



March 11, 2021

SECURITIES AND EXCHANGE COMMISSION

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

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

via PSE EDGE

PHILIPPINE STOCK EXCHANGE, INC.

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

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

via electronic mail

PHILIPPINE DEALING & EXCHANGE CORP.

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

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

Gentlemen:

Attached is the SEC Form 20-IS (Preliminary Information Statement) of Aboitiz Power Corporation for the 2021 Annual Stockholders's Meeting for your files.

Kindly acknowledge receipt hereof.

Thank you.

Very truly yours,

ABOITIZ POWER CORPORATION

By:

A handwritten signature in blue ink, appearing to read "Manuel Alberto B. Colayco", written over a blue horizontal line.

MANUEL ALBERTO B. COLAYCO
Corporate Secretary

COVER SHEET

C 1 9 9 8 0 0 1 3 4

S.E.C. Registration Number

A B O I T I Z P O W E R C O R P O R A T I O N

(Company's Full Name)

3 2 N D S T R E E T , B O N I F A C I O G L O B A L

C I T Y , T A G U I G C I T Y , M E T R O M A N I L A

P H I L I P P I N E S

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

MANUEL ALBERTO R. COLAYCO

Contact Person

02-8 886-2338

Company Telephone Number

1 2 3 1

Month Day

Fiscal Year

2 0 - I S

FORM TYPE

4th Monday of April

0 4 2 6

Month Day

Annual Meeting

N/A

Secondary License Type, if Applicable

SEC

Dept. Requiring this Doc

N/A

Amended Articles Number/Section

Total No. of Stockholders

x

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = Pls. use black ink for scanning purposes

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NOTICE AND AGENDA OF ANNUAL MEETING OF STOCKHOLDERS

ABOITIZ POWER CORPORATION

32nd Street, Bonifacio Global City
Taguig City, Metro Manila 1634, Philippines

NOTICE is hereby given that the Annual Meeting of the Stockholders of **ABOITIZ POWER CORPORATION** (the "Company") will be held on April 26, 2021, Monday at 2:30 p.m (the "2021 ASM"). The meeting will be conducted virtually and will be accessible through the hyperlink that will be provided in the Company's website at <https://aboitizpower.com/2021asm> (the "ASM Portal") on March 23, 2021.

The Agenda* of the meeting is as follows:

1. Call to Order
2. Proof of Notice of Meeting and Determination of Quorum
3. Reading and Approval of the Minutes of the Previous Stockholders' Meeting held on April 27, 2020
4. Presentation of the President's Report
5. Approval of the 2020 Annual Report and Financial Statements
6. Appointment of the Company's External Auditor for 2021
7. Election of the Members of the Board of Directors
8. Approval of the Increase in the Per Diem of the Chairman of the Board and Chairmen of the Committees
9. Ratification of the Acts, Resolutions, and Proceedings of the Board of Directors, Corporate Officers, and Management from 2020 up to April 26, 2021
10. Other Business
11. Adjournment

Only stockholders of record at the close of business hours on March 23, 2021 are entitled to notice of, and to vote at, this meeting.

In light of the continuing COVID-19 global pandemic and government-imposed restrictions on mass gathering, the Company will once again conduct a virtual annual stockholders' meeting. The annual stockholders' meeting will be conducted through an online platform and streamed live at 2:30 pm (Philippine time) on April 26, 2021.

Stockholders may attend by registering at the ASM Portal beginning March 23, 2021 until 12:00 noon on April 26, 2021. Once registered, stockholders may also send in their questions or remarks through the ASM Portal.

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

Registered stockholders may cast their votes by remote communication or *in absentia* using the online voting platform available at the ASM portal, which will be activated on March 23, 2021. Votes cast until 1:30 pm of April 26, 2021, will be tabulated and presented during the 2021 ASM. Stockholders may still vote after the cut-off time, and the final votes received through proxy and through the ASM Portal after the cut-off time will be included in the minutes of the 2021 ASM. The procedures for attendance and voting during the 2021 ASM will be included in the Information Statement to be distributed to the stockholders and published in the Company's website at www.aboitizpower.com.

Stockholders may send their duly accomplished proxies on or before the close of business hours on April 19, 2021 to the Corporate Secretary through email at aboitizboardsecretariat@aboitiz.com and hard copies at the 18th Floor, NAC Tower, 32nd Street, Bonifacio Global City, Taguig City. Validation of proxies will be on April 22, 2021 at the Office of the Corporate Secretary. **WE ARE NOT SOLICITING PROXIES.**

For the Board of Directors:



MANUEL ALBERTO R. COLAYCO
Corporate Secretary

*The rationale for each Agenda item is explained in the attached Annex "A" and may also be viewed at AboitizPower's website at www.aboitizpower.com under Annual Stockholders' Meeting in the Investor Relations Page.

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

1. Check the appropriate box:
 Preliminary Information Statement
 Definitive Information Statement
2. Name of Registrant as specified in its charter: **ABOITIZ POWER CORPORATION**
3. Province, country or other jurisdiction of incorporation or organization: **PHILIPPINES**
4. SEC Identification Number: **C199800134**
5. BIR Tax Identification Code: **200-652-460-000**
6. Address of principal office: **32ND STREET, BONIFACIO GLOBAL CITY
TAGUIG CITY, METRO MANILA
1634 PHILIPPINES**
7. Registrant's telephone number, including area code: **(02) 8 886-2800**
8. Date, time and place of the meeting of security holders:

Date : **APRIL 26, 2021**
 Time : **2:30 P.M.**
 Place : Livestream by accessing the link provided in
<https://aboitizpower.com/2021asm>
9. Approximate date on which the Information Statement is first to be sent or given to security holders: **MARCH 31, 2021**
10. In case of Proxy Solicitations: **No proxy solicitation is being made.**
11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Authorized Capital Stock: ₱17,000,000,000.00

| Title of Each Class | Par Value | No. of Shares | Authorized Capital Stock |
|---------------------|-----------|-----------------------|---------------------------|
| Common | ₱1.00 | 16,000,000,000 | ₱16,000,000,000.00 |
| Preferred | ₱1.00 | 1,000,000,000 | ₱1,000,000,000.00 |
| Total | | 17,000,000,000 | ₱17,000,000,000.00 |

No. of Common Shares Outstanding as of December 31, 2020 7,358,604,307
 Amount of Debt Outstanding as of December 31, 2020 ₱228,327,722,000.00

Fixed-Rate Peso Retail Bonds Issued by the Company:

| Issue Date | Series | Amount of Issuance | Maturity Date | Tenor |
|----------------|----------|--------------------|----------------|------------|
| September 2014 | Series A | ₱6.6 billion | September 2021 | 7 years |
| September 2014 | Series B | ₱3.4 billion | September 2026 | 12 years |
| July 2017 | Series A | ₱3 billion | July 2027 | 10 years |
| October 2018 | Series B | ₱7.7 billion | January 2024 | 5.25 years |
| October 2018 | Series C | ₱2.5 billion | October 2028 | 10 years |
| October 2019 | Series D | ₱7.25 billion | October 2026 | 7 years |
| July 2020 | Series E | ₱9 billion | July 2022 | 2 years |
| July 2020 | Series F | ₱550 million | July 2025 | 5 years |

For a discussion on the Company's bond issuances, please refer to Part II Item 5 (4).

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

Yes X No ___

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

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

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, time and place of the 2021 Annual Stockholders' Meeting

Date of meeting : **April 26, 2021**
 Time of meeting : **2:30 p.m.**
 Place of meeting : Livestream by accessing the link provided in <https://aboitizpower.com/2021asm> beginning on March 23, 2021

Approximate mailing date of this statement : **March 31, 2021**

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

Item 2. Dissenter's Right of Appraisal

There are no matters or proposed actions included in the Agenda of the 2021 Annual Stockholders' Meeting (ASM) that may give rise to a possible exercise by the stockholders of their appraisal rights.

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

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

- (a) Other than the proposed increase in the per diem of the Chairman of the Board and the Board Committee Chairmen, and the election to AboitizPower's Board of Directors, no current director or officer of AboitizPower, or nominee for election as director of AboitizPower, or any associate of any of the foregoing persons, has substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon in the stockholders' meeting.
- (a) No director has informed AboitizPower in writing that he intends to oppose any action to be taken by AboitizPower at the meeting.

B. CONTROL AND COMPENSATION INFORMATION**Item 4. Voting Securities and Principal Holders Thereof****(a) Class of Voting Shares as of January 31, 2021:**

| Nationality | Class of Voting Shares | Number of Shares | Percentage |
|---|------------------------|----------------------|-------------|
| Filipino | Common | 7,014,884,129 | 95.33% |
| Non-Filipino | Common | 343,720,178 | 4.67% |
| Total No. of Shares Entitled to Vote | | 7,358,604,307 | 100% |

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

(b) Record Date

All common stockholders of record as of March 23, 2021 are entitled to notice of and to vote at AboitizPower's 2021 ASM.

(c) Election of Directors and Cumulative Voting Rights

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

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

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

No discretionary authority to cumulate votes is solicited.

Pursuant to Sections 23 and 57 of the Revised Corporation Code, which allow for voting through remote communication or *in absentia*, stockholders may access AboitizPower's online web address at <https://aboitizpower.com/2021asm> beginning on March 23, 2021 in order to register and vote on the matters at the 2021 ASM. Stockholders may cast his/her votes online until 1:30 pm of April 26, 2021. A stockholder voting remotely or *in absentia* shall be deemed present for purposes of quorum.

Please refer to **Annex "E" on the Requirements and Procedure for the Voting and Participation in the 2021 ASM** for the detailed and complete information on voting via remote communication or voting *in absentia*, as well as on how to join the livestream for the 2021 ASM.

(d) Security Ownership of Certain Record and Beneficial Ownership and Management**(1) Security Ownership of Certain Record and Beneficial Owners (more than 5% of the voting shares) as of January 31, 2021**

| Title of Class of Shares | Name and Address of Record Owner, and Relationship with Issuer | Name of Beneficial Owner and Relationship with Record Owner | Citizenship | No. of Shares Held and Nature of Ownership (Record and/or Beneficial) | Percentage of Ownership |
|--------------------------|---|--|-------------|---|-------------------------|
| Common | 1. Aboitiz Equity Ventures Inc. (AEV)¹ 32nd Street, Bonifacio Global City, Taguig City (Stockholder) | Aboitiz Equity Ventures Inc. ² | Filipino | 5,657,530,774 (Record and Beneficial) | 76.88% |
| Common | 2. PCD Nominee Corporation³ 37 th Floor, Tower 1, The Enterprise Center, 6766 Ayala Avenue corner Paseo de Roxas, Makati City, 1226 Metro Manila (Stockholder) | PCD participants acting for themselves or for their customers ⁴ | Filipino | 1,076,615,322 (Record) | 14.63% |

Aboitiz Equity Ventures Inc. (AEV) is the public holding and management company of the Aboitiz Group, one of the largest conglomerates in the Philippines. As of January 31, 2021, the following entities own at least five per centum (5%) or more of AEV:

| Title of Class of Shares | Name and Address of Stockholder and Relationship with Issuer | Name of Beneficial Owner and Relationship with Record Owner | Citizenship | No. of Shares and Nature of Ownership (Record and/or Beneficial) | Percentage of Ownership |
|--------------------------|---|---|--------------|--|-------------------------|
| Common | 1. Aboitiz & Company, Inc. Aboitiz Corporate Center, Gov. Manuel A. Cuenco Avenue, Kasambagan, Cebu City (Stockholder) | Aboitiz & Company, Inc. | Filipino | 2,735,600,915 (Record and Beneficial) | 48.59% |
| Common | 2. PCD Nominee Corporation (Filipino) 37 th Floor, Tower 1, The Enterprise Center, 6766 Ayala Avenue corner Paseo de Roxas, Makati City, 1226 Metro Manila (Stockholder) | PCD participants acting for themselves or for their customers | Filipino | 961,634,754 (Record) | 17.08% |
| Common | 3. Ramon Aboitiz Foundation, Inc. 35 Lopez Jaena St., Cebu City (Stockholder) | Ramon Aboitiz Foundation, Inc. | Filipino | 426,804,093 (Record and Beneficial) | 7.58% |
| Common | 4. PCD Nominee Corporation 37 th Floor, Tower 1, The Enterprise Center, 6766 Ayala Avenue corner Paseo de Roxas, Makati City, 1226 Metro Manila (Stockholder) | PCD participants acting for themselves or for their customers | Non-Filipino | 373,118,931 (Record) | 6.63% |

¹ AEV is the parent company of AboitizPower.

² Mr. Sabin M. Aboitiz, President and Chief Executive Officer of AEV, will vote the shares of AEV in AboitizPower in accordance with the directive of the AEV Board of Directors.

³ PCD Nominee Corporation is not related to the Company. The beneficial owners of the shares held through a PCD participant are the beneficial owners thereof to the extent of the number of shares registered under the respective accounts with the PCD participant.

⁴ Each beneficial owner of shares, through a PCD participant, is the beneficial owner of such number of shares he owns in his account with the PCD participant. AboitizPower has no record relating to the power to decide how the shares held by PCD are to be voted. As advised to the Company, none of the beneficial owners under a PCD participant own more than 5% of the Company's common shares.

(2) Security Ownership of Management as of January 31, 2021 (Record and Beneficial)

| Title of Class of Shares | Name of Owner and Position | No. of Shares and Nature of Ownership (Direct and/or Indirect) | | Citizenship | Percentage of Ownership |
|--------------------------|--|--|----------|-------------|-------------------------|
| | | | | | |
| Common | Erramon I. Aboitiz Chairman of the Board | 1,300,001 | Direct | Filipino | 0.02% |
| | | 85,597,214 | Indirect | | 1.16% |
| Common | Mikel A. Aboitiz Vice Chairman of the Board | 1 | Direct | Filipino | 0.00% |
| | | 23,844,159 | Indirect | | 0.32% |
| Common | Enrique M. Aboitiz Director | 1,138,658 | Direct | Filipino | 0.02% |
| | | 0 | Indirect | | 0.00% |
| Common | Emmanuel V. Rubio Director/President and Chief Executive Officer | 89,130 | Direct | Filipino | 0.00% |
| | | 0 | Indirect | | 0.00% |
| Common | Jaime Jose Y. Aboitiz Director/Executive Vice President – Chief Operating Officer | 5,367,397 | Direct | Filipino | 0.07% |
| | | 4,719,302 | Indirect | | 0.06% |
| Common | Danel C. Aboitiz Director/Chief Commercial and Stakeholder Engagement Officer Affairs | 4,081,636 | Direct | Filipino | 0.06% |
| | | 459,160 | Indirect | | 0.01% |
| Common | Romeo L. Bernardo Lead Independent Director | 1,000 | Direct | Filipino | 0.00% |
| | | 0 | Indirect | | 0.00% |
| Common | Carlos C. Ejercito Independent Director | 1,000 | Direct | Filipino | 0.00% |
| | | 0 | Indirect | | 0.00% |
| Common | Eric Ramon O. Recto Independent Director | 1,000 | Direct | Filipino | 0.00% |
| | | 0 | Indirect | | 0.00% |
| Common | Veronica C. So Group Treasurer | 0 | Direct | Filipino | 0.00% |
| | | 0 | Indirect | | 0.00% |
| Common | Liza Luv T. Montelibano Senior Vice President/Chief Financial Officer/Corporate Information Officer | 500 | Direct | Filipino | 0.00% |
| | | 0 | Indirect | | 0.00% |
| Common | Ma. Consolacion C. Mercado Compliance Officer | 0 | Direct | Filipino | 0.00% |
| | | 0 | Indirect | | 0.00% |
| Common | Manuel Alberto R. Colayco Corporate Secretary | 0 | Direct | Filipino | 0.00% |
| | | 0 | Indirect | | 0.00% |
| Common | Mailene M. de la Torre Assistant Corporate Secretary | 0 | Direct | Filipino | 0.00% |
| | | 5,000 | Indirect | | 0.00% |
| Common | Sammy Dave A. Santos Assistant Corporate Secretary | 0 | Direct | Filipino | 0.00% |
| | | 0 | Indirect | | 0.00% |
| Common | Marnie F. Mañalac Data Privacy Officer and Vice President for Risk and Organizational Performance Management | 0 | Direct | Filipino | 0.00% |
| | | 0 | Indirect | | 0.00% |
| Common | Saturnino E. Nicanor, Jr. Group Internal Audit Head | 26,896 | Direct | Filipino | 0.00% |
| | | 0 | Indirect | | 0.00% |
| | TOTAL | 126,632,054 | | | 1.72% |

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

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

(4) Changes in Control

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

Item 5. Directors and Executive Officers

(a) Directors and Officers for 2020-2021

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

(1) Directors for 2020-2021

The Company currently has nine directors, three of whom are Independent Directors, and three are Non-executive Directors. Below is the profile of the directors for 2020-2021 with their corresponding positions, offices, and business experience held for the past five years. The directors were elected during AboitizPower’s ASM to serve for a term of one year.

| | |
|---|---|
| <p>ERRAMON I. ABOITIZ Chairman of the Board of Directors</p> <p><u>Age:</u> 64</p> <p><u>Citizenship:</u> Filipino</p> <p><u>Committee Memberships:</u> Member – Board Executive Committee (Chairman of the Committee since May 21, 2018 and Member since January 1, 2020) – Board Audit Committee (since January 1, 2020) – Board Environmental, Social and Corporate Governance Committee (since May 17, 2010)</p> <p><u>Date of First Appointment:</u> February 13, 1998</p> <p><u>Tenure:</u> 23 years</p> | <p><i>Mr. Erramon I. Aboitiz</i> was appointed as Chairman of the Board of AboitizPower effective January 1, 2020. He previously served as Chief Executive Officer from 1998 to May 2018. He was Chairman of the Board from May 2018 to September 2018, and served as President and Chief Executive Officer until December 2019.</p> <p>Mr. Aboitiz is currently a Director of AEV, a publicly-listed company, a position he has held since 1994. He was AEV’s Executive Vice President and Chief Operating Officer from 1994 to 2009, and President and Chief Executive Officer from 2009 to 2019. Mr. Aboitiz is also Chairman of the Board of Directors of Manila-Oslo Renewable Enterprise, Inc. (MORE), and Vice Chairman of Union Bank of the Philippines (UnionBank), a publicly-listed company. He is Director of Aboitiz & Company, Inc. (ACO) and the Philippine Disaster Recovery Foundation.</p> <p>Mr. Aboitiz was awarded the Management Association of the Philippines Management Man of the Year and Ernst & Young’s Entrepreneur of the Year both in 2011.</p> <p>Mr. Aboitiz earned a Bachelor of Science degree in Business Administration, Major in Accounting and Finance from Gonzaga University in Spokane, Washington, U.S.A. He was also conferred an Honorary Doctorate Degree in Management by the Asian Institute of Management. He is not connected with any government agency or instrumentality.</p> |
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| <p>MIKEL A. ABOITIZ Vice Chairman of the Board of Directors</p> <p><u>Age:</u> 66</p> <p><u>Citizenship:</u> Filipino</p> <p><u>Committee Memberships:</u> Member – Board Environmental, Social and Corporate Governance Committee (since December 11, 2019) – Board Executive Committee (since May 21, 2018)</p> <p><u>Date of First Appointment:</u> February 13, 1998</p> <p><u>Tenure:</u> 23 years</p> | <p><i>Mr. Mikel A. Aboitiz</i> was appointed Vice Chairman of AboitizPower effective January 1, 2020. He has been a Director since February 13, 1998, and was the Company’s Chairman of the Board from September 2018 to December 2019.</p> <p>Mr. Aboitiz was formerly Vice Chairman of City Savings Bank, Inc. from 2015 to 2016, and its President and Chief Executive Officer from 2001 to 2014. He is currently Chairman of the Board of ACO; Vice Chairman of AEV, a publicly-listed company, since December 2018; and Trustee and Chairman of Ramon Aboitiz Foundation, Inc. (RAFI).</p> <p>Mr. Aboitiz holds a degree in Bachelor of Science in Business Administration from Gonzaga University, Spokane, Washington, U.S.A. He is not connected with any government agency or instrumentality.</p> |
| <p>ENRIQUE M. ABOITIZ Director</p> <p><u>Age:</u> 67</p> <p><u>Citizenship:</u> Filipino</p> <p><u>Committee Memberships:</u> Chairman – Board Risk and Reputation Management Committee (since May 16, 2011) Member – Board Executive Committee (since December 11, 2018)</p> <p><u>Date of First Appointment:</u> May 18, 2009</p> <p><u>Tenure:</u> 11 years</p> | <p><i>Mr. Enrique M. Aboitiz</i> has served as Director of the Company since May 18, 2009. He was Chairman of the Board of Directors from 2009 to May 2018, and Vice Chairman from December 2018 to December 2019. On December 11, 2018, Mr. Aboitiz was appointed the Chairman of the Board of AEV, a publicly-listed company. He is also the Vice Chairman of ACO.</p> <p>Mr. Aboitiz graduated with a degree in Bachelor of Science in Business Administration, Major in Economics from Gonzaga University, Spokane, Washington, U.S.A. Mr. Aboitiz is not connected with any government agency or instrumentality.</p> |
| <p>EMMANUEL V. RUBIO Director President and Chief Executive Officer</p> <p><u>Age:</u> 56</p> <p><u>Citizenship:</u> Filipino</p> <p><u>Committee Memberships:</u> Chairman – Board Executive Committee (since January 1, 2020) Member – Board Risk and Reputation Management Committee (since January 1, 2020)</p> <p><u>Date of First Appointment:</u> January 1, 2020</p> <p><u>Tenure:</u> 1 year</p> | <p><i>Mr. Emmanuel V. Rubio</i> was appointed as President and Chief Executive Officer and Director of AboitizPower effective January 1, 2020. He previously served as the Company’s Executive Vice President and Chief Operating Officer – Power Generation Group from 2014 to July 2018, and as Executive Vice President - Chief Operating Officer from June 2018 to December 2019.</p> <p>Mr. Rubio is currently Chairman of AA Thermal, Inc. (AA Thermal) and the SN Aboitiz Power Group; Alternate Director of AboitizPower International Pte. Ltd. (AboitizPower International); and Director of Aboitiz Power Distributed Energy, Inc. (APX1), Aboitiz Power Distributed Renewables Inc. (APX2), the Hedcor Group, Cotabato Light and Power Company (Cotabato Light), Davao Light & Power Co., Inc. (Davao Light), Cebu Private Power Corporation (CPPC), and various companies under the Coal Business Units, including</p> |

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| | <p>Cebu Energy Development Corporation (Cebu Energy), STEAG State Power, Inc. (STEAG Power), Therma South, Inc. (TSI), Therma Visayas, Inc. (TVI), and Redondo Peninsula Energy, Inc. (RP Energy). He holds directorship and management positions in GNPower Mariveles Energy Center Ltd. Co. (GMEC) and GNPower Dinginin Ltd. Co. (GNPD) and their holding companies. He is also a member of the Board of Trustees and President of Philippine Electricity Market Corporation (PEMC) and Trustee of Aboitiz Foundation, Inc. (Aboitiz Foundation).</p> <p>Mr. Rubio is a graduate of Bachelor of Science in Industrial Management Engineering with a minor in Mechanical Engineering from De La Salle University, where he also completed his postgraduate studies. He is also a certificate course graduate of the University of Michigan Executive Education Program, the LEAD program of Columbia University, and the Strategic Management Course of the Nanyang Technological University in Singapore. He recently completed the Advanced Management Program of Columbia University. Mr. Rubio is a holder of the Executive Certificate in Directorship from the Singapore Management University-Singapore Institute of Directors (SMU-SID). He is not connected with any government agency or instrumentality. He is not a Director of any other publicly-listed company.</p> |
| <p>JAIME JOSE Y. ABOITIZ Director Executive Vice President – Chief Operating Officer</p> <p><u>Age:</u> 59</p> <p><u>Citizenship:</u> Filipino</p> <p><u>Committee Memberships:</u> Member – Board Risk and Reputation Management Committee (September 1, 2018) – Board Executive Committee (May 21, 2018)</p> <p><u>Date of First Appointment:</u> May 18, 2009</p> <p><u>Tenure:</u> 11 years</p> | <p>Mr. Jaime Jose Y. Aboitiz was Director of AboitizPower from 2004 to April 2007, and was re-elected as Director on May 18, 2009. He was appointed as the Company’s Executive Vice President – Chief Operating Officer effective January 1, 2020. He was previously the Company’s Executive Vice President and Chief Operating Officer-Power Distribution Group, a position which he held from August 2008 to December 2019.</p> <p>Mr. Aboitiz is a member of the Board of Advisers of ACO; Chairman of the Board of AboitizPower Distributed Energy, Inc. (APX1), AboitizPower Distributed Renewables, Inc. (APX2), Aboitiz Holdings, Inc. (Aboitiz), the Hedcor Group; and Director of Aboitiz Construction Inc. (ACI), Cotabato Light, Davao Light, Cebu Energy, the Enerzone Group, SFELAPCO, Aboitiz Land, Inc. (AboitizLand), Tsuneishi Heavy Industries (Cebu), Inc. (THICI), Visayan Electric Company, Inc. (Visayan Electric), and Apo Agua Infraestructura, Inc. (Apo Agua). He holds Chairman and Director positions in Oil Business Units such as East Asia Utilities Corporation (EAUC), Therma Marine, Inc. (TMI), Therma Mobile, Inc. (TMO), Therma Power-Visayas, Inc. (TPVI), Southern Philippines Power Corporation (SPPC), and Western Mindanao Power Corporation (WMPC); and Coal Business Units such as AA Thermal, Pagbilao Energy Corporation (PEC), TSI, and TVI. He holds directorship and management positions in GMEC and its holding company.</p> |

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| | <p>Mr. Aboitiz holds a degree in Mechanical Engineering from Loyola Marymount University in California, U.S.A., and a Master’s Degree in Management from the Asian Institute of Management. He is not connected with any government agency or instrumentality. He is not a Director of any other publicly-listed company.</p> |
| <p>DANEL C. ABOITIZ Director</p> <p><u>Age:</u> 39</p> <p><u>Citizenship:</u> Filipino</p> <p><u>Committee Memberships:</u> Member – Board Audit Committee (since January 28, 2020)</p> <p><u>Date of First Appointment:</u> December 11, 2018</p> <p><u>Tenure:</u> 2 years</p> | <p><i>Mr. Danel C. Aboitiz</i> was appointed as Director of AboitizPower on December 11, 2018, and as Chief Commercial and Stakeholder Engagement Officer of AboitizPower effective December 1, 2020.</p> <p>Mr. Aboitiz is also Director of PEC, STEAG Power, and RP Energy. He holds directorship and management positions in GMEC and GNPD and their holding companies.</p> <p>Mr. Aboitiz is also Director of various companies under AboitizPower’s Oil Business Units, such as TMO, TPVI, EAUC, and TMI, and Coal Business Units, such as AA Thermal, Therma Luzon, Inc. (TLI), TSI, and TVI. He also serves as a Member of the Board of Advisers of ACO and as Director of AEV CRH Holdings, Inc. (AEV CRH) and CRH Aboitiz Holdings, Inc (CRH Aboitiz). He serves as Vice Chairman and member of the Board of Trustees and of the Philippine Independent Power Producers Association (PIPPA).</p> <p>Mr. Aboitiz obtained his Master of Arts (MA) in Philosophy and Politics degree from the University of Edinburgh, where he graduated with honors. He also studied the Chinese language at the Beijing Language and Culture University.</p> <p>He is not connected with any government agency or instrumentality. He is not a Director of any other publicly-listed company.</p> |
| <p>ROMEO L. BERNARDO Lead Independent Director</p> <p><u>Age:</u> 66</p> <p><u>Citizenship:</u> Filipino</p> <p><u>Committee Memberships:</u> Chairman – Board Environmental, Social and Corporate Governance Committee (December 11, 2018) Member – Board Audit Committee (since May 19, 2008) – Board Risk and Reputation Management Committee (since May 18, 2015)</p> | <p><i>Mr. Romeo L. Bernardo</i> was elected Lead Independent Director of AboitizPower on May 15, 2017. He has been an Independent Director of the Company since May 19, 2008.</p> <p>He is the Managing Director of Lazaro Bernardo Tiu and Associates, a boutique financial advisory firm based in Manila. He is also an economist of GlobalSource in the Philippines. He is Chairman of ALFM Family of Funds and Philippine Stock Index Fund. He is a Director of Globe Telecom, Inc. (Globe Telecom) and Bank of the Philippine Islands (BPI), both publicly-listed companies. He is also currently affiliated in various capacities with the Foundation for Economic Freedom, Management Association of the Philippines, FINEX Foundation, and World Bank Philippine Advisory Group.</p> <p>Mr. Bernardo previously served as Undersecretary for International Finance of the Department of Finance,</p> |

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| <p>– Board Related Party Transactions Committee (since May 15, 2017)</p> <p><u>Date of First Appointment:</u> May 19, 2008</p> <p><u>Tenure:</u> 12 years</p> | <p>and as Alternate Executive Director of the Asian Development Bank. He has held various positions in government, including the National Power Corporation (NPC) and Philippine National Bank. He was a member of the Board of Trustees of the Philippine Institute for Development Studies from October 2005 until March 2016. He was an Advisor of the World Bank and the International Monetary Fund, and served as Deputy Chief of the Philippine Delegation to the General Agreement on Tariffs and Trade (World Trade Organization) in 1979. In the same year, he was Finance Attaché of the Philippine Mission to the United Nations in Geneva, Switzerland. He was formerly President of the Philippine Economics Society, Chairman of the Federation of ASEAN Economic Societies, and a faculty of the College of Business Administration of the University of the Philippines.</p> <p>Mr. Bernardo holds a Bachelor of Science degree in Business Economics from the University of the Philippines (magna cum laude) and a Master’s degree in Development Economics from Williams College in Williamstown, Massachusetts, USA. where he graduated top of the class. He is not connected with any government agency or instrumentality.</p> |
| <p>CARLOS C. EJERCITO Independent Director</p> <p><u>Age:</u> 75</p> <p><u>Citizenship:</u> Filipino</p> <p><u>Committee Memberships:</u></p> <p>Chairman – Board Audit Committee (since May 19, 2014)</p> <p>Member – Board Risk and Reputation Management Committee (since May 19, 2014)</p> <p>– Board Environmental, Social and Corporate Governance Committee (since May 19, 2014)</p> <p>– Board Related Party Transactions Committee (since May 15, 2017)</p> <p><u>Date of First Appointment:</u> May 19, 2014</p> <p><u>Tenure:</u> 6 years</p> | <p>Mr. Carlos C. Ejercito, has been an Independent Director of AboitizPower since May 19, 2014.</p> <p>He is Independent Director and Chairman of the Board Audit Committee of Bloomberry Resorts Corporation and an Independent Director and member of the Audit Committee of Century Properties Group, Inc., both publicly-listed companies.</p> <p>Mr. Ejercito is President and Chief Executive Officer of Mount Grace Hospitals, Inc., and Chairman of Northern Access Mining, Inc. He is a Board Member of 18 hospitals, including Medical Center Manila, VR Potenciano Medical Center, Tagaytay Medical Center, Pinehurst Medical Services Inc., Grace General Hospital, Healthserv Medical Center, Lorma Medical Center, Mary Mediatrix Medical Center, Silvermed Corporation, Capitol Medical Center, Divine Grace Medical Center, and Good Samaritan Medical Center.</p> <p>He was formerly Chairman of the Board of United Coconut Planters Bank, and a former Director of National Grid Corporation of the Philippines (NGCP). He was also the President and Chief Executive Officer of Greenfield Development Corporation, and Vice President and Senior Country Operations Officer of Citibank, NA. Prior to Citibank, Mr. Ejercito was a Systems Engineer in IBM Philippines, and Accounting Unit Head in Procter & Gamble Philippines, Inc. He was a member of the Board of Governors of Management Association of the Philippines.</p> |

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| | <p>Mr. Ejercito graduated cum laude from the University of the East with a degree in Bachelor of Science in Business Administration. He also completed the Management Development Program of Harvard Business School in Massachusetts, USA in 1983, and has completed the coursework for Masters in Business Administration at Ateneo Graduate School of Business.</p> <p>Mr. Ejercito is a certified public accountant. He is not connected with any government agency or instrumentality.</p> |
| <p>ERIC RAMON O. RECTO Independent Director</p> <p><u>Age:</u> 57</p> <p><u>Citizenship:</u> Filipino</p> <p>Committee Memberships: Chairman – Board Related Party Transaction Committee (since May 21, 2018) Member – Board Audit Committee (since May 21, 2018) – Board Environmental, Social and Corporate Governance Committee (since May 21, 2018) – Board Risk and Reputation Management Committee (since May 21, 2018)</p> <p><u>Date of First Appointment:</u> May 21, 2018</p> <p><u>Tenure:</u> 2 years</p> | <p>Mr. Eric Ramon O. Recto was elected as Independent Director of AboitizPower on May 21, 2018.</p> <p>He currently holds positions in the following publicly-listed companies: Chairman of the Philippine Bank of Communications; President and Chief Executive Officer of Atok-Big Wedge Co., Inc.; Director of DITO CME Holdings Corp. (formerly: ISM Communications Corporation); and Independent Director in PH Resorts Group Holdings, Inc. He is also the Chairman of the Board and President of Bedfordbury Development Corporation; Vice Chairman of Alphaland Corporation; President/Director of Q-Tech Alliance Holdings, Inc.; and Supervisory Board Member of Acentic GmbH and Ltd.</p> <p>Mr. Recto held various positions in Philweb Corporation from 2005 to 2015. He was also the Vice Chairman of Alphaland Corporation from 2007 to 2014; Director of San Miguel Corporation from 2010 to 2014, and of Manila Electric Company (Meralco) from 2010 to 2013; and President of Top Frontier Investment Holdings, Inc. from 2010 to 2013. Mr. Recto was formerly the Undersecretary of the Philippine Department of Finance from 2002 to 2005.</p> <p>Mr. Recto earned his Bachelor of Science degree in Industrial Engineering from the University of the Philippines-Diliman. He completed his Masters in Business Administration, with concentration in Finance and Operation Management, from the Johnson Graduate School of Management at the Cornell University in Ithaca, New York, U.S.A. He is not connected with any government agency or instrumentality.</p> |

Nominations for Independent Directors and Procedure for Nomination

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

Nominations for Independent Directors were opened beginning January 1, 2020 and the table for nominations was closed on February 15, 2021, in accordance with Section C(1) of the Guidelines. The period may be extended by unanimous vote of the Board ESCG Committee for meritorious reasons.

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

On February 16, 2021, the Chairman of the Board ESCG Committee submitted to the Corporate Secretary the Final List of Nominees. In approving the nominations for Independent Directors, the Board ESCG Committee considered the guidelines on the nominations of Independent Directors prescribed in SRC Rule 38, the Amended Guidelines, and AboitizPower's Revised Manual on Corporate Governance (the "Revised Manual"). In 2020, Mr. Romeo L. Bernardo was the Chairman of the Board ESCG Committee. The voting members are Messrs. Erramon I. Aboitiz, Mikel A. Aboitiz, Carlos C. Ejercito, and Eric Ramon O. Recto, while the *ex-officio* non-voting members are Ms. Ma. Consolacion C. Mercado and Ms. Susan V. Valdez.

No nominations for Independent Director shall be accepted at the floor during the ASM at which such nominee is to be elected. Independent Directors shall be elected in the ASM during which other members of the Board are to be elected.

Messrs. Raphael P. M. Lotilla, Carlos C. Ejercito, and Eric Ramon O. Recto are the nominees for Independent Directors of AboitizPower for the 2021 ASM. They are neither officers nor employees of AboitizPower or any of its Affiliates, and do not have any relationship with AboitizPower which would interfere with the exercise of independent judgment in carrying out the responsibilities of an Independent Director. Attached as Annexes "B-1", "B-2", and "B-3" are the Certifications of Qualification as Independent Director of Messrs. Lotilla, Ejercito, and Recto, respectively.

AboitizPower stockholders, Ms. Katrina Aliman, Ms. Josephine Pabriga, and Ms. Esmeralda Dano, have respectively nominated Messrs. Lotilla, Ejercito, and Recto as AboitizPower's Independent Directors. None of the nominating stockholders have any relation to the respective independent director they are nominating.

Other Nominees for Election as Members of the Board of Directors

As the Board ESCG Committee conveyed to the Corporate Secretary on February 16, 2021, the following were also nominated and qualified as candidates to the AboitizPower Board of Directors for the ensuing year 2021-2022:

Sabin M. Aboitiz
Luis Miguel O. Aboitiz
Mikel A. Aboitiz
Emmanuel V. Rubio
Edwin R. Bautista
Danel C. Aboitiz

Pursuant to Section 7, Article I of the Amended By-Laws of AboitizPower, nominations for members of the Board, other than Independent Directors, for the ensuing year must be submitted in writing to the Corporate Secretary at least 15 working days prior to the ASM on April 26, 2021 or not later than March 31, 2021.

All other information regarding the positions and offices held by nominees, Messrs. Mikel A. Aboitiz, Emmanuel V. Rubio, Danel C. Aboitiz, Carlos C. Ejercito, and Eric Ramon O. Recto are integrated in Item 5 (a) (1) above. Messrs. Sabin M. Aboitiz, Edwin R. Bautista, and Raphael P. M. Lotilla are being nominated to the AboitizPower Board for the first time. Mr. Luis Miguel O. Aboitiz, a former director, is nominated again to the Board.

Below are the profiles of Messrs. Sabin M. Aboitiz, Luis Miguel O. Aboitiz, Edwin R. Bautista, and Mr. Raphael P. M. Lotilla, including the positions and offices they have held for the past five years.

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| <p>SABIN M. ABOITIZ</p> <p><u>Nomination</u>: Non-Executive Director</p> <p><u>Age</u>: 56 years old</p> <p><u>Citizenship</u>: Filipino</p> <p><u>Date of First Appointment</u>: N/A</p> <p><u>Tenure</u>: 0 years</p> | <p><i>Mr. Sabin M. Aboitiz</i> is currently a Director of AEV, a position which he held since May 12, 2018, and its President and Chief Executive Officer since January 1, 2020.</p> <p>He was previously appointed as AEV’s First Vice President from May 2014 to May 2015, Senior Vice President from May to December 2015, and Executive Vice President and Chief Operating Officer from December 2015 to December 2019.</p> <p>Mr. Aboitiz is currently the Chairman of Aboitiz Foundation, Aboitiz InfraCapital, Inc, AboitizLand, Pilmico Foods Corporation, Pilmico Animal Nutrition Corporation, Gold Coin Management Holdings, Ltd., CRH Aboitiz, SN Aboitiz Power-Benguet, Inc., Republic Cement Services, Inc. Filagri Holdings, Inc.; Director and President of ACO, AEV CRH, and AEV Aviation, Inc.; and Director of UnionBank, a publicly-listed company, ACO Capital Ltd., Republic Cement & Building Materials, Inc., Metaphil, Inc., Apo Agua Infraestructura, Inc., Aboitiz Construction International, Inc., Aboitiz Construction, Inc., Aboitiz Impact Ventures, Inc., Aboitiz Airports Advisory Services Corporation, AboitizPower International, Archipelago Insurance Pte. Ltd. (Archipelago), and AEV International Pte. Ltd.</p> <p>Mr. Aboitiz is also a member of the Business Advisory Council of the Asia-Pacific Economic Cooperation.</p> <p>He holds a degree in Business Administration, Major in Finance from Gonzaga University, Spokane, U.S.A. He is not connected with any government agency or instrumentality.</p> |
| <p>LUIS MIGUEL O. ABOITIZ</p> <p><u>Nomination</u>: Non-Executive Director</p> <p><u>Age</u>: 56 years old</p> <p><u>Citizenship</u>: Filipino</p> <p><u>Date of First Appointment</u>: 2018</p> <p><u>Tenure</u>: 1 year</p> | <p><i>Mr. Luis Miguel O. Aboitiz</i> previously served as Director of AboitizPower from September 2018 to December 2019, and as Executive Vice President – Chief Strategy Officer from May 2018 until retirement on April 30, 2020. He was also Executive Vice President and Chief Operating Officer – Corporate Business Group of AboitizPower from 2016 to 2018, and Senior Vice President-Power Marketing and Trading from 2009 to 2015.</p> <p>Mr. Aboitiz is currently a Director of ACO, and a member of its Board Strategy and Board Succession and Compensation Committees. He is a Director of UnionBank, a publicly-listed company, and serves as Chairman of its Technology Steering Committee and member of the Audit and Operations Risk Management Committees. Mr. Aboitiz also serves as a Director of DDLS Aboitiz Inc. and Trustee of Philippine Business for Social Progress.</p> |

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| | <p>Mr. Aboitiz graduated from Santa Clara University, California, U.S.A. with a degree of Bachelor of Science in Computer Science and Engineering, and earned his Master's degree in Business Administration from the University of California in Berkeley, U.S.A. He is not connected with any government agency or instrumentality.</p> |
| <p>EDWIN R. BAUTISTA</p> <p><u>Nomination</u>: Non-Executive Director</p> <p><u>Age</u>: 60 years old</p> <p><u>Citizenship</u>: Filipino</p> <p><u>Date of First Appointment</u>: N/A</p> <p><u>Tenure</u>: 0 years</p> | <p>Mr. Edwin R. Bautista is currently a Director of AEV, a position which he held since September 1, 2018.</p> <p>He is also currently a Director and the President and CEO of UnionBank, a publicly-listed company; Chairman of the Board of Directors of CitySavings; and a Director of Union Properties, Inc. (now known as UBP Investments Corporation), First Union Plans, Inc., and First Union Direct Corp. Mr. Bautista has previously served UnionBank in various capacities: as Chief Operating Officer from January 2016 to December 2017, Senior Executive Vice President from 2011 to 2015, Executive Vice President from 2001 to 2011, and Senior Vice President from 1997 to 2001.</p> <p>Mr. Bautista earned his Bachelor of Science in Mechanical Engineering degree from the De La Salle University. He also completed the Advance Management Program from Harvard Business School in Massachusetts, U.S.A. He is not connected with any government agency or instrumentality.</p> |
| <p>RAPHAEL P.M. LOTILLA</p> <p><u>Age</u>: 62 years old</p> <p><u>Citizenship</u>: Filipino</p> <p><u>Date of First Appointment</u>: N/A</p> <p><u>Tenure</u>: 0 years</p> | <p>Mr. Raphael P.M. Lotilla was elected as Independent Director of AEV, a position he held since May 21, 2012. He has not been nominated as an Independent Director of AEV for the 2021-2022 term.</p> <p>Mr. Lotilla is also an Independent Director of Petron Foundation, Inc., and two publicly-listed companies, ACE Enexor, Inc. and First Metro Investment Corporation. He is currently the Chairman of the Board of Trustees of The Asia-Pacific Pathways to Progress Foundation, Inc.</p> <p>Mr. Lotilla previously served the Philippine government in various capacities: (i) Secretary of Energy; (ii) President and Chief Executive Officer of Power Sector Assets and Liabilities Management (PSALM) Corporation; (iii) Deputy Director-General of the National Economic and Development Authority; (iv) Coordinator of the Philippine Council for Sustainable Development; (v) Chairman of the Philippine National Oil Company; (vi) Vice-Chairman of the National Power Corporation and the National Transmission Corporation, among others. He also served as Regional Programme Director of a Global Environment Facility regional project implemented by the UN Development Programme and concurrently Executive Director of Partnerships in Environmental Management for the Seas of East Asia.</p> |

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| | Mr. Lotilla obtained his Bachelor of Laws degree from the University of the Philippines where he later on became a Professor of Law. He also holds a Master of Laws degree from the University of Michigan Law School, USA. He currently serves as a member of the Board of Trustees of the Philippine Institute for Development Studies (PIDS) and the Advisory Committee for the Ateneo University Professional Schools. |
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Officers for 2020-2021

Below is the list of AboitizPower's officers for 2020-2021 with their corresponding positions and offices held for the past five years. Unless otherwise indicated, the officers assumed their positions during AboitizPower's organizational meeting in 2020 for a term of one year.

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| ERRAMON I. ABOITIZ Chairman of the Board of Directors | Refer to Item 5 (a)(1) for the profile of Mr. Erramon I. Aboitiz. |
| MIKEL A. ABOITIZ Vice Chairman of the Board of Directors | Refer to Item 5 (a)(1) for the profile of Mr. Mikel A. Aboitiz. |
| EMMANUEL V. RUBIO Director/ President and Chief Executive Officer | Refer to Item 5 (a)(1) for the profile of Mr. Emmanuel V. Rubio. |
| JAIME JOSE Y. ABOITIZ Director/ Executive Vice President – Chief Operating Officer | Refer to Item 5 (a)(1) for the profile of Mr. Jaime Jose Y. Aboitiz. |
| LIZA LUV T. MONTELIBANO Senior Vice President/Chief Financial Officer/Corporate Information Officer <u>Age:</u> 45 <u>Citizenship:</u> Filipino <i>Ex-Officio Member</i> – Board Risk and Reputation Management Committee <i>Ex-Officio Member</i> – Board Executive Committee | Ms. Liza Luv T. Montelibano was appointed as Senior Vice President/Chief Financial Officer/Corporate Information Officer on May 16, 2016. She joined the Company as Chief Financial Officer-Power Generation Group on January 2, 2014 until she was promoted as First Vice President/ Chief Financial Officer/ Corporate Information Officer on May 18, 2015. Ms. Montelibano is Director and Senior Vice President-Finance of ARI, Director and Treasurer/Chief Financial Officer of AA Thermal, and Director of Cotabato Light, Davao Light, MORE, TPI, TSI, Visayan Electric, the Hedcor Group, LHC, Subic Enerzone, AboitizPower International, and Archipelago. She holds a management position in GMEC and its holding company. Prior to joining AboitizPower, Ms. Montelibano was the Country Controller of NXP Semiconductors. Her background is in finance, risk assessment, and internal audit, arising from her previous experience with various multinational companies. She also served as Chief Financial Officer of SteelAsia Manufacturing Corporation from September 2012 to March 2013, and as General Manager for Finance and Administration at L'Oreal Philippines, Inc. from March 2006 to August 2012. |

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| | <p>Ms. Montelibano graduated cum laude from Ateneo de Manila University with a degree in Bachelor of Science in Management, Minor in Finance. She is also a Certified Internal Auditor under the Institute of Internal Auditors. She is not connected with any government agency or instrumentality. She is not a director of a publicly-listed company.</p> |
| <p>MA. CONSOLACION C. MERCADO Compliance Officer</p> <p><u>Age:</u> 42</p> <p><u>Citizenship:</u> Filipino</p> <p><i>Ex-Officio Member</i> – Board Environmental, Social, and Corporate Governance Committee</p> | <p><i>Ms. Ma. Consolacion C. Mercado</i> was appointed Compliance Officer on January 1, 2021. She is concurrently Vice President for Legal – Energy Affairs of AboitizPower since September 2019. She previously served as the Company’s Vice President for Regulatory Affairs, Distribution Utility Group from July 2018 to August 2019 and Assistant Vice-President for Legal – Energy Affairs from July 2015 to June 2018.</p> <p>Ms. Mercado first joined the Aboitiz Group in 2009 as a Regulatory Lawyer. In her current role under the Energy Affairs and Compliance Team, Ms. Mercado is responsible for developing and cascading governance and legal policies to the Company and its various subsidiaries. She also ensures that the legal and compliance issues and risks of the power generation, power distribution, and supplier businesses across the group are managed and addressed.</p> <p>Ms. Mercado earned her Bachelor of Science in Business Administration and Accountancy and Bachelor of Laws degrees from the University of the Philippines - Diliman. She is a Certified Public Accountant and a member in good standing with the Integrated Bar of the Philippines. She is not connected with any government agency or instrumentality. She is not a director of any publicly-listed company.</p> |
| <p>MARIA VERONICA C. SO Group Treasurer</p> <p><u>Age:</u> 48</p> <p><u>Citizenship:</u> Filipino</p> | <p><i>Ms. Maria Veronica C. So</i> was appointed as AboitizPower’s Group Treasurer effective January 1, 2020. She is also Group Treasurer and First Vice President – Group Treasurer of AEV, a publicly listed company.</p> <p>She joined the Aboitiz Group as AEV’s Vice President – Treasury Services in 2017 and was promoted to First Vice President - Deputy Group Treasurer under AEV’s Treasury Services Group on April 1, 2019.</p> <p>Prior to joining the Aboitiz Group, Ms. So held various treasury and finance positions at Globe Telecom from 2001 to 2017.</p> <p>Ms. So holds a Masters degree in Business Management from the Asian Institute of Management and a Bachelor of Science degree in Business Management from Ateneo de Manila University. She is not connected with any government agency or</p> |

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| | <p>instrumentality. She is not a director of any publicly-listed company.</p> |
| <p>MANUEL ALBERTO R. COLAYCO Corporate Secretary</p> <p><u>Age:</u> 51</p> <p><u>Citizenship:</u> Filipino</p> | <p>Mr. Manuel Alberto R. Colayco has been Corporate Secretary of AboitizPower since March 1, 2018. He is concurrently Senior Vice President - Chief Legal and Compliance Officer/Corporate Secretary of AEV, a publicly listed company. He first joined the Aboitiz Group as AEV's First Vice President and Chief Legal Officer on July 11, 2016 and was appointed as AEV's Corporate Secretary and Compliance Officer on March 1, 2018.</p> <p>Mr. Colayco has practiced in various areas of corporate law, including mergers and acquisitions, joint ventures, securities regulation, corporate and financial restructuring, and litigation. Prior to joining the Aboitiz Group, Mr. Colayco acted as independent legal consultant providing professional advice, representation, and transactional assistance to private companies and individuals. His previous work experience includes: General Counsel for AGP International Holdings Ltd. and Atlantic, Gulf & Pacific Company of Manila, Inc. from August 2013 to December 2014; Executive Director and Assistant General Counsel of J.P. Morgan Chase Bank N.A. from July 2010 to August 2013; and Vice President and Legal Counsel of DKR Oasis (Hong Kong) LLC, a private investment management firm, from August 2007 until March 2010. He was an Associate at Skadden, Arps, Slate, Meagher & Flom, LLP from 2000 to 2007, and at Romulo Mabanta Buenaventura Sayoc & de los Angeles from 1996 to 2000.</p> <p>Mr. Colayco earned his undergraduate and Juris Doctor degrees from Ateneo de Manila University, and a Master of Laws degree from New York University School of Law in New York, U.S.A. He is a member in good standing of the Integrated Bar of the Philippines and the New York State Bar. He is not connected with any government agency or instrumentality. He is not a director of any publicly-listed company.</p> |
| <p>MAILENE M. DE LA TORRE Assistant Corporate Secretary</p> <p><u>Age:</u> 39</p> <p><u>Citizenship:</u> Filipino</p> | <p>Ms. Mailene M. de la Torre was appointed Assistant Corporate Secretary of AboitizPower on November 24, 2016. She is concurrently Assistant Vice President - Governance and Compliance and Assistant Corporate Secretary of AEV, a publicly-listed company. She was previously Senior Associate General Counsel for Governance and Compliance of AEV until November 2016, and was Associate General Counsel for Legal and Corporate Services from May 2010 to October 2014.</p> <p>Ms. de la Torre is also the Corporate Secretary and Assistant Corporate Secretary of various Subsidiaries of the Aboitiz Group.</p> |

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| | <p>Ms. de la Torre has practice in the areas of corporate structuring, acquisitions, joint ventures, compliance and corporate governance, corporate law, securities law, and litigation. Prior to joining the Aboitiz Group, she was an Associate at Esguerra & Blanco Law Office from 2007 to 2010. She graduated cum laude with a Bachelor of Arts Degree in Political Science from the University of the Philippines Diliman and earned her Bachelor of Laws degree from the same university. She is a graduate member of the Institute of Corporate Directors, after completing the Professional Director's Program. She is a member in good standing of the Integrated Bar of the Philippines. She is not connected with any government agency or instrumentality. She is not a director of a publicly-listed company.</p> |
| <p>SAMMY DAVE A. SANTOS Assistant Corporate Secretary</p> <p><u>Age:</u> 36</p> <p><u>Citizenship:</u> Filipino</p> | <p>Mr. Sammy Dave A. Santos was appointed Assistant Corporate Secretary of AboitizPower on November 5, 2019. He is currently an Associate General Counsel for Governance and Compliance of AEV since July 2017.</p> <p>Mr. Santos currently serves as Corporate Secretary of various Subsidiaries of the Aboitiz Group, and Assistant Corporate Secretary of the Good Governance Advocates and Practitioners of the Philippines (GGAPP).</p> <p>Mr. Santos has experience in practice areas of corporate law, corporate structuring, special projects, corporate housekeeping, corporate governance, and compliance for non-listed and publicly-listed companies. Prior to joining the Aboitiz Group, he was Legal Counsel for Alliance Select Foods International, Inc. from 2016 to 2017. He was also Counsel for the Privatization Group and Office of Special Concerns of the Department of Finance in 2016. He was a Junior Associate at the Law Firm of Quiason Makalinta Barot Torres Ibarra Sison & Damaso from 2014 to 2016.</p> <p>Mr. Santos earned his Juris Doctor degree from the Ateneo Law School in 2013 and was admitted to the Philippine Roll of Attorneys in 2014. He also holds a degree of Master of Science in Industrial Economics from the University of Asia and the Pacific. He is a member in good standing of the Integrated Bar of the Philippines. He is not connected with any government agency or instrumentality. He is not a director of a publicly-listed company.</p> |

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| <p>MARNIE F. MAÑALAC Data Privacy Officer and Vice President for Risk and Organizational Performance Management</p> <p><u>Age:</u> 54</p> <p><u>Citizenship:</u> Filipino</p> <p><i>Ex-Officio Member</i> – Board Risk and Reputation Management Committee</p> | <p>Ms. Marnie F. Mañalac was appointed as Data Privacy Officer on January 1, 2020. She is concurrently the Company’s Vice President for Risk and Organizational Performance Management. Ms. Mañalac also assumed the position of <i>Ex-officio</i> member of the Company’s Board Risk and Reputation Management Committee. Prior to her appointment, Ms. Mañalac was Assistant Vice President for Organizational Performance and Portfolio Management.</p> <p>Prior to joining the Aboitiz Group, she was an Independent Consultant and Trainer on Advanced Cost and Performance Management from 2008 to 2015, and served as Head of Activity-Based Costing & Management under the President and Chief Operating Officer of Meralco, where she also held various positions from 1990 to 2008.</p> <p>Ms. Mañalac obtained her Bachelor of Science Degree in Industrial Engineering from the University of the Philippines. She is a Professional Industrial Engineer and a Certified Management Accountant. She is not connected with any government agency or instrumentality. She is not a director of any publicly-listed company.</p> |
| <p>SATURNINO E. NICANOR, JR. Group Internal Audit Head</p> <p><u>Age:</u> 58</p> <p><u>Citizenship:</u> Filipino</p> | <p>Mr. Saturnino E. Nicanor, Jr. was appointed as Group Internal Audit Head of AboitizPower on July 26, 2018. He is concurrently the Company’s Assistant Vice President for Internal Audit, a position which he has held since July 2017. He has extensive experience in internal audit and controllership in various industries. He also served as Internal Audit Head for the Company’s Generation Group from August 2012 to July 2018, and held various audit-related positions in the Aboitiz Group from 1983 to 2005.</p> <p>Mr. Nicanor earned his Bachelor of Science in Commerce, Major in Accounting (magna cum laude) degree from the University of San Jose Recoletos, Cebu City. He is an Accredited Training Facilitator of the Institute of Internal Auditors Philippines. He is not connected with any government agency or instrumentality. He is not a director of any publicly-listed company.</p> |

Period in which the Directors Should Serve

The directors shall serve for a period of one year.

Term of Office of a Director

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

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

(2) Significant Employees

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

(3) Family Relationships

Messrs. Erramon and Enrique Aboitiz are brothers. Mr. Danel Aboitiz is the son of Mr. Enrique M. Aboitiz, and the nephew of Mr. Erramon I. Aboitiz.

Nominee director, Mr. Sabin M. Aboitiz, is a brother of Messrs. Erramon and Enrique Aboitiz. He is an uncle of Mr. Danel C. Aboitiz. Nominee director, Mr. Luis Miguel O. Aboitiz, is a first cousin of Mr. Jaime Jose Y. Aboitiz.

Other than these, no other officers or directors are related within the fourth degree of consanguinity.

(4) Involvement in Certain Legal Proceedings as of January 31, 2021

To the knowledge and/or information of AboitizPower, none of its nominees for election as directors, its present members of the Board, or its executive officers, is presently involved in any legal proceeding or bankruptcy petition, or has been convicted by final judgment, or being subject to any order, judgment or decree, or has violated the securities or commodities law in any court or government agency in the Philippines or elsewhere, for the past five years until January 31, 2021, which would put to question his/her ability and integrity to serve AboitizPower and its stockholders.

(5) Certain Relationships and Related Transactions

AboitizPower and its Subsidiaries (the "Group"), in their regular conduct of business, have entered into related party transactions consisting of professional fees, advances, various guarantees, construction contracts, and rental fees. These are made on an arm's length basis as of the time of the transactions.

AboitizPower ("Parent") has provided support services to its Business Units, such as marketing, trading, billing and other technical services, necessary for the effective and efficient management and operations among and between the Subsidiaries and Associates.

The Group has existing Service Level Agreements (SLAs) with its parent company, AEV, for corporate center services such as human resources, internal audit, legal, information technology, treasury and corporate finance, among others. These services are obtained from AEV to enable the Group to realize cost synergies and optimize expertise at the corporate center. AEV maintains a pool of highly qualified professionals with business expertise specific to the businesses of the Group. Transaction costs are always benchmarked on third party rates to ensure competitive pricing and consistency with prevailing industry standards. SLAs are in place to ensure quality of service.

Material and significant related party transactions are reviewed and approved by the Board Related Party Transactions Committee.

No other transactions, without proper disclosure, were undertaken by the Company in which any director or executive officer, any nominee for election as director, any beneficial owner (direct or indirect) or any member of his immediate family was involved or had a direct or indirect material interest.

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

In 2020, AboitizPower updated the Related Parties Certification for Directors and Officers in compliance with the Bureau of Internal Revenue Regulation No. 19-2020 on the reporting guidelines for the transactions of individuals and juridical entities with related parties. The RPT Committee continued to ensure that related party transactions are taken on an arm's-length basis, within market rates, and with sufficient documentation. Lastly, the RPT Committee ensured that RPTs falling below the SEC-defined materiality threshold are coursed through the appropriate levels of review, reporting, and/or approval process.

For detailed discussion on related party transactions, please refer to the Consolidated Financial Statements.

(6) Parent Company

AboitizPower's parent company is AEV. As of January 31, 2021, AEV owns 77.00% of the voting shares of AboitizPower. In turn, ACO owns, as of January 31, 2021, 48.59% of the voting shares of AEV.

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

No director has resigned or declined to stand for re-election to the Board since the date of AboitizPower's last ASM because of a disagreement with AboitizPower on matters relating to its operations, policies and practices.

Item 6. Compensation of Directors and Executive Officers

(a) Summary of Compensation of Executive Officers

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

| Name of Officer and Principal Position* | Year | Salary | Bonus | Other Compensation |
|---|--------------------|-----------------|----------------|--------------------|
| Chief Executive Officer and the Four Most Highly Compensated Officers: | | | | |
| 1. EMMANUEL V. RUBIO - President and Chief Executive Officer | | | | |
| 2. ERRAMON I. ABOITIZ - Chairman of the Board | | | | |
| 3. LIZA LUV T. MONTELIBANO - Chief Financial Officer/Corporate Information Officer | | | | |
| 4. LUIS MIGUEL O. ABOITIZ* - Executive Vice President & Chief Strategy Officer | | | | |
| 5. JOSEPH TRILLANA T. GONZALES* - First Vice President - General Counsel and Compliance Officer | | | | |
| All above named officers as a group | Actual 2020 | ₱100,840,000.00 | ₱4,960,000.00 | ₱43,340,000.00 |
| | Actual 2019 | ₱98,270,000.00 | ₱14,110,000.00 | ₱8,180,000.00 |
| | Projected 2021 | ₱106,900,000.00 | ₱5,300,000.00 | ₱45,900,000.00 |
| All other officers and directors as a group | Actual 2020 | ₱25,010,000.00 | ₱1,660,000.00 | ₱43,650,000.00 |
| | Actual 2019 | ₱17,200,000.00 | ₱1,130,000.00 | ₱26,270,000.00 |
| | Projected 2021 | ₱26,500,000.00 | ₱1,800,000.00 | ₱46,300,000.00 |

* Mr. Luis Miguel O. Aboitiz retired on April 30, 2020. Mr. Joseph Trillana T. Gonzales was separated on December 31, 2020.

The 2020 Amended By-Laws of the Company, as approved by the SEC on October 1, 2020, defined corporate officers as follows: the Chairman of the Board, the Vice Chairman, the Chief Executive Officer(s), the Chief

Operating Officer(s), the Treasurer, the Corporate Secretary, the Assistant Corporate Secretary, and such other officers as may be appointed by the Board of Directors. For the year 2020, the Company's Summary of Compensation of Executive Officers covers the compensation of officers as reported under Item 5 (a)(1) of the Information Statement.

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

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

(b) Compensation of Directors

(1) Standard Arrangements

Following the April 22, 2019 ASM, the directors receive a monthly allowance of ₱150,000.00, while the Chairman of the Board receives a monthly allowance of ₱200,000.00. In addition, each director/member and the Chairmen of the Board and the Board Committees receive a per diem for every Board or Board Committee meeting attended as follows:

| Type of Meeting | Directors | Chairman of the Board |
|-----------------|-------------|-----------------------|
| Board Meeting | ₱150,000.00 | ₱200,000.00 |

| Type of Meeting | Members | Chairman of the Committee |
|-------------------------|-------------|---------------------------|
| Board Committee Meeting | ₱100,000.00 | ₱130,000.00 |

During its February 16, 2021 meeting, the ESCG Committee, which performs the function of the Nomination and Compensation Committee, received a proposal to increase the per diem of the Board and Board Committee Chairmen for every meeting as follows:

| Type of Meeting | Chairman of the Board | |
|-----------------|-----------------------|-------------|
| | From | To |
| Board Meeting | ₱200,000.00 | ₱225,000.00 |

| Type of Meeting | Chairman of the Committee | |
|---|---------------------------|-------------|
| | From | To |
| Committee Meeting (except Audit Committee) | ₱130,000.00 | ₱150,000.00 |
| Audit Committee | ₱130,000.00 | ₱200,000.00 |

The per diems for the Board and Committee chairpersons were last increased in 2019. Since then, the Company's businesses have expanded in scope and became more complicated in nature, particularly taking into account the challenges caused by the COVID-19 pandemic. As a matter of effective corporate governance, these challenges have led to an increase in the responsibilities of the Board and Committee chairpersons. The proposal by management to increase the per diems of the Board and Board Committee Chairmen was made after a review of the Board compensation structures of comparable companies with the same Board size, revenue, assets, and market capitalization.

During its Board Meeting last March 5, 2021, the Board of Directors reviewed the proposed increases in the per diems for the Board and Committee chairpersons, and, having considered the rationale provided for the proposed increases and greater responsibilities of the chairpersons, endorsed the same for stockholders' approval.

A resolution approving the proposed increase in the per diem of the Board and Board Committee Chairmen will be presented to the stockholders for approval at the 2021 ASM.

In compliance with Section 29 of the Revised Corporation Code, the total compensation of each of the Company's directors as of December 31, 2020 is as follows:

| Name of Director | Total Compensation Received as a Director ⁵ |
|---|--|
| ERRAMON I. ABOITIZ <i>Chairman of the Board of Directors</i> | ₱6,360,000.00 |
| MIKEL A. ABOITIZ <i>Vice Chairman of the Board of Directors</i> | ₱2,750,000.00 |
| ENRIQUE M. ABOITIZ <i>Director</i> | ₱3,710,000.00 |
| EMMANUEL V. RUBIO* <i>Director/President and Chief Executive Officer</i> | ₱3,370,000.00 |
| JAIME JOSE Y. ABOITIZ* <i>Director/Executive Vice President and Chief Operating Officer</i> | ₱3,650,000.00 |
| DANEL C. ABOITIZ* <i>Director/Chief Commercial and Stakeholder Engagement Officer</i> | ₱3,200,000.00 |
| ROMEO L. BERNARDO <i>Lead Independent Director</i> | ₱3,630,000.00 |
| CARLOS C. EJERCITO <i>Independent Director</i> | ₱4,200,000.00 |
| ERIC RAMON O. RECTO <i>Independent Director</i> | ₱4,610,000.00 |

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

(2) Other Arrangements

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

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

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

(d) Warrants and Options Outstanding

To date, AboitizPower has not granted any stock options to its directors or officers.

Item 7. Independent Public Accountant

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

During the March 5, 2021 Board Meeting, the Chairman of the Audit Committee, Mr. Carlos C. Ejercito, reported to the Board that the Audit Committee evaluated and assessed the previous year's performance of the Company's external auditor, SyCip Gorres Velayo & Co. (SGV). Based on the results of its evaluation, the Audit Committee advised the Board of Directors that it is satisfied with SGV's performance for the previous year and recommended SGV's re-appointment as the Company's external auditor for 2021.

⁵ Consisting of the monthly allowance and per diem. Per diem is based on the directors' attendance in the Board and Board Committee meetings, and their Committee memberships for the period January 1 to December 31, 2020.

The Board of Directors discussed the Audit Committee’s recommendation, and after discussion, approved the re-appointment of SGV. The Board of Directors will endorse to the shareholders the re-appointment of SGV as the Company’s external auditor for 2021.

The accounting firm of SGV has been AboitizPower’s Independent Public Accountant for the last 22 years. Ms. Maria Veronica Andresa R. Pore has been AboitizPower’s audit partner since audit year 2017. AboitizPower complies with the requirements of Section 3(b)(ix) of SRC Rule 68 on the rotation of external auditors or signing partners and the two-year cooling-off period. There was no event in the past 22 years wherein AboitizPower and SGV (or its handling partner) had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure.

Representatives of SGV will be present during the 2021 ASM and will be given the opportunity to make a statement if they so desire. They are also expected to respond to appropriate questions, if needed.

The Chairman of the Audit Committee is Mr. Carlos C. Ejercito, an Independent Director. The members are Messrs. Romeo L. Bernardo and Eric Ramon O. Recto, both Independent Directors, and Messrs. Danel C. Aboitiz and Erramon I. Aboitiz, both directors of AboitizPower.

Item 8. Compensation Plans

No action is to be taken during the 2021 ASM with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

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

No action is to be taken during the 2021 ASM with respect to authorization or issuance of any securities other than for exchange for outstanding securities.

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

Recent Issuance of Registered Debt Securities

(a) Ten Billion Fixed Rate Bonds issued in August 2014

On August 29, 2014, SEC issued an Order of Registration and a Certificate of Permit to Sell Securities for AboitizPower’s ₱10 billion (bn) retail bonds ("2014 Bonds"). BPI Capital Corporation (BPI Capital) acted as the Issue Manager and Lead Underwriter, BPI Asset Management and Trust Group (BPI AMTG) as the Trustee, and Philippine Depository & Trust Corporation (PDTC) as the Registry and Paying Agent for the transaction. The 2014 Bonds received the highest possible rating of PRS “Aaa” from Philippine Rating Services Corporation (PhilRatings). The 2014 Bonds were listed with the Philippine Dealing & Exchange Corporation (PDEX) on September 10, 2014.

The 2014 Bonds were issued in two series: (a) seven-year bonds with a fixed interest rate of 5.205% per annum; and (b) twelve-year bonds with a fixed interest rate of 6.10% per annum. Interest rate is calculated on a 30/360-day count basis and is paid quarterly in arrears every March 10, June 10, September 10, and December 10 of each year at which the bonds are outstanding, or the subsequent banking day without adjustment if such interest payment date is not a banking day. The Company has the option, but not the obligation, to redeem in whole (and not in part) any series of the outstanding 2014 Bonds, on the following dates or the immediately succeeding banking day if such date is not a banking day:

| Early Redemption Option Dates | |
|-------------------------------|----------------------------|
| Series A Bonds | 5.25 years from Issue Date |
| | 6 years from Issue Date |

| Early Redemption Option Dates | |
|-------------------------------|--------------------------|
| Series B Bonds | 7 years from Issue Date |
| | 8 years from Issue Date |
| | 9 years from Issue Date |
| | 10 years from Issue Date |
| | 11 years from Issue Date |

AboitizPower has been paying interest to its bond holders since December 10, 2014.

Use of Proceeds

Following the offer and sale of the 2014 Bonds, AboitizPower received the aggregate amount of ₱10 bn as proceeds. As of December 31, 2016, the proceeds from the 2014 Bonds were fully utilized for the following projects:

- i. 400 MW (net) Pulverized Coal-Fired Expansion Unit 3 in Pagbilao, Quezon;
- ii. 68 MW Manolo Fortich Hydropower Plant Project;
- iii. 300 MW Cebu Coal Project;
- iv. 300 MW Davao Coal Project; and
- v. 14 MW Sabangan Hydropower Plant Project.

(b) Shelf Registration of Thirty Billion Fixed-Rate Bonds issued in 2017 and 2018

On June 19, 2017, SEC issued an Order of Registration and a Certificate of Permit to Offer Securities for AboitizPower's fixed-rate corporate retail bonds in the aggregate amount of up to ₱30 bn ("2017 Bonds"). The 2017 Bonds were registered under the shelf registration program of the SEC and are to be issued in tranches.

Series "A" Three Billion Fixed Rate Bonds issued in July 2017

Series "A" bonds were issued on July 3, 2017 with an aggregate amount of ₱3 bn, a tenor of ten years, and fixed interest rate of 5.3367% per annum. Interest is payable quarterly in arrears on January 3, April 3, July 3, and October 3 of each year, or the subsequent banking day without adjustment if such interest payment date is not a banking day. AboitizPower engaged BPI Capital as Issue Manager and Underwriter, BPI-AMTG as Trustee, and PDTC as the Registrar and Paying Agent. The Series "A" bonds received a credit rating of "PRS Aaa" with Stable Outlook from Philratings, and is listed with PDEX.

AboitizPower received the aggregate amount of ₱2.97 bn as proceeds from the offer and sale of the Series "A" bonds. AboitizPower has been paying interest to its bond holders since October 2017.

Use of Proceeds

As of December 31, 2017, the proceeds of the Series "A" bonds were fully utilized for the following projects:

| Name of Project | Projected Usage (Per Prospectus) | Actual Usage |
|------------------------------------|-------------------------------------|------------------|
| Equity infusions into GNPD in 2017 | 2,206,373 | 1,255,745 |
| Equity infusions into GNPD in 2018 | 764,395 | 1,711,317 |
| Bond issuance costs | 29,232 | 32,938 |
| TOTAL | 3,000,000 | 3,000,000 |

Note: Amounts are in thousands

Series “B” and Series “C” Ten Billion Fixed Rate Bonds issued in October 2018

Series “B” and Series “C” bonds, with an aggregate amount of ₱10 bn and an oversubscription option of ₱5 bn, were issued on October 12, 2018. The Series “B” bonds have an interest rate of 7.5095% per annum, and will mature in 2024, while the Series “C” bonds have an interest rate of 8.5091% per annum, and will mature in 2028. Interest is payable quarterly in arrears on January 25, April 25, July 25, and October 25 of each year, or the subsequent banking day without adjustment if such interest payment date is not a banking day.

AboitizPower appointed BDO Capital & Investment Corporation (BDO Capital) as Issue Manager, BDO Capital, BPI Capital, and United Coconut Planters Bank as Joint Lead Underwriters, BDO Unibank, Inc. Trust & Investments Group as Trustee, and PDTC as the Registry and Paying Agent for the transaction. The Series “B” and Series “C” bonds received the highest possible rating of PRS “Aaa” from PhilRatings and are listed with PDEX.

AboitizPower received the aggregate amount of ₱7.5 bn as proceeds from the offer and sale of the Series “B” bonds and ₱ 2.5 bn for the Series “C” bonds. AboitizPower has been paying interest to its bond holders since January 2019 for the Series “B” and Series “C” bonds.

Use of Proceeds

As of September 30, 2019, the proceeds of the Series “B” and Series “C” bonds were fully utilized for the following projects:

| Name of Project | Projected Usage (Per Prospectus) | Actual Usage |
|---|-------------------------------------|-------------------|
| Refinancing of the Medium-Term Loan of Therma Power, Inc. | 8,700,000 | 8,700,000 |
| Bond issuance costs | 118,868 | 121,924 |
| General corporate purposes | 1,381,132 | 1,378,076 |
| TOTAL | 10,200,000 | 10,200,000 |

Note: Amounts are in thousands

Series “D” 7.5 Billion Fixed Rate Retail Bonds issued in October 2019

Series “D” bonds, with an aggregate amount of ₱ 7.5 bn and an oversubscription of ₱ 5 bn, were issued on October 14, 2019. The Series “D” bonds have an interest rate of 5.2757% per annum, and will mature in 2026. Interest is payable quarterly in arrears on January 14, April 14, July 14, and October 14 of each year, or the subsequent banking day without adjustment if such interest payment day is not a banking day.

AboitizPower appointed BDO Capital and First Metro Investment Corporation as Joint Issue Managers, Joint Bookrunners and Joint Lead Underwriters, and BDO Unibank - Trust and Investments Group as Trustee, and PDTC as the Registry and Paying Agent of the transaction. The Series “D” bonds received the highest possible rating of PRS “Aaa” from Philratings and is listed with PDEX.

The Company received the aggregate amount of ₱7.25 bn as proceeds from the offer and sale of the Series “D” bonds. AboitizPower has been paying interest to its bond holders since January 2020 for the Series “D” bonds.

Use of Proceeds

As of December 31, 2019, the proceeds of the Series “D” bonds were fully utilized for the following projects:

| Name of Project | Projected Usage (Per Prospectus) | Actual Usage |
|------------------------------|-------------------------------------|------------------|
| Repayment of short-term loan | 7,161,972 | 7,250,000 |
| Bonds issuance cost | 88,028 | - |
| TOTAL | 7,250,000 | 7,250,000 |

Note: Amounts are in thousands

Series “E” and “F” Six Billion Retail Bonds issued in July 2020

Series “E” and Series “F” bonds, with an aggregate amount of ₱6 bn and an oversubscription option of ₱3.55 bn, were issued on July 6, 2020. The Series “E” bonds have an interest rate of 3.125% per annum, and will mature in 2022, while the Series “F” bonds have an interest rate of 3.935% per annum, and will mature in 2025. Interest is payable quarterly in arrears on January 6, April 6, July 6, and October 6 of each year, or the subsequent banking day without adjustment if such interest payment date is not a banking day.

AboitizPower appointed BDO Capital, China Bank Capital Corporation (China Bank Capital), and FMIC as the Joint Issue Managers and Joint Lead Underwriters, BDO Unibank, Inc. - Trust & Investments Group as Trustee, and PDTC as the Registry and Paying Agent for the transaction. The Series “E” and Series “F” bonds have been rated PRS “Aaa” with a stable outlook from PhilRatings on April 8, 2020, and are listed with PDEX.

AboitizPower received the aggregate amount of ₱9,550,000,000.00 bn as proceeds from the offer and sale of the Series “E” and Series “F” bonds. AboitizPower has been paying interest to its bond holders since October 2020 for the Series “E” and Series “F” bonds.

Use of Proceeds

As of December 31, 2020, the proceeds of the Series “E” and Series “F” bonds were utilized for the following projects:

| Name of Project | Projected Usage (Per Prospectus) | Actual Usage |
|--|-------------------------------------|------------------|
| Reimburse Previous Equity Contributions to GNPD through AA Thermal and TPI | 6,736,749 | 6,736,749 |
| Fund Succeeding Equity Infusions in AA Thermal and TPI | 2,082,873 | 783,753 |
| General corporate purposes | 614,889 | 102,127 |
| Bond issuance costs | 115,489 | 113,547 |
| TOTAL | 9,550,000 | 7,736,176 |

Note: Amounts are in thousands

| | Per Final Prospectus | Actual Usage |
|----------------|----------------------|--------------|
| Gross Proceeds | 9,550,000 | 9,550,000 |
| Net Proceeds | 9,434,511 | 9,436,453 |

Note: Amounts are in thousands

Balance of the proceeds as of December 31, 2020: ₱1,813,824.00⁶

⁶ Amount are in thousands.

(c) Shelf Registration of Thirty Billion Fixed-Rate Bonds to be issued in 2021

On December 18, 2020, AboitizPower filed a Registration Statement with the SEC for the registration of its proposed fixed rate retail bonds in the aggregate principal amount of ₱30 bn, to be registered under the shelf registration program of the SEC (the “2021 Bonds”).

First Tranche Four Billion Fixed Rate Bonds to be issued in 2021

The first tranche of the 2021 Bonds, with a base issue size of up to ₱4 bn and an oversubscription of up to ₱4 bn (the “First Tranche Bonds”), is expected to be offered to the general public during the first quarter of 2021.

AboitizPower appointed BDO Capital, BPI Capital, China Bank Capital, and FMIC as Joint Lead Underwriters. BDO – Unibank, Inc. – Trust and Investments Group is appointed as Trustee. The First Tranche Bonds received the credit rating of “PRS Aaa” with Stable Outlook for the First Tranche Bonds. AboitizPower intends to list the First Tranche Bonds with PDEX.

AboitizPower expects to issue subsequent tranches of the Bonds under this shelf registration statement, as the need arises and as market conditions permit.

Item 10. Modification or Exchange of Securities

No action is to be taken during the 2021 ASM with respect to modification or exchange of securities of AboitizPower.

Item 11. Financial and Other Information

There is no other action to be taken during the 2021 ASM with respect to any matter specified in Items 9 or 10.

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

No action is to be taken during the 2021 ASM with respect to any transaction involving: (i) merger or consolidation into or with any other person or of any other person into or with AboitizPower; (ii) acquisition by AboitizPower or any of its security holders of securities of another person; (iii) acquisition of any other going business or of the assets thereof; (iv) sale or other transfer of all or any substantial part of the assets of AboitizPower; or (v) liquidation or dissolution of AboitizPower.

Item 13. Acquisition or Disposition of Property

No action is to be taken during the 2021 ASM with respect to acquisition or disposition of any property of AboitizPower.

Item 14. Restatement of Accounts

No action is to be taken during the 2021 ASM with respect to restatement of any asset, capital or surplus account of AboitizPower.

D. OTHER MATTERS**Item 15. Action with Respect to Reports**

- (a) Approval of the Minutes of the 2020 Annual Meeting of Stockholders dated April 27, 2020 (A summary of the Minutes is attached as Annex “C”). The approval of the minutes is only with respect to the correctness of the minutes and not as of any of the matters referred there. The minutes may be viewed at the Company’s website at: <https://aboitizpower.com/wp-content/uploads/AP-Minutes-2020-04.27.20-Annual-Stockholders-Meeting-FINAL-DRAFT.pdf> and covers the following matters:

- 1) Approval of the minutes of the previous Annual Stockholders' Meeting on April 22, 2019;
 - 2) Approval of the Annual report and Audited Financial Statements as of December 31, 2019;
 - 3) Appointment of External Auditor for 2020;
 - 4) Election of the Board of Directors;
 - 5) Approval of the Amendment of the Articlea II, IV, and VII of the Company's Articles of Incorporation; and
 - 6) Ratification of the Acts of the Board and Officers from April 22, 2019 until April 27, 2020;
 - 7) Other Business
- (b) Approval of the 2020 Annual Report of Management and Financial Statements of the Company; and
- (c) General ratification of the acts of the Board of Directors, Corporate Officers, and Management from the date of the last ASM up to April 26, 2021.

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

Except for the election of directors and approval of the increase in the per diem of the Chairman of the Board and the Committee Chairmen which are discussed in other parts of the report, there are no other matters that require the approval of stockholders.

Item 16. Matters Not Required to be Submitted

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

Ratification of the acts of the Board, corporate officers, and management in 2020 up to April 26, 2021 refers only to acts done in the ordinary course of business and operations of AboitizPower, which have been duly disclosed to SEC, PSE, and PDEX, as may be required and in accordance with the applicable laws. Ratification is being sought in the interest of transparency and as a matter of customary practice or procedure, undertaken at every annual meeting of AboitizPower's stockholders.

Below is a summary of board resolutions approved during the period of April 27, 2020 to March 5, 2021:

Regular Board Meeting, April 27, 2020

- (a) Borrow and Transact for Short Term Facilities with Various Banks
- (b) Renew the Authority of Representatives to Attend and Represent the Company during the Annual or Special Stockholders' Meetings of its Investee Companies
- (c) Renew the Authority to Enter into Non-Disclosure Agreements, Letters of Instruction, Memoranda of Agreement, and Other Preliminary Agreements involving Potential Acquisitions or Transactions
- (d) Renew the Authority to Purchase, Sell, or Deal in Any Manner with the Motor Vehicles of the Company
- (e) Update List of Officers Authorized to Transact with PDTC
- (f) Appoint Authorized Representatives for BIR's Conduct of Investigation of Internal Revenue Taxes for Taxable Year 2018
- (g) Update the Company's Authorized Representatives to Apply and Secure Work Permits, Visas, and Other Authorizations from Various Government Agencies
- (h) Enter into a Master Salary Loan Facility Agreement with Bank
- (i) Implement a Redundancy Program

Regular Board Meeting, July 29, 2020

- (a) Revoke the Authority of a Retired Officer and and Appoint his Replacement
- (b) Update Authorized Signatories for Various Bank Accounts
- (c) Guarantee a Subsidiary's Loan
- (d) Establish Foreign Exchange (Forex) Hedging Facilities

- (e) Approve the following Company Policies:
 - (i) Amended Manual on Corporate Governance;
 - (ii) Amended Board Charter; and
 - (iii) Environmental, Social, and Governance Charter

Regular Board Meeting, November 3, 2020

- (a) Approve Investment, by the Company itself or through its Subsidiaries, to a Subsidiary's Project
- (b) Enter into International Swaps and Derivatives Association (ISDA) Master Agreements with Various Banks
- (c) Increase Credit Facility Limit, Renew Credit Facilities, and Establish Short-Term Credit Facilities with Various Banks
- (d) Convert its Shareholders' Advances Issued to Subsidiary to Equity
- (e) Support an Affiliate's Dollar-Denominated Facility with Bank
- (f) Amend the following Committee Charters:
 - (i) Board Risk and Reputation Management Committee Charter
 - (ii) Board Audit Committee Charter
 - (iii) Board Investment Committee Charter
- (g) Appointment of New Compliance Officer

Special Board Meeting, December 14, 2020

- (a) Undertake a Retail Bond Offering of up to ₱30 bn under the Shelf Registration Program of the SEC

Regular Board Meeting, January 27, 2021

- (a) Update Authorized Representatives for an Intellectual Property Case
- (b) Enter into ISDA Master Agreements with Various Banks
- (c) Open Deposit and Investment Accounts with Various Banks
- (d) Apply as Member of the Wind Energy Development Association of the Philippines

Special Board Meeting, March 5, 2021

- (a) Approve the 2020 Audited Financial Statements
- (b) Approve the 2021 Budget
- (b) Approve the Conduct of the 2021 ASM via Livestream
- (c) Approve the Agenda, Venue, and Record Date of the Stockholders Entitled to Vote during the 2021 ASM
- (d) Appoint Luis Cañete & Company as the Board of Election Inspectors for the 2021 ASM
- (e) Appoint the Proxy Validation Committee Members
- (f) Endorse SyCip Gorres Velayo & Co. as the Company's External Auditor for 2021
- (g) Declare Regular Cash Dividends
- (h) Appoint a Data Privacy Officer and Chief Risk Officer
- (i) Approve the Creation of the Board Cybersecurity Committee and Cybersecurity Charter
- (j) Endorse for approval at the 2021 ASM the proposed increase in the Per Diem of the Chairman of the Board and the Chairmen of the Board Committees
- (k) Reverse Appropriations from the Retained Earnings
- (l) Guarantee the Standby Letter of Credit of a Subsidiary

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

No action is to be taken during the 2021 Annual Stockholders' Meeting with respect to the amendment of the Company's Charter, By-Laws or other documents.

Item 18. Other Proposed Actions

- (a) *Approval of the Increase in the Per Diem of the Board and the Board Committee Chairmen.* This proposal is intended to increase the per diem of the Board and Board Committee Chairmen for every meeting, as

follows, as approved during the February 16, 2021 Board ESCG Committee meeting and March 5, 2021 Board meeting:

| Type of Meeting | Chairman of the Board | |
|-----------------|-----------------------|-------------|
| | From | To |
| Board Meeting | ₱200,000.00 | ₱225,000.00 |

| Type of Meeting | Chairman of the Committee | |
|---|---------------------------|-------------|
| | From | To |
| Committee Meeting (except Audit Committee) | ₱130,000.00 | ₱150,000.00 |
| Audit Committee | ₱130,000.00 | ₱200,000.00 |

A resolution approving the increase in the directors' per diem and monthly allowance shall be presented to the stockholders for approval.

- (a) *Approval of the 2020 Annual Report and Financial Statements.* The proposal is intended to present to the stockholders the results of the Company's operations in 2020, in accordance with Section 74 of the Revised Corporation Code.

The Company's audited financial statements as of December 31, 2020 will be integrated and made part of the Company's Definitive Information Statement. The Definitive Information Statement will be distributed to the stockholders at least 15 business days prior to the ASM, and the same will be posted at the Company's website at www.aboitzpower.com.

A resolution approving the 2020 Annual Report and Audited Financial Statements shall be presented to the stockholders for approval.

- (b) *Appointment of the Company's External Auditor for 2021.* The proposal is intended to appoint an auditing firm which can best provide assurance to the directors and stockholders on the integrity of the Company's financial statements and adequacy of its internal controls. The Board Audit Committee and the Board of Directors will endorse SGV as the external auditor for 2021 for the stockholders to appoint.

The profile of the external auditor shall be disclosed in the Preliminary and Definitive Information Statements.

A resolution for the appointment of the Company's external auditor for 2021 shall be presented to the stockholders for approval.

- (c) *Ratification of Acts, Resolutions, and Proceedings of the Board of Directors, Corporate Officers, and Management in 2020 up to April 26, 2021.* The proposal is intended to allow the stockholders to ratify the acts of the Board of Directors and Officers of the Company as a matter of procedure or policy.

The resolutions approved by the Board in its regular and special meetings refer only to acts done by the Board of Directors, Corporate Officers, and Management in the ordinary course of business. The board resolutions are enumerated in this Information Statement. The Company also regularly discloses material transactions approved by the Board. These disclosures are available for viewing at, and can be downloaded from, the Company's website at www.aboitzpower.com.

A resolution to ratify the acts, resolutions, and proceedings of the Board of Directors, corporate officers and management in 2020 up to the date of the 2021 ASM shall be presented to the stockholders for approval.

Item 19. Voting Procedures**(a) Votes Required for Matters Submitted for Approval of the Shareholders**

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

Regarding the election of members of the Board, nominees who receive the highest number of votes shall be declared elected, pursuant to Section 23 of the Revised Corporation Code.

For other matters submitted to the stockholders for approval, the affirmative vote of at least a majority of the issued and outstanding capital stock entitled to vote and represented at the 2021 ASM is required to approve the proposed actions. There are no proposed actions in the 2020 ASM that requires approval by a higher percentage of votes from the stockholders.

(b) The Method by which Votes will be Counted

The Company intends to conduct the 2021 ASM through remote communication, in accordance with the Revised Corporation Code and the applicable SEC Circulars. Stockholders may execute a proxy in favor of a representative or vote electronically through remote communication or *in absentia* using the ASM Portal in the Company's website at <https://aboitizpower.com/2021asm> that will be available beginning March 23, 2021. A stockholder voting electronically through remote communication or *in absentia* shall be deemed present for purposes of quorum. See **Annex "E"** for complete information on the process for voting via remote communication or *in absentia* and the requirements for doing so.

In the election of directors, the nine nominees with the most number of votes shall be declared elected. If the number of nominees does not exceed the recorded number of directors to be elected, all the shares present or represented at the meeting will be voted in favor of the nominees.

In the election of directors, the stockholder may choose to do any of the following:

- (i) Vote such number of shares for as many person(s) as there are directors to be elected;
- (ii) Cumulate such shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares; or
- (iii) Distribute his shares on the same principle as option (ii) among as many candidates as he shall see fit, provided, that the total number of votes cast by him shall not exceed the number of shares owned by him, multiplied by the whole number of directors to be elected.

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

Other than the nominees' election as directors, no director, executive officer, nominee, or associate of any nominee has any substantial interest, direct or indirect, by security holdings or otherwise, in any way in the matters to be taken up during the ASM. AboitizPower has not received any information that an officer, director, or stockholder intends to oppose any action to be taken at the 2021 ASM.

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

Investor Relations Office
Aboitiz Power Corporation
NAC Tower, 32nd Street,
Bonifacio Global City
Taguig City, Metro Manila
1634 Philippines
email: ap_investor@aboitiz.com

Attention: Mr. Francisco Victor "Judd" G. Salas

This Information Statement and the Annual Report in SEC Form 17-A will also be posted at AboitizPower's website: www.aboitizpower.com.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Taguig on March 11, 2021.

ABOITIZ POWER CORPORATION

By:


MANUEL ALBERTO R. COLAYCO
Corporate Secretary

DEFINITION OF TERMS

| | | | |
|--|--|-------------------|--|
| 2014 Bonds | Refers to the Company's fixed-rate corporate retail bonds with an aggregate principal amount of up to ₱10 bn with tenors of seven and 12 years | APX1 | Aboitiz Power Distributed Energy, Inc. |
| 2017 Bonds | Refers to the Company's fixed-rate corporate retail bonds with an aggregate principal amount of up to ₱30 bn registered under the shelf registration program of SEC to be issued in tranches. As of the date of this report, the 2017 Bonds have been issued in six tranches | APX2 | Aboitiz Power Distributed Renewables, Inc. |
| Aboitiz Group | ACO and the companies or entities in which ACO has beneficial interest, or over which ACO directly or indirectly exercises management control, including, without limitation, AEV, AboitizPower, and their respective Subsidiaries and Affiliates | ARI | Aboitiz Renewables, Inc. (formerly: Philippine Hydropower Corporation) |
| | | AS | Ancillary Services |
| | | Aseagas | Aseagas Corporation |
| | | ASPA | Ancillary Services Procurement Agreement |
| | | Associate | Refers to an entity over which the Aboitiz Group has significant influence. "Significant influence" is the power to participate in the financial and operating policy decisions of the investee, but does not have control or joint control over those policies. |
| | | Bakun Plant | Refers to Luzon Hydro Corporation's 70-MW Bakun run-of-river hydropower plant located in Amilongan, Alilem, Ilocos Sur |
| | | Balamban Enerzone | Balamban Enerzone Corporation |
| | | BCQ | Bilateral Contract Quantity |
| AboitizPower, the Company, the Issuer, or the Registrant | Aboitiz Power Corporation | BESS | Battery Energy Storage System |
| AboitizPower Group or the Group | AboitizPower and its Subsidiaries | BIR | Bureau of Internal Revenue |
| Abovant | Abovant Holdings, Inc. | BOC | Bureau of Customs |
| ACO | Aboitiz & Company, Inc. | BOI | Board of Investments |
| AdventEnergy | Adventenergy, Inc. | BOT | Build-Operate-Transfer |
| AESI | Aboitiz Energy Solutions, Inc. | Bunker C | A term used to designate the thickest of the residual fuels that is produced by blending any oil remaining at the end of the oil-refining process with lighter oil |
| AEV | Aboitiz Equity Ventures Inc. | Business Unit | A Subsidiary of AboitizPower |
| Affiliate | With respect to any Person, any other Person directly or indirectly controlled or is under common control by such Person | CA | Court of Appeals |
| Ambuklao-Binga Hydroelectric Power Complex | Refers to SN Aboitiz Power-Benguet's 105-MW Ambuklao Hydroelectric Power Plant located in Bokod, Benguet and 140-MW Binga Hydroelectric Power Plant in Itogon, Benguet | CBA | Collective Bargaining Agreement |
| APRI | AP Renewables, Inc. | CBAA | Central Board of Assessment Appeals |
| | | Cebu Coal Project | Refers to the construction and operation of the 3x82-MW coal-fired power plant of Cebu Energy Development Corporation located in Toledo City, Cebu |
| | | Cebu Energy | Cebu Energy Development Corporation |
| | | CFB | Circulating Fluidized Bed |

| | |
|-----------------------------------|---|
| CIPDI | Cebu Industrial Park Developers, Inc. |
| Cleanergy | Cleanergy, Inc. (formerly, Northern Mini – Hydro Corporation) |
| Coal Group or Coal Business Units | Refers to companies of the AboitizPower Group which own and/or operate coal-fired power plants, including Therma Luzon, Inc., Therma South, Inc., Therma Visayas, Inc., GNPowder Mariveles Energy Center Ltd. Co., GNPowder Dinginin Ltd. Co., Pagbilao Energy Corporation, Redondo Peninsula Energy, Inc., STEAG State Power, Inc., and Cebu Energy Development Corporation |
| COC | Certificate of Compliance |
| Code | AboitizPower’s Code of Ethics and Business Conduct |
| Contestable Customer | An electricity end-user who has a choice of a supplier of electricity, as may be determined by ERC in accordance with the EPIRA |
| Contestable Market | Refers to the electricity end-users who have a choice of a supplier of electricity, as may be determined by ERC in accordance with Sec. 4(h) of the EPIRA |
| Contracted Capacity | Refers to the total capacity sold to customers at a given point in time |
| Control | Possession, directly or indirectly, by a Person of the power to direct or cause the direction of the management and policies of another Person whether through the ownership of voting securities or otherwise; provided, however, that the direct or indirect ownership of over 50% of the voting capital stock, registered capital or other equity interest of a Person is deemed to constitute control of that Person; “Controlling” and “Controlled” have corresponding meanings. |
| Cotabato Light | Cotabato Light & Power Company |

| | |
|--|--|
| CPPC | Cebu Private Power Corporation |
| CSEE | Contract for the Supply of Electric Energy |
| CSP | Competitive Selection Process |
| CTA | Court of Tax Appeals |
| DAU | Declaration of Actual Use |
| Davao Light | Davao Light & Power Company, Inc. |
| DENR | Department of Environment and Natural Resources |
| Dependable Capacity or Sellable Capacity | Refers to the capacity of a power plant, excluding station use and fuel constraints |
| DOE | Department of Energy |
| DOLE | Department of Labor and Employment |
| Distribution Utilities | Refers to the companies within the AboitizPower Group engaged in power distribution, such as Balamban Enerzone, Cotabato Light, Davao Light, Lima Enerzone, Mactan Enerzone, Subic Enerzone, SFELAPCO, and Visayan Electric. “Distribution Utility” may refer to any one of the foregoing companies. |
| EAUC | East Asia Utilities Corporation |
| ECC | Environmental Compliance Certificate |
| Enerzone Group | Refers to Balamban Enerzone, Lima Enerzone, Mactan Enerzone, Malvar Enerzone, Subic Enerzone, which are Distribution Utilities of the AboitizPower Group operating within special economic zones |
| EPIRA | Republic Act No. 9136, otherwise known as the “Electric Power Industry Reform Act of 2001,” as amended from time to time, and including the rules and regulations issued thereunder |
| ERC | Energy Regulatory Commission |
| EO | Executive Order |

| | | | |
|--|---|--|--|
| Feeder Loss | Refers to the sum of Feeder Technical Loss and Non-Technical Loss, as defined in ERC Resolution No. 10, Series of 2018 or “A Resolution Clarifying the System Loss Calculation and Providing the Effectivity of the Rules for Setting the Distribution System Loss Cap” | | otherwise determined by ERC in accordance with Section 45 of the EPIRA |
| FIT | Feed-in-Tariff | Guidelines | AboitizPower’s Amended Guidelines for the Nomination and Election of Independent Directors |
| FIT-All | FIT-Allowance | GWh | Gigawatt-hour, or one million kilowatt-hours |
| Generation Companies or Power Generation Group | Refers to the companies within the AboitizPower Group engaged in power generation; “Generation Company” may refer to any one of these companies. | Hedcor Group or Hedcor Business Units | Refers to the companies within the AboitizPower Group engaged in run-of-river hydroelectric power generation, such as Hedcor, Inc., Hedcor Bukidnon, Inc., Hedcor Sabangan, Inc., Hedcor Sibulan, Inc., and Hedcor Tudaya, Inc. |
| Generating Unit | Under ERC Resolution No. 10, Series of 2020, refers to a unit conversion apparatus, including auxiliaries and associated equipment functioning as a single unit, which is used to produce electric energy from some other form of energy, | Hedcor | Hedcor, Inc. |
| Generation Plant | Under ERC Resolution No. 10, Series of 2020, refers to a facility, consisting of one or more Generating Units, where electric energy is produced from some other forms of energy by means of suitable apparatus. | Hedcor Sabangan | Hedcor Sabangan, Inc. |
| GMEC or GNPower Mariveles | GNPower Mariveles Energy Center Ltd. Co. | Hedcor Sibulan | Hedcor Sibulan, Inc. |
| GNPD or GNPower Dinginin | GNPower Dinginin Ltd. Co. | Hedcor Tudaya | Hedcor Tudaya, Inc. |
| Government | The Government of the Republic of the Philippines | HEPP | Hydroelectric Power Plant |
| Greenfield | Refers to power generation projects that are developed from inception on previously undeveloped sites | IEMOP | Independent Electricity Market Operator of the Philippines Inc. |
| Grid | As defined in the Implementing Rules and Regulations of the EPIRA, it is the high voltage backbone system of interconnected transmission lines, substations and related facilities located in each of Luzon, Visayas, and Mindanao, or as may be | Installed Generating Capacity, Installed Capacity, Gross Capacity, or Nameplate Capacity | Refers to the registered capacity of a power plant in WESM, inclusive of the power plant's station use |
| | | IPPA | Independent Power Producer Administrator |
| | | IPO | Initial Public Offering |
| | | IRR | Implementing Rules and Regulations |
| | | Joint Venture | Refers to a type of joint agreement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. “Joint control” is the contractually agreed sharing of control of an arrangement, which exist only when decisions about the relevant activities require unanimous consent of the parties sharing control. |

| | |
|-------------------|--|
| kV | Kilovolt or one thousand volts |
| kW | Kilowatt or one thousand watts |
| kWh | Kilowatt-hour, the standard unit of energy used in the electric power industry. One kilowatt-hour is the amount of energy that would be produced by a generator producing one thousand watts for one hour. |
| LBAA | Local Board of Assessment Appeals |
| LGC | Local Government Code of 1991 |
| LGU | Local Government Unit |
| LHC | Luzon Hydro Corporation |
| Lima Enerzone | Lima Enerzone Corporation |
| LISP IV | Light Industry & Science Park IV |
| LTC | Lima Technology Center |
| Maaraw San Carlos | Maaraw Holdings San Carlos, Inc. |
| Mactan Enerzone | Mactan Enerzone Corporation |
| Magat Plant | Refers to the 360-MW Magat HEPP of SN Aboitiz Power-Magat located at the border of Isabela and Ifugao provinces |
| Malvar Enerzone | Malvar Enerzone Corporation |
| Manual | Refers to the Company's Manual of Corporate Governance |
| Maris Plant | Refers to the 8.5 MW run-of-river Maris Main Canal 1 Hydroelectric Power Plant of SN Aboitiz Power-Magat |
| MEPZ II | Mactan Export Processing Zone II |
| Meralco | Manila Electric Company |
| MOA | Memorandum of Agreement |
| MORE | Manila-Oslo Renewable Enterprise, Inc. |
| MVA | Megavolt Ampere |
| MW | Megawatt or one million watts |
| MWh | Megawatt-hour |
| MWp | Megawatt-peak |

| | |
|---|---|
| Net Attributable Capacity or Attributable Net Sellable Capacity | Refers to the capacity attributed to a company's ownership in the power plant, excluding station use and fuel constraints |
| NGCP | National Grid Corporation of the Philippines |
| NPC | National Power Corporation |
| NPPC | Refers to the Naga Power Plant Complex, the 55 MW land-based gas turbine power plant of Thema Power-Visayas, Inc. located in Colon, Naga City, Cebu |
| Oil Group or Oil Business Units | Refers to companies of the AboitizPower Group which own and/or operate Bunker C-fired power plants, including East Asia Utilities Corporation, Cebu Private Power Corporation, Therma Marine, Inc., Therma Mobile, Inc., Therma Power-Visayas, Inc., Southern Philippines Power Corporation, and Western Mindanao Power Corporation |
| Open Access | Retail Competition and Open Access |
| PA | Provisional Authority |
| Pagbilao Plant or Pag1 and Pag2 | The 700-MW (2x350 MW) Pagbilao coal-fired thermal power plant located in Pagbilao, Quezon |
| PBR | Performance-based Rate-setting Regulation |
| PCC | Philippine Competition Commission |
| PCRM | Pricing and Cost Recovery Mechanism |
| PDEX | Philippine Dealing & Exchange Corp., the fixed-income securities market which provides an electronic trading platform of exchange for fixed-income securities |
| PDTC | Philippine Depository and Trust Corporation |
| PEC | Pagbilao Energy Corporation |
| PEMC | Philippine Electricity Market Corporation |

| | |
|-----------------------------|---|
| Person | An individual, corporation, partnership, association, joint stock company, trust, any unincorporated organization, or a government or political subdivision thereof |
| PEZA | Philippine Economic Zone Authority |
| PGC | Philippine Grid Code |
| PGPC | Philippine Geothermal Production Company, Inc. |
| Philippine Pesos or ₱ | The lawful currency of the Republic of the Philippines |
| PhilRatings | Philippine Ratings Services Corporation |
| Pmax or Maximum Stable Load | The maximum demand in MW that a generating unit or generating block or module in the case of a combined cycle power plant, can reliably sustain for an indefinite period of time, based on the generator capability tests. It also refers to the registered maximum capacity. |
| Pmin or Minimum Stable Load | The minimum demand in MW that a generating unit, or a generating block or module in the case of combined cycle power plant, can reliably sustain for an indefinite period of time, based on generator capability tests. It also refers to the registered minimum capacity. |
| PPA | Power Purchase Agreement |
| Prism Energy | Prism Energy, Inc. |
| PSA | Power Supply Agreement |
| PSALM | Power Sector Assets and Liabilities Management Corporation |
| PSE | The Philippine Stock Exchange, Inc. |
| PV | Photovoltaic |
| RA | Republic Act |
| RE Law | RA No. 9513, otherwise known as the Renewable Energy Act of 2008 |
| REPA | Renewable Energy Payment Agreement |
| RES | Retail Electricity Supplier |

| | |
|----------------------------------|--|
| RESC | Renewable Energy Service Contract |
| Revised Corporation Code | Republic Act No.11232 or the Revised Corporation Code of the Philippines |
| Revised Manual | Refers to the Company's Revised Manual on Corporate Governance |
| RP Energy | Redondo Peninsula Energy, Inc. |
| RPT | Real Property Tax |
| RTC | Regional Trial Court |
| Run-of-river hydroelectric plant | Refers to hydroelectric power plants that generates electricity from the natural flow and elevation drop of a river |
| SacaSun | San Carlos Sun Power Inc. |
| SacaSun Plant | Refers to the 59 MWp Greenfield, stand-alone solar power generation project of SacaSun located at San Carlos Ecozone, Barangay Punao, San Carlos City, Negros Occidental |
| SEC | Securities and Exchange Commission of the Philippines |
| SFELAPCO | San Fernando Electric Light & Power Co., Inc. |
| SN Aboitiz Power-Benguet | SN Aboitiz Power – Benguet, Inc. (formerly, SN Aboitiz Power – Hydro, Inc.), which owns and operates the Ambuklao-Binga Hydroelectric Power Complex in Bokod, Benguet |
| SN Aboitiz Power-Magat | SN Aboitiz Power – Magat, Inc., which owns and operates the 360-MW Magat Plant located in Ramon, Isabela and Alfonso Lista, Ifugao, and the 8.5-MW Maris Plant in Ramon, Isabela |

| | |
|------------------------|--|
| SN Aboitiz Power Group | The collective name of companies formed out of the strategic partnership between AboitizPower and SN Power, and refers to MORE and its Subsidiaries, including, SN Aboitiz Power-Benguet, SN Aboitiz Power-Gen, Inc., SN Aboitiz Power-RES, Inc., and SN Aboitiz Power-Magat. |
| SN Power | SN Power AS, a consortium between Statkraft AS and Norfund of Norway |
| SN Power Group | Refers to the group formed by Statkraft AS and Norfund, and is composed of, among others, SN Power AS and Agua Imara AS. It is the leading Norwegian hydropower group with operations in Asia, Africa, and Latin America. |
| SPPC | Southern Philippines Power Corporation |
| SRC | RA No. 8799 or the Securities Regulation Code of the Philippines |
| STEAG Power | STEAG State Power Inc. |
| Subic Enerzone | Subic Enerzone Corporation |
| Subsidiary | In respect of any Person, any entity: (i) who has power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee); (ii) who has exposure, or rights, to variable returns from its involvement with the investee; and (iii) who has ability to use its power over the investee to affect its returns. |
| Systems Loss | Refers to Electric Energy Input minus the Electric Energy Output, as defined in ERC Resolution No. 10-2018. |
| TCIC | Taiwan Cogeneration International Corporation |
| TeaM Energy | Team Energy Corporation |
| TLI | Therma Luzon, Inc. |
| TMI | Therma Marine, Inc. |
| TMO | Therma Mobile, Inc. |
| THC | Tsuneishi Holdings (Cebu), Inc. |

| | |
|-----------------------------------|---|
| THICI | Tsuneishi Heavy Industries (Cebu), Inc. |
| Tiwi-Makban Geothermal Facilities | Refers to the geothermal facilities composed of twelve geothermal plants and one binary plant of APRI located in the provinces of Batangas, Laguna and Albay. |
| TPI | Therma Power, Inc. |
| TPVI | Therma Power-Visayas, Inc. |
| Transco | National Transmission Corporation and, as applicable, NGCP which is the Transco concessionaire |
| TSI | Therma South, Inc. (formerly: Therma Pagbilao, Inc.) |
| TVI | Therma Visayas, Inc. (formerly: Vesper Industrial and Development Corporation) |
| US\$ | The lawful currency of the United States of America |
| VAT | Value Added Tax |
| VEC | Vivant Energy Corporation |
| Visayan Electric | Visayan Electric Company, Inc. |
| VIGC | Vivant Integrated Generation Corporation |
| Vivant Group | Refers to Vivant Corporation and its Subsidiaries |
| WESM | Wholesale Electricity Spot Market |
| WMPC | Western Mindanao Power Corporation |

PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

(1) Overview

Aboitiz Power Corporation (AboitizPower) was incorporated on February 13, 1998 in Cebu City, Philippines as a holding company for the Aboitiz Group's investments in electricity generation and distribution. Ownership in AboitizPower was opened to the public through an initial public offering of its common shares in the PSE on July 16, 2007. As of January 29, 2021, AboitizPower has a market capitalization of ₱177 bn, with a common share price of ₱24.00 per share.

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

The power generation business of AboitizPower is among the leaders in the Philippines in terms of installed capacity.⁷ Moreover, AboitizPower has the second largest distribution utility, in terms of captive customer connections and energy sales⁸, the second largest (in terms of number of customers) and third largest (in terms of share in total retail market demand) RES company.⁹ AboitizPower is a pioneer in building and operation of run-of-river hydropower plants in the country. Today, through its renewable energy Subsidiaries, AboitizPower has the largest installed capacity of renewable energy under its market control.¹⁰

(2) Business Development

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

AboitizPower's portfolio of power generating plants consist of a mix of renewable and non-renewable sources and of baseload and peaking power plants. This allows the Company to address the 24-hour demand of the country with its coal and geothermal plants handling baseload demand, while the hydropower, solar, and oil-based plants handle intermediate to peaking demand. Most of these plants are also capable of providing ancillary services, which are also critical in ensuring a reliable grid operation. Its Generation Companies have an installed capacity which is equivalent to a 15% market share of the national grid's installed generating capacity.¹¹ As of December 31, 2020, AboitizPower owned 4,429 MW of net attributable capacity, of which 3,494 MW is currently operating. The company plans to double in size by the end of the decade and targets increasing its capacity to more than 9,000 MW by 2030. This will come from a portfolio of renewables and selective baseload builds, with the optionality for either coal or gas facilities. AboitizPower's renewable investments are held primarily through its wholly-owned Subsidiary, Aboitiz Renewables, Inc. (ARI) and its Subsidiaries and joint ventures. AboitizPower is a pioneer in the building and operation of run-of-river mini hydropower plants in the country.

AboitizPower also owns interests in nine Distribution Utilities in Luzon, Visayas, and Mindanao, including Visayan Electric and Davao Light, the second and third largest distribution utilities in the Philippines, respectively. AboitizPower's Subsidiaries engaged in the distribution of electricity sold a total of 7,151,601 MWh during 2020.

⁷ Based on Energy Regulatory Commission (ERC) Resolution No. 5 dated June 18, 2019

⁸ Based on DOE's Distribution Development Plan 2016-2025

⁹ ERC Competitive Retail Electricity Market Monthly Statistical Data as of November 2020

¹⁰ Based on ERC Resolution No. 02, Series of 2020 dated 12 March 2020

¹¹ Based on ERC Resolution No. 5, dated June 18, 2019

AboitizPower's power generation business supplies power to various customers under power supply contracts, ancillary service procurement agreements (each, an "ASPA"), and for trading in the Wholesale Electricity Spot Market (WESM). The power distribution business is engaged in the distribution and sale of electricity to end-users, and the RES and Others segment includes retail electricity sales to various off-takers that are considered eligible contestable customers ("Contestable Customers") and provision of electricity-related services, such as installation of electrical equipment. AboitizPower's Subsidiaries engaged in the supply of retail electricity sold a total of 3.26 Terawatt hours (TWh) during 2020.

As of December 31, 2020, AEV owned 77.00% of the outstanding capital stock of AboitizPower, 80.71% was owned by directors, officers and related parties, while the remainder was owned by the public.

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

History and Milestones

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

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

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

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

| Year | Milestones |
|------|--|
| 1998 | Incorporated as a holding company for the Aboitiz Group's investments in power generation and distribution. |
| 2005 | Consolidated its investments in mini-hydroelectric plants in a single company by transferring all of HEDC's and Cleanergy's mini hydroelectric assets to Hedcor, Inc. (Hedcor). |
| 2007 | Entered into a share swap agreement with AEV in exchange for AEV's ownership interest in the following distribution utilities: <ul style="list-style-type: none"> (i) An effective 55% equity interest in Visayan Electric; (ii) 100% equity interest in each of Davao Light and Cotabato Light; (iii) An effective 64% ownership interest in Subic Enerzone; and (i) An effective 44% ownership interest in SFELAPCO. As part of the reorganization of the power-related assets of the Aboitiz Group, the Company: <ul style="list-style-type: none"> (i) Acquired 100% interest in Mactan Enerzone and 60% interest in Balamban Enerzone from AboitizLand; and (ii) Consolidated its ownership interests in Subic Enerzone by acquiring the combined 25% interest in Subic EnerZone held by AEV, SFELAPCO, Okeelanta Corporation, and Pampanga Sugar Development Corporation. These acquisitions were made through a Share Swap Agreement, which involved the issuance of the Company's 170,940,307 common shares issued at the initial public offering (IPO) price of ₱5.80 per share |

| Year | Milestones |
|------|---|
| | in exchange for the foregoing equity interests in Mactan Enerzone, Balamban Enerzone, and Subic Enerzone. |
| | Together with its partner, Statkraft Norfund Power Invest AS of Norway, through SN Aboitiz Power-Magat, acquired possession and control of the Magat Plant following its successful bid in an auction by the Power Sector Assets and Liabilities Management Corporation (PSALM). |
| | Formed Abovant Holdings, Inc. (Abovant) with the Vivant Group as the investment vehicle for the construction and operation of a coal-fired power plant in Toledo City, Cebu ("Cebu Coal Project"). Abovant entered into a Memorandum of Agreement (MOA) with Global Business Power Corporation (Global Power) of the Metrobank group for the acquisition of a 44% equity interest in Cebu Energy Development Corporation (Cebu Energy). |
| | Therma Power, Inc. (TPI) entered into a MOA with Taiwan Cogeneration International Corporation (TCIC) for the Subic Coal Project, an independent coal-fired power plant in the Subic Bay Freeport Zone. Redondo Peninsula Energy, Inc. (RP Energy) was incorporated as the project company. |
| | Acquired 50% of East Asia Utilities Corporation (EAUC) from El Paso Philippines Energy Company, Inc. and 60% of Cebu Private Power Corporation (CPPC). |
| | Purchased 34% equity ownership in STEAG State Power, Inc. (STEAG Power) from Evonik Steag GmbH in August 2007. |
| | Purchased Team Philippines Industrial Power II Corporation Industrial Power II Corp.'s 20% equity in Subic Enerzone. |
| 2008 | SN Aboitiz Power-Benguet submitted the highest bid for the Ambuklao-Binga Hydroelectric Power Complex. |
| | Acquired Tsuneishi Holdings (Cebu), Inc.'s 40% equity ownership in Balamban Enerzone, bringing AboitizPower's total equity in Balamban Enerzone to 100%. |
| 2009 | AP Renewables, Inc. (APRI) acquired the 234-MW Tiwi geothermal power facility in Albay and the 449.8 MW Makiling-Banahaw geothermal power facility in Laguna (collectively referred to as the "Tiwi-MakBan Geothermal Facilities"). |
| | Therma Luzon, Inc. (TLI) became the Independent Power Producer Administrator (IPPA) for the 700-MW contracted capacity of the Pagbilao Coal-Fired Power Plant ("Pagbilao Plant"), becoming the first IPPA of the country. |
| 2010 | Therma Marine, Inc. (TMI), acquired ownership over Mobile 1 (Power Barge 118) and Mobile 2 (Power Barge 117) from PSALM. |
| 2011 | Meralco PowerGen Corporation (MPGC), TCIC, and TPI entered into a Shareholders' Agreement to formalize their participation in RP Energy. MPGC took the controlling interest in RP Energy, while TCIC and TPI maintained the remaining stake equally. |
| | Therma Mobile, Inc. (TMO) acquired four barge-mounted floating power plants and their operating facilities from Duracom Mobile Power Corporation and EAUC. In the same year, the barges underwent rehabilitation and started commercial operations in 2013. |
| 2013 | Aboitiz Energy Solutions, Inc. (AESI) won 40 strips of energy corresponding to 40 MW capacity of Unified Leyte Geothermal Power Plant (ULGPP). The contract between AESI with PSALM with respect to the ULGPP capacity was terminated on October 26, 2019. |
| 2014 | TPI entered into a joint venture agreement with TPEC Holdings Corporation to form Pagbilao Energy Corporation (PEC) to develop, construct, and operate the 400 MW coal-fired Pagbilao Unit 3. |
| | Therma Power-Visayas, Inc. (TPVI) was declared the highest bidder for the privatization of the Naga Power Plant Complex (NPPC). SPC Power Corporation (SPC), the other bidder, exercised its right-to-top under the Naga Power Plant Land-Based Gas Turbine Land Lease Agreement, and PSALM declared SPC as the winning bidder. After protracted legal proceedings, TPVI accepted the turn-over for the NPPC plant on July 16, 2018. |
| | Acquired 100% of Lima Enerzone Corporation (Lima Enerzone), from Lima Land, Inc. (Lima Land), a wholly-owned Subsidiary of AboitizLand. |
| | TPI entered into a Shareholders' Agreement with Vivant Group, for the latter's acquisition of 20% issued and outstanding shares in Therma Visayas, Inc. (TVI). |
| 2015 | ARI formed a joint venture company, San Carlos Sun Power, Inc. (SacaSun), with SunEdison Philippines to explore solar energy projects. In 2017, AboitizPower International completed the acquisition of SunEdison Philippines, and ownership of SacaSun was consolidated in AboitizPower. |
| | TSI commences full commercial operations of its Unit 1. |
| 2016 | TSI commences full commercial operations of its Unit 2. |
| | TPI acquired an 82.8% beneficial ownership interest in GNPowr Mariveles Coal Plant Ltd. Co. (now: GNPowr Energy Center Ltd. Co.) (GMEC) and a 50% beneficial ownership interest in GNPowr Dinginin Ltd. Co. (GNPowr Dinginin or GNPD). |
| | Through TPI, acquired the remaining 50% interest in EAUC from El Paso Philippines. |
| 2018 | Aseagas permanently ceased operations of its 8.8-MW biomass plant in Lian, Batangas. |
| | TPVI accepted the turnover of the Naga Power Plant Complex from PSALM. |

| Year | Milestones |
|------|--|
| | Pagbilao Unit 3 begins commercial operations. |
| | TVI commences commercial operations of Unit 1 |
| 2019 | TMO's facility went into preservation mode and voluntarily disconnected from the grid and deregistered from WESM in February 2019, but registered again with Independent Electricity Market Operator of the Philippines Inc. (IEMOP) and commenced delivery of power to Meralco after signing a PSA in April 2019. |
| | Completed the acquisition of a 49% voting stake and a 60% economic stake in AA Thermal, Inc., which holds the GNPowder Mariveles and GNPowder Dinginin projects, increasing its economic interests in the GMEC and GNPowder Dinginin projects to 78.32% and 72.50%, respectively. |
| | TVI commences commercial operations of Unit 2. |
| 2020 | TPVI started commercial operations. |

AboitizPower plans to enter the rooftop solar business through APX1 and expand the renewable energy portfolio under its Cleanergy brand. AboitizPower's Cleanergy portfolio includes its geothermal, run-of-river hydro, and large hydropower facilities. As of January 31, 2021, AboitizPower has 927 MW of attributable net sellable capacity, through its partners, under its Cleanergy brand. The Company is pushing for a balanced mix strategy – maximizing Cleanergy while taking advantage of the reliability and cost efficiency of thermal power plants.

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

(3) Business of Issuer

(a) Description of Registrant

With investments in power generation, retail electricity supply, and power distribution throughout the Philippines, AboitizPower is considered one of the leading Filipino-owned companies in the power industry. Based on SEC's parameters of what constitutes a significant Subsidiary under Item XX of Annex B (SRC Rule 12), the following are AboitizPower's significant Subsidiaries at present: ARI and its Subsidiaries, and Therma Power and its Subsidiaries. (Please see **Annex "D"** hereof for AboitizPower's corporate structure.)

(i) Principal Products or Services

GENERATION OF ELECTRICITY

AboitizPower's power generation portfolio includes interests in both renewable and non-renewable generation plants. As of December 31, 2020, the power generation business accounted for 95% of earning contributions from AboitizPower's business segments. AboitizPower conducts its power generation activities through the Subsidiaries and Affiliates listed in the table below.

The table below summarizes the Generation Companies' operating results as of December 31, 2020, compared to the same period in 2019 and 2018:

| Generation Companies | Energy Sold | | | Revenue | | |
|-------------------------|-------------|-------|-------|---------------|--------|--------|
| | 2020 | 2019 | 2018 | 2020 | 2019 | 2018 |
| | (in GWh) | | | (in mn Pesos) | | |
| APRI | 3,055 | 2,968 | 2,857 | 11,253 | 12,545 | 12,518 |
| SacaSun | 44 | 49 | 41 | 250 | 269 | 197 |
| Hedcor | 161 | 226 | 172 | 697 | 881 | 694 |
| LHC | 266 | 262 | 291 | 761 | 787 | 970 |
| Hedcor Sibulan | 201 | 191 | 213 | 1,399 | 1,282 | 1,385 |
| Hedcor Tudaya | 33 | 29 | 32 | 261 | 172 | 191 |
| Hedcor Sabangan | 49 | 51 | 53 | 395 | 300 | 315 |
| Hedcor Bukidnon | 261 | 284 | 115 | 1,418 | 1,605 | 573 |
| SN Aboitiz Power-Magat | 1,891 | 2,054 | 2,379 | 5,352 | 6,608 | 7,182 |
| SN AboitizPower-Benguet | 1,936 | 1,975 | 2,085 | 5,668 | 6,065 | 6,070 |
| TLI | 6,686 | 6,812 | 6,808 | 20,505 | 25,410 | 26,603 |

| Generation Companies | Energy Sold | | | Revenue | | |
|-----------------------------------|-------------|-------|-------|--------------------|--------------------|--------------------|
| | 2020 | 2019 | 2018 | 2020 | 2019 | 2018 |
| | (in GWh) | | | (in mn Pesos) | | |
| TSI | 1,531 | 1,393 | 1,959 | 8,276 | 9,099 | 11,141 |
| TVI | 2,232 | 1,710 | 269 | 8,490 | 6,254 | 702 |
| Cebu Energy | 2,025 | 1,900 | 1,978 | 7,719 | 8,578 | 9,728 |
| STEAG Power | 1,845 | 1,840 | 1,840 | 4,022 | 4,791 | 4,373 |
| GMEC | 5,003 | 3,909 | 5,498 | 17,821 | 19,373 | 23,492 |
| WMPC | 819 | 638 | 438 | 1,390 | 1,158 | 1,393 |
| SPPC | 0 | 0 | 161 | 0 | 0 | 161 |
| CPPC | 540 | 550 | 551 | 998 | 1,685 | 1,253 |
| EAUC | 226 | 383 | 368 | 571 | 1,013 | 819 |
| TMI | 743 | 1,200 | 1,432 | 990 | 1,865 | 2,016 |
| TMO | 381 | 938 | 814 | 668 | 1,970 | 1,694 |
| TPVI* | 3 | - | - | 30 | - | - |
| Davao Light** (decommissioned) | 0 | 0 | 0 | Revenue Neutral | Revenue Neutral | Revenue Neutral |
| Cotabato Light** | 0 | 0 | 0 | Revenue Neutral | Revenue Neutral | Revenue Neutral |

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

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

Renewables

Aboitiz Renewables, Inc. (ARI)

AboitizPower has been committed to developing expertise in renewable energy technologies since commencing its operations in 1998. As of January 31, 2021, AboitizPower's renewable energy portfolio comprised attributable net sellable capacity of approximately 1,248.27 MW in operation, divided into 46 MW of solar, 912.27 MW of hydro, and 290 MW of geothermal.

AboitizPower's investments and interests in various renewable energy projects, including geothermal, large hydro, run-of-river hydro, and solar projects, are held primarily through its wholly-owned Subsidiary, ARI and its Subsidiary Generation Companies. ARI was incorporated on January 19, 1995. AboitizPower, through and/or with ARI, owns equity interests in the following Generation Companies, among others:

| Generation Company | Percentage of Ownership | Plant Name (Location) | Type of Plant | Net Sellable Capacity (MW) | Attributable Net Sellable Capacity (MW) | Offtakers |
|----------------------------|-------------------------|--|--------------------|----------------------------|---|----------------------|
| APRI | 100% | Tiwi – Makban (Luzon) | Geothermal | 290 | 290 | WESM/ Bilaterals |
| Hedcor | 100% | Benguet 1-11 (Luzon) La Trinidad, Bineng 3, Ampohaw, FLS, Labay, Lon-oy, Irisan 1 and 3, and Sal-angan | Run-of-river hydro | 52.50 | 52.50 | FIT/ Bilaterals |
| | | Davao 1-5 (Mindanao) Talomo 1, 2, 2A, 2B, and 3 | Run-of-river hydro | 4.57 | 4.57 | Distribution utility |
| | | Manolo Fortich (Mindanao) | Run-of-river hydro | 68.80 | 68.80 | FIT |
| Hedcor Sabangan | 100% | Sabangan (Luzon) | Run-of-river hydro | 14 | 14 | FIT |
| Hedcor Sibulan | 100% | Sibulan (A, B and Tudaya A) (Mindanao) | Run-of-river hydro | 49.10 | 49.10 | Distribution utility |
| Hedcor Tudaya | 100% | Tudaya (B) (Mindanao) | Run-of-river hydro | 7 | 7 | FIT |
| Luzon Hydro Corporation | 100% | Bakun (Ilocos Sur, Luzon) | Run-of-river hydro | 74.80 | 74.80 | NPC (2026) |
| San Carlos Sun Power, Inc. | 100% | SacaSun (Visayas) | Solar | 46 | 46 | WESM |

| Generation Company | Percentage of Ownership | Plant Name (Location) | Type of Plant | Net Sellable Capacity (MW) | Attributable Net Sellable Capacity (MW) | Offtakers |
|--------------------------|-------------------------|----------------------------|---------------------|----------------------------|---|------------------|
| SN Aboitiz Power-Benguet | 60%** | Ambuklao (Benguet, Luzon) | Large Hydroelectric | 105 | 52.50 | WESM |
| | | Binga (Luzon) | Large Hydroelectric | 140 | 70 | WESM/ASPA |
| SN Aboitiz Power-Magat | 60%** | Magat (Luzon) | Large Hydroelectric | 388 | 194 | WESM/Coops/ ASPA |
| | | Maris Main Canal 1 (Luzon) | Run-of-river hydro | 8.50 | 4.25 | FIT |
| Total | | | | 1,248.27* | 927.52* | |

Notes:

* Sum figures will differ due to rounding effect.

**The 60% equity is owned by MORE.

Run-of-River Hydros

Luzon Hydro Corporation (LHC)

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

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

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

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

Hedcor, Inc. (Hedcor)

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

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

The electricity generated from Hedcor's hydropower plants are taken up by Advent Energy, AESI, and Davao Light pursuant to PPAs with the said off-takers. Irisan 1 Hydro sells energy under the Feed-in-Tariff ("FIT") mechanism through a renewable energy payment agreement ("REPA") with the National Transmission Corporation ("Transco"). The remaining electricity is sold through the WESM.

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

During 2020, the Hedcor Group across the country generated a total 956 GWh of Cleanergy, which is lower as compared to 2019's 964 GWh. Over 60% of the decrease was attributable to the insufficient water supply caused by an extended *El Niño* season. Approximately 40% of the decline was due to planned and unplanned outages. Hedcor also recorded a Weighted Unplanned Outage Factor at 0.73% for 2020, which is Hedcor's lowest figure over the past five years. This means that Hedcor's hydropower facilities have been steadily improving plant reliability as the group monitored the lowest record of unprecedented shutdown of hydropower units.

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

Hedcor Sibulan, Inc. (Hedcor Sibulan)

Hedcor Sibulan, a wholly-owned Subsidiary of ARI, owns, operates, and manages the hydropower plants composed of three cascading plants with a total installed capacity of 49.24 MW, located in Santa Cruz, Davao del Sur. Hedcor Sibulan consists of: Sibulan A Hydro, Tudaya 1 Hydro, and Sibulan B Hydro. ERC issued a Provisional Authority to Operate for Tudaya 1 Hydro on March 5, 2019, for Sibulan A Hydro on February 2020, and for Sibulan B Hydro on November 2020. The energy produced by the Sibulan grid is sold to Davao Light through a PSA signed in 2007. The company was incorporated on December 2, 2005.

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

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

Hedcor Tudaya, Inc. (Hedcor Tudaya)

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

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

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

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

Hedcor Sabangan, Inc. (Hedcor Sabangan)

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

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

Hedcor Bukidnon, Inc. (Hedcor Bukidnon)

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

The Manolo Fortich Plant is composed of the 45.9-MW Manolo Fortich 1 Hydro and the 27.39-MW Manolo Fortich 2 Hydro. Both plants harness the power of the Tanaon, Amusig, and Guihean rivers. The construction of the Manolo Fortich plant was completed in 2018.

Persistent rains in the locality that occurred during the second half of 2020 caused soil saturation, erosion, and mudslides resulting in pipe dislocations, pipe bursts, and damage to the high head penstock line of Manolo Fortich 1. Hedcor Bukidnon remains operational at a derated generating capacity, with restoration expected to be completed by the second quarter of 2021.

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

Large Hydros**SN Aboitiz Power-Magat, Inc. (SN Aboitiz Power-Magat)**

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

SN Aboitiz Power-Magat is ARI's joint venture with SN Power, a leading Norwegian hydropower company with projects and operations in Asia, Africa, and Latin America. As of January 31, 2021, SN Aboitiz Power-Magat is 60% owned by MORE, while SN Power Philippines Inc. owns the remaining 40% equity interest. In October 2020, Norway-based Scatec Solar ASA (Scatec) signed a binding agreement to acquire 100% of the shares in SN Power from Norfund for a total equity value of US\$ 1,166 mn. On January 29, 2021, Scatec announced it has received all necessary approvals and that conditions are fulfilled to close the acquisition pursuant to the agreement with Norfund.

The Magat Plant was completed in 1983 and was turned over to SN Aboitiz Power-Magat in April 2007 after winning a bidding process conducted by PSALM in December 2006. As a hydroelectric facility that can be started up in a short period of time, the Magat Plant is suited to act as a peaking plant with the capability to capture the significant upside potential that can arise during periods of high demand. This flexibility allows for the generation and sale of electricity at the peak demand hours of the day. This hydroelectric asset has minimal marginal costs, which AboitizPower believes gives it a competitive advantage in terms of economic dispatch order versus other fossil fuel-fired power plants that have significant marginal costs.

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

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

Inflows during 2020 had a very varied distribution. Magat dam's total inflows for 2020 were 121% of normal, with large inflows concentrated in the fourth quarter of the year. The effects of the *El Niño* climate were felt all the way to the third quarter of 2020, with a transition to *La Niña* in the fourth quarter. The first half dry season of 2020 resulted in 73% of the normal total inflows. The second half wet season recorded 139% of normal inflows, with the third quarter recording only 57% of normal and record-breaking actual inflows during the fourth quarter at 215% of normal due to strong *La Niña* typhoons.

Driven by the unfavorable distribution of inflows, the Magat Plant's total sold quantities from spot energy generation and AS during 2020 was at 1.7 TWh, which is slightly lower than 2019's sold capacity of 1.8 TWh. This is equivalent to a sold capacity factor of 52%, compared to 54% in 2019. Spot and AS revenue for the year 2020 was ₱4.36 bn, 27% lower than 2019's ₱5.95 bn. SN Aboitiz Power-Magat's Bilateral Contract Quantity (BCQ) revenue for 2020 was ₱727 mn, significantly higher than 2019's ₱275 mn. This was mainly driven by the lower spot market prices during 2020 compared to 2019.

In June 2019, SN Aboitiz Power-Magat switched on its first 200kW floating solar project over the Magat reservoir in Isabela. This was the first non-hydro renewable energy project of the SN Aboitiz Power Group, which was looking at other renewables and complementary technologies to expand its portfolio. The SN AboitizPower-Magat floating solar project has proven its viability, both technical and commercial. On October 21, 2020, the company obtained approval for the project to proceed to engineering design for a total of 67 MW. The pilot project and the initial pre-feasibility studies have shown positive results. As of January 31, 2021, SN AboitizPower-Magat is conducting a detailed feasibility study to confirm the commercial and technical viability of the floating solar project. The feasibility study phase is expected to continue until the end of 2021 or up to the first quarter of 2022.

SN AboitizPower-Magat's Battery Energy Storage System ("SN Aboitiz Power BESS") project is located in Ramon, Isabela. It is an energy storage system with a 20-MW capacity and 20-MWh energy storage to be used primarily for ancillary services. Site survey works have been completed as part of the pre-construction and in preparation for the engineering design and permitting for the construction phase. The SN AboitizPower BESS project is expected to commence commercial operations in 2023.

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

SN AboitizPower-Magat retained its Integrated Management System certifications for ISO 14001 for Environmental Management System, ISO 9001 for Quality Management System, ISO 45001 for Occupational Health and Safety Management Systems, and ISO 55001 Asset Management System, as verified and audited by DQS Philippines in 2019. The company recorded 1.7 mn manhours without lost time incident in 2020.

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

SN Aboitiz Power-Benguet is the owner and operator of the Ambuklao-Binga Hydroelectric Power Complex, which consists of the 105-MW Ambuklao HEPP ("Ambuklao Plant") and the 140-MW Binga

HEPP ("Binga Plant"), located in Brgy. Tinongdan, Itogon, Benguet Province. As of January 31, 2021, MORE owns 60% equity interest, while SN Power owns the remaining 40%. The company was incorporated on March 12, 2007.

The Ambuklao-Binga Hydroelectric Power Complex was turned over to SN AboitizPower-Benguet in July 2008. SN AboitizPower-Benguet began a significant rehabilitation project that restored the Ambuklao Plant to operating status and increased its capacity from 75 MW to 105 MW when the plant recommenced operations in 2011. The Binga Plant also underwent refurbishment from 2010 to 2013, which increased capacity to 125 MW. In March 2017, SN Aboitiz Power-Benguet received its amended COC from ERC for all four units of the Binga Plant. The COC reflects Binga's latest uprating, raising its capacity to 140 MW. The Ambuklao and Binga Plants sell capacity from spot energy generation and ancillary services to the national transmission system and related facilities that convey power.

Inflows in Ambuklao dam during 2020 was only 75% of normal, attributable in particular to the very weak *habagat* season which usually dominates third quarter inflows in Benguet. The effects of the *El Niño* climate reached all the way to the third quarter of 2020, and transitioned to *La Niña* in the fourth quarter. The first half dry season of 2020 resulted in 68% of the normal total inflows. The second half wet season recorded 77% of normal inflows, with the third quarter recording actual inflows of only 35% of normal, while the strong *La Niña* typhoons in the fourth quarter led to actual inflows at 167% of normal levels.

Although inflows were lower in the Ambuklao reservoir in 2020 compared to 2019, there was an overall higher AS Capacity Approval and spot sales for SN Aboitiz Power-Benguet. The Ambuklao Plant's total sold capacity from spot energy generation and ancillary services during 2020 was 732 GWh, which was 102% of the capacity sold in 2019 of 717 GWh. This was equivalent to a sold capacity factor of 80% during 2020, as compared to the 78% during 2019. The Binga Plant's total sold capacity from spot energy generation and AS in 2020 was 1.00 TWh, or 97% of the 1.03 TWh sold capacity in 2019. This is equivalent to a sold capacity factor of 82% for 2020, compared to 84% in 2019.

The resulting combined spot and AS revenue of the Ambuklao and Binga Plants for 2020 was ₱4.20 bn, compared to ₱5.29 bn in 2019. SN Aboitiz Power-Benguet's BCQ revenue for 2020 was ₱973 mn, which was significantly lower than 2019's BCQ revenue loss of ₱359 mn. This was mainly driven by the lower spot market prices during 2020 compared to 2019.

Both the Ambuklao and Binga Plants have retained their Integrated Management System certifications (ISO 14001 Environmental Management System, ISO 9001 Quality Management System, and ISO 55001 for Asset Management) in 2020. The company also successfully migrated and got certified to ISO 45001 Occupational Health & Safety Management System from OHSAS 18001. The Ambuklao and Binga Plants jointly have more than 4.7 mn man hours of no lost time incident in 2020.

Geothermal

AP Renewables Inc. (APRI)

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

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

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

The Tiwi-MakBan Geothermal Facilities have generally operated at par or better than industry standards. APRI routinely evaluates and implements various projects while improving coordination with PGPC to improve efficiency levels and counteract the challenges of a declining steam supply.

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

Solar

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

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

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

As of January 31, 2021, the energy generated from the SacaSun Plant benefited more than 6,774 homes within the Visayas Grid and displaced the energy equivalent to 6,365,712 gallons of gasoline or approximately 61,846,065 pounds of coal.

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

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

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

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

As of January 31, 2021, APX 1 has a total of 3.2044 MWp rooftop solar projects, either operating under a Power Purchase Agreement or as a turnkey solution for customers. A number of rooftop PV solar systems were also commissioned in 2020, with an additional 1.722MWp of projects currently under development.

Renewables Pipeline

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

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

As of the end of 2020, one of SN Aboitiz Power-Gen's most significant project is the proposed 390-MW Alimit hydropower complex in Ifugao, which consists of the 120-MW Alimit hydropower plant, the 250-

MW Alimit pumped storage facility (which is currently on hold due to market constraints), and the 20-MW Oilicon hydropower plant (the “Alimit Project”).

The Alimit hydropower complex project completed its feasibility study phase and the Free Prior and Informed Consent (FPIC) process with the indigenous communities in the covered areas. The Environmental Compliance Certificate (ECC) for the complex has been issued by the Department of Environment and Natural Resources (DENR). However, the project has since been put on hold since ground engagements and activities have been restricted by the COVID-19 pandemic.

To contribute to its mandate of adding capacity to the SN Aboitiz Power Group’s portfolio, SN AboitizPower BESS Project was approved to move to the pre-construction phase in 2020. Pertinent permits, contractual agreements, and other technical studies were completed in the same year. Approval to move to the construction phase will be sought in 2021.

Building on its experience in the installation of a pilot-scale floating photovoltaic (FPV) plant, SN Aboitiz Power-Gen completed the pre-feasibility study and commenced the detailed feasibility study for a commercial scale application of the FPV in the Magat reservoir in 2020. The detailed feasibility study is targeted to be completed by November 2021. The company continues to explore and screen potential energy storage and renewable energy projects in the Philippines.

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

Non-Renewable Energy

Therma Power, Inc. (TPI)

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

| Generation Company | Percentage Ownership | Plant Name (Location) | Project Type | Net Sellable Capacity (MW) | Attributable Net Sellable Capacity (MW) | Off-takers |
|--------------------|----------------------|---------------------------------------|----------------|----------------------------|---|----------------------|
| Coal Group | | | | | | |
| TLI | 100% | Pagbilao (Luzon) | Coal-fired | 700 | 700 | Bilaterals/WESM |
| PEC | 50% | Pagbilao 3 (Luzon) | Coal-fired | 388 | 194 | Bilaterals |
| TSI | 100% | TSI Plant (Mindanao) | Coal-fired | 260 | 260 | Bilaterals |
| TVI | 80% | TVI Plant (Visayas) | CFB | 300 | 240 | Bilaterals/WESM |
| TPVI | 100% | Naga Coal Fired Power Plant (Visayas) | Bunker-C fired | 39.27 | 39.27 | WESM |
| CEDC | 26.4% | Cebu Energy (Visayas) | CFB | 216 | 57.02 | Bilaterals |
| GN Power Mariveles | 78.32% | Mariveles Project (Luzon) | Coal-fired | 632 | 494.98 | Bilaterals/WESM |
| STEAG Power** | 34% | STEAG Power Plant (Mindanao) | Coal-fired | 210 | 71.40 | NPC (2031) |
| Oil Group | | | | | | |
| CPPC** | 60% | CPPC Plant (Visayas) | Bunker-C fired | 64 | 38.40 | Distribution utility |
| EAUC | 100% | EAUC Plant (Visayas) | Bunker-C fired | 43.50 | 43.50 | Bilaterals |
| SPPC** | 20% | SPPC Plant (Mindanao) | Bunker-C fired | 55 | 11 | N/A |

| Generation Company | Percentage Ownership | Plant Name (Location) | Project Type | Net Sellable Capacity (MW) | Attributable Net Sellable Capacity (MW) | Off-takers |
|--------------------|----------------------|---------------------------------|----------------|----------------------------|---|---------------------------|
| TMI | 100% | Power Barge Mobile 1 (Mindanao) | Barge-mounted | 96 | 96 | Bilaterals |
| | | Power Barge Mobile 2 (Mindanao) | Barge-mounted | 96 | 96 | Bilaterals |
| TMO | 100% | Power Barges Mobile 3-6 (Luzon) | Barge-mounted | 200 | 200 | Distribution utility/WESM |
| WMPC** | 20% | WMPC Plant (Mindanao) | Bunker-C fired | 100 | 20 | Bilaterals |
| Cotabato Light** | 99.94% | Bunker Cotabato (Mindanao) | Bunker-C fired | 4.45 | 4.45 | N/A |
| Total | | | | 3,404.62 | 2,566.23* | |

* Sum figures will differ due to rounding effect

** Directly owned by AboitizPower

Oil Group

Therma Marine, Inc. (TMI)

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

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

TMI Hybrid BESS (TMI BESS) is one of two battery projects of AboitizPower. Located in Maco, Compostela Valley, TMI BESS has a storage capacity of 49 MW and is intended to be used for ancillary services. Development activities are ongoing to integrate the battery energy storage system with TMI's Maco oil barge. The TMI BESS project is expected to commence commercial operations in 2022.

Therma Mobile, Inc. (TMO)

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

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

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

East Asia Utilities Corporation (EAUC)

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

EAUC has received awards by the DENR-EMB for its commendable role in the Metro Cebu Airshed Governing Board, and by IEMOP for its exemplary compliance in the spot market.

Therma Power-Visayas, Inc. (TPVI)

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

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

On July 16, 2018, PSALM physically turned over the NPPC to TPVI. On August 7, 2020, TPVI commenced commercial operations and has been trading in the WESM.

Cebu Private Power Corporation (CPPC)

CPPC owns and operates a 70-MW Bunker C-fired power plant located in Cebu City, one of the largest diesel-powered plants on the island of Cebu. The company was incorporated on July 13, 1994. Commissioned in 1998, the CPPC plant was constructed to supply 62 MW of power to Visayan Electric. CPPC's current PSA with Visayan Electric is set to expire in 2023.

CPPC is a joint venture company between AboitizPower and the Vivant Group. As of January 31, 2021, AboitizPower beneficially owns 60% of CPPC.

Southern Philippines Power Corporation (SPPC)

SPPC owns and operates a 55-MW Bunker C-fired power plant in Alabel, Sarangani, a town outside General Santos City in Southern Mindanao. The company was incorporated on March 15, 1996.

As of January 31, 2021, AboitizPower has a 20% equity interest in SPPC, a joint venture company among AboitizPower, Alsing Power Holdings, Inc., and Tomen Power (Singapore) Pte. Ltd.

Western Mindanao Power Corporation (WMPC)

WMPC owns and operates a 100-MW Bunker C-fired power station located in Zamboanga City, Zamboanga Peninsula in Western Mindanao. The company was incorporated on March 15, 1996.

As of January 31, 2021, AboitizPower has a 20% equity interest in WMPC, a joint venture company among AboitizPower, Alsing Power Holdings, Inc., and Tomen Power (Singapore) Pte. Ltd.

Coal Group

Therma Luzon, Inc. (TLI)

TLI, a wholly-owned Subsidiary of TPI, was the first IPPA in the country, and assumed the role of the registered trader of the contracted capacity of the 700-MW net (2x350 MW net) Pagbilao coal-fired thermal power plant located in Pagbilao, Quezon (the "Pagbilao Plant"). TLI was incorporated on October 20, 2009.

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

Pagbilao Energy Corporation (PEC)

PEC owns and operates the 400-MW Unit 3 project within the Pagbilao Power Station, located in Pagbilao, Quezon. PEC is a joint-venture between AboitizPower and TeaM Energy, through their respective Subsidiaries, TPI and TPEC Holdings Corporation. The Pagbilao Unit 3 Project is not covered by either TLI's IPPA with PSALM or TeaM Energy's BOT contract with NPC/PSALM. Pagbilao Unit 3 commenced operations in March 2018.

Through TPI, AboitizPower has 50% equity interest in PEC, while TPEC Holdings Corporation owns the remaining 50% as of January 31, 2021.

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

Therma South, Inc. (TSI)

TSI, a wholly-owned Subsidiary of TPI, owns and operates the 300-MW net (2x150MW net) CFB coal-fired power plant located in Davao City and Sta. Cruz, Davao del Sur. TSI was incorporated on November 18, 2008. Commercial operations for Unit 1 and Unit 2 began in September 2015 and February 2016, respectively.

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

Therma Visayas, Inc. (TVI)

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

AboitizPower, through TPI, effectively owns 80% equity interest of TVI as of January 31, 2021. The remaining 20% is held by Vivant Group.

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

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

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

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

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

As of January 31, 2021, Abovant has a 44% equity interest in Cebu Energy, while Global Formosa owns the remaining 56%. Consequently, AboitizPower, through TPI, holds a 26.4% effective ownership interest in Cebu Energy.

Redondo Peninsula Energy, Inc. (RP Energy)

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

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

STEAG State Power Inc. (STEAG Power)

STEAG Power is the owner and operator of a 210 MW (net) coal-fired power plant located in PHIVIDEC Industrial Estate in Misamis Oriental, Northern Mindanao. The company was incorporated on December 19, 1995. The STEAG Power Plant consisting of two units was built under a BOT arrangement and started commercial operations on November 15, 2006. STEAG Power has a 25-year PPA with NPC, which is backed by a Performance Undertaking issued by the Philippine government. One of its two power plant units is currently on economic shutdown as required by NPC/PSALM in accordance with the PPA due to the pandemic quarantine effects and high water level of hydrowater plants. The partial economic shutdown is projected to last until March 31, 2021. STEAG Power ended 2020 with a plant availability rate of 90.11%.

STEAG Power entered into two coal supply agreements in December 2019 that secured the plant's fuel requirements for the next three years on a fixed base and option tonnage.

As of January 31, 2021, AboitizPower has 34% equity interest in STEAG Power following the purchase of said equity from Evonik Steag GmbH (now STEAG GmbH or STEAG). STEAG and La Filipina Uy Gongco Corporation currently hold the remaining 51% and 15% equity, respectively, in STEAG Power.

AA Thermal, Inc.

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

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

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

GNPower Mariveles Energy Center Ltd. Co. ("GMEC"), formerly known as GNPower Mariveles Coal Plant Ltd. Co., is a private limited partnership organized on May 13, 2007 and established to undertake the development, construction, operation, and ownership of an approximately 2x316 MW (net) pulverized coal-fired power plant located in Mariveles, Bataan, Philippines (the "Mariveles Project"). GMEC registered its Amended Articles of Partnership to reflect GMEC's change in partnership name, which was subsequently approved by the SEC on October 14, 2020.

The Mariveles Project is located within an industrial zone on a 60-hectare coastal site near the port of Mariveles, Bataan. The project site lies near the northern entrance to Manila Bay, providing easy and safe shipping access from the West Philippine Sea. The Mariveles Project commenced on January 29, 2010 and was declared commercially available in 2013.

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

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

the necessary approvals from the Board of Investments (BOI) and PCC, TPI completed the acquisition of GMEC and GNPDP on December 27, 2016. Beginning October 13, 2017, through its general and limited partners, AboitizPower's sharing percentage on GMEC's: (i) profits and losses and (ii) distributions, including net distributable liquidation proceeds, has been at 66.0749%.

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

Effectively, the partnership interests in GMEC are owned by: (i) TPI; (ii) ACE Mariveles Power Ltd. Co., a joint venture between AC Energy, Inc. (ACE), a wholly-owned subsidiary of Ayala Corporation, and Power Partners Ltd. Co. (Power Partners); and (iii) Power Partners.

GNPower Dinginin Ltd. Co. (GNPower Dinginin or GNPDP)

GNPDP is a limited partnership organized and established on May 21, 2014 with the primary purpose of developing, constructing, operating, and owning a 2x668 MW (net) supercritical coal-fired power plant to be located in Mariveles, Bataan.

GNPDP started the construction of Unit 1 in September 2016, with delivery thereof targeted to take place by the second quarter 2021. The partnership also proceeded with the expansion of the power plant and achieved its financial closing for Unit 2 in December 2017, with expected target delivery thereof in the fourth quarter of 2021. To date, GNPDP has signed numerous Power Purchase and Sale Agreements with highly-rated distribution utilities and RES.

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

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

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

In 2019, GNPDP renewed its registration with the Freeport Area of Bataan (FAB). As a FAB Registered Enterprise, GNPDP is entitled to the incentives granted under Republic Act No. 9728, the organic law creating the FAB.

The GNPower Dinginin project is in the final stages of construction but continues to face challenges due to the COVID-19 pandemic and travel restrictions. Due to these circumstances, commercial operations dates for Units 1 and 2 are expected to commence in third quarter 2021 and first quarter 2022, respectively.

GNPDP is co-developed by Power Partners, ACE, and TPI. As of January 31, 2021, AboitizPower owns 70% effective partnership interest in GNPDP.

Other Generation Assets

Cotabato Light maintains a stand-by maximum capacity of 4.45-MW Bunker C-fired power plant capable of supplying approximately 14.16% of its requirements as of December 31, 2020.

Future Projects

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

DISTRIBUTION OF ELECTRICITY

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

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

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

The Distribution Utilities' earnings contribution to AboitizPower's business segments in 2020 was equivalent to 28.03%. The Distribution Utilities had a total customer base of 1,068,820 as of year-end 2020, compared to 1,030,726 as of end-2019, and 995,828 as of the end of 2018.

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

| Company | Electricity Sold (MWh) | | | Peak Demand (MW) | | | No. of Customers | | |
|-------------------|------------------------|------------------|------------------|------------------|--------------|--------------|------------------|------------------|----------------|
| | 2020 | 2019 | 2018 | 2020 | 2019 | 2018 | 2020 | 2019 | 2018 |
| Davao Light | 2,476,991 | 2,633,920 | 2,468,192 | 452 | 454 | 421 | 440,304 | 420,666 | 404,574 |
| Cotabato Light | 170,363 | 173,114 | 165,409 | 32 | 31 | 31 | 45,044 | 43,449 | 41,681 |
| Visayan Electric | 3,119,850 | 3,500,781 | 3,159,032 | 583 | 601 | 547 | 462,699 | 450,088 | 437,823 |
| SFELAPCO | 686,694 | 714,948 | 665,425 | 134 | 140 | 134 | 116,293 | 112,091 | 107,536 |
| Subic Enerzone | 262,393 | 329,633 | 423,939 | 56 | 62 | 100 | 3,477 | 3,473 | 3,343 |
| Mactan Enerzone | 99,927 | 117,433 | 123,276 | 21 | 22 | 22 | 87 | 87 | 85 |
| Balamban Enerzone | 92,771 | 101,885 | 100,554 | 28 | 27 | 27 | 29 | 34 | 31 |
| Lima Enerzone | 242,455 | 249,394 | 224,175 | 49 | 44 | 39 | 882 | 834 | 755 |
| Malvar Enerzone | 158 | 51 | N/A | 0.12 | 0.06 | N/A | 5 | 4 | N/A |
| Total | 7,151,601 | 7,821,159 | 7,330,002 | 1,355 | 1,382 | 1,320 | 1,068,820 | 1,030,726 | 995,828 |

Visayan Electric Company, Inc. (Visayan Electric)

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

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

As of 2020, Visayan Electric's total systems loss is at 6.84%. This includes a feeder loss level of 4.94%, which is below the government-mandated feeder loss cap of 6.00%.

Visayan Electric has energized 100% of all the barangays, and electrified 99.60% of all the households within its franchise area. A goal of 100% total electrification is set on December 31, 2022, a year earlier than the national goal set by the DOE.

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

Visayan Electric's Underground Distribution System (UDS) project, which began in 2013, aims to convert overhead conductors to underground cables along Cebu City's Sinulog Route with a total length of approximately five kilometers (kms). To date, approximately 3.3 kms have been completed.

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

Another milestone for Visayan Electric is the construction and completion of the Visayan Electric System Control Center building. This dedicated building was constructed to safeguard the operation of all the substations and remotely-operated devices installed across the entire franchise area.

As of January 31, 2021, AboitizPower directly held a 55.26% equity interest in Visayan Electric. 34.81% is owned by the Vivant Group.

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

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

Davao Light was incorporated on October 11, 1929, and was acquired by the Aboitiz Group in 1946. The company's original 50-year franchise, covering Davao City, was granted in November 1930 by the Philippine Legislature. On December 26, 2020, the President signed into law RA No. 11515 extending Davao Light's franchise for an additional 25 years from 2025, or until 2050.

Thirty-five percent (35%) of the company's power supply mix is from renewable energy sources, including NPC-PSALM, Hedcor Sibulan, Hedcor Bukidnon, and Hedcor's Talomo plant.

Davao Light continuously upgrades its distribution network infrastructure to increase capacity and

adopts digital technology in its substations to enhance the reliability and flexibility in the sub-transmission and distribution network. Its UDS project along C.M Recto St., Davao City which commenced in 2019 has completed civil works construction and installation of electrical equipment and is currently in the testing and commissioning stage.

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

During 2020, Davao Light's total systems loss was at 7.88%. This included a feeder loss of 5.09%, which was below the government-mandated feeder loss cap of 6%.

Cotabato Light and Power Company (Cotabato Light)

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

Cotabato Light also maintains a standby 4.45-MW Bunker C-fired plant capable of supplying approximately 13.98% of its franchise area requirements. The standby power plant, capable of supplying electricity in cases of supply problems with its power suppliers or NGCP and for the stability of voltage whenever necessary, is another benefit available to Cotabato Light's customers.

Cotabato Light's total systems loss in 2020 was 8.88%. This included a feeder loss of 8.24% which was above the government-mandated feeder loss cap of 6.00%. Cotabato Light is continuously innovating its strategies and processes to reduce its system losses.

As of January 31, 2021, AboitizPower directly owned a 99.94% equity interest of Cotabato Light.

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

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

SFELAPCO's franchise in the City of San Fernando, Pampanga covers an area of 78.514 sq. kms. As of January 31, 2021, it includes 616.063 and 1,015.019 circuit-kilometers on its 13.8-kV and 240-volt distribution lines, respectively. SFELAPCO supplies various barangays in certain cities and municipalities of Pampanga.

During 2020, SFELAPCO's systems loss was 4.95%. This included a feeder loss of 3.60%, which was below the government-mandated feeder loss cap of 6%.

As of January 31, 2021, AboitizPower had an effective equity interest of 43.727% in SFELAPCO.

Subic Enerzone Corporation (Subic Enerzone)

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

As of January 31, 2021, Subic Enerzone served a total of 3,484 customers, consisting of 83 industrial locators, 1,250 commercial locators, 2,030 residential customers, 102 streetlights and 19 industrial locators under RES.

In 2020, Subic Enerzone's systems loss was at 3.20%. This included a feeder loss of 2.60%, which was below the government-mandated feeder loss cap of 6.00%.

As of January 31, 2021, AboitizPower owned, directly and indirectly through Davao Light, a 99.98% equity interest in Subic Enerzone.

Mactan Enerzone Corporation (Mactan Enerzone)

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

Mactan Enerzone sources its power from SN Aboitiz Power-Magat and Green Core Geothermal Incorporated pursuant to a CSEE.

As of January 31, 2021, Mactan Enerzone served a total of 53 captive industrial locators, 28 captive commercial locators, and six industrial locators under RES.

In 2020, Mactan Enerzone's total systems loss was 0.97%. This included a feeder loss of 0.43%, which was below the government-mandated feeder loss cap of 6.25%.

As of January 31, 2021, AboitizPower owned a 100% equity interest of Mactan Enerzone.

Balamban Enerzone Corporation (Balamban Enerzone)

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

As of January 31, 2021, Balamban Enerzone served a total of 11 captive industrial customers, 12 captive commercial customers, and 6 contestable industrial customers.

In 2020, Balamban Enerzone's total systems loss was 0.43%. This included a feeder loss of 0.17%, which was below the government-mandated feeder loss cap of 6.25%.

As of January 31, 2021, AboitizPower directly owned a 100% equity interest of Balamban Enerzone.

Lima Enerzone Corporation (Lima Enerzone)

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

As of January 31, 2021, Lima Enerzone served a total of 90 captive industrial locators, 13 captive commercial locators, 749 captive residential customers, eight street lamps, and 18 industrial locators under RES.

In 2020, Lima Enerzone's total systems loss was 5.36%. This included a feeder loss of 0.64%, which was below the government-mandated feeder loss cap of 6.25%.

As of January 31, 2021, AboitizPower directly owns a 100% equity interest of Lima Enerzone.

Malvar Enerzone Corporation (Malvar Enerzone)

Malvar Enerzone was incorporated on June 9, 2017 to serve and provide locators within the Light Industry & Science Park IV (LISP IV) in Malvar, Batangas. Malvar Enerzone is expected to manage the construction, installation, operation, and maintenance of the power distribution of LISP IV for 25 years. LISP IV is expected to have two 50MVA transformers to provide reliable and quality power to locators,

which are mostly from manufacturers and exporters.

In 2020, Malvar Enerzone's total systems loss was 21.98% due to the energization of the two 50MVA power transformer at very minimal load factor. This included a feeder loss of 0.45%, which was below the government-mandated feeder loss cap of 6.25 %.

As of January 31, 2021, AboitizPower directly owned a 100% equity interest of Malvar Enerzone.

RETAIL ELECTRICITY AND OTHER RELATED SERVICES

One of the objectives of electricity reform in the Philippines is to ensure the competitive supply of electricity at the retail level. With the start of commercial operations of Open Access, large-scale customers are allowed to obtain electricity from RES licensed by ERC.

Aboitiz Energy Solutions, Inc. (AESI)

AESI is engaged in the business of a retail energy supplier and energy consolidator. It was granted a license to act as a RES valid until October 28, 2022. The company was incorporated on August 11, 1998.

At the start of commercial operations of Open Access on June 26, 2013, AESI served 42 customers. For the year 2020, AESI supplied retail electricity to a total of 205 customers, with total energy consumption of 2,027.20 mn kWh. As of January 31, 2021, AboitizPower owned a 100% equity interest of AESI.

Adventenergy, Inc. (AdventEnergy)

AdventEnergy was specifically formed to serve Contestable Customers who are located in economic zones. It was granted a license to act as a RES valid until June 17, 2022. The company was incorporated on August 14, 2008.

AdventEnergy differentiates itself from competition by sourcing most of its electricity requirements from a renewable source. As a result, an increasing number of companies are opting to source a part, if not the majority, of their electricity supply from AdventEnergy as an environmental initiative.

During 2020, AdventEnergy supplied retail electricity to 68 customers with a total consumption of 1,057.29 mn kWh.

As of January 31, 2021, AboitizPower owned a 100% equity interest of AdventEnergy.

Prism Energy, Inc. (Prism Energy)

Prism Energy was incorporated in March 2009 as a joint venture between AboitizPower and Vivant Corporation. It was granted a license to act as a RES valid until May 22, 2022.

Prism Energy is envisioned to serve Contestable Customers in the Visayas region. As a RES, Prism Energy provides its customers with contract options for electricity supply that is based on their operating requirements. During 2020, Prism Energy supplied retail electricity to 43 customers with a total energy consumption of 179.92 mn kWh.

As of January 31, 2021, AboitizPower directly owned a 60% equity interest in Prism.

SN Aboitiz Power – Res, Inc. (SN Aboitiz Power - RES)

SN Aboitiz Power-RES is the retail arm of the SN Aboitiz Power Group. It caters to Contestable Customers and electricity consumers using an average of at least 1 MW in the last twelve months across all industries under Open Access. It offers energy supply packages tailored to its customers' needs and preferences.

As of January 31, 2021, MORE owns 60% equity interest in SN Aboitiz Power-RES, with the remaining 40% owned by SN Power Philippines.

(ii) Sales

The operations of AboitizPower and its Subsidiaries and Affiliates are based only in the Philippines.

Comparative amounts of revenue, profitability and identifiable assets are as follows:

| | 2020 | 2019 | 2018 |
|------------------|----------|----------|----------|
| Gross Income | ₱110,377 | ₱125,635 | ₱131,572 |
| Operating Income | 26,880 | 28,856 | 36,497 |
| Total Assets | ₱397,925 | ₱410,469 | ₱389,662 |

Note: Values are in Million Pesos. Operating income is operating revenue net of operating expenses.

Comparative amounts of revenue contribution and corresponding percentages to total revenue by business group are as follows:

| | 2020 | | 2019 | | 2018 | |
|---------------------------|-----------------|-------------|-----------------|-------------|-----------------|-------------|
| Power Generation | ₱74,647 | 55% | ₱84,379 | 53% | ₱85,580 | 54% |
| Power Distribution | 42,991 | 32% | 47,448 | 30% | 46,989 | 29% |
| Retail Electricity Supply | 16,477 | 12% | 24,566 | 15% | 26,191 | 16% |
| Services | 1,308 | 1% | 1,965 | 1% | 1,098 | 1% |
| Total Revenue | 135,423 | 100% | 158,358 | 100% | 159,858 | 100% |
| Less: Eliminations | -25,046 | | -32,723 | | (28,286) | |
| Net Revenue | ₱110,377 | | ₱125,635 | | ₱131,572 | |

Note: Values are in Million Pesos.

(iii) Distribution Methods of the Products or Services

Power Generation Business

The AboitizPower's Generation Companies sell their capacities and energy through bilateral PSAs with private distribution utilities, electric cooperatives, RES, other large end-users, and through the WESM. The Company has Subsidiaries and Affiliates that sell ancillary services through ASPAs with NGCP. The majority of AboitizPower's Generation Companies have transmission service agreements with NGCP for transmission of electricity to the Grid.

Distribution Utilities Business

Ancillary Services are necessary to help ensure a reliable and stable Grid, which co-exist with the energy market or WESM. NGCP signs ASPAs with AS-certified generators to fulfill specific ancillary service requirements per Grid. Currently, SN Aboitiz Power-Magat, SN Aboitiz Power-Benguet, TMI, TMO, TLI, APRI, CEDC, and WMPC have ASPAs with NGCP. In the Luzon grid, the SN Aboitiz Power Group delivers regulating, contingency, and dispatchable reserves, blackstart service, and reactive power support through its Ambuklao, Binga, and Magat Plants. In addition, TLI's Pagbilao and APRI's Makban plants are delivering contingency reserves and Reactive Power Support AS, respectively. In Visayas, AboitizPower delivers Contingency Ancillary Service through CEDC. TMI provides both contingency and dispatchable reserves requirements in Mindanao.

In addition, the run-of-river hydroelectric power plants - Tudaya Hydro 2, Irisan Hydro 1, Sabangan, and Manolo Fortich 1, - all in commercial operations, have been approved for inclusion in the FIT system. Hedcor, Hedcor Tudaya, Hedcor Sabangan, and Hedcor Bukidnon, the legal entities that own and operate the foregoing plants, have entered into REPAs with Transco, in its capacity as FIT-Allowance ("FIT-All") Administrator, for the collection and payment of the FIT. In the absence of WESM in Mindanao, Tudaya Hydro 2, and Manolo Fortich Hydro 1 have entered into RESAs with their host DUs or electric cooperatives. Currently, Hedcor Bukidnon is in the process of converting the COC of 27.387 MW Manolo Fortich 2 to FIT-COC.

AboitizPower's Distribution Utilities have exclusive distribution franchises in the areas where they operate. Each Distribution Utility has a distribution network consisting of a widespread network of predominantly overhead lines and substations. Customers are classified according to voltage levels based on their electricity consumption and demand. Large industrial and commercial consumers receive electricity at distribution voltages of 13.8 kV, 23 kV, 34.5 kV, and 69 kV, while smaller industrial, commercial, and residential customers receive electricity at 240 V or 480 V.

With the exception of Malvar Enerzone, all of AboitizPower's Distribution Utilities have entered into transmission service contracts with NGCP for the use of NGCP's transmission facilities to receive power from PSALM to their respective independent power producers to their respective customers. All customers that connect to the Distribution Utilities' distribution lines are required to pay a tariff approved by ERC.

Retail Electricity Supply Business

AdventEnergy and AESI have existing electricity supply contracts to ensure continuous supply of power to their customers. These companies maintain a portfolio of energy-based supply contracts from renewable and non-renewable sources to secure reliable and affordable electricity for its customers. These electricity supply contracts involve a mix of fixed rate and margin based electricity fees that are updated year on year to ensure that supply is maintained at competitive rates. Prism Energy primarily serves contestable customers under the Visayan Electric franchise.

(iv) New Products/Services

Other than the ongoing Greenfield and/or rehabilitation projects undertaken by AboitizPower's Generation Companies, AboitizPower and its Subsidiaries do not have any publicly announced new products or services as of January 31, 2021.

(v) Competition

Power Generation Business

AboitizPower continues to face competition in both the development of new power generation facilities and the acquisition of existing power plants. Competition for financing these activities, as well as the demand for use of renewable energy sources, remains to be a challenge to AboitizPower's growth and portfolio of assets.

The global pandemic has resulted in a decrease in the consumption of power across the Philippines and this is expected to continue in the short term. With suppressed demand, competition among generation companies is expected to increase as they seek contracts to make up for lost consumption. Nevertheless, AboitizPower believes the Philippines still has long term energy requirements that will continue to grow, attracting many competitors - including multinational development groups and equipment suppliers - to explore opportunities in power generation projects in the Philippines. Accordingly, competition for and from new power projects may increase in line with the expected long-term economic growth trajectory of the Philippines.

In particular, AboitizPower is expected to face competition from leading multinationals such as AES Corporation, Team Energy, The Electricity Generating Public Company Limited (EGCO), and Korea Electric Power Corporation, as well as power generation facilities owned or controlled by Filipino-owned companies such as Global Business Power Corporation, AC Energy, First Gen Corporation, DMCI Holdings, Inc., Meralco PowerGen Corporation, and SMC Global Power.

With the commencement of retail competition and Open Access, these foreign and local generation companies have already set up their own RES business, which include Direct Power RES, and Ecozone Power Management Inc. RES. Of these, the largest player in terms of number of registered Contestable Customers is MPower RES.¹² The main strength of this largest player is its association with the country's largest

¹² Based on ERC's Competitive Retail Electricity Market Report released in December 2020.

distribution utility, Meralco, and the goodwill that comes from its size and dominance.

Retail Electricity Supply Business

Based on ERC's Competitive Retail Electricity Market Monthly Statistical Data as of December 2020, there are 44 RES companies and 25 Local RES companies participating in the Open Access markets in Luzon and Visayas. The Meralco group, through its RES companies, has the largest market share at 35.16%. AboitizPower, through its RES companies, has the second-largest market share at 21.46%,¹³ with contracted capacity of 843.26 MW¹⁴ as of December 2020.

The increase in the number of power plants, the number of RES companies, and volatile oil and coal prices have also increased the level of competition in the Open Access market. RES companies have resorted to both aggressive pricing and contractual concessions.

AboitizPower believes that its portfolio, consisting of different types of energy sources with a mix of renewables and non-renewables, allows it to be flexible in both pricing and reliability of supply, thus enhancing its competitiveness.

Distribution Utilities Business

Each of AboitizPower's Distribution Utilities currently have franchises to distribute electricity in the areas covered by its franchises.

(vi) Sources of Raw Materials and Supplies

Power Generation Business

The Generation Companies produce energy using the following fuel types based on attributable net selling capacity: 17% hydropower, 8% geothermal, 1% solar, 58% coal, and 16% oil. In 2020, renewable fuel sources comprised 27% of attributable net selling capacity, while thermal accounted for 73%.

AboitizPower's run-of-river hydropower facilities harness the energy from the flow of water from neighboring rivers to generate electricity. The hydroelectric companies on their own, or through NPC as in the case of LHC, possess water permits issued by National Water Resources Board (NWRB), which allow them to utilize the energy from a certain volume of water from the applicable source of the water flow.

APRI's steam requirement for its geothermal power generation continues to be supplied by PGPC. The terms of the steam supply are governed by a Geothermal Resources Supply and Services Agreement under which price of steam is ultimately indexed to the Newcastle Coal Index and the Japanese Public Utilities coal price. APRI and PGPC signed a new agreement on August 24, 2018 under which PGPC will drill 12 new production wells with a minimum of 50 MW aggregated individual well capacity by 2023.

Oil-fired plants use Bunker-C fuel to generate electricity. SPPC and WMPC source fuel from Pilipinas Shell Petroleum Corporation and Phoenix Petroleum, respectively. Each of EAUC, CPPC, TMI, TMO, and TPVI has a fuel supply agreement with Shell, Phoenix Petroleum, and/or PTT Philippines Corporation. The fuel prices under these agreements are pegged to the Mean of Platts Singapore index.

TLI has long-term coal supply contracts for both the performance and blending coal requirements of Pagbilao Units 1 and 2. Likewise, a three-year coal supply contract for Pagbilao Unit 3 was signed in 2019.

TVI entered into a long-term coal supply agreement with one of its established coal sources after its successful test firing of another source of coal. Nevertheless, sourcing and evaluation of other coal sources are ongoing for supply diversification and security.

¹³ Excluding SFELAPCO which is 20.284% owned by AboitizPower.

¹⁴ Excluding SFELAPCO which is 20.284% owned by AboitizPower.

Likewise, TSI has annual coal supply contracts for its coal plant in Davao. It applies the same sourcing strategy as that of TLI and TVI where evaluation of other potential coal sources are being conducted in order to establish the most competitive and optimum fuel supply mix.

GNPD, GMEC, STEAG Power, and CEDC also have long-term coal supply agreements.

Power Distribution Business

The rates at which the Distribution Utilities purchase electricity from affiliated Generation Companies are established pursuant to bilateral agreements. These agreements are executed after the relevant Generation Company has successfully bid for the right to enter into a PSA with a Distribution Utility. These agreements are entered into on an arms'-length basis, on commercially reasonable terms, and must be approved by the ERC.

To address long-term power supply requirements, Davao Light and Cotabato Light entered into 25-year PSCs with TSI for 100 MW and 5 MW, respectively, and started drawing their contracted capacity in September 2015. In June 2016, Davao Light and TSI filed a Joint Manifestation with ERC stating that they agreed to supplement and modify their supply contract to 108 MW.

In anticipation of higher demand and lower allocation from PSALM, Davao Light entered into a 10-year PSC with San Miguel Consolidated Power Corporation (SMCPC) for a supply of 60MW in 2016. SMCPC began supplying the 60-MW contracted capacity in February 2018. Davao Light also renewed its Contract to Supply Electric Energy (CSEE) with PSALM for a period of three years from 2018, 2019, and 2020 for 133 MW, 140 MW, and 140 MW, respectively. To cover its peak demand requirement for 2018 to 2021, Davao Light has Non-Firm ESAs with TMI and WMPC for up to 45MW and 60MW, respectively. Furthermore, Davao Light also contracted a 50MW Emergency Power Supply Agreement with SMCPC for 2020 in anticipation of the reported slight *El Niño* in the first quarter that may affect the production of hydroelectric plants of PSALM.

To address long-term power supply requirements, Visayan Electric entered into a 25-year Electric Power Purchase Agreement (EPPA) with CEDC in October 2009 for the supply of 105 MW. In December 2010, Visayan Electric signed a five-year PSA with GCGI for the supply of 60 MW at 100% load factor which was extended for another ten years in October 2014. Visayan Electric also has a PPA with CPPC which is set to expire in 2023, and a 15-year PSA with TVI for the supply of 150 MW beginning 2018.

Malvar Enerzone has a power supply contract with Batangas II Electric Cooperative, Inc. to meet the ecozone's power requirements until its electricity demand is stable.

The provisions of the Distribution Utilities' PPAs are governed by ERC regulations. The main provisions of each contract relate to the amount of electricity purchased, the price, including adjustments for various factors such as inflation indexes, and the duration of the contract. Distribution Utilities also enter into PSAs with various generation companies.

Transmission Charges

AboitizPower's Distribution Utilities have existing Transmission Service Agreements (TSAs) with the NGCP for the use of the latter's transmission facilities in the distribution of electric power from the Grid to its customers, which are valid until the dates specified below:

| Distribution Utility | Valid until |
|----------------------|-------------------|
| Davao Light | January 25, 2024 |
| Lima Enerzone | July 25, 2022 |
| Mactan Enerzone | January 25, 2020* |
| Balamban Enerzone | January 25, 2020* |
| SFELAPCO | December 25, 2023 |
| Cotabato Light | August 25, 2023 |

| Distribution Utility | Valid until |
|----------------------|------------------|
| Visayan Electric | January 25, 2024 |

* The TSA renewals of MEZ and BEZ are currently being finalized for execution with NGCP. Delays are related to restrictions caused by the COVID-19 pandemic.

The Distribution Utilities have negotiated agreements with NGCP in connection with the security deposit to secure their obligations to the NGCP under the TSAs. Malvar Enerzone has already applied and submitted the requirements for connection to the Grid.

(vii) Major Customers

Power Generation Business

As of December 31, 2020, out of the total electricity sold by AboitizPower's Generation Companies, approximately 93% is covered by bilateral contracts with, among others, private distribution utilities, electric cooperatives, and industrial and commercial companies. The remaining, approximately 7%, is sold by the Generation Companies through the WESM.

Retail Electricity Supply Business

As of January 31, 2021, AboitizPower's RES business has approximately 301 Contestable Customers with active contracts, from a wide number of industries, including property development, meat processing, semiconductors, steel, and cement. AboitizPower thus believes that this diversity will insulate its RES business from downturns in any one industry.

Power Distribution Utilities

AboitizPower's Distribution Utilities have wide and diverse customer bases. As such, the Company believes that loss of any one customer is not expected to have a material adverse impact on AboitizPower. The Distribution Utilities' customers are categorized into four principal categories:

- (a) *Industrial customers.* Industrial customers generally consist of large-scale consumers of electricity within a franchise area, such as factories, plantations, and shopping malls;
- (b) *Residential customers.* Residential customers are those who are supplied electricity for use in a structure utilized for residential purposes;
- (c) *Commercial customers.* Commercial customers include service-oriented businesses, universities, and hospitals; and
- (d) *Other customers.* Customers not falling under any of the above categories.

Government accounts for various government offices and facilities are categorized as either commercial or industrial depending on their load. Each Distribution Utility monitors government accounts separately and further classifies them to local government accounts, national government account, or special government accounts like military camps. Streetlights have a different rate category and are thus monitored independently.

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

AboitizPower and its Subsidiaries (the "Group"), in their regular conduct of business, have entered into transactions with Associates and other related parties principally consisting of professional and technical services, power sales and purchases, advances, various guarantees, construction contracts, aviation services, and rental fees. These are made on an arm's-length basis as of the time of the transactions.

Details of the significant account balances of the foregoing related party transactions of the Group can be found in the accompanying consolidated financial statements of the Company.

(ix) Patents, Copyrights and Franchises**Power Generation Business**

Power generation is not considered a public utility operation under RA No. 9136 or the Electric Power Industry Act of 2001 (EPIRA). Thus, a franchise is not needed to engage in the business of power generation. Nonetheless, no person or entity may engage in the generation of electricity unless such person or entity has secured a COC from ERC to operate a generation facility and has complied with the standards, requirements, and other terms and conditions set forth in the said COC.

In its operations, a generation company is required to comply with technical, financial and environmental standards. It shall ensure that facilities connected to the Grid meet the technical design and operation criteria of the Philippine Grid Code, Philippine Distribution Code, and Philippine Electrical Code. It shall also conform with financial standards and comply with applicable environmental laws, rules and regulations.

Cotabato Light has its own generation facilities and is required under the EPIRA to obtain a COC. Davao Light's generation facility was decommissioned last November 26, 2018. For IPPAs such as TLI, the COCs issued to the IPPs of the relevant generation facilities are deemed issued in favor of the IPPAs. As such, the IPPAs are also bound to comply with the provisions of the Philippine Grid Code, Philippine Distribution Code, WESM rules, and applicable rules and regulations of ERC.

AboitizPower's HEPPs are also required to obtain water permits from NWRB for the water flow used to run their respective hydroelectric facilities. These permits specify the source of the water flow that the Generation Companies can use for their hydroelectric generation facilities, as well as the allowable volume of water that can be used from the source of the water flow. Water permits have no expiration date and require their holders to comply with the terms of the permit with regard to the use of the water flow and the allowable volume.

AboitizPower, its Subsidiaries, and Affiliates are in various stages of development of several projects. Some of these projects have been awarded renewable energy service contracts by DOE.

The Generation Companies and Cotabato Light, a Distribution Utility, possess COCs for their power generation plants, details of which are as follows:

| Title of Document | Issued under the Name of | Power Plant | | | | | | Date of Issuance |
|------------------------|--------------------------|-------------|---------------------------|--------------------------------|----------|-------|-------------------------------------|-------------------|
| | | Name | Type | Location | Capacity | Fuel | Economic Life/Term of COC | |
| COC No. 18-12-M-00330L | Hedcor, Inc. | Irisan 3 | Hydroelectric Power Plant | Tadiangan, Tuba, Benguet | 1.20 MW | Hydro | November 5, 2018 - November 4, 2023 | December 11, 2018 |
| COC No.18-12-M-00334L | Hedcor, Inc. | Bineng 3 | Hydroelectric Power Plant | Bineng, La Trinidad, Benguet | 5.625 MW | Hydro | November 5, 2018 - November 4, 2023 | December 11, 2018 |
| COC No. 18-12-M-00329L | Hedcor, Inc. | Ampohaw | Hydroelectric Power Plant | Banengbeng, Sablan, Benguet | 8.00 MW | Hydro | November 5, 2018 - November 4, 2023 | December 11, 2018 |
| COC No. 18-12-M-00336L | Hedcor, Inc. | Sal-angan | Hydroelectric Power Plant | Ampucao, Itogon, Benguet | 2.40 MW | Hydro | November 5, 2018 - November 4, 2023 | December 11, 2018 |
| COC No. 17-04-M-00032L | Hedcor, Inc. | Irisan 1 | Hydroelectric Power Plant | Brgy. Tadiangan, Tuba, Benguet | 3.89 MW | Hydro | April 30, 2017 – April 29, 2022 | April 19, 2017 |

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| Title of Document | Issued under the Name of | Power Plant | | | | | | Date of Issuance |
|-------------------------|--------------------------|---------------------------|---------------------------|---|-----------|-------|---------------------------------------|-------------------|
| | | Name | Type | Location | Capacity | Fuel | Economic Life/Term of COC | |
| COC No. 20-08 -M-00061M | Hedcor, Inc. | Talomo 1 | Hydroelectric Power Plant | Brgy. Malagos, Davao City | 1 MW | Hydro | February 16, 2020 - February 15, 2025 | August 12, 2020 |
| COC No. 20-08 -M-00062M | Hedcor, Inc. | Talomo 2 | Hydroelectric Power Plant | Brgy. Mintal, Davao City | 0.6 MW | Hydro | February 16, 2020 - February 15, 2025 | August 12, 2020 |
| COC No. 20-08 -M-00063M | Hedcor, Inc. | Talomo 2A | Hydroelectric Power Plant | Upper Mintal, Davao City | 0.65 MW | Hydro | February 16, 2020 - February 15, 2025 | August 12, 2020 |
| COC No. 20-08 -M-00064M | Hedcor, Inc. | Talomo 2B | Hydroelectric Power Plant | Upper Mintal, Davao City | 0.3 MW | Hydro | February 16, 2020 - February 15, 2025 | August 12, 2020 |
| COC No. 20-08 -M-00065M | Hedcor, Inc. | Talomo 3 | Hydroelectric Power Plant | Catalunan, Pequeño, Davao City | 1.92 MW | Hydro | February 16, 2020 - February 15, 2025 | August 12, 2020 |
| COC No. 18-12-M-00327L | Hedcor, Inc. | Ferdinand L. Singit Plant | Hydroelectric Power Plant | Poblacion, Bakun, Benguet | 6.40 MW | Hydro | November 5, 2018 - November 4, 2023 | December 11, 2018 |
| COC No. 18-12-M-00335L | Hedcor, Inc. | Lower Labay | Hydroelectric Power Plant | Ampusongan, Bakun, Benguet | 2.40 MW | Hydro | November 5, 2018 - November 4, 2023 | December 11, 2018 |
| COC No. 18-12-M-00328L | Hedcor, Inc. | Lon-oy | Hydroelectric Power Plant | Poblacion, Bakun, Benguet | 3.60 MW | Hydro | November 5, 2018 - November 4, 2023 | December 11, 2018 |
| COC No. 15-05-M-56M | Hedcor Sibulan, Inc. | Sibulan A – Unit 1 | Hydroelectric Power Plant | Brgy. Sibulan, Sta. Cruz, Davao del Sur | 8.164 MW | Hydro | 25 years | May 18, 2015* |
| | | Sibulan A – Unit 2 | | | 8.164 MW | | | |
| COC No. 15-05-M-54M | Hedcor Sibulan, Inc. | Sibulan B – Unit 1 | Hydroelectric Power Plant | Brgy. Sibulan, Sta. Cruz, Davao del Sur | 13.128 MW | Hydro | 25 years | May 18, 2015* |
| | | Sibulan B – Unit 2 | | | 13.128 MW | | | |
| COC No. 19-03-M-00346M | Hedcor Sibulan, Inc. | Tudaya 1 | Hydroelectric Power Plant | Sta. Cruz, Davao del Sur | 6.65 MW | Hydro | March 10, 2019- March 9, 2024 | March 5, 2019 |
| COC No. 18-06-M-00017L | Luzon Hydro Corporation | Bakun AC | Hydroelectric Power Plant | Amilongan, Alilem, Ilocos Sur | 74.80 MW | Hydro | July 30, 2018 – July 29, 2023 | June 20, 2018 |
| COC No. 19-03-M-00013M | Hedcor Tudaya, Inc. | Tudaya 2 – Unit 1 | Hydroelectric Power Plant | Sta. Cruz, Davao del Sur | 5.362 MW | Hydro | April 11, 2019-April 10, 2024 | March 5, 2019 |
| | | Tudaya 2 – Unit 2 | | | 2.775 MW | Hydro | | |

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| Title of Document | Issued under the Name of | Power Plant | | | | | | Date of Issuance |
|------------------------|--|--|-----------------------------------|--|-----------|-------------------|------------------------------------|---------------------|
| | | Name | Type | Location | Capacity | Fuel | Economic Life/Term of COC | |
| COC No. 15-09-M-00023L | Hedcor Sabangan, Inc. | Sabangan Hydro | Hydroelectric Power Plant | Brgy. Namatec, Sabangan, Mountain Province | 14.96 MW | Hydro | 25 years | September 29, 2015* |
| COC No. 19-06-M-00174M | Hedcor Bukidnon, Inc. | Manolo Fortich 1 | Hydroelectric Power Plant | Brgy. Santiago, Manolo Fortich, Bukidnon | 45.936 MW | Hydro | June 18, 2019-June 17, 2024 | June 18, 2019 |
| COC No. 19-06-M-00175M | Hedcor Bukidnon, Inc. | Manolo Fortich 2 | Hydroelectric Power Plant | Brgy. Dalirig, Manolo Fortich, Bukidnon | 27.387 MW | Hydro | June 18, 2019-June 17, 2024 | June 18, 2019 |
| COC No. 17-04-M-15911M | Cotabato Light and Power Company, Inc. | N/A | Bunker C-Fired Diesel Engine | CLPC Compound, Sinsuat Ave., Rosary Heights I, Cotabato City | 9.927 MW | Diesel / Bunker C | January 10, 2017 - January 9, 2022 | April 19, 2017 |
| | | | Blackstart | | 10 kW | Diesel | | |
| COC No. 18-03-M-00002V | East Asia Utilities Corporation | N/A | Bunker C/Diesel Fired Power Plant | Barrio Ibo, MEPZ 1, Lapu-Lapu City, Cebu | 49.60 MW | Bunker C/ Diesel | June 11, 2018 – June 10, 2023 | March 27, 2018 |
| COC No. 18-03-M-00001V | Cebu Private Power Corporation | N/A | Bunker C/Diesel Fired Power Plant | Old Veco Compound, Brgy. Ermita, Carbon, Cebu City | 70.59 MW | Bunker C/ Diesel | June 4, 2018 – June 3, 2023 | March 27, 2018 |
| COC No. 18-12-M-00020M | Western Mindanao Power Corporation | N/A | Bunker C-Fired Power Plant | Malasugat, Sangali, Zamboanga City | 112 MW | Bunker C/Diesel | August 27, 2018 – August 26, 2023 | December 4, 2018 |
| | | N/A | Blackstart | | 160 kW | Diesel | | |
| COC No. 18-12-M-00021M | Southern Philippines Power Corporation | N/A | Bunker C-Fired Diesel Power Plant | Brgy. Baluntay, Alabel, Sarangani Province | 61.72 MW | Bunker C/ Diesel | August 27, 2018 – August 26, 2023 | December 4, 2018 |
| | | | Blackstart | | 160 kW | Diesel | | |
| COC No. 15-11-M-2860L | SN Aboitiz Power – Magat, Inc. (Magat Hydroelectric Power Plant) | Magat Hydroelectric Power Plant – Unit 1 | Hydroelectric Power Plant | Ramon, Isabela and A. Lista, Ifugao | 90 MW | Hydro | 25 years | November 11, 2015* |
| | | Magat Hydroelectric Power Plant – Unit 2 | | | 90 MW | | | |
| | | Magat Hydroelectric Power Plant – Unit 3 | | | 90 MW | | | |
| | | Magat Hydroelectric Power Plant – Unit 4 | | | 90 MW | | | |
| | | Magat Hydroelectric Power Plant | Blackstart | | 600 kW | Diesel | 25 years | |
| COC No. 18-04-M-00150L | SN Aboitiz Power – Magat, Inc. | Maris Main Canal I Hydroelectric Power Plant | Hydroelectric Power Plant | Brgy. Ambatali, Ramon, Isabela | 8.50 MW | Hydro | April 4, 2018 – April 3, 2023 | April 4, 2018 |

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| Title of Document | Issued under the Name of | Power Plant | | | | | | Date of Issuance |
|------------------------|----------------------------------|---|--------------------------------|--|-----------|-------------------|-----------------------------------|------------------|
| | | Name | Type | Location | Capacity | Fuel | Economic Life/Term of COC | |
| COC No. 17-03-M-00309L | SN Aboitiz Power – Benguet, Inc. | Binga Hydroelectric Power Plant – Unit 1 | Hydroelectric Power Plant | Brgy. Tinongdan, Itogon, Benguet | 35.02 MW | Hydro | March 12, 2017 - March 11, 2022 | March 9, 2017 |
| | | Binga Hydroelectric Power Plant – Unit 2 | Hydroelectric Power Plant | | 35.02 MW | | | |
| | | Binga Hydroelectric Power Plant – Unit 3 | Hydroelectric Power Plant | | 35.02 MW | | | |
| | | Binga Hydroelectric Power Plant – Unit 4 | Hydroelectric Power Plant | | 35.02 MW | | | |
| | | Binga Hydroelectric Power Plant | Blackstart Generator Set | | 320 KW | Diesel | | |
| | | Binga Hydroelectric Power Plant | Diesel Auxiliary Generator Set | | 330.40 KW | Diesel | | |
| COC No. 16-08-M-00087L | SN Aboitiz Power – Benguet, Inc. | Ambuklao Hydroelectric Power Plant – Unit 1 | Hydroelectric Power Plant | Brgy. Ambuklao, Bokod, Benguet | 34.85 MW | Hydro | August 31, 2016 - August 30, 2021 | August 18, 2016 |
| | | Ambuklao Hydroelectric Power Plant – Unit 2 | | | 34.85 MW | | | |
| | | Ambuklao Hydroelectric Power Plant – Unit 3 | | | 34.85 MW | | | |
| | | Ambuklao Hydroelectric Power Plant | Auxiliary Generator Set | | 320 KW | Diesel | | |
| | | Ambuklao Hydroelectric Power Plant | Blackstart Generator Set | | 314 KW | Diesel | | |
| COC No. 16-06-M-00016M | STEAG State Power, Inc. | N/A | Coal Fired Power Plant | Phividec Industrial Estate, Balascanas, Villanueva, Misamis Oriental | 232 MW | Coal | August 30, 2016 - August 29, 2021 | June 13, 2016 |
| | | | Emergency Generating Set | | 1.25 MW | Diesel | | |
| COC No. 15-03-S-00013M | STEAG State Power, Inc. | N/A | Diesel Engine | Phividec Industrial Estate, Villanueva, Misamis Oriental | 400 kW | Diesel | 25 years | March 25, 2015* |
| COC No. 15-05-M-00007L | AP Renewables, Inc. | Makban – Bay, Plant A | Geothermal Power Plant | Brgy. Bitin, Bay, Laguna | 63.2 MW | Geo-thermal Steam | 23 years | May 4, 2015* |
| | | Makban – Bay, Plant A | | | 63.2 MW | | | |
| | | Makban – Bay, Plant D | | | 20.0 MW | | | |
| | | Makban – Bay, Plant D | | | 20.0 MW | | | |

SEC FORM 20-IS (INFORMATION STATEMENT)

| Title of Document | Issued under the Name of | Power Plant | | | | | | Date of Issuance |
|--------------------------|--------------------------|------------------------------|-----------------------------------|--|-----------|-------------------|-------------------------------------|---------------------|
| | | Name | Type | Location | Capacity | Fuel | Economic Life/Term of COC | |
| COC No. 15-05-M-00008L | AP Renewables, Inc. | Makban – Calauan, Plant B | Geothermal Power Plant | Brgy. Limao, Calauan, Laguna | 63.2 MW | Geo-thermal Steam | 23 years | May 4, 2015* |
| | | Makban – Calauan, Plant B | | | 63.2 MW | | | |
| | | Makban – Calauan, Plant C | | | 55.0 MW | | | |
| | | Makban – Calauan, Plant C | | | 55.0 MW | | | |
| COC No. 15-05-M-00009L | AP Renewables, Inc. | Makban – Sto. Tomas, Plant E | Geothermal Power Plant | Brgy. Sta. Elena, Sto. Tomas, Batangas | 20.0 MW | Geo-thermal Steam | 23 years | May 4, 2015* |
| | | Makban – Sto. Tomas, Plant E | | | 20.0 MW | | | |
| COC No. 15-11-M-00028L | AP Renewables, Inc. | Plant A, Unit 1 | Geothermal Power Plant | Brgy. Naga, Tiwi, Albay | 60 MW | Geo-thermal Steam | 25 years | November 26, 2015** |
| | | Plant A, Unit 2 | | | 60 MW | | | November 26, 2015* |
| COC No. 15-11-M-286rL | AP Renewables, Inc. | Plant C, Unit 5 | Geothermal Power Plant | Brgy. Cale, Tiwi, Albay | 57 MW | Geo-thermal Steam | 25 years | November 26, 2015** |
| | | Plant C, Unit 6 | | | 57 MW | | | November 26, 2015* |
| COC No. 17-05-M-00105L | AP Renewables, Inc. | MakBan Binary 1 | Geothermal Power Plant | Brgy. Sta. Elena, Sto. Tomas, Batangas | 7.0 MW | Brine | November 7, 2016 - November 6, 2021 | May 15, 2017 |
| COC No. 16-03-M-00286ggM | Therma Marine, Inc. | Mobile 1 | Diesel Power Plant | Brgy. San Roque, MACO, Compostela Valley | 100.33 MW | Diesel | 25 years | March 30, 2016 |
| | | | Blackstart | | 1.68 MW | Diesel | 5 years | |
| COC No. 16-03-M-00286bbM | Therma Marine, Inc. | Mobile 2 | Diesel Power Plant | Brgy. Nasipit, Agusan del Norte | 100.33 MW | Diesel | 25 years | March 30, 2016 |
| | | | Blackstart | | 1.68 MW | Diesel | 5 years | |
| COC No. 17-07-M-00305L | Therma Mobile, Inc. | Barge 1/ Mobile 3 | Bunker C-Fired Diesel Power Plant | Navotas Fish Port Complex, Navotas, Metro Manila | 66 MW | Bunker C/ Diesel | July 9, 2017 - July 8, 2022 | June 22, 2017 |
| COC No. 17-07-M-00306L | Therma Mobile, Inc. | Barge 2/ Mobile 4 | Bunker C-Fired Diesel Power Plant | Navotas Fish Port Complex, Navotas, Metro Manila | 56 MW | Bunker C/ Diesel | July 9, 2017 - July 8, 2022 | June 22, 2017 |
| COC No. 17-07-M-00307L | Therma Mobile, Inc. | Barge 3/ Mobile 5 | Bunker C-Fired Diesel Power Plant | Navotas Fish Port Complex, Navotas, Metro Manila | 57 MW | Bunker C/ Diesel | July 9, 2017 - July 8, 2022 | June 22, 2017 |
| COC No. 17-07-M-00308L | Therma Mobile, Inc. | Barge 4/ Mobile 6 | Bunker C-Fired Diesel Power Plant | Navotas Fish Port Complex, Navotas, Metro Manila | 52 MW | Bunker C/ Diesel | July 9, 2017 - July 8, 2022 | June 22, 2017 |

| Title of Document | Issued under the Name of | Power Plant | | | | | | Date of Issuance |
|----------------------------------|---------------------------------------|---|--|---|-----------|----------|---|--------------------|
| | | Name | Type | Location | Capacity | Fuel | Economic Life/Term of COC | |
| Provisional Authority to Operate | Therma Power-Visayas, Inc. | Naga Oil-Fired Power Plant (NOPP) | Oil-Fired Power Plant | Brgy. Colon, Naga City, Cebu | 44.58 MW | Bunker C | January 6, 2021 – January 5, 2022 | December 16, 2020 |
| | | Blackstart Diesel Engine Generating Unit | Blackstart | | 440 kW | Diesel | | |
| COC No. 15-09-M-00022M | Therma South, Inc. | Unit 1 | Coal Fired Power Plant | Brgy. Binugao, Toril District, Davao City | 150 MW | Coal | January 19, 2016 - August 31, 2020 | January 19, 2016* |
| | | Unit 2 | | | 150 MW | Coal | | |
| COC No. 19-09-S-03902V | Therma Visayas, Inc. | N/A | Diesel Power Plant | Brgy. Bato, Toledo City, Cebu | 1.275 MW | Diesel | September 20, 2019 - September 19, 2024 | September 20, 2019 |
| COC No. 19-06-M-00176V | Therma Visayas, Inc. | Therma Visayas Circulating Fluidized Bed Coal-Fired Power Plant | Circulating Fluidized Bed Coal-Fired Power Plant | Sitio Looc, Brgy. Bato, Toledo City, Cebu | 353.94 MW | Coal | April 15, 2019 - April 14, 2024 | June 26, 2019 |
| COC No. 19-07-M-00040L | TeaM Energy Corporation | Pagbilao Coal Fired Power Plant | Coal Fired Thermal Power Plant | Isla Grande, Ibabang Polo, Pagbilao, Quezon | 751.4 MW | Coal | July 20, 2019 - July 19, 2024 | July 9, 2019 |
| | | | Black Start | | 800 kW | Diesel | | |
| COC No. 18-02-M-00145L | Pagbilao Energy Corporation | Pagbilao Unit 3 Coal Fired Thermal Power Plant | Coal Fired Thermal Power Plant | Isla Grande, Ibabang Polo, Pagbilao, Quezon | 420 MW | Coal | February 20, 2018 – February 19, 2023 | February 20, 2018 |
| | | | Blackstart | | 1.04 MW | Diesel | | |
| COC No. 17-11-M-00282L | GNPower Mariveles Coal Plant Ltd. Co. | Unit 1 | Coal Fired Power Plant | Brgy. Alas-asin, Mariveles, Bataan | 325.8 MW | Coal | December 3, 2017 – December 2, 2022 | November 21, 2017 |
| | | Unit 2 | | | 325.8 MW | | | |
| | | N/A | Blackstart | | 1.68 MW | Diesel | | |

*With a Provisional Authority to Operate (PAO). Awaiting issuance of renewal of COC from ERC.

** Ongoing ERC Technical Inspection for the issuance of PAO or renewed COC.

Distribution Utilities Business

Under EPIRA, the business of electricity distribution is a regulated public utility business that requires a franchise that can be granted only by Congress. In addition to the legislative franchise, a CPCN from ERC is also required to operate as a public utility. However, distribution utilities operating within economic zones are not required to obtain a franchise from Congress, but must be duly registered with PEZA in order to operate within the economic zone.

All distribution utilities are required to submit to ERC a statement of their compliance with the technical specifications prescribed in the Philippine Distribution Code, which provides the rules and regulations for the operation and maintenance of distribution systems, and the performance standards set out in the Implementing Rules and Regulations (IRR) of EPIRA.

Shown below are the respective expiration periods of the Distribution Utilities' legislative franchises:

| Distribution Utility | Franchise | Term | Expiry |
|----------------------|--|--|--------------------------------|
| Visayan Electric | RA No. 9339 | 25 years from effectivity of RA No. 9339. RA No. 9339 was approved on Sept. 1, 2005. | Valid until September 24, 2030 |
| | ERC Certificate No. CPCN-09-01 (ERC Decision dated January 26, 2009, ERC Case No. 2008-095 MC). | 25 years, or from September 24, 2005 to September 24, 2030 | |
| Davao Light | RA No. 11515 | 25 years from expiration of the term granted under RA No. 8960, or from September 7, 2025 to September 7, 2050 (Lapsed into law December 26, 2020) | Valid until September 7, 2050 |
| | ERC CPCN Decision dated February 26, 2002, ERC Case No. 2001-792 | 25 years, or from September 7, 2000 to September 7, 2025 | September 7, 2025 |
| Cotabato Light | RA No. 10637 | 25 years from the expiration of the term granted under Commonwealth Act No. 487, as amended. RA No. 10637 was approved on June 16, 2014. | Valid until June 16, 2039 |
| | ERC Certificate No. CPCN-14-001 (ERC Decision dated December 9, 2019, ERC Case No. 2013-063 MC) | 25 years, or from June 17, 2014 or until June 16, 2039 | |
| SFELAPCO | RA No. 9967 | 25 years from effectivity of RA No. 9967 (Lapsed into law on Feb. 6, 2010) | Valid until March 23, 2035 |
| | ERC Certificate No. CPCN-10-01 (ERC Decision dated August 31, 2010, ERC Case No. 2010-029 MC) | 25 years, or from March 24, 2010 to March 23, 2035 | |
| Subic Enerzone | Distribution Management Service Agreement (DMSA) between Subic Enerzone and joint venture of AEV-Davao Light | Notarized on May 15, 2003. Term of the DMSA is 25 years. | Valid until May 15, 2028. |

Mactan Enerzone, Balamban Enerzone, Lima Enerzone, and Malvar Enerzone which operate the power distribution utilities in MEPZ II, WCIP, LTC, and LISP IV respectively, are duly registered with PEZA as Ecozone Utilities Enterprises.

Retail Electricity Supply Business


Like power generation, the business of supplying electricity is not considered a public utility operation under EPIRA, but is considered a business affected with public interest. As such, EPIRA requires all suppliers of electricity to end-users in the contestable market, other than distribution utilities within their franchise areas, to obtain a license from ERC. With the implementation of Open Access in 2013, AboitizPower's RES Subsidiaries and Generation Companies with RES licenses, AESI, AdventEnergy, APRI, SN Aboitiz Power – Magat, SN Aboitiz Power – RES, Prism Energy, and TLI, have all obtained separate licenses to act as RES and Wholesale Aggregator.

Trademarks

AboitizPower and its Subsidiaries own, or have pending applications for the registration of, intellectual property rights for various trademarks associated with their corporate names and logos. The following table sets out information regarding the trademark applications the Company and its Subsidiaries have filed with the Philippine Intellectual Property Office (Philippine IPO), and their pending trademark applications abroad.

Philippine IPO

| Trademarks/ Description | Owner | Registration No./ Date Issued | Status |
|--|--------------------------------------|--|------------|
| "A Better Future" word mark (Class Nos. 39, 40 and 42) | Aboitiz Power Corporation | 4-2010-004383/ November 11, 2010 Trademark has been renewed on November 11, 2020. | Registered |
| "Better Solutions" word mark (Class Nos. 39, 40 and 42) | Aboitiz Power Corporation | 4-2010-004384/ November 11, 2010 Trademark has been renewed on November 11, 2020. | Registered |
| "AboitizPower" word mark (Class Nos. 39, 40 and 42) | Aboitiz Power Corporation | 4-2010-004385/ November 11, 2010 Trademark has been renewed on November 11, 2020. | Registered |
| "AboitizPower Spiral and Device" device mark with color claim (Class Nos. 39, 40 and 42) | Aboitiz Power Corporation | 4-2010-004380/ February 10, 2011 Trademark has been renewed on February 10, 2021. | Registered |
| "Cleanergy" word mark (Class No. 40) | Aboitiz Power Corporation | 4-2001-007900/ January 13, 2006 Trademark has been renewed on January 13, 2016. | Registered |
| "Cleanergy" word mark for the additional goods and services (Class Nos. 39 and 42) | Aboitiz Power Corporation | 4-2019-000850/ June 9, 2019 | Registered |
| "Cleanergy Get It and Device" device mark with color claim (Class Nos. 39, 40 and 42) | Aboitiz Power Corporation | 4-2010-004381/ November 11, 2010 Trademark has been renewed on November 11, 2020. | Registered |
| "Cleanergy Got It and Device" device mark (Class Nos. 39, 40 and 42) | Aboitiz Power Corporation | 4-2010-004382/ November 11, 2010 Trademark has been renewed on November 11, 2020. | Registered |
| "AboitizPower and Device" device mark with color claim (Class Nos. 39, 40 and 42) | Aboitiz Power Corporation | 4-2010-004379/ February 10, 2011 Trademark has been renewed on February 10, 2021. | Registered |
| Subic EnerZone Corporation and Logo trademark (Class No. 39) | Subic EnerZone Corporation | 4-2006-007306/ August 20, 2007 Trademark has been renewed on August 20, 2017. | Registered |
| Subic EnerZone Corporation and Logo Word mark and device (Class No. 39) | Subic EnerZone Corporation | 4-2006-007305/ August 20, 2007 Trademark has been renewed on August 20, 2017. | Registered |
| "Subic EnerZone Corporation" word mark (Class No. 39) | Subic EnerZone Corporation | 4-2006-007304/ June 4, 2007 Trademark has been renewed on June 4, 2017. | Registered |
| "Cotabato Light" Logo (Class No. 39) | Cotabato Light and Power Corporation | 4-2019-502915/ May 29, 2019 | Registered |
| "Davao Light" Logo (Class No. 39) | Davao Light and Power Corporation | 4-2019-502917/ May 29, 2019 | Registered |
| "Balamban Enerzone" Logo (Class No. 39) | Balamban Enerzone Corporation | 4-2019-502910/ May 29, 2019 | Registered |
| "Mactan Enerzone" Logo (Class No. 39) | Mactan Enerzone Corporation | 4-2019-502911/ May 29, 2019 | Registered |
| "Lima Enerzone" Logo (Class No. 39) | Lima Enerzone Corporation | 4-2019-502912/ May 29, 2019 | Registered |
| "Malvar Enerzone" Logo (Class No. 39) | Malvar Enerzone Corporation | 4-2019-502913/ May 29, 2019 | Registered |

| Trademarks/ Description | Owner | Registration No./ Date Issued | Status |
|---|--|------------------------------------|------------|
| "Subic Enerzone" Logo (Class No. 39) | Subic Enerzone Corporation | 4-2019-502914/ May 29, 2019 | Registered |
| "Visayan Electric" Logo (Class No. 39) | Visayan Electric Company, Inc. | 4-2019-015288/ August 29, 2019 | Registered |
| "MORE" Logo (Class 35) | Manila-Oslo Renewable Enterprise, Inc. | 4-2018-00018077/February 21, 2019 | Registered |
| "SN ABOITIZ POWER" Logo GROUP (Class 35 & 40) | Manila-Oslo Renewable Enterprise, Inc., SN Aboitiz Power-Magat, Inc., and SN Aboitiz Power-Benguet, Inc. | 4-2018-00018076/October 10, 2018 | Registered |
| "SN ABOITIZ POWER-BENGUET, INC." Logo | SN Aboitiz Power-Benguet, Inc. | 4-2014-00005209/ December 29, 2016 | Registered |
| "NURTURE NATURE, NURTURE LIFE" Logo | SN Aboitiz Power-Benguet, Inc. | 4-2011-00001049/ May 19, 2011 | Registered |
| "SNAP ABOITIZ POWER-MAGAT, INC." Logo | SN Aboitiz Power-Magat, Inc. | 4-2014-00005208/March 9, 2017 | Registered |
| "THE POWER TO MAKE A DIFFERENCE" Logo | SN Aboitiz Power-Magat, Inc. | 4-2011-001048/ May 26, 2011 | Registered |
|  Logo | SN Aboitiz Power-Magat, Inc. | 4-2017-00018969/ June 7, 2018 | Registered |

International Trademarks (Madrid Protocol)

AboitizPower has the following registered international trademarks:

| Trademarks | Country of Application |
|---|---|
| AboitizPower Word Mark (Class Nos. 39, 40, 42) | World Intellectual Property Office (WIPO) |
| AboitizPower Word Mark (Class Nos. 30, 40, 42) | Vietnam |
| AboitizPower Word Mark (Class Nos. 39, 40, 42) | Indonesia |
| Cleanergy Word Mark (Class Nos. 39, 40, 42) | WIPO |
| Cleanergy Word Mark (Class Nos. 39, 40, 42) | Vietnam |
| Cleanergy Word Mark (Class Nos. 39, 40, 42) | Indonesia |
| Cleanergy Get It Device (Class Nos. 39, 40, 42) | WIPO |
| Cleanergy Get It Device (Class Nos. 39, 40, 42) | Vietnam |
| Cleanergy Get It Device (Class Nos. 39, 40, 42) | Indonesia |
| Cleanergy Got It Device (Class Nos. 39, 40, 42) | WIPO |
| Cleanergy Got It Device (Class Nos. 39, 40, 42) | Vietnam |
| Cleanergy Got It Device (Class Nos. 39, 40, 42) | Indonesia |
| AboitizPower | Myanmar |
| Aboitiz Power and Device | Myanmar |
| Cleanergy | Myanmar |
| Cleanergy Get It | Myanmar |
| Cleanergy Got It | Myanmar |

The abovementioned trademarks are also in the process of being registered in Malaysia.

(x) Government Approvals

The discussion on the need for any government approval for any principal products or services of the Company and its Subsidiaries, including COCs obtained by the Generation Companies and franchises obtained by the Distribution Utilities, is included in item (ix) Patents, Copyrights and Franchises.

(xi) Effect of Existing or Probable Government Regulations on the Business

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

The Aboitiz Group, closely monitors its compliance with the laws and government regulations affecting its businesses.

1. The Tax Reform for Acceleration and Inclusion (TRAIN Law)

RA No. 10963, otherwise known as the Tax Reform for Acceleration and Inclusion (“TRAIN Law”) was signed into law by President Duterte on December 19, 2017, and took effect on January 1, 2018. Its declared policies are to: (a) enhance the progressivity of the tax system through the rationalization of the Philippine internal revenue tax system, thereby promoting sustainable and inclusive economic growth; (b) provide, as much as possible, an equitable relief to a greater number of taxpayers and their families in order to improve levels of disposable income and increase economic activity; and (c) ensure that the government is able to provide better infrastructure, health, education, jobs, and social protection for the people.

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

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

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

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

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

In addition, House Bill No. 4157, referred to as the Corporate Income Tax and Incentive Rationalization Act (“CITIRA Bill” or “Package 2”) was passed and approved on third and final reading in the House of Representatives on September 13, 2019. The CITIRA Bill is the result of the re-filing of the Tax Reform for Attracting Better and Higher Quality Opportunities (TRABAHO) Bill from the previous 17th Congress. The bill also seeks to reform the country’s fiscal incentives to make it performance-based, targeted, time-bound, and transparent. This means that incentives will be granted based on the number and quality of jobs that will be created, the investments made on research and development and skills training, the capital invested for countrywide infrastructure development, among other criteria. A counterpart bill is currently undergoing deliberations at the committee level in the Senate.

2. CREATE Bill

House Bill No. 4157, referred to as the Corporate Income Tax and Incentive Rationalization Act (“CITIRA Bill” or “Package 2”) was passed and approved on third and final reading in the House of Representatives

on 13 September 2019. The CITIRA Bill is the result of the re-filing of the Tax Reform for Attracting Better and Higher Quality Opportunities (“TRABAHO”) Bill from the previous 17th Congress. The bill also seeks to reform the country’s fiscal incentives to make it performance-based, targeted, time-bound, and transparent. This means that incentives will be granted based on the number and quality of jobs that will be created, the investments made on research and development and skills training, the capital invested for countrywide infrastructure development, among other criteria.

Moreover, the Senate approved Senate Bill No. 1357 on third and final reading on November 26, 2020. Senate Bill No. 1357, also known as the “Corporate Recovery and Tax Incentives for Enterprises Act” (“CREATE Bill”), is the counterpart bill of the CITIRA Bill in the Senate. The salient features of the CREATE Bill are as follows:

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

On February 3, 2021, the House of Representatives and the Senate ratified the bicameral conference committee report of the proposed CREATE Bill. The enrolled bill will be submitted to the President for his approval.

3. Revised Corporation Code

RA No. 11232, also known as the Revised Corporation Code (the “Code”), was signed into law on February 20, 2019 and took effect on February 23, 2019. Among the salient features of the Revised Corporation Code are:

- (a) Corporations are granted perpetual existence, unless the articles of incorporation provide otherwise. Perpetual existence shall also benefit corporations whose certificates of incorporation were issued before the effectivity of the Code, unless a corporation, upon a vote of majority of the stockholders of the outstanding capital stock notifies SEC that it elects to retain its specific corporate term under its current articles of incorporation.
- (b) A corporation vested with public interest must submit to its shareholders and to SEC an annual report of the total compensation of each of its directors or trustees, and a director or trustee appraisal or performance report and the standards or criteria used to assess each director, or trustee.
- (c) The Code allows the creation of a “One Person Corporation” except for banks and quasi-banks, pre-need, trust, insurance, public and publicly-listed companies, among others. This restriction also applies with respect to incorporations as close corporations.
- (d) Material contracts between a corporation and its own directors, trustees, officers, or their spouses and relatives within the fourth civil degree of consanguinity or affinity must be approved by at least two-thirds (2/3) of the entire membership of the Board, with at least a majority of the independent directors voting to approve the same.
- (e) The right of stockholders to vote in the election of directors or trustees, or in shareholders meetings, may now be done through remote communication or *in absentia* if authorized by the corporate by-laws. However, as to corporations vested with public interest, these votes are deemed available, even if not expressly stated in the corporate by-laws. The shareholders who participate through remote communication or *in absentia* are deemed present for purposes of quorum. When attendance, participation, and voting are allowed by remote communication or *in absentia*, the notice of meetings

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

- (f) In case of transfer of shares of listed companies, SEC may require that these corporations whose securities are traded in trading markets and which can reasonably demonstrate their capability to do so, to issue their securities or shares of stock in uncertificated or scripless form in accordance with SEC rules.

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

4. The Philippine Competition Act

RA No. 10667 (the “Philippine Competition Act” or “PCA”) was signed into law on July 21, 2015 and took effect on August 8, 2015. The IRR of the Act (“Philippine Competition Act IRR”) was issued on June 3, 2016. This PCA aims to codify antitrust laws in the Philippines and it provides the competition framework in the country. The Philippine Competition Act was enacted to provide free and fair competition in trade, industry, and all commercial economic activities.

To implement its objectives, the Philippine Competition Act provides for the creation of a Philippine Competition Commission (“PCC”), an independent quasi-judicial agency composed of five commissioners. Among PCC’s powers are to conduct investigations, issue subpoenas, conduct administrative proceedings, and impose administrative fines and penalties. To conduct a search and seizure, PCC must apply for a warrant with the relevant court.

The Philippine Competition Act prohibits anti-competitive agreements between or among competitors, and mergers and acquisitions which have the object or effect of substantially preventing, restricting, or lessening competition. It also prohibits practices which involve abuse of dominant position, such as selling goods or services below cost to drive out competition, imposing barriers to entry or prevent competitors from growing, and setting prices or terms that discriminate unreasonably between customers or sellers or the same goods, subject to exceptions.

The Philippine Competition Act also introduces the pre-notification regime for mergers and acquisitions, which requires covered transactions to be notified to the PCC for its approval.

The merger control regime under the Philippine Competition Act provides that, as a general rule, parties to a merger or acquisition are required to provide notification when: (a) the aggregate annual gross revenues in, into or from the Philippines, or value of the assets in the Philippines of the ultimate parent entity (“UPE”) and that of all the entities it controls of either the acquiring or the acquired entities (“Size of Party”); and (b) the value of the transaction as determined in the Philippine Competition Act IRR (“Size of Transaction”), meet the designated threshold; while parties to a joint venture transaction shall also be subject to the notification requirement if in addition to meeting the Size of Party test, either (x) the aggregate value of the assets that will be combined in the Philippines or contributed into the proposed joint venture, or (y) the gross revenues generated in the Philippines by assets to be combined in the Philippines or contributed into the proposed joint venture, meet the thresholds.

The PCC has also released its “Guidelines on the Computation of Merger Notification Thresholds”, providing the method for calculation of the aggregate value of assets and gross revenues from sales for the purposes of determining whether a proposed merger or acquisition is notifiable to the PCC.

Violations of the Philippine Competition Act and the Philippine Competition Act IRR carry administrative and criminal penalties. A transaction that meets the thresholds but does not comply with the notification requirements and waiting periods shall be considered void and will subject the parties to an administrative fine of 1% to 5% of the value of the transaction. Criminal penalties for entities that enter into these defined anti-competitive agreements include: (i) a fine of not less than ₱110 mn but not more than ₱275 mn; and (ii) imprisonment for two to seven years for directors and management personnel who knowingly and willfully participate in such criminal offenses. Treble damages may be imposed by the PCC or the courts, as

the case may be, where the violation involves the trade or movement of basic necessities and prime commodities.

On September 15, 2017, the PCC published the 2017 Rules of Procedure (“PCC Rules”) which apply to investigations, hearings, and proceedings of the PCC, except to matters involving mergers and acquisitions unless otherwise provided. It prescribes procedures for fact-finding or preliminary inquiry and full administrative investigations by PCC. The PCC Rules also include non-adversarial remedies such as the issuance of binding rulings, show cause orders, and consent orders.

On September 10, 2019, the Supreme Court of the Philippines (“SC”) issued A.M. No. 19-08-06-SC, or the *Rule on Administrative Search and Inspection under the Philippine Competition Act* (“Search and Inspection Rule”). The Search and Inspection Rule governs the application, issuance, and enforcement of an inspection order in relation to administrative investigations of alleged violations of the Philippine Competition Act, its implementing rules and regulations, and other competition laws.

Pursuant to the Bayanihan 2 Act, which was signed into law on September 11, 2020, all mergers and acquisitions with transaction values below ₱50 billion shall be exempt from compulsory notification under the Philippine Competition Act if entered into within a period of two years from the effectivity of the Bayanihan 2 Act. Further, such mergers and acquisitions shall also be exempt from the PCC’s power to review mergers and acquisitions *motu proprio* for a period of one year from the effectivity of the Bayanihan 2 Act. However, transactions entered into prior to the effectivity of the Bayanihan 2 Act which has not yet been reviewed by the PCC, and transactions pending review by the PCC prior to the effectivity of the Bayanihan 2 Act shall not be covered by the exemption from the PCC’s power to review transactions *motu proprio*. Further, mergers and acquisitions entered into during the effectivity of the Bayanihan 2 Act may still be reviewed by the PCC *motu proprio* after one year from the effectivity of the law.

Any voluntary notification shall constitute a waiver to the exemption from review.

With the Bayanihan 2 Act, the thresholds are as follows:

| Test | Old Threshold (effective March 1, 2020) ¹⁵ | New Threshold (effective September 15, 2020) ¹⁶ |
|--------------------------|--|---|
| Size of Party Test | ₱6 bn | ₱50 bn |
| Size of Transaction Test | ₱2.4 bn | ₱50 bn |

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

5. Foreign Investments Act of 1991

RA No. 7042, as amended, otherwise known as the Foreign Investments Act of 1991 (“FIA”), liberalized the entry of foreign investment into the Philippines. Under the FIA, foreigners can own as much as 100% equity in domestic market enterprises except in areas specified in the Eleventh Regular Foreign Investment Negative List (the “Negative List”). This Negative List enumerates industries and activities which have foreign ownership limitations under the FIA and other existing laws. Nationalized activities include, among others, land ownership, telecommunications, mining, and the operation of public utilities.

In connection with the ownership of private land, the Philippine Constitution states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens. While the Philippine Constitution prescribes nationality restrictions on land ownership, there is generally no

¹⁵ PCC Resolution No. 02-2020.

¹⁶ The New Threshold will expire on September 22, 2022, or two years after the effectiveness of the Bayanihan 2 Act.

prohibition against foreigners owning buildings and other permanent structures. However, with respect to condominium developments, the foreign ownership of units in such developments is limited to 40%. A corporation with more than 40% foreign equity may be allowed to lease land for a period of 25 years, renewable for another 25 years.

In addition, under the Philippine Constitution, only citizens of the Philippines or corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens may engage in activities relating to the exploration, development and utilization of natural resources, which covers the utilization of natural resources for the operation of renewable energy power plants.

For the purpose of complying with nationality laws, the term “Philippine National” is defined under the FIA as any of the following:

- (a) a citizen of the Philippines;
- (b) a domestic partnership or association wholly-owned by citizens of the Philippines;
- (c) a corporation organized under the laws of the Philippines of which at least 60% of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines;
- (d) a corporation organized abroad and registered to do business in the Philippines under the Code, of which 100% of the capital stock outstanding and entitled to vote is wholly-owned by Filipinos; or
- (e) a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine National and at least 60% of the fund will accrue to the benefit of Philippine Nationals.

In SEC Memorandum Circular No. 08 dated May 20, 2013, or the Guidelines on Compliance with the Filipino-Foreign Ownership Requirements Prescribed in the Constitution and/or Existing Laws by Corporations Engaged in Nationalized and Partly Nationalized Activities, it is provided that for purposes of determining compliance with the nationality requirement, the required percentage of Filipino ownership shall be applied both to: (a) the total number of outstanding shares of stock entitled to vote in the election of directors, and (b) the total number of outstanding shares of stock, whether or not entitled to vote in the election of directors. A petition for *certiorari* questioning the constitutionality of SEC Memorandum Circular No. 8 dated May 20, 2013 was filed in June 2013. In *Jose M. Roy III v. Chairperson Teresita Herbosa* (G.R. No. 207246) dated April 18, 2017, SC affirmed the validity of SEC Memorandum Circular No. 08 dated May 20, 2013.

In the 2014 case of *Narra Nickel Mining and Development Corporation, et.al vs. Redmont Consolidated Mines Corp* (G.R. No. 195580) and its corresponding motions for reconsideration (the “Narra Nickel Case”), the SC affirmed that the Grandfather Rule, wherein shares owned by corporate shareholders are attributed either as Filipino or foreign equity by determining the nationality not only of such corporate shareholders, but also such corporate shareholders’ own shareholders, until the nationality of shareholder individuals is taken into consideration, is to be used jointly and cumulatively with the Control Test, which merely takes into account the nationality of the listed shareholders of the corporation. Such joint and cumulative application shall be observed as follows: (i) if the corporation’s Filipino equity falls below 60%, such corporation is deemed foreign-owned, applying the Control Test; (ii) if the corporation passes the Control Test, the corporation will be considered a Filipino corporation only if there is no doubt as to the beneficial ownership and control of the corporation; and (iii) if the corporation passes the Control Test but there is doubt as to the beneficial ownership and control of the corporation, the Grandfather Rule must be applied.

6. Data Privacy Act of 2012

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

It mandates companies to inform individuals about their basic rights to privacy and how their personal information is collected and processed. It also ensures that all personal information must be: (i) collected and processed with lawful basis, which includes consent, and only for reasons that are specified, legitimate,

and reasonable; (ii) handled properly, ensuring its accuracy and retention only for as long as reasonably needed; and (iii) discarded properly to avoid access by unauthorized third parties.

Since the effectivity of the IRR on September 9, 2016, all legal entities of AboitizPower have complied with the following mandatory provisions: (i) appointment of a Data Protection Officer; (ii) conduct of a privacy impact assessment; (iii) creation of a privacy knowledge management program; (iv) implementation a privacy and data protection policy; and (v) establishment of a breach reporting procedure. The IRR also provides that companies with at least 250 employees or access to the personal and identifiable information of at least 1,000 individuals are required to register their data processing systems with the National Privacy Commission. The IRR further specifies the only instances when data sharing is allowed, to wit: (a) data sharing is authorized by law, provided that there are adequate safeguards for data privacy and security, and processing adheres to principles of transparency, legitimate purpose and proportionality; (b) in the private sector, data sharing for commercial purposes is allowed upon: (i) consent of data subject, and (ii) when covered by a data sharing agreement; (c) data collected from parties other than the data subject for purpose of research shall be allowed when the personal data is publicly available; and (d) data sharing among government agencies for purposes of public function or provision of a public service shall be covered by a data sharing agreement.

In 2017, AboitizPower launched its data privacy compliance program which is aligned to the implementation of the Information Security Management System (ISMS) for the entire Aboitiz Group. This includes the development and implementation of Data Privacy policies, manuals, supporting guidelines, and procedures. Since then, AboitizPower and its Business Units have been able to establish a fundamental awareness of data privacy principles and the related ISMS philosophies, through various learning channels. The Company maximized the use of e-learning modules, online training platforms, and webinars during the COVID-19 pandemic to minimize the need for physical meetings.

In 2020, AboitizPower rolled out an integrated 1AP Incident Management process, which provides uniform governance across its Business Units on: (a) incident notification, (b) assessment, (c) resolution, (d) verification and stand-down, (e) evidence handling, (f) post-event investigation, (g) business recovery, and (h) incident wrap-up. It includes, among other incident types, information security and data privacy breaches. AboitizPower builds and continues to improve business continuity resilience, especially with regard to Information Security and Data Breach Management.

7. Registration with the Board of Investments (BOI)

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

Policies and Regulations Relating to the Power Industry

1. WESM in Mindanao

On May 4, 2017, the DOE issued DC 2017-05-0009 entitled “*Declaring the Launch of WESM in Mindanao and Providing Transition Guidelines*”. This DOE Circular took effect on June 7, 2017, with the following pertinent provisions:

- (a) Establishment of Mindanao WESM Transition Committee, which will be one of the committees under the PEMC Board;
- (b) Launch of WESM in Mindanao on June 26, 2017, with the commencement of full commercial operations dependent on various conditions precedent, including installation of metering facilities, approval of the

- Price Determination Methodology by ERC, and trial operations of the WESM, among others;
- (c) Conduct of the Trial Operation Program for the WESM;
- (d) Automatic termination of IMEM; and
- (e) Implementation of an Interim Protocol to govern the dispatch and scheduling of power generation plants, while the WESM is still not operational.

WESM in Mindanao was originally targeted to start in October 2018, but was deferred because some conditions precedent for full commercial operations were not yet complied. Trial operations were conducted starting 2018 to ensure the readiness of eventual WESM participants in Mindanao. As of January 31, 2021, participants are still awaiting the announcement of the commercial operations date for WESM in Mindanao.

2. Independent Electricity Market Operator (IEMOP)

On February 4, 2018, DOE issued Circular No. DC2018-01-0002, setting the policy governing the establishment of an independent market operator (IMO) of the WESM. The policy on IMO outlines the mandates of DOE and ERC over the IMO, its guiding principles, composition, including a board composed of at least five members, its functions, WESM's new governing and governance structure, and the conditions for transition.

The IMO transition plan called for the formation of a new company called the IEMOP as an independent market operator, with PEMC remaining as WESM's governing body. Previously, the PEMC oversaw both the operations and governance functions of WESM. The transition also entails the reconstitution of the PEMC Board, with the DOE Secretary relinquishing his chairmanship, paving the way for a PEMC independent of government.

On September 26, 2018, IEMOP formally took over operations of the WESM from PEMC. IEMOP facilitates the registration and participation of generating companies, distribution utilities, directly connected customers or bulk users, suppliers and contestable customers in the WESM. It also determines the hourly schedules of generating units that will supply electricity to the Grid, as well as the corresponding spot-market prices of electricity via its Market Management System.

Currently, the IEMOP is under legislative review by the House Committee on Energy specifically on its roles and functions as well as the legal basis for its establishment. This is in response to several House Resolutions calling for the review of the IEMOP in aid of legislation.

On October 22, 2020, the DOE promulgated Department Circular No. DC2020-10-0021, which adopted amendments to the WESM Rules for the implementation of an Independent Market Operator.

3. Proposed Amendments to the EPIRA

Since the enactment of the EPIRA in 2001, members of Congress have proposed various amendments to the law and its IRR. A summary of the significant proposed amendments are as follows:

- (a) Classification of power projects as one of national significance and imbued with public interest;
- (b) Exemption from VAT on the sale of electricity by generation companies;
- (c) Modification of the definition of the term "Aggregator," which is proposed to refer to a person or entity engaged in consolidating electric power demands of end-users of electricity in the contestable market, for the purpose of purchasing, reselling, managing for optimum utilization of the aggregated demand, or simply pooling the tendering process in looking for a supply of electricity on a group basis;
- (d) Requirement for distribution utilities to conduct public and competitive selection processes or Swiss challenges for the supply of electricity and to fully or adequately contract their future and current energy and demand requirements;
- (e) Grant of access to electric cooperatives over the missionary electrification fund collected through universal charges;
- (f) Exclusion of the following items from the rate base charged by Transco and distribution utilities to the public: corporate income tax, value of the franchise, value of real or personal property held for possible future growth, costs of over-adequate assets and facilities, and amount of all deposits as a condition for rendition and continuation of service;

- (g) Regulation of generation, transmission, distribution, and supply rates to allow Return-on-Rate-Base (RORB) up to 12%;
- (h) Classification of power generation and supply sectors as public utilities, which would be required to secure legislative franchises;
- (i) Prohibition of cross-ownership between generation companies and distribution utilities or any of their subsidiaries, affiliates, stockholders, officials or directors, or the officials, directors, or other stockholders of such subsidiaries or affiliates, including the relatives of such stockholders, officials or directors within the fourth civil degree of consanguinity;
- (j) Prohibition against or restriction on distribution utilities from sourcing electric power supply requirements, under bilateral electric power supply contracts, from a single generation company or from a group of generating companies wholly-owned or controlled by the same interests;
- (k) Lowering of the allowable extent of ownership, operation and control of a company or related groups as determined from the installed generating capacity of the Grid and/or nationally installed generating capacity;
- (l) Exemption or deferral of the privatization of some assets of NPC, such as the Unified Leyte (Tongonan) Geothermal Complexes, Agus and Polangui Complexes, and Angat Dam;
- (m) Expansion of the definition of host communities to include all barangays, municipalities, cities and provinces or regions where hydro generation facilities are located and where waterways or water systems that supply water to the dam or hydroelectric power generating facility are located;
- (n) Prohibition on distribution utilities, except rural electric cooperatives to recover systems losses and placing a 5% cap on recoverable system loss;
- (o) Imposition of a uniform franchise tax for distribution utilities equivalent to 3% of gross income in lieu of all taxes;
- (p) Grant of authority for NPC to generate and sell electricity from remaining assets;
- (q) Removal of the requirement of a joint congressional resolution before the President may establish additional power generating capacity in case of imminent shortage of supply of electricity
- (r) Creation of a consumer advocacy office under the organizational structure of ERC; and
- (s) Extension of lifeline rates.

As of January 31, 2021, proposed amendments are still pending in Congress.

4. Implementation of the Performance-based Rating-setting Regulation (PBR)

On December 13, 2006, ERC issued the Rules for Setting Distribution Wheeling Rates (RDWR) for privately-owned distribution utilities entering Performance-based Regulation (PBR) for the second and later entry points, setting out the manner in which this new PBR rate-setting mechanism for distribution-related charges will be implemented. PBR replaces the RORB mechanism, which has historically determined the distribution charges paid by customers. Under PBR, the distribution-related charges that distribution utilities can collect from customers over a four-year regulatory period is set by reference to projected revenues which are reviewed and approved by ERC and used by ERC to determine the distribution utility's efficiency factor. For each year during the regulatory period, the distribution utility's distribution-related charges are adjusted upwards or downwards taking into consideration the utility's efficiency factor as against changes in overall consumer prices in the Philippines.

ERC has also implemented a Performance Incentive Scheme (PIS) whereby annual rate adjustments under PBR will take into consideration the ability of a distribution utility to meet or exceed service performance targets set by ERC, such as the: (a) average duration of power outages; (b) average time of restoration to customers; and (c) average time to respond to customer calls, with utilities being rewarded or penalized depending on their ability to meet these performance targets.

The second regulatory period of Cotabato Light ended on March 31, 2013, while that of Visayan Electric and Davao Light ended on June 30, 2014. In addition, the second regulatory period of Subic Enerzone and SFELAPCO ended on September 30, 2015. The reset process for the subsequent regulatory period, however, has been delayed due to the issuance by ERC in 2013 of an Issues Paper on the Implementation of PBR for distribution utilities under RDWR. Said paper aims to revisit various matters relating to the reset process. ERC has solicited comments from industry participants and has been holding public consultations on the Issues Paper.

On December 22, 2015, Matuwid na Singil sa Kuryente Consumer Alliance, Inc. (MSK) filed a petition proposing a modified RORB methodology or a modified PBR methodology, wherein the distribution utilities' capital expenditures and rate recovery thereon are approved in advance but the charges to the customers will only commence after the investments have actually been made and validated by ERC auditors. Public consultations were held on various dates in Metro Manila, Cebu, and Davao.

Through ERC Resolution No. 25 Series of 2016 dated July 12, 2016, ERC adopted the Resolution Modifying the RDWR for Privately Owned Distribution Utilities Entering PBR. Based on said Resolution, the Fourth Regulatory Period shall be as follows:

- (a) Cotabato Light: April 1, 2017 to March 31, 2021
- (b) Davao Light and Visayan Electric: July 1, 2018 to June 30, 2022
- (c) SEZ and SFELAPCO: October 1, 2019 to September 30, 2023

On November 21, 2016, ERC posted for comments the draft Regulatory Asset Base (RAB) Roll Forward Handbook for Privately Owned Electricity Distribution Utilities. Public consultations were conducted on said document.

The reset process for the fourth regulatory period has not yet started for all private distribution utilities as the abovementioned ERC rules have not been published yet for its effectivity.

In June 2019, ERC posted for comments its draft Rules for Setting Distribution Wheeling Rates and Issues Paper for the Regulatory Reset of the First Entry Group (Meralco, Cagayan de Oro Electric and Dagupan Electric). Various public consultations were held in the month of July 2019. However, during the July 29, 2019 PBR public consultation, Matuwid na Singil sa Kuryente (MSK) called the attention of ERC to act first on its 2015 petition on rate methodology before proceeding with the reset process. MSK then filed a petition for rulemaking entitled *In the Matter of Petition for Rules Change in Rate Setting Methodology for Distribution Wheeling Rate - Repeal of the Performance-Based Rate Making (PBR) Regulation and Return to Previous Return-on-Rate-Base (RORB) with Modification*, docketed as ERC Case No. 2015-008 RM. ERC issued its Decision dated September 24, 2020 on MSK's petition denying its petition to revert to RORB, without prejudice to its right to submit its comments in the revision of the rules during the next rate reset process of the DUs.

ERC also conducted Power 101 and PBR briefing sessions to various other consumer groups who said that they cannot intelligently comment on the PBR rules without understanding the concepts.

Due to the rules change on PBR, all AboitizPower Distribution Utilities have not undergone the third regulatory period reset. The ERC has engaged the services of Royal Asia Appraisal Corporation to consult on matters relating to PBR and the next regulatory reset. In January 2020, ERC requested private DUs to submit actual or historical expenditure covering the lapsed period. Due to the lockdown and quarantine restrictions, as well as unresolved clarifications as to what has to be provided to the ERC raised by DUs to the ERC through clarificatory meetings, private DUs were not able to provide the data within the timeframe given by ERC.

In relation to this, the ERC issued show cause orders, all dated October 29, 2020, against Cotabato Light (docketed as ERC Case No. 2020-097 SC), Visayan Electric (docketed as ERC Case No. 2020-098 SC), Davao Light (docketed as ERC Case No. 2020-104 SC), and Subic Enerzone (docketed as ERC Case No. 2020-107 SC), requesting the foregoing DUs to explain why they should not be penalized for the incomplete submission of the data requested by the ERC for its actual expenditure review. On January 7, 2021, the foregoing DUs submitted their respective explanations, including a manifestation that all required data has been submitted as of December 29, 2020. ERC has yet to resolve these cases. If found liable, penalty for violation is P50,000.00 per DU, pursuant to ERC Resolution No. 03, series of 2009.

5. ERC Regulation on Systems Loss Cap Reduction

In April 2018, ERC issued Resolution No. 10, Series of 2018 entitled *"A Resolution Clarifying the System Loss Calculation Cap and Providing the Effectivity of the Rules for Setting the Distribution Loss Cap"*. This set of rules provide for the new Distribution System Loss (DSL) cap that can be recovered and charged by distribution utilities to its customers, beginning in the May 2018 billing period.

Under the ERC resolution, the DSL cap for private utilities was set at 6.5% for 2018, 6.25% for 2019, 6.00% for 2020, and 5.50% for 2021. The aforementioned caps are exclusive of sub-transmission and substation losses. The aforementioned rules also provide for a performance incentive scheme (PIS), which is a price-linked reward for distribution utilities, with the goal of reducing the DSL passed on to customers and to promote efficiency in distribution systems in the long term.

The rules allow distribution utilities to use an alternative method in determining an individualized DSL cap that it shall apply subject to the approval of ERC. The individualized cap has two components: one for technical loss (determined using load flow simulations on the distribution utilities' reference distribution system) and another for non-technical loss (which represents the level of non-technical loss that minimizes the costs to consumers). In determining the reasonable level of the individualized DSL cap, costs and benefits must be analyzed from the viewpoint of the customer.

In 2018, Cotabato Light filed an Application for the Individualized Distribution System Loss Cap, requesting, among others, that it be exempted from the 6.5% cap pending the filing and approval of its application for Individualized DSL cap of 7.48% in Technical Loss and 1.77% in Non-Technical Loss and sought approval to use the previous 8.5% DSL cap instead. The case is still pending with ERC as of January 31, 2021.

6. Competitive Selection Process

On June 11, 2015, DOE promulgated Department Circular No. DC2015-06-0008 ("2015 DOE Circular") which mandated all distribution utilities to undergo competitive selection processes ("CSP") in securing PSAs after the effectivity of the said circular. The 2015 DOE Circular also authorized ERC to adopt a set of guidelines for the implementation of the CSP. The 2015 DOE Circular took immediate effect following its publication on June 30, 2015.

On October 20, 2015, ERC issued Resolution No. 13, Series of 2015, entitled, "*A Resolution Directing All Distribution Utilities (DUs) to Conduct a Competitive Selection Process (CSP) in the Procurement of their Supply to the Captive Market*" ("ERC CSP Rules"). This resolution provides that a PSA shall be awarded to a winning Generation Company following a competitive selection process or by direct negotiation, after at least two failed CSPs. For PSAs which were already executed but were not yet filed with the ERC and those that were still in the process of negotiation during the time of the effectivity of the ERC CSP Rules, the relevant distribution utility already had to comply with the CSP requirement before its PSA application would be accepted by the ERC. The ERC CSP Rules took immediate effect following its publication on November 7, 2015.

ERC Resolution 13, Series of 2015, was restated in ERC Resolution No. 1, Series of 2016, entitled, "*A Resolution Clarifying the Effectivity of ERC Resolution No. 13, Series of 2015.*" ERC Resolution No. 1, Series of 2016, extended the date of the effectivity of the CSP requirement from November 7, 2015 to April 30, 2016. It further stated that all PSAs executed on or after the said date would be required, without exception, to comply with the provisions of the ERC CSP Rules.

On February 1, 2018, DOE promulgated DC No. DC2018-02-0003 ("2018 DOE Circular") entitled "Adopting and Prescribing the Policy for the Competitive Selection Process in the Procurement by the Distribution Utilities of Power Supply Agreements for the Captive Market." Through this Circular, DOE issued its own set of guidelines ("DOE CSP Rules") for the procurement by distribution utilities of PSAs for the Captive Market.

Under the DOE CSP Rules, all PSAs shall be procured through CSP, except for the following instances: (1) generation project owned by the distribution utility funded by grants or donations; (2) negotiated procurement of emergency power supply; (3) provision of power supply by any mandated Government-Owned and Controlled Corporation (GOCC) for off-grid areas prior to, and until the entry of New Power Providers (NPP); and (4) provision of power supply by the PSALM through bilateral contracts. A PSA may also be entered into by direct negotiation if the CSP fails twice. The DOE CSP Rules took effect upon its publication on February 9, 2018.

The validity of ERC CSP Rules and ERC Resolution No. 1, Series of 2016, was challenged before the SC on the ground that ERC, in issuing the said resolutions, amended the 2015 DOE Circular and effectively postponed

the date of effectivity of the CSP requirement. Consequently, on May 3, 2019, the SC in the case of *Alyansa Para sa Bagong Pilipinas, Inc. v. ERC (G.R. No. 227670)*, declared the first paragraph of Section 4 of the ERC CSP Rules and ERC Resolution No. 1, Series of 2016, as void *ab initio*. The SC further ruled that all PSAs submitted to ERC on or after June 30, 2015 shall comply with the CSP and that upon compliance with the CSP, the power purchase cost resulting from such compliance shall retroact to the date of the effectivity of the complying PSA, but in no case earlier than June 30, 2015, for purposes of passing on the power purchase cost to the consumers.

In December 2020, the DOE posted a draft Department Circular amending the 2018 DOE Circular. The final version has not yet been published as of January 31, 2021.

7. Adopting a General Framework Governing the Provision and Utilization of Ancillary Services in the Grid

On December 4, 2019, DOE issued Department Circular No. DC2019-12-0018 entitled “Adopting a General Framework governing the utilization of Ancillary Services (AS) in the Grid” (“AS Circular”). The policy seeks to ensure the reliability, quality and security of the supply of electricity by adhering to principles that will provide the safe and reliable operation of the grid by taking into account the entry of emerging technologies and the intermittency of variable renewable energy generating resources.

Included in the policy is the creation of an Ancillary Services Technical Working Group (AS-TWG) that will render technical assistance and advice to DOE in developing further policies on AS. One of the main functions of the AS-TWG is to review the Philippine Grid Code (PGC) (2016 edition) to address issues on the implementation of new AS categories and Primary Response requirement. The circular orders the System Operator to ensure optimal procurement of the required Ancillary Services.

Pending the harmonization of AS-related issuances and review of the relevant provisions of PGC 2016, the classification and required levels of AS shall be in accordance with the AS categories prior to PGC 2016.

According to the AS Circular, prior to the commercial operation of the Reserve Market, the SO shall ensure compliance with its obligation to procure the required level and specifications of AS in line with the following:

- (a) Regulating, Contingency, and Dispatchable Reserves shall be procured through firm contracts only;
- (b) Reactive Power Support AS and Black Start AS shall be procured through firm contracts only; and
- (c) The protocol for the central scheduling of energy and contracted reserves in the WESM shall still apply, in accordance with the WESM Rules and relevant Market Manuals.

Upon the commercial operation of the Reserve Market, the following rule shall govern the procurement of AS:

- (a) SO shall procure Regulating, Contingency, and Dispatchable Reserves through firm contracts and the Reserve Market provided that the contracted levels per reserve region shall be as follows:
 - (i) Regulating Reserve - Equivalent to 50% of the Regulating Reserve requirement;
 - (ii) Contingency Reserve - Equivalent to 50% of the dependable capacity of the largest generating unit;
 - (iii) Dispatchable Reserve - Equivalent to 50% of the dependable capacity of the second largest generating unit.

8. Ancillary Services Pricing and Cost Recovery Mechanism

Reserves are forms of ancillary services that are essential to the management of power system security. The provision of reserves facilitates orderly trading and ensures the quality of electricity.

On December 2, 2014, DOE issued Circular No. 2014-12-0022, otherwise known as the Central Scheduling and Dispatch of Energy and Contracted Reserves. The circular aims to prepare the market participants in the integration of ancillary reserves into the WESM. The ancillary service providers will be paid based on their respective ASPAs with NGCP, while the scheduling of capacity and energy will be based on market results.

On September 14, 2018, NGCP filed a Petition seeking the Commission's approval of its proposed amendments to the Ancillary Services – Cost Recovery Mechanism, docketed as ERC Case No. 2018-005 RM. The decision of the ERC on these amendments remains pending.

Currently, the existing cost-recovery mechanism for Ancillary Services shall continue to be implemented until a new mechanism is recommended by the AS-TWG and adopted by ERC.

9. Energy Efficiency and Conservation Act

RA No. 11285 or the Energy Efficiency and Conservation Act ("ECC") was signed into law on April 12, 2019. This act established a framework for introducing and institutionalizing fundamental policies on energy efficiency and conservation, including the promotion of efficient utilization of energy, increase in the utilization of energy efficiency and renewable energy technologies, and delineation of responsibilities among various government agencies and private entities.

Under the law, all government agencies, including government-owned corporations, are directed to ensure the efficient use of energy in their respective offices, facilities, transportation units, and in the discharge of their functions. DOE will also be authorized to develop a Minimum Energy Performance (MEP) standard for the commercial, industrial, and transport sectors, and energy-consuming products including appliances, lighting, electrical equipment, and machinery, among others. DOE is also tasked to prescribe labeling rules for all energy-consuming products, devices, and equipment.

DOE will develop and enforce a mandatory energy efficiency rating and labeling system for energy-consuming products, such as air conditioners, refrigeration units, and television sets, to promote energy-efficient appliances and raise public awareness on energy saving. The law also calls for fuel economy performance labeling requirements for vehicle manufacturers, importers, and dealers. LGUs are tasked to implement the Guidelines on Energy Conserving Design on Buildings for the construction of new buildings.

Under the ECC's IRR dated November 22, 2019, DOE can visit designated establishments to inspect energy-consuming facilities, evaluate energy-management systems and procedures, identify areas for efficiency improvement, and verify energy monitoring records and reports and other documents related to the compliance requirements within office hours and with an authorized representative of the establishment present. The IRR also calls for the commissioning of a certified conservation officer and energy manager to ensure compliance and be responsible for managing energy consumption, administering programs, and other responsibilities under the law.

Other Department Circulars promulgated by the DOE in relation to the ECC are as follows:

- (a) Department Circular No. DC2020-06-0015 "Prescribing the Guidelines of the Philippine Energy Labeling Program (PELP) for Compliance of Importers, Manufacturers, Distributors and Dealers of Electrical Appliances and other Energy-Consuming Products (ECP)", which aims to empower consumers in choosing energy efficient products at the point of sale, help realize energy savings and reduction of energy consumption/bills through the use of energy efficient products; and reduce greenhouse gas emissions.
- (b) Department Circular No. DC2020-06-0016 "Prescribing the Minimum Energy Performance for Products (MEPP) covered by the Philippine Energy Labeling Program (PELP) for Compliance of Importers, Manufacturers, Distributors, Dealers and Retailers of Energy-Consuming Products)", which aims to eliminate the entry and sale of inefficient and substandard products in the local market; and reduce greenhouse gas emissions;
- (c) Department Order No. 2020-01-0001 "Organizing the Inter-Agency Energy Efficiency and Conservation Committee (IAEECC)"; and
- (d) Department Circular No. DC2020-12-0026 "Adoption of the Guidelines for Energy Conserving Design of Buildings", aims to encourage and promote the energy conserving design of buildings and their services to reduce the use of energy with due regard to the cost effectiveness, building function, and comfort, health, safety, and productivity of the occupants.

10. Energy Virtual One-Stop Shop Act

RA No. 11234 or the Energy Virtual One-Stop Shop Act (EVOSS Law) was signed into law by President Duterte on March 8, 2019 and became effective on March 29, 2019. DOE issued the IRR on June 24, 2019. Under the EVOSS Law, prospective power generation, transmission, or distribution companies can apply, monitor, and receive all the necessary permits, and even pay for charges and fees, through the online platform called Energy Virtual One-Stop Shop (EVOSS) once it takes effect, cutting down the lengthy permitting process for the development of power projects. The EVOSS online system will be managed and maintained by DOE, while its operations will be monitored by the EVOSS Steering Committee.

EVOSS applies to all new generation, transmission, and distribution projects throughout the country as well as government agencies and other relevant entities involved in the permitting process. The system provides a secure and accessible online processing system; recognizes the legal effect, validity, and enforceability of submitted electronic documents; and develops an online payment system for all fees for securing permits or certifications. The system enables government agencies involved in pending power projects to operate under a streamlined permitting process utilizing a uniform application template and in compliance with mandated processing timelines as identified in the law. The entire process will be using a system that utilizes electronic documents and monitors permit status via an online system.

The promulgation of the EVOSS law, along with the implementation of the online system it mandates, is expected to substantially hasten the development of power projects. It has the potential to address delays brought about by lengthy government permitting processes and ultimately encourages the private sector to invest more in the power sector.

The DOE conducted a series of virtual orientations targeting potential users to maximize utilization of the EVOSS online platform. The implementation of the EVOSS Online Platform aims to further streamline and simplify the permitting process for the electric power industry participants and prospective investors. This is with the end view of having timely completion of energy projects towards ensuring energy supply security.

11. Net Metering

The DOE promulgated Department Circular No. DC 2020-10-0022 or the Net Metering Program for Renewable Energy System, which aims to encourage and further promote electricity End-Users' participation in the Net-Metering Program by enhancing the current policies and commercial arrangements while ensuring the economic and technical viability of the DU.

Pertinent provisions include:

- (a) Banking of Net-Metering Credits - All Net-Metering Credits shall be banked for a maximum of one calendar year. Any excess of balance Net-Metering credits at the end of each calendar year shall be forfeited.
- (b) Application to Off-Grids or Isolated Grid Systems - The Net-Metering Program for End-User shall be allowed even in areas not connected to the country's three major national electrical transmission grids.
- (c) Publication of Hosting Capacities for Net-Metering - The DUs shall publish in their website the respective Net-Metering programs, processes, and procedures, including hosting capacities on a per feeder or sector basis.
- (d) Responsibility of the Local Government Units (LGUs) - All LGUs are enjoined to strictly comply with the provisions of RA No. 11234 (EVOSS Act), RA No. 11032 (Ease of Doing Business and Efficient Government Service Delivery Act of 2018) in processing permits and licenses related to applications for Net-Metering arrangements.
- (e) Responsibility of the National Electrification Administration (NEA) - The NEA shall provide the necessary assistance in promoting the Net-Metering Program to all electric cooperatives nationwide.
- (f) Development of Net-Metering Guidebook - A guidebook on procedures and standards shall be developed by the DOE to be used by all stakeholders. The Renewable Energy Management Bureau shall prepare the Net Metering Guidebook, within six months from the effectiveness of this Circular.

The Net Metering Program became effective on December 18, 2020.

12. Reliability Performance Indices

On December 16, 2020, the ERC published on its website Resolution No. 10, Series of 2020, entitled "A Resolution Adopting the Interim Reliability Performance Indices and Equivalent Outage Days Per Year of Generating Units".

This resolution aims to monitor the reliability performance of all Generating Units at operations and maintenance level, regularly determine and specify the reliability performance of the Grid, aid the power industry in evaluating reliability and availability of Generating Plants, and promote accountability of Generation Companies in order to achieve greater operation and economic efficiency. It applies to all Generation Companies with Conventional and Non-Variable Renewable Energy Generating Plants connected to the Grid, including Embedded Generating Plants, which have an aggregated capacity of 5MW and above. It includes the requirement for the System Operator (SO) and Transmission Network Provider (TNP) to utilize the allowable planned outage days in Table 1 of the Resolution as a guide in preparing the Grid Operating and Maintenance Program. If the SO and TNP shall utilize unplanned outages beyond what is allowed in Table 1, the same shall provide a report as to the reason for such consideration.

13. Prescribing Revised Guidelines for Qualified Third Party

On November 22, 2019, DOE promulgated Department Circular No. DC 2019-11-0015 also known as the "Revised Guidelines for Qualified Third Party". The Qualified Third Party (QTP) Guideline Policy is an initiative that was prescribed in the EPIRA, which shall assist the distribution utilities in ensuring and accelerating the total electrification of the country.

The policy provides revisions to the existing guidelines covering the qualifications and participation of QTPs in the provision of electric services to "Unviable Areas" within the respective franchise areas of distribution utilities and electric cooperatives. As part of the Scope of the Revised QTP Guidelines, the policy shall apply to the provision of electricity services in defined as unviable areas, which include unserved and underserved electricity customers, within the franchise areas of distribution utilities.

In view of the DOE policy, as of January 31, 2021, the ERC is working on its amendments to the 2006 Rules on the Regulation of Qualified Third Parties Performing Missionary Electrification in Areas Declared Unviable by the DOE.

14. Providing a Framework for Energy Storage System in the Electric Power Industry

On September 18, 2019, DOE promulgated Department Circular No. DC2019-08-0012 also known as "Providing a Framework for Energy Storage System in the Electric Power Industry", which governs the regulation and operation of energy storage systems (ESS). The increasing penetration of Variable Renewable Energy (VRE) in the country has prompted the need for the recognition of ESS as one of the technologies to manage intermittent operations of the VRE-generating plants' output thereby ensuring system stability. The issuance of the circular further hastens the entry of ESS as part of the modernization of the Philippine power sector. It finally answers questions relating to who should own and operate energy storage systems in the Philippines. The circular addresses policy gaps by providing a framework for the implementation and roll out of ESS in the country.

The circular applies to power industry participants, including power generation companies owning and/or operating ESS. The covered technologies include battery energy storage system; compressed air energy storage; flywheel energy storage; pumped-storage hydropower; and other emerging technologies that may be identified, qualified, and approved by DOE as ESS. The rules are also applicable to customers and end-users owning and/or operating ESS, which include distribution utilities; and directly connected customers. The circular also applies to qualified third parties, transmission network providers, system operators, market operators, and PEMC.

15. Guidelines Governing the Issuance of Operating Permits to Renewable Energy Suppliers Under the Green Energy Option Program

On July 18, 2018, DOE issued Department Circular No. DC2018-07-0019 also known as the “Rules Governing the Establishment of the Green Energy Option Program (GEOP) in the Philippines.” This sets the guidelines for consumers or end-users, renewable energy suppliers, and network service providers, among other stakeholders, in facilitating and implementing such energy sources under the EPIRA.

GEOP is a renewable energy policy mechanism issued pursuant to RA No. 9513 or the RE Law that provides end-users the option to choose renewable resources as their sources of energy.

Under this issuance, all end-users with a monthly average peak demand of 100kW and above for the past 12 months may opt to voluntarily participate in the GEOP. Those with an average peak demand below 100 kW may also participate in the GEOP, but only after DOE, in consultation with NREB and industry stakeholders, is able to determine that the technical requirements and standards are met by the end-user. End-users with new connections can also opt to participate in the Program and choose renewable energy resources for their energy/electricity needs, provided their average peak demand meets the threshold provided in the GEOP Rules.

The participation of the end-users in the GEOP will be governed by a supply contract between the end-user and the renewable energy supplier, and conform with ERC rules on distributed energy resources and generation facilities.

GEOP is presently available to end-users in Luzon and Visayas only, until such time that DOE, in consultation with the NREB and industry stakeholders, determines the readiness of the Mindanao market.

Other provisions of the GEOP include the establishment of the GEOP Oversight committee, as well as the ERC issuing regulatory framework particularly in setting the technical and interconnection standards and wheeling fees, to affect and achieve the objectives of GEOP. With regard to the billing mechanism, the GEOP Rules provide that a “dual billing system” may be adopted by the end-user availing of the program.

On April 22, 2020, the DOE issued the Guidelines governing the issuance of Operating Permits to RE Suppliers under the GEOP (DC 2020-04-0009), which sets rules and procedures in the issuance, administration, and revocation of GEOP Operating permits to RE suppliers.

16. Promulgating the Renewable Energy Market Rules

On December 4, 2019, DOE issued Department Circular No. DC2019-12-0016, entitled “*Promulgating the Renewable Energy Market (REM) Rules*”, thereby officially starting the Renewable Portfolio Standards (RPS) compliance process.

The REM Rules establishes the basic rules, requirements and procedures that govern the operation of the Renewable Energy Market, which seeks to:

- (a) Facilitate the efficient operation of the REM;
- (b) Specify the terms and conditions entities may be authorized to participate in the REM;
- (c) Specify the authority and governance framework for the REM;
- (d) Provide for adequate sanctions in cases of breaches of the REM Rules; and
- (e) Provide timely and cost-effective framework for resolution of disputes among REM Members and the Renewable Energy Registrar (“Registrar”).

The REM is a market for the trading of Renewable Energy Certificates (RECs) in the Philippines, intended as a venue for Mandated Participants obligated by RPS to comply with their RPS requirements. REM's objective is to accelerate the development of the country's renewable energy resources.

The RPS Transition Period defines Year 0 as 2018 and the RPS Compliance Year 1 shall be the year 2020, and the intervening period shall be the Transition Period.

The REM Rules will be administered and operated by the Renewable Energy Registrar. Moving forward, operational issues may still arise on who will be the RE Registrar.

As of January 31, 2021, the DOE is asking for public participation in the drafting of the REM Registration Manual, REM Manual (Allocation of RE Certificates for FIT-Eligible RE Generation), REM Enforcement and Compliance Manual (REM Investigation Procedures and Penalty Manual), and the REM Manual Dispute Resolution.

17. Feed-in-Tariff System

Pursuant to the RE Law, the FIT system is an energy supply policy aimed to accelerate the development of emerging renewable energy sources by providing incentives, such as a fixed tariff to be paid for electricity produced from each type of renewable energy resource over a fixed period not less than 12 years.

The ERC issued Resolution No. 16, Series of 2010 (“ERC Resolution No. 16-2010” or the “FIT Rules”), otherwise known as “Resolution Adopting the Feed-In Tariff Rules,” which establishes the FIT system and regulates the method of establishing and approving the FITs and the FIT-All.

The FIT Rules are specific for each emerging renewable energy technology and to be applied only to generation facilities which enter into commercial operation after effectivity of the FIT Rules or to such parts of such existing facilities which have been substantially modified or expanded as provided under the FIT Rules.

Under the FIT Rules, the FITs are specific for each eligible renewable energy plants, which are those power facilities with COCs issued to them that utilize emerging renewable energy resources or to such parts of such existing facilities that have been substantially modified or expanded, which enter into commercial operation after effectivity of the FIT Rules. These include facilities intended for their owners’ use, which are connected to the transmission or distribution networks and are able to deliver to such networks their generation or parts thereof but FIT shall only be paid for such amount of electricity actually exported to the distribution or transmission network and not utilized for their own use.

In Resolution No. 10, Series of 2012, ERC adopted the following FIT and degression rates for electricity generated from biomass, run-of-river hydropower, solar, and wind resources:

| | FIT Rate (₱/kWh) | Degression Rate |
|---------|------------------|---|
| Wind | 8.53 | 0.5% after year 2 from effectivity of FIT |
| Biomass | 6.63 | 0.5% after year 2 from effectivity of FIT |
| Solar | 9.68 | 6% after year 1 from effectivity of FIT |
| Hydro | 5.90 | 0.5% after year 2 from effectivity of FIT |

In line with the increase in installation target for solar energy from 50 MW to 500 MW and wind energy from 200 MW to 400 MW, ERC issued Resolution No. 6 Series of 2015 approving the Solar FIT2 rate of ₱8.69/kWh for the second set of installation target. On October 6, 2015, ERC issued Resolution No. 14, Series of 2015 adopting the Wind FIT2 rate of ₱7.40/kWh. In Resolution No. 1, Series of 2017, ERC set the degressed FIT rates for hydro and biomass plants at ₱5.8705/kWh and ₱6.5969/kWh, respectively. Through a letter dated February 23, 2018, DOE informed ERC of its resolution extending the FIT for Biomass and ROR Hydro until December 31, 2019.

As the fund administrator of the FIT-All, Transco filed an application before the ERC asking for provisional authority to implement a FIT-All rate of ₱0.2278/kWh for CY2020. On January 28, 2020, ERC released a decision authorizing Transco to collect a FIT-All rate of ₱0.0495/kWh, lower than the applied ₱0.2471/kWh rate for Calendar Year (CY) 2019. Prior to this decision, the last approved FIT-All rate is ₱0.2226/kWh for CY2018.

On May 26, 2020, the ERC promulgated its Resolution No. 6, series of 2020, wherein the ERC resolved to approve and adopt FIT adjustments for the years 2016, 2017, 2018, 2019, and 2020, using 2014 as the base year for the CPI and forex, to be recovered for a period of five years.

On August 4, 2020, TransCo filed its Application for the FIT-All rate of CY2021 of ₱0.1881/kwh, effective the January 2021 billing period. In the alternative, it asked for a FIT-All rate of ₱0.2008/kWh based on a lower Forecast National Sales to account for the impact of COVID-19 to electricity consumption.

18. Proposed Revisions to the Guidelines for the Financial Standards of Generation Companies

ERC is currently undergoing public consultations on its proposed Revised Guidelines for the Financial Standards of Generation Companies, under ERC Case No. 2019-001 RM. ERC proposed to revise Generation Companies' minimum annual Interest Cover Ratio or Debt Service Capability Ratio (DSCR) from 1.5x to 1.25x.

19. Green Energy Auction Policy

On July 14, 2020, the DOE issued guidelines on the Green Energy Auction Policy (Department Circular No. DC 2020-07-0017) which set the framework for which the DOE shall facilitate the procurement of supply from RE projects by the mandated participants under the RPS on-grid rules through a competitive process for compliance with the RPS program and as applicable for their long-term power supply requirements. The process involves a regular auction process (notice every 15th of June) to be implemented by the Green Energy Auction Committee (GEAC). The Contracting Customers and the Winning Bidders will execute a Green Energy Implementation Agreement (GEIA), which involves the Market Operator (MO) as the entity to allocate energy and calculate corresponding payments. The ERC will approve the GEIA template and the Green Energy Auction Reserve (GEAR) Price. Each Winning Bidder will have its own Green Energy Tariff (pay-as-bid), which shall not be higher than the GEAR Price. On the other hand, the Contracted Customers will pay the average price, subject to the allocation/calculation of MO, per trading interval.

20. Bayanihan 2 Act

On September 11, 2020, Republic Act No. 11494, otherwise known as the "Bayanihan to Recover As One Act" ("Bayanihan 2 Act") was approved. Bayanihan 2 Act directed "all institutions providing electric, water, telecommunications, and other similar utilities to implement a minimum of 30-day grace period for the payment of utilities falling due within the period of enhanced community quarantine or modified enhanced community quarantine without incurring interests, penalties, and other charges." This is further qualified for the electric power sector, such that "the minimum 30-day grace period and staggered payment without interests, penalties, and other charges shall apply to all payments due within the period of the community quarantine in the electric power value chain to include generation companies, the transmission utility, and distribution utilities."

On October 27, 2020, the ERC posted an advisory providing more details on the implementation of the Bayanihan 2 Act.

(xii) Amount Spent on Research and Development Activities

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

(xiii) Costs and Effects of Compliance with Environmental Laws

AboitizPower's generation and distribution operations are subject to extensive, evolving, and increasingly stringent safety, health, and environmental laws and regulations. Among other things, these rules address concerns on air emissions; wastewater discharges; the generation, handling, storage, transportation, treatment, and disposal of toxic or hazardous chemicals, materials, and waste; workplace conditions; and employee's exposure to hazardous substances. Standard laws and regulations that govern business operations include Clean Air Act (RA No. 9003), Ecological Solid Waste Management Act (RA No. 9003), Clean Water Act (RA No. 9275), Toxic Chemical Substances and Hazardous and Nuclear Wastes Control Act (RA No. 6969), Philippine Environmental Impact Statement System (PD No. 1586), and Occupational Safety and Health Standards (RA No. 11058). The RE Law adds new and evolving measures that must be complied with. DOE's Energy Regulation No. 1-94 ("ER 1-94") require companies to allocate funds for the benefit of host

communities for the protection of the natural environment and for the benefit of the people living within the area. Further, funds are set for the management of carbon sinks and watershed areas through a nationwide reforestation program. These laws usher in new opportunities for the Company and set competitive challenges for its businesses.

The Safety Health Environment and Security (SHES) group of AboitizPower oversees the SHES programs and activities, including the accounting of all environmental impact, within its operational control from the corporate center to the business units and facility teams. For the Generation Group, the facilities include: (1) APRI's Tiwi-MakBan plants, (2) SacaSun San Carlos plant, (3) the Benguet, Bakun, Sabangan, Sibulan A, Sibulan B, Tudaya A, Tudaya B, Manolo Fortich, and Talomo HEPPs of the Hedcor Group, (4) the SN AboitizPower Group's Ambuklao, Magat, and Maris plants, (5) the Oil Group's Cebu, Mactan, Mobile 1, Mobile 2, Mobile 3-6, and Naga plants, and (6) the Coal Group's Davao and Toledo plants. For the Distribution Utilities, the facilities include Cotabato Light, Davao Light, Visayan Electric, Balamban Enerzone, Mactan Enerzone, Lima Enerzone, and Subic EnerZone.

AboitizPower and its Subsidiaries have allocated budgets for environmental expenditures covering costs for waste disposal, remediation, pollution control, environmental initiatives, and programs. All facilities are in compliance with regulatory requirements, thus noting zero spending for remediation costs.

The alignment to international best practices in all power plants and distribution utilities are exemplified with a 100% achievement of ISO certification for the management systems of Quality, Environment, Occupational Health and Safety.

In 2020, continuous improvement in managing environmental impacts is evident, as seen in the increased total environmental management expenses at ₱71.8 mn, which is a 10% increase compared with previous year (₱65 mn). This consists of ₱9.7 mn for APRI, ₱13mn for Hedcor, ₱15.7 mn for the Coal Group, ₱9.8 mn for the SN AboitizPower Group; ₱7.8 mn for the Oil Group, and a total of ₱15.3 mn for the Distribution Utilities.

Of the ₱71.8 mn total environmental management expenses, ₱24.9 mn was allocated for capital expenditure (capex) aimed at improving pollution prevention and control. The following projects were implemented: (1) APRI Makban's purchase of one new unit of Continuous Ambient Monitoring Station downwind; (2) APRI installation of additional Continuous Ambient Monitoring Station at Plant A in Tiwi; (3) SN AboitizPower-Benguet HEPP's improvement and rehabilitation of sewage treatment plant, oil, water, and grease separator in both Ambukalo and Binga facilities; (4) the Oil Group's improvement of its oil water separators and sewage treatment facility in Mobile 3-6; (5) the Coal group's ongoing construction of its improvement on sewage treatment plant at the Toledo plant; (6) offload regeneration and decontamination of transformers with Polychlorinated biphenyls at Visayan Electric; and (7) Cotabato Light's construction of new material recovery facility.

Operating expenditure projects were also implemented to improve environmental management practices on site. APRI Tiwi's projects include (1) the minimization of single-use plastics and residual wastes which resulted to a reduction of generated wastes by 5% in 2020; (2) a domestic water consumption reduction initiative that resulted in a reduction of 5% in consumed water in 2020; and (3) air dispersion modelling for mapping the extent of H₂S gas within the Tiwi Geothermal Power Plant to ensure safety of its workers. Cotabato Light's projects include: (1) the improvement of its transformer yard with oil trap; and (2) purchase of color-coded bins and health care waste bins to conform to AboitizPower SHES waste management standards.

AboitizPower and its Subsidiaries received a total of 103 SHES awards, certifications and citations in 2020. It received recognition from Safety & Health Association of the Philippine Energy Sector, Inc. (SHAPES) on: (1) APRI Tiwi's Platinum Corporate Safety and Health Excellence Award and Outstanding Safety and Health Professional Platinum Award; (2) SN AboitizPower-Magat's Outstanding Safety and Health Professionals Award, Corporate Safety and Health Excellence award, Special Recognition on Occupational Health Management of COVID-19 pandemic; and (3) SN AboitizPower-Benguet's Outstanding Safety And Health Professional for seven employees, and the Corporate Safety And Health Excellence Titanium Award.

AboitizPower's Subsidiaries received charges for alleged violations of environmental standards in 2020. In connection with DENR-PAB Case No. CAR-00874-16 entitled In the Matter of the Water Pollution Control and Abatement Case versus Hedcor Inc., Hedcor Sabangan, Inc., and Sta. Clara International, the respondents were directed to pay a fine of ₱200,000.00 for the alleged violation of the Clean Water Act. Payment was made for and on behalf of all the respondents by Sta. Clara International, the contractor for the Hedcor Sabangan hydro-electric power plant, in compliance with its contractual obligation during the construction of the plant. Hedcor received a Notice of Violation and a Cease and Desist Order from the Forest Management Bureau (FMB) of DENR for unauthorized occupation of forest land without tenurial instrument in connection with its Irisan 1 and 3 plants. An Order lifting the Cease and Desist Order was issued on October 16, 2020, wherein no penalty was imposed but an initial amount of ₱500,000 representing back rentals was ordered to be paid by Hedcor, Inc. Hedcor, Inc. was further ordered to pay a re-computation of back rentals upon determination of the area applied for a Special Agreement on Protected Area.

AboitizPower continues to be cognizant of new opportunities to comply with regulatory requirements and improvement of systems to promote safety and prevent adverse impacts to the environment or affected ecosystems.

(xiv) Employees

At the parent company level, AboitizPower has a total of 391 employees as of January 31, 2021. These include executives, managers, supervisory, and rank-and-file staff employees. There is no existing Collective Bargaining Agreement (CBA) covering AboitizPower employees.

The following table provides a breakdown of total employee headcount on a per business group basis, according to employees' function, as of January 31, 2021:

| Business Group | Number of Employees | | | | Rank & File | Unionized Employees | Expiry of CBA |
|-------------------------------|---------------------|------------|------------|-------------|--------------|---------------------|---|
| | Total | Executives | Managers | Supervisors | | | |
| Aboitiz Power | 391 | 74 | 69 | 69 | 179 | 0 | N/A |
| Generation Companies | | | | | | | |
| Run-of-River Hydros | 416 | 13 | 21 | 48 | 334 | 118 | September 19, 2022 (Hedcor) |
| Large Hydros | 184 | 18 | 33 | 73 | 60 | 0 | N/A |
| Geothermal | 248 | 8 | 17 | 48 | 175 | 12 | February 28, 2022 (APRI) |
| Solar | 5 | 0 | 0 | 1 | 4 | 0 | N/A |
| Oil | 395 | 12 | 34 | 191 | 158 | 0 | N/A |
| Coal | 1,367 | 27 | 77 | 286 | 977 | 0 | December 31, 2018* (GMEC) |
| RES | 5 | 0 | 1 | 1 | 3 | 0 | N/A |
| Distribution Utilities | 811 | 17 | 65 | 132 | 597 | 338 | December 31, 2016** (Visayan Electric) June 30, 2024 (Cotabato Light) June 15, 2021 (Davao Light) May 9, 2024 (SFELAPCO) |
| Total No. of Employees | 3,822 | 169 | 317 | 849 | 2,487 | 468 | |

*DOLE has granted the voluntary dissolution filed by Mariveles Power Station Employees Union (MPSEU) with Registration Number RO302-BAT-1309-UR-III-001. Notice of Resolution was granted on April 1, 2020.

** Secretary of Labor and Employment issued an Order dated 06 September 2019 on OS-AJ-2018-1001-0003 and a Motion for Clarification dated December 3, 2020 was purportedly filed by Visayan Electric Company, Inc. Employees Union (VECEU) on the matter of retroactivity date and is currently pending.

The Company does not anticipate any significant increase in manpower within the next twelve months unless new development projects and acquisitions would materially require an increase.

(xv) Major Risk/s Involved in the Business

An integral part of AboitizPower's Enterprise Risk Management efforts is to anticipate, understand, and address the risks that the Company may encounter in its businesses.

Risk management is integrated in the Company's strategic and operational planning and decision-making processes. Management and operating teams identify and assess the risk areas that may have an impact to the Company's strategic objectives and day-to-day business operations. In addition, the Company develops focused mitigation initiatives to address the drivers of the Company's current top risks, as well as imminent and emerging risks that may significantly impact the business and its stakeholders. Environment, Social and Governance (ESG) focus areas are also embedded in the organizational planning and risk management processes, which include business continuity management (BCM) and risk finance.

Risk management planning in Aboitiz Power is an iterative process that is conducted at least semi-annually for strategic risks. The Company's Business Units review operational risks and implement mitigation measures more frequently. Following the Aboitiz Group Risk Management governance structure, the Company's Top Risks, as follows, are regularly presented and discussed with Senior Management and the Board of Directors.

1. Project Risks

AboitizPower has identified project risks as a top risk as it continues to grow its power generation portfolio. Project risks are largely driven by delays in commissioning and testing, commercial operations, as well as late completion and delivery of the transmission assets that will enable full dispatch of the plants in the pipeline. COVID-19-related travel restrictions, mandatory quarantine protocols, and on-site infections have also significantly affected the project milestones in 2020, and are anticipated to persist given the new COVID-19 variants. The Company's External Relations team and the Compliance teams of AboitizPower's Business Units have all been closely coordinating with the Department of Foreign Affairs, the COVID-19 Inter-Agency Task Force (IATF), and airport authorities, among others.

Project risk management plans are thoroughly defined and regularly reviewed for each project in order to track issues related to quality, safety, compliance, schedule, and resources. This ensures that identified risk control measures and recovery actions are implemented. Appropriate project insurance coverage, as well as periodic performance reviews of selected partners, reputable contractors, and third-party suppliers, are also in place.

To further mitigate project risks, delivery of transmission assets is closely coordinated with the NGCP. Operational readiness reviews are performed to ensure that new generating units are ready for commercial operations prior to going on-line. Project post-mortem reviews are also conducted to determine key learnings that can be applied to ongoing and future projects.

To address challenges in land procurement, conversion, permitting, right-of-way, and other land-related issues, project stakeholder management plans are also developed to ensure that partners, contractors, regulatory agencies, host communities, LGUs, and other key stakeholders are aligned with project execution timelines.

The COVID-19 pandemic also affected the construction of the GNPowr Dinginin project. It is now in the initial stages of commissioning, but continues to face challenges due to the COVID-19 pandemic and the imposition of the travel ban on China. Construction has slowed down because of the preventive measures taken to ensure the safety of workers on-site. Due to said circumstances, the AboitizPower Group is constantly evaluating the timing of the project's commercial operations date.

2. Regulatory Risks

The electric power industry is characterized by a constantly evolving regulatory environment. Any shortcoming in regulatory compliance poses negative consequences in both the net income and reputation of each Business Unit and the Group. Further, the Company's results of operations and cash flow could be adversely affected by the inability to predict, influence, or respond appropriately to

changes in law or regulatory schemes, including any inability or delay in obtaining expected or contracted increases in electricity tariff rates or tariff adjustments for increased expenses, or any inability or delay in obtaining or renewing permits for any facilities, could adversely impact results of operations and cash flow. The Company's business could also be adversely affected by any changes in laws or regulations, or changes in the application or interpretation of laws or regulations in jurisdictions where power projects are located, could adversely affect the Company's business, including, but not limited to:

- (a) adverse changes in tax laws;
- (b) changes in the timing of tariff increases or in the calculation of tariff incentives;
- (c) change in existing subsidies and other changes in the regulatory determinations under the relevant concessions;
- (d) other changes related to licensing or permitting which increase capital or operating costs or otherwise affect the ability to conduct business; or
- (e) other changes that have retroactive effect and/or take account of revenues previously received and expose power projects to additional compliance costs or interfere with our existing financial and business planning.

Any of the above events may result in lower margins for the affected businesses, which could adversely affect the Group's results of operations.

For renewable assets, pricing is fixed by regulatory arrangements which operate instead of, or in addition to, contractual arrangements. Business Units that are subject to regulated tariffs bear the risk. To the extent that operating costs rise above the level approved in the tariff, the Business Units that are subject to regulated tariffs would bear the risk. During the life of a project, the relevant Government Authority may unilaterally impose additional restrictions on the project's tariff rates, subject to the regulatory frameworks applicable in each jurisdiction. Future tariffs may not permit the project to maintain current operating margins, which could have a material adverse effect on the Business Unit or the Group, financial condition, results of operations and prospects.

To anticipate and proactively respond to changes in regulations, the Regulatory Affairs and External Relations teams of AboitizPower constantly collaborates with the DOE and the ERC to work towards a sound and sustainable regulatory and policy environment. Similarly, the AboitizPower SHES Team keeps abreast with environmental laws and coordinates with DENR on matters pertaining to environmental compliance.

These teams, among others, actively participate in consultative processes and public consultations to provide feedback and positions on proposed laws and regulations. The Company's participation likewise ensures that its interpretation of such laws and regulations is aligned with the regulators. This is done in cooperation with organized power industry groups such as the Philippine Independent Power Producers Association (PIPPA) and Philippine Electric Plant Owners Association (PEPOA). Regular dialogues are conducted with host communities, media, non-government organizations, and the academe, to educate and update various groups about the power industry.

AboitizPower has likewise transitioned its Legal Team to strategically focus on compliance and to continually align with the Aboitiz Group's overall compliance processes. The Company is institutionalizing a compliance framework across the different business and corporate support units, and is formalizing compliance reporting requirements among the Group's compliance officers. AboitizPower has also implemented the Aboitiz Unified Compliance Management System, an Aboitiz Group-wide initiative that is based on the Governance, Risk and Compliance (GRC) framework.

3. Reputation Risk

AboitizPower recognizes that its reputation is its single most valuable asset, a competitive advantage that allows the Company to earn, maintain, and strengthen the trust of its stakeholders. The Company knows that its reputation today took generations to build and sustain; hence, the need to protect and enhance it progressively is imperative.

Today's operating environment is characterized by increasing corporate governance standards, heightened public consciousness due to social media, and greater scrutiny from key stakeholders. Reputation risks result from the occurrence of, or failure to, mitigate other risks.

AboitizPower continues to strengthen stakeholder engagement activities with all its stakeholders, including its customers, employees, shareholders, lenders and insurers, regulators, host communities, and LGUs. One of the key engagement channels is ER 1-94 which allows host communities to reap financial benefits for their contribution to power plants situated in their localities. AboitizPower's assumption of the fund's administration functions has hastened fund remittance and utilization for local electrification, development and livelihood, and environment enhancement projects of host communities. Due to the COVID-19 pandemic, DOE Department Circular 2020-04-0008 dated April 6, 2020 rationalized the utilization by host LGUs of ER 1-94 funds for COVID-19 response instead. As of mid-November 2020, over 80% of the total available ER 1-94 funds have been released by DOE and AboitizPower to around 90% of the Company's host beneficiaries.

For the past two years, AboitizPower has been recognized as a constituent company in the FTSE4Good Index Series. This Index Series was created by global index provider FTSE Russell and measures the performance of companies demonstrating strong ESG practices. The Company's recent Corporate Sustainability Assessment by the highly regarded Robeco SAM group, now part of S&P Global, showed marked improvements in its ESG performance. The absolute score of AboitizPower improved by 74% compared to last year's rating, while its percentile ranking in its global peer group improved from 25th to 54th percentile. The Company also showed some improvements in its Sustainalytics ESG Risk Rating at 34.4, a 1.9 decrease of risk exposure from its 2019 rating. Meanwhile, the Company retained its rating of BB from the MSCI ESG Rating.

Moving forward, AboitizPower will continue to focus on addressing gaps in various risk areas of ESG. Furthermore, the Company's growth strategy remains aligned with the energy trilemma of energy security, energy equity, and environmental sustainability, but will be characterized by a strategic shift from ensuring low-cost energy to also providing energy from more sustainable sources in the next decade.

4. Information Security Risks

AboitizPower recognizes the vulnerabilities of global information security breaches and the increasingly complex challenges of digital transformations. Management acknowledges that information security threats should be addressed to prevent targeted and non-targeted attacks which can adversely disrupt operations and customer services, and result in serious impacts to the Company's bottom line and reputation.

In 2019, AboitizPower further strengthened its protection protocols against security threats with the implementation of the ISMS following the ISO 27001:2015 standard. For 2020, the Company's Generation and Distribution Business Groups have rolled out a uniform, Company-wide Operational Technology (OT) Security Minimum Standard.

AboitizPower aligns with the Aboitiz Group-wide Cyber Security Program, specific governance, standards, training and culture-building, and Operational Technology (OT) Security projects. OT Security projects in generation and distribution facilities are also ongoing through phased implementation until 2022. The ISMS discipline will continue to be embedded in all three pillars of Information and Operational Systems Security: People, Process, and Technology.

In efforts to achieve the desired Level 4 in Cyber Security Maturity and build an information security risk-aware culture within the Company, business continuity plans (BCP) on loss of technology scenarios are in place, annually tested, reviewed, and continually improved. AboitizPower keeps pace with current information security threat landscape, solutions, and best practices to further strengthen prevention, detection, and comprehensive response to information security threats.

5. Business Interruption Due to Natural and Man-made Calamities and Critical Equipment Breakdown

The loss of, and/or damage to, facilities caused by natural calamities such as earthquakes, typhoons, and floods may result in significant business interruptions within AboitizPower. Interruptions may also be caused by other factors such as critical equipment breakdown, Information Technology (IT) and OT security breaches, fires and explosions, hazardous waste spills, workplace injuries and fatalities, terrorism, and other serious risks.

Planned maintenance and overall outage management of AboitizPower's generation facilities and its critical equipment and OT infrastructure and systems are governed by asset management standards based on global best practice. All of AboitizPower's generation facilities have achieved asset management certifications based on ISO 55001:2014 standard. Recently commissioned plants will also be lined up for certification. On the other hand, distribution network availability and reliability targets have consistently been aligned with the performance bond standards set by ERC as part of the RDWR.

All Business Units have also achieved OHSAS 18001 certification, a British standard which is focused on controlling occupational health and safety hazards. AboitizPower companies are also transitioning to the ISO 45001 standard to drive a risk-based culture with more proactive approaches toward mitigating risks before they happen. To further reinforce industrial fire safety, the annual in-house training program on Fixed Fire Fighting Systems of the U.S. National Fire Protection Association is conducted for operations, maintenance, and safety personnel.

Group insurance programs that leverage on the Company's portfolio of generation and distribution assets, supported by risk modelling and quantification, are also in place. AboitizPower ensures that its Business Units have the right insurance solutions to achieve the optimal balance between retaining or transferring risks versus lowering the Total Cost of Insurable Risk. As such, business interruption insurance is procured to cover any potential loss in gross profits that may result from a major damage to critical assets.

Business Units periodically review, test, develop, update, and improve their BCP to ensure that they remain relevant with current business conditions, and address the uncertainties and issues faced by the Company.

Some of these enhancements include: (a) typhoon preparedness; (b) regular emergency drills and simulation exercises on various scenarios related to other natural and man-made calamities; and (c) post-event evaluations to ensure that employees are able to respond effectively and safely as planned.

To further improve its existing BCM framework and practices, AboitizPower has rolled out a three-year roadmap of Business Continuity initiatives, which conforms to ISO 22301:2012 standards and requirements.

6. Financial Risks

In the course of its operations, AboitizPower and its Subsidiaries are exposed to the following financial risks:

- (a) The growing multi-sectoral negative action against coal has led many financial institutions to restrict investments in coal projects. The following are important considerations of the Company's existing portfolio and strategic project pipeline, where coal concentration will significantly be reduced by the year 2030:
 - i) Financing and refinancing risks in terms of the Company's inability to borrow money to fund future coal projects. While banks are still willing to lend, the cost of project financing tends to be more expensive;
 - ii) Difficulty in insurance procurement or renewal, where insurers' policy on coal underwriting and investing are also aligned with the same global trends on sustainability and ESG issues. While insurers are still willing to cover coal plants, the resulting impact is significantly higher premium rates for coal insurance year on year. Inability to fill up 100%

capacity due to the reluctance or withdrawal of some insurance markets to insure coal plants has prompted the Company to resort to self-insurance. Other noteworthy risk drivers are the hardening of the insurance market aggravated by the global economic impact of the COVID-19 pandemic, and any significant losses on damage to critical assets and related business interruptions; and

- iii) Regulatory pressure, which is increasing with the recent DOE Memorandum dated December 22, 2020 re: Advisory on the Moratorium on Endorsements for Greenfield Coal-Fired Power Projects in line with Improving the Sustainability of the Philippines' Electric Power Industry, effective October 27, 2020;
- (b) Refinancing and liquidity risks arising from balloon / bullet payments for existing loans;
- (c) Interest rate risks resulting from the increasing cost to borrow money as a result of inflation; and
- (d) Forex risks in terms of forex fluctuations that may significantly affect its foreign currency-denominated placements, transactions, and borrowings. This risk is currently driven by the global COVID-19 crisis, given the impact it has on general currency markets; and the amount of natural hedge flows which may decline.

Aside from the negative impact to the Group's net income, these risks would also constrain any expansion and growth projects. Furthermore, defaulting on existing loans and other financial obligations will consequently put the Company's reputation at risk.

To address these risks, the Company carries out the following actions:

- (a) Regular monitoring of the Company's cash position;
- (b) Maintaining good relationships with the banks;
- (c) Exploring alternative risk transfer options and operationalizing self-retention strategies; and
- (d) Implementing the Group's Financial Risk Management Framework, which is a collaboration of the Group Risk and Treasury teams and designed to ensure a consistent approach in identifying, assessing, quantifying, and mitigating financial risks across the Group.

7. Competition Risk

Increasingly competitive market conditions create downward pressure on contract rates and increasing levels of commercial risk, to wit: (a) generation companies are required to participate in a transparent and competitive bidding of power supply requirements of distribution utilities and electric cooperatives through the CSP; and (b) spot prices are expected to continue to be volatile. As such, fixed pricing may potentially increase exposure to fuel and forex risk, while the inability to contract at favorable rates and commercial terms may result in further exposure to higher levels of spot market volatility.

As AboitizPower endeavors to market and contract project capacities from investments ahead of time, as well as renew expiring contracts from existing capacities, it also maximizes energy trading opportunities in the spot market. Striking this balance requires a combination of portfolio pricing and contracting strategies, and hedging of coal and forex exposure on fixed contracts. This is to ensure that plant operations are optimized, and that revenue and cash flow streams are managed.

8. Talent Risk

AboitizPower gears for further growth by shifting towards renewable energy sources and increasing its presence in the international market, while ensuring the availability and reliability of existing power plants. Both growth and operational excellence thrusts demand for organic subject matter experts of critical assets.

The risk on availability, readiness, and retention of talents for critical posts is inevitably increasing. Thus, talent attraction, optimization, and retention strategies are of utmost importance. In 2019, the Company integrated Strategic and Operational Workforce Planning into the Organizational Planning processes to enable the identification of current and future talent needs. This helped shape the people strategy of AboitizPower. In 2020, key human capital initiatives to holistically address talent management risks include employer branding; building targeted talent communities; succession management and talent mapping, blended development programs linked to competency and

performance requirements (i.e., critical position understudy program, leadership and technical development and career pathing); purposive employee engagement programs; and a mental wellness initiative as part of the Company's COVID-19 business continuity plan.

9. Pandemic Risks

In December 2019, the COVID-19 outbreak began in China and spread to other countries, including the Philippines. On March 10, 2020 the World Health Organization characterized COVID-19 as a pandemic. As of December 31, 2020, the Department of Health ("DOH") reported 474,064 COVID-19 cases nationwide with 9,244 deaths.

The Philippines remains vulnerable to exposure and spread of the disease for the following reasons: (a) the considerable number of Overseas Filipino Workers globally; (b) the impact of international travel which raises the probability of transmission; and (c) lack of the necessary infrastructure to contain the spread of the disease. In response to the recent outbreak of COVID-19, the Philippines has imposed travel bans on several affected countries, which may have an adverse impact to the AboitizPower Group's suppliers' ability to deliver, which could delay the construction of certain projects.

In a move to contain the COVID-19 outbreak, the Office of the President issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. Presidential Proclamation No. 929 was issued the next day, declaring a State of Calamity throughout the Philippines for a period of six months and imposed an enhanced community quarantine throughout the island of Luzon until April 12, 2020. On March 24, 2020, Congress passed Republic Act No. 11469, known as the Bayanihan to Heal as One Act (the "Bayanihan Act") into law, which conferred emergency powers on the President. On June 25, 2020, measures under the Bayanihan Act were implemented to address the pandemic in the Philippines that expired without extension or replacement.

On September 11, 2020, the Bayanihan 2 Act was signed into law by President Duterte. The Bayanihan 2 Act seeks to provide a stimulus package to struggling sectors as part of the country's COVID-19 response and recovery plan, and to scrutinize the Government's implementation of programs related to the pandemic. Similar to the Bayanihan Act, the Bayanihan 2 Act confers emergency powers to President Duterte which will be in effect until December 19, 2020. Such powers include the authority to adopt measures to "conserve and regulate the distribution and use of power, fuel, energy and water, and ensure adequate supply of the same."

Since President Duterte's declaration of the State of Public Health Emergency and, consequently, the various community quarantine guidelines on public transportation, social distancing, international travel bans, health protocols, and mandatory quarantines, the Company has been implementing flexible work arrangements, including: (a) maximizing work-from-home set-up for support employees and selected essential employees; (b) 14-day-cycle of facility lockdown duty of generation facilities; and (c) special protocols for distribution line gangs and customer centers. This is to primarily ensure the health and safety of its sites and employees while continuing to serve its customers and other stakeholders, as well as to address any constrained mobility of employees brought about by the community quarantines.

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

The AboitizPower Group continued to provide the country with the much-needed power supply for hospitals, government institutions, and critical businesses, while ensuring the safety of its teams, partners, and communities. To address the challenges posed by the pandemic, the AboitizPower Group developed a program that combines the best of work-from-home, two-week workshifts, and remote plant operations. This will ensure that the AboitizPower Group keeps the lights on for the country. It also assessed the current and future modes of operations. This led to the necessity of doing an organizational restructuring, allowing for resiliency and enabling the Power Group to remain efficient, competitive, and sustainable. It is in the planning stages of a return to the workplace program, but will advance with caution. The COVID-19 pandemic also impacted the construction of the GNPower Dinginin

project. It is now in the initial stages of commissioning, but continues to face challenges due to the COVID-19 pandemic and the imposition of the travel ban on China. Construction has slowed down because of the preventive measures taken to ensure the safety of workers on-site. Due to said circumstances, the AboitizPower Group is constantly evaluating the timing of the project's commercial operations date.

To date, all AboitizPower power generation facilities and power distribution utilities have normalized operations. BCPs have been successfully implemented to ensure the adequate and reliable supply and distribution of electricity. These BCPs are continually and promptly updated to adhere to the health and other community quarantine protocols and guidelines issued by the DOE, ERC, DOH, DOLE, IATF, and the LGUs.

The curtailed economic activity brought about by the shutdown and/or scaled down operations of energy-intensive industries have resulted in significant drops in electricity demand and consumption, which in turn has affected the revenue targets of AboitizPower's generation, distribution, and retail electricity supply businesses. The Company collaborates with its customers and key stakeholders to minimize the impact of the pandemic to its PSAs for all concerned parties. Distribution Utilities have also maximized the use of social media and digital platforms to deliver customer services.

The Bayanihan 2 Act also imposes a minimum 30-day grace period for the payment of electricity and other utilities falling due within the period of community quarantine without penalty. It further provides that payments may be settled on a staggered basis in no fewer than three monthly installments. The Company is compliant with DOE circulars and ERC advisories on the grant of extension of payment to electricity consumers for bills falling due in the original and extended community quarantines, and the amortization of the cumulative amount of such electricity bills in four equal installments payable in the four succeeding billing months following the end of the community quarantines. The resulting increase in credit and collection risks have posed a challenge to the Company's cash flows.

The said circulars also provide that all private and public corporations in the power sector shall be given a similar grace period for their obligations without interest, penalties, fees and charges, as well as the same four-month amortized payment arrangement for all unpaid balances on obligations within the same period. This directive has eased the impact and helped manage the cash flow of AboitizPower Subsidiaries, with respect to payments due to NGCP, PSALM, IEMOP, IPPs, and suppliers of oil and steam.

The Company ensures that the supply chains for its power plants and Distribution Utilities remain stable. It also ensures that supply of coal, critical spare parts, and services from outside the country continues through a number of options, including alternative local suppliers and service providers. Close coordination with LGUs and key government agencies by AboitizPower External Relations and its Business Unit's Legal and Compliance teams facilitate the unimpeded delivery of energy-related goods and services.

Several operational areas have been seriously impacted by the COVID-19 pandemic, and may continue to do so until a vaccine reaches the Philippines. The Company continues to enable the organization to anticipate and respond accordingly as the COVID-19 situation may require, including defining the New Normal and the changes in management processes around transitioning and adapting to it.

10. Emerging Risks

Embedded in the risk management process is the continuous identification and monitoring of emerging risks. These are newly developing risks that cannot yet be fully assessed (due to high uncertainty) but could have a major impact on the organization in the future. These potential risks could be triggered by the fast-changing landscapes in the political, economic, social, technological, environmental, and legal aspects surrounding the Company's operations.

Such risks are captured and validated in the semi-annual risk assessment process and environmental scans of the strategic planning and annual organizational planning process of AboitizPower, and are

subjected to further study by subject matter experts. These emerging risks are reported and discussed as part of the Group Risk Management Council and Board Risk and Reputation Management Committee regular agenda.

Stranded assets are investments that are not able to sustain a viable economic return and/or which are likely to see their economic life curtailed due to a combination of technology, regulatory, and/or market changes. There can be no assurance that the adoption of new safety, health, mining and environmental laws and regulations, new interpretations of existing laws, increased governmental scrutiny of safety, health, mining and environmental laws or other developments in the future will not result in the Company and its Subsidiaries from being required to upgrade, supplement, or relocate its facilities and having to incur additional capital expenditures or operating expenses to address the risk of potential stranded generation assets. In the event that future laws are enacted imposing restrictions on operations and refinancing, particularly in relation to power plants utilizing fossil fuels, certain capital expenditures or operating expenses or financing costs may not be fully recoverable.

The Philippines is a party to the 2015 Paris Agreement signed by almost 200 nations, which aims to keep the increase in global average of temperature to well below 2°C above pre-industrial levels and to limit the increase to 1.5°C in order to substantially reduce the risks and effects of climate change. As a party to the agreement, the Philippines may impose more stringent regulations, particularly on coal-fired power plant emissions by requiring expensive pollution controls on coal-fired power plants, among other measures. These measures may significantly increase costs of coal-fired power plants and, at the same time, increase the cost competitiveness of renewable energy. Recently promulgated implementing rules and regulations by the DOE on “Renewable Portfolio Standards” also mandate electric power industry participants (such as generation companies, distribution utilities, and electric cooperatives) to source or produce a portion of their electricity requirements from eligible renewable energy resources and undertake CSPs in sourcing renewable energy. A significant portion of the captive market may shift away from coal and other hydrocarbon fuels, which may expose the coal-fired power plants of the Company to stranded-asset risk (i.e., hazard of an asset suffering from an unanticipated write-down, devaluation, or conversion to liability).

The Company is cognizant of the regulatory and market drivers in the shift towards green and sustainable business transformations. AboitizPower and its Subsidiaries are guided by its sustainability framework that looks into environmental, social and governance risks including climate-related risks of its value chains. The Company’s strategy has long considered environmental sustainability as one of its key pillars. To date, the Company, together with its partners, is the largest private renewable energy operator in the country with 1,544 MW in installed capacity.

AboitizPower’s growth strategy remains aligned with the energy trilemma of balancing the three pillars of energy security, energy equity, and environmental sustainability. Over the last decade, the growth in energy demand has necessitated a focus on energy security and energy equity - the provision of reliable, and affordable energy for a growing economy. Having addressed energy security and energy equity via the presence of sufficient baseload capacity, AboitizPower has begun to shift focus back to environmental sustainability, and rebalancing its energy portfolio. This transition is included in the Company’s sustainability agenda, with the Company targeting a mix of 50% thermal and 50% renewable energy capacity by 2030 from its current mix of 73% thermal (which are conventional or combustion power plants such as coal or fuel fired plants), and 27% renewable (which do not rely on fossil fuels).

Further, to properly assess the potential and extent of the above-mentioned risks, AboitizPower, through its holding company, AEV, signed up to become the first Philippine supporter of the international Task Force on Climate-Related Financial Disclosures (“TCFD”) in early 2020. This is a voluntary commitment to adopt a defined governance structure on identifying and addressing physical and transition risks associated with climate change, as well uncovering opportunities, and improving disclosures to provide clear and reliable information to stakeholders. Under SEC Memorandum Circular No. 4, series of 2019 on the Sustainability Reporting Guidelines for Publicly-Listed Companies (“PLCs”), there is a three-year period under which PLCs can comply, which includes the adoption of the TCFD reporting template.

Such risks are captured and validated in the semi-annual risk assessment process and environmental scans of the strategic planning and annual organizational planning process of AboitizPower, and are subjected to further study by subject matter experts. These emerging risks are reported and discussed as part of the Group Risk Management Council and Board Risk and Reputation Management Committee regular agenda.

Item 2. Properties

The Company's head office is located at 32nd Street, Bonifacio Global City, Taguig City, Metro Manila, Philippines. The office space occupied by the Company is leased from a third party. As a holding company, the Company does not utilize a significant amount of office space.

The Company plans to continually participate in future biddings for new or existing projects, and to develop projects that become available to it.

On a consolidated basis, AboitizPower's Property, Plant and Equipment were valued at around ₱203.45 bn as of end-2020, as compared to ₱209.52 bn as of end-2019. The breakdown of the Company's Property, Plant and Equipment as of December 31, 2020 and December 31, 2019 is as follows:

| Property, Plant and Equipment | 2020 | 2019 |
|---|---------------------|---------------------|
| Land | ₱ 1,751,190 | ₱ 1,785,250 |
| Buildings, Warehouses and Improvements | 38,731,336 | 37,218,328 |
| Powerplant, Equipment, and Streamfield Assets | 138,325,267 | 141,948,261 |
| Transmission, Distribution and Substation Equipment | 23,002,108 | 21,295,812 |
| Transportation Equipment | 5,311,547 | 1,626,721 |
| Office Furniture, Fixtures and Equipment | 1,345,146 | 1,174,643 |
| Leasehold Improvements | 2,950,245 | 2,793,542 |
| Electrical Equipment | 8,176,921 | 7,788,861 |
| Meter and Laboratory Equipment | 2,383,018 | 2,265,372 |
| Tools and Others | 4,687,252 | 1,228,993 |
| Construction in Progress | 5,464,652 | 6,311,485 |
| Right-of-use Assets | 38,012,187 | 37,864,618 |
| Less: Accumulated Depreciation and Amortization | 63,441,503 | 50,645,980 |
| Less: Accumulated Impairment | 3,248,123 | 3,134,440 |
| TOTAL | ₱203,451,243 | ₱209,521,466 |

Note: Values for the above table are in thousand Philippine Pesos.

Locations of Principal Properties and Equipment of the Company's Subsidiaries are as follows:

| Subsidiary | Description | Location/Address | Condition |
|-----------------|---------------------------|---|--|
| APRI | Geothermal power plants | Tiwi, Albay, Caluan, Laguna; and Sto. Tomas, Batangas | In use for operations, used to secure long-term debt |
| Aseagas | Raw land and improvements | Lian, Batangas | Ceased operations |
| Hedcor | Hydropower plants | Kivas, Banengneng, Benguet; Beckel, La Trinidad, Benguet, Bineng, La Trinidad, Benguet; Sal-angan, Ampucao, Itogon, Benguet; and Bakun, Benguet | In use for operations |
| Hedcor Sibulan | Hydropower plant | Santa Cruz, Sibulan, Davao del Sur | In use for operations |
| Hedcor Tudaya | Hydropower plant | Santa Cruz, Sibulan, Davao del Sur | In use for operations |
| Hedcor Sabangan | Hydropower plant | Namatec, Sabangan, Mountain Province | In use for operations |

| Subsidiary | Description | Location/Address | Condition |
|-------------------|---|---|--|
| CPPC | Bunker-C thermal power plant | Cebu City, Cebu | In use for operations |
| EAUC | Bunker-C thermal power plant | Lapu-Lapu City, Cebu | In use for operations |
| TMI | Barge-mounted diesel power plants | Nasipit, Agusan del Norte and Barangay San Roque, Maco, Compostela Valley | In use for operations |
| TMO | Barge-mounted diesel power plants | Navotas Fishport, Manila | In use for operations |
| TSI | Coal-fired thermal power plants | Davao City and Davao del Sur | In use for operations, used to secure long-term debt |
| TVI | Coal-fired thermal power plants | Bato, Toledo, Cebu | In use for operations, used to secure long-term debt |
| GMEC | Coal-fired thermal power plants | Mariveles, Bataan | In use for operations, used to secure long-term debt |
| Cotabato Light | Industrial land, buildings/plants, equipment, and machineries | Sinsuat Avenue, Cotabato City | In use for operations |
| Davao Light | Industrial land, buildings/plants, equipment, and machineries | P. Reyes Street, Davao City and Bajada, Davao City | In use for operations |
| Visayan Electric | Industrial land, buildings/plants, equipment, and machineries | Jakosalem Street, Cebu City and J. Panis Street, Cebu City | In use for operations |
| Lima Enerzone | Industrial land, buildings/plants, equipment, and machineries | Lipa City and Malvar, Batangas | In use for operations |
| Balamban Enerzone | Industrial land, buildings/plants, equipment, and machineries | Balamban, Cebu | In use for operations |

Item 3. Legal Proceedings

AboitizPower and its Subsidiaries are involved in various legal proceedings in the ordinary conduct of their businesses. The Company believes that none of these legal proceedings will have a material effect on the Company's financial position and results of operations.

Visayan Electric, for example, received several assessments of real property taxes (RPT) on its electric posts, transformers, wires, machineries, air-conditioning units, and water pumps. Visayan Electric consistently maintains that the electric posts, transformers, wires, machineries, air-conditioning units, water pumps and their appurtenances are not considered real properties under the Civil Code of the Philippines, and therefore are not lawful objects of RPT. Further, Section 270 of the Local Government Code of 1991 (LGC) provides that the collection of RPT is mandatory within five years from the date they become due, and that failure to collect the RPT within the said period will bar collection thereof.

As of December 31, 2020, Visayan Electric availed of Cebu City's tax amnesty ordinance in settlement of its RPT assessment case amounting to ₱183mn covering the period from 1989 to 2019 pending before the Cebu City Assessor's Office. Visayan Electric was issued a tax certificate on January 5, 2021, clearing Visayan Electric of any and all RPT liabilities for all its electric poles and their attachments located in Cebu City.

Other cases involving the Company and its Subsidiaries are as follows:

Luzon Hydro Corporation vs. The Provincial Government of Benguet, represented by Governor Melchor D. Diclas; Orlando T. Oidi, in his official capacity as the Provincial Assessor Of Benguet Province; Imelda I. Macanes, in her official capacity as the Provincial Treasurer Of Benguet Province; Bado K. Pasule, in his official

capacity as the Municipal Assessor Of Bakun, Benguet; and Merlita Tolito, in her official capacity as the OIC-Municipal Treasurer Of Bakun, Benguet, Civil Case No. 20I-CV-3558

In view of the finality of the SC's Decision in the case entitled: "National Power Corporation vs. Luzon Hydro Corporation (LHC), Banggay T. Alwis, Municipal Assessor, Manuel C. Bagayao, Municipal Treasurer of Bakun, Benguet, Erlinda Estepa, Provincial Assessor and Mauricio B. Ambanloc, Provincial Treasurer of the Province of Benguet" docketed as GR No. 244450 and GR No. 244659, the Municipal Treasurer of Bakun issued RPT Bills for the period covering 2002 to 2019 amounting to ₱284,448,073.24 on January 16, 2020.

On February 3, 2020, LHC wrote to the Provincial Governor requesting for the amendment of the RPT Bills to align with the MOA dated December 20, 2012 by and between LHC and the Province of Benguet. In the same letter, LHC also cited Executive Order (EO) No. 88, Series of 2019, which reduced the liability for RPT of IPPs such as LHC with Build-Operate-Transfer (BOT) Agreements with Government Owned and Controlled Corporations (GOCCs) to an amount equivalent to the tax due if computed at 15% assessment level and condoned all interest and penalties for all years up to 2018.

On September 14, 2020, LHC filed a Petition with the RTC of La Trinidad, Benguet, praying for the issuance of a writ of mandamus to compel the Province of Benguet to comply with the provisions of the EO and recompute the RPT liabilities of LHC. The Province of Benguet filed its Comment with Motion to Dismiss, which was denied by the RTC. The RTC also directed the parties to immediately manifest their conformity to the statement of undisputed facts, admitted documentary exhibits, and the statement of legal issues. LHC filed its Comment on January 21, 2021.

Luzon Hydro Corporation vs. Cristina G. Monderin, in her official capacity as the Municipal Treasurer of Alilem, Ilocos Sur, Et al. Civil Case Nos. 01810-T and 01814-T

With the finality of the SC's determination in the case: "Luzon Hydro Corporation and the National Power Corporation vs. The Local Board of Assessment Appeals of the Province of Ilocos Sur, Fatima Tenorio, in her official capacity as the Provincial Assessor of the Province of Ilocos Sur, Antonio A. Gundran, in his capacity as the Provincial Treasurer of the Province of Ilocos Sur" docketed as GR Nos. 223403 and 223460-61 that it is liable to pay RPT, LHC wrote to Gov. Singson on December 18, 2018 signifying its willingness to settle the outstanding RPT obligation, but at the reduced amount pursuant to the EOs. There was no response until August 13, 2019, when LHC received a Notice of Tax Delinquency from the Municipality with respect to four properties, computed based on an 80% assessment level. LHC received a second Tax Delinquency Notice on September 18, 2019 for seven other properties. The second tax delinquency notice covered the lodging house, admin buildings, warehouses, tunnel steel lining and industrial switchyard. Thereafter, the Municipality of Alilem issued warrants of levy for the properties covered by the notices, and scheduled them for auction sale.

LHC filed two separate "Petitions for Prohibition and Mandamus with prayer for TRO and Preliminary Injunction" to cover the two notices of auction sale, challenging the correctness of the amount assessed as RPT and to prevent the auction sale of the assets. The actions also sought the enforcement of the EOs directing the reduction of RPT on property, machinery and equipment actually and directly used by IPPs under BOT contracts (however denominated), and condoning related RPT interest and penalties.

The RTC of Tagudin, Ilocos Sur acting on both Petitions, issued two TROs enjoining the Municipality of Alilem from selling at public auction LHC's real properties for a period of 20 days, which has since expired. LHC, on its part, filed its Position Paper on December 12, 2019 and Supplemental Position Paper December 19, 2019, in compliance with the aforesaid court orders. The case is now submitted for decision.

On April 17, 2020, LHC filed a Manifestation to inform the RTC of Tagudin, Ilocos Sur about the parties' renewed attempt to forge a settlement. LHC and the Province of Ilocos Sur entered into a Compromise Agreement ("CA") on July 22, 2020 and subsequently filed a Joint Motion to Render Judgment Based on Compromise. The RTC of Tagudin, Ilocos Sur approved the CA and promulgated the Judgment Based on Compromise Agreement on July 27, 2020 and on September 11, 2020 issued an Order noting LHC's full compliance with its obligations under the Compromise Agreement and directed the release to LHC of the TRO bond previously posted.

G.R. No. 210245 entitled "*Bayan Muna Representative Neri Javier Colmenares, et al. vs. Energy Regulatory Commission, et al.*", Supreme Court; December 19, 2013

G.R. No. 210255 entitled "*National Association of Electricity Consumers for Reforms, et al. vs. Manila Electric Company, et al.*", Supreme Court; December 20, 2013

G.R. No. 210502 entitled "*Manila Electric Company, et al. v Philippine Electricity Market Corporation, et al.*", Supreme Court; January 8, 2014

On December 19, 2013, Bayan Muna representatives filed a Petition for Certiorari against ERC and Meralco with the SC, questioning the alleged substantial increase in Meralco's power rates for the billing period of November 2013. These cases raised, among others, the: (i) legality of Sections 6, 29 and 45 of the EPIRA, (ii) failure of ERC to protect consumers from high prices of electricity, and (iii) alleged market collusion by the generation companies. These cases were consolidated by the SC, which issued a TRO preventing Meralco from collecting the increase in power rates for the billing period of November 2013. The TRO was subsequently extended by the SC for another 60 days, or until April 22, 2014. On April 22, 2014, the SC extended the TRO indefinitely.

Meralco filed a counter-petition impleading all generation companies supplying power to the WESM to prevent the generation companies from collecting payments on power purchased by Meralco from the WESM during the contested billing period. The SC ordered other power industry participants (DOE, ERC, PEMC, PSALM, and the generation companies) to respond to Meralco's counter-petition.

The SC set the consolidated cases for oral arguments on January 21, 2014, February 4 and 11, 2014. After oral arguments, all parties were ordered to file their comments and/or memoranda. Meralco has been prevented from collecting the differential increase of the price hike. Because of Meralco's counter-petition against the generation companies, PEMC withheld settlement of the power purchases during the covered period.

On February 7, 2019, petitioners in G.R. No. 210245 filed their Motion for Directions, Status Updates and Immediate Resolution. As of January 31, 2021, these cases before the SC are still pending resolution and the SC has not lifted the TRO.

SC GR No. 224341 entitled "*Philippine Electricity Market Corporation vs. Therma Mobile, Inc.*", Supreme Court [CA G.R. SP No. 140177 entitled "*PEMC v. Therma Mobile Inc.*", Court of Appeals, Manila SP Proc. No. 12790 entitled "*Therma Mobile Inc. vs. PEMC*", Regional Trial Court Branch 157-Pasig City PEMC ECO-2014-0009 entitled "*Therma Mobile, Inc. (TMO Power Plants Units 1-4) Possible Non-Compliance with Must-Offer-Rule, Investigation Summary Report, dated August 4, 2014*"]

The Enforcement and Compliance Office of the Philippines Electricity Market Corporation (PEMC-ECO) conducted an investigation on TMO for possible non-compliance with the Must-Offer-Rule for the period October 26, 2013 to December 25, 2013. PEMC-ECO concluded that TMO was non-compliant with the Must-Offer-Rule for 3,578 intervals and recommended a penalty of ₱234.9 mn.

TMO filed its letter request for reconsideration on September 5, 2014, contending that it did not violate the Must-Offer Rule because its maximum available capacity was limited to 100 MW due to: (i) the thermal limitations of the old TMO 115-kV transmission line, and (ii) the technical and mechanical constraints of the old generating units and the component engines of the TMO power plants which were under various stages of rehabilitation after having been non-operational for five years. Although TMO's rated capacity is 234 MW (net), it could only safely and reliably deliver 100 MW during the November and December 2013 supply period because of limitations of its engines and the 115-kV transmission line. This temporary limitation of TMO's plant was confirmed during a dependable capacity testing conducted on November 21, 2013.

In its letter dated January 30, 2015, the PEMC Board of Directors denied TMO's request for reconsideration and confirmed its earlier findings. On February 13, 2015, TMO filed a Notice of Dispute with PEMC to refer the matter to dispute resolution under the WESM Rules, WESM Dispute Resolution Market Manual and the ERC-PEMC Protocol.

On February 16, 2015, TMO filed a petition for TRO before the Pasig City RTC. In its Order dated February 24, 2015, the RTC granted TMO a 20-day temporary order of protection and directed PEMC to: (i) refrain from demanding or collecting the amount of ₱234.9 mn as financial penalty; (ii) refrain from charging interest on the financial penalty and having the same accrue; and (iii) refrain from transmitting PEMC-ECO's investigation report

to the ERC. TMO posted a bond in the amount of ₱234.9 mn to answer for any damage that PEMC may suffer as a result of the Order. On April 1, 2015, the RTC rendered a Decision in favor of TMO. PEMC appealed the RTC decision before the Court of Appeals (CA) and sought to reverse and set aside the decision of the RTC.

On December 14, 2015, the CA rendered a Decision denying PEMC's Petition for Review and affirming the April 1, 2015 Decision of RTC in favor of TMO. On June 6, 2016, PEMC filed a Petition for Review on Certiorari with the SC to assail the December 14, 2015 CA Decision. TMO filed its Comment to PEMC's Petition for Review and PEMC filed a Reply. In its March 29, 2017 Resolution, the SC noted TMO's Comment and PEMC's Reply.

As of January 31, 2021, PEMC's Petition is still pending before the SC.

SC G.R. Nos. 244449 and 244455-56 entitled "Energy Regulatory Commission vs. Therma Mobile, Inc., Manila Electric Company and AP Renewables, Inc.", Supreme Court;

[CA G.R. SP. No. 152588 entitled "Therma Mobile, Inc. vs. Energy Regulatory Commission, Atty. Alfredo P. Vergara, Jr. and Engr. Nelson D. Canlas, in their capacity as Investigating Officers (IOs) of the Investigatory Unit constituted by the Honorable Commission pursuant to its Office Order No. 38, Series of 2013 dated December 26, 2013, as amended by Office Order No. 82, Series of 2017", Court of Appeals, Manila;

ERC Case No. 2015-025 MC entitled "Atty. Isabelo Joseph P. Tomas II, in his capacity as the Investigating Officer of the Investigatory Unit constituted by the Honorable Commission pursuant to its Office Order No. 38, Series of 2013 dated December 26, 2013 vs Meralco and Therma Mobile, Inc. [For Violation of Section 45 of RA 9136, otherwise known as EPIRA, Rule 11, Section 1 of IRR of the EPIRA (Commission of an Anti-Competitive Behavior, particularly Economic Withholding)]", ERC Pasig City, June 4, 2015;

ERC Case No. 2015-027 MC entitled "Atty. Isabelo Joseph P. Tomas II, in his capacity as the Investigating Officer of the Investigatory Unit constituted by the Honorable Commission pursuant to its Office Order No. 38, Series of 2013 dated December 26, 2013 vs Therma Mobile, Inc. [For Violation of Section 45 of RA 9136, otherwise known as EPIRA, Rule 11, Section 1 and 8(e) of IRR of the EPIRA (Commission of an Anti-Competitive Behavior, particularly Physical Withholding)]", ERC, Pasig City, June 4, 2015;

Pursuant to the allegations in the Bayan Muna SC case, the Investigation Unit of ERC ("ERC-IU") conducted investigations on the alleged anti-competitive behavior and market abuse committed by some participants of the WESM, including TMO.

On January 24, 2014, ERC issued a Subpoena Ad Testificandum and Duces Tecum directing TMO's representative to give clarification on matters pertaining to offers per trading interval involving the November to December 2013 supply months and provisions on the PSA between Meralco and TMO. The representative was likewise directed to bring relevant documents.

On January 29, 2014, TMO filed its Compliance and Submission to the Subpoena Duces Tecum. Further, on March 11, 2014, TMO filed its Memorandum, arguing that it did not commit any act constituting anti-competitive behavior and/ or misuse of market power. TMO then requested ERC-IU to terminate and close the investigation.

On May 20, 2015, ERC-IU issued its report and found that in bidding the way they did for the November and December 2013 supply months, TMO and Meralco allegedly committed Economic Withholding, and TMO committed Physical Withholding, and thus recommended the filing of cases for Anti-Competitive Behavior against TMO and Meralco.

On June 23, 2015, ERC ordered Meralco and TMO to file their respective Answers to the Complaint. On August 24, 2015, TMO filed its Answers praying for the dismissal of the Complaints.

In its Manifestation dated October 7, 2016, ERC-IU manifested the resignation of Atty. Isabelo Tomas as Investigating Officer (IO) and the appointment of Director Alfredo Vergara, Jr. and Engr. Nelson Canlas as new IOs. In a separate pleading, the new IOs filed their Reply to various motions filed by TMO.

On July 27, 2016, Meralco filed in ERC Case No. 2015-025MC an Urgent Motion to Dismiss with Motion to Suspend Proceedings on the ground that ERC has no jurisdiction over anti-competitive behavior cases, and that

jurisdiction is with PCC. On July 28, 2016, TMO filed in the same case a Manifestation and Motion adopting Meralco's Urgent Motion to Dismiss. On August 1, 2016, TMO also filed its Manifestation and Motion, which sought the dismissal of ERC Case No. 2015-027MC for lack of jurisdiction.

In an Order dated February 2, 2017, ERC denied Meralco's and TMO's motions to dismiss for lack of jurisdiction. TMO filed its Motion for Reconsideration, which the ERC subsequently denied in its Order dated June 20, 2017.

On September 18, 2017, TMO filed a Petition for Certiorari with the CA, praying that the CA: (i) issue a TRO commanding the ERC to desist from conducting further proceedings in ERC Case No. 2015-025MC and ERC Case No. 2015-027MC; (ii) after proceedings, issue a Writ of Preliminary Injunction; and (iii) annul and set aside the February 2, 2017 and June 20, 2017 ERC Orders.

In a Resolution dated October 2, 2017, the CA directed the respondents to file their comment on TMO's Petition for Certiorari and denied TMO's prayer for a TRO. TMO filed a Motion for Partial Reconsideration of the CA's October 2, 2017 Resolution, which the CA denied. Thereafter, the CA issued its Notice of Judgment and Decision dated May 23, 2018, which denied TMO's Petition. On June 20, 2018, TMO filed its Motion for Reconsideration of CA's Decision dated May 23, 2018. In a Resolution dated January 28, 2019, the CA denied the motions for reconsideration filed by TMO, Meralco and APRI and the motion for partial reconsideration filed by the ERC.

Subsequently, ERC filed a Petition dated February 21, 2019 with the SC via Rule 45 of the Rules of Court. In the Petition, ERC challenged the CA Decision and Resolution insofar as the CA ruled that the Philippine Competition Act ("PCA") repealed the parts of the EPIRA that granted jurisdiction to ERC over anti-competition matters in the energy sector, and that PCC has original and exclusive jurisdiction over anti-competition matters, including those affecting the energy sector after the effectivity of the PCA.

In a Resolution dated July 30, 2019, the SC directed the respondents to file their Comments on ERC's Petition. On November 25, 2019, TMO filed its Manifestation with the SC. As of January 31, 2021, ERC's Petition is still pending with the SC.

SC G.R. Nos. 244449 and 244455-56 entitled "Energy Regulatory Commission vs. Therma Mobile, Inc., Manila Electric Company and AP Renewables, Inc.", Supreme Court;

CA G.R. SP. No. 152613 entitled, "AP Renewables, Inc. vs. Energy Regulatory Commission and Directors Alfredo P. Vergara, Jr. and Engr. Nelson Canlas, in their capacity as the Investigating Officers of the Investigatory Unit of the Energy Regulations Commission", Court of Appeals, Manila

ERC Case No. 2015-038 MC entitled "Energy Regulatory Commission vs. AP Renewables, Inc. ([Violation of Section 45 of EPIRA, Rule 11, Sec. 1 and 8 (E) of the Implementing Rules and Regulations (Commission of an Anti-Competitive Behavior, particularly, Physical Withholding)]", ERC, Pasig City, June 9, 2015

ERC-IU conducted investigations on the alleged anti-competitive behavior and market abuse committed by some participants of the WESM, including APRI. On May 20, 2015, ERC-IU released its report holding that APRI's non-compliance with the Must-Offer Rule for four intervals is tantamount to Physical Withholding which, it alleged, is a form of anti-competitive behavior.

On June 9, 2015, complainant Atty. Isabelo Joseph Tomas III, Investigating Officer of the IU, filed the complaint for Anti-Competitive Behavior against APRI. On June 23, 2015, ERC issued an Order directing APRI to file its answer within 15 days from notice.

On July 1, 2015, APRI received the summons and complaint. Subsequently, on July 7, 2015, APRI filed a Motion praying that: (a) the Complainant serve upon APRI the complete copy of the complaint and its annexes; (b) the Complainant clarify and put on record the answer to the following issues: (i) which of Makban Plants' generating units is the subject of the complaint; and (ii) the dates and times of the four intervals mentioned in the complaint during which APRI allegedly offered "less than its total registered capacity." Meanwhile, on July 29, 2015, APRI filed its Answer *ad cautelam*.

In its Manifestation dated October 7, 2016, ERC-IU manifested the resignation of Atty. Isabelo Tomas as IO and the appointment of new IOs. The new IOs filed their Reply to various motions filed by APRI.

Subsequently, APRI filed a Motion to Dismiss dated July 29, 2016, arguing that jurisdiction over the case is vested in the PCC. APRI also filed its Ad Cautelam Pre-Trial Brief and Judicial Affidavits. ERC denied APRI's Motion to Dismiss, and APRI's subsequent Motion for Reconsideration.

On September 19, 2017, APRI filed a Petition for Certiorari (with application for TRO and Writ of Preliminary Injunction) with the CA (CA G.R. SP. No. 152613), praying for the CA to: (i) issue a TRO commanding ERC to desist from conducting further proceedings in ERC Case No. 2015-038MC; (ii) after proceedings, issue a Writ of Preliminary Injunction; and (iii) annul and set aside the February 2, 2017 and June 20, 2017 ERC Orders, and dismiss the complaint and ERC proceedings with prejudice.

On November 6, 2017, the IOs filed a Motion for Consolidation seeking to consolidate CA G.R. SP. No. 152613 with TMO's Petition in CA GR. No. 152588. Thereafter, the CA issued its Notice of Judgment and Decision dated May 23, 2018, which denied APRI's Petition. On June 18, 2018, APRI filed its Motion for Reconsideration of the CA's Decision dated May 23, 2018.

In a Resolution dated January 28, 2019, the CA denied the motions for reconsideration filed by APRI, Meralco, and TMO and the motion for partial reconsideration filed by ERC.

Subsequently, ERC filed a Petition dated February 21, 2019 with the SC via Rule 45 of the Rules of Court. In the Petition, ERC challenged the CA Decision and Resolution insofar as the CA ruled that the PCA repealed the parts of the EPIRA that granted to ERC jurisdiction over anti-competition matters in the energy sector, and that the PCC has original and exclusive jurisdiction over anti-competition matters including those affecting the energy sector after the effectivity of the PCA.

In a Resolution dated July 30, 2019, the SC directed the respondents to file their Comments on ERC's Petition. On November 4, 2019, APRI filed its Comment with the SC. As of January 31, 2021, ERC's Petition is still pending with the SC.

Consolidated Regulated Price Case (ERC vs. Various Generation Companies and PEMC) G.R. Nos. 246621-30, Petition for Review on Certiorari, Supreme Court;
[Consolidated Regulated Price Case against the Energy Regulatory Commission, Petition for Review on Certiorari, Court of Appeals, Manila;
ERC Case No. 2014-021 MC entitled "In the Matter of the Prices in the WESM for the Supply Months of November and December 2013 and the Exercise by the Commission of its Regulatory Powers to Intervene and Direct the Imposition of Regulated Prices therein without Prejudice to the On-going Investigation on the Allegation of Anti-Competitive Behavior and Possible Abuse of Market Power Committed by Some WESM Participants", March 28, 2014]

ERC conducted an investigation on the alleged collusion by the generation companies to raise the WESM prices. Subsequently, ERC issued an Order in ERC Case No. 2014-021 MC dated March 3, 2014 (the "ERC Order"), declaring as void the Luzon WESM prices during the November and December 2013 supply months. ERC also declared the imposition of regulated prices for such billing periods and directed PEMC to calculate the regulated prices and implement the same in the revised November and December 2013 WESM bills of the concerned distribution utilities in Luzon, except for Meralco whose November 2013 WESM bill was maintained in compliance with the TRO issued by the SC.

Pursuant to the ERC Order, on March 18, 2014, PEMC issued adjusted billing statements for all generators trading in the WESM, including Cebu-based EAUC and CPPC, recalculating the WESM prices.

The Company's Affiliates and Subsidiaries, APRI, TLI, TMO, AESI, AdventEnergy, SN Aboitiz Power-Magat, SN Aboitiz Power-Benguet, CPPC, and EAUC filed their respective Motions for Reconsideration, questioning the validity of the ERC Order on the ground of lack of due process, among others.

ERC, in its Order dated October 15, 2014, denied said Motions for Reconsideration. SN Aboitiz Power-Benguet, SN Aboitiz Power-Magat, APRI, TLI, and TMO filed their Petitions for Review (the "Petitions") before the CA on November 19, 24, December 1, and 4, 2014, respectively. The CA ordered the consolidation of the Petitions on October 9, 2015.

On November 7, 2017, the CA granted the Petitions. ERC's March 3, 2014 Order, among other orders, were declared null and void, and the Luzon WESM market prices in November and December 2013 were declared valid and therefore reinstated.

Thereafter, ERC and Meralco filed their respective motions for reconsideration. Several entities also filed motions to intervene in the case. APRI, TLI, and TMO filed their oppositions to the motions for reconsideration and motions to intervene. The CA denied the motions to intervene filed by several entities, which thereafter filed their motions for reconsideration. In an Omnibus Resolution dated March 29, 2019, the CA denied the motions for reconsideration by ERC and Meralco, as well as the motions for reconsideration filed by several entities that wanted to intervene in the case.

In June 2019, ERC, Meralco, and several entities filed their Petitions for Review on Certiorari with the SC, asking the latter to reverse and set aside the CA Decision dated November 7, 2017 and the CA Omnibus Resolution dated March 29, 2019. They also prayed that the SC reinstate the ERC Orders.

In September to October 2019, the SC issued Resolutions denying the Petitions for Review on Certiorari filed by several entities, including Calco Industries Inc., Paperland, Alyansa ng mga Grupong Haligi at Teknolohiya Para sa Mamamayan (AGHAM), Ateneo de Manila University, Citizenwatch, Riverbanks Dev't. Corp., Steel Angles Shapes & Sections Manufacturers, for failure to show any reversible error on the part of the CA in promulgating the Decision dated November 7, 2017 and Omnibus Resolution dated March 29, 2019.

In a Resolution dated September 11, 2019, the SC required respondents to file their Comments to ERC's Petition for Review on Certiorari. On January 28, 2020, TMO and TLI filed their Consolidated Comment (to the Petition for Review on Certiorari dated June 13, 2019); whereas APRI filed its Comment (on the Petition for Review on Certiorari dated June 13, 2019) on February 11, 2020.

In a Resolution dated February 10, 2020, the SC required respondents to file their Comments on Meralco's Petition for Review on Certiorari dated June 13, 2019. On July 9, 2020, APRI filed its Comment, and TLI and TMO filed their Consolidated Comment to Meralco's Petition for Review on *Certiorari*.

Subsequently, the SC issued a Resolution dated March 11, 2020 requiring the respondents to comment on San Beda University's Motion for Leave to Intervene and to Admit Petition-In-Intervention. On October 2, 2020, APRI filed its Opposition to San Beda University's Motion; while TLI and TMO filed their Opposition on October 21, 2020.

As of January 31, 2021, ERC's and Meralco's petitions are pending resolution by the SC.

ERC Case No. 2013-077 MC entitled "In Re: Petition for Dispute Resolution: Manila Electric Company (Meralco) vs. South Premier Power Corporation (SPPC), Masinloc Power Partners Company, Ltd. (MPPCL), AP Renewables, Inc. (APRI), Therma Luzon, Inc. (TLI), San Miguel Energy Corporation (SMEC) and SEM-Calaca Power Corporation (SCPC)", August 29, 2013

On August 29, 2013, Meralco filed a petition before ERC against TLI and APRI, among other Successor Generating Companies (SGCs), docketed as ERC Case No. 2013-077 MC, where Meralco prayed that it be refunded by the respondent-SGCs of the transmission line losses. The petition arose from a claim of refund on account of the alleged over-recoveries of transmission line losses.

The petition was filed by Meralco pursuant to ERC Order dated March 4, 2013 and July 1, 2013 in ERC Case No. 2008- 083 MC where the SGCs were not parties to.

On September 20, 2013, APRI and TLI, together with the other SGCs, filed a Joint Motion to Dismiss arguing that Meralco's petition should be dismissed for failure to state a cause of action and ERC's lack of jurisdiction over the subject matter of the case. The motion argued that: (i) Meralco cannot base its cause of action against the SGCs on a decision issued by ERC in another case where none of the SGCs were made parties to the case; and (ii) Meralco's claim is in a nature of a claim for sum of money which is properly within the jurisdiction of regular courts. The Joint Motion to Dismiss has since then been submitted for resolution with ERC.

As of January 31, 2021, ERC has yet to render its decision on the Joint Motion to Dismiss.

Item 4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

(1) Market Information

AboitizPower's common shares are traded on the PSE.

The high and low stock prices of AboitizPower's common shares for each quarter of the past two years were as follows:

| | 2020 | | 2019 | | 2018 | |
|----------------|--------|--------|--------|--------|--------|--------|
| | High | Low | High | Low | High | Low |
| First Quarter | ₱35.00 | ₱23.45 | ₱39.20 | ₱33.70 | ₱41.80 | ₱37.50 |
| Second Quarter | 30.00 | 25.50 | ₱38.00 | ₱34.15 | ₱39.70 | ₱34.25 |
| Third Quarter | 28.25 | 24.30 | ₱40.35 | ₱34.10 | ₱38.20 | ₱33.45 |
| Fourth Quarter | 28.55 | 25.60 | ₱40.40 | ₱33.00 | ₱35.50 | ₱31.20 |

The closing price of AboitizPower common shares as of January 31, 2021 is ₱24.00 per share.

(2) Holders

As of January 31, 2021, AboitizPower has 586 stockholders of record, including PCD Nominee Corporation (Filipino) and PCD Nominee Corporation (Foreign). Common shares outstanding as of same date were 7,358,604,307 shares.

The top 20 stockholders of AboitizPower as of January 31, 2021 are as follows:

| Name | Number of Shares | Percentage |
|--|----------------------|----------------|
| 1) Aboitiz Equity Ventures Inc. | 5,657,530,774 | 76.88% |
| 2) PCD Nominee Corporation Filipino | 1,076,615,322 | 14.63% |
| 3) PCD Nominee Corporation Foreign | 342,476,860 | 4.65% |
| 4) Bauhinia Management Inc. | 18,109,100 | 0.25% |
| 5) Portola Investors Inc. | 13,634,856 | 0.19% |
| 6) Hawk View Capital Inc. | 13,633,657 | 0.19% |
| 7) San Fernando Electric Light and Power Co. | 7,931,034 | 0.11% |
| 8) Parraz Development Corporation | 7,827,522 | 0.11% |
| 9) Dominus Capital Inc. | 7,241,050 | 0.10% |
| 10) FMK Capital Partners Inc. | 6,538,000 | 0.09% |
| 11) Sabin M. Aboitiz | 5,667,406 | 0.08% |
| 12) Iker M. Aboitiz | 5,465,100 | 0.07% |
| 13) Aboitiz & Company, Inc. | 5,360,000 | 0.07% |
| 14) Daniele Management & Development | 5,234,949 | 0.07% |
| 15) Danel C. Aboitiz | 4,528,696 | 0.06% |
| 16) Arrayanes Corporation | 4,146,243 | 0.06% |
| 17) Ramon Aboitiz Foundation, Inc. | 3,900,000 | 0.05% |
| 18) La Filipina Uy Gongco Corporation | 3,800,000 | 0.05% |
| 19) Tris Management Corporation | 3,130,359 | 0.04% |
| 20) Tinkerbelle Management Corporation | 3,042,454 | 0.04% |
| SUBTOTAL | 7,195,813,382 | 97.79% |
| Other Stockholders | 162,790,925 | 2.21% |
| TOTAL SHARES | 7,358,604,307 | 100.00% |
| NET ISSUED AND OUTSTANDING SHARES | 7,358,604,307 | 100.00% |

(3) Dividends

Since 2013, the Company's dividend policy has been to declare an annual cash dividend payment ratio of 50% of its consolidated net income from the previous fiscal year based on the audited financial statements of the Company, in all cases subject to the approval of the Company's Board of Directors. The policy changed the previous cash dividend payment ratio of 33% of previous year's net profits.

The cash dividends declared by AboitizPower to common stockholders from 2019 to the first quarter of 2021 are shown in the table below:

| Year | Cash Dividend Per Share | Total Declared | Declaration Date | Record Date | Payment Date |
|----------------|-------------------------|----------------|------------------|-------------|--------------|
| 2021 (regular) | ₱0.85 | ₱6.25 bn | 3/5/2021 | 3/19/2021 | 3/31/2021 |
| 2020 (regular) | ₱1.18 | ₱8.68 bn | 3/6/2020 | 3/20/2020 | 4/3/2020 |
| 2019 (regular) | ₱1.47 | ₱10.82 bn | 3/7/2019 | 3/21/2019 | 4/5/2019 |

There are no restrictions that limit the payment of dividends on common shares to stockholders of record as of March 19, 2021.

(4) Recent Sales of Unregistered or Exempt Securities including Recent Issuances of Securities Constituting an Exempt Transaction

AboitizPower does not have any recent sales of unregistered or exempt securities including recent issuances of securities constituting an exempt transaction.

Item 6. Management's Discussion and Analysis or Plan of Action**MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following is a discussion and analysis of the Company's consolidated financial condition and results of operations and certain trends, risks, and uncertainties that may affect its business. The critical accounting policies section discloses certain accounting policies and management judgments that are material to the Company's results of operations and financial condition for the periods presented in this report. The discussion and analysis of the Company's results of operations is presented in three comparative sections: the year ended December 31, 2020 compared with the year ended December 31, 2019, the year ended December 31, 2019 compared with the year ended December 31, 2018, the year ended December 31, 2018 compared with the year ended December 31, 2017.

Prospective investors should read this discussion and analysis of the Company's consolidated financial condition and results of operations in conjunction with the consolidated financial statements and the notes thereto set forth elsewhere in this report.

Top Five Key Performance Indicators

Management uses the following indicators to evaluate the performance of the Registrant, and its Subsidiaries:

- 1. Share in Net Earnings of Associates and Joint Ventures.** This represents the Group's share in the undistributed earnings or losses of its investees for each reporting period subsequent to acquisition of said investment, net of goodwill impairment cost, if any. Goodwill is the difference between the purchase price of an investment and the investor's share in the value of the net identifiable assets of the investee at the date of acquisition. Share in Net Earnings of Associates and Joint Ventures indicates profitability of the investment and investees' contribution to the Group's net income.

Manner of Computation: Associate's Net Income (Loss) x Investor's % ownership - Goodwill Impairment Cost

2. **Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA).** The Company computes EBITDA as earnings before extra-ordinary items, net finance expense, income tax provision, depreciation and amortization. It provides management and investors with a tool for determining the ability of the Group to generate cash from operations to cover financial charges and income taxes. It is also a measure to evaluate the Group's ability to service its debts.
3. **Cash Flow Generated.** Using the Consolidated Statement of Cash Flows, management determines the sources and usage of funds for the period and analyzes how the Group manages its profit and uses its internal and external sources of capital. This aids management in identifying the impact on cash flow when the Group's activities are in a state of growth or decline, and in evaluating management's efforts to control the impact.
4. **Current Ratio.** Current ratio is a measurement of liquidity, calculated by dividing total current assets by total current liabilities. It is an indicator of the Group's short-term debt paying ability. The higher the ratio, the more liquid the Group.
5. **Debt-to-Equity Ratio.** Debt-to-Equity ratio gives an indication of how leveraged the Group is. It compares assets provided by creditors to assets provided by shareholders. It is determined by dividing total debt by stockholders' equity.

Year Ended December 31, 2020 versus Year Ended December 31, 2019

Outlook for the Upcoming Year/ Known Trends, Events, and Uncertainties which may have Material Impact on the Registrant

AboitizPower remains focused on addressing the needs of its markets, namely: (1) providing reliable supply, at a (2) reasonable cost, and with (3) minimal impact on the environment and communities. The Company believes that there is no single technology that completely addresses the country's energy requirements; and that to address the deficiency, a mix of power generation technologies is necessary. Thus, AboitizPower continues to pursue both renewable projects and thermal technologies where and when it makes sense.

Despite increased competition in the power generation market, the Company believes that it has built the foundation to sustain its long term growth, as seen in its pipeline of new power generation projects (see Part I Item 1.(a)(i) on Principal Products and Services - Generation of Electricity on page 47 of the Company's 2020 Preliminary Information Statement).

As of the end of 2020, AboitizPower owns 4,429 MW of net attributable capacity, of which 3,494 MW is currently operating. The Company's plan is to double its net attributable capacity by the end of the decade, with a target of more than 9,000 MW by 2030. This is expected to come from a portfolio of renewables and selective baseload builds, with the optionality for either coal or gas facilities.

The Company aims to maximize opportunities from the implementation of the Renewable Portfolio Standards ("RPS") by the DOE starting in 2021. In line with DOE's aspirational goal of a 35% share in renewable energy utilization by 2030, RPS is a market-based policy that mandates power distribution utilities, electric cooperatives, and retail electricity suppliers to source an agreed portion of their energy supplies from renewable energy facilities. The Company will continue to pursue international opportunities, with a continued focus on renewable energy projects in wind, hydro, and solar in high-growth geographic markets with acceptable regulatory environments. With all of these combined, the Company aims for its portfolio ratio to be close to a 50:50 renewable energy and thermal capacity mix by the end of the current decade.

AboitizPower fully supports the DOEs' coal moratorium efforts to make the Philippine energy system more flexible, resilient, and sustainable. The Company has been a pioneer of renewable energy in the country and currently has the highest megawatts in renewable installed capacity based on market control. Its diversification into thermal technologies was primarily driven by the country's need for a reliable, accessible, and affordable power supply.

AboitizPower believes that it is well-positioned to take advantage of opportunities arising from developments in the power industry. The Company expects its financial condition to give it the agility to create or acquire additional generating capacity over the next few years.

AboitizPower, together with its partners, has allotted ₱23 bn for capital expenditures in 2021, about 70% of which is for expansions and upgrades. These include the remaining investment for the GNPowr Dinginin construction, as well as for the Company's battery energy storage system projects.

Despite the challenges posed by the global pandemic and the currently challenging business situation, the Company continues to operate with its business continuity plans in force, in accordance with the protocols and guidelines of the government's community quarantine. The Company will continue to provide the country with the much-needed power supply for hospitals, government institutions, and critical businesses, while ensuring the safety of its teams, partners, and communities.

Other known trends, events, uncertainties which may have a material impact on AboitizPower have been discussed extensively in sections of the Company's Information Statement (e.g. for an extensive discussion on regulatory issues, see Effects of Existing or Probable Government Regulations on the Business on page 80 of the Company's 2020 Preliminary Information Statement.

Year Ended December 31, 2019 versus Year Ended December 31, 2018

The table below shows the comparative figures of the top five key performance indicators for 2019 and 2018.

| Key Performance Indicators | 2019 | 2018 |
|--|--------------|--------------|
| <i>Amounts in thousands of ₱s, except for financial ratios</i> | | |
| SHARE IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES | 3,813,962 | 4,356,825 |
| EBITDA | 45,005,022 | 51,490,894 |
| CASH FLOW GENERATED: | | |
| Net cash flows from operating activities | 39,356,962 | 37,287,900 |
| Net cash flows used in investing activities | (34,060,584) | (7,243,119) |
| Net cash flows used in financing activities | (14,376,055) | (19,155,753) |
| Net (Decrease)/Increase in Cash & Cash Equivalents | (9,079,677) | 10,889,028 |
| Cash & Cash Equivalents, Beginning | 46,343,041 | 35,699,631 |
| Cash & Cash Equivalents, End | 37,433,929 | 46,343,041 |
| CURRENT RATIO | 1.50 | 1.89 |
| DEBT-TO-EQUITY RATIO | 2.07 | 1.85 |

Share in net earnings in associates and joint ventures declined by 12% in 2019 compared to 2018 due to lower income contributions from SN Aboitiz Power-Magat, Inc. (SN Aboitiz Power-Magat) and GNPowr Dinginin Ltd. Co. (GNPD). The lower share in net earnings of GNPD was mainly due to a foreign exchange (forex) gain recorded in 2018 as against a forex loss reported in 2019. SN Aboitiz Power-Magat's lower income contribution was primarily driven by a reduction in volume sold due to reduced water levels in 2019.

Consolidated EBITDA decreased by 13% in 2019, mainly due to an increase in cost of purchased power, lower spot market revenues, and lower plant availability across the Power Generation Group.

During 2019, cash and cash equivalents decreased by ₱8.91 bn, due to cash flows used for the acquisition of AA Thermal, Inc. (AA Thermal) and investment in GNPD for the ongoing construction of its 1x668 MW supercritical coal-fired power plant in Bataan.

Current ratio at the end of 2019 was at 1.50x, down from previous year's 1.89x. This is due to the reduction in cash and cash equivalents and the increase in currently maturing debt.

Debt-to-equity ratio as of December 31, 2019 was at 2.07, higher than the 1.85 recorded at the end of 2018 due to the avallment of new debts during 2019.

Results of Operations

Net income for 2019 decreased 20% Year-on-Year (YoY), from ₱21.71 bn in 2018 to ₱17.32 bn in 2019, which translated to earnings per share of 2.35. In 2019, there was higher cost of purchased power, lower spot market revenues, and lower plant availability of the Power Generation Group. The Company also recognized non-recurring gains of ₱702 mn, mainly due to net foreign exchange gains from the revaluation of dollar-denominated debts and derivatives, Aseagas, Inc.'s VAT recoveries, and gain on land appraisal. Without these one-off gains, the Company's core net income for 2019 was ₱16.62 bn, 30% lower than the ₱23.8 bn recorded during 2018.

Power Generation and Retail Electricity Supply (RES)

The Power Generation Group and RES' income contribution for 2019 was ₱15.28 bn, down 23% YoY. The decline was largely driven by the higher volume and cost of purchased power, lower spot market revenues, and lower plant availability. Spot market prices were high in the first half of 2019. During this period, the Group purchased replacement power due to outages, and contracted ahead in preparation for Therma Visayas, Inc.'s (TVI) incoming capacity. Plant availability was also lower versus the same period last year due to outages from the Group's local facilities.

As of year-end 2019, AboitizPower's net sellable capacity stood at 3,455 MW.

Power Distribution

The power distribution group's earnings contribution increased slightly by 1% YoY, from ₱4.05 bn in 2018 to ₱4.10 bn in 2019.

Material Changes in Line Items of Registrant's Statements of Income and Comprehensive Income

Consolidated Statements of Income

Consolidated net income attributable to equity holders of the parent decreased by 20% from ₱21.71 bn in 2018 to ₱17.32 bn in 2019. The various movements in line items are shown below to account for the increase:

| | |
|---|--------------------|
| Consolidated Net Income Attributable to Equity Holders of the Parent for 2018 | <u>₱21,707,603</u> |
| Decrease in operating revenues | (5,936,927) |
| Increase in operating expenses | (1,703,881) |
| Increase in interest income | 411,618 |
| Increase in interest expense | (1,965,488) |
| Decrease in share in net earnings of associates and joint ventures | (542,863) |
| Decrease in other income - net | 4,775,698 |
| Higher provision for taxes | (289,875) |
| Decrease in income attributable to non-controlling interests | 866,792 |
| Total | <u>4,384,926</u> |
| Consolidated Net Income Attributable to Equity Holders of the Parent for 2018 | <u>₱17,322,677</u> |

Operating Revenues

(5% decrease from ₱131.57 bn to ₱125.64 bn)

The 5% decrease in operating revenues was driven by: (i) lower plant availability, (ii) expiration of contracts with customers of Therma Marine, Inc. (TMI) and Thermal Mobile, Inc. (TMO), and (iii) lower average selling price on the Power Generation Group and RES power supply contracts. This was partly offset by higher electricity sales from the Company's Distribution Utilities.

The lower plant availability due to outages resulted to a reduction in the volume (capacity and energy) sold to customers. Likewise, this limited the Group's capacity available to sell to the spot market.

Operating Expenses

(2% increase from ₱96.78 bn to ₱97.36 bn)

Operating expenses increased by 2% during 2019, driven by the increase in depreciation and amortization cost (14%) due to the start of operations of TVI and the full year of operations for both Hedcor Bukidnon, Inc. (Hedcor Bukidnon) and Pagbilao Energy Corporation (PEC). The cost or purchased power and operations and maintenance expenses also increased during the year.

Interest Income

(47% increase from ₱ 880 mn to ₱ 1,292 mn)

The increase in interest income during 2019 was primarily due to the Company's higher cash investments and higher interest income from Therma South, Inc. (TSI), TVI, Hedcor Bukidnon and AP Renewables, Inc. (APRI).

Interest Expense and Other Financing Costs

(16% increase from ₱12.08 bn to ₱14.05 bn)

Interest expense increased in 2019 due to the full-year impact of the ₱10.20 bn in retail bonds issued by the Company in October 2018 and the interest on the Company's ₱7.25 bn retail bonds issued in October 2019. The proceeds from the bonds were used to pay for short-term borrowings and general corporate purpose.

Share in Net Earnings of Associates and Joint Ventures

(12% decrease from ₱4.36 bn to ₱3.81 bn)

Share in net earnings of associates and joint ventures declined by 12% in 2019, mainly due to lower income contributions from SN Aboitiz Power-Magat and GNPD. SN Aboitiz Power-Magat's lower income contribution was primarily driven by a reduction in volume sold due to reduced water levels in 2019. The lower share in net earnings of GNPD was mainly due to a forex gain recorded in 2018 as against a forex loss reported in 2019.

Other Income (Expenses) – net

(Increase from ₱1.29 bn other expense to ₱3.48 bn other income)

The change from an expense position in 2018 to an income position in 2019 was mainly due to lower net forex losses YoY. This movement was due to favorable movements of the Philippine Peso against U.S. Dollar in 2019 versus 2018.

Provision for Taxes

(10% increase from ₱2.93 bn to ₱3.2 bn)

The increase was due to lower net deferred tax benefit arising from deferred taxes on unrealized forex gain.

Net Income Attributable to Non-controlling Interests

(23% decrease from ₱3.73 bn to ₱ 2.86 bn)

The decrease was due to a decline in the operating results of GMCP combined with a reduction in the Company's non-controlling ownership in GMCP after the acquisition of non-controlling interests in May 2019.

Changes in Registrant's Resources, Liabilities and Shareholders' Equity

Assets

Total assets (as of December 31, 2019 compared to December 31, 2018) increased by ₱20.81 bn, or 5% YoY. The major movements of the accounts leading to the increase were as follows:

- a) Cash and cash equivalents decreased by 19% during 2019. This was due to cash flows used for: (i) acquisition of AA Thermal, (ii) investment in GNPD for its on-going power plant construction, (iii) funding of the Group's capital expenditures, and (iv) debt service. The decrease in cash and cash equivalents was partially offset by operating cash flows and proceeds from the Company's retail bonds issuance in 2019.

- b) Property held for sale of ₱676 mn as of December 31, 2018 pertains to transmission assets was sold to NGCP in February 2019.
- c) Other current assets were lower by 16% (from ₱13.21 bn in 2018 to ₱11.04 bn in 2019) mainly driven by the decrease of TSI's restricted cash. The maintenance of a cash reserve forms part of TSI's compliance with the covenants on its project debt.
- d) Investments and advances increased by ₱26.54 mainly as a result of capital infusions for the AA Thermal acquisition and GNPD plant construction.
- e) Property, plant and equipment (PPE) slightly increased by 1% (from ₱207.11 bn in 2018 to ₱209 bn in 2019) mainly due to the recognition of right-of-use assets on the Group's leases resulting from the adoption of Philippine Financial Reporting Standards (PFRS) 16, *Leases*.
- f) Derivatives assets were down by ₱211 mn in 2019, primarily due to fair value changes on GMCP's interest rate swaps.
- g) Financial assets at fair value through profit or loss went down to ₱4 mn in 2019 from ₱101 mn. This was mainly due to the sale of Parent' Company's financial assets at Fair Value through Profit and Loss (FVPL).
- h) Deferred income tax assets increased by 25% (from ₱2.23 bn in 2018 to ₱2.80 bn in 2019), driven by deferred tax benefits recognized by TMO on its net operating loss and Therma Luzon, Inc. (TLI) on its unrealized forex loss.
- i) Other noncurrent assets increased by ₱2.86 bn or 27% YoY. The increase was due to restricted cash of a Subsidiary that arose from its receipt of proceeds from a damage claim against its contractors, which claim is currently under dispute. This was partly offset by decrease in input VAT and reversal of prepaid rent against lease liabilities upon adoption of PFRS 6, *Leases*.

Liabilities

Consolidated liabilities increased by 9% YoY, from ₱253.09 bn as of end-2018 to ₱276.83 bn as of end-2019. The major movements of the accounts leading to the increase were as follows:

- a) Derivatives liabilities (current and non-current portions) increased by ₱2.31 bn in 2019, due to fair value changes on the Group's foreign currency forward contracts and commodity swap contracts.
- b) Income tax payable increased by 15% YoY (from ₱439 mn in 2018 to ₱506 mn in 2019), mainly due to expiration of the income tax holidays enjoyed by certain Subsidiaries and a corresponding higher current income tax provision.
- c) Long-term debt (current and non-current portions) increased by 13% YoY (from ₱158.06 bn in 2018 to ₱177.97 bn in 2019), primarily due to the ₱7.25 bn bonds issuance in October 2019.
- d) Lease liabilities (current and noncurrent portions) decreased by ₱2.10 bn, since TLI made timely payments on its obligation with PSALM.
- e) Long-term obligation on power distribution system (PDS) decreased by 8% as regular annual payments were made.
- f) Customers' deposits increased by ₱513 mn or 9% primarily, driven by growth in customer base of the Distribution Utilities.
- g) Other noncurrent liabilities went up from ₱3.18 bn in 2018 to ₱6.81 bn in 2019, mainly due to receipt of proceeds from a damage claim against contractors, which claim is now under dispute.

Equity

Equity attributable to equity shareholders of the Parent Company decreased by 2% YoY (from ₱127.71 bn at year-end 2018 to ₱125.54 bn at year-end 2019), after the declaration of dividends in 2019, net of comprehensive income recognized.

- a) Cumulative translation adjustments decreased by ₱1.52 bn due to downward effect of changes in the fair value of foreign currency forward and commodity swap contracts designed as cash flow hedges; and translation effect of GMCP and Luzon Hydro Corporation (LHC) for the current period.
- b) Share in cumulative translation adjustments of associates and joint ventures decreased by ₱475 mn, mainly due to translation effect of GNPD.
- c) Acquisition of non-controlling interests for the period pertains to the difference between the purchase price and fair value of net assets acquired in the acquisition of additional partnership interest in GMCP.

Material Changes in Liquidity and Cash Reserves of Registrant

Cash generated from operations of ₱39.36 bn continued to provide a source of liquidity during 2019, growing by ₱2.07 bn as compared to 2018.

Net cash flows used in investing activities increased to ₱34 bn in 2019 from ₱7 bn in 2018, mainly due to funding for the AA Thermal acquisition.

Despite the cash used to fund acquisition of additional partnership interest in GMCP, the net cash outflows from financing activities amounting to ₱14.38 in 2019 is still lower than 2018. This is due to higher debt availed in 2019.

As of December 31, 2019, the Group's cash and cash equivalents decreased to ₱37.43 bn, compared to ₱46.34 bn as of year-end 2018.

Financial Ratios

Current assets decreased by 13% while current liabilities increased by 10%. The current ratio at year-end 2019 was at 1.50x, versus 1.89x at year-end 2018.

Consolidated debt to equity ratio at year-end of 2019 was at 2.07 versus 1.85 as of year-end 2018, as the Company's liabilities have been higher during the year.

Year Ended December 31, 2018 versus Year Ended December 31, 2017

The table below shows the comparative figures of the top five key performance indicators for 2018 and 2017.

| Key Performance Indicators | 2018 | 2017 |
|--|--------------|--------------|
| <i>Amounts in thousands of ₱s, except for financial ratios</i> | | |
| SHARE IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES | 4,356,825 | 4,697,864 |
| EBITDA | 51,490,894 | 47,650,408 |
| CASH FLOW GENERATED: | | |
| Net cash flows from operating activities | 37,287,900 | 30,235,931 |
| Net cash flows used in investing activities | (7,243,119) | (9,452,925) |
| Net cash flows used in financing activities | (19,155,753) | (32,122,699) |
| Net (Decrease)/Increase in Cash & Cash Equivalents | 10,889,028 | (11,339,693) |
| Cash & Cash Equivalents, Beginning | 35,699,631 | 47,094,741 |
| Cash & Cash Equivalents, End | 46,343,041 | 35,699,631 |
| CURRENT RATIO | 1.89 | 1.38 |

| | | |
|----------------------|------|------|
| DEBT-TO-EQUITY RATIO | 1.85 | 1.92 |
|----------------------|------|------|

Share in net earnings in associates and joint ventures declined by 7% in 2018 compared to 2017 due to decreases in contributions from WMPC, SPPC, RP Energy, SFELAPCO, and large hydropower plants, SN AboitizPower-Magat and SN AboitizPower-Benguet. Lower income contributions attributable to large hydropower plants were due to a lower hydrology in 2018 compared to the higher than usual hydrology levels during 2017.

Consolidated EBITDA increased by 8% in 2018, primarily due to the fresh contributions from PEC and Hedcor Bukidnon, which commenced commercial operations in March 2018 and July 2018, respectively, and further augmented by higher contributions from GMCP due to higher availability factor in 2018 as compared to the previous year. These were largely offset by lower contributions arising from: (i) TSI due to higher operating costs; and (ii) TMO due to expiration of power supply contracts in 2018.

During 2018, cash and cash equivalents increased by ₱10.64 bn, due to higher operating cash flows, proceeds from debt-raising activities at parent, and proceeds of the long-term debts of GMCP and TVI. In 2018, the Company also managed to return the same levels of cash dividends to its shareholders, and deploy financial resources to continue the construction of various Greenfield projects.

Current ratio at the end of 2018 was at 1.89x from the previous year's 1.38x, due to the 31% increase in current assets and 5% decrease in current liabilities.

Debt-to-equity ratio as of December 31, 2018 was at 1.85, lower than the 1.92 recorded at the end of 2017.

Results of Operations

Net income for 2018 increased 6% Year-on-Year (YOY), from ₱20.42 bn in 2017 to ₱21.71 bn in 2018. This translated to earnings per share of ₱2.95. During 2018, the Company recognized non-recurring losses of ₱2.08 bn (versus 2017's loss of ₱2.93 bn) mainly resulting from: (i) foreign exchange (forex) losses from revaluation of dollar-denominated liabilities; and (ii) asset impairment. Adjusting for these one-off losses, the Company's core net income for 2018 amounted to ₱23.78 bn, up by 2% YoY.

Power Generation and Retail Electricity Supply (RES)

The power generation group and RES' income contribution for 2018 was ₱19.96 bn, up 12% YoY. The growth was largely driven by fresh income contributions from PEC and Hedcor Bukidnon. Netting out forex losses and impairment costs recognized in 2018, the generation group and RES' core net income contribution remained flat at ₱20.95 bn. Capacity sold during 2018 was flat YoY, from 3,167 MW in 2017 to 3,152 MW in 2018.

As of year-end 2018, AboitizPower's net sellable capacity stood at 3,111 MW.

Power Distribution

The power distribution group's earnings contribution decreased by 5% YoY, from ₱4.27 bn in 2017 to ₱4.05 bn in 2018. Stripping out the impairment loss in 2018, its recurring earnings contribution grew 6% YoY from ₱4.11 bn in 2017 to ₱4.37 bn in 2018. This increase was mainly attributable to electricity sales which increased by 5% YoY, from 5,288 GWh in 2017 to 5,540 GWh in 2018 as energy sales grew across all customer segments.

Material Changes in Line Items of Registrant's Statements of Income and Comprehensive Income Consolidated Statements of Income

Consolidated net income attributable to equity holders of the parent increased by 6% from ₱20.42 bn in 2017 to ₱21.71 bn in 2018. The various movements in line items are shown below to account for the increase:

| | |
|---|--------------------|
| Consolidated Net Income Attributable to Equity Holders of the Parent for 2017 | <u>₱20,416,442</u> |
| Increase in operating revenues | 12,180,781 |
| Increase in operating expenses | (9,857,828) |

| | |
|---|--------------------|
| Decrease in interest income | (46,927) |
| Increase in interest expense | (834,378) |
| Decrease in share in net earnings of associates and joint ventures | (341,039) |
| Decrease in other expenses | 411,689 |
| Lower provision for taxes | 932,775 |
| Increase in income attributable to non-controlling interests | (1,153,912) |
| Total | 1,291,161 |
| Consolidated Net Income Attributable to Equity Holders of the Parent for 2018 | ₱21,707,603 |

Operating Revenues

(10% increase from ₱119.39 bn to ₱131.57 bn)

The 10% increase in operating revenues was mainly attributable to the higher revenues recorded by the power generation and RES groups, which combined accounted for ₱10.59 bn of the ₱12.18 bn increase. The higher revenues were driven by: (i) fresh contributions from PEC and Hedcor Bukidnon; and (ii) higher sales at TLI. These were offset by lower revenues at some of the oil-fired power generation companies (Oil Group).

The increase in operating revenues was also attributable to higher electricity sales during 2018 by the Company's two largest distribution utilities. This segment of the Company's business experienced a ₱1.35 bn increase in operating revenues.

Operating Expenses

(12% increase from ₱85.22 bn to ₱95.08 bn)

Operating expenses increased by 12% during 2018, driven by the 25% increase in cost of generated power as fuel costs rose during the year. Depreciation and amortization, general and administrative expenses also went up as power plants entered commercial operations during the year.

Interest Income

(5% decrease from ₱ 927 mn to ₱ 880 mn)

The decrease in interest income during 2018 was mainly due to lower average cash and cash equivalent balances carried at the Company and at two of its intermediate holding companies, ARI and TPI, for most of the year.

Interest Expense and Other Financing Costs

(7% increase from ₱11.25 bn to ₱12.08 bn)

Interest expense increased in 2018 as the Company issued a total of ₱10.20 bn in retail bonds in October 2018. PEC also started to recognize interest on its project loans during 2018. These new interest charges were offset by the lower interest expense taken up at TPI as it fully paid its dollar-denominated loan in 2018.

Share in Net Earnings of Associates and Joint Ventures

(7% decrease from ₱4.70 bn to ₱4.36 bn)

Share in net earnings of associates and joint ventures declined by 7% in 2018, as lower contracted capacities at two associate oil companies operating in Mindanao, WMPC and SPPC, led to lower contributions. SFELAPCO also saw a decline in net profits during the year. Lastly, the effects of the *El Niño* in 2018 led to lower water levels, which adversely affected income contributions from SN AboitizPower-Magat and SN AboitizPower-Benguet.

Other Income (Expenses) – net

(Decrease from ₱1.70 bn other expense to ₱1.29 bn other expense)

This account stayed in an expense position at year-end 2018 due to net unrealized forex loss in 2018, primarily due to the restatement of TLI's dollar-denominated debt on its monthly obligations to the PSALM. The decrease in this expense line item was from other income recognized on supplier settlements recognized at PEC.

Provision for Taxes*(24% decrease from ₱3.86 bn to ₱2.93 bn)*

The decrease was due to deferred tax benefits recognized in 2018 at Davao Light for the impairment of assets, and at TLI on unrealized forex losses.

Net Income Attributable to Non-controlling Interests*(45% increase from ₱2.57 bn to ₱ 3.73 bn)*

The increase in the contributions from GMCP during 2018 also led to the higher take-up of attributed income for GMCP minority shareholders.

Consolidated Statements of Comprehensive Income

The movements in cumulative translation adjustments led to the increase in total net other comprehensive income for 2018 at ₱1.06 bn (versus ₱378 mn in 2017). Total consolidated comprehensive income was ₱26.49 bn for the year.

Changes in Registrant's Resources, Liabilities and Shareholders' Equity**Assets**

Total assets (as of December 31, 2018 compared to December 31, 2017) increased by ₱28.19 bn, or 8% YOY. The major movements of the accounts leading to the increase were as follows:

- a) Cash and cash equivalents increased by 30% during 2018. Cash generated from operations increased supplemented by the lower cash used in financing activities due to loan proceeds. The consolidated cash position of the Company increased by ₱10.64 bn.
- b) Trade and other receivables increased by 25% (from ₱17.36 bn in 2017 to ₱21.72 bn in 2018) mainly due to advances to partners in GMCP and the take-up of the PSALM deferred adjustments at Davao Light and VECO. PSALM deferred adjustment pertains to Generation Rate Adjustment Mechanism and Incremental Currency Exchange Rate Adjustment to be recovered from customers or to be collected from PSALM.
- c) Net derivative assets went down by ₱161 mn during 2018 mainly due to mark-to-market losses on the Group's swap and forward contracts.
- d) Inventories increased by 19% (from ₱5.64 bn in 2017 to ₱6.69 bn in 2018) as the Group recognized inventories held at TPVI, which took over the Naga Power Plant Complex in 2018, and due to higher inventory balances at GMCP, TSI and TVI. This was offset by lower inventory balances at the Oil Group.
- e) Property held for sale of ₱676 mn as of December 31, 2018 pertains to transmission assets that will be transferred and sold to the NGCP. This account was nil in 2017.
- f) Other current assets were higher by 46% (from ₱9.03 bn in 2017 to ₱13.21 bn in 2018) mainly driven by the increase of restricted cash at TSI. The maintenance of a cash reserve forms part of TSI's compliance with the covenants on its project debt. TVI's recognition of a receivable from NGCP on the construction of transmission line also contributed to the increase in this account.
- g) Investments and advances increased mainly as a result of capital infusions into GNPD as it continues the construction of a 1x668 MW supercritical coal-fired power plant in Bataan. The account increased from ₱31.25 bn at the end of 2017 to ₱34.33 bn at the end of 2018.
- h) Property, plant and equipment (PPE) slightly increased by 2% (from ₱204.03 bn in 2017 to ₱207.11 bn in 2018) mainly due to new additions during 2018 for the on-going construction of hydropower facilities under Hedcor and Hedcor Bukidnon, and TVI's coal plant.
- i) Available-for-sale investments went from ₱103 mn in 2017 to nil at the end of 2018 as these were reclassified to Financial Assets at fair value through profit or loss.

- j) Financial assets at fair value through profit or loss went up to ₱101 mn in 2018 from nil as these were reclassified from Available-for-Sale investments.
- k) Net pension assets increased by ₱71 mn in 2018 due to the increase in the fair value of plan assets for contributions made during 2018.
- l) Deferred income tax assets increased by 59% (from ₱1.41 bn in 2017 to ₱2.23 bn in 2018). The increase was driven by the deferred tax benefits recognized by Davao Light in 2018 on the impairment of its assets and at TLI for unrealized forex losses.

Liabilities

Consolidated liabilities increased by 7% YOY, from ₱237.50 bn at the end of 2017 to ₱253.09 bn at the end of 2018. The major movements of the accounts leading to the increase were as follows:

- a) Short term loans were up 145%, or ₱6.83 bn, mainly due to new loans of the Company for working capital purposes.
- b) Trade and other payables increased by 10% (from ₱19.85 bn in 2017 to ₱21.80 bn in 2018), primarily due to the take-up of the PSALM deferred adjustment at Davao Light and VECO. PSALM deferred adjustment refers to the amounts to be remitted to PSALM or refunded to customers.
- c) Income tax payable decreased by 32% (from ₱646 mn in 2017 to ₱439 mn in 2018) primarily due to lower corporate taxes payable at the end of 2018.
- d) Long-term debt (current and non-current portions) increased by 4% (from ₱152.05 bn in 2017 to ₱158.06 bn in 2018). The increase was mainly attributable to the net effect of the following:
 - i. The Company's ₱10.20 bn new bonds issued in October 2018;
 - ii. Net increase during 2018 of GMCP's project debt by ₱10.67 bn, which was a combination of new drawdowns and forex adjustment; and
 - iii. TPI's loan payment of ₱15.15 bn.
- e) Finance lease obligation (current and noncurrent portions) decreased by 5% from a total of ₱49.23 bn in 2017 to ₱46.89 bn at the end of 2018, as TLI made timely payments on its obligation to PSALM during 2018.
- f) Long term obligation on power distribution system (PDS) decreased by 7% as regular annual payments were made.
- g) Asset retirement obligation increased by 24% (₱2.96 bn in 2017 to ₱3.68 bn in 2018) due to an increase in the estimated future decommissioning costs on the Group's steam field assets.
- h) Deferred income tax liabilities (DTL) decreased by 6% ₱913 mn in 2017 to ₱858 mn in 2018), mainly due to unrealized gain on forward contract in 2017 that was reversed in 2018.
- i) Net pension liabilities decreased by 32% (₱361 mn in 2017 to ₱245 mn in 2018) on account of benefits paid to retired employees during the year.
- j) Other noncurrent liabilities went from ₱403 mn in 2017 to ₱3.18 bn at the end of 2018 due to the recognition of the PSALM deferred adjustment.

Equity

Equity attributable to equity shareholders of the parent company increased by 11% YOY (from ₱115.40 bn at the end of 2017 to ₱127.71 bn at the end of 2018), driven mainly by the recognition of income during 2018 of ₱21.71 bn, net of dividends declared and paid to the Company's shareholders.

Material Changes in Liquidity and Cash Reserves of Registrant

Cash generated from operations of ₱37.29 bn continued to provide a source of liquidity during 2018, growing by ₱7.05 bn as compared to 2017. Cash from the operations of fully-commissioned PEC augmented the cash streams from operations.

During 2018, the Group utilized ₱7.24 bn cash for investing activities. This was ₱2.21 bn more than during 2017, the largest portion of which was used to construct a coal plant in the Visayas for TVI. Meanwhile, the Company continued to deploy financial resources in the construction of other Greenfield projects. Funds were also invested to infuse more capital to GNPD. The outflows were supported by dividends received during 2018.

In 2018, the Company availed of long-term debt through a bond issuance, fresh loans availed of by certain subsidiaries, and draw down on project finance facilities. In the first half of 2018, the Company declared ₱10.23 bn in dividends to its shareholders. These activities led to cash flow used in financing activities of ₱19.16 bn during 2018.

As of December 31, 2018, the Group's cash and cash equivalents increased to ₱46.34 bn, compared to ₱35.70 bn as of the end of 2017.

Financial Ratios

Current assets increased by 31% while current liabilities decrease by 5%, the current ratio at the end of 2018 was at 1.89x, versus 1.38x at the end of 2017.

Consolidated debt to equity ratio at the end of 2018 was at 1.85 versus 1.92 as of end 2017, as the Company's increase in equity surpassed the increase in liabilities.

Item 7. Financial Statements

The consolidated financial statements of AboitizPower will be incorporated herein by reference. The schedules listed in the accompanying Index to Supplementary Schedules will be filed as part of the Definitive Information Statement.

Item 8. Information on Independent Accountant and Other Related Matters

(A) External Audit Fees and Services

The following table sets out the aggregate fees billed to the Company for each of the last two years for professional services rendered by SGV.

| Fee Type | 2020 | 2019 |
|---------------------------------------|----------------------|-----------------------|
| Audit Fees | | |
| Audit Fees | ₱502,000.00 | ₱500,000.00 |
| Audit Related Fees – Bond issuance | 8,200,000.00 | 6,600,000.00 |
| Total | 8,702,000.00 | 7,100,000.00 |
| Non-Audit Fees | | |
| Financial and Tax Due Diligence Fees | – | 4,000,000.00 |
| Total | – | 4,000,000.00 |
| Total Audit and Non-Audit Fees | ₱8,702,000.00 | ₱11,100,000.00 |

SGV was engaged by the Company to audit its 2020 and 2019 annual financial statements. AboitizPower engaged SGV to conduct post reviews and other procedures for the purpose of issuing a comfort letter in connection with the issuance of the ₱9.6 bn bonds in 2020 and ₱7.3 bn bonds in 2019. In 2019, the Company also engaged SGV to provide financial and tax due diligence in relation to the Company's participation in biddings, acquisitions, and

other projects.

As a policy, the Board Audit Committee makes recommendations to the Board of Directors concerning the choice of external auditor and pre-approves audit plans, scope, and frequency before the audit is conducted.

Audit services of SGV for 2020 and 2019 were pre-approved by the Board Audit Committee. The Board Audit Committee also reviewed the extent and nature of these services to ensure that the independence of the external auditors was preserved. SGV does not have any direct or indirect interest in the Company.

(B) Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The Company has engaged the services of SGV during the two most recent fiscal years. There are no disagreements with SGV on accounting and financial disclosure.

PART III – CORPORATE GOVERNANCE

The year 2020 marks a historic milestone for the Aboitiz Group with the 100th anniversary of the incorporation of Aboitiz & Company, Inc (“ACO”). It is also a testament to the Aboitiz Group’s unwavering commitment to the practice of sound corporate governance as it faced the challenges of an unprecedented global pandemic, head-on.

At the helm of corporate governance practices in AboitizPower is the Board, which is committed to providing a strategic roadmap towards long-term growth, competitiveness, and building a sustainable enterprise that will continue for another 100 years. With the greater conviction to their role of providing leadership and stewardship to the Company, the AboitizPower Board continued to discharge its duties and responsibilities. Board and committee activities remained business as usual.

Notable accomplishments of the AboitizPower Board for 2020 are as follows:

- Reviewed and affirmed the appropriateness of the Group’s purpose and brand promise in addressing the challenges of a global pandemic.
- Reviewed and aligned the Group’s short-term and long-term business strategies in response to the impact of COVID-19.
- Reviewed and ensured the sufficiency of the internal controls system and enterprise risk management framework of AboitizPower.
- Reviewed and approved the key amendments to the Articles of Incorporation and By-Laws of AboitizPower.
- Authorized and held the first Virtual Annual Stockholders’ Meeting for AboitizPower.
- Approved amendments to the Manual on Corporate Governance (Manual), Board and Committee Charters, and to the Group-wide Data Privacy Policy.
- Established an integrated governance structure to strengthen, promote, monitor, implement, and communicate the Group’s Environmental, Social, and Corporate Governance (ESCG)-related programs and initiatives.
- Conducted regular virtual learning sessions to strengthen the continuous learning program for the Company’s directors and officers.
- Conducted the Board Assessment with the assistance of a third-party facilitator.

Shareholders Rights and Equitable Treatment

The rights of shareholders are of paramount importance to the Company. The goal is to ensure the protection of shareholder interests and concerns through the free exercise of shareholder rights. Among the rights of these shareholders, regardless of the number of shares they own, are to receive notices of and to attend shareholders’ meetings; to participate and vote on the basis of the one-share, one-vote policy; nominate and elect Board members (including via cumulative voting); inspect corporate books and records; vote in person, *in absentia*, or through proxy; receive dividends; and ratify corporate action.

In the conduct of its annual shareholder meetings, all shareholders 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 shareholders for their approval, are included in the notices to shareholders’ meetings.

In addition, AboitizPower ensures timely disclosure to shareholders regarding their respective businesses, and that shareholders receive dividends in accordance with established dividend policies.

Lastly, 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 coordination with stock transfer agents to ensure appropriate responses to and timely resolution of shareholders’ queries and requests.

For a more detailed discussion on the rights of the shareholders of the Company, please refer to the 2020 Consolidated Annual and Sustainability Report and the 2020 Integrated Annual Corporate Governance

Report, which will be available at www.aboitizpower.com.

BOARD MATTERS

Board of Directors

The Board leads the Group's corporate governance framework. Independent from management, its members are committed to serve and promote long-term success, and to secure the Group's sustained growth, competitiveness and sustainability. The Directors perform the crucial role of articulating and assessing the Group's purpose, vision and mission, and strategies to carry out its objectives. They ensure that the strategic business direction of the Group's businesses are soundly established and are in line with the overall Group's goals and strategy. In line with best practices, the members of the Board are responsible in establishing and monitoring the Group's commitment to the principles embodied in environment, social and governance (ESG) matters. In performing these functions, the members of the AboitizPower Board, individually and collectively, are expected to act consistently with the Aboitiz core values.

The AboitizPower Board is composed of nine members, all of whom come from diverse professional backgrounds. They are composed of legal and finance professionals, engineers, former or current CEO/COOs, auditors, and accountants. Many of them have management experience in the private and government sectors, as well as in multilateral agencies. In 2020, the AboitizPower Board had three Independent Directors, three Non-Executive Directors, and three Executive Director. The Chairman of the AboitizPower Board, Mr. Erammon I. Aboitiz, is a highly experienced non-executive director. As a Non-Executive Director, he is not involved in the Company's day-to-day operations, which enables him to focus on ensuring that the AboitizPower Board properly discharges its duties and responsibilities. The AboitizPower Board appointed Mr. Romeo L. Bernardo as Lead Independent Director, a highly qualified professional who is familiar with the operations of AboitizPower and the industries it does business in. Mr. Bernardo is the Chairman of the ESCG Committee (the functions as the Nomination and Selection Committee) to ensure an independent and transparent nomination, selection, election, and performance assessment process of the Board.

Board Performance

The Board conducts an annual performance assessment of its members and key officers. Each Board member conducts: (i) a self-assessment of his/her individual performance as a member of the Board and Board Committees, (ii) a collective performance assessment of the AboitizPower Board and Board Committees, and (iii) an assessment on the performance of the Company's Chairman of the Board, Chief Executive Officer, Group Internal Audit Head, Chief Risk Officer, and the Chief Compliance Officer. In turn, select key officers of AboitizPower are anonymously asked to evaluate the performance of each AboitizPower Director.

The Corporate Governance Code requires that at least once in every three years, the conduct of the Board performance assessment must be supported by an independent third party facilitator. In 2020, AboitizPower engaged 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 at the ESCG Committee meetings on February 16, 2021.

Board's Participation

The Board's primary objectives are to improve shareholder returns, to develop responsible long-term investments, and to achieve disciplined and sustainable growth. To this end, board attendance and active participation during board and committee meetings are encouraged from the directors. Attendance during board meetings are closely monitored and reported by the Chief Compliance Officer to the SEC and PSE, as well as in the Company's annual reports.

In 2020, the Board held nine meetings (Board and Annual Stockholders' Meeting). The Board and Board Committees also met on various occasions in the performance of their mandate as indicated in the Revised Manual and relevant Board Charters. Below is a summary of the attendance of the Directors:

| ABOITIZ POWER CORPORATION | | | | | | | |
|---------------------------|-----------|-------------|------------------------|----------|------------------------------------|--------------------|------------------|
| | ASM | BOD/ ORG | Executive Committee | ESCG | Risk & Reputation Management | Audit Committee | RPT Committee |
| Number of Meetings | 1 | 8 | 5 | 2 | 2 | 5 | 2 |
| Erramon I. Aboitiz | C 1/1 | C 8/8 | M 5/5 | M 2/2 | - | M 5/5 | - |
| Mikel A. Aboitiz | VC 1/1 | VC 8/8 | M 3/5 | M 2/2 | - | - | - |
| Enrique M. Aboitiz | M 1/1 | M 8/8 | M 5/5 | - | C 2/2 | - | - |
| Emmanuel V. Rubio | M 1/1 | M 8/8 | C 5/5 | - | M 2/2 | - | - |
| Jaime Jose Y. Aboitiz | M 1/1 | M 8/8 | M 5/5 | - | M 2/2 | - | - |
| Danel C. Aboitiz | M 1/1 | M 7/8 | - | - | - | M 5/5 | - |
| Romeo L. Bernardo | M 1/1 | M 8/8 | - | C 1/2 | M 2/2 | M 5/5 | M 1/2 |
| Carlos C. Ejercito | M 1/1 | M 8/8 | - | M 2/2 | M 2/2 | C 5/5 | M 2/2 |
| Eric Ramon O. Recto | M 1/1 | M 8/8 | - | M 2/2 | M 2/2 | M 5/5 | C 2/2 |

*C- Chairman; VC – Vice Chairman; M – Member

The different Board committees - Audit, Corporate Governance (now Environmental, Social, and Corporate Governance), Risk and Reputation Management, Related Party Transactions, and Executive Committee - report regularly to the Board and are crucial in maintaining Board oversight in key management areas.

The mandate of each Board committee, including key accomplishments in 2020, are described below:

- a. The **Board Environmental, Social, and Corporate Governance (ESCG) Committee** represents the Board in discharging its responsibility relating to issues around the Group's governance principles and guidelines, nomination of persons into Board and Group senior leadership roles, and the various compensation matters. Independent Directors, including the Committee Chairman) comprise the majority of the voting members of the ESCG Committee.

In 2020, the ESCG Committee continued to: (1) review and monitor AboitizPower's compliance with new laws and regulations (the Revised Corporation Code, various SEC and BIR issuances, among others); (2) review and update the Manual to align with the best practices in the Integrated Annual Corporate Governance Report and the ASEAN Corporate Governance Scorecard; and (3) ensure that the nomination, selection, election, remuneration, and assessment of the Company's directors and officers are aligned with the Manual. In the same year, the ESCG Committee amended the Manual and Charters to establish a Board oversight and governance framework to promote and integrate the sustainability and corporate governance initiatives of AboitizPower.

- b. The **Board Audit Committee** represents the Board in discharging its responsibility related to audit matters for the Group. Independent Directors comprise the majority of the members of the Board Audit Committee, including its Chairman. In 2020, the Audit Committee updated its Charter to improve Company's control performance by having an adequate and effective control system. The Audit Committee also assessed: (1) the performance of the Company's external auditor, and (2) the sufficiency of the Company's internal control and compliance systems.
- c. The **Board Risk and Reputation Management Committee** represents the Board in discharging its responsibility relating to risk and reputation management related matters for the Group. In 2020, the Board Risk and Reputation Committees updated its charter to continually identify, monitor, and

manage the Group's top risks.

- d. The **Board Related Party Transaction (RPT) Committee** represents the Board in discharging its responsibility relating to transactions entered into between or among the Company or any of its subsidiaries, affiliates, directors and officers. In 2020, AboitizPower updated the RPT Certification for Directors and Officers in compliance to the Bureau of Internal Revenue Regulation No. 19-2020 on the reporting guidelines for the transactions of individuals and juridical entities with related parties. The RPT Committee continued to ensure that related party transactions are taken on an arm's-length basis and within market rates, with sufficient documentation, and coursed through the appropriate levels of approval. Except for the presence of the AboitizPower CFO as resource person, management is not invited to, and has no participation, in the RPT Committee.
- e. The **Executive Committee** assists the Board in overseeing the Company's day-to-day operations of the Company. The Committee ensures agility in the management of the Company and in strategic decision-making, as well as compliance with the Company's governance policies, during the intervening period between Board meetings.

For more details on the AboitizPower Board and Board Committees matters, please refer to the 2020 Consolidated Annual and Sustainability Report and the 2020 Integrated Annual Corporate Governance Report, which will be available at www.aboitzpower.com.

GOVERNANCE PRACTICES

Compliance with Governance Policies

AboitizPower has a Revised Manual of Corporate Governance (Revised Manual) and a Code of Ethics and Business Conduct (Code) to guide the attainment of its corporate goals and the implementation of its strategies. The Revised Manual is generally aligned to the principles and recommendations laid down by the SEC under the Corporate Governance Code for Publicly-Listed Companies (CG Code) to further strengthen the Company's corporate governance practices. The Board regularly reviews the Revised Manual to ensure that the same remains relevant and responsive to the needs of the organization. Any amendments to the Revised Manual are promptly submitted to the SEC for confirmation and approval.

The Revised Manual is supported by various company policies that are regularly reviewed and issued by the Board including the Code of Ethics. AboitizPower ensures that its Code of Ethics is cascaded to new team members as part of their onboarding processes. Team members are also required to review the Code and sign an affirmation that they have read and understood the Code of Ethics. In order to support this annual exercise, an e-learning module on the Group's Code of Ethics was developed and is rolled out every year. As part of the Group's commitments in the Code of Ethics, all team members are expected to act professionally, fairly, and with integrity in all of their business dealings, and to comply with all applicable laws and regulations, including those against bribery and corruption.

The Compliance Officer, together with the Human Resources Department, regularly monitors and evaluates compliance by the Board, management, and employees to the Revised Manual, the Code, other company policies, and existing laws and regulations. The Compliance Officer also ensures the implementation of AboitizPower's policy against conflicts of interests and the misuse of confidential and proprietary information throughout the organization.

The Compliance Officer regularly reports the Company's compliance status with existing laws and regulations, as well as the Board's, management's and employees' compliance with internal governance policies to the Board ESCG Committee.

In addition, the Company has a Whistleblowing Policy to support the implementation of the Revised Manual and the Code. Through this policy, allegations of violations of the Revised Manual, the Code, or of other illegal conduct can be reported through an independent whistleblowing portal. Matters reported through the whistleblowing platform are discussed by the Board Corporate Governance Committee and, if necessary, escalated to the entire Board.

There are no major deviations from the Revised Manual as of the date of this report. There were also no corruption-related incidents reported in 2020.

For a full discussion on the Company's corporate governance initiatives, please refer to the 2020 Consolidated Annual and Sustainability Report and the 2020 Integrated Annual Corporate Governance Report, which will be available at www.aboitzpower.com.

Disclosure and Transparency

Pursuant to its commitment to transparency and accountability, AboitzPower's website, www.aboitzpower.com has its own dedicated corporate governance webpage which serves as a resource center and library for its stakeholders. AboitzPower also annually publishes a consolidated Annual and Sustainability Report and Integrated Annual Corporate Governance Report on its website at www.aboitzpower.com.

SUSTAINABILITY AND ENVIRONMENT, SOCIAL, AND GOVERNANCE PRACTICES

Sustainable business practices have enabled the Aboitz Group to operate commercially for 100 years. The key component of AboitzPower's ESG strategy is anchored on its mission to provide reliable and ample power supply when needed, ensure that the supply of electricity is provided at a reasonable and competitive price, and lastly, accomplish the first two duties with the least possible adverse effects on our environment and our host communities. The Company strongly believes that business growth and sustainability can be achieved by balancing the interests of people, planet, and profit, and strengthening its commitment to sustainable ESG practices.

Indices and Ratings

AboitzPower continues to be recognized as a constituent company in the FTSE4Good Index Series. The company has sustained its rating in the FTSE4Good Index Series since 2018. The FTSE4Good Index Series, created by global index provider FTSE Russell, measures the performance of companies demonstrating strong ESG practices.

The Company's recent Corporate Sustainability Assessment by the highly regarded S&P Global has also shown marked improvements in its ESG performance. The company's score improved by 74% compared to last year's rating, while percentile ranking in our global peer group improved from 25th to 54th percentile.

AboitzPower also earned a Sustainalytics ESG Risk Rating of 33.9, a 3.5 decrease of risk exposure from last year. Meanwhile, the Company retained its BB rating from the MSCI ESG Rating and D- in CDP Climate Change Report.

Sustainability Focus

AboitzPower is driven by its Sustainability Vision which is to contribute to the OneAboitz Sustainability goals through the 1AP Sustainability Culture. The Company manages its economic, environmental, and social impact through strong governance to deliver value to its stakeholders. AboitzPower will continue to focus on addressing gaps on various issues and areas of ESG, including governance improvements, addressing climate-related risk, and a long-term plan to transition to more renewable energy in its generation portfolio.

AboitzPower's growth strategy for the next ten years is to significantly grow its renewables portfolio, Cleanergy. The Company ensures its balance strategy is well-aligned with the government's efforts to address the energy trilemma of energy security, energy equity, and environmental sustainability. It remains committed to its goal of a more balanced energy mix, or an almost 50:50 Cleanergy and thermal capacities, by 2030.

The Company's focus areas on its ESG reports are team member engagement, talent development, Occupational Health and Safety (OHS), diversity and inclusion, corporate governance, Corporate Social Responsibility (CSR), customer focus, disaster resilience, carbon emissions reduction, resource efficiency,

renewable energy, waste management, biodiversity and conservation, financial growth, financial returns, risk management, and ISO certification.

The Company conducts a report in compliance with the sustainability reporting initiatives of its parent company, AEV. Currently, AboitizPower is compliant with AEV's sustainability reporting initiatives. Its report has been prepared following the GRI Standards: Core Option and its key performance indicators are aligned with the United Nations Sustainable Development Goals (SDG).

United Nations Sustainable Development Goals

The Aboitiz Group is one of the first Philippine businesses to support the United Nations' 17 SDG and in 2020, became a participant in the United Nations Global Compact. AboitizPower, has, or expects to have, direct, significant, and profitable contributions to UN SDG 7 or Affordable and Clean Energy, through its total net sellable capacity of 1,248 MW as of 2020.

AboitizPower is submitting its Sustainability Report through the consolidated report that its parent company, AEV publishes annually. AEV began publishing its first Sustainability Report in 2009, being one of the few Philippine publicly-listed companies to publish and submit a report on its sustainability impacts and performances to SEC.

Sustainable Finance

In February 2016, the Asian Development Bank (ADB) provided credit enhancement to APRI for its Tiwi-MakBan geothermal energy facilities. APRI issued ₱10.7 bn in Climate Bonds and was able to obtain a direct loan from ADB of ₱1.8 bn. APRI's Climate Bonds, which was certified by the Climate Bonds Initiative, was the first issuance of its kind in Asia.

Corporate Social Responsibility

AboitizPower and its Business Units contribute to social development programs in education, enterprise development, and environment implemented by the Aboitiz Group through its social development arm, Aboitiz Foundation. These CSR program projects are also aligned with the Aboitiz Group's core competencies and are made scalable nationwide to deliver long-term benefits to targeted communities and beneficiaries. The Aboitiz Group, through Aboitiz Foundation, invested a total of ₱423 mn in CSR projects and initiatives to support its communities in 2020, of which ₱266 mn was committed for its environmental programs, ₱106 mn for education, ₱8 mn for enterprise or livelihood programs, and ₱43 mn for other initiatives. All these are consistent with the Group's commitment to protecting and enriching our planet and uplifting the well-being of its communities. Through responsible operations and the implementation of various sustainability and CSR projects, the Company is constantly advancing business and communities by exploring opportunities to create shared value whenever possible.

Moreover, the Company provides additional funds for the communities through its compliance with the ER 1-94. This program is a policy under the DOE Act of 1992 and the EPIRA, which stipulates that host communities will get a share of ₱0.01/kWh generated by power plants operating in its area. The funds generated can be used by host beneficiaries for the electrification of areas or households that have no access to power, development and livelihood programs, as well as reforestation, watershed management, health, and environmental enhancement initiatives. Due to the COVID-19 pandemic in 2020, the DOE released a new circular which repurposed the ER 1-94 funds for projects that would help alleviate the COVID-19 situation in the host community. The Company has successfully downloaded about ₱153 mn worth of ER 1-94 funds to about 150 host beneficiaries. About ₱504 mn worth of outstanding ER 1-94 funds was also remitted by the DOE to the Company's beneficiaries. The remitted funds were used by the beneficiaries to build isolation facilities and purchase relief goods, medical supplies or equipment, and COVID-19 testing kits. The Company continues to extend assistance to its communities to ensure the full utilization of the available ER 1-94 funds.

Beyond Compliance

The Aboitiz Group's brand promise of advancing business and communities extends beyond compliance

with government laws and regulations. The Aboitiz Group is committed to stakeholder-focused environmental management projects, such as the A-Park nationwide reforestation program, the Aboitiz Cleanergy Park in Davao City, the Cleanergy Center in Laguna, and the Energy Education Center (EEC) in TSI.

(a) A-Park Program

The A-Park Program is the Aboitiz Group's partnership with DENR's Expanded National Greening Program. The program targets to plant 9 mn trees by 2020 to promote reforestation and forest protection. In 2020, the Aboitiz Group has already planted about 11 million seedlings across the country under the said program. AboitizPower supports the A-Park Program through the watershed management and carbon sink programs of its Subsidiaries.

(b) Aboitiz Cleanergy Park

The Aboitiz Cleanergy Park is an eight-hectare ecological preserve located in Sitio Punta Dumalag, Matina Aplaya, Davao City. The park showcases a mangrove reforestation site, nursery, botanical garden for the propagation of 29 native tree species and is also home to 100 species of birds. Aside from helping reduce carbon emissions, the park is also actively promoting habitat conservation and biodiversity management in an urban setting. Most importantly, it serves as a sanctuary and safe nesting ground for the hawksbill sea turtles, commonly called *pawikan*. Since 2014, the park has already released more than 4,939 hawksbill hatchlings to the sea, planted 13,992 mangroves, and rescued 16 *pawikans*.

(c) Cleanergy Center and Energy Education Resource Center

The Cleanergy Center, located within the compound of the Tiwi-Makban geothermal power plant, showcases interactive displays and learning materials devoted to sustainable ways of generating and consuming energy. To date, the center has welcomed more than 56,000 visitors, mostly students, government officials, and representatives of foreign institutions.

The Cleanergy Center is the first energy education facility of AboitizPower, which focuses on environmental awareness and renewable energy education through the use of audio-visual presentations, interactive displays, and a tour of a working geothermal power plant. Through AboitizPower, the Aboitiz Group aims to provide energy solutions that leave a lighter impact on the Earth's climate and its limited resources.

The Company also opened the Energy Education Center (EEC) in 2016 located at TSI's Davao baseload power plant. The center features interactive and informative displays on the Philippine energy sector and various power-generating technologies. As of 2020, the center has already accommodated around 3,500 visitors.

ANNEX "A"

**EXPLANATION OF AGENDA ITEMS
(including Agenda Items requiring Stockholders' Approval)**

ITEM NO. 1: The Chairman will formally open the meeting at approximately 2:30 P.M.

ITEM NO. 2: **Proof of Notice of Meeting and Determination of Quorum**

RATIONALE: *To inform the stockholders that notice requirements for the 2021 Annual Stockholders' Meeting (2021 ASM) have been complied with in accordance with the Company's By-Laws and the Revised Corporation Code of the Philippines, and that quorum exists for the transaction of business.*

The Corporate Secretary will certify the date when notices for the 2021 ASM were sent out to the stockholders of record, including the date of publication and the newspapers where the notice was published. The Corporate Secretary will also certify to the existence of a quorum, as verified and confirmed by the Board of Election Inspectors. Stockholders representing at least a majority of the outstanding capital stock, present in person or by proxy, shall constitute a quorum for the transaction of business.

Voting shall be through proxy or remote communication or *in absentia*. Pursuant to Sections 4, 5, and 6 of the Company's Amended By-Laws and Sections 23 and 57 of the Revised Corporation Code which allow voting through remote communication or *in absentia*, stockholders may access the link: <https://aboitizpower.com/2021asm> (the "ASM Portal"), to register and vote on the matters at the meeting beginning March 23, 2021. A stockholder voting *in absentia* shall be deemed present for purposes of quorum.

Votes may be cast by registered stockholders until 1:30 pm of April 26, 2021, which will be tabulated and presented during the 2021 ASM. Stockholders may still vote after the cut-off, and the final votes received through proxy and through the ASM Portal will be included in the minutes of the 2021 ASM.

The following are the rules and conduct of the procedures for voting and participation in the meeting through remote communication:

1. Stockholders may register at the Company's ASM Portal beginning on March 23, 2021 until 12:00 noon of April 26, 2021. Only stockholders who registered and voted before the cut-off time will be counted for quorum purposes.
2. Votes cast by registered stockholders until 1:30 pm of April 26, 2021, will be tabulated and presented during the 2021 ASM. Stockholders may still vote after the cut-off, and the final total votes received through proxy and through the ASM Portal will be included in the minutes of the 2021 ASM.
3. The conduct of the 2021 ASM will be livestreamed and stockholders may participate in the proceedings through the ASM Portal.
4. Stockholders may send their remarks or questions in advance, or during the meeting, through the ASM Portal. The moderator shall read out the remarks or questions, and direct them to the relevant director or officer.
5. Each of the proposed resolutions for approval will be shown on screen at the time they are being taken up at the meeting.
6. All votes received within the cut-off shall be tabulated by the Office of the Corporate Secretary and the results shall be validated by Luis Cañete & Company, an independent auditing firm which has been appointed as the Board of Election Inspectors.
7. The Corporate Secretary shall report the votes received and inform the stockholders if the particular agenda item is carried or disapproved. The total number of votes cast for all items for approval as of the cut-off time shall be flashed on the screen.

ITEM NO. 3: Reading and Approval of the Minutes of the Previous Stockholders' Meeting held on April 27, 2020

RATIONALE: *To allow the stockholders to confirm that the proceedings during the ASM were recorded accurately and truthfully.*

The minutes of the meeting held on April 27, 2020 was posted at AboitizPower's website, www.aboitzpower.com, on April 28, 2020. Copies of the 2020 ASM minutes will also be part of the Information Statement provided to the stockholders.

A resolution approving the minutes of the April 27, 2020 ASM will be presented to the stockholders for approval.

ITEM NO. 4: Presentation of the President's Report

RATIONALE: *To apprise the stockholders of the Company's operating performance, financial condition and outlook.*

The President and Chief Executive Officer, Mr. Emmanuel V. Rubio, shall deliver a report to the stockholders on the 2020 operating and financial performance of the Company, as well as its outlook for 2021.

ITEM NO. 5: Approval of the 2020 Annual Report and Financial Statements

RATIONALE: *To present to the stockholders the results of the Company's operations in 2020, in accordance with Section 74 of the Revised Corporation Code.*

The Company's audited financial statements as of December 31, 2020 will be integrated and made part of the Company's Information Statement that will be sent to the stockholders at least 15 business days prior to the 2021 ASM. The Information Statement and the Company's 2020 Annual Report will be posted on the Company's website, at www.aboitzpower.com.

A resolution approving the 2020 Annual Report and Audited Financial Statements shall be presented to the stockholders for approval.

ITEM NO. 6: Appointment of the Company's External Auditor for 2021

RATIONALE: *To appoint an auditing firm which can best provide assurance to the directors and stockholders on the integrity of the Company's financial statements and adequacy of its internal controls. The Board Audit Committee and the Board of Directors will endorse an external auditor for 2021 for the stockholders to appoint.*

The Company's Board Audit Committee endorsed, and the Board of Directors approved for stockholders' consideration the election of Sycip Gorres Velayo & Co. (SGV) as the Company's external auditor for 2021.

SGV has been AboitizPower's Independent Public Accountant for the last 22 years. Ms. Maria Veronica Andresa R. Pore has been AboitizPower's audit partner since audit year 2017. AboitizPower complies with the requirement of Section 3(b)(ix) of SRC Rule 68 on the rotation of external auditors or signing partners and the two-year cooling-off period.

There has been no event in the past 22 years wherein AboitizPower and SGV or its handling partner had any disagreement regarding any matter relating to accounting principles or practices, financial statement disclosures or auditing scope or procedures.

A resolution for the appointment of the Company's external auditor for 2021 shall be presented to the stockholders for approval.

ITEM NO. 7: Election of the Members of the Board of Directors

RATIONALE: *To allow stockholders to elect the Company's Board of Directors in accordance with Section 24 of the Revised Corporation Code and the Company's Amended By-Laws.*

A stockholder may submit his nominee to the Company's Board of Directors in accordance with the deadlines set forth in the Company's Amended By-Laws. Under the Amended Guidelines for the Nomination and Election of Independent Directors, the period for nominations for Independent Directors started on January 1, 2021 and the table of nominations closed on February 15, 2021, unless the Board Environment, Sustainability and Corporate Governance (ESCG) Committee, acting as the Nominations Committee, unanimously agrees to extend the deadline for meritorious reasons. The stockholders who nominated the Independent and other directors are disclosed in the Information Statement. The ESCG Committee assesses and evaluates the nominees before submitting the final list of qualified nominees to the stockholders for approval. The profiles of all the nominees are (i) disclosed to the Securities and Exchange Commission, the Philippine Stock Exchange, and the Philippine Dealing Exchange, (ii) included in the Company's Information Statement, and (iii) uploaded in the Company's website for examination by the stockholders.

A stockholder may distribute his shares for as many nominees as there are directors to be elected, or he may cumulate his shares and give one candidate as many votes as the number of directors to be elected, provided that the total number of votes cast does not exceed his shares in the Company. The nine nominees receiving the highest number of votes will be declared elected as directors of the Company.

ITEM NO. 8: Approval of the Increase in the Directors' Per Diems of the Chairmen of the Board and Board Committees

RATIONALE: *To approve the increase in the per diem of the Board and Board Committee Chairmen.*

During its February 16, 2021 meeting, the ESCG Committee, which performs the function of the Nomination and Compensation Committee, received a proposal from management to increase the per diem of Board and Board Committee chairmen for every meeting as follows:

| PER DIEM PER BOARD MEETING | DIRECTORS | | CHAIRMAN OF THE BOARD | |
|----------------------------|-------------|-----------|-----------------------|--------------------|
| | From | To | From | To |
| | ₱150,000.00 | No change | ₱200,000.00 | ₱225,000.00 |

| PER DIEM PER COMMITTEE MEETING (OTHER THAN AUDIT COMMITTEE) | DIRECTORS | | CHAIRMAN OF THE COMMITTEE | |
|---|-------------|-----------|---------------------------|--------------------|
| | From | To | From | To |
| | ₱100,000.00 | No change | ₱130,000.00 | ₱150,000.00 |

| | | | | |
|--------------------------------------|-------------|-----------|-------------|--------------------|
| PER DIEM PER AUDIT COMMITTEE MEETING | ₱100,000.00 | No change | ₱130,000.00 | ₱200,000.00 |
|--------------------------------------|-------------|-----------|-------------|--------------------|

The per diems for the Board and Committee chairpersons' were last increased in 2019. As noted by management, since then the Company's businesses have expanded in scope and became more complicated in nature, particularly taking into account the challenges caused by the COVID-19 pandemic. As a matter of effective corporate governance, these challenges have led to corresponding increase in the responsibilities of the Board and Committee chairpersons. The proposal by management to increase the per diems of the Board and Board Committee Chairmen was made after a review of the Board compensation structures of comparable companies with the same Board size, revenue, assets, and market capitalization.

During its Board Meeting dated March 5, 2021, the Board of Directors reviewed the proposed increases in the per diems for the Board and Committee chairpersons, and, having considered the rationale provided for the proposed increases and greater responsibilities of the chairpersons, endorsed the same for stockholders' approval.

There are no proposed changes to the monthly allowance and per diem of other members of the Board.

A resolution approving the proposed increase in per diem of the Board and Committee Chairmen shall be presented to the stockholders for approval.

ITEM NO. 9: Ratification of the Acts, Resolutions and Proceedings of the Board of Directors, Corporate Officers and Management from 2020 up to April 26, 2021

RATIONALE: The acts and resolutions of the Board of Directors, Corporate Officers and Management were those adopted since the ASM last April 27, 2020 and until April 26, 2021. These included the approval of contracts and agreements and other transactions in the ordinary course of business. A summary of these acts and resolutions are enumerated in the Information Statement. The Company also regularly discloses material transactions approved by the Board of Directors. These disclosures are available for viewing and download at the Company's website at www.aboitzpower.com.

A resolution ratifying the acts and proceedings of the Board of Directors, Corporate Officers and Management will be presented to the stockholders for approval.

ITEM NO. 10: Other Business

The Chairman of the Meeting will open the floor for comments or queries by the stockholders. Stockholders may raise matters which may be properly taken up during the 2021 ASM.

---end---

ANNEX "B-1"

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **RAPHAEL P.M. LOTILLA**, Filipino, of legal age, with business address at School of Economics, University of the Philippines – Diliman, Quezon City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of Aboitiz Power Corporation (AboitizPower). I am nominated to the Board for the first time.
2. I am currently affiliated with the following companies or organizations:

| Company/Organization | Position/Relationship | Period of Service |
|--|-----------------------------------|-------------------|
| Petron Foundation, Inc. | Independent Director | 2014 to present |
| ACE Enexor Inc. | Independent Director | 2013 to present |
| First Metro Investment, Inc. | Independent Director | 2013 to present |
| The Asia-Pacific Pathways to Progress Foundation, Inc. | Chairman of the Board of Trustees | 2014 to present |
| Philippine Institute for Development Studies | Trustee | 2014 to present |
| Ateneo University Professional Schools | Member of the Advisory Committee | 2015 to present |

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of AboitizPower, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to any director/officer/substantial shareholder of AboitizPower and its subsidiaries and affiliates.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I am not an officer or employee of any government agency, government instrumentality or government-owned and controlled corporation.
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of AboitizPower of any changes in the abovementioned information within five (5) days from its occurrence.

Done, this 15th of February 2021 at Taguig City, Philippines.



RAPHAEL P.M. LOTILLA
Affiant

SUBSCRIBED AND SWORN to before me this 15th of February 2021 at Taguig City, Philippines. Affiant, who is personally known to me, exhibited to me his Philippine Passport No. P8900211A issued at DFA Manila on September 26, 2018.

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Page No. 95;
Book No. IX;



Atty. Stella Marie G. Sacdalan
Notary Public for Taguig City
Notarial Commission No 99
Until June 30, 2021
NAC Tower, 32nd St. Bonifacio Global City, Taguig City
PTR No. A-5025311, January 6, 2021 Taguig City
IBP OR No. 144348, January 6, 2021
Roll No. 63289
MCLE Compliance No. VI-0011090

ANNEX "B-2"

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **CARLOS C. EJERCITO**, Filipino, of legal age, with business address at Mount Grace Hospitals Inc., Bayanihan Center Annex, 132 Pioneer Street, Mandaluyong City, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for independent director of Aboitiz Power Corporation (AboitizPower) and have been its independent director since May 19, 2014.
2. I am currently affiliated with the following companies or organizations:

| Company/Organization | Position/Relationship | Period of Service |
|----------------------------------|--|-------------------|
| Northern Access Mining, Inc. | Chairman | 2009 to present |
| VR Potenciano Medical Center | Director | 2012 to present |
| Mount Grace Hospitals, Inc. | President and Chief Executive Officer | 2012 to present |
| Bloomberry Resorts Corporation | Independent Director and Chairman of the Board Audit Committee | 2013 to present |
| Medical Center Manila | Director | 2013 to present |
| Tagaytay Medical Center | Director | 2013 to present |
| Century Properties Group, Inc. | Independent Director and member of the Audit Committee | 2013 to present |
| Pinehurst Medical Services, Inc. | Director | 2014 to present |
| Silvermed Corporation | Director | 2014 to present |
| Capitol Medical Center | Board Member | 2017 to present |
| HealthServ Medical Center | Board Member | 2016 to present |
| Lorma Medical Center | Board Member | 2017 to present |
| Mary Mediatrix Medical Center | Board Member | 2017 to present |
| Divine Grace Medical Center | Board Member | 2017 to present |
| Good Samaritan Medical Center | Board Member | 2017 to present |
| Grace General Hospital | Board Member | 2017 to present |

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of AboitizPower, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to any director/officer/substantial shareholder of AboitizPower and its subsidiaries and affiliates.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I am not an officer or employee of any government agency, government instrumentality or government-owned and controlled corporation.
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of AboitizPower of any changes in the abovementioned information within five (5) days from its occurrence.

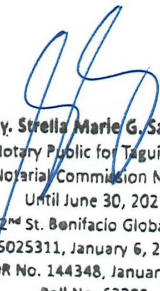
Done, this 15th of February 2021 at Taguig City, Philippines.


CARLOS C. EJERCITO
Affiant

SUBSCRIBED AND SWORN to before me this 15th of February 2021 at Taguig City, Philippines. Affiant, who is personally known to me, exhibited to me his Philippine Passport No. P1090079B issued at DFA NCR East on March 18, 2019 bearing the affiant's photograph and signature.

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Book No. IX;
Series of 2021




Atty. Stella Marie G. Sacdalan
Notary Public for Taguig City
Notarial Commission No. 99
Until June 30, 2021
NAC Tower, 32nd St. Bonifacio Global City, Taguig City
PTR No. A-5025311, January 6, 2021 Taguig City
IBP OR No. 144348, January 6, 2021
Roll No. 63289
MCLE Compliance No. VI-0011090

ANNEX "B-3"

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **ERIC RAMON O. RECTO**, Filipino, of legal age, with business address at PBCOM Head Office, 6795 Ayala Avenue Corner V. A. Rufino Street, Makati, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for independent director of Aboitiz Power Corporation (AboitizPower) and have been its independent director since May 21, 2018.
2. I am currently affiliated with the following companies or organizations:

| Company/Organization | Position/Relationship | Period of Service |
|---|---------------------------------------|-------------------|
| DITO CME Holdings Corp. (formerly: ISM Corporate Corporation) | Director | 2005 to present |
| Q-Tech Alliance Holdings, Inc. | President/ Director | 2009 to present |
| Atok-Big Wedge Co., Inc. | Director | 2009 to present |
| | President and Chief Executive Officer | 2016 to present |
| Acentic GmbH and Ltd. | Supervisory Board Member | 2010 to present |
| Philippine Bank of Communications | Chairman of the Board | 2013 to present |
| Bedfordbury Development Corporation | Chairman and President | 2014 to present |
| PH Resorts Group Holdings, Inc. | Independent Director | 2018 to present |
| Alphaland Corporation | Vice Chairman of the Board | 2018 to present |

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of AboitizPower, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to any director/officer/substantial shareholder of AboitizPower and its subsidiaries and affiliates.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I am not an officer or employee of any government agency, government instrumentality or government-owned and controlled corporation.
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of AboitizPower of any changes in the abovementioned information within five (5) days from its occurrence.

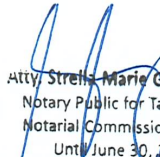
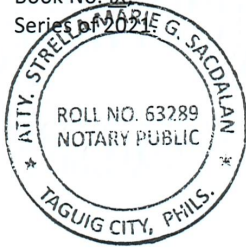
Done, this 15th of February 2021 at Taguig City, Philippines.



ERIC RAMON O. RECTO
Affiant

SUBSCRIBED AND SWORN to before me this 15th of February 2021 at Taguig City, Philippines. Affiant, who is personally known to me, personally appeared before me and exhibited to me his his Senior Citizen No. 6390 issued in Muntinlupa City, Philippines on January 27, 2006 bearing the affiant's photograph and signature.

Doc. No. 466;
Page No. 94;
Book No. IX;
Series of 2021



Atty. Stella Marie G. Sacdalan
Notary Public for Taguig City
Notarial Commission No 99
Until June 30, 2021
NAC Tower, 32nd St. Bonifacio Global City, Taguig City
PTR No. A-5025311, January 6, 2021 Taguig City
IBP OR No. 144348, January 6, 2021
Roll No 63289
MCLE Compliance No. VI-0011090

ANNEX "C"**SUMMARY OF THE MINUTES OF THE 2020 ANNUAL STOCKHOLDERS' MEETING**

The meeting was called to order on April 27, 2020 at 3:00 p.m. by Director and Executive Vice President & Chief Operating Officer, Mr. Jaime Jose Y. Aboitiz, who acted as Chairman of the Meeting. The Corporate Secretary certified that notices for the 2020 Annual Stockholders' Meeting of AboitizPower were duly sent out on April 2, 2020 to all stockholders of record as of close of business on March 23, 2020. Through the notice, the stockholders were informed that due to the Enhanced Community Quarantine (ECQ) in effect in Luzon, the Company will be conducting its 2020 ASM online through live streaming available at the Company's website. In addition, the notice informed the stockholders that they could cast their votes through proxies or *in absentia* using the Company's online voting portal, votingportal.aboitiz.com. The Corporate Secretary further reported that notices of the meeting were distributed to stockholders through the following: (i) disclosed to the PSE including any amendments thereof; (ii) published in Philippine Daily Inquirer, Philippine Star, and Business World on March 26, 2020; (iii) uploaded on the Company's website; (iv) sent to stockholders electronically via email; and (v) broadcasted through the PDTC platform for the stockholders under PCD/Broker accounts.

The Corporate Secretary certified to the existence of a quorum, there being a total of 10,911,122 shares participating remotely or *in absentia* and 6,572,393,293 shares represented by proxy, or a total of 6,583,304,415 shares which constitute at least a majority of, or 89.46% of the total outstanding capital stock of 7,358,604,307 entitled to vote, or more than two-thirds (2/3) of the total outstanding shares entitled to vote.

Upon motion duly made and seconded, the minutes of the previous Annual Stockholders' Meeting last April 22, 2019 was approved.

The body passed the following resolutions:

- 1) Approval of the 2019 Annual Report and Audited Financial Statements
- 2) Appointment of the Company's External Auditor for 2020
- 3) Election of the Members of the Board of Directors
- 4) Amendment of the Articles of Incorporation to:
 - (a) Include in the Primary Purpose the Power to Act as Guarantor or Surety for the Loans and Obligations of its Affiliates and Associates
 - (b) Amend the Corporate Term to Perpetual Existence
 - (c) Amend the Features of the Preferred Shares
- 5) Ratification of the Acts, Resolutions and Proceedings of the Board of Directors, Corporate Officers and Management in 2019 up to April 27, 2020

After the approval of the proposed resolutions, the meeting was duly adjourned.

A Copy of the Minutes of the 2020 ASM is available at the Company's website at:

<https://aboitizpower.com/wp-content/uploads/AP-Minutes-2020-04.27.20-Annual-Stockholders-Meeting-FINAL-DRAFT.pdf>



**Minutes of the Annual Stockholders' Meeting
of**

Aboitiz Power Corporation

("AboitizPower" or the "Company")

Conducted virtually through a secure Video Conference Facility at <https://zoom.us/j/97588513346>

on

27 April 2020 at 1400H

Stockholders Present:

| | |
|--|---------------|
| Total No. of Shares Outstanding | 7,358,604,307 |
| Total No. of Shares of Stockholders Participating Remotely or <i>In Absentia</i> | 10,911,122 |
| Percentage of Shares of Stockholders Participating Remotely or <i>In Absentia</i> | 0.15% |
| Total No. of Shares of Stockholders represented by Proxy* | 6,572,393,293 |
| Percentage of Shares of Stockholders represented by Proxy | 89.32% |
| | |
| Total No. of Shares of Stockholders Participating Remotely & Represented by Proxy | 6,583,304,415 |
| Percentage of Shares of Stockholders Participating Remotely & Represented by Proxy | 89.46% |

| | |
|--------------------------------------|-------------|
| Total No. of Shares Not Represented | 775,299,892 |
| Percentage of Shares Not Represented | 10.54% |

Directors Present:

| Name | Designation |
|-----------------------|---|
| Erramon I. Aboitiz | Chairman of the Board/Member, Board Corporate Governance Committee, Board Audit Committee, and Board Executive Committee |
| Mikel A. Aboitiz | Vice Chairman of the Board/Member, Board Corporate Governance Committee and Board Executive Committee |
| Emmanuel V. Rubio | Director/President and Chief Executive Officer/Chairman, Board Executive Committee/Member, Board Risk and Reputation Management Committee |
| Enrique M. Aboitiz | Director/Chairman, Board Risk and Reputation Management Committee/Member, Board Executive Committee |
| Jaime Jose Y. Aboitiz | Director/Executive Vice President & Chief Operating Officer/Member, Board Risk and Reputation Management Committee and Board Executive Committee |
| Danel C. Aboitiz | Director/ Member, Board Audit Committee |
| Romeo L. Bernardo | Lead Independent Director/Chairman, Board Corporate Governance Committee/Member, Board Audit Committee, Board Risk and Reputation Management Committee, and Board Related Party Transaction Committee |

*Shares represented by proxies exclude those represented by proxies that are submitted beyond the deadline of April 20, 2020.

| Name | Designation |
|---------------------|--|
| Carlos C. Ejercito | Independent Director/Chairman, Board Audit Committee/Member, Board Corporate Governance Committee, Board Risk and Reputation Management Committee, and Board Related Party Transaction Committee |
| Eric Ramon O. Recto | Independent Director/Chairman, and Board Related Party Transaction Committee/Member, Board Corporate Governance Committee, Board Audit Committee, and Board Risk and Reputation Management Committee |

The list of Company officers present and other attendees during the meeting is attached as **Annex "A"**.

Mr. Francis Victor Salas, the Company's Investor Relations Officer, read the House Rules and Procedures for Voting for the 2020 Annual Stockholders Meeting (ASM), as follows:

1. Stockholders who registered at 2020 ASM registration link provided may send their comments and questions through the chatbox;
2. For proper order, the moderator will read out questions during the Q&A session scheduled at the end of the meeting. Questions that were not taken up during the meeting may be directed to the Company representatives whose details were flashed on the screen;
3. The voting results and proposed resolutions will be shown for each agenda item;
4. Voting *in absentia* through the Company's online platform, votingportal.aboitiz.com, will remain open until the end of the meeting. For purposes of presentation, votes received through proxy, and votes cast through the voting portal as of 2:00 pm on April 27, 2020 will be shown for each relevant agenda item;
5. The final results of the votes cast will be reflected in the minutes of the 2020 ASM which will be posted on the Company's website on April 28, 2020.
6. The proceedings of the 2020 ASM will be recorded.

I. CALL TO ORDER

Mr. Jaime Jose Y. Aboitiz, Director and Executive Vice President & Chief Operating Officer, acted as Chairman of the 2020 ASM pursuant to the authority granted by the Board of Directors. The Corporate Secretary, Mr. Manuel Alberto R. Colayco, recorded the minutes of the meeting.

The Chairman of the Meeting explained that due to the ongoing threat posed by the COVID-19 pandemic, and in compliance with the Department of Health's advisory to avoid physical mass gatherings, the Company will conduct its 2020 ASM as an online video-streaming meeting.

II. PROOF OF NOTICE OF MEETING

The Corporate Secretary certified that on April 2, 2020 notices of the meeting were sent out to all stockholders of record as of the close of business on March 23, 2020. Through the notice, the stockholders were informed that due to the Enhanced Community Quarantine (ECQ) in effect in Luzon, the Company will be conducting its 2020 ASM online through live streaming available at the Company's website. In addition, the notice informed the stockholders that they could cast their votes through proxies or *in absentia* using the Company's online voting

portal, votingportal.aboitiz.com. Mr. Colayco also informed the stockholders attending the meeting that they could still cast their votes online until the adjournment of the meeting.

The Corporate Secretary certified that notices for the 2020 ASM were distributed to stockholders through the following: (i) disclosed to the Philippine Stock Exchange (PSE) including any amendments thereof, (ii) published in the Business World, the Philippine Star, and the Philippine Daily Inquirer on March 26, 2020, (iii) uploaded on the Company's website, (iv) sent to stockholders electronically via email, and (v) broadcasted through the PDTC platform for the stockholders under PCD/Broker accounts. As an additional measure, Quick Response (QR) code of the company's Definitive Information Statement was also published on April 2, 2020 in three newspapers of general circulation.

III. DETERMINATION OF QUORUM

Upon the Chairman's request, the Corporate Secretary certified that, as of 2:00 P.M., there was a quorum to conduct business, there being a total Ten Million Nine Hundred Eleven Thousand One Hundred Twenty Two (10,911,122) shares attending through remote communication or *in absentia* and Six Billion Five Hundred Seventy Two Million Three Hundred Ninety Three Thousand Two Hundred Ninety Three (6,572,393,293) shares represented by proxy, or a total of Six Billion Five Hundred Eighty Three Million Three Hundred Four Thousand Four Hundred Fifteen (6,583,304,415) shares entitled to vote. The shares constituted 89.46% of the Company's total outstanding shares of Seven Billion Three Hundred Fifty-Eight Million Six Hundred Four Thousand Three Hundred Seven (7,358,604,307) entitled to vote, which is more than 2/3 of the Company's total outstanding shares entitled to vote.

The Corporate Secretary informed the stockholders that the Company engaged the services of the accounting firm Luis Cañete & Company as its Board of Election Inspectors to verify, canvass, and validate the shareholder's vote for the Company's 2020 ASM.

There were 89 viewers of the live webcast of the 2020 ASM on <https://zoom.us/j/97588513346>, and 439 viewers in YouTube.

IV. READING AND APPROVAL OF THE MINUTES OF THE PREVIOUS STOCKHOLDERS' MEETING HELD ON APRIL 22, 2019

The Chairman proceeded to the next item in the agenda, which was the reading and approval of the minutes of the previous stockholders' meeting on April 22, 2019. Upon motion duly made and seconded, the reading of the minutes of the previous stockholders' meeting dated April 22, 2019 was dispensed with and the stockholders approved the minutes of the previous stockholders' meeting.

Upon motion duly made and seconded, the stockholders approved the following resolutions:

ASM Resolution No. 2020-1

"RESOLVED, that the stockholders of Aboitiz Power Corporation (the "Company") approve, as they hereby approve, the minutes of the Annual Stockholders Meeting Report held last April 22, 2019."

The Corporate Secretary recorded the following votes for this item, the results of which were verified by the representatives from Luis Cañete & Company.

| Vote | Number of Votes (One Share-One vote) | Percentage of shares represented |
|--------------|---|---|
| In favor | 6,583,304,415 | 100.00% |
| Against | 0 | 0% |
| Abstain | 0 | 0% |
| Total | 6,583,304,415 | 100.00% |

The voting process complied with the one-share, one-vote and cumulative voting requirements under the Revised Corporation Code. The votes submitted through proxy documents were counted and added to the votes of the stockholders *in absentia* through the online voting portal.

V. PRESENTATION OF THE PRESIDENT'S REPORT

The Chairman called on the Company's President and Chief Executive Officer, Mr. Emmanuel V. Rubio (EVR), to present his report to the stockholders. The Chairman informed the stockholders that questions will be entertained during the question and answer portion at the end of the meeting. EVR reported on the highlights of the Company's financial and operating results for the year 2019, specifically on the following matters:

- 5.1 Financial Highlights for 2019;
- 5.2 Dividend Policy;
- 5.3 Operating Results and Highlights of the Company's Key Subsidiaries;
- 5.4 Capital Expenditure;
- 5.5 Risk Management and ESG Compliance;
- 5.6 10-year Strategy and 1AP Culture;
- 5.7 Tribute to Mr. Luis Miguel O. Aboitiz and Mr. Erramon I. Aboitiz.

(A copy of the President's report to the stockholders is attached to the minutes and made an integral part of the minutes of the Annual Stockholders' Meeting. The presentation materials have also been uploaded in the company website.)

VI. APPROVAL OF THE 2019 ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

The Chairman informed the stockholders that the next item on the agenda was the approval of the Company's 2019 Annual Report and its Audited Financial Statements as of and for the year ended December 31, 2019. He informed the stockholders that the Audited Financial Statements were incorporated in the Definitive Information Statement and the 2019 Annual Report, copies of which were distributed to the stockholders through separate disclosures to the PSE and Philippine Depository & Trust Corporation (PDTC) on March 31, 2020 and April 14, 2020, respectively. As an added measure, a QR code of the Definitive Information Statement was also published in three newspapers of general circulation.

The Corporate Secretary certified that the following information was included in the Company's 2019 Annual Report and Information Statements:

- a) the minutes of the 2019 Annual Stockholders Meeting;
- b) the security ownership of the Company's top 20 stockholders, as well as security ownership of its directors and officers;
- c) the attestation and verification from the Company's President and Internal Audit Head that its systems of risk management, internal controls, and compliance and governance processes provide reasonable assurance that the Company's risks are managed to an acceptable level;
- d) the Company's audited financial statements for the period as of and for the period ending December 31, 2019 as audited by the Company's independent external auditor, SyCip Gorres Velayo & Co. (SGV);
- e) dividends declared and paid for by the Company, for the past three years, as well as the Company's dividend policy;
- f) a statement on the external audit and non-audit fees;
- g) the profiles of the Company's directors and officers, as well as the profiles of nominees to be elected to the Board of Directors. Their profiles include their qualifications, experience, length of service in the Company, educational background, and their board and committee membership in the Company and in other organizations, including other listed companies or government positions, if any;
- h) the attendance report for the Company's directors, indicating their attendance at each Board meeting, committee meeting, and special or regular stockholder meetings;
- i) the appraisal and performance reports for the member of the Bboard and the criteria and procedure for assessment;
- j) a report on the annual compensation of each director, as well as the aggregate compensation of the President/Chief Executive Officer, and the Company's top four most highly compensated officers; and
- k) disclosures on related party transactions, including dealings with directors.

Upon motion duly made and seconded, the stockholders approved the following resolutions:

ASM Resolution No. 2020-2

"RESOLVED, that the stockholders of Aboitiz Power Corporation (the "Company") approve, as they hereby approve, the 2019 Annual Report and Audited Financial Statements of the Company as of December 31, 2019."

Upon the Chairman's request, the Corporate Secretary recorded the following votes for this agenda item and as witnessed and verified by the representatives from Luis Cañete & Company.

| Vote | Number of Votes (One Share-One vote) | Percentage of shares represented |
|--------------|---|-------------------------------------|
| In favor | 6,577,961,015 | 99.92% |
| Against | 0 | 0% |
| Abstain | 5,343,400 | 0.08% |
| Total | 6,583,304,415 | 100.00% |

The voting process complied with the principles of one-share, one-vote, and cumulative voting requirements under the Revised Corporation Code. Based on existing process, the votes

submitted through proxy documents were counted and added to the votes of the stockholders *in absentia* through the online voting portal.

VII. APPOINTMENT OF THE COMPANY'S EXTERNAL AUDITOR FOR 2020

The Chairman explained to the stockholders that, after deliberation and evaluation, the Board Audit Committee of the Company recommended the appointment of SGV as the Company's external auditors for 2020. The Chairman advised the stockholders that the Board Audit Committee, after its evaluation of SGV's services, was satisfied with SGV's performance as the Company's external auditors. On behalf of the Board of Directors of the Company, the Chairman endorsed to the stockholders for approval the appointment of SGV as the Company's external auditor for the year 2020.

Upon motion made and duly seconded, the following resolution was approved by the stockholders:

ASM Resolution No. 2020-3

"RESOLVED, that the stockholders of Aboitiz Power Corporation (the "Company") approve, as they hereby approve, the appointment of SyCip Gorres Velayo & Co. as the Company's external auditor for the year 2020 based on recommendation of the Board Audit Committee and the Board of Directors."

The Corporate Secretary recorded the following votes for this item, the results of which were verified by the representatives from Luis Cañete & Company.

| Vote | Number of Votes (One Share-One vote) | Percentage of shares represented |
|--------------|---|---|
| In favor | 6,300,268,359 | 95.70% |
| Against | 282,984,756 | 4.30% |
| Abstain | 51,300 | 0.00% |
| Total | 6,583,304,415 | 100.00% |

The voting process complied with the principles of one-share, one-vote and cumulative voting requirements under the Revised Corporation Code. Based on existing process, the votes submitted through proxy documents were counted and added to the votes of the stockholders *in absentia* through the online voting portal.

VIII. ELECTION OF THE MEMBERS OF THE BOARD OF DIRECTORS

The Chairman announced that the next order of the business was the election of the members of the Board of Directors for the year 2020-2021. He called on the Corporate Secretary to explain the procedure for the nomination and election of directors.

The Corporate Secretary reiterated the basis for the nomination of directors under Article I, Section 7 of the Company's Amended By-Laws. The By-Laws state that:

“Nominations for the election of directors for the ensuing year must be received by the Corporate Secretary no less than fifteen (15) working days prior to the Annual Meeting of stockholders, except as may be provided by the Board of Directors in appropriate guidelines that it may promulgate from time to time in compliance with law.”

The Corporate Secretary reported that the deadline to nominate candidates to the Board of Directors was on April 2, 2020, and that all stockholders have been given the opportunity to submit their nominees for membership to the Board of Directors. He said that since it was already past the deadline, nominations for directors would not be allowed to be made on the floor.

As for the nomination of the independent directors, the Corporate Secretary explained that the Amended Guidelines for the Nomination and Election of Independent Directors state that:

“Nominations for independent directors are accepted from all stockholders starting January 1 up to February 15 of the year in which such nominee director is to serve.”

The Corporate Secretary advised the body that the stockholders who nominated the independent and other directors were disclosed in the Company’s latest Definitive Information Statement, which was previously distributed to all stockholders through a disclosure to the PSE and PDTC on April 2, 2020, and uploaded to the Company’s website. A QR code of the Definitive Information Statement was also published in three newspapers of general circulation.

He further reiterated that (a) directors are elected at each annual stockholders’ meeting by stockholders entitled to vote; and (b) each director holds office until the next annual election, or for a term of one (1) year and until his successor is duly elected, or unless he resigns, dies or is removed prior to such election.

The Corporate Secretary reported that after proper screening and approval by the Board Corporate Governance Committee, the following were determined to be qualified for nomination as members of the Board of Directors of the Company:

Mr. Erramon I. Aboitiz
Mr. Mikel A. Aboitiz
Mr. Enrique M. Aboitiz
Mr. Emmanuel V. Rubio
Mr. Jaime Jose Y. Aboitiz
Mr. Danel C. Aboitiz
Mr. Romeo L. Bernardo (*Independent Director*)
Mr. Carlos C. Ejercito (*Independent Director*)
Mr. Eric Ramon O. Recto (*Independent Director*)

Upon motion duly made and seconded, the stockholders moved to elect the nine (9) nominees as directors of the Company for the year 2020-2021. Since no objection was made, the motion was carried and all the nine (9) nominees were elected as directors based on votes of stockholders represented in person and by proxy.

The Chairman announced that the nine (9) named nominees have been duly elected as members of the Board of Directors to serve for a term of one (1) year until their successors will have been qualified and elected. He requested the Corporate Secretary to record the votes for this agenda item.

The following were the votes on the directors as verified by Luis Cañete & Company.

| Name of Director | Vote | Number of Votes | Percentage of shares represented |
|---|--------------|----------------------|----------------------------------|
| Mr. Erramon I. Aboitiz | In favor | 6,551,720,407 | 99.52% |
| | Abstain | 31,796,880 | 0.48% |
| | Total | 6,583,304,415 | 100.00% |
| Mr. Mikel A. Aboitiz | In favor | 6,400,847,602 | 97.23% |
| | Abstain | 182,630,204 | 2.77% |
| | Total | 6,583,304,415 | 100.00% |
| Mr. Enrique M. Aboitiz | In favor | 6,299,344,090 | 95.69% |
| | Abstain | 284,133,716 | 4.32% |
| | Total | 6,583,304,415 | 100.00% |
| Mr. Emmanuel V. Rubio | In favor | 6,567,704,649 | 99.76% |
| | Abstain | 15,773,157 | 0.24% |
| | Total | 6,583,304,415 | 100.00% |
| Mr. Jaime Jose Y. Aboitiz | In favor | 6,558,165,039 | 99.62% |
| | Abstain | 25,312,767 | 0.38% |
| | Total | 6,583,304,415 | 100.00% |
| Mr. Danel C. Aboitiz | In favor | 6,472,182,234 | 98.31% |
| | Abstain | 110,895,572 | 1.68% |
| | Total | 6,583,304,415 | 100.00% |
| Mr. Romeo L. Bernardo (Independent Director) | In favor | 6,389,340,888 | 97.05% |
| | Abstain | 193,736,918 | 2.94% |
| | Total | 6,583,304,415 | 100.00% |
| Mr. Carlos C. Ejercito (Independent Director) | In favor | 6,316,927,272 | 95.95% |
| | Abstain | 266,150,534 | 4.04% |
| | Total | 6,583,304,415 | 100.00% |
| Mr. Eric Ramon O. Recto (Independent Director) | In favor | 6,389,780,488 | 97.06% |
| | Abstain | 193,297,318 | 2.94% |
| | Total | 6,583,304,415 | 100.00% |

The voting process complies with the principles of one-share, one-vote and cumulative voting requirements under the Revised Corporation Code. Based on existing process, the votes submitted through proxy documents were counted and added to the votes of the stockholders *in absentia* through the online voting portal.

On behalf of the other directors, the Chairman thanked the stockholders for their trust and confidence in electing them as members of the Board of Directors of the Company.

IX. APPROVAL OF THE AMENDMENT OF ARTICLES II, IV, AND VII OF THE ARTICLES OF INCORPORATION

The Chairman informed the stockholders that the next item on the agenda was the amendment of the Company's Articles of Incorporation. He called on the Corporate Secretary to explain the rationale for each proposed amendment.

The Corporate Secretary explained that the proposed amendment to Article IV, which would extend the Company's corporate term to perpetual existence in order to align the Articles with the provisions of the Revised Corporation Code. The proposed amendments to Article II and VII, which are, respectively, (a) to include in the primary purpose the power to act as guarantor or surety to the loans and obligations of its affiliates and associates, and (b) to amend the features of the preferred shares the Company may issue, are intended to give the Company additional flexibility in its capital- and fund-raising activities. The Board of Directors approved these proposed amendments during its meeting on March 6, 2020.

The language of each of the proposed amendments was disclosed on March 6, 2020, and was also included in the Company's Definitive Information Statement.

Upon motion duly made and seconded, the stockholders approved the following resolution:

ASM Resolution No. 2020-4

"RESOLVED, that the stockholders of Aboitiz Power Corporation (the "Company") approve, as they hereby approve, the amendments to Articles II, IV, and VII of the Company's Articles of Incorporation, as follows:

1. Article II

"SECOND: That the purposes for which the said corporation is formed are:

PRIMARY PURPOSE

To invest in, hold, own, purchase, acquire, lease, contract, operate, improve, develop, manage, grant, sell, exchange, or otherwise dispose of real and personal properties of every kind and description, including shares of stock, bonds, and other securities or evidence of indebtedness of any hydroelectric, geothermal, wind, solar, and other renewable power generation facilities, distribution, retail electricity supply and other related facilities, corporations, partnerships, associations, firms, or entities, domestic and/or foreign, where necessary or appropriate, and to possess and exercise in respect thereof all the rights, powers and privileges of ownership, including all voting powers of any stock so owned, without acting as, or engaging in, the business of an investment company, or dealer or broker in securities; to act as managers or managing agents of persons, firms, associations, corporations, partnerships and other entities engaged in hydroelectric, geothermal, wind, solar and other renewable power generation facilities, distribution businesses, retail electricity supply services, battery power storage services or related

businesses; to provide management, investment and technical advice for commercial, industrial, manufacturing and other kinds of enterprises engaged in hydroelectric, geothermal, wind, solar and other renewable power generation, distribution businesses, retail electricity supply services, or related businesses; to undertake, carry on, assist or participate in the promotion, organization, management, liquidation, or reorganization of corporations, partnerships and other entities engaged in hydroelectric, geothermal, wind, solar and other renewable power generation, distribution businesses, retail electricity supply services, or related businesses; to develop, construct, own, lease and operate electricity generation distribution facilities and/or hydroelectric, geothermal, wind, solar, and other renewable energy power plants, retail electricity supply facilities, or related businesses; to engage in build-operate-transfer arrangements with the government, its branches, agencies and instrumentalities, and any non-government entities; act as consultants, contractors or principals in the business of developing, constructing, operating, repairing and maintaining of hydroelectric, geothermal, wind, solar and other renewable energy power plants and systems and other power-generating or converting stations and in the manufacture, operation and repair of associated mechanical and electrical equipment; to carry on the general business of generation, distribution, retail supply, battery storage services, and/or transmission of electric power in accordance with existing laws, rules and regulations; enter into contracts for differences, and to carry on all business necessary or incident to all the foregoing, **and to perform all acts necessary and incidental to the furtherance of the foregoing primary purpose, including, but without limitation, to guarantee and act as surety to its affiliated companies, subsidiaries, and associates, and to allow the creation of lien upon all or any part of the properties and assets owned by the corporation, in order to meet the necessary financial requirements of its businesses, as may be authorized by its Board of Directors.**

2. Article IV

“FOURTH. That the term for which said corporation is to exist is **perpetual** from and after the date of incorporation, **as provided in Section 11 of the Revised Corporation Code of the Philippines.**”

3. Article VII

“SEVENTH. That the authorized capital stock of said corporation is SEVENTEEN BILLION (P17,000,000,000.00) PESOS, Philippine currency, and said capital stock is divided into:

1. SIXTEEN BILLION (16,000,000,000) COMMON SHARES, with a par value of ONE PESO (P1.00) per share;
2. ONE BILLION (1,000,000,000) PREFERRED SHARES,

with a par value of ONE PESO (P1.00) per share.

PREFERRED shares shall be **non-voting, non-convertible, and shall have preference over common shares in case of liquidation or dissolution of the corporation. The Board of Directors or the Executive Committee is expressly authorized to issue preferred shares** in one or more series, **establish and designate each particular series of preferred shares, fix the number of shares to be included in the series, and to determine the dividend rate, issue price,** designations, relative rights, preferences, privileges and limitations of the **preferred shares and/or series of shares. Preferred shares may or may not be cumulative, participating, or redeemable, as may be determined by the Board of Directors or the Executive Committee.**

Upon redemption, preferred shares (whether unissued, issued and outstanding, including all existing treasury shares) shall not be considered retired, but may be reissued under such terms and conditions as may be determined by the Board of Directors or the Executive Committee.

No holder of shares of the capital stock of any class of the corporation shall have any pre-emptive or preferential right of subscription to any shares of any class of stock of the corporation whether now or hereafter authorized, other than such, if any, as the Board of Directors, in its discretion, may from time to time determine and at such price as the Board of Directors may from time to time set.”

RESOLVED FINALLY, that the stockholders designate the Corporate Secretary and his/her representatives to file the necessary documents and applications with the Securities and Exchange Commission for approval.”

The Corporate Secretary recorded the following votes for this item, the results of which were verified by the representatives from Luis Cañete & Company.

| Vote | Number of Votes (One share-One vote) | Percentage of shares represented |
|--------------|---|---|
| Yes | 6,396,396,652 | 97.16% |
| No | 183,021,244 | 2.78% |
| Abstain | 3,886,519 | 0.06% |
| Total | 6,583,304,415 | 100.00% |

The voting process complied with the principles of one-share one-vote, and cumulative voting requirements of the Revised Corporation Code. Based on existing process, the votes submitted through proxy documents were counted and added to the votes of the stockholders *in absentia* through the online voting portal.

X. RATIFICATION OF THE ACTS, RESOLUTIONS AND PROCEEDINGS OF THE BOARD OF DIRECTORS, CORPORATE OFFICERS AND MANAGEMENT IN 2019 UP TO APRIL 27, 2020

The Chairman informed the stockholders that the next item on the agenda was the ratification of all corporate acts, resolutions, business judgments, management proceedings, any and all succession, compensation, management, and performance-related decisions entered into or done by the Board of Directors, Corporate Officers and Management in the exercise of their duties for the year 2019, including all acts up to April 27, 2020.

The Corporate Secretary explained to the stockholders that the acts, resolutions and proceedings requested to be ratified are the regular corporate acts performed by the Board, Officers and Management in the ordinary course of the Company's business and that a the list of resolutions approved by the Board of Directors for the period covered have been enumerated in the Definitive Information Statements distributed to the stockholders ahead of the meeting. In addition, the Company has regularly disclosed material transactions approved by the Board of Directors, which are available for viewing and download at the Company's website.

The Corporate Secretary also informed the stockholders that the Board of Directors, using its delegated power, approved the amendment to the Company's By-Laws to allow the attendance, participation and voting of stockholders during the Company's annual stockholders' meeting by remote communication or in absentia, starting with the current meeting. This amendment is intended to align the Company's By-Laws with the provisions of the Revised Corporation Code.

The Corporate Secretary explained that the delegated authority to amend or repeal the Company's By-Laws or adopt new By-Laws was approved by at least 2/3 of the issued and outstanding capital stock in 2009, and was renewed in 2015.

Upon motion duly made and seconded, the stockholders approved the following resolution:

ASM Resolution No. 2020-5

"RESOLVED, that the stockholders of Aboitiz Power Corporation (the "Company") approve, ratify and confirm, as they hereby approve, ratify and confirm, corporate acts, resolutions, business judgments, management proceedings, any and all succession, compensation and management, and performance-related decisions entered into or done by the Board of Directors, Corporate Officers and Management of the Company for the past year 2019, including all acts up to April 27, 2020."

The Corporate Secretary recorded the following votes for this item, the results of which were verified by the representatives from Luis Cañete & Company.

| Vote | Number of Votes (One Share-One vote) | Percentage of shares represented |
|--------------|---|---|
| In favor | 6,573,921,196 | 99.86% |
| Against | 0 | 0.00% |
| Abstain | 9,383,219 | 0.14% |
| Total | 6,583,304,415 | 100.00% |

The voting process complied with the principles of one-share, one-vote, and cumulative voting requirements under the Revised Corporation Code. Based on existing process, the votes submitted through proxy documents were counted and added to the votes of the stockholders *in absentia* through the online voting portal.

XI. OTHER BUSINESS AND ADJOURNMENT

The Chairman then asked the stockholders if there were any matters they wished to raise.

The moderator of the meeting, Mr. Francis Victor G. Salas, Investor Relations Officer, read out a question from Mr. Jake Posio, who identified himself as a proxy for stockholder Ms. Golda Gabriel. Mr. Posio inquired how the Company's business has been affected by the implementation of the Enhanced Community Quarantine (ECQ) due to COVID-19. EVR responded that the first step the Company took was to secure the safety of its team members. Despite COVID-19's negative impact on the Company's financial position, EVR affirmed that by protecting the organization's greatest asset – its team members – the Company will be able to survive this pandemic and get back on track quicker when this is over. In addition, EVR explained that the Company continues to operate with a solid business continuity plan, in accordance with the protocols and guidelines of the government's community quarantine. As a testament to AboitizPower's resilience, it continues to provide the country with the much-needed power supply for the country's hospitals, government institutions, and critical businesses, while ensuring the safety of the Company's teams, partners, and communities.

Ms. Kazimir Kira Wong, who identified herself as a proxy for stockholder Ms. Maricar Le, asked how the organization was able to cope with the sudden lockdown. EVR responded that this was achievable through the adoption of a solid digital strategy and business continuity plan across the Aboitiz Group. The Group's digital resources have kept team members' all over the country informed, connected, and engaged, enabling the organization to maintain a high level of service for its customers and communities. AboitizPower's digital initiatives for plant operations also play a crucial role in keeping its facilities up and running. The Company is able to operate some of its plants remotely and monitor their efficiency and availability, to ensure the continued delivery of power supply when it is most needed. Lastly, EVR attributed AboitizPower's ability to cope with the 1AP culture and OneAboitiz values. It is now more than ever that 1AP and OneAboitiz are at work. Despite the situation, team members and team leaders have remained committed to helping the organization thrive, so that the Company can continue to make a positive difference in the communities that it serves.

Ms. Ria Alazas, who identified herself as a stockholder, inquired on the Company's position relative to other energy companies increasing, if not totally shifting, their capacities to renewable energy. EVR confirmed that the Company currently has a massive portfolio of thermal facilities. He explained that this for now is the default option for the Company to be able to support the country's growing demand for reliable and affordable energy. EVR pointed out that AboitizPower is actually a pioneer of renewable energy in the country. The Company has been in the RE space for more than 40 years now through its hydro business unit Hedcor. EVR further explained that the Company currently has more RE power plants than thermal. Together with its partners, out of the Company's 47 facilities, 29 are RE with a total capacity of 1,242 MW and 18 are thermal with a total capacity of 3,379 MW.

Mr. Salas explained that there were a number of questions sent by shareholders and attendees to which the Company will respond separately via email. He also invited the stockholders to direct their queries to the Company's representatives for depending on their queries and concerns, and flashed their contact details on the screen.

Thus, upon motion duly made and seconded, the meeting was adjourned.

The Chairman then asked the Corporate Secretary to flash on the screen the votes cast by the stockholders for each agenda item approved, including the votes cast in the election of directors.

MANUEL ALBERTO R. COLAYCO
Corporate Secretary

ATTESTED:

JAIME JOSE Y. ABOITIZ
Chairman of the Meeting

EMMANUEL V. RUBIO
President and Chief Executive Officer

NOTED:

LUIS CAÑETE
Board of Election Inspector, Luis Cañete & Company

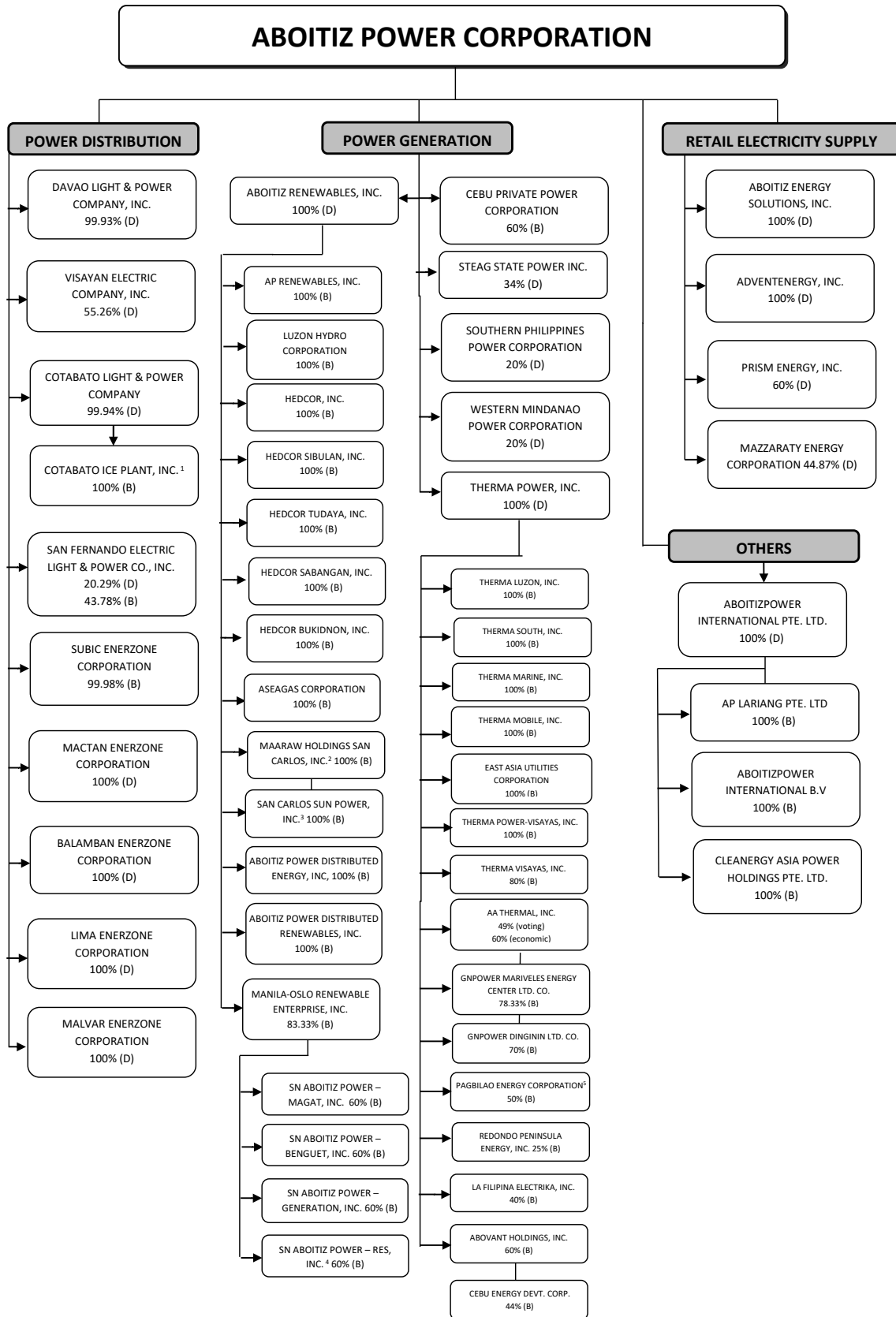
NOEL PETER CAÑETE
Board of Election Inspector, Luis Cañete & Company

Officers Present:

- | | | |
|------------------------------|---|--|
| Luis Miguel O. Aboitiz | - | Executive Vice President – Chief Strategy Officer |
| Anton Mari G. Perdices | - | Senior Vice President and Chief Operating Officer – Power Distribution Group |
| Liza Luv T. Montelibano | - | Senior Vice President/Chief Financial Officer/Corporate Information Officer |
| Robert McGregor | - | Executive Director - Chief Investment Officer |
| Joseph Trillana Gonzales | - | First Vice President - General Counsel and Compliance Officer |
| Francisco Victor G. Salas | - | Investor Relations |
| Charisse P. Bacurio | - | Vice President for Finance |
| Maria Consolacion C. Mercado | - | Vice President - Regulatory |
| Saturnino E. Nicanor Jr. | - | Assistant Vice President for Internal Audit |
| Mailene de la Torre | - | Assistant Corporate Secretary |
| Sammy Dave Santos | - | Assistant Corporate Secretary |

Others:

- | | | |
|--------------------|---|---|
| Veronica Pore | - | External Auditor for 2019, Sycip Gorres Velayo & Co. |
| Margem Tagalog | - | External Auditor for 2019, Sycip Gorres Velayo & Co. |
| Vivian Cruz | - | External Auditor for 2019, Sycip Gorres Velayo & Co. |
| Wilson Tan | - | External Auditor for 2019, Sycip Gorres Velayo & Co. |
| Luis Cañete | - | Board of Election Inspector, Luis Cañete & Company |
| Noel Peter Cañete | - | Board of Election Inspector, Luis Cañete & Company |
| Michael C. Capoy | - | Stock Transfer Service Inc., Stock and Transfer Agent |
| Novelyn S. Pabalan | - | Stock Transfer Service Inc., Stock and Transfer Agent |
| Mark Perez | - | Manager - Investor Relations |
| Ivy Manalang | - | Officer - Investor Relations |
| Marinel Mangubat | - | Shareholder Relations Officer |



Legend:

B – Beneficial Ownership
D – Direct Ownership

¹ Other services

² ARI has a 60% direct ownership in Maaraw San Carlos; AboitizPower International B.V. has a 40% direct ownership in Maaraw San Carlos

³ ARI has a 75% direct ownership in Sacasun; AboitizPower International has 15% direct ownership in Sacasun

⁴ Engages in Retail Electricity Supply Business

⁵ Joint operations

The Board Audit Committee Report to the Board of Directors

The Board Audit Committee is pleased to present its report for the financial year ended December 31, 2020.

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) members, three (3) of whom are independent directors including the Chairman.

Carlos C. Ejercito (Independent Director) is the Chairman of the Committee. Other members of the committee are **Romeo L. Bernardo** (Independent Director), **Eric O. Recto** (Independent Director), **Danel C. Aboitiz** (Director) and **Erramon I. Aboitiz** (Non-Executive Director and Chairman of the Board).

Meetings and Attendance

The Board Audit Committee carried out its function through its meetings with management, internal auditors, independent external auditors, advisers and others, where appropriate.

The Audit Committee Charter provided for the committee to hold at least four (4) regular meetings a year, with the authority to convene special meetings, when deemed required. It also holds an annual joint meeting with the Board Risk and Reputation Committee.

In 2020, five (5) meetings were held. The attendance of the committee members is indicated below:

| Committee Composition | March 3, 2020 Regular Meeting | April 29, 2020 Regular Meeting | July 27, 2020 Regular Meeting | Oct 28, 2020 Regular Meeting | Oct 26, 2020 Joint with Risk and Reputation |
|--|--|---|--|---------------------------------------|---|
| CARLOS C. EJERCITO Chairman, Independent Director | ✓ | ✓ * | ✓ * | ✓ * | ✓ * |
| ROMEO L. BERNARDO Member, Independent Director | ✓ | ✓ * | ✓ * | ✓ * | ✓ * |
| ERIC O. RECTO Member, Independent Director | ✓ | ✓ * | ✓ * | ✓ * | ✓ * |
| DANEL C. ABOITIZ Member, Director | ✓ | ✓ * | ✓ * | ✓ * | ✓ * |
| ERRAMOM I. ABOITIZ Member, Non-Executive Director and Chairman of the Board | ✓ | ✓ * | ✓ * | ✓ * | ✓ * |

*Attendance via Videocon

Attendees to these meetings also include the 1AP Group Internal Audit Head, Aboitiz Group Internal Audit Head, and, by invitation, the Chief Risk Officer, Chief Financial Officer, Controller and other key leaders when deemed appropriate.

Regular one-on-one sessions of 1AP Internal Audit Head with the 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 2020 quarterly unaudited consolidated financial statements and endorsed for approval by the full Board the 2020 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 Auditor

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 27, 2020, SyCip Gorres Velayo & Co. (SGV) was re-appointed as the independent external auditor for 2020 with Maria Veronica Andresa R. Pore as the signing partner for SGV.

The overall scope and audit plan of SGV were reviewed and approved during the October 28, 2020 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 3, 2021. In 2020, the Company did not engage SGV in any non-audit related service.

Internal Auditors

The Board Audit Committee is satisfied with the internal audit function and had assessed that it is operating effectively and is able to generally cover the relevant risks pertinent to the company in its audits. 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 2020. Internal audit is organizationally positioned to be independent – functionally reporting to the Board Audit Committee and administratively to the President and Chief Executive Officer.

The Board Audit Committee is satisfied with the content and quality of reports prepared and issued by the internal auditors during the year under review.

The 1AP Group Internal Audit remains to be the single-point-of-contact for the Board Audit Committee. It takes the lead in setting the standards, initiatives and overall direction of the audit team which, in turn, focus its reviews on the top risks of respective business units.

Information systems and technology-related risks, however, still remain to be an area mostly covered by the Aboitiz group information systems auditors in 2020.

In line with the strategic intent of the Group Internal Audit to gradually decentralize the Information Systems Audit starting 2020 to 2022, 1AP internal audit had covered information systems related risks in their 2020 engagements as identified and agreed with Aboitiz Group IT/IS Team.

Based on audit reports and highlights presented to the Board Audit Committee and with the contribution provided by management and other key leaders on the issues raised to their attention, the Board Audit Committee concurs with internal audit’s assessment that, generally, there is reasonable assurance that the existing system of internal controls, risk management and governance allow for a generally adequate management of identified risks and effectively supports the improvement of the management of the Company as a whole. There is a need, however, to further strengthen governance and controls over security standards for information and related technologies particularly in relation to cyber-security risks.

External Quality Assessment

The 1AP Internal Audit team with offices in Manila and Cebu, after undergoing the External Quality Assessment (EQA) review by the authorized validators of the Institute of Internal Auditors (IIA) Philippines that are duly accredited by the Institute of Internal Auditors (IIA) International, received the official EQAR results early 2017.

It is the opinion of the IIA that on the overall, the internal audit team of Aboitiz 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.

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**

2022. Until then, 1AP Group Internal Audit 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. Changes were discussed by the Committee in its October 28, 2020 quarterly meeting and the Committee had endorsed to the full Board for approval. The AP Board approved the revised Board Audit Committee Charter in its November 3, 2020 regular board meeting. The changes 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 include among its oversight duties and responsibilities the establishment of a fraud response plan.

The review and updating of the Internal Audit Team Charter are also done annually, and approved by the Board Audit Committee.

Self-Assessment

The Board Audit Committee conducted its annual self-assessment in accordance with the guidelines of SEC Memo Circular No. 4, series of 2012. The assessment results showed that it fully complied with the requirements set forth in the Audit Charter and met the necessary and most important requirements set by global standards and best practices.

Risk Management

The partnership between the functions of risk management and audit has remained solid. In order to continuously provide objective assurance to the Board on the effectiveness of risk management, a Joint Audit and Risk & Reputation Committee meeting is held at least once a year.

Presented in the joint meeting last October 26, 2020 are the top strategic risks that present a significant impact to the Company's ability to execute its plans and strategies as well as to achieve its business objectives.

These top risks are among the relevant factors in consideration for the preparation of the internal audit's master plan for the following year.

Results of the 2020 series of existence validation review by internal audit on risk management or treatment plans identified and implemented by the different business units across AP as of October 2020 were likewise presented in the October 26, 2020 joint Board Audit and Risk & Reputation Committee meeting. Assurance is given when results of the review show that majority of the risk management or treatment plans generally were either acted upon (done) or being addressed (in-progress).

After considering, analyzing and reviewing all pertinent information to the integrity of financial reporting, adequacy of internal controls, risk management, governance and compliance within Aboitiz Power Corp. and its affiliated companies, the Committee is of the view that, in all material aspects, the duties and responsibilities as so outlined in its Charter have been satisfactorily performed.

In behalf of the Board Audit Committee,

(SGD.)

Carlos C. Ejercito

Chairman, Independent Director




Internal Control and Compliance System Attestation
For the year ended, December 31, 2020


Aboitiz Power Corporation (AP) corporate governance system includes a combination of internal and external mechanisms such as the structure of the board of directors and our committees, the oversight it exercises over management, and the formulation of sound policies and controls.

- The Board of Directors is responsible for providing governance and in overseeing the effective implementation of adequate internal control mechanism and risk management processes;
- Management is primarily responsible for designing and implementing an adequate (effective and efficient) internal control system and risk management processes as well as in ensuring compliance with legal requirements (statutory and regulatory);
- Management is responsible for developing a system to monitor and manage risks;
- SGV & Co., the Company's external auditor is responsible for assessing and expressing an opinion on the conformity of the audited financial statement with Philippine Financial Reporting Standards and the overall quality of the financial reporting process;
- Internal Audit adopts a risk-based audit approach in developing an annual audit master plan and conducts reviews to assess the adequacy of the Company's internal control system;
- The Company's Resident Internal Audit Head that acts as the equivalent of a Chief Audit Executive and reports functionally to the Board Audit Committee to ensure independence and objectivity, allowing internal audit to fulfil its responsibilities; and
- Internal Audit activities conform to the International Standards for the Professional Practice of Internal Auditing and are continuously evaluated annually through self- assessment and peer reviews as well as through an independent Quality Assessment Review conducted every five years.

Based on the above assurance provided by the internal auditors as well as the external auditors as a result of their reviews, we attest that Aboitiz Power Corporation's internal control and compliance system, which covers governance, risk and control processes, are generally adequate.



Emmanuel V. Rubio
 President & Chief Executive Officer



Saturnino E. Nicanor, Jr.
 AP Internal Audit Head

ANNEX "E"

Requirements and Procedures for Voting and Participation in the
2021 Annual Stockholders' Meeting (ASM)
of Aboitiz Power Corporation
(the "Company")

In light of the continuing COVID-19 global pandemic and government-imposed restrictions on mass gathering, the Company will once again conduct a virtual ASM on April 26, 2021, at 2:30 pm ("2021 ASM"). The meeting will be conducted *via* livestream at the link provided in the Company's website at <https://aboitizpower.com/2021asm> (the "ASM Portal").

Stockholders of record as of March 23, 2021 are entitled to participate and vote in the 2021 ASM.

The following procedures and requirements provide the ways in which the Company's stockholders can participate and vote in the 2021 ASM.

I. VOTING BY PROXY

1. For Individual stockholders holding certificated shares in the Company - Download the file [Proxy Form for Individual Stockholder](#). For the Special Power of Attorney (SPA), refer to the Sample SPA uploaded in the website.
2. For stockholders holding 'scripless' shares, or shares held under a PCD Participant/Broker - Download the file [Proxy Form for PCD Participant/Broker](#). Stockholders must coordinate with their brokers for the execution of this type of proxy. A stockholder may instruct his broker to directly send a scanned copy of the executed proxy to the Company, or he may send the scanned copy of the executed proxy.
3. For Corporate Stockholders - Download the file [Proxy Form for Corporate Stockholder](#). For the secretary's certificate, refer to the [Sample Secretary's Certificate](#) uploaded in the website.
4. General instructions on Voting through Proxy:
 - (a) Download and fill up the appropriate Proxy Form. Follow the instructions on how to cumulate or allocate votes in the election of directors. The Chairman of the meeting, by default, is authorized to cast the votes pursuant to the instructions in the proxy.
 - (b) Send a scanned copy of the executed proxy through email to aboitiz.shareholder.services@aboitiz.com.
 - (c) Deadline for the submission of proxies is on April 19, 2021, to give time for the Proxy Validation Committee to review and validate the proxies received in accordance with the Company's By-Laws.

II. ELECTRONIC VOTING OR VOTING *IN ABSENTIA*

1. Instead of voting by proxy, stockholders may choose to vote for the matters set out in the Agenda for the 2021 ASM (including casting votes in the election of directors) through the online voting platform available at the ASM portal. Votes cast until 1:30 pm of April 26, 2021 will be tabulated and presented during the 2021 ASM. Stockholders may still vote after the cut-off time, and the final votes received through proxy and through the ASM Portal after the adjournment of the meeting will be included in the minutes of the 2021 ASM. Stockholders must provide the information required and upload the documents needed to complete their registration and to cast their votes, which are then subject to verification and validation by the Office of the Corporate Secretary.
2. Stockholders will need the following documents to register at the online voting platform:
 - (a) Individual Stockholders
 - i. Valid email address and active contact number (landline or cellphone number);

- ii. Any valid government-issued identification card (ID);¹⁷
 - iii. Any valid stock certificate issued by the Company in the name of the individual stockholder, or stock certificate number that matches with the name provided in the registration form, if such stock certificate is lost.
- (b) Stockholders with Joint Accounts
- i. An authorization letter signed by other stockholders indicating the person among them authorized to cast the votes;
 - ii. Documents required under Items 2.a.(i) and 2.a.(ii) for the authorized stockholder; and
 - iii. Any valid stock certificate issued by the Company in the name of the joint stockholders, or stock certificate number that matches with the name provided in the registration form, if such stock certificate is lost.
- (c) Stockholder under PCD Participant/Brokers Account or “Scripless Shares”
- i. Coordinate with the broker and request for the full account name and reference number or account number they provided to the Company; and
 - ii. Items 2.a.(i) and 2.a.(ii) above.
- (d) Corporate Stockholders
- i. Secretary’s certificate attesting to the authority of the representative to vote the shares on behalf of the corporate stockholder;
 - ii. Any valid stock certificate in the name of the corporate stockholder; and
 - iii. Documents required under Items 2.a.(i) and 2.a.(ii) above for the authorized representative.
3. The ASM Portal contains the Agenda items for approval as set out in the Notice and Agenda for the 2021 ASM.
- (a) For items other than the election of directors, stockholders have the option to vote: In Favor of, Against, or Abstain.
- (b) For the election of Directors, stockholders have the option to vote his shares for all nominees, not vote for any nominees, or vote for one or some nominees only, in such number of shares as the stockholder prefers, provided that the total number of votes cast shall not exceed the number of shares owned, multiplied by the number of directors to be elected. The system will automatically compute the total number of votes the stockholder is allowed to cast, based on the number of shares he owns.
- (c) Once the stockholder finalizes his votes, he can proceed to submit the accomplished form by clicking the ‘Submit’ button.
- (d) After the ballot has been submitted, the stockholder may no longer change his/her vote.
4. Thereafter, the Office of the Corporate Secretary will send a confirmation email to the stockholder once his/her account has been verified and his/her vote has been recorded.

If the registration cannot be verified due to unreadable, lacking, or incomplete documents or information, an automatic email notification as well as a subsequent email shall be sent by the Company through the email address aboitizboardsecretariat@aboitiz.com to inform the stockholder of the actions required to complete the registration. Stockholders may contact aboitizboardsecretariat@aboitiz.com for queries regarding the online voting and registration.

If the account of a stockholder cannot be verified, then the votes cast by the non-verified stockholder shall not be recorded.

¹⁷ Acceptable Valid IDs: Driver’s License, Passport, Unified Multi-Purpose ID (UMID), GSIS ID, company ID, PRC ID, IBP ID, iDOLE Card, OWWA ID, Comelec Voter’s ID, Senior Citizen’s ID, or Alien Certificate of Registration/Immigrant Certificate of Registration.

5. The Office of the Corporate Secretary shall tabulate all valid and confirmed votes cast through the ASM Portal, together with the votes cast through proxies. The Board of Election Inspectors will thereafter validate the results.
6. Votes cast until 1:30 pm on April 26, 2021 will be tabulated and presented during the ASM. Stockholders may still vote at <https://aboitizpower.com/2021asm> after the cut-of time and the final votes received through the proxy and through the ASM Portal after the adjournment of the meeting will be included in the minutes of the 2021 ASM.

III. ATTENDANCE IN THE 2021 ASM BY REMOTE COMMUNICATION

1. Stockholders who intend to participate in the 2021 ASM remotely may register using the link <https://aboitizpower.com/2021asm> until 12:00 noon of April 26, 2021.
2. To register, stockholders will need the requirements under Item II.2 above, depending on the type of ownership. Stockholders will also need to upload a valid ID as proof of identity.
3. Upon successful registration, the stockholder will receive an email confirmation and a unique link which can be used to log in and view the 2021 ASM livestream.

If the registration cannot be verified due to unreadable, lacking, or incomplete documents or information, an automatic email notification as well as a subsequent email shall be sent by the Company through the email address aboitizboardsecretariat@aboitiz.com to inform the stockholder of the actions required to complete the registration. Stockholders may contact aboitizboardsecretariat@aboitiz.com for queries regarding the online voting and registration.

4. Stockholders may send questions or remarks before the ASM and until the adjournment of the ASM via the ASM portal.
6. The proceedings during the 2021 ASM will be recorded.

For more questions and clarifications, stockholders may visit the Company's website at <https://aboitizpower.com/> or contact:

The Corporate Secretary at aboitizboardsecretariat@aboitiz.com
Marinel Mangubat – (632) 8886-2800 local 21757 or aboitiz.shareholder.services@aboitiz.com
Michael Capoy - (632) 8403-3798 or mccapoy@stocktransfer.com.ph