3,238,926
Decrease (increase) in other noncurrent assets	**(2,053,238)**	1,630,833	(478,506)
Interest received	**634,182**	314,490	654,133
Proceeds from sale of property, plant and equipment	**26,214**	10,360	8,851
Proceeds from redemption of shares (Note 9)	**5,605**	14,413	6,939
Net collection of advances (Note 9)	**2,111**	5,549	2,035
Acquisitions through business combinations, net of cash acquired	**—**	1,251	—

(Forward)

	Years Ended December 31		
	2022	2021	2020
Additions to:			
Property, plant and equipment (Note 11)	**(₱12,981,059)**	(₱8,254,307)	(₱5,428,730)
Intangible assets (Note 12)	**(662,028)**	(105,049)	(198,030)
Additional investments (Note 9)	**—**	(954,386)	(2,332,591)
Net cash flows from (used in) investing activities	**(11,442,216)**	1,018,171	(4,526,973)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from long-term debt (Note 16)	**44,745,631**	39,737,724	20,967,211
Payments of:			
Long-term debt (Note 16)	**(30,666,741)**	(37,179,837)	(19,905,432)
Interest	**(10,305,062)**	(9,770,209)	(10,032,413)
Lease liabilities, including interest accretion (Note 34)	**(9,600,853)**	(9,401,915)	(7,632,923)
Cash dividends paid (Note 19b)	**(10,669,606)**	(6,254,588)	(8,682,746)
Net availments of short-term loans (Note 15)	**2,777,169**	5,352,163	1,888,223
Payment of dividends to non-controlling interests	**(1,380,664)**	(1,586,998)	(2,515,930)
Additional contributions from non-controlling interests (Note 2)	**624,250**	—	—
Net cash flows used in financing activities	**(14,475,876)**	(19,103,660)	(25,914,010)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**8,295,245**	18,241,547	1,340,686
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND EQUIVALENTS	**(661,846)**	189,151	(75,070)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**57,130,243**	38,699,545	37,433,929
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 5)	**₱64,763,642**	₱57,130,243	₱38,699,545

See accompanying Notes to Consolidated Financial Statements.

Investor Information

Aboitiz Power Corporation

Head Office:
NAC Tower, 32nd Street, Bonifacio Global City,
Taguig City, Metro Manila 1634, Philippines
Tel (63-2) 8886-2800 | Fax (63-2) 8886-2407

Cebu Office:
Aboitiz Corporate Center,
Gov. Manuel A. Cuenco Avenue
Kasambagan, Cebu City 6000, Philippines
Tel (6332) 411-1800 | Fax (6332) 231-4037

Common Stock
The Company's common stock is listed and traded in the Philippine Stock Exchange.

Stockholders' Meeting
The Company's regular stockholders' meeting is held on the fourth Monday of April of every year.

Stockholder Services and Assistance
Stock Transfer Service, Inc. (STSI) serves as the Company's stock transfer agent.

For matters concerning dividend payments, account status, lost or damaged stock certificates, change of address, please write or call:

STOCK TRANSFER SERVICE, INC.
Unit 34-D Rufino Pacific Tower,
6784 Ayala Avenue, Makati City 1226, Philippines
Telephone No.: (632) 8403-3798 |(632) 8403-2410
(632) 85310-1351

Contact person:
Mr. Michael C. Capoy
mccapoy@stocktransfer.com.ph
aboitiz.shareholder.services@aboitiz.com

AboitizPower welcomes inquiries from institutional investors, analysts, and the financial community.

Please call or write:

Investor Relations
Aboitiz Power Corporation
Mr. Judd Salas
Mobile No. +63 917 301-3469

Email: ir@aboitiz.com
Website: www.aboitizpower.com

April 10, 2023

Benjamin N. Villacorte
Partner
SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City

Dear Mr. Villacorte:

Letter of Representations: Limited Assurance over Aboitiz Equity Ventures, Inc.'s (AEV's) 2022 Integrated Report

This letter of representations is provided in connection with your limited assurance engagement in relation to Aboitiz Equity Ventures, Inc.'s (AEV) Integrated Report for the period January 1, 2022 to December 31, 2022 (the "Report"), as detailed in our engagement agreement dated March 2, 2023.

We recognize that obtaining representations from us concerning the information contained in this letter is a significant procedure in meeting the requirements of the Philippine Standard on Assurance Engagements (PSAE) 3000 - Assurance Engagements Other than Audits or Reviews of Historical Financial Information or PSAE 3000 (Revised) enabling you to form a conclusion as to whether anything has come to your attention that causes you to believe that the Subject Matter, provided in Figure 1, as of and for the year ended December 31, 2022 (the "Subject Matter") is not presented, in all material respects, in accordance with the respective Global Reporting Initiative (GRI) Standards (the "Criteria").

Figure 1. Subject Matter

I. GRI Disclosures in AEV's 2022 Integrated Report
General Disclosures
2-1 Organizational details 2-2 Entities included in the organization's sustainability reporting 2-3 Reporting period, frequency, and contact point 2-4 Restatements of information 2-6 Activities, value chain and other business relationships 2-9 Governance structure and composition 2-10 Nomination and selection of the highest governance body 2-11 Chair of the highest governance body 2-12 Role of the highest governance body in overseeing the management of impacts 2-13 Delegation of responsibility for managing impacts 2-14 Role of the highest governance body in sustainability reporting 2-15 Conflicts of interest 2-16 Communication of critical concerns 2-17 Collective knowledge of the highest governance body 2-18 Evaluation of the performance of the highest governance body 2-22 Statement on sustainable development strategy 2-23 Policy commitments 2-24 Embedding policy commitments 2-26 Mechanisms for seeking advice and raising concerns 2-29 Approach to stakeholder engagement
Material Topics
3-1 Process to determine material topics 3-2 List of material topics 3-3 Management of material topics
Sector Disclosures
12.5 Biodiversity (limited to Disclosure 12.5.4) 12.7 Water and effluents (limited to Disclosures 12.7.2 and 12.7.5) 12.14 Occupational health and safety (limited to Disclosures 12.14.3, 12.14.4, 12.14.5, 12.14.6, and 12.14.6)
Economic Disclosures
203-1 Infrastructure investments and services supported 203-2 Significant indirect economic impacts 207-1 Approach to tax
Environmental Disclosures
303-1 Interactions with water as a shared resource 303-4 Water discharge 304-3 Habitats protected or restored
Social Disclosures
403-2 Hazard identification, risk assessment, and incident investigation 403-3 Occupational health services 403-4 Worker participation, consultation, and communication on occupational health and safety 403-5 Worker training on occupational health and safety 403-6 Promotion of worker health 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

We further understand that your tests of our records and performance of other procedures were limited to those that you considered necessary for that purpose.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of the Subject Matter that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Accordingly, we make the following representations in relation to our responsibilities in preparing the Report which are true to the best of our knowledge and belief:

A. Report and Records

1. We acknowledge that, as members of management of AEV, we are responsible for the preparation, presentation and overall accuracy of the Subject Matter in accordance with the criteria and for selecting the criteria noted above. We also acknowledge that we are responsible for determining that such criteria are appropriate for our purposes.
2. We believe effective internal controls and adequate records have been established and maintained to facilitate the preparation of reliable documentation related to the Report, including for the prevention and detection of material misstatement whether due to error or fraud. We are not aware of any deficiencies in the design or operation of the Company's internal controls that would materially affect the Report. We do not have any concerns which we have not communicated to you in the course of your engagement

related to deficiencies in the design or operations of internal controls that would materially affect the information reported that is outside of our operational or financial control.
3. We acknowledge our responsibility for retaining records for 5 years in accordance with the criteria.
4. We confirm the measurement or evaluation of the underlying Subject Matter against the applicable criteria, including that all relevant matters are reflected in the Subject Matter information.

B. Fraud and Error

1. We have no knowledge of any fraud or suspected fraud involving (a) management, (b) employees who have significant roles in the Company's processes and procedures relating to the Subject Matter in conformity with the criteria specified above or (c) others in which the fraud is reasonably likely to have a material effect on the reported amounts or presentation of the Subject Matter in our Report. We have no knowledge of any allegations of improprieties, including fraud or suspected fraud (regardless of the source or form and including without limitation, any allegations by "whistle-blowers"), which are likely to result in a misstatement of the information in our Report.
2. There were no unadjusted material differences identified during the preparation of the reported amounts in our Report that have not been communicated to SGV.

C. Compliance with Laws and Regulations

1. We have disclosed to you any instances of non-compliance with laws and regulations that may affect our Report.
2. There have been no instances of non-compliance with requirements of regulatory authorities that are reasonably likely to have a material effect on the information in the Report.
3. There have been no communications from regulatory agencies concerning non-compliance that are reasonably likely to have a material effect on the reported amounts in our Report.

D. Completeness and Accuracy of Information

1. The information provided to you is a fair representation of AEV's Integrated Report for the year ended December 31, 2022, under our operational control.
2. We have made available to you those relevant records and related data, other information, explanations and assistance necessary for the conduct of your assurance engagement. We have given you access to all key staff in our organization relevant for your assurance engagement.
3. The basis of assumptions, estimates, models, methodologies and the appropriateness of the measurement processes, used in determining values (for example, factors that are not specified in the criteria) has been assessed as appropriate and accurate. Significant assumptions used in making any material estimates are reasonable.
4. The systems relied upon by you when performing your assurance engagement are designed to capture and report complete and accurate data from AEV's operations.

E. Independence

1. We are not aware of any reason that SGV would not be considered to be independent. We understand that you have similarly undertaken appropriate enquiries to verify that you are compliant with your independence obligations.

F. Subsequent Events

1. There have been no material events subsequent to December 31, 2022 to the best of our knowledge, which require adjustment of the reported amounts or additional disclosure in our Report at that date or for December 31, 2022 then ended, other than those brought to your attention and already updated.

G. Comparative Information

1. As required, comparative amounts have been brought forward from prior period and correctly restated to reflect appropriate disclosure in the current year's Report.

H. Other Information Included in the Report

1. We acknowledge our responsibility for the preparation of the other information included in the Report.

I. Electronic Presentation of the Report

1. With respect to the publication of the Report on our website, we acknowledge that:
   a. we are responsible for the electronic presentation of the Report;

   b. we will ensure that the electronic version of the assured Report and the assurance provider's report on the website will be identical to the final signed hard copy version;

   c. we have assessed the controls over the security and integrity of the data on the web site and adequate procedures are in place to ensure the integrity of the information published; and

   d. we will not present the assurance provider's report on the full Report with extracts only of the full Report.

Yours sincerely,

Ana Margarita Hontiveros
First Vice President
Chief Reputation and Sustainability Officer

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

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Independent Limited Assurance Report to the Management of Aboitiz Equity Ventures Inc. (AEV)

The Stockholders and Board of Directors
Aboitiz Equity Ventures Inc.
NAC Tower, 32nd Street
Bonifacio Global City
Taguig City 1634

Scope

We have been engaged by Aboitiz Equity Ventures Inc. (AEV) to perform a 'limited assurance engagement,' as defined by the Philippine Standard on Assurance Engagements (PSAE) 3000 - Assurance Engagements Other than Audits or Reviews of Historical Financial Information or PSAE 3000 (Revised), here after referred to as the engagement, to report on AEV's 2022 Integrated Report (the 'Report") as of and for the year ended December 31, 2022 as detailed in the Subject Matter below.

I. GRI Disclosures in AEV's 2022 Integrated Report
General Disclosures
2-1 Organizational details 2-2 Entities included in the organization's sustainability reporting 2-3 Reporting period, frequency, and contact point 2-4 Restatements of information 2-6 Activities, value chain and other business relationships 2-9 Governance structure and composition 2-10 Nomination and selection of the highest governance body 2-11 Chair of the highest governance body 2-12 Role of the highest governance body in overseeing the management of impacts 2-13 Delegation of responsibility for managing impacts 2-14 Role of the highest governance body in sustainability reporting 2-15 Conflicts of interest 2-16 Communication of critical concerns 2-18 Evaluation of the performance of the highest governance body 2-22 Statement on sustainable development strategy 2-23 Policy commitments 2-24 Embedding policy commitments 2-26 Mechanisms for seeking advice and raising concerns
Material Topics
3-1 Process to determine material topics 3-2 List of material topics 3-3 Management of material topics
Sector Disclosures
12.5. Biodiversity (limited to Disclosure 12.5.4) 12.7 Water and effluents (limited to Disclosures 12.7.2 and 12.7.5)

SGV
Building a better working world

I. GRI Disclosures in AEV's 2022 Integrated Report
12.14 Occupational health and safety (limited to Disclosures 12.14.3, 12.14.4, 12.14.5, 12.14.6, and 12.14.6)
Economic Disclosures
203-1 Infrastructure investments and services supported 203-2 Significant indirect economic impacts 207-1 Approach to tax
Environmental Disclosures
303-1 Interactions with water as a shared resource 303-4 Water discharge 304-3 Habitats protected or restored
Social Disclosures
403-2 Hazard identification, risk assessment, and incident investigation 403-3 Occupational health services 403-4 Worker participation, consultation, and communication on occupational health and safety 403-5 Worker training on occupational health and safety 403-6 Promotion of worker health

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by AEV

In preparing the Subject Matter, AEV applied the Global Reporting Initiative (GRI) Standards (Criteria).

AEV's responsibilities

AEV's management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error.

SGV's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the PSAE 3000 (Revised), and the terms of reference for this engagement as agreed with AEV on March 2, 2023.Those standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our Independence and Quality Control

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Professional Regulation Commission and have the required competencies and experience to conduct this assurance engagement.

SGV also applies Philippine Standard on Quality Control 1 (Redrafted), Quality Controls for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information, and applying analytical and other appropriate procedures.

Our procedures included:

1. Interviewed the management and relevant process owners to:
   a. Understand the principal business operations
   b. Identify the key sustainability issues and developments
   c. Map out the sustainability reporting process and the controls on information collation
   d. Identify the data providers with their responsibilities, and
   e. Recognize the likelihood of possible manipulation of sustainability data

2. Checked the accuracy of calculations performed.

3. Performed analytical tests and obtained documentation on a sampling basis to test assumptions, estimations, and computations made by Management in relation to the Subject Matter in the Report.
4. Tested that the data and statements had been correctly transcribed from corporate systems and/or supporting evidences into the Report.

We also performed such other procedures as we considered necessary in the circumstances.

Conclusions

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter as of and for the year ended December 31, 2022, in order for it to be in accordance with the Criteria.

SYCIP, GORRES, VELAYO & CO.

Benjamin N. Villacorte
Partner
SEC Accreditation No. 111562-SEC (Group A),
March 24, 2022, valid until March 23, 2025
Tax Identification No. 242-917-987
BIR Accreditation No. 08-001998-120-2022,
January 20, 2022, valid until January 19, 2025
PTR No. 8854386, January 3, 2022, Makati City

April 10, 2023

GRI Content Index

Aboitiz Equity Ventures, Inc.

Statement of use	Aboitiz Equity Ventures Inc. has reported in accordance with the GRI Standards for the period January 1, 2022 to December 31, 2022
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	GRI 12: Coal Sector 2022

Disclosures		Location	Omission			GRI Sector Standard Ref. No.
			Requirements	Reason	Explanation	
GENERAL DISCLOSURES						
GRI 2: General Disclosures 2021						
2-1	Organizational details	12-15, 40-41, 264	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.			
2-2	Entities included in the organization's sustainability reporting	10-11				
2-3	Reporting period, frequency and contact point	8, 264				
2-4	Restatements of information	291				
2-5	External assurance	185				
2-6	Activities, value chain and other business relationships	12-15				
2-7	Employees	176-177, 290		Information unavailable / incomplete	Partial completion of the metrics for 2022. The company is in the process of reviewing and setting up disclosure reports for other requirements within the short term planning horizon of 1-3 years	
2-8	Workers who are not employees	176-177				
2-9	Governance structure and composition	210-215 and 151 of the 20-IS Report				
2-10	Nomination and selection of the highest governance body	24 of the 20-IS Report				
2-11	Chair of the highest governance body	98				
2-12	Role of the highest governance body in overseeing the management of impacts	186 of the 20-IS Report				
2-13	Delegation of responsibility for managing impacts	142-143, 210-211, 221-223				
2-14	Role of the highest governance body in sustainability reporting	142-149, 221-222, 232				
2-15	Conflicts of interest	212-213				
2-16	Communication of critical concerns	205-209				
2-17	Collective knowledge of the highest governance body	218-219				
2-18	Evaluation of the performance of the highest governance body	216-218				
2-19	Remuneration policies	Remuneration Policy				
2-20	Process to determine remuneration	173-174				
2-21	Annual total compensation ratio			Information unavailable/ incomplete	The company only disclose total compensation of directors. The company is in the process of reviewing and setting up disclosure reports for other requirements within the short term planning horizon of 1-3 years	
2-22	Statement on sustainable development strategy	18-29				
2-23	Policy commitments	8-9, 227-231				
2-24	Embedding policy commitments	142-143, 150-175, 178-209				
2-25	Processes to remediate negative impacts	229-230				
2-26	Mechanisms for seeking advice and raising concerns	229-230				
2-27	Compliance with laws and regulations	12-213 of this report 55-63 of the 20-IS Report				
2-28	Membership associations	2022 Performance Tables				
2-29	Approach to stakeholder engagement	2022 Performance Tables (142-149)				
2-30	Collective bargaining agreements	2022 Performance Tables				

Disclosures		Location	Omission			GRI Sector Standard Ref. No.
			Requirements	Reason	Explanation	
MATERIAL TOPICS						
GRI 3: Material Topics 2021						
3-1	Process to determine material topics	144-149 and 197	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.			
3-2	List of material topics	144-149				
Economic performance						
GRI 3: Material Topics 2021						
3-3	Management of material topics	144, 153 of the 20-IS Report				
GRI 201: Economic Performance 2016						
201-1	Direct economic value generated and distributed	246-283				
201-2	Financial implications and other risks and opportunities due to climate change	157, 186-187				
201-3	Defined benefit plan obligations and other retirement plans	400 of the 20-IS Report				
201-4	Financial assistance received from government			Not applicable	No applicable financial assistance received from the government	
Market presence						
GRI 3: Material Topics 2021						
3-3	Management of material topics	144, 162-163				
GRI 202: Market Presence 2016						
201-1	Ratios of standard entry level wage by gender compared to local minimum wage			Information unavailable / incomplete	The company is in the process of reviewing and setting up disclosure reports within the short term planning horizon of 1-3 years	
201-2	Proportion of senior management hired from the local community			Information unavailable / incomplete	The company is in the process of reviewing and setting up disclosure reports within the short term planning horizon of 1-3 years	
Indirect economic impacts						
GRI 3: Material Topics 2021						
3-3	Management of material topics	144, 120-131				
GRI 203: Indirect Economic Impacts 2016						
203-1	Infrastructure investments and services supported	102-109				
203-2	Significant indirect economic impacts	120-131				
Procurement practices						
GRI 3: Material Topics 2021						
3-3	Management of material topics	144				
GRI 203: Indirect Economic Impacts 2016						
204-1	Proportion of spending on local suppliers	2022 Performance Tables				
Anti-corruption						
GRI 3: Material Topics 2021						
3-3	Management of material topics	144, 227-230				
GRI 205: Anti-corruption 2016						
205-1	Operations assessed for risks related to corruption	212-213				12.20
205-2	Communication and training about anti-corruption policies and procedures	227-230				12.20
205-3	Confirmed incidents of corruption and actions taken	188 of the 20-IS Report (No incidents reported for 2022)				12.20
Anti-competitive behavior						
GRI 3: Material Topics 2021						
3-3	Management of material topics	144				
GRI 206: Anti-competitive Behavior 2016						
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	59-60 and 439-440 of the 20-IS Report				
Tax						
GRI 3: Material Topics 2021						
3-3	Management of material topics	183-185				
GRI 207: Tax 2019						
207-1	Approach to tax	183-185				
207-2	Tax governance, control, and risk management	183-185				
207-3	Stakeholder engagement and management of concerns related to tax	183-185				

Disclosures		Location	Omission			GRI Sector Standard Ref. No.
			Requirements	Reason	Explanation	
207-4	Country-by-country reporting	CBCR is part of the OECD Rules on three-tiered transfer pricing documentation (together with master file and local file). It recognizes transparency for tax administrations by providing regulators with adequate information for the conduct of transfer pricing assessments and examinations. While the Philippines has not yet adopted the CBCR Reporting and Notification Requirements, Aboitiz Group responds to requirements of other jurisdictions and continues to abide by rules set according to international standards				
Materials						
GRI 3: Material Topics 2021						
3-3	Management of material topics	144, 147-148				
GRI 301: Materials 2016						
301-1	Materials used by weight or volume	2022 Performance Tables				
301-2	Recycled input materials used	2022 Performance Tables				12.1
301-3	Reclaimed products and their packaging materials			Information unavailable/ incomplete	The company is in the process of reviewing and setting up disclosure reports within the short term planning horizon of 1-3 years	
Energy						
GRI 3: Material Topics 2021						
3-3	Management of material topics	144, 147-148				
GRI 302: Energy 2016						
302-1	Energy consumption within the organization	151-190 2022 Performance Tables				
302-2	Energy consumption outside of the organization			Information unavailable/ incomplete	The company is in the process of reviewing and setting up disclsure reports	
302-3	Energy intensity			Information unavailable/ incomplete	The company is in the process of reviewing and setting up disclosure reports	
302-4	Reduction of energy consumption	151				
302-5	Reductions in energy requirements of products and services			Information unavailable/ incomplete	The company is in the process of reviewing and setting up disclosure reports	
Water and effluents						
GRI 3: Material Topics 2021						
3-3	Management of material topics	144, 147-148				
GRI 303: Water and Effluents 2018						
303-1	Interactions with water as a shared resource	152 2022 Performance Tables				12.7
303-2	Management of water discharge-related impacts	152 2022 Performance Tables				12.7
303-3	Water withdrawal	2022 Performance Tables				12.7
303-4	Water discharge	2022 Performance Tables				12.7
303-5	Water consumption	290 2022 Performance Tables				12.7
Biodiversity						
GRI 3: Material Topics 2021						
3-3	Management of material topics	70-71, 144, 150-161				
GRI 304: Biodiversity 2016						
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	150-161				12.5
304-2	Significant impacts of activities, products and services on biodiversity	150-161				12.5
304-3	Habitats protected or restored	150-161				12.5
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	150-161				12.5
Emissions						
GRI 3: Material Topics 2021						
3-3	Management of material topics	74-75 144, 147-148				

Disclosures		Location	Omission			GRI Sector Standard Ref. No.
			Requirements	Reason	Explanation	
GRI 305: Emissions 2016						
305-1	Direct (Scope 1) GHG emissions	290 2022 Performance Tables				12.1
305-2	Energy indirect (Scope 2) GHG emissions	290 2022 Performance Tables				12.1
305-3	Other indirect (Scope 3) GHG emissions			Information unavailable/ incomplete	The company is in the process of reviewing and setting up disclosure reports within the short term planning horizon of 1-3 years	
305-4	GHG emissions intensity	290				12.1
305-5	Reduction of GHG emissions	150-161				12.1
305-6	Emissions of ozone-depleting substances (ODS)			Information unavailable/ incomplete	The company is in the process of reviewing and setting up disclosure reports within the short term planning horizon of 1-3 years	
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	2022 Performance Tables				12.4
Waste						
GRI 3: Material Topics 2021						
3-3	Management of material topics	144, 147-148				
GRI 306: Waste 2020						
306-1	Waste generation and significant waste-related impacts	150-161				12.6
306-2	Management of significant waste-related impacts	150-161				12.6
306-3	Waste generated	2022 Performance Tables				12.6
306-4	Waste diverted from disposal	290 2022 Performance Tables				12.6
306-5	Waste directed to disposal	2022 Performance Tables				12.6
Supplier environmental assessment						
GRI 3: Material Topics 2021						
3-3	Management of material topics	144, 206-209				
GRI 308: Supplier Environmental Assessment 2016						
308-1	New suppliers that were screened using environmental criteria	206-209				
308-2	Negative environmental impacts in the supply chain and actions taken	206-209				
Employment						
GRI 3: Material Topics 2021						
3-3	Management of material topics	144, 156-163				
GRI 401: Employment 2016						
401-1	New employee hires and employee turnover	2022 Performance Tables				
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees			Information unavailable/ incomplete	The company is in the process of reviewing and setting up disclosure reports within the short term planning horizon of 1-3 years	
401-3	Parental leave			Information unavailable/ incomplete	The company is in the process of reviewing and setting up disclosure reports within the short term planning horizon of 1-3 years	
Labor/management relations						
GRI 3: Material Topics 2021						
3-3	Management of material topics	144, 61 of 20-IS				
GRI 402: Labor/Management Relations 2016						
402-2	Minimum notice periods regarding operational changes			Information unavailable/ incomplete	The company is in the process of reviewing and setting up disclosure reports within the short term planning horizon of 1-3 years	
Occupational health and safety						
GRI 3: Material Topics 2021						
3-3	Management of material topics	144				
GRI 403: Occupational Health and Safety 2018						
403-1	Occupational health and safety management system	178-179				12.14
403-2	Hazard identification, risk assessment, and incident investigation	178-179				12.14
403-3	Occupational health services	178-179				12.14
403-4	Worker participation, consultation, and communication on occupational health and safety	178-179				12.14

Disclosures		Location	Omission			GRI Sector Standard Ref. No.
			Requirements	Reason	Explanation	
403-5	Worker training on occupational health and safety	178-179				12.14
403-6	Promotion of worker health	178-179				12.14
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	178-179				12.14
403-8	Workers covered by an occupational health and safety management system	178-179				12.14
403-9	Work-related injuries	290 2022 Performance Tables				12.14
403-10	Work-related ill health	290 2022 Performance Tables				12.14
Training and education						
GRI 3: Material Topics 2021						
3-3	Management of material topics	144				
GRI 404: Training and Education 2016						
404-1	Average hours of training per year per employee	290 2022 Performance Tables				12.15, 12.19
404-2	Programs for upgrading employee skills and transition assistance programs	162-175				12.15
404-3	Percentage of employees receiving regular performance and career development reviews	162-175				
Diversity and equal opportunity						
GRI 3: Material Topics 2021						
3-3	Management of material topics	144				
GRI 405: Diversity and Equal Opportunity 2016						
405-1	Diversity of governance bodies and employees	176-177, 216-217				12.19
405-2	Ratio of basic salary and remuneration of women to men			Information unavailable/ incomplete	The company is in the process of reviewing and setting up disclosure reports within the short term planning horizon of 1-3 years	
Non-discrimination						
GRI 3: Material Topics 2021						
3-3	Management of material topics	144				
GRI 406: Non-discrimination 2016						
301-1	Incidents of discrimination and corrective actions taken	212-213 (No incidents reported for 2022)				12.19
Freedom of association and collective bargaining						
GRI 3: Material Topics 2021						
3-3	Management of material topics	144				
GRI 407: Freedom of Association and Collective Bargaining 2016						
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk			Information unavailable/ incomplete	The company is in the process of reviewing and setting up disclosure reports within the short term planning horizon of 1-3 years	
Child labor						
GRI 3: Material Topics 2021						
3-3	Management of material topics	144				
GRI 408: Child Labor 2016						
408-1	Operations and suppliers at significant risk for incidents of child labor	206-209				12.16
Forced or compulsory labor						
GRI 3: Material Topics 2021						
3-3	Management of material topics					
GRI 409: Forced or Compulsory Labor 2016						
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	206-209				12.16
Security practices						
GRI 3: Material Topics 2021						
3-3	Management of material topics	144				
GRI 410: Security Practices 2016						
410-1	Security personnel trained in human rights policies or procedures	162-179				

Disclosures		Location	Omission			GRI Sector Standard Ref. No.
			Requirements	Reason	Explanation	
Rights of indigenous peoples						
GRI 3: Material Topics 2021						
3-3	Management of material topics	144				
GRI 411: Rights of Indigenous Peoples 2016						
411-1	Incidents of violations involving rights of indigenous peoples	212-213 (No incidents reported for 2022)				12.11
Local communities						
GRI 3: Material Topics 2021						
3-3	Management of material topics	144				
GRI 413: Local Communities 2016						
413-1	Operations with local community engagement, impact assessments, and development programs	124-131				12.9
413-2	Operations with significant actual and potential negative impacts on local communities	124-131				12.9
Supplier social assessment						
GRI 3: Material Topics 2021						
3-3	Management of material topics	144				
GRI 414: Supplier Social Assessment 2016						
414-1	New suppliers that were screened using social criteria	206-209				12.15, 12.16, 12.17
414-2	Negative social impacts in the supply chain and actions taken	206-209				12.15
Public policy						
GRI 3: Material Topics 2021						
3-3	Management of material topics	Aboitiz Sustainability Microsite Policy Influence				
GRI 415: Public Policy 2016						
415-1	Political contributions	Aboitiz Sustainability Microsite Policy Influence				
Customer health and safety						
GRI 3: Material Topics 2021						
3-3	Management of material topics	144				
GRI 416: Customer Health and Safety 2016						
416-1	Assessment of the health and safety impacts of product and service categories	2022 Performance Tables				
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services			Information unavailable/ incomplete	The company is in the process of reviewing and setting up disclosure reports within the short term planning horizon of 1-3 years	
Marketing and labeling						
GRI 3: Material Topics 2021						
3-3	Management of material topics	144				
GRI 417: Marketing and Labeling 2016						
417-1	Requirements for product and service information and labeling			Information unavailable/ incomplete	The company is in the process of reviewing and setting up disclosure reports within the short term planning horizon of 1-3 years	
417-2	Incidents of non-compliance concerning product and service information and labeling			Information unavailable/ incomplete	The company is in the process of reviewing and setting up disclosure reports within the short term planning horizon of 1-3 years	
417-3	Incidents of non-compliance concerning marketing communications			Information unavailable/ incomplete	The company is in the process of reviewing and setting up disclosure reports within the short term planning horizon of 1-3 years	
Customer privacy						
GRI 3: Material Topics 2021						
3-3	Management of material topics	144, 178-179				
GRI 418: Customer Privacy 2016						
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data			Information unavailable/ incomplete	The company is in the process of reviewing and setting up disclosure reports within the short term planning horizon of 1-3 years	

Note: Refer to the pages in pdf file of our 2022 SEC Report 20-IS Definitive Informattion Statement

Appendix of Tables

People	2020	2021	2022
Team Member and Engagement			
No. of team members employed	37,188	33,355[1]	15,559[1]
Team member satisfaction rating result	-	51%/88%	61%[2]
Average training hours per team member	17	18	12[3]
No. of volunteered hours	10,547	28,756	15,976
Retention rate	86%	86%	86%
Corporate Social Responsibility			
No. of direct and group beneficiaries	445,697	998,634	590,670
Amount of CSR fund allocation in millions (PhP)	423 million	327 million	330 million
No. of CSR projects	1,519 projects	1,235 projects	1,374 projects
Disaster Resilience			
No. of individuals trained in capacity-building training and stakeholders served in disaster relief and recovery efforts	145,982	319,055	361,908
Occupational Safety Programs			
Lost Time Injury Frequency Rate (LTIFR) - Employees	0.18	0.08	0.19
Lost Time Injury Frequency Rate (LTIFR) - Contractors	0.41	0.41	0.29
Total Recordable Injury Rate (TRIR) - Employees	0.94	0.16	16.01[4]
Total Recordable Injury Rate (TRIR) - Contractors	0.45	0.51	0.32
Customer Focus			
Customer satisfaction rating	91%	88%	97%[5]
No. of customers served	9,644,126	13,651,405	18,106,441[6]

Notes
[1] The numbers indicated includes organic employees of the group in 2022. In addition, Banking covers UBP and CSB TMs only.
[2] Team Member satisfaction score refers to the %engaged based on the Gallup Engagement Survey. In 2022 the survery covers 3,238 team members (22% of the Total headcount from AEV and AboitizPower)
[3] We use the 4E framework (Education, Experience, Exposure and Environment) in coming up with Learning and Development initiaitves. Aside from attending trainings (Education), individual development can also be in the form of Experience (e.g. on-the-job experience, experimentation, etc.), Exposure (e.g. Coaching and Mentoring, etc.), and Environment (i.e. online learning platforms etc.). We continue to explore other forms of learning to further upskill and reskill our workforce.
[4] Increase in employee TRIR data for 2022 is due to a high number of recorded Covid-19 incidents.
[5] The different SBUs employ their own method of gauging customer satisfaction. For the purpose of consolidation, we are tracking "satisfied" customers as defined by the methodologies employed by the SBUs.
[6] The no. of customers served refers to both B2C and B2B customers.

Planet	2020	2021	2022
Carbon Emissions Reduction			
Carbon emissions in tCO2e[1]	4,005,030	5,166,070	6,333,450
Carbon productivity (PhP million revenue/tCO2e)[1]	0.0021%	0.0023%	0.0021%
No. of trees planted in millions (cumulative)	11.7	12	12.4
Resource Efficiency			
Water consumption in m^3 (Brackish Surface Water/Seawater)	-	-	125,237
Water consumption in m^3 (Ground Water)[2]	-	1,329,437	2,633,880
Water consumption in m^3 (Surface Water)[3]	-	103,156	100,345
Water consumption in m^3 (Mixed Sources)	-	-	5,406
Water consumption in m^3 (Third Party Sources)[4]	2,708,008	1,314,812	609,918
Energy consumption in MWh[5]	991,163	8,207,346	8,731,631
Waste Management[6]			
Non-hazardous waste recycled in tonnes	2,476	4,344	52,128
Hazardous waste recycled in tonnes	-	-	80,283
Renewable Energy			
RE source, net sellable capacity (cumulative, in MW)	1,248	1,249	1,249
Ratio of RE to non-RE source	27% RE, 73% NRE	27% RE, 73% NRE	23% RE, 77% NRE[7]

Notes
[1] - Recalculated figures. See the Restatement table for more information.
[2] - Ground water consumption includes data from both renewable and non-renewable sources.
[3] - Surface water includes data from both fresh surface water and other water sources.
Fresh Surface Water - Water that is naturally occurring water on the Earth's surface in ice sheets, ice caps, glaciers, icebergs, bogs, ponds, lakes, rivers and streams, and has a low concentration of dissolved solids ((≤1,000 mg/L Total Dissolved Solids)
Other Water (>1,000 mg/L Total Dissolved Solids)"
[4] - Third party sources include water provided by municipal water suppliers, public or private utilities, and wastewater from any other organization.
[5] - Refers to purchased electricity consumption from the grid and purchased/produced renewable electricity. 2020 data coverage only includes generation facilities for Power and PH operations for our Food subsidiaries.
[6] - Waste management data for 2022 is actual recycled and/or reused waste. Data for 2020 and 2021 assume that all generated waste is recyclable but these data pertain to actual generated waste.
[7] - Increase in non-RE source is due to operationalization of GNP last January 2022.

Profit	2020	2021	2022
Financial Return			
Total Return to Shareholders	5%	18%	18%
Return on Equity	9.0%	15%	10%
Financial Growth			
Net Income After Tax	15.4 billion	27.3 billion	24.8 billion
EBITDA	57.7 billion	67.2 billion	71.1 billion

Restatements of Information

GRI Disclosure	Reason for Restatement	Overview of Change/s	Effect of Restatement
302-1 Energy consumption within the organization	corrections in previous reporting periods	Energy consumption in MWh has been restated for 2020 and 2021. Aboitiz conducted a review process following last year's report publication and found (1) calculation errors in our Banking and Food subsidiaries' total energy consumption for 2021 and (2) renewable energy data that was not included in our previous disclosures. In addition, 2021 energy data reflects re-baselining due to divestment from Sri Lanka operations in 2022.	Due to restatements, energy consumption for 2020 increased by 0.02% while energy consumption for 2021 decreased by 48.14%.
	disposals, mergers, or acquisitions		
302-1 Energy consumption within the organization	corrections in previous reporting periods	Groupwide fuel oil data has been restated for 2020 and 2021. Aboitiz conducted a review process following last year's report publication and found calculation errors in our Infrastructure and Land subsidiaries' 2020 data and our Power, Food, and Banking subsidiaries' 2021 data. In addition, 2021 energy data (i.e., energy consumption and energy sources) reflects re-baselining due to divestment from Sri Lanka operations in 2022 and inclusion of additional energy sources that were previously unreported.	Due to restatements, fuel oil consumption decreased by 81.63% and 89.02% for 2020 and 2021, respectively.
	disposals, mergers, or acquisitions		
303-5 Water consumption	corrections in previous reporting periods	Water consumption has been restated for 2021. Aboitiz conducted a review process following last year's report publication and found calculation errors in our Banking and Food subsidiaries' total water consumption for 2021.	Due to restatements, water consumption for 2021 decreased by 34.73%.
305-1 Direct (Scope 1) GHG emissions	disposals, mergers, or acquisitions	Scope 1 emissions of 2020 and 2021 have been restated to: (1) reflect divestment from Sri Lanka operations of the Food Group, (2) rectify calculation errors that surfaced following a review process after report publication, (3) inclusion of emissions sources that was not included in previous disclosures, and (4) changes in the methodologies used.	Due to restatements, Scope 1 emissions decreased by 0.14% for 2020 and increased by 9.93% for 2021.
	change in the measurement methodologies or in the definitions used		
	corrections in previous reporting periods		
305-2 Energy indirect (Scope 2) GHG emissions	disposals, mergers, or acquisitions	Scope 2 emissions of 2020 and 2021 have been restated to: (1) reflect divestment from Sri Lanka operations of the Food Group, (2) rectify calculation errors that surfaced following a review process after report publication, and (3) changes in the methodologies used.	Due to restatements, Scope 2 emissions decreased by 0.02% and 84.98% for 2020 and 2021, respectively.
	change in the measurement methodologies or in the definitions used		
	corrections in previous reporting periods		
401-1 New employee hires and employee turnover	corrections in previous reporting periods	The Corporate Center's 2021 talent analytics data has been restated due to the identification of calculation errors that surfaced following a review process after report publication.	Due to restatements, the Corporate Center's 2021 talent analytics data increased by 19.19%
403-9 Work-related injuries	change in the measurement methodologies or in the definitions used	The TRIR data for 2020 and 2021, both for employees and contractors, has been restated due to a change in the methodology used for TRIR calculation.	In 2022, we recalculated the data for 2020 and 2021 using the following formula: TRIR = ((LTI+Fatality+ Occupational Illness)*1,000,000)/Total Manhours

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