

# TECHGLOMERATE BUILDERS



ANNUAL INTEGRATED REPORT 2023

**abotiz**



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## About the Theme

# Techglomerate Builders

The theme for the 2023 Aboitiz Integrated Report encapsulates the driving force behind the Aboitiz Group's journey into the future: our **Techglomerate Builders**. In our Great Transformation to become the Philippines' first techglomerate, our team members—our A-People—are the architects of our commitment to harnessing technology to create more sustainable value for all our stakeholders.

The supercharged Aboitiz core values of integrity, teamwork, innovation, and responsibility inspire our A-People to adapt continually to the dynamic and evolving business landscape. It is a testament to their resilience, creativity, and collective strength in creating a future defined by synergy and technological excellence.

We invite you to explore the stories that illustrate what it is like to operate like a techglomerate through the perspective of our team members. As we change today to shape the future, we meet at the intersection of technology and people to build a legacy of innovation, sustainability, and positive impact.

# About the Report

We are pleased to present the 2023 Aboitiz Integrated Report. This Report provides information on financial, operational, governance, social, and environmental performance that are material to AEV's business and stakeholders.

This Report contains a full-year's data—from 2022 to 2023—and focuses on AEV's strategic business units: Power, Banking and Financial Services, Food, Infrastructure, Land, and Data Science and Artificial Intelligence (DSAI).

We gathered reports on their performance in the following focus areas: team member engagement and development, corporate social responsibility, customer focus, disaster resilience, carbon emissions reduction, resource efficiency, renewable energy, waste management, and financial growth and returns.

Monetary values in this Report are presented in Philippine Pesos (PHP), which is AEV's functional currency. All information is

disclosed to uphold the principles of ethics and transparency, and to communicate vital information to our stakeholders.

This report's publication date is April X, 2024 same day as its submission to the Securities and Exchange Commission.

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



## Reporting Standards and Guidance

### GRI Standards

**Aboitiz Equity Ventures Inc. has reported in accordance with GRI Standard for the period from 2022 to 2023.** We provide a summary of how we developed this report, determining material topics and reporting disclosures using GRI Material Topics 2021 and GRI Topic Standards for each material topic, as well as our GRI Content index to help readers locate specific information about our policies, programs, and performance.

### Taskforce on Climate Related Financial Disclosure

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

## UNGC Communication on Progress



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

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

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

### SEC Compliance

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

## Reporting Principles

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

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



## ABOUT THE REPORT

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

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

### Reporting Scope

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

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

#### POWER

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

- Therma South, Inc.
- Therma Visayas, Inc.
- Visayan Electric Company, Inc.

#### BANKING AND FINANCIAL SERVICES

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

#### FOOD

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

#### INFRASTRUCTURE

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



#### LAND

- Aboitiz Land, Inc.

#### DATA SCIENCE AND ARTIFICIAL INTELLIGENCE (DSAI)

- Aboitiz Data Innovation

#### CORPORATE SOCIAL RESPONSIBILITY

- Aboitiz Foundation, Inc.

#### Materiality Assessment Process

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

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

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

#### Restatements and Improvements

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





## Our Businesses

### Aboitiz Equity Ventures

**Aboitiz Equity Ventures Inc. (PSE: AEV)** is the public holding company of the Aboitiz Group with major investments in power, banking and financial services, food, infrastructure, land, and data science and artificial intelligence. Today, it is recognized as one of the best-managed companies in the Philippines and in the ASEAN region, consistently cited for its commitment to good corporate governance and corporate social responsibility.

With five generations of success behind it, AEV is currently undergoing a Great Transformation to become the Philippines' first techglomerate. Amidst this evolution, Aboitiz remains committed to its core mission of driving change for a better world by advancing businesses and communities.

## Power

**Aboitiz Power Corporation (PSE:AP)** is a power generation, power distribution, and retail electricity provider that aims to supply reliable, reasonably priced, and responsibly sourced energy to communities and businesses. By yearend 2023, the company had become the Philippines' biggest retail electricity provider based on market share, with over 250 customers from various industries and key verticals in the country.

AboitizPower believes a balanced energy mix that fully utilizes thermal (coal and oil) and renewable sources (hydro, geothermal, wind, and solar) is necessary to ensure energy security, affordability, and sustainability amid rising energy demand. It has eight distribution utilities, including the country's second and third largest, and has over 45 generation facilities spread across Luzon, Visayas, and Mindanao.

Aboitiz Renewables, Inc. (ARI), a wholly owned subsidiary of AboitizPower, is the Philippines' largest owner and operator of renewable energy based on installed capacity. In early 2024, ARI expects to add 200 megawatts (MW) to its portfolio and another 508 MW until early 2025; it is on track to expand AboitizPower's clean energy portfolio to 4,600 MW by 2030.





## Banking and Financial Services

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

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

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

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

## Food

**Pilmico and Gold Coin Group** is the integrated agribusiness and food company of the Aboitiz Group.

In the Philippines, Pilmico Foods Corporation (Pilmico) is an industry leader in the flour and feeds manufacturing sector and a top pork meat supplier. Its four divisions—Flour, Feeds, Farms, and Trading—enable the growth of the company’s stakeholders through consistent quality products and unmatched supporting services.

Pilmico’s customer reach has also expanded to the Asia Pacific region through Gold Coin Management Holdings, Inc. (Gold Coin), a pioneer in animal nutrition and manufacturing scientifically based animal feeds in Asia.

With over 3,700 partners across multiple facilities in eight countries, Pilmico and Gold Coin Group form one of Asia’s largest privately owned agribusinesses.





## Infrastructure

**Aboitiz InfraCapital (AIC)**, the infrastructure arm of the Aboitiz Group, is committed to building sustainable and smart infrastructure that uplifts society as a catalyst for economic growth. AIC develops and operates in diverse yet interconnected businesses in Economic Estates, Water Services, Transport and Mobility, and Digital Infrastructure.

The Economic Estates are innovative, master-planned developments that spur sustainable growth in regional areas across the country, with LIMA Estate in Batangas, and Mactan Economic Zone II (MEZII) Estate and West Cebu Estate in Cebu. In 2023, AIC announced the acquisition of 200 hectares in Tarlac City to expand its portfolio in Central Luzon, bringing the total combined footprint of its Economic Estates to 1,600 hectares. These economic zones are complemented by commercial, residential, and institutional components run by Aboitiz affiliates, including AboitizPower, Aboitiz Land, and Aboitiz Construction.

AIC's Estate Water subsidiaries, namely Lima Water, MEZII Water, and West Cebu Water, provide end-to-end water and wastewater services to the Economic Estates serving the growth needs of locators and businesses. Apo Agua Infraestructura, the largest operating bulk water project in the country, provides the Davao City Water District that serves over one million residents with 300 million liters of safe drinking water daily. AIC also owns a minority stake in Balibago Waterworks Systems, one of the country's largest privately owned waterworks systems, which provides running water to over 330,000 residents in Pampanga.

As part of the GMR Megawide Cebu Airport Corporation (GMCAC), AIC is engaged in the operations of the Mactan-Cebu International Airport (MCIA) and will take full control of its operations in 2024. This represents AIC's initial foray into the Transport and Mobility space as it explores more opportunities to grow its regional airport platform.

Unity Digital Infrastructure is AIC's joint venture telecommunications infrastructure company with leading global private markets firm Partners Group. It builds and operates passive telecommunications tower infrastructures across the Philippines to support mobile network operators in improving digital connectivity and service reliability.

AIC has also diversified into the data center business through its partnership with EdgeConneX, the pioneer in global Hyperlocal to Hyperscale Data Center Solutions in the United States.

Republic Cement, AEV's partnership with global building materials group CRH, operates six facilities across the Philippines that produce the biggest supply of cement in the country.

## Land

For over 25 years, **Aboitiz Land, Inc.** continues to deliver innovative solutions to provide better homes for Filipinos, a commitment that extends from its Cebu legacy to Luzon to shape the landscape of residential living across the Philippines. The company embarked on its national expansion in 2014, with the acquisition of LIMA Technology Center in Batangas. In 2020, Aboitiz Land redirected its focus to residential development by transferring its industrial and commercial business units to Aboitiz InfraCapital.

This commitment to residential development is exemplified through diverse projects that cater to the varied needs of residents. Seafront Residences in San Juan, Batangas, launched in 2017, marked the company's venture into horizontal residential development, earning accolades as an exclusive beachside residential enclave. In 2018 and 2019, Aboitiz Land introduced Ajoya communities in Central Luzon, providing quality living spaces, highly amenitized communities, and expansive green areas at affordable prices. These communities, which are located in Cabanatuan, Nueva Ecija, Capas, Tarlac, and Mexico, Pampanga, are prime examples of Aboitiz Land's expansion efforts into Luzon.

Also in 2019, the company unveiled The Villages at Lipa, a 49-hectare residential enclave within the expansive LIMA Estate. This collection of villages redefines living in the progressive South, seamlessly integrating residential spaces with vibrant business districts. Meadow Village, Sierra Village, and Brook Village within The Villages at Lipa showcase Aboitiz Land's commitment to offer diverse living experiences.

In a strategic move to expand into Metro Manila, the company in 2019 partnered with Point Blue, a pioneer in the integrated micro-studio rental market to operate apartments located in key business districts. This expansion, which reflects the company's responsiveness to the demands of the housing market, solidified Aboitiz Land's position as an innovation-driven property developer.





## Data Science and Artificial Intelligence

**Aboitiz Data Innovation (ADI)** is a forward-thinking data science and AI start-up with a strong commitment to research and a human-centric approach. Our mission is to provide transformative AI-powered products and capabilities to businesses across diverse sectors.

With a heritage rooted in the Philippines' Aboitiz Group and headquartered in Singapore, ADI is uniquely positioned to serve clients in banking and financial services, power, and smart cities (real estate, airports, construction, land, and food) industries.

The company is committed to making a positive impact through innovation, sustainability, and excellence. Its team of experts leverages advanced data science techniques and a human-centric AI approach to developing solutions that are not only effective but also socially responsible. ADI's transformative Data & AI solutions drive value—fostering smarter and sustainable cities, strengthening risk management, and enhancing energy efficiency, benefitting both clients and society at large.

## Corporate Social Responsibility

**Aboitiz Foundation, Inc.** is the Aboitiz Group's corporate foundation established in 1988. In partnership with Aboitiz business units, the foundation empowers future leaders with resources and scholarships, creates jobs through community development and digital skills training, and prioritizes climate action with nature-based solutions for a sustainable future. After 35 years, it continues its legacy with a renewed commitment to expand flagship programs, foster global collaborations, and harness innovation in its unwavering mission to shape a brighter future for its communities, and for the nation.

# Financial Highlights

(in PHP millions)

## Revenues



## EBITDA



## Net Income to Equity Holders of the Parent



## Core Net Income



## Cash Dividend Paid to Common



## Cash and Cash Equivalents



## Total Assets



## Equity Attributable to Equity Holders of the Parent



## Market Capitalization



# Financial Summary

(in PHP millions)

## INCOME STATEMENT

|   | 2021<br>(As restated) | 2022<br>(As restated) | 2023      | % Change<br>(2023 vs. 2022) |
|---|-----------------------|-----------------------|-----------|-----------------------------|
| Revenues  | 223,929               | 306,861               | 310,619   | 1%                          |
| Operating costs & expenses                          | (190,828)             | (271,766)             | (272,574) |                             |
| Operating profit                                    | 33,101                | 35,095                | 38,045    | 8%                          |
| Equity in net earnings of associates                | 17,246                | 20,782                | 23,637    | 14%                         |
| Net interest expense                                | (16,511)              | (15,989)              | (16,228)  |                             |
| Other income  | 3,142                 | 4,139                 | 6,060     | 46%                         |
| Income before income tax                            | 36,978                | 44,027                | 51,515    | 17%                         |
| Provision for income tax                            | (4,561)               | (5,367)               | (8,593)   |                             |
| Net Income before non-controlling interests         | 32,417                | 38,660                | 42,921    | 11%                         |
| Non-controlling interests                           | (6,333)               | (14,639)              | (19,375)  |                             |
| Net income attributable to equity holders of parent | 26,083                | 24,021                | 23,546    | -2%                         |

## EBITDA

|  |        |        |        |     |
|--|--------|--------|--------|-----|
|  | 67,242 | 71,176 | 81,182 | 14% |
|--|--------|--------|--------|-----|

## FINANCIAL CONDITION

|   |         |         |         |    |
|---|---------|---------|---------|----|
| Total assets  | 733,373 | 807,778 | 833,875 | 3% |
| Total liabilities                                   | 406,102 | 457,621 | 458,528 | 0% |
| Non-controlling interests                           | 82,848  | 95,025  | 103,392 | 9% |
| Equity attributable to equity holders of the parent | 244,422 | 255,133 | 271,955 | 7% |

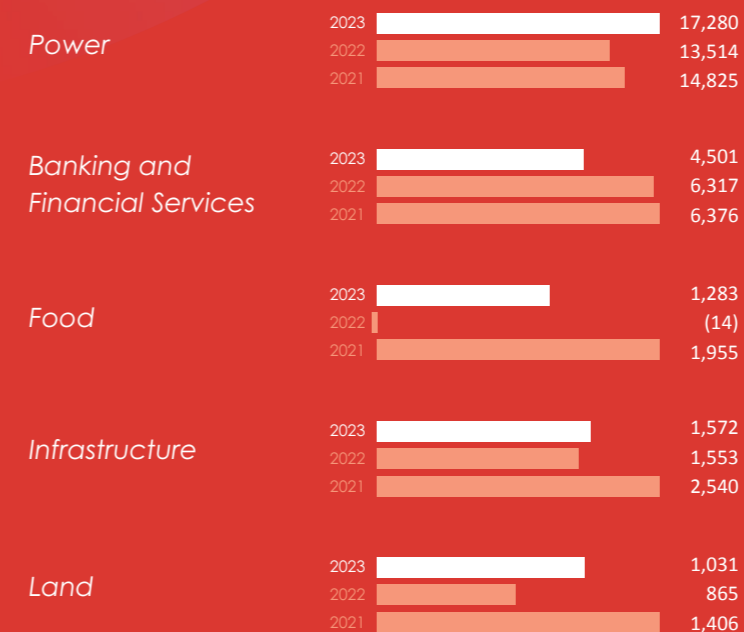
## RATIOS

| Per Share (Pesos)       | 2021  | 2022  | 2023  | % Change |
|-------------------------|-------|-------|-------|----------|
| Earnings                | 4.63  | 4.27  | 4.18  | -2%      |
| Book Value              | 43.46 | 45.31 | 48.39 | 7%       |
| Cash dividend to common | 0.91  | 1.62  | 1.47  | -9%      |
| Return on equity        | 14.2% | 9.8%  | 9.2%  |          |
| Current ratio           | 2.3   | 1.9   | 2.2   |          |
| Debt/Equity             | 1.2   | 1.3   | 1.2   |          |
| Net debt/Equity         | 0.6   | 0.7   | 0.7   |          |

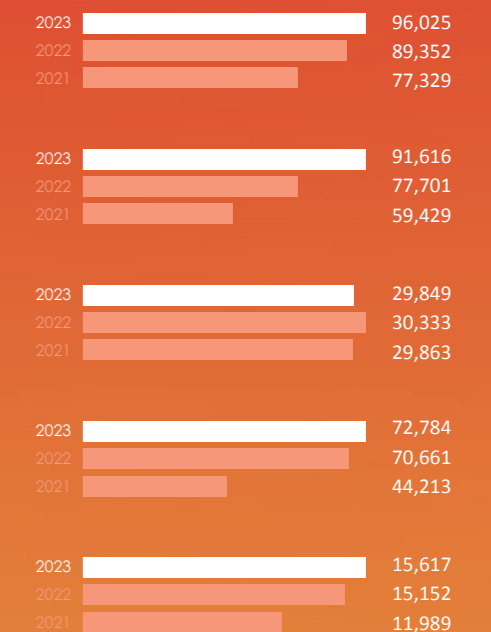
## Breakdown

Per Business Segment (in Php millions)

### Income Contribution



### Equity Investment





# Financial Highlights

(in PHP millions)

## Revenues



## EBITDA



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



## Core Net Income



## Cash Dividend Paid to Common



## Cash and Cash Equivalents



## Total Assets



## Equity Attributable to Equity Holders of the Parent



## Market Capitalization



\*AboitizPower

# Financial Summary

(in PHP millions)

## INCOME STATEMENT

|   | 2021<br>(As restated) | 2022<br>(As restated) | 2023      | % Change<br>(2023 vs. 2022) |
|---|-----------------------|-----------------------|-----------|-----------------------------|
| Revenues  | 134,359               | 193,994               | 207,100   | 7%                          |
| Operating costs & expenses                          | (106,149)             | (164,191)             | (175,315) | 7%                          |
| Operating profit                                    | 28,210                | 29,803                | 31,785    | 7%                          |
| Equity in net earnings of associates                | 9,480                 | 15,135                | 19,818    | 31%                         |
| Net interest expense                                | (13,247)              | (12,742)              | (12,494)  | -2%                         |
| Other income  | 214                   | 515                   | 4,634     | 799%                        |
| Income before income tax                            | 24,656                | 32,712                | 43,742    | 34%                         |
| Provision for income tax                            | (3,862)               | (4,701)               | (7,277)   | 55%                         |
| Net Income before non-controlling interests         | 20,794                | 28,011                | 36,465    | 30%                         |
| Non-controlling interests                           | (1,708)               | (2,012)               | (3,364)   |                             |
| Net income attributable to equity holders of parent | 19,086                | 25,999                | 33,102    | 27%                         |

## EBITDA

|  |        |        |        |     |
|--|--------|--------|--------|-----|
|  | 50,662 | 57,597 | 67,914 | 18% |
|--|--------|--------|--------|-----|

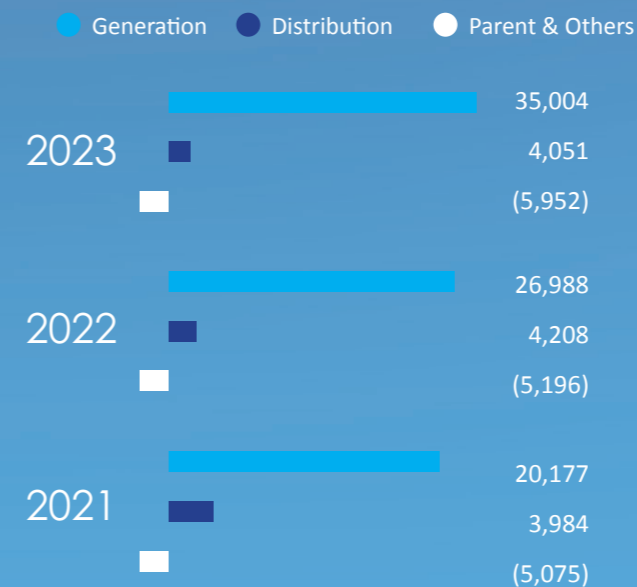
## FINANCIAL CONDITION

|   |         |         |         |     |
|---|---------|---------|---------|-----|
| Total assets  | 427,172 | 477,376 | 487,023 | 2%  |
| Total liabilities                                   | 272,097 | 299,243 | 293,049 | -2% |
| Non-controlling interests                           | 7,630   | 9,072   | 13,836  | 53% |
| Equity attributable to equity holders of the parent | 147,445 | 169,060 | 180,138 | 7%  |

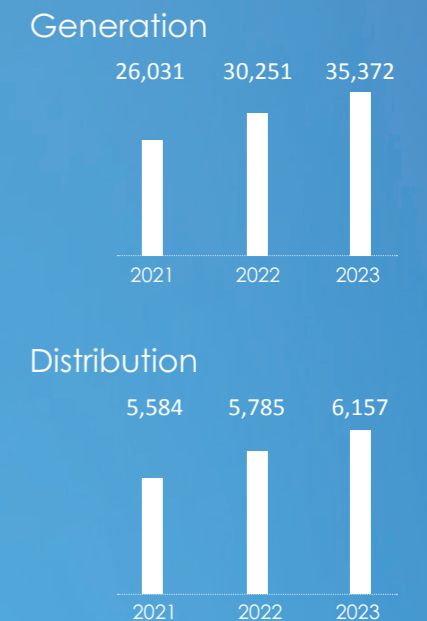
## RATIOS

| Per Share (Pesos)       | 2021  | 2022  | 2023  | % Change |
|-------------------------|-------|-------|-------|----------|
| Earnings                | 2.59  | 3.53  | 4.52  | 29%      |
| Book Value              | 20.04 | 22.97 | 25.00 | 9%       |
| Cash dividend to common | 0.85  | 1.45  | 1.88  | 30%      |
| Return on equity        | 16%   | 19%   | 21%   | 11%      |
| Current ratio           | 1.53  | 1.78  | 1.79  | 1%       |
| Debt/Equity             | 1.75  | 1.68  | 1.51  | -10%     |
| Net debt/Equity         | 1.12  | 1.00  | 0.92  | -8%      |

## Income Contribution Breakdown Per Business Segment (in PHP millions)



## Attributable Power Sales (in GWh)





Message of the  
**President and  
Chief Executive Officer**

*Sabin*

**Sabin Aboitiz**

*President and  
Chief Executive Officer  
Aboitiz Group*



Dear Fellow Stakeholders,

No, this message was not written by ChatGPT. But the day has finally come where it certainly could have. Welcome to 2024. A few years ago, a “Great Transformation” (GT) into a “techglomerate” seemed almost crazy, but with the way technology is suddenly accelerating again, it now seems natural. We are at a point in history where not only transformation but *continuous* transformation is required for safe passage into the future.

2023 was an ambitious year for the big steps we took towards expansion, diversification, innovation, and synergy. We made significant investments over the past two years, including the acquisitions of Citi’s Philippine consumer business, Coca-Cola Bottlers Philippines, the Mactan Cebu International Airport, and just last month, our stake in the Philippines’ first integrated LNG facility—and now the smart thing to do is to consolidate and focus on the future returns of these investments. We

cast a pretty wide net last year and we expect a good harvest.

**Our Business Units**

AboitizPower (AP) had a strong year in 2023, with record profits, high plant availability, and industry-leading retail market share. We have already disclosed over 1,000 megawatts of renewable energy projects, and we will deliver an additional 3,700 megawatts of attributable renewable energy capacity with these projects by 2030.







UnionBank took another big step to become the largest retail bank in the Philippines with the acquisition of Citi's consumer business, and UnionDigital—one of the first few banks in the Philippines to receive its digital banking license—is already making a profit in its first year of operations. City Savings Bank was recognized as the Most Customer-Centric Savings Bank, and UBX continues to be the Philippines' leading digital transformation provider and open finance platform.



The Food Group framed its Dual Transformation strategy of strengthening our core businesses while pioneering new growth engines, resulting in an increase in our net income. Despite animal diseases, the Food Group remains one of the few operators supplying locally sourced premium quality pork in the Philippines. We also introduced The Good Meat and are now one of the leading meat retailers in the Philippines. We also launched new premium cat and rabbit food products, a specialty nutrition product for swine and poultry, and aquaculture brands in Vietnam.



Aboitiz InfraCapital (AIC) had a busy year with its focus on Economic Estates, data towers, water systems, and airports—all contributions to nation-building. Our Economic Estates created 45,000 new jobs and Apo Agua Infraestructura successfully completed the Davao City Bulk Water Supply Project, which began supplying water to over one million Davaoeños.

Also in 2023 we took over operations of the Mactan Cebu International Airport (MCIA) and saw an 81% increase in passenger traffic compared to the previous year. Unity Digital closed the transfer of 67% of 1,097 sale-and-leaseback cell sites from PLDT-Smart and Globe, and constructed close to 350 towers.

Aboitiz Land caps a three-year streak of hitting and surpassing sales targets, and pioneering the end-to-end digital customer experience in real estate. With OneVecino, it revolutionized the way it services its homeowners, from property search, easy payment options, accessible customer support, and digitized property management services.

Aboitiz Data Innovation is in the process of collecting, tagging, analyzing, and sharing data sets from all across the Group in order to create the synergies needed to achieve a true techglomerate premium. It is now serving several clients outside the Group and the Philippines.

Aboitiz Foundation began its own transformation with a renewed mandate to scale its operations with innovation and synergy. Our goal is to tap global funds to affect real societal changes in the Philippines, through solutions that move the needle in Education, Jobs, and Climate Action. This new direction balances economic success with environmental stewardship and social responsibility.



“ We made significant investments over the past two years, including the acquisitions of Citi's Philippine consumer business, Coca-Cola Bottlers Philippines, the Mactan Cebu International Airport, and just last month, our stake in the Philippines' first integrated LNG facility—and now the smart thing to do is to consolidate and focus on the future returns of these investments. We cast a pretty wide net last year and we expect a good harvest.





### Private Sector Advisory Council

On a national level, the Private Sector Advisory Council (PSAC) has played a critical role in our country’s economic development by providing the government with quick-win recommendations and real-time, on-ground insights from the private sector. Our regular engagement with the President, with two meetings per month, draws parallels with similar advisory bodies like the National Infrastructure Advisory Council (NIAC) in the United States, and emphasizes the global importance and unique position of PSAC in shaping national policy. We thank the 30 CEOs in PSAC for their commitment.

The President’s dedication to listening and engaging with the council underlines a mutual belief in the power of private-public



“ Our new investments show that we are committed to our diversification strategy. It is our responsibility however to make sure these investments pay off in good time through careful stewardship and strategic patience. ”



collaboration, which is a cornerstone of our government’s national development strategy. This very robust partnership between our government and the private sector is iconic and unique for the Philippines. Nowhere else can you find a president that gives this much time and attention to the private sector. It’s a rare opportunity for real collaboration and we shouldn’t take it for granted, but rather appreciate it for the real value it can create for our country. It’s a responsibility we can’t ignore.

The President’s proactive approach to incorporating private sector perspectives will help position the Philippines as “the next big thing in Asia.” Through PSAC we fully support OPAIEA (Office of the Presidential Adviser for Investment &

Economic Affairs) in its efforts to raise the confidence of investors, especially those that could benefit social sectors such as health, education, and agriculture.

As a member of the APEC Business Advisory Council (ABAC), we hosted the ABAC III Meetings in July 2023 at the NUSTAR Convention Center in Cebu City. Attended by 163 delegates from 21 APEC Economies, the discussions led to policy recommendations to APEC Leaders and Ministers.

### Our Great Transformation

A key learning from 2023 was recalibrating the proportions between future-proofing our core businesses and operations, and making bold bets on the future—



“ Telling team members they can do better is like a coach pushing a team to win; it means the leader believes in them. Instead of being discouraged, team members should see this as motivation to improve and reach their full potential—which leaders believe they have. ”

we shifted more focus on the former and toned down the latter. Constant experimentation has always been part of the GT’s entrepreneurial spirit, and therefore we continue to explore innovative ways of working and delivering value to our stakeholders on every level.

Based on our learnings from 2023, we will proceed to think and act on two levels: managing the business today by driving value and revenue, and parallel to that, actively thinking about how to withstand disruption. In other words, how can we be efficient today so that we can buy time for further transformation tomorrow—and to do this we need to continue to transform our culture based on our A+10 Behaviors.

In 2024 we realize that it is not easy building a culture of fast, simple, and innovative teams; there are multiple hurdles to cross, but we are doing the best we can. We are also doubling down on opportunities for synergy within the Group’s ecosystem, as mandated through the establishment of the Synergy Team in 2023.

In the past year, becoming a techglomerate has been an aggressive pursuit of growth and transformation. Our new investments show that we are committed to our diversification strategy. It is our responsibility however to make sure these investments pay off in good time through careful stewardship and strategic patience.



### Looking Ahead

It is important that we practice prudence and austerity as we await the harvest of the seeds planted in 2023. This period of consolidation is not about standing still; it’s about moving forward with intention and focus on increasing the pie. It’s about ensuring that every action we take is aligned with our GT vision and the techglomerate premium we are committed to achieving.

Furthermore, as team members we need to stretch ourselves and our capabilities as far as we can. Telling team members they can do better is like a coach pushing a team to win; it means the leader believes in them. Instead of being discouraged, team members should see this as motivation to improve and reach their full potential—which leaders believe they have.

I’ve said this many times before and will continue to do so: our people and stakeholders have always been the foundation upon which our success is built. They are the secret to our success. To our partners, customers, and shareholders: your continued trust and support are what inspire us to strive for excellence in everything we do, every single day.



*Sabin*

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



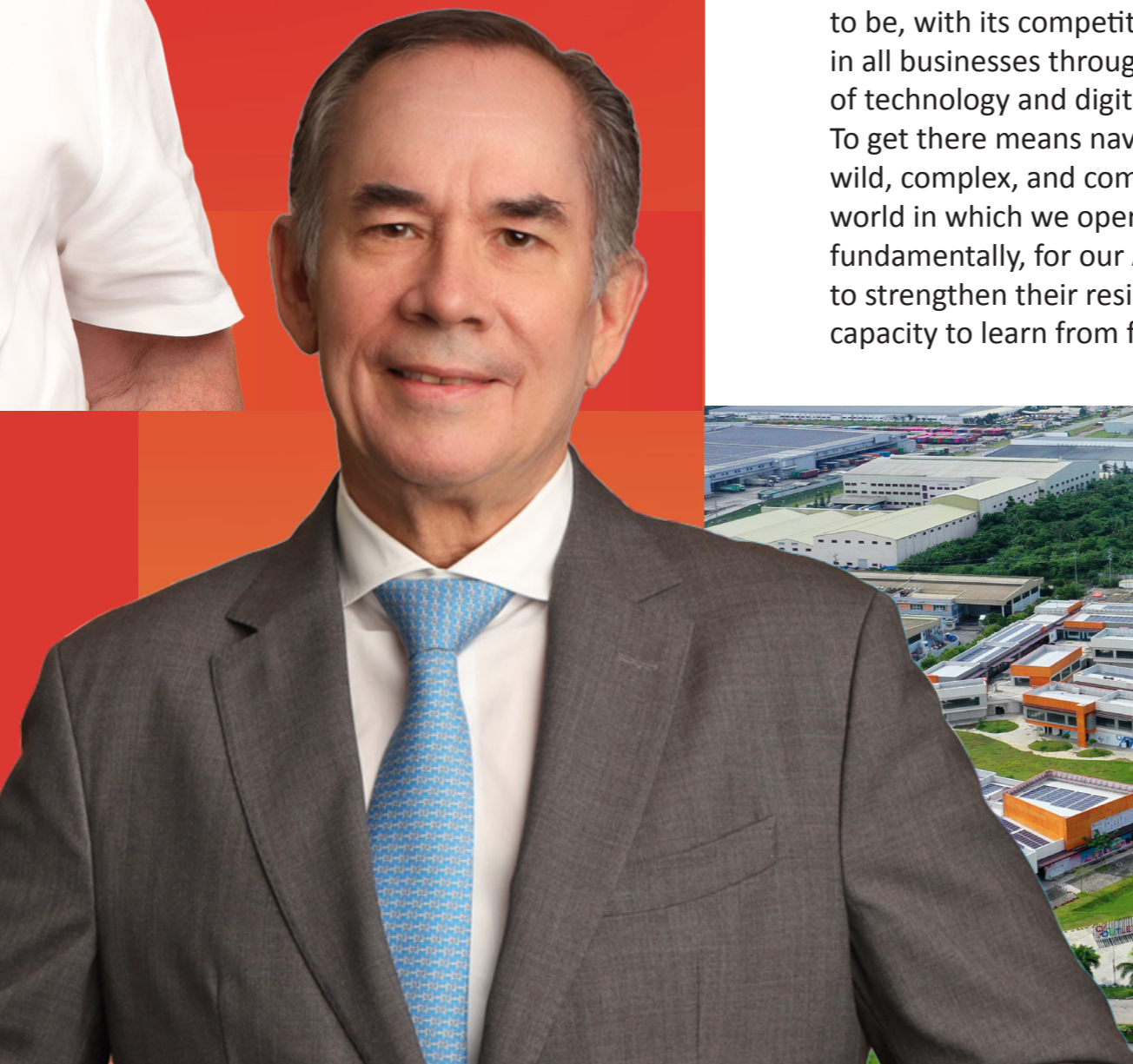
# Message of the Chairmen



*Endika*

**Enrique Aboitiz**

*Chairman of the Board  
Aboitiz Equity Ventures Inc.*



*Sabin*

**Sabin Aboitiz**

*Chairman of the Board  
Aboitiz Power Corporation*

Dear Fellow Stakeholders,

Warmest greetings on behalf of the Boards of AEV and AboitizPower!

Each season brings changes of all kinds, and over time, most species die as new ones come into being. Nature's ecosystem has no room at all for the least adaptive. It is not survival of the fittest, but survival for as long as possible for the most adaptive. Evolution is the product of adaptation to change, which continued to be the central idea for your company in 2023. Rightly so, our Annual Integrated Report puts the spotlight on the foundation of the Aboitiz Great Transformation: our team members, our techglomerate builders.

The term "techglomerate" is how we describe what we aspire Aboitiz to be, with its competitive edge in all businesses through the use of technology and digitalization. To get there means navigating the wild, complex, and complicated world in which we operate and, fundamentally, for our A-People to strengthen their resilience and capacity to learn from failure. Their

intelligence gives them a headstart but confidence, open minds, and sturdy constitutions enhance value, allowing them to get it and get it done quickly. Meanwhile, competition is coming from more winds and will come from yet more fields, which means education, learning, attention & engagement by all 24 x 60 x 60 = 996 (ELA&E: 24x60x60 996) is a top priority. We cannot emphasize enough how our team





“

Our post-Covid world reminds us, especially those of us in leadership positions, that it is all about people. It has been and will always be about people. Some will argue that robots and AI will replace people—and to a certain degree they may—but we at Aboitiz believe that technology will be yet another enhancement for better lives.

”

needs to pursue higher and higher levels of education and learning, or we will not be able to innovate and disrupt nor adapt on time. The idea is for us to learn faster than the rest, and to evolve our beliefs—not to confirm or deny them.

In a world of unintended consequences that pop up like malware or goodware, we have to be switched on all of the time because chance favors the prepared. This is our commitment to you, our shareholders—strategy is something only we can do and better than anyone else. That is the path we are searching for daily and course correcting all the time.

We note that 2023 global recovery from Covid and the Russia-Ukraine War has been slow but steady while the Philippine economic growth was lower than the government’s target. Despite



these challenges, your company achieved positive results with a strong balance sheet that will enable us to realize our plans for creating long-term value. We invite you to read more about these in the pages dedicated to our respective business units.

Our post-Covid world reminds us, especially those of us in leadership, that it is all about people. It has always been and will always be about people. Some will argue that robots and AI will replace people—and to a certain degree they may—but we at Aboitiz believe that technology will be yet another enhancement for better lives. We have great confidence in the talent and disposition of our A-People, the Philippines’ first techglomerate builders, guided by agility, innovation, and resilience.

Mabuhay!

*Endika*

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

*Sabin*

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



Message of the  
**Chief Financial Officers**



*Yoto*

**Jose Emmanuel  
Hilado**

*Senior Vice President  
Chief Financial Officer and  
Corporate Information Officer*



*Liza*

**Liza Luv  
Montelibano**

*Senior Vice President  
Chief Financial Officer  
Aboitiz Power Corporation*

Dear Fellow Stakeholders,

2023 was a period of consolidation for our businesses as the Philippine economy slowed down to 5.6% from 7.6% in 2022. The economic slowdown was largely a result of the tighter monetary policy imposed by the Bangko Sentral ng Pilipinas (BSP) as it hiked rates by 350 basis points in 2022 and followed through with another 100 basis points in 2023.

It was under this environment that AEV and its business units operated in. AEV's 2023 beneficial EBITDA (earnings before interest, taxes, depreciation and amortization), which represents our proportional share in the EBITDAs of our subsidiaries and affiliates, reached PHP48.9 billion or 10% higher than the previous year. This was mainly driven by the double-digit EBITDA growth of AboitizPower, Aboitiz InfraCapital and AboitizLand, which more than offset the decline in Unionbank.

Net income came in at PHP23.5 billion versus PHP24.0 billion in 2022 or 2% lower. This translated to an earnings per share of PHP4.18 and a return on shareholders' equity (ROE) of 9%. In March 2024, the AEV Board approved a cash dividend of PHP1.40 per share. This accounted for 33% of 2023's consolidated net income and resulted in a dividend yield of 2.9%.

Meanwhile, AboitizPower is accelerating growth momentum and is focusing on





addressing the energy supply gaps by targeting to add 3.7GW of renewable energy capacity to the portfolio by 2030. In 2023, AboitizPower’s beneficial EBITDA grew by 16% to PHP64.6 billion as a result of fresh contributions from Unit 2 of GNPowr Dingingin Ltd. Co. and higher availability across our generation portfolio. The double-digit growth in beneficial EBITDA in 2023, along with the lower interest expense for the year, drove core net income 29% higher to PHP32.0 billion. This translated to an earnings per share of PHP4.52 and an ROE of 21%, which is a sustained improvement from last year’s 19%.

In March 2024, the AboitizPower Board approved a cash dividend of PHP2.30 per share, which is equivalent to 50% of the consolidated net income in 2023 and a dividend yield of 6.1%. This is the highest dividend per share that AboitizPower has paid out in the company’s entire history.

“ AEV’s 2023 beneficial EBITDA (earnings before interest, taxes, depreciation and amortization), which represents our proportional share in the EBITDAs of our subsidiaries and affiliates, reached PHP48.9 billion or 10% higher than the previous year. ”

## Fund Raising

In 2023, AEV issued PHP17.45 billion worth of fixed-rate retail bonds. The proceeds were used to partially finance the acquisition of 40% equity interest in CCBPI and refinance our maturing bonds. We are pleased to share with you that this bond issuance won the Alpha SouthEast Asia Best Deal & Solution Awards for 2023 as the Best Multi-Year Bond of the Year in the Philippines. This was also recognized by The Asset Triple A Sustainable Finance as the Best Acquisition Financing transaction.

As for AboitizPower it secured PHP19 billion in loans from large local financial institutions to finance a portion of Therma Luzon Inc.’s (TLI) remaining Independent Power Producer Administrator- related obligations to government-run Power Sector Assets and Liabilities Management Corp. It also secured around PHP10 billion in loans to fund the Cayanga and Laoag solar projects.

## ESG Assessments

The Group continues to place sustainability at the heart of its Great Transformation. AEV topped the list of Philippine companies included in the Industrial Conglomerate Sector of the 2023 S&P Global Corporate Sustainability Assessments. It was also in the upper quartile among global peers in the same category.

AboitizPower led the local energy industry in environmental, social, and governance (ESG) standards and practices as it once again took the top spot among local electric utility companies ranked in the recent S&P Global’s Corporate Sustainability Assessment (CSA).

## Risk Finance

The risk transfer cost continued on an upward trajectory in 2023, which posed challenges to the Group, particularly to the power plant facilities. To address this, we conducted a thorough review of our requirements, rationalized policy limits, and validated our capacity to retain risks internally.

As part of our federalization initiative and to enhance our risk transfer treatments, the Risk Management teams of our subsidiaries have been empowered to strategize and design insurance management policies that are relevantly implemented at their



In 2023, AEV continued to be recognized as a constituent company in the S&P Global Corporate Sustainability Assessment. The S&P Global Sustainability Assessment is highly regarded for companies to benchmark their improvements in ESG performance. AEV scored 48 at 87th percentile rank in the 2023 S&P Global Corporate Sustainability Assessment reflecting a percentile improvement of 2 points. (CSA Score as of 31/12/2023) The Company performed in the top quintile of Industrial Conglomerates Sector among 104 participating companies globally.

Meanwhile, the company maintained its BBB rating in the MSCI ESG Rating. The Company also looks into the CDP reporting framework by including it in the Company assessments of its ESG initiatives. The company completed the three assessments on Climate Change, Water Security and Forest. The group was able to move from Disclosure to Awareness level for Climate Change, Water and Forest guidance to companies.



AboitizPower’s efforts in “transforming energy for a better world” continue to be commended by various independent assessors of ESG. S&P Global accorded the Company a score of 51 in its 2023 Corporate Sustainability Assessment (CSA), a one (1) point increase versus the previous year. The Company is positioned at the 76th percentile among its global peers in the Electric Utilities industry, showing strong performance in the areas of Innovation Management, Privacy Protection, and Risk & Crisis Management, and marked improvements in the areas of Environmental Dimension, Market Opportunities, and Occupational Health and Safety.

In the Sustainalytics ESG Risk Ratings, the Company remains in the medium risk at 28.7 risk rating. According to the report, despite the Company’s high exposure to various ESG risks, its strong management kept its risk rating at a medium risk level, especially in Environmental Management and Health & Safety Management Systems.

Following the FTSE4Good Index Series Quarterly Review in September 2023, AboitizPower was delisted from the FTSE4Good Index Series. As per the rule of FTSE Russell, companies must be the constituents of their country’s indices to be eligible for inclusion in the FTSE4Good Index Series. The Company was delisted from the FTSE All-World Index due to changes in market capitalization, ownership, and liquidity, which led to the removal of the Company in its constituency in the FTSE4Good Index Series, a status it has held since 2018.

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level. This new approach will optimize insurance programs that will suit the specific requirements of our different subsidiaries while still leveraging the Group's collective volume for better premium and terms and conditions.

Our captive insurance company, Archipelago Insurance, continues to play a key role in keeping our group premiums at reasonable levels as it renewed our risk retention on insurance programs for AboitizPower and Food Group.

### Capital Expenditure & Funding Plan for 2024

For 2024, the Aboitiz Group, together with our partners, have allocated a total of

PHP153 billion in capital expenditures. This is more than double the PHP65 billion we spent in 2023.

Of the total, PHP73 billion pesos is earmarked for AboitizPower's renewable energy pipeline, the continuous improvement of the reliability of its baseload plants, as well as various land acquisitions, new substations, and new meters for the distribution business. Additional capex budget will be allocated for AP's planned investment in Chromite Gas Holdings after it closes before the end of the year.

AboitizPower has an initial pipeline of solar and wind plants, with a cumulative capacity of up to 1,200MW and we are

“ Risk Management teams of our subsidiaries have been empowered to strategize and design insurance management policies that are relevantly implemented at their level. This new approach will optimize insurance programs that will suit the specific requirements of our different subsidiaries while still leveraging the Group's collective volume for better premium and terms and conditions. ”

on track for 176MW to come online by early 2024, with construction ongoing for an additional 218MW. The second phase of AboitizPower's expansion will see the addition of approximately 1,700MW of solar and wind power plants, bringing us closer to our 3.7GW renewable energy target.

Meanwhile, the parent will spend PHP44 billion, of which PHP40 billion will be for the acquisition of 40% of Coca Cola Bottlers Philippines Inc (CCBPI).

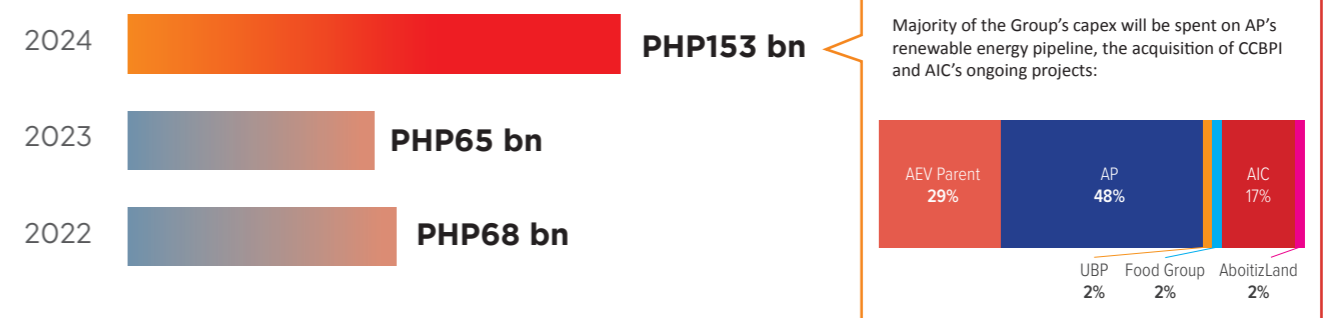
Another PHP25 billion is for Aboitiz Infracapital, primarily to fund its ongoing tower acquisitions and the development

of its economic estates. Another PHP1 billion is allotted for major maintenance works and the purchase of critical spares of Republic Cement.

Meanwhile, our Food Group has budgeted approximately PHP3 billion mainly for the completion of its capacity expansion projects.

Rounding out the balance are the provisions for other subsidiaries. The capital expenditure budget of our real estate business is mainly for the completion of its residential projects, while UnionBank will focus on further enhancing its digital infrastructure.

### Capital Expenditures (with partners)



Note: 2024 CAPEX budget is based on the aggregate CAPEX of all subsidiaries



## Thank You

2023 was a remarkable year for the Aboitiz Group. Looking back, we can proudly say that despite the ongoing global challenges, we have continued to adapt, innovate, and collaborate, reaffirming our collective strength and determination to pursue our transformation.

We are maintaining our momentum in 2024 and remain enthusiastic for what lies ahead and are fully committed to maximizing the value of our core businesses and recent investments to achieve sustainable, long-term shareholder return.

Change, as we all know, is an integral part of process and growth. Our colleague, Sandro Aboitiz, took over as AboitizPower's CFO while I, Liza, moved to City Savings Bank, also as CFO. I would like to thank AboitizPower for a dynamic decade of growth and learning, and I look forward to my new journey as I aim to contribute to shaping and executing the bank's business strategies.

We believe that these changes and adjustments are essential for staying competitive, fostering innovation, and driving growth. By cultivating adaptability, fostering a growth mindset, and providing support and resources, the Aboitiz Group can continue to thrive amidst uncertainty.

“ By cultivating adaptability, fostering a growth mindset, and providing support and resources, the Aboitiz Group can continue to thrive amidst uncertainty.

”

Thank you to our various stakeholders – including our partners, financial institutions, and suppliers – for your continued support. To you, our dear shareholders, we express our appreciation for your unwavering confidence and trust. We are confident that 2024 will mark a transformative year for AEV as we maximize the benefits of our recent investments and generate more revenues from synergies as a Techglomerate with businesses spanning power, banking, food, real estate, infrastructure, and fast-moving consumer goods. All these for the benefit of our shareholders and our country.

**Jose Emmanuel Hilado**  
Senior Vice President  
Chief Financial Officer  
Aboitiz Equity Ventures Inc.

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

# Sandro Aboitiz

Senior Vice President  
Chief Financial Officer  
Aboitiz Power Corporation  
(Started November 1, 2023)

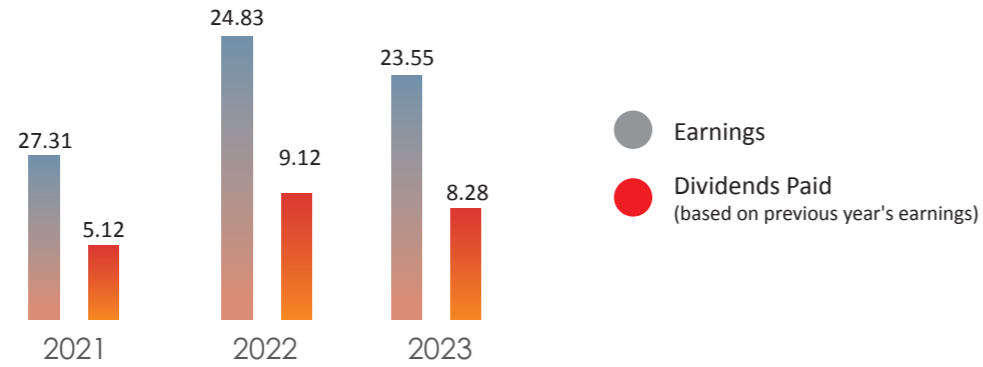




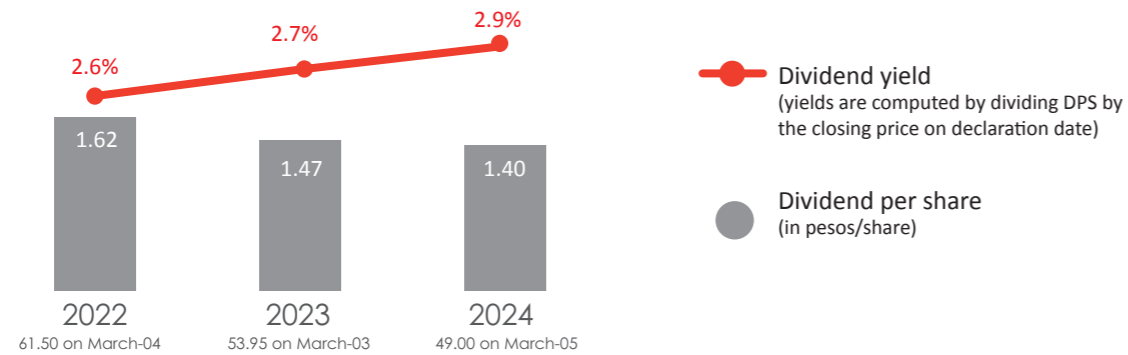
# Shareholder Values

Aboitiz Equity Ventures Inc.

## Earnings and Dividends (in PHP billions)

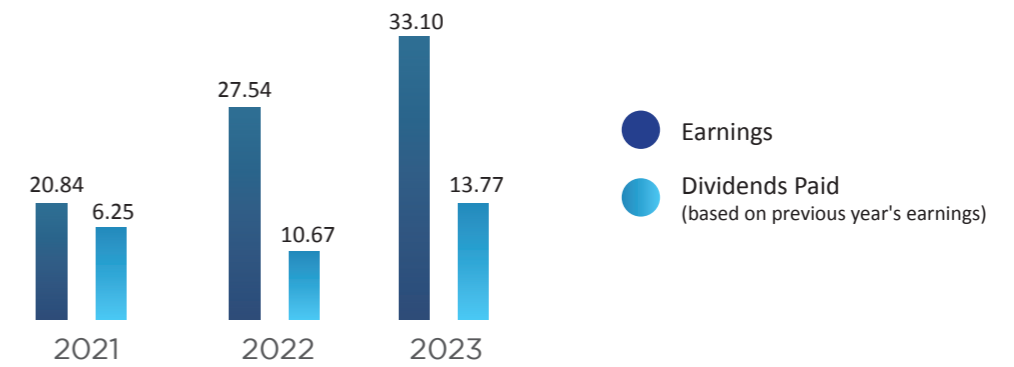


## Dividend Per Share (DPS) and Dividend Yield

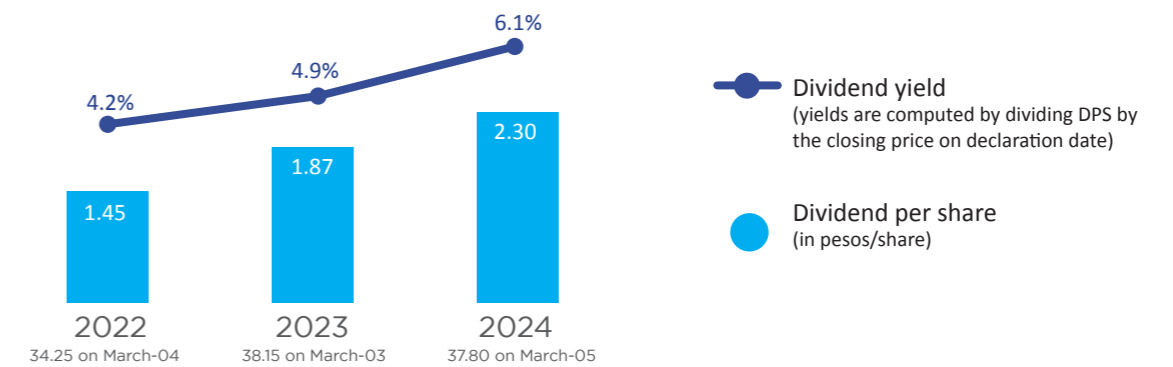


Aboitiz Power Corporation

## Earnings and Dividends (in PHP billions)



## Dividend Per Share (DPS) and Dividend Yield



### Share Price (Peso/Share)

| YEAR | HIGH  | LOW   |
|------|-------|-------|
| 2023 | 60.00 | 44.60 |
| 2022 | 64.05 | 46.90 |
| 2021 | 59.05 | 34.00 |

### Share Price Performance

| YEAR | 2023 |
|------|------|
| AEV  | -23% |
| PSEi | -2%  |

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



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

### Share Price (Peso/Share)

| YEAR | HIGH  | LOW   |
|------|-------|-------|
| 2023 | 39.80 | 30.00 |
| 2022 | 37.00 | 28.50 |
| 2021 | 34.20 | 20.50 |

### Share Price Performance

| YEAR | 2023 |
|------|------|
| AP   | 7%   |
| PSEi | -2%  |

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



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



Aboitiz Group Presence in Asia

# Map of Operations



Legend:  
Aboitiz Strategic Business Units



Check [www.aboitiz.com](http://www.aboitiz.com) for the detailed map of operations of all Aboitiz business units.



# Map of Operations



## LEGEND

- Generation Renewable
- Generation Thermal
- Distribution
- Retail Electricity Supplier
- Corporate Office





# Board of Directors

**ENRIQUE  
ABOITIZ**

Chairman of the Board



**MIKEL  
ABOITIZ**

Vice Chairman of the Board



**SABIN  
ABOITIZ**

President and  
Chief Executive Officer



**ERRAMON  
ABOITIZ**

Director



**ANA MARIA  
DELGADO**

Director



**JUSTO  
ORTIZ**

Director



**JOANNE  
DE ASIS**

Independent Director



**CESAR  
ROMERO**

Lead Independent Director



**PETER  
MAQUERA**

Independent Director





# Business Unit Heads

**EMMANUEL RUBIO**

President  
Chief Executive Officer  
Aboitiz Power Corporation



**EDWIN BAUTISTA**

President  
Chief Executive Officer  
Union Bank of the Philippines



**LORENZO OCAMPO**

President  
Chief Executive Officer  
City Savings Bank, Inc.



**ADRIAN ALFONSO OCAMPO**

President  
Chief Executive Officer  
PETNET, Inc.



**TRISTAN ROBERTO ABOITIZ**

President  
Chief Executive Officer  
Food Group



**COSETTE CANILAO**

President  
Chief Executive Officer  
Aboitiz InfraCapital, Inc.

**DAVID RAFAEL**

President  
Chief Executive Officer  
Aboitiz Land, Inc.



**DR. DAVID HARDOON**

Managing Director  
Aboitiz Data Innovation





# Corporate Officers



**SABIN ABOITIZ**  
President and  
Chief Executive Officer



**JOSE EMMANUEL HILADO**  
Chief Financial Officer and  
Corporate Information Officer



**CHRISTOPHER BESHOURI**  
Chief Strategy Officer



**CONNIE CHU**  
Chief Legal & Compliance Officer  
Corporate Secretary



**DAVID JUDE STA. ANA**  
Chief External Affairs Officer



**MARIA VERONICA SO**  
Group Treasurer



**MARY GERALDINE ONGANON**  
First Vice President  
Chief of Staff



**ANA MARGARITA HONTIVEROS**  
First Vice President  
Chief Reputation and Sustainability Officer



**SAMEL ABOITIZ**  
First Vice President  
AEV Finance, ACO Treasurer,  
AP Coal Finance and Accounting



**CHARMAINE ROSE VALMONTE**  
First Vice President  
Chief Information Security Officer



**JOSEPH TUGONON**  
First Vice President  
Tax Advisory & Compliance



**BEVERLY TOLENTINO**  
First Vice President  
Controller



**SANTANINA APOLINARIA CASTRO**  
First Vice President  
People



# Board of Directors

**SABIN  
ABOITIZ**

Chairman of the Board



**ERIC  
RAMON  
RECTO**

Vice Chairman of the Board /  
Lead Independent Director



**LUIS  
MIGUEL  
ABOITIZ**

Director



**EMMANUEL  
RUBIO**

Director



**TOSHIRO  
KUDAMA**

Director



**IZUMI  
KAI**

Director



**EDWIN  
BAUTISTA**

Director



**DANEL  
ABOITIZ**

Director



**CESAR  
ROMERO**

Independent Director





# Business Unit Heads

**JAMES VILLAROMAN**

ARI President and Chief Operating Officer  
Aboitiz Power Corporation



**ALEXANDER COO**

Renewable Chief Operating Officer  
Aboitiz Power Corporation



**ANTON MARI PERDICES**

Chief Operating Officer  
AboitizPower Distribution Business Group



**VALENTIN SALUDES**

President and Chief Operating Officer  
Cotabato Light & Power Company



**RODGER VELASCO**

President and Chief Operating Officer  
Davao Light and Power Co., Inc.



**DANTE POLLESCAS**

President and Chief Operating Officer  
Enerzones



**JEFFREY ESTRELLA**

President and Chief Operating Officer  
AP Renewables Inc.



**ROLANDO PACQUIAO**

President and Chief Operating Officer  
Hedcor and Solar Group



**JOSEPH YU**

President and Chief Executive Officer  
SN Aboitiz Power



**CELSO CABALLERO**

Group Chief Operating Officer  
AboitizPower Thermal Business Group



**RONALDO RAMOS**

Chief Operating Officer - Operated Assets  
AboitizPower Thermal Business Group



**RAUL LUCERO**

President and Chief Operating Officer  
Visayan Electric Co., Inc.





# Board of Trustees

**SABIN  
ABOITIZ**

Chairman of the Board



**SUSAN  
VALDEZ**

Trustee



**EMMANUEL  
RUBIO**

Trustee



**TRISTAN  
ROBERTO  
ABOITIZ**

Trustee



**JOSE  
EMMANUEL  
HILADO**

Treasurer, Trustee



**COSETTE  
CANILAO**

Trustee



**DAVID  
RAFAEL**

Trustee



**DAVID JUDE  
STA. ANA**

Trustee



**MARIA  
AURORA  
TOLENTINO**

Independent Trustee







# Our Value Creation Story

In the second year of our Great Transformation, the Aboitiz Group stands at the forefront of value creation with pioneering new ways to thrive in an era defined by technology and disruption. We continue on the path of building the Philippines first techglomerate underscored by our commitment to driving sustainable growth and delivering unparalleled value to our stakeholders.

Today, Aboitiz has boldly positioned itself as a pioneer in the emerging landscape of technology-driven conglomerates. The term “techglomerate” was a fitting description as we knew we were transforming into something more than just a conglomerate; we were becoming a more technologically advanced, innovative, and synergetic conglomerate. This transformation represents our imperative to adapt to change in a timely manner.

## Redefining Value Creation

The Group’s rich history of transformation, evolution, and innovation is rooted in its keen sense of foresight. From pioneering ventures in power and banking to our nascent diversification into retail, we operate and manage our businesses with a deliberate focus on resilience and adaptability.

The way our portfolio has diversified and consolidated over the past century reflects our ability to reallocate capital to burgeoning industries and unlock new avenues for value creation. A significant milestone in this journey

is the acquisition of Citi’s consumer business in the Philippines, providing a strong foothold in the retail and consumer finance sectors. Similarly, the addition of award-winning infrastructure projects, such as the Mactan-Cebu International Airport, has not only enhanced connectivity but also bolstered the Group’s presence in the infrastructure space.

Most recently, our venture into Coca-Cola Beverages Philippines, Inc. (CCBPI) further underscores the Group’s commitment to diversification and innovation. Expanding our







footprint in the retail and consumer space further enables us to capitalize on new growth opportunities and drive synergies across the Group.

In parallel with these efforts, we actively engaged in finalizing a landmark partnership with San Miguel Global Power Holdings Corp. (SMGP) and Meralco PowerGen Corporation (MGen) to launch the country's first and most expansive integrated liquefied natural gas (LNG) facility in Batangas. This milestone development, expected to add over 2,500 MW of cleaner power generation compared to traditional fossil fuels, further exemplifies our commitment to value creation through sustainable solutions and strategic collaborations in progress.

### Synergy and the Techglomerate Premium

While the Group becomes increasingly federated, we continuously cultivate a shared culture of collaboration and innovation towards achieving the kind of synergy that results in a "techglomerate premium." Naturally, we are leveraging existing business assets, both tangible and intangible, to create distinctive value that is difficult to replicate, which is a critical factor in our decisions when considering new domains.

CCBPI illustrates our strategic approach to the techglomerate premium, with its potential to significantly broaden our market reach and potential synergies. This acquisition encompasses a vast network of ecosystem partners, spanning a multitude of suppliers, distribution partners, and over a million points of sale. These various members of the ecosystem can potentially capture value from our Group, whether through enhanced energy solutions facilitated by AboitizPower for suppliers, housing solutions provided by Aboitiz Land for employees, or financial services offered

by UnionBank for distributors. From an operational aspect, Food Group can offer new opportunities for optimization and shared resources while Republic Cement can contribute sustainability initiatives, for example, in reducing plastic waste while maintaining operational efficiency.

### Driving Impact at Scale

Our value creation model continues to evolve in order to keep driving impact at scale and advance our Group's sustainability agenda. It emphasizes that sustainability is essential for our Group's continued operation, and by focusing on co-creating value through better products and services, we ensure the wellbeing of people and protect the environment. This approach helps us contribute to the betterment of our country and region. By constantly refining our value creation model and aligning our sustainability strategy with our techglomerate vision, the Aboitiz Group is not only driving positive change, but also future-proofing its operations for generations to come.

# The Six Capitals

## Financial

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

- Economic Value Generated and Distributed

## Manufactured

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

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

## Intellectual

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

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

## Social and Relationship

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

- Number of partnership engagements;
- Number of membership organizations

### Reputational

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

- Number of awards and recognition

## Human

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

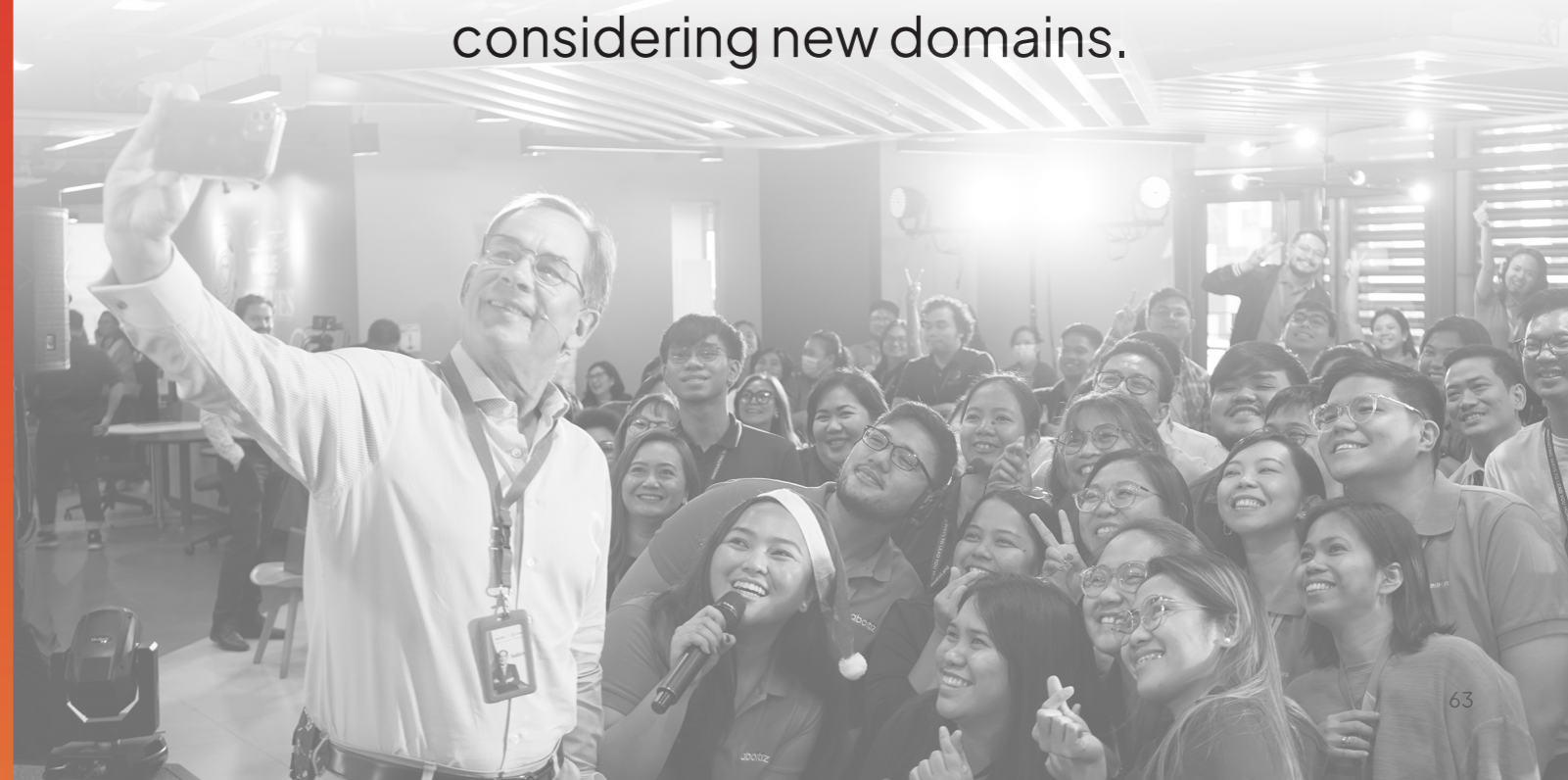
- Number of FTE, beneficiaries, communities served

## Natural

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

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

Naturally, we are leveraging existing business assets, both tangible and intangible, to create distinctive value that is difficult to replicate, which is a critical factor in our decisions when considering new domains.





POWER

# A Better World

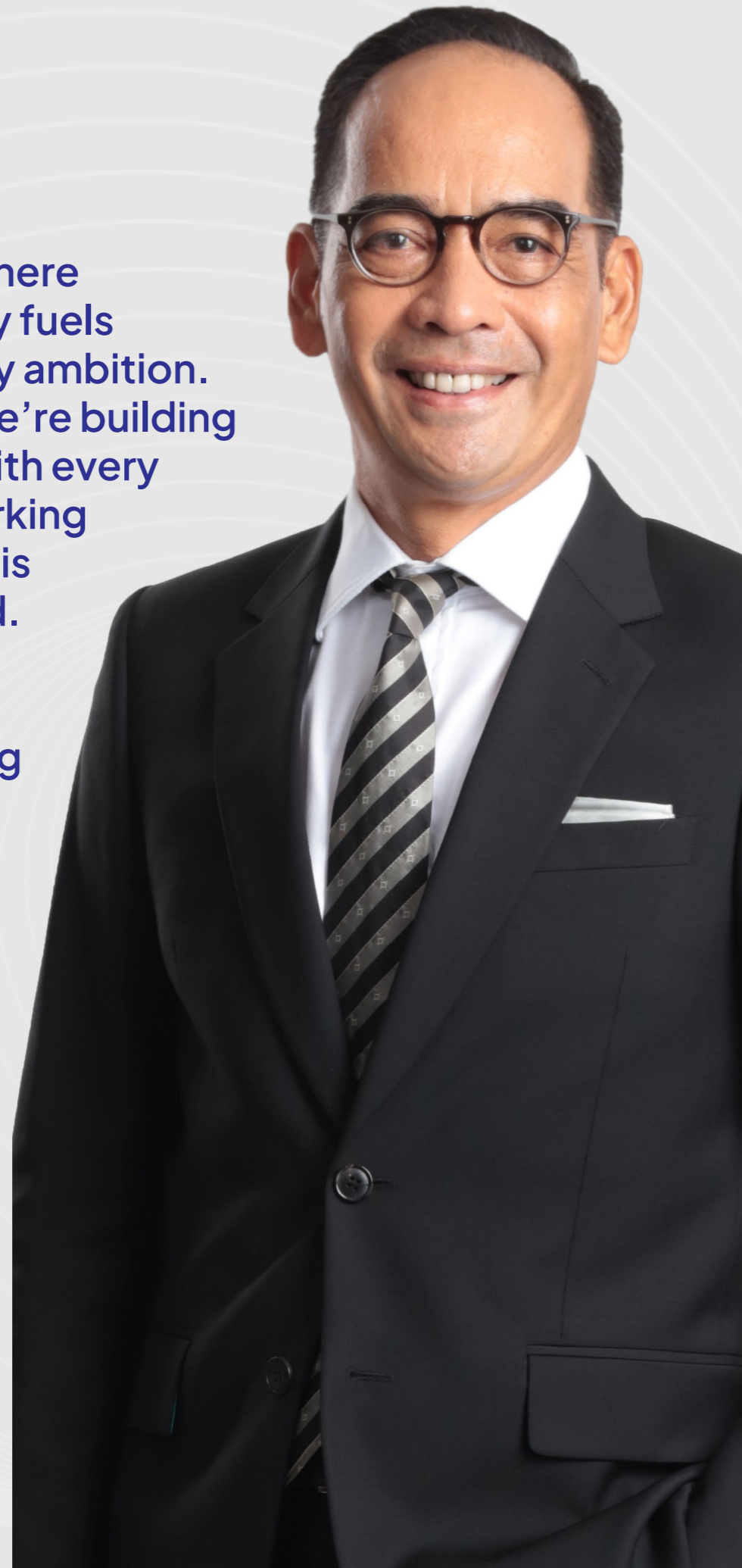






Imagine a world where sustainable energy fuels every dream, every ambition. That's the world we're building at AboitizPower with every Filipino. We're working toward realizing this vision hand in hand. Together, we are 'Techglomerate Builders,' powering progress, one community, one life, at a time."

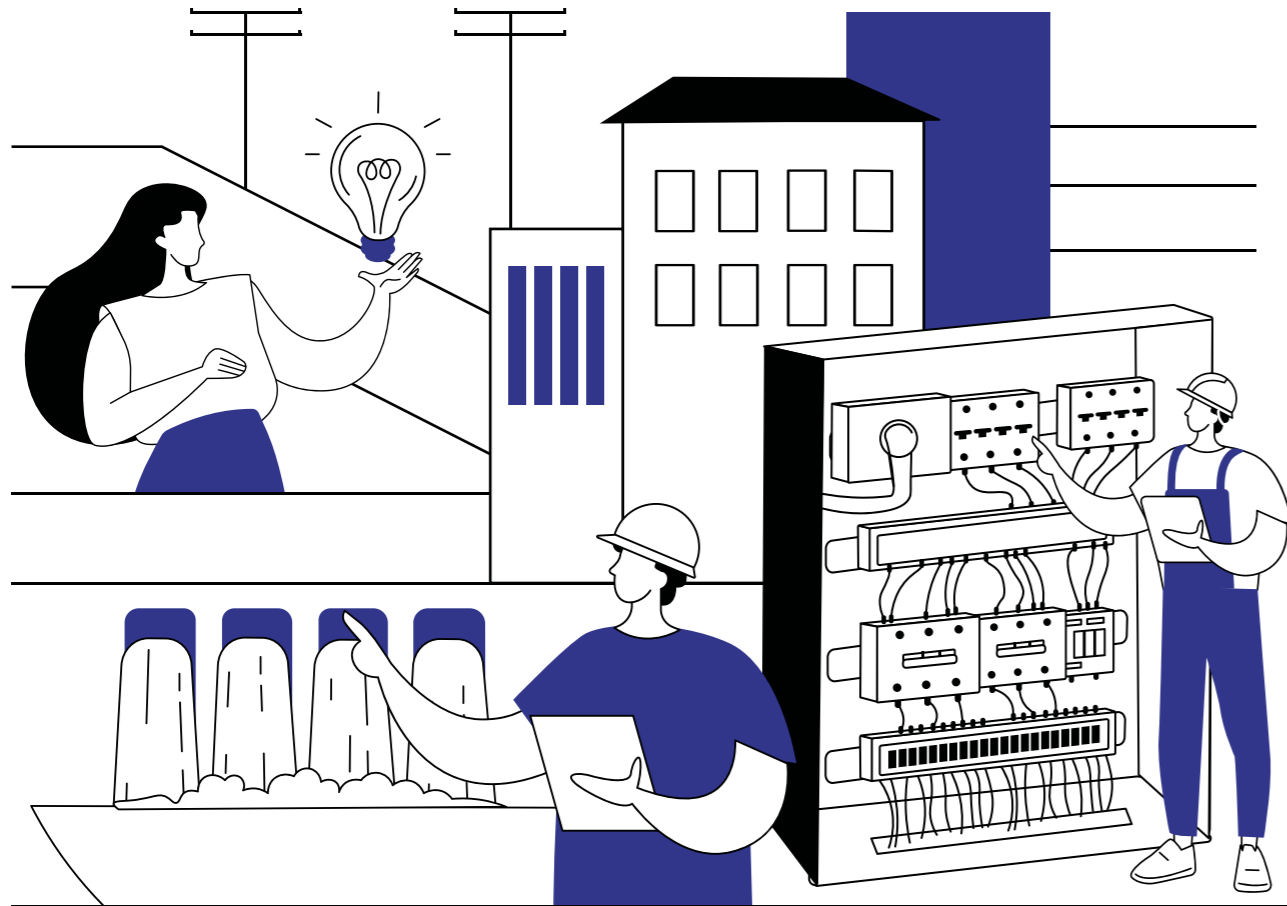
**Emmanuel V. Rubio**  
President and CEO  
Aboitiz Power Corporation



At the heart of AboitizPower's mission to power progress and light up lives are its team members, helping transform energy for a better world.



# Metrics That Matter



## Retail

**Advent** has become the largest retail electricity supplier (RES)—excluding MPower, which is a local RES—in the country at 18.82% market share, and AESI is second at 9.82% based on the July 2023 CREM Report.

Consequently, MW capacity also increased to **1,300 MW** (1,200 without SNAP) in 2023 vs 890 MW (790 without SNAP) in the same period last year, or a ~400 MW increase in demand.

As of the July 2023 Competitive Retail Electricity Market (CREM) Report, AboitizPower through its subsidiaries is now the biggest retail electricity supplier based on market share (31.56%).

Customer facilities grew to **507** (463 without SNAP) vs. 397 (351 without SNAP) in the same period last year.

## Corporate

We launched our **corporate electric vehicle (EV) fleet transformation program** by presenting our new plug-in EVs, aligned with our goal of transforming and electrifying 100% of the AP fleet by 2040.

## Distribution

With our firm grasp of the future, we introduced new business adjacencies that provided additional revenue of

**PHP103 million.**

We remain one of the country's top distribution utilities with low pass-on costs, which significantly helps drive down the cost of electricity for our customers.

We have achieved a system loss of only **4.60%**, a testament to our service efficiency.

We significantly improved our collection efficiency by reducing account receivables (above 60 days) by PHP274million, driving up cash flow for the distribution utilities.

## Thermal

Our 1,336-MW GNPowr Dinginin (GNPD) coal-fired power plant supplied the equivalent of

**11% of Luzon's power needs**

during the peak power demand (12,522 MW) in July 2023. During periods of lesser power demand, such as in January 2023, GNPD provided as much as 20% of the power for the Luzon grid.

## Renewables

We successfully completed our Steam Production Enhancement Campaign, or SPEC 1.0, with the exceptional contribution of 94.14 MW from the 12 production wells in the program versus the 50-MW target.

In August, site preparation works began for the 137-MWac Solar Plant in Calatrava, Negros Occidental, and the 172-MWac Solar Plant in Olongapo, Zambales. These plants are expected to be energized by the end of 2024 and in early 2025.

The energization of the Cayanga-Bugallon Solar Plant on October 23 signifies that our new solar photovoltaic (PV) farm is harnessing the sun's energy, channeling 75 MW of electricity into the grid, powering approximately

**62,000 households with clean energy.**

We surpassed our annual target for land prospects by securing exclusivity for

**744 hectares for 2023.**

Our customer satisfaction index is at 93%, and we are on our way to migrating

**700,000 customers** under our digital platform—reducing paper bill production costs—and providing them with more value.

Our response time for customer emergencies is within 30 minutes, at

**90%.**

With our high satisfaction rating, we remain a preferred partner of our vendors. We are also a popular employer in the regions we operate in, as indicated by our multiple academic partners and our high fill and low attrition rate.

BESS' project team successfully handed over Therna Marine, Inc.'s

**49-MW Battery Energy Storage System** to O&M.





Built on sloping, non-agricultural lands, the 94 megawatt peak Cayanga-Bugallon Solar Power in Pangasinan began delivering energy to the grid in 2023.

# Operational Wins and Challenges

We at AboitizPower consider 2023 to be a banner year for the company as we achieved record profits, maintained high plant availability, and solidified our market leadership in the retail electricity segment. But beyond the numbers, we brought light to underserved communities and made a tangible difference in people's lives through the energy we provide.

Our financial performance reflected this success. We closed 2023 with a beneficial EBITDA (earnings before interest, taxes, depreciation, and amortization) of PHP64.6 billion. GNPower Dinginin, or GNPD, and the higher availability of our coal facilities mainly drove this 16% year-on-year growth in our EBITDA. This translated to a net income after tax of PHP33.1 billion, which is 27% higher year-on-year.

This strong performance propelled us forward as a leader in the evolving energy sector.

Beyond our financial accomplishments, AboitizPower has seen improvements in its ESG performance. We are grateful to have been recognized by prominent ESG ratings and corporate governance awards, as this affirms our efforts and spurs us to maintain, if not improve our sustainability initiatives.

We also look back on 2023 as a year of significant progress for the organization, marked by strategic investments in renewable energy (RE), impactful partnerships, and operational resilience.

Fueling our dedication to clean energy growth, we secured a PHP20 billion infusion from the Land Bank of the Philippines that enables the expansion of our RE portfolio, helping illuminate communities nationwide with sustainable power.



The groundbreaking of the 17-MW Binary Geothermal Plant in Tiwi, Albay was evidence of our drive for diversification. Our run-of-river subsidiary, Hedcor, celebrated 45 years of pioneering clean energy solutions, a testament to AboitizPower's enduring legacy of sustainable innovation.

Collaboration fueled our success in 2023. Through our partnership with Upgrade Energy Philippines (UGEP), we have made strides toward strengthening our bid to bring solar rooftop technology to more customers in the Philippines.

Our alliance with Singapore-based Vena Energy will bring the 1,020-MW Rizal-Laguna Wind Power Project to life, solidifying our position as a budding player in the country's wind power generation landscape.

Further aiming to realize our wind energy aspirations, we saw the formation of a formidable partnership with Vena and Cebu-based Vivant Energy to develop a 206-MW wind project.

On the global front, we strengthened our partnership with the Japan Bank for International

Cooperation (JBIC), ensuring a collaborative path towards a sustainable energy transition.

We also marked another milestone with the launch of our Electric Vehicle Fleet Program, a bold step toward a cleaner transportation future.

Looking forward to 2024, the company's future shines brightly. We have disclosed over 1 GW worth of projects, which we aim to energize within the next three years.

With these, our goal is to deliver 3.7 GW of additional attributable RE capacity by 2030. This is part of our decarbonization journey toward a cleaner, more sustainable tomorrow.

Challenges remain, but with our unwavering resolve and a collaborative spirit, AboitizPower will face them head-on. We envision setting sail toward a future where progress and sustainability go hand in hand, one strategic investment, one impactful partnership, and one illuminated watt at a time.

TECHGLOMERATE BUILDERS. AboitizPower's team members are driving digitalization, decentralization, and decarbonization strategies to achieve a 50-50 thermal-renewable portfolio mix, ensuring a secure, reliable, and sustainable energy future for all.



POWERING THE FUTURE. AboitizPower is dedicated to shaping a brighter tomorrow for Filipinos by meeting today's energy needs and fostering a cleaner, sustainable energy landscape for generations to come.

## 2024 Outlook

The demand for a dependable power supply is more crucial than ever, given the increasing requirements of our country's growing economy. This is particularly significant, with the Department of Energy (DOE) projecting a 6.6% annual rise in electricity requirements until 2040, potentially doubling the power demand in 11 years.

Except for 2020, the Philippine GDP grew between 6% and 7% annually from 2012 to 2022, ranking 11th in the Asia-Pacific region in 2023, ahead of Malaysia. While the World Bank's growth forecast for 2023-2024 has adjusted slightly to 5.6% from the initial 6%, the trajectory underscores AboitizPower's role in ensuring a consistent power supply to sustain this economic momentum.

A reliable power infrastructure encompassing generation, transmission, and distribution is crucial for our national competitiveness, as power crises can discourage potential investors or prompt them to reconsider their investments in the country.

According to the DOE, approximately 2 million households in the country still lack access to reliable electricity.

Expanding access to power is essential for human progress and prosperity for current and future generations.

We recognize that this transition must involve various sectors of our society and economy, thus a careful, well-planned execution is vital. Rushing to abandon conventional power systems in favor of renewables could have dire consequences for millions of Filipinos and the overall appeal of the country.

AboitizPower is dedicated to significantly impacting the Philippine energy industry, guided by our purpose of transforming energy for a better world. We continuously explore innovative approaches to facilitate an energy transition that is fair by integrating traditional and renewable power sources into the country's energy mix. This strategic initiative is crucial as the Philippines aims to establish a more secure and reliable power system, essential for sustaining the quality of life for millions of Filipinos.

With our partners, AboitizPower has the Philippines' largest RE portfolio based on installed capacity. We are driven to expand this portfolio, aiming for a 50:50 balance between RE and thermal capacities by 2030. We foresee a future where traditional and new energy systems coexist, functioning reliably to meet the country's energy needs.





BANKING AND  
FINANCIAL SERVICES

# Leading The Future Of Banking



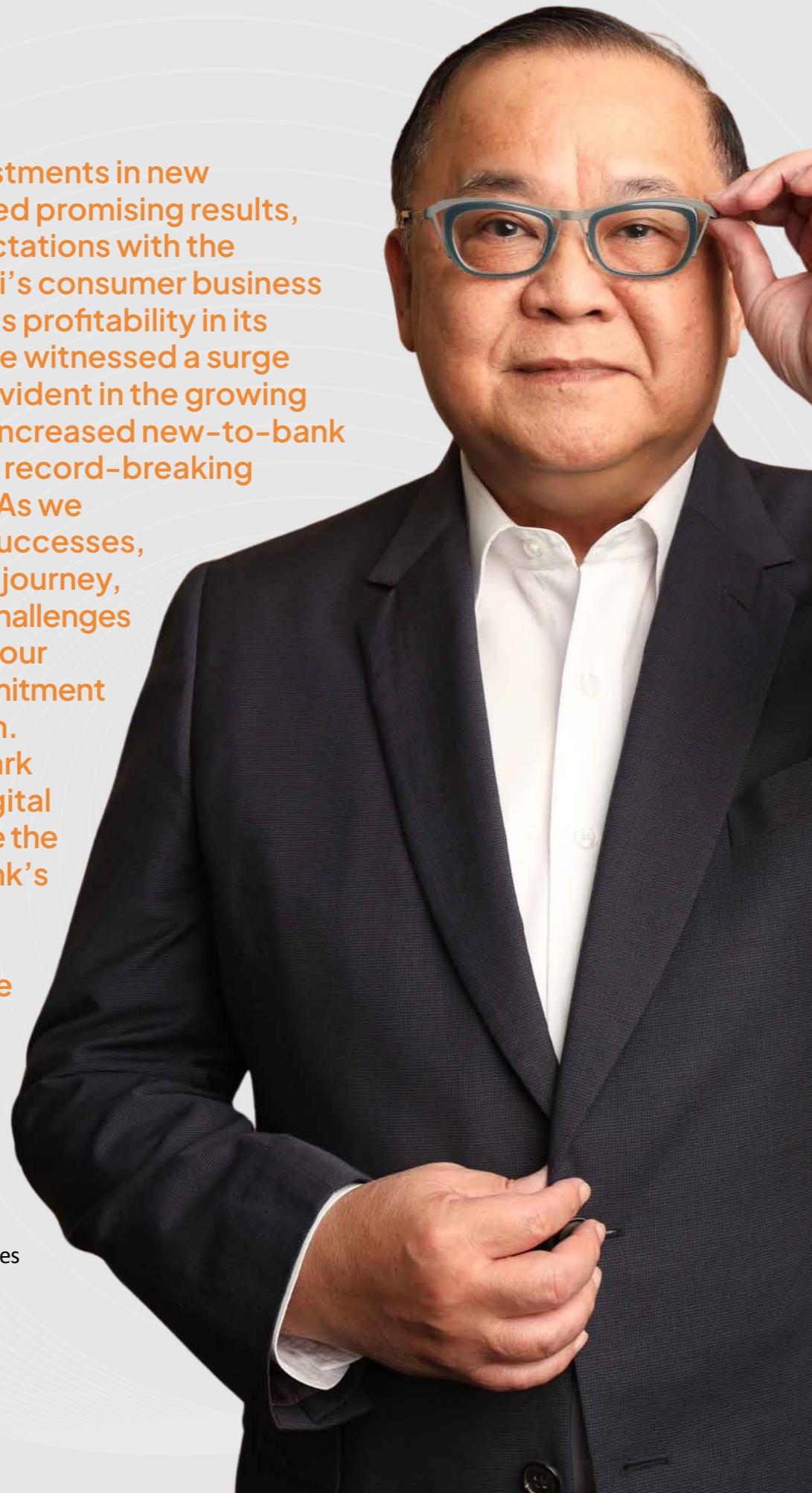




In 2023, our investments in new businesses yielded promising results, surpassing expectations with the acquisition of Citi's consumer business and UnionDigital's profitability in its inaugural year. We witnessed a surge in transactions, evident in the growing depositor base, increased new-to-bank credit cards, and record-breaking app downloads. As we integrate these successes, we reflect on our journey, acknowledging challenges while embracing our unwavering commitment to transformation. With our trademark resilience and digital prowess, we pave the way for UnionBank's stronger, more profitable future, leading the charge in redefining Philippine banking."

**Edwin R. Bautista**

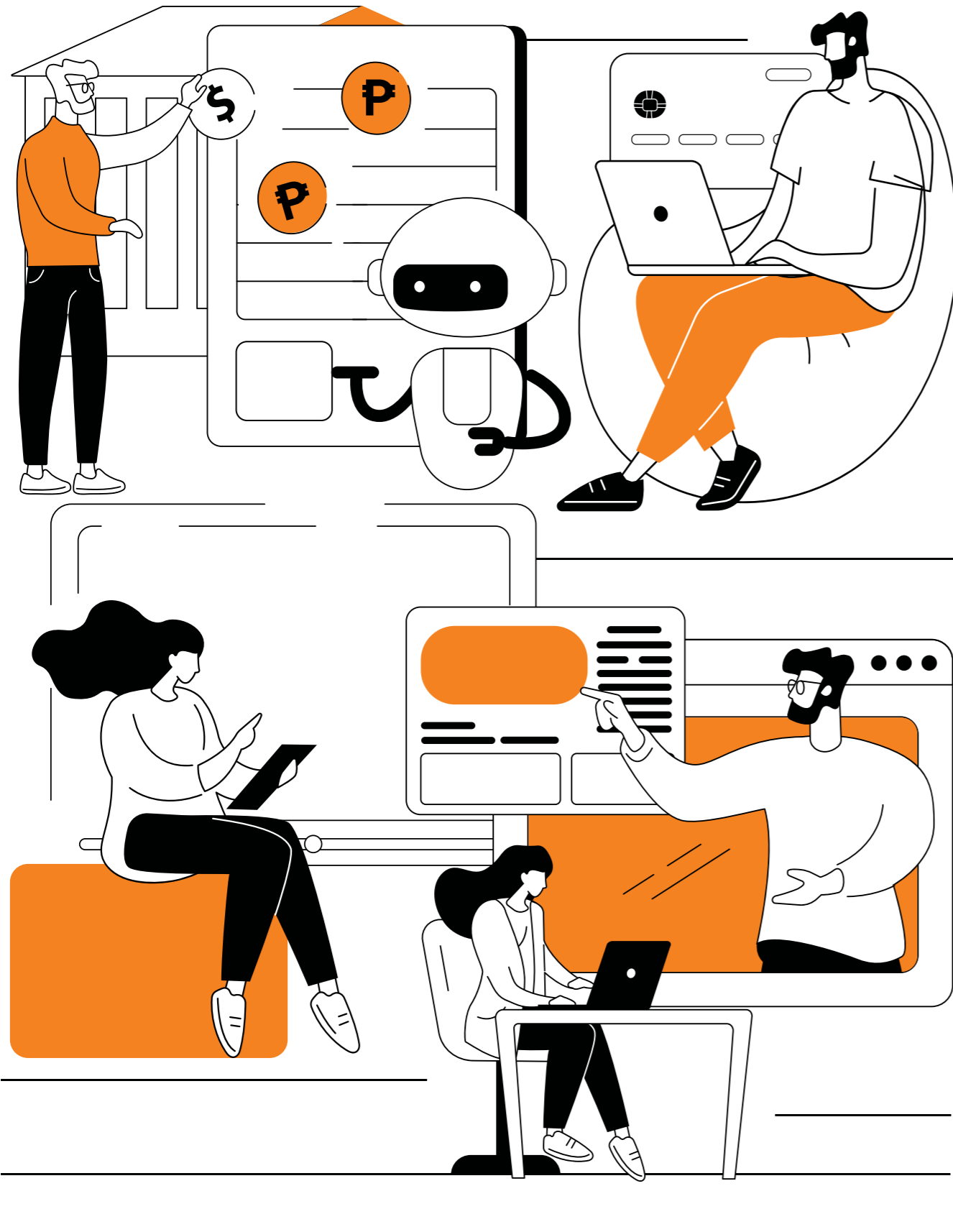
President and CEO  
Union Bank of the Philippines



UnionBank strengthens its retail portfolio by focusing on enhancing customer experience and customer growth, anchored on our "Go for Gold" battle cry to become the greatest and most profitable retail bank in the Philippines.

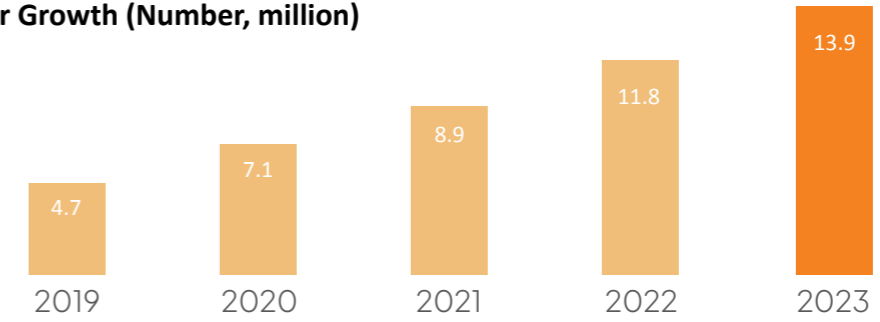


# Metrics That Matter

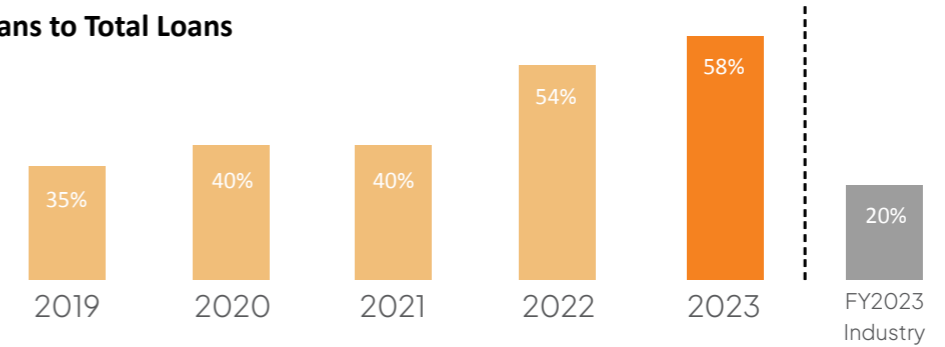


## Charting our course on becoming “A Great Retail Bank” (Record high customer growth and loan growth)

Customer Growth (Number, million)

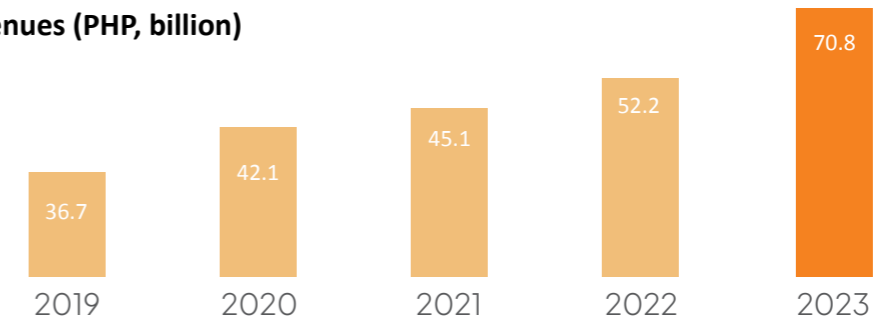


Retail Loans to Total Loans

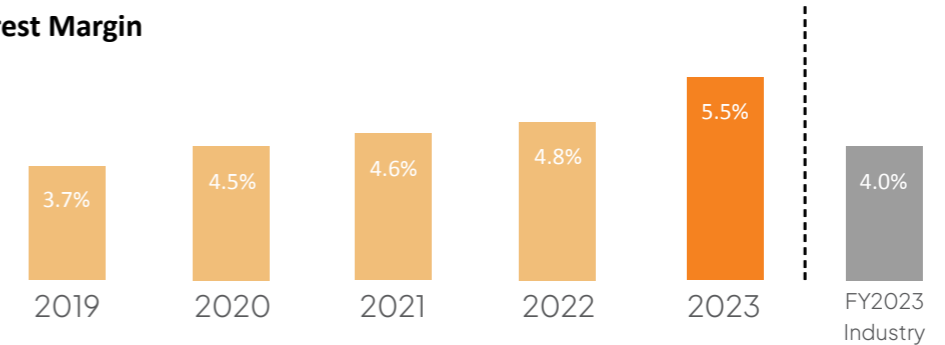


## Successfully transitioned towards a more predictable recurring income (The bank attained exceptional Net Revenues and Net interest margin)

Net Revenues (PHP, billion)



Net Interest Margin

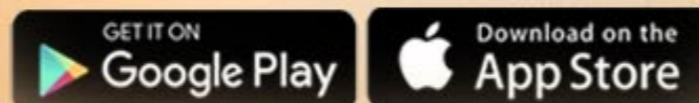




# Empowering businesses of all sizes, one venture at a time!



Open an account now!



## Operational Wins and Challenges

### Setting The Standard In Digital Excellence

In an industry where customer experience is regarded as a differentiator, Union Bank of the Philippines (UnionBank) stands out as a game changer. Unlike the traditional banking landscape plagued by long lines, tedious waiting periods, limited business hours, and subpar customer service, UnionBank has redefined the narrative by seamlessly integrating digital solutions into every aspect of banking.

Breaking away from the norm, UnionBank made history as the pioneer in introducing consumers to the unmatched benefits of end-to-end digital banking, with UB Online catering to the retail banking segment, The Portal addressing the needs of corporate clients, and the “UB Negosyante” app designed to help SMEs grow their businesses.

The UB Online mobile app has revolutionized the banking experience, boasting the highest rating and downloads on Google Playstore among banking applications. With a staggering 4.7 million in-app clients (a remarkable 6.5 times growth from 2019), 2.3 million digitally opened accounts (a staggering 94 times increase from 2019), and 77.9 million fund transfer transactions (a notable 27% increase from 2022), UnionBank has truly set a new standard.

The combined efforts of The Portal and UB Negosyante apps have yielded impressive results. With a total of 42,000 clients, this represents a significant 27% increase from 2022. This growth in clientele facilitated 27 million digital transactions, marking a substantial 27% increase from the previous year. This success earned the Bank the highest Net Promoter Score (NPS) among Philippine banks based on a third-party industry run, underscoring the satisfaction and loyalty of our users, and further affirming UnionBank’s commitment to providing an unparalleled banking experience.

The transformative impact of UnionBank extends beyond digital channels. Recognizing the importance of inclusivity in its digital adoption strategy, the Bank has overhauled its physical touchpoints, both branches and frontliners. Self-service tablets and upskilling initiatives for personnel have been introduced to





CitySavings Bank was awarded the Most Customer-Centric Savings Bank in the Philippines for 2023, highlighting its dedication to innovative client-focused strategies.

guide digital migrants, ensuring that everyone experiences the ease of digital banking.

UnionBank's commitment to excellence has earned accolades such as the Best Retail Bank in the Philippines four times at The Asian Banker Global Excellence in Retail Financial Services Awards 2023, the Digital Bank of the Year six times at The Asset Triple A Digital Awards 2023, the Domestic Retail Bank of the Year—Philippines at the Asian Banking & Finance Awards, and the title of Most Recommended Retail Bank by The Asian Banker. In reshaping the future of banking, UnionBank has successfully addressed the pain points associated with traditional banks and set a new benchmark for customer-centric financial services.

#### Navigating Challenges for Sustainable Growth

In 2023, market interest rates increased rapidly due to inflation concerns and the looming threat of a recession. These hikes in policy rates reflected higher funding costs across the banking industry, as depositors favored higher-cost deposits, driven by the significant gap in interest rates against current/savings accounts.

Amidst these challenges, net revenues surged by 36% to PHP71 billion compared to the same period last year. The net interest margin (NIM) also expanded by 71 basis points, reaching a record high of 5.5%, resulting in a significant 34% increase in net interest income, which reached PHP52 billion. This impressive performance was primarily driven by robust growth in the retail

segment, where retail loans now constitute a significant 58% of the Bank's total loan portfolio. Additionally, non-interest income saw a substantial increase of 41% to PHP19 billion, with fee-based income growing by 54% to PHP10 billion. This strategic pivot allowed the Bank to successfully transition towards a more predictable recurring income model, as evidenced by above-industry net interest margins and fees as a proportion of balance sheet size.

#### Enhancing Retail Growth Through the Bank's Key Business Segments

As UnionBank scales its retail banking business, the Bank's key business segments play a pivotal role in achieving this objective. Anchored on an ecosystem model approach, the Bank strategically focuses on various market segments to drive growth.

#### Innovating Our Mass Market Segment

City Savings Bank (CitySavings) has clinched the title of the Most Customer-Centric Savings Bank in the Philippines for 2023, showcasing its commitment to innovative client-first practices. At the forefront of CitySavings' initiatives is its revolutionary Loan Ranger mobile app, designed to empower public school teachers with a seamless and secure platform for managing savings and loans. Boasting user-friendly features, the app garnered an impressive 186,000 users in its inaugural year, offering functionalities such as loan monitoring, reloans, and fund transfers.

In embracing cutting-edge customer service, CitySavings introduced Talk to Maria, a chatbot designed to facilitate 24/7 inquiries and streamline new loan applications. This innovative approach not only minimized branch visits but also significantly reduced loan application processing times.

Anchored on the vision to lead the mass-market banking sector, CitySavings reached a notable milestone, achieving PHP100 billion in loans by the end of 2023. With unwavering dedication to bank the underserved segment, its diverse financial products have cemented its position as a banking innovator dedicated to simplifying the financial journey for its valued customers.

#### Driving Digital Transformation and Open Finance in the Philippines

UBX, the digital builder of the Aboitiz Group and UnionBank, has firmly established itself as the Philippines' leading digital transformation provider and open finance platform. With a focus on delivering tailored solutions for MSMEs, large enterprises, and government entities, UBX is dedicated to enhancing business growth, customer experience and operational efficiency.

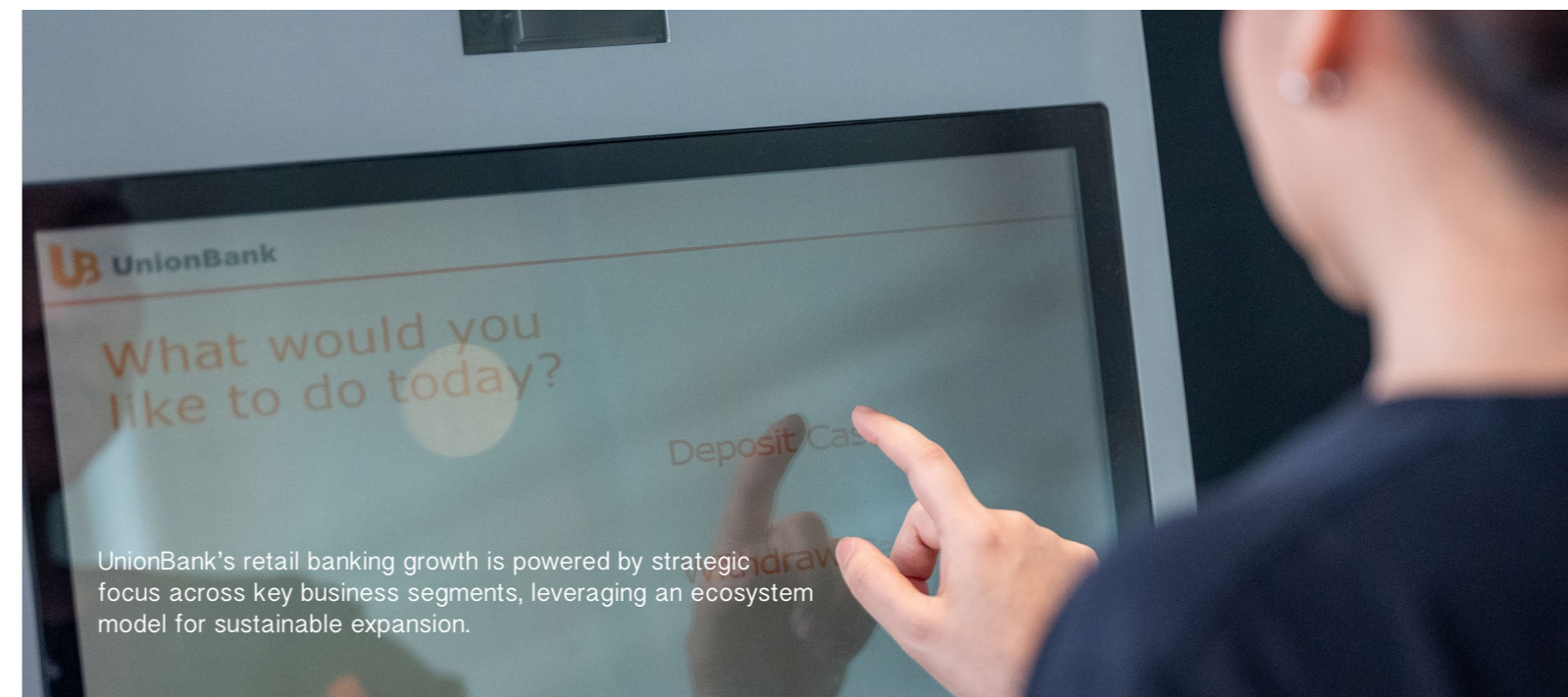
The Open Finance Platform, a testament to UBX's innovation, celebrates a remarkable 22% market penetration in four years. Boasting a

clientele of over 250,000 B2B customers and transactions nearing PHP100 billion, UBX is reshaping the financial landscape in the country. SeekCap, the online lending marketplace of UBX, has signed up nearly 100,000 MSMEs in its platform and processed loans exceeding PHP30 billion. Bux, UBX's payments solution, has seamlessly handled transactions nearing PHP35 billion while forming impactful partnerships across various industries. UBX's banking-as-a-service platform, facilitating transactions exceeding PHP22 billion, solidifies its position as a key enabler in the financial services sector.

#### Shaping the Future of Digital Banking

In its inaugural year, UnionDigital (UD) has achieved profitability by capitalizing on the ecosystem strategy of the UnionBank group. This approach enabled balance sheet growth, resulting in a notable PHP12 billion in loans and PHP18 billion in deposits.

UD's exceptional achievements were duly recognized as it received the prestigious title of Best Digital-only Bank at the Asian Banker Awards. This accolade solidifies UD's position as a frontrunner among digital banks in the Philippines, with only two institutions from the country securing spots in the esteemed Global Top 100 Digital-Only Bank Ranking for 2023. Looking ahead, UD shall continue to launch



UnionBank's retail banking growth is powered by strategic focus across key business segments, leveraging an ecosystem model for sustainable expansion.



## BANKING AND FINANCIAL SERVICES

more digital banking products. These initiatives underscore UD's unwavering commitment to financial inclusion, user-friendly services, and ongoing innovation, actively contributing to the advancement of the digital banking sector and shaping a more inclusive and advanced financial future for the Philippines.

### Scaling the Retail Business

In 2022, UnionBank launched its goal to "Go for Gold" with the objective of becoming the largest and most profitable retail bank in the Philippines within the next three years. Our strategic objective is anchored on our growing retail customer base, which included the strategic acquisition of the Citi consumer business. The Bank continues to gain traction towards this goal as it expands its market reach and product offerings.

In 2023, the banking group's customer base reached close to 14 million, expanding consistently by 2 million annually since 2019.

Furthermore, the Bank's retail loan portfolio as a proportion to total loans expanded to 58%, surpassing the industry average of 20%. Its retail portfolio is highly diversified across products such as credit cards, mortgages, personal loans, and vehicle loans.

UnionBank's strategic focus on the retail segment resulted to a Net Interest Margin expansion of 71 basis points, reaching a high of 5.5%. Fee based income saw a substantial increase of 54% to PHP10 billion, positioning it among the industry leaders. This growth in fee income is primarily attributed to the growth in customer transactions and revenue streams from key subsidiaries. The Bank ranks among the top performers in Instapay transactions and in terms of the number of debit cards issued. UnionBank also emerged as the top bank in terms of customer satisfaction and digital metrics, boasting the highest Net Promoter Score (NPS) among all banking platforms, along with top ratings and downloads on the Google Playstore.



The UnionBank Innovation Campus in San Pedro, Laguna, is a dynamic hub for research and development, fostering groundbreaking solutions in a smart and modern environment.

## 2024 Outlook

Moving forward into 2024, we have identified the following key focus areas:

### Complete the Integration of the acquired Citi consumer business

The acquisition of the Citi consumer business now makes up around a third of the Bank's revenues. This acquisition has also brought in 1 million customers, accelerating the Bank's Go for Gold aspirations.

The Bank is still in the process of fully migrating the acquired business into its system. This is targeted to be completed within the year. In the meantime, our Transitional Service Agreement (TSA) with Citi provides that the business will continue to run on Citi's platforms. As a result, the Bank is incurring costs associated with maintaining duplicate platforms, as it works on building in-house capabilities/features, while migrating the customers into its systems. It's imperative that we exit from the TSA and complete the integration by 2024 to realize the anticipated cost and revenue synergies from the business.

### Unlock the Potential of UnionDigital

2023 marks the first full year of operations of UnionDigital. Throughout the year, it has established itself as a market leader in the digital banking space. It has a total loan portfolio of PHP12 billion and a deposit base of PHP18 billion. UnionDigital's strategic focus on expanding its earning asset base, particularly through the growth of its personal loan's portfolio allowed it to be among the most profitable digital banks in the Philippines.

In 2024, the primary objective is to capitalize on the growing ecosystem of the banking group and extend financial services to the underserved working population. This involves leveraging economies of scale to provide cost-effective services while expanding high yielding earning assets to enhance profitability. Additionally, UnionDigital aims to complete its product offerings by introducing traditional banking products through its mobile platform, thereby extending its reach to the underserved and unbanked Filipinos.

### Scale the Retail Business

In 2024, we intend to make significant strides towards our objective of becoming a Great Retail Bank. Substantial revenue and cost synergies are expected to materialize as we exit the TSA and scale our retail business.

UnionBank, along with its key subsidiaries, is committed to strengthening its retail portfolio by focusing on enhancing customer experience and customer growth. Strategic investments in customer engagement will be directed towards areas critical to our success while customer growth will primarily come from the networks of anchor institutional and government clients, effectively supported by our Transaction Banking solutions.

As we grow our market share in the retail segment, the Bank anticipates to sustain above-industry net interest margins and fees as a proportion of total assets while keeping cost manageable. The effective execution of our key focus areas will enhance the Bank's profitability, leading to a stronger and more profitable UnionBank.



BANK ON WHEELS. UnionBank and CitySavings take banking to the streets, bringing financial services directly to our customers.



FOOD

# Sustainably Feeding Asia's Growth From Mill ToMeal

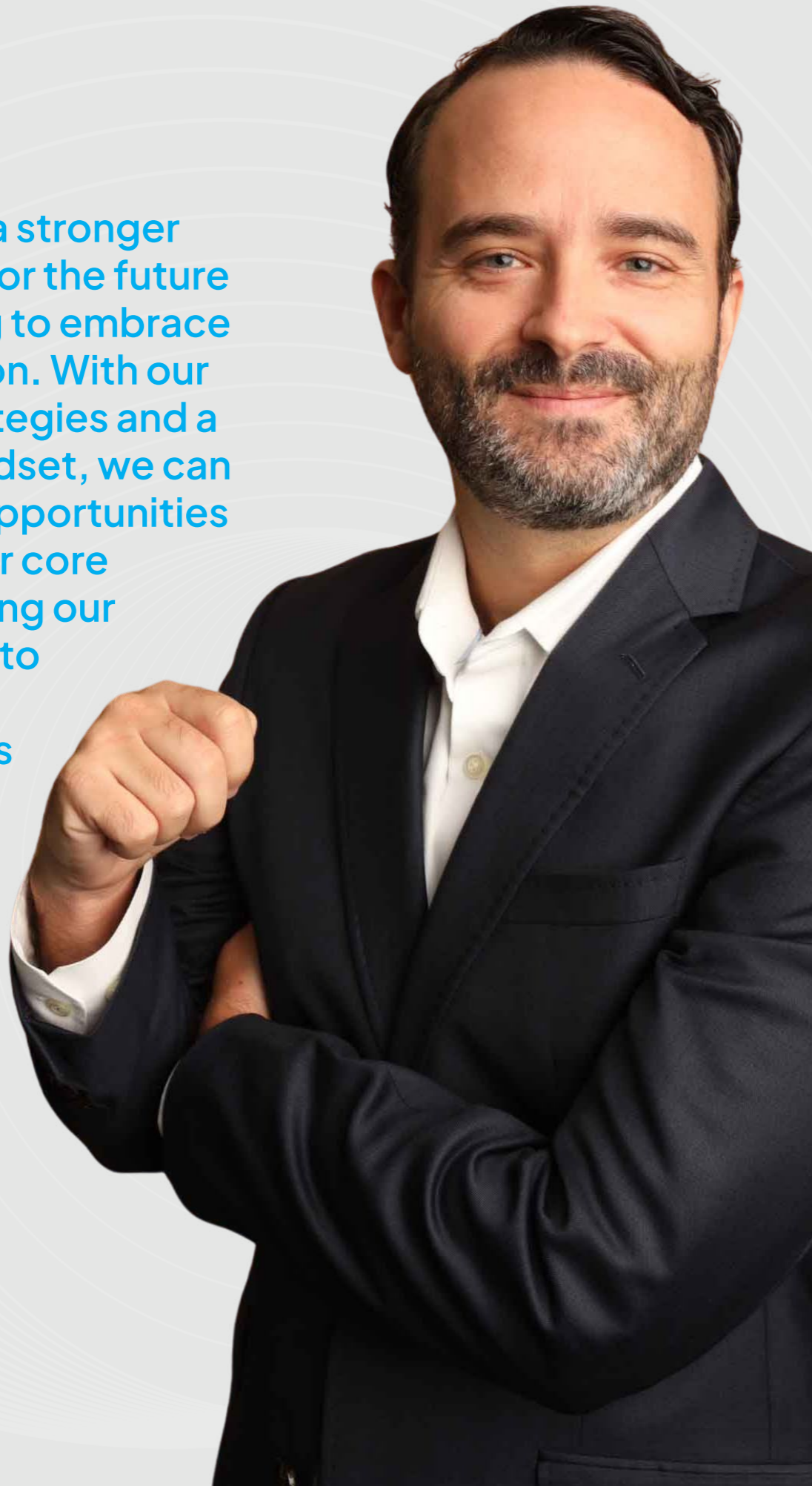






We will build a stronger Food Group for the future by continuing to embrace transformation. With our updated strategies and a renewed mindset, we can unlock new opportunities and fortify our core while upholding our commitment to sustainably feeding Asia's growth from mill to meal.

**Tristan R. Aboitiz**  
President and CEO  
Food Group



The Food Group adapts to the ever-changing world through a framework that strengthens our core businesses while pioneering new growth engines tailored to the evolving needs of our market.



## Metrics That Matter



In response to challenges faced over recent years, the Food Group implemented substantial operational improvements to enhance productivity and efficiency, in alignment with the Aboitiz Group's Great Transformation initiative. Our efforts, combined with improved margins in the Agribusiness and Flour divisions, have resulted in the following outcomes:

Achieved a net income of

**PHP1.3 billion,**

marking a

**162%**

increase from the previous year.



Annual revenue totaled

**PHP101 billion,**

amid challenges in demand for flour and agribusiness divisions.





# Operational Wins and Challenges

## Navigating Challenges with Transformation: A Year of Growth for the Food Group

2023 was a year that presented complex challenges for the Food Group. Global events disrupted growth trajectories, and raw material costs continued to weigh on margins. While navigating through these difficulties, it became essential to use them as an opportunity to continue to refine our focus and sharpen the way we proceed along our transformation journey. We chose to adopt the framework of the “Dual Transformation” strategy to do just this, and the use of this has enabled us to more clearly articulate how we intend to prepare our company for a more uncertain future. This framework has become a roadmap for strengthening our core businesses and pursuing transformative new growth engines.

## Securing the Core: A Commitment to Food Security

One of the most pressing challenges we faced in the past year was the impact of animal diseases on pork supply. However, the Food Group remained steadfast in its commitment to ensure the growth of locally supplied pork in the Philippines. Achieving this requires the continued enhancement of our production efficiency across our operations, and we did so meaningfully in 2023 through better farm management and the upgrading of our farms. The completion of Breeder and Nursery Farm 3 in Nueva Ecija marked a significant milestone for us, as this state-of-the-art facility will now ensure a steady flow of high-quality hogs to market, mitigating potential disruptions and bolstering our position as a dependable supplier.

In the Flour and Feed divisions, a more familiar challenge continued to affect our operations as high wheat prices threatened profitability. In an effort to continue to build resilience in our operations, collaboration became a key theme in 2023. Our production and engineering departments played center stage, implementing innovative measures to

TURNING CHALLENGES INTO OPPORTUNITIES. Amid global disruptions and rising costs in 2023, the Food Group refined its transformation journey, paving the way for a resilient future by enhancing core operations and exploring innovative growth avenues.



improve efficiency across our operations. This collective effort yielded good results, successfully lowering production costs and demonstrating the agility of our operations. A keen focus on research and development as well as on product development also yielded nice results for the business, as we have been able to rationalize our product costing and, at the same time, give customers products that are more tailored to their requirements.

Our dedication to operational excellence was further validated by prestigious awards like the “Triple-A accreditation” for Tarlac MeatMasters’ meat-cutting facility and the “Outstanding Feed Mill” recognition for our Malaysian operations at Livestock Malaysia 2023, a testament to our commitment to quality across all our regional operations.

**Building for the Future: New Growth Engines**

Along with transforming the core businesses we work in, it is imperative that we continue to build the growth engines that will power the Food Group into the future. One of the key engines we continue to develop is our retail business in the Philippines, highlighted by The Good Meat. By the end of 2023, we had opened 11 owned stores and increased our presence in supermarkets across Luzon to over one hundred doors, offering a wider selection of high-quality meats beyond pork. The move to rebrand our outlets to The Good Meat Fresh Hub reflected this broadened focus, attracting customers seeking a one-stop shop for fresh produce, including poultry, eggs, and vegetables.



**BUILDING FUTURE GROWTH.** Our expanded retail presence in the Philippines, showcased by ‘The Good Meat,’ marks a pivotal step in transforming our core businesses and securing sustainable growth for the Food Group.

We are constantly finding new ways to maximize the profit-per-kilogram of the meat we sell, and one of the best ways to do this is through product development.

In 2023, we introduced three new product lines—Sisig Fiesta, Christmas hams, and gourmet pork chops—to complement our regular roster of products. These add to our catalog of ready-to-cook products available in 208 supermarkets.

Our commitment to innovation extended beyond traditional products and into the rapidly growing pet food market. The launch of Maxime Elite premium cat food catered to a growing segment of pet owners seeking high-quality nutrition for their feline companions. Simultaneously, we expanded our online presence across Southeast Asia, ensuring convenient access to our pet food products for a wider customer base.

For Specialty Nutrition, we launched a new product in Vidalix, a drying agent that both

swine and poultry farmers can use to enhance the safety of their operations. This innovative product was introduced at key agribusiness events in China and the Philippines.

Turning our sights to Southeast Asia’s thriving aquaculture industry, we took a major step towards unifying our aqua brands. The launch of Varco, Vanca, and Vinta in Vietnam marked a significant milestone in this effort. This initiative will not only streamline our brand presence but also allow us to better serve the specific needs of regional aquaculture businesses.

Collaboration is a cornerstone of our success, and 2023 truly exemplified the power of teamwork across our regional operations. An excellent example of this was the successful launch of Kunemax rabbit feeds across the region. Originally a product developed in the Philippines, Kunemax quickly gained a loyal following. Thanks to outstanding teamwork and regional collaboration, Kunemax has now made its way to Indonesia, and soon it will be available in Malaysia as well.



**A Resilient Future: Embracing Innovation**

We are confident that the new growth engines cultivated in 2023, coupled with enhanced capabilities, will create a stronger and more resilient Food Group. As we move forward, we remain committed to our core business while embracing innovation. By staying true to our commitment to food security, operational

excellence, and customer satisfaction, we are well-positioned to become the leading integrated food and agribusiness company we aspire to be. This journey of transformation is far from over, and we are excited to see what the future holds, fueled by a relentless pursuit of excellence and a dedication to serving the evolving needs of our customers across the Asia Pacific region.



**FROM RESILIENCE TO EMPOWERMENT.**  
The Food Group's journey towards becoming the top food and agribusiness company in the Asia Pacific is fueled by a focus on strengthening production capacities, rapidly growing new segments, and sharpening our organizational capabilities to enable our team to reach new heights.

## 2024 Outlook

The Food Group is committed to sustaining the momentum of recovery and transformation in 2024. As a transformed organization, we will prioritize expanding into new markets, engaging new customer segments, and further enhancing our capabilities. 2024 will bring its own set of challenges, so it is crucial that we continue to strengthen the groundwork for a future that may be more challenging than the past.

As we look towards 2024 and beyond, we will continue to use the Dual Transformation Strategy to guide us. This means we will continue to reinforce our core businesses and tap into new markets and customers. We look forward to the upcoming completion (expected in Q2 2024) of our Yunnan feedmill in China and the Long An feedmill in Vietnam. These modern facilities have substantial production capacities and advanced production lines, which can unlock promising opportunities within emerging segments of the livestock feed market in these countries

We will remain committed to exploring new avenues for business expansion, as well, particularly in the retail sector. Our pet food business will continue to expand its portfolio to cater to evolving customer demands across the region. In addition, we also plan to double

the number of The Good Meat's standalone stores to continue the growth we saw in 2023 and introduce new products throughout 2024 to further boost the meats business.

**Investing in Our People**

The Food Group's focus for 2023 was about resilience, but 2024 is all about empowerment.

Our goal is to become the preferred food and agribusiness company in the Asia Pacific region. This transformation hinges on three pillars: strengthening production capacities, rapidly growing new segments, and sharpening our organizational capabilities. In 2023, we began a significant transformational effort when we executed Project LEAP, the implementation of SAP across our Philippine operations. This integrated system will lead to organizational efficiency and enhance the capability of our team members to get the most out of themselves day to day, laying down the foundation for future growth. We believe that in 2024, our people will have the ability to drive significant change in our organization, and we remain committed to ensuring that they have the resources they need to make a difference.





INFRASTRUCTURE

Enabling  
Businesses.  
Uplifting  
Communities.





At AIC, we are driven techglomerate builders working off a blueprint for infrastructure ecosystems, shaping a future where people and progress thrive in synergy. In building these self-sustaining infrastructure ecosystems with our diverse yet interconnected operating assets, we enable and empower businesses to build, evolve, and thrive, fostering job creation and sustainable economic growth.

**Cosette V. Canilao**

President and CEO  
Aboitiz InfraCapital



Aboitiz InfraCapital's success hinges on building transformative infrastructure ecosystems that will better serve and uplift society through innovation and growth exploration.



# Metrics That Matter



## Economic Estates

**1,600**–hectare  
estate footprint

**100,000**  
employees

**228** industrial locators

## Water

Apo Agua Water Treatment Facility has a

**300 MLD**  
water production capacity

Estate Water and Waste Water treatment facilities across AIC EE currently covering

**1,400** hectares  
and servicing  
**228** industrial locators

as well as commercial businesses and a nearby residential subdivision in LIMA Estate

## Transport & Mobility

**10** million  
Passengers at MCIA

## Digital Infrastructure

Unity has  
**1,048**  
operating macro towers and  
**535** small cells



LIMA Water's laboratory service unit renewed its DENR accreditation as an environmental testing laboratory and has expanded its range of services to include ammonia, nitrate, and color testing for water and wastewater quality assurance.



# Operational Wins and Challenges

It was a dynamic year for us as we optimized existing assets and built upon foundations of hard work to expand our infrastructure ecosystems so our success becomes the success of the businesses and communities where we operate. We are proud of the heights our team was able to accomplish: from expanding our Economic Estate offerings; approaching pre-pandemic passenger traffic in our airport operations; supplying potable water to the Davao City Water District last December 2023, with commercial operations following the next year; and growing the scale of our digital infrastructure portfolio.

## Economic Estates

This year was marked with significant strategic achievements for our Economic Estates. In our West Cebu Estate, we are pleased to announce that new locators could begin construction ahead of schedule in our 39-hectare expansion, which is projected to generate up to 14,000 new jobs. Additionally, we broke ground on a 96-hectare industrial expansion of LIMA Estate, which is anticipated to create up to 31,000 new jobs for the local workforce.

While our Economic Estates continue to lead in smart and sustainable industrial-anchored developments, we are proud of our continuous infrastructure development beyond the conventional industrial park. At LIMA Estate, we entered a new phase in the development of our 30-hectare Central Business District with the topping off of the first of our seven-building office park. This marks a crucial step in propelling the Batangas IT-BPM industry, creating 3,000 new job opportunities, and strategically enhancing LIMA Estate to accommodate higher-value assets and increase consumption within the ecosystem. Diversifying our offerings, we introduced The Pods at LIMA, the first co-living space in Batangas, representing a major milestone in value creation to provide full-suite services for our customers, from locators, to employees, to visitors.

As a trailblazer in sustainable urban development, LIMA Estate proudly holds the distinction of being the largest and the first and only five-star BERDE District-certified industrial estate in the country. We are also going beyond traditional real estate towards a fully realized infrastructure ecosystem of operating capabilities to support our ecosystem, evident in the launch of RED, our electric intra-estate transportation system leveraging



## INFRASTRUCTURE

smart technology and data science to enhance operations and enrich the community's overall experience.

### Water Services

As part of our decarbonization journey, we transitioned one of our LIMA Water treatment plants to renewable solar energy sources, effectively eliminating 100 tons of greenhouse gases annually. LIMA Water also secured the necessary permits for expanding its septage treatment services to clients outside the Estate, addressing proper septage management needs in nearby cities and municipalities. This enables us to preserve the water quality of nearby bodies of water that can serve as a sustainable source for us and the surrounding communities in the future.

The Apo Agua Infraestructura team exhibited operational fortitude to ensure the readiness to deliver water to one million Davaoños: from lingering effects of pandemic-related difficulties, heavy flash floods at the start of the year, and completing the final commissioning activities to fully realize the project. Apo Agua also achieved key milestones in water quality assurance, obtaining accreditation from the Department of Health for Drinking Water Analysis, and the issuance of a Certificate of Potability by the Davao City Health Office. By the end of 2023, we began supplying safe, reliable, and sustainable water to six water supply systems of the Davao City Water District, and commenced

commercial operations the following year. This improved water supply augments the city's reliance on groundwater sources while accommodating the exponential growth and increasing water demand of the community.

### Transport and Mobility

Following the closing of our acquisition in 2022, this year, we entered into the operations of Mactan-Cebu International Airport (MCIA). The regional gateway welcomed four new domestic destinations with airline partners and is now connected to 28 domestic and 13 international destinations, opening up tourism and business growth opportunities to travelers and locals alike. Over 10 million passengers passed through MCIA in 2023, an 81% increase in passenger traffic compared to the previous year.

### Digital Infrastructure

In promoting a digitally enabled and empowered nation, we are committed to strengthening our presence in the digital infrastructure frontier. For 2023, Unity Digital increased its tower portfolio to approximately 1,100 sites. It has closed the transfer and turnover of 67% out of the 1,097 sale-and-leaseback sites from PLDT-Smart and Globe. In addition, Unity has completely built close to 350 towers, and a healthy pipeline of committed BTS site orders to further its scale and solidify its foundation with a healthy mix of both built and acquired sites.



Apo Agua's Water Treatment Plant, located in Brgy. Gumalang along the Bukidnon-Davao Highway, is designed using the water-energy nexus concept - a first in Southeast Asia - where the water used to generate power is treated and supplied to DCWD water supply systems.

# 2024 Outlook

For 2024, we are looking forward to a year of unprecedented growth and transformative ventures. Our strategic priorities are chartering us and our stakeholders on a rewarding path.

The groundbreaking ceremony for our fourth Economic Estate, the beginning of TARI Estate in Tarlac, brings our total estate footprint to 1,600 hectares. This strategic expansion into Central Luzon strengthens our infrastructure ecosystem propositions as we replicate our success in designing and operating smart and sustainable developments, while continuously enhancing our offerings in existing and upcoming Estates, to serve as a catalyst for regional economic development. Additionally, LIMA Estate's upcoming Sustainability Hub project establishes us as a leader in environmentally conscious practices, with initiatives like the compost-to-fertilizer project, creating eco bricks from plastic waste, and a trash-to-rewards program.

Our Estate Water business has conducted a hydrogeology study in preparation for providing water services to TARI Estate and will be conducting similar studies for LIMA Estates' expansion areas as we promote a holistic ecosystem approach to infrastructure development. Additionally, Apo Agua will go through a significant milestone with the initiation of commercial operations and ramping up of production.

This year will see our strategic acquisition in MCIA allowing us to advance our Cebu Connect vision to become the preferred global tourism gateway to the country, leveraging our strategic location, with the aim of a 30% international visitor increase. Optimizing this asset positions us as a key player in the Transport and Mobility sector, strengthening our regional airport bids, and allowing us to build a domestic transfer and travel network. MCIA is set to implement initiatives to bolster sustainability: reducing non-biodegradable waste, undertaking infrastructure projects to decrease energy consumption, integrating renewable energy sources, and implementing systems to minimize and recycle water consumption.

In the sphere of digital infrastructure, we expect a substantial expansion of Unity's footprint and coverage across the country. The turnover of purchased towers, the construction of new towers, and driving the colocation across our towers play a crucial role in bolstering our network capabilities.

It will be an exciting year as our current businesses and key infrastructure projects enter new phases of optimization that will better serve and uplift society. As always, we also continue to explore opportunities for business growth and strengthen our synergies to unlock potential and value in our infrastructure ecosystem.



LIMA Estate's sustainable transportation initiative, Red Link, utilizes electric mini-buses. This shift not only reduces carbon emissions but also provides an eco-friendly transportation option for locators, workers, and visitors alike.



LAND

# Innovating Ways To Lead Filipinos Home

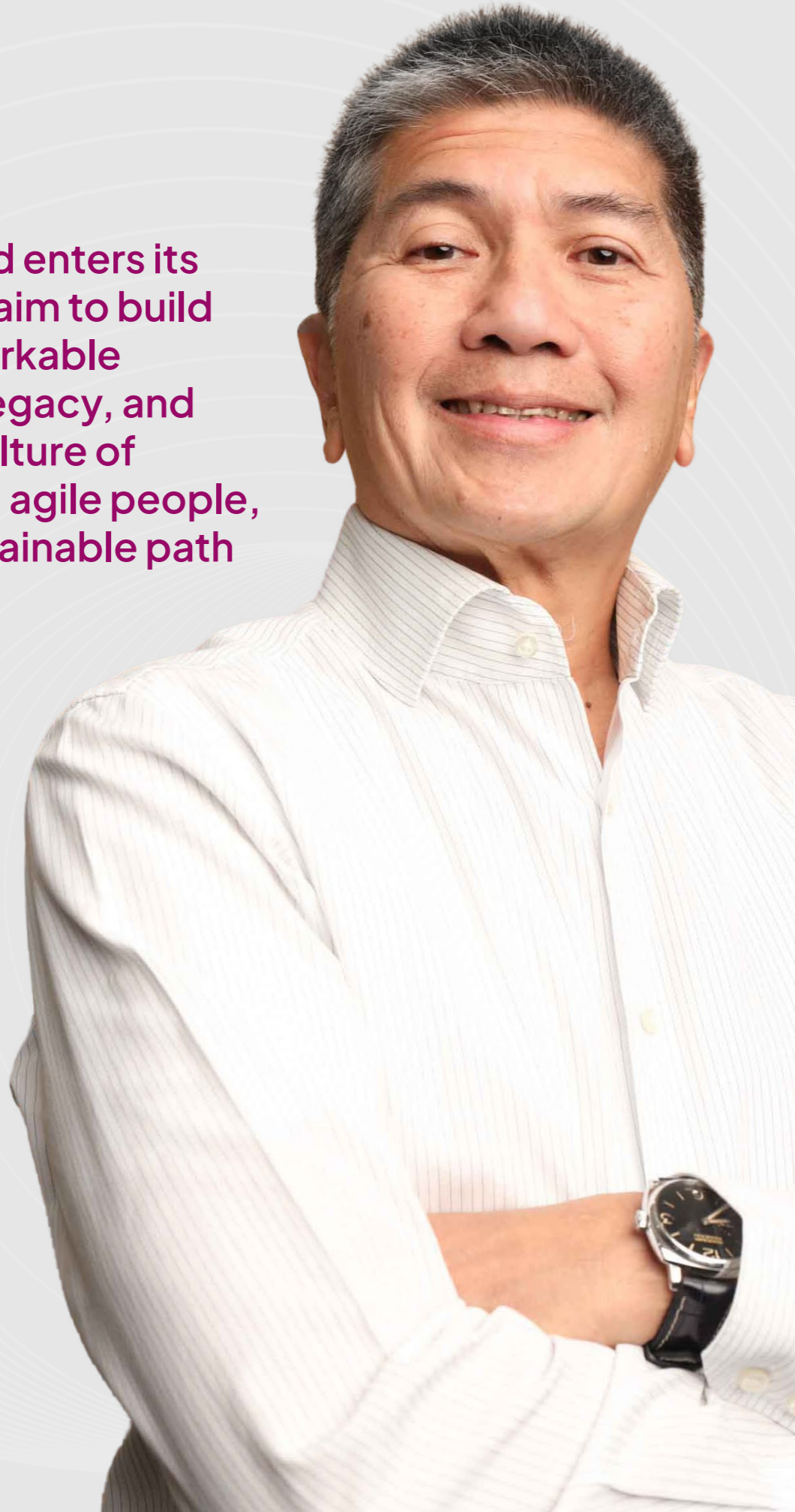






As Aboitiz Land enters its 30th year, we aim to build upon our remarkable heritage and legacy, and our winning culture of innovative and agile people, to carve a sustainable path for the future, innovating ways to lead more Filipinos home.

**David Rafael**  
President and CEO  
Aboitiz Land



From pioneering digital tools to enhancing customer service, Aboitiz Land is driving growth and excellence in the industry to ensure quality living spaces and exceptional experiences for our vecinos.

*Top row, from left: Shaira Mae Gania, Technical Officer, Customer Service Team; Ryan Ilagan, Project Officer, Construction Management. Middle row, from left: Pete Nanlavis, Assistant Manager, Information Technology; Kevin Sexon, Officer, Technical Services Group; Ramon Rosario, General Manager, Point Blue. Bottom row, from left: Mari Loreal Valdez, Assistant Manager, Marketing; Irish Erika Dionisio, Manager, Digital Customer Experience; Security Personnel; Aldrin Mora, Officer, Security and Safety.*



# Metrics That Matter



Aboitiz Land contributed a total of

**PHP3.8 billion**

in revenues, with a 10% and 12% year-on-year increase in Gross Profit and core EBITDA respectively.

Aboitiz Land recorded a Core Net Income After Tax (NIAT) of

**PHP903 million,**

posting a year on year growth of 17%.

We recorded a milestone

**PHP4.8 billion**

in booked sales, successfully concluding a three-year streak of surpassing and meeting annual sales targets.

In construction and house turnover, we completed

**593** housing equivalents (HEQs)

and reduced turnaround time of house acceptance by

**57%.**

Recorded

**PHP3.08 billion**

in collections, a 17% increase from our 2022 performance, as a result of our improved strategies.

Garnered a sustained level of positive feedback from our stakeholders, achieving an

**81%** Customer Satisfaction Rating (CSAT)

in 2023, driven by quality servicing and faster response and resolution times - 50% above SLA targets.





LEADING YOU HOME. Aboitiz Land team members embody our winning culture of innovation and agility, constantly creating value for our vecinos as we carve a sustainable path for the future.

# Operational Wins and Challenges

Transformation has proven to be a driving force for Aboitiz Land's performance in 2023. The investments we made in our people and culture, technology and process are bearing fruit and proving to be the game changer in all aspects of our operations.

We cap a three-year streak of hitting and surpassing our sales targets, with PHP5.1 billion in reservation sales and PHP4.7 billion in gross booked sales. Key to the consistent sales performance is hitting our targets in the affordable market segments and the launch of The Strides in LIMA. Efficiency in sales operations continues to be driven by the Vecino app, a pivotal tool in our digital ecosystem, which allowed us to post a booking conversion rate of 92% and reduced the booking turnaround time to just 14 days. International sales have also contributed significantly, accounting for PHP1.3 billion or 26% of our total sales.

This is greatly enabled by our innovations in the marketing front, driven by robust in-house digital marketing operations and engaging on-ground activations, which delivered 45,446 leads and contributed to over PHP1.7 billion in converted sales.

In 2023, we expanded our unique offering of digitized customer experience through OneVecino, ensuring our customers have access to end-to-end online services, and cementing our claim as an innovative property developer. Through Vecino Support, AI-driven tools allowed us to focus on customer service metrics that mattered to our vecinos, hitting our targets in response time, resolution time and resolution rate, contributing to an overall 80% Customer Satisfaction rate.

In Property Management, we launched Vecino Properties that makes common homeowner requests available through an app like service requests, billing, amenity booking, visitor management, among others.

With OneVecino, Aboitiz Land has revolutionized the way we service our homeowners, from property search, easy payment options, accessible customer support and digitized property management services.

In Collections, we exceeded the previous year's performance by 17%, achieving PHP3.08 billion through a collections automation system and improved strategies driven by harnessing customer data. On the Construction front, we delivered 593 housing equivalents in 2023, buoyed by innovations such as precast panel technology, which allowed us to complete house construction by 50%.



## LAND

In Finance Operations, we continue to reap the rewards of innovations focused on data-centricity, with the adoption of business planning platform Anaplan. This platform allowed us to deliver data transparency and visibility across the organization, resulting in better quality business decisions. The innovation resulted in real-time availability of financial reports, reduced time spent, elimination of human errors, and interconnected data for the operations team. We also launched the Vendor Portal, promising improved planning and vendor management.

In IT, we celebrate the completion of the SAC ECC to SAP HANA migration and the remarkable milestone of achieving 100% Endpoint compliance, recognized by the Cyber and Information Security Office in the 2023 SecSEE Forum. These accomplishments in our back end operations further solidify our commitment to data-centricity and efficiency.

Our commitment to cultivating a thriving workforce is demonstrated through initiatives like the Leadership Readiness Program, emphasizing the imperative baseline competence for effective leadership and its direct impact on leadership satisfaction and team member engagement. Our active participation in Culture Tribes reflects our dedication to transformative efforts, fostering an inclusive and collaborative environment within Aboitiz Land. Reinforcing our values and A+10 behaviors, initiatives like the Value Stewards Awards and CEO Awards of Excellence recognize exemplary employees and teams for outstanding

contributions, fostering a culture of continuous improvement and commitment across the organization.

Indeed, we have built an award-winning organizational culture centered on innovation and agility. Aboitiz Land was recognized by HR Asia as one of the Best Companies to Work For in Asia in 2023. It was also among those honored with the prestigious Circle of Excellence Award under the Diversity Company of the Year category at the Asia CEO Awards.

Aboitiz Land continues to carve a niche and differentiate itself as an innovation-driven property developer and as a thought leader in property technology. In 2023, we were recognized by different award giving bodies for our exemplary developments. Seafront Residences was awarded the Best Housing Development in the Philippines, as well as other awards for Ajoya Cabanatuan, The Villages at Lipa, Amoa and Foressa. OneVecino, our proprietary online portal for digital homebuying, was also recognized at the International Finance Awards. These awards reflect Aboitiz Land's commitment to creating valuable living spaces for our vecinos and innovating the homebuying journey, making it safe, accessible and convenient.

As a result of the initiatives spanning all areas of our operations, we are delivering key business results. Aboitiz Land contributed a total of PHP3.8 billion in revenues, with a 10% and 12% year on year increase in Gross Profit and core EBITDA respectively. We also recorded a NIAT from core operations of PHP903 million, posting a year-on-year growth of 17%.



Seafront Residences, a multi-awarded 43-hectare beach development in San Juan, Batangas has gained a 381% value increase since its launch in 2017. The pioneer of house and lot developments in the San Juan-Laiya coast, Aboitiz Land's inaugural endeavor in Luzon boasts a vibrant seaside community of more than 250 households to date.

## 2024 Outlook

### Navigating Aboitiz Land's Growth Horizons

Embarking on a transformative journey, Aboitiz Land charts its course for future growth, anchored in three strategies: Hyper-harvest, the maximization of the Aboitiz Group landbank, and unlocking the value of major land holdings.

Our focus remains on extracting untapped potential from the undeveloped portions of our developments in North Luzon, South Luzon, and Cebu, maximizing resource efficiency. Additionally, we are now more confident of greater sales velocity because we are armed with much better tools such as data science, expansion of our overseas sales network, and maximizing our expertise in digital sales and marketing.

We have also gained greater and more intimate knowledge of the market, competition and our customers and, therefore, are now in a better and more confident position to come up with more market responsive products, pricing and payment schemes.

Aboitiz Land will continue to serve as a catalyst in optimizing the value of real estate holdings across various Aboitiz business units, including servicing the residential housing needs of the Aboitiz economic estates. By doing so, we believe we can drive substantial value for the real estate business of Aboitiz Land, as it continues to be a valuable resource for the Aboitiz Group.

Unlocking the value of "big-ticket" land banks within the group emerges as a cornerstone in our strategy. These ventures promise not only significant financial returns but also a substantial techglomerate

premium, elevating the Aboitiz reputation. We envision these projects as catalysts for raising our profile and contributing to the overall success of the Aboitiz brand.

In a bold move with Point Blue, we are owning the market on private micro apartments, following our full acquisition of the business in 2023. With a focus on accessibility, affordability, and efficient design, these micro studios in prime locations like BGC and Makati address the need of young urban professionals for quality housing in light of post-pandemic return-to-office and worsening traffic in the metro.

Seeking joint venture opportunities enables growth while minimizing risks, and we continue to explore market opportunities aligned with long-term trends in the Philippine property market. The synergy and techglomerate premium derived from being part of the Aboitiz group remain untapped advantages, positioning us to convert land assets into opportunities that bring additional value to the group.

Three years of focused digitization has enabled Aboitiz Land to establish a robust innovation infrastructure, accelerating sales, enhancing customer experience, improving construction, and increasing organizational productivity. We are then well positioned to continue to reap the rewards as we execute our strategies for the future.

As we continue our journey to the Great Transformation, our commitment to innovative, strategic, and impactful real estate ventures, with the mission of innovating the way we lead Filipinos home continues to shape Aboitiz Land into a significant contributor to the Aboitiz Group's goal towards being the Philippines' first techglomerate.



Awarded Best Housing Development in Luzon at the 2023 PropertyGuru Philippines Property Awards, Ajoya Cabanatuan is a 19-hectare master-planned residential development in Nueva Ecija. This development makes generous green open spaces more accessible to the mid-market.



DATA SCIENCE AND  
ARTIFICIAL INTELLIGENCE

# Empowering Intelligence, Making AI Work







As we reflect on 2023, ADI stands at the intersection of technology and humanity. Our unwavering commitment to making AI work across industries is matched by our dedication to nurturing a culture where our people and our impact converge under the banner of **#OneNewAboitiz**.

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



Aboitiz Data Innovation pioneers impactful solutions with a focus on innovation, sustainability, and excellence. Our team of experts harnesses advanced data science techniques and human-centric AI to drive socially responsible progress.



# Metrics That Matter



## AI Summit PH 2023: By the Numbers

**1,033** unique attendees

**60+** speakers

**50 hours**  
of content

**13** sponsors

**663k USD**  
total generated media value

## Workforce Diversity

**77** team members

42% are women and 58% are men

## Techglomerate Premium Synergies and Global Partnerships

Collaborated with

**50+**

companies, both Aboitiz-owned and external, to leverage techglomerate premium synergies and global partnerships



Aboitiz Data Innovation pioneers solutions at the intersection of innovation, sustainability, and excellence. Through advanced data science and human-centric AI, we drive positive impact with socially responsible solutions.



# Operational Wins and Challenges

## Redefining Boundaries - Pioneers and Culture Architects

Steering through the currents of 2023, our journey navigated the convergence of technology and human ingenuity, aligning our strides in AI and data science with the unified ethos of #OneNewAboitiz. The year unfolded with impactful metrics and significant milestones, signifying our evolution as Techglomerate Builders—remarkable achievements in Financial Services, gaining momentum in Power, collaborations driving Smarter Cities and, empowered government, and the elevation of our company reputation.

These milestones extend beyond mere progress; they reflect our unwavering commitment to transformative outcomes through innovation, sustainability, and excellence. Our endeavors underscore our dedication to shaping the essence of Techglomerate Builders.

## Building Momentum: Triumphs and Trials in 2023

Notable victories and inevitable challenges defined our operational journey in 2023. We achieved significant wins in the Financial Services sector, adding United Overseas Bank Limited (UOB) to our growing list of clients and providing support for Kapital Bank's customer lifetime value programs. We also facilitated the technical go-live of Project Renaissance, a testament to the remarkable synergy between ADI and AboitizPower. Furthermore, we have made strides in shaping smarter cities through collaborations with Aboitiz InfraCapital and pioneering partnerships with government bodies.

Through our journey as Techglomerate Builders, the revitalization of our brand and the success of the AI Summit 2023 have magnified our presence and standing in the industry. These milestones are not just markers of



innovation; they symbolize our drive to push boundaries thriving on pioneering spirit, cultural evolution, and transformative behaviors.

**Financial Services**

2023 was a pivotal year for our Financial Services team in looking to export the capabilities developed from within the Aboitiz conglomerate to external customers. Asian Development Bank (ADB) remains a lighthouse account as it has proven to be a multi-stage engagement where ADI is entrusted with the Generative AI (GenAI) Lab development and launch of GenAI products for use across the bank. We are using ADI expertise and capabilities as an accelerator and trusted

advisor to the Azerbaijani conglomerate PASHA—deploying consulting for customer lifetime value (CLV) modeling with their retail bank, Kapital, as well as now looking to expand this footprint to their insurance businesses and digital wallet startup.

Key domain expertise being sought is on micro-lending, fraud detection, as well as customer intelligence for upselling and cross-selling. Lastly, we are delighted to be working with one of the three Singaporean pillar banks, assisting with their data governance work as well as data lineage as part of their metadata reorchestration project. All of these point to the flexibility that ADI can offer as well as the trust external customers have in us to deliver value to them.



DATA-DRIVEN SYNERGIES. ADI's strategic partnership with AboitizPower, backed by key support functions, delivers tailored energy solutions, enhancing forecasting accuracy and operational resilience.



SMART CITY REVOLUTION. A transformative collaboration between ADI and the Victoria's City Government is set to redefine urban living through data-driven decision-making, marking a significant step towards a smarter, more sustainable future for the city.

**Power**

By the end of the year 2023, our Power team achieved remarkable milestones, revolutionizing AboitizPower's Commercial Operations Business Unit through pioneering collaborations with Solutions Innovation Services (SIS). This transformative journey is set to elevate wholesale operations, directly impacting businesses and utilities. Pioneering tools that worked on grid demand, grid supply, and grid price using Machine Learning (ML) and AI capabilities reshaped AboitizPower's customer insights—enabling tailored energy solutions that boost competitiveness.

The strategic partnership between our Power team and AboitizPower's wholesale team—supported by AboitizPower Information Systems Group (ISG), Innovation and Digital Transformation (IDT), and Cyber and Information Security (CIS)—unveiled nuanced user insights, leading to personalized energy solutions that mitigate risks through improved

forecasting accuracy. These advancements not only optimize operations but also ensure consistent service, bolstering resilience amid market uncertainties, including the ongoing pandemic. Our commitment to customer-centric innovation cements AboitizPower as the go-to partner, dedicated to enhancing customer experiences and operational excellence.

**Smart Cities**

Another noteworthy aspect from the year 2023 is working with national government agencies and local government units, propelling data-driven decision-making and planning for smarter, sustainable cities. Collaborating with Victoria's City, Negros Occidental on the development of their Smart City Master Plan, we are equipping local government officials with digital skills and providing insights into data science and analytics from an application point of view. The road mapping exercise aims to incorporate the insights and ideas from local residents on their vision of Victoria's as a smart city. This



milestone underscores our commitment to fostering impactful collaborations, akin to our continuous efforts with local and global partners.

Simultaneously, our pioneering deal with the Department of Budget and Management for “Budget Analytics Managed Services” signifies a leap toward data-driven governance. Leveraging advanced data science and analytics, this partnership focuses on dynamic dashboards to support budget planning and lays the groundwork for predictive analytics, aligning with our commitment to progressive decision-making.

**Reputation**

Undeniably compelling, our reputation soared to new heights. Our company website revamp went beyond aesthetics, transforming into a user-friendly hub that sparked a surge in visitor

traffic. ADI Insights, our one-stop-shop resource center, struck a chord with our audience, nurturing stronger connections through tailored blogs, resources, and events.

LinkedIn became our beacon of influence, witnessing a 210% leap in followers, a staggering 2,456% spike in page views, and an impressive 2,882% surge in content reactions. Media pickups globally cemented our credibility, while collective awards celebrated our regional prominence. The triumphant AI Summit PH 2023, attracting over a thousand attendees and influential speakers, affirmed our commitment to being a leader in the data and AI landscape. Challenges fueled our growth; we revamped online channels, bolstered our lean team, and seamlessly synced within the #OneNewAboitiz, showcasing our agility as Techglomerate Builders.



ADI's AI Summit PH 2023 facilitated meaningful exchanges among industry leaders and innovators, showcasing the transformative power of data science and AI across sectors and its pivotal role in advancing urban sustainability and financial services. Attendees gained invaluable insights into the multifaceted applications of AI, driving innovation and progress towards a smarter, more connected future.



# Empowering Intelligence, Making AI Work

Data and AI Solutions for a better tomorrow



**Financial Services**

Accelerate financial growth with data-driven AI solutions



**Power**

Future-ready energy solutions with the power of data and AI



**Smart Cities**

Smarter & sustainable cities with human-centric AI

## 2024 Outlook

**Leading Tomorrow's Solutions Today**

Looking forward, our vision for 2024 is imbued with promise and possibilities. As we stand on the cusp of a new era, we are poised to elevate our solutions, expand our collaborations, and continue making meaningful leaps toward symbiotic, sustainable, innovative AI and data-driven outcomes.





**CORPORATE  
SOCIAL RESPONSIBILITY**

**Change Today.  
Shape the  
Future.**





At Aboitiz Foundation, our focus lies in three key areas: Future Leaders, Jobs, and Climate Action. We're dedicated to empowering individuals, generating employment opportunities, and implementing Nature-Based Solutions to forge a sustainable tomorrow. We believe that progress is a collaborative effort, not a solitary endeavor. Reflecting on our journey, we've witnessed how collective action can shape a brighter future for all.

This transition isn't merely a change in direction; it's a significant leap forward in our commitment to transforming lives. Through strategic alliances with both local and global partners who share our vision, we're resolute in our mission to leave a lasting impact. Moving ahead, our primary objective is to streamline our processes, working smarter to amplify our impact on the communities we serve. It's not just about doing things differently; it's about striving for excellence and effecting tangible change."

**Ginggay Hontiveros-Malvar**

President  
Aboitiz Foundation



Reflecting on 35 years of impact, Aboitiz Foundation remains steadfast in its commitment to change today to shape the future through initiatives in Future Leaders, Jobs, and Climate Action. Guided by a vision to create shared value, we continue to forge ahead, driving meaningful change for inclusive prosperity and thriving communities.



# Metrics That Matter



## Future Leaders

**93** projects implemented nationwide

**26 classrooms** built and/or repaired

**PHP17 million** granted in dedicated investments for high school and college scholarships

17 business units (BUs) took part in Brigada Eskwela, benefiting **23 schools**

**189** computers and tablets donated

**454 total scholars** supported, with 181 new scholars in 2023 alone

## Jobs

**39 projects** implemented nationwide

**249** small businesses supported under Biyaheng Digiskarte

**216** livelihood kits donated, benefitting 27 community organizations

**949** community members trained and graduated, with 548 gaining employment

Disbursed a total of **PHP141 million** in loans to individual MSMEs

Disbursed a total of **PHP13 million** in loans to cooperatives

## Climate Action

**119** projects implemented nationwide

**500** individuals went through targeted capacity development initiatives, equipping them with the knowledge and skills to adapt to the impacts of climate change effectively

**1,312** hatchlings released into their natural habitats, contributing to the conservation of endangered species

**10** plans approved for strategic and adaptive responses to climate-related challenges

**10** local government units (LGUs) completed robust, risk-informed plans, ensuring a coordinated and resilient approach to climate action at the local level

**24** nests discovered and protected, safeguarding vulnerable species and ensuring their continued existence

**165,000 seedlings** planted, fostering reforestation efforts and enhancing carbon sequestration capabilities

**27,600 kilograms** of waste collected, contributing to cleaner and healthier ecosystems





FARM TO MARKET. Through Biyaheng Digiskarte, farmers from Benguet are transforming their harvests into high-value products like strawberry juice, boosting both their income and agricultural sustainability.

# Operational Wins and Challenges

## Becoming the Foundation of the Techglomerate

As Aboitiz Foundation celebrated its remarkable 35-year journey in 2023, we reflected on our enduring commitment to effect positive change for a sustainable future. Anchored in the rich legacy of the Aboitiz Group, with over a century of transformative initiatives in the Philippines and beyond, the Foundation continues to embrace its role as a catalyst for meaningful impact.

Throughout 2023, we forged ahead, guided by the Group's vision to change today in order to shape a better future. This report outlines our work and their impact during the year and our roadmap for the journey ahead, as we remain committed towards co-creating safe, empowered, and sustainable communities. We pledge to continue striving towards a future where prosperity is inclusive, communities thrive, and the planet flourishes.

## Jobs

### *Transforming Livelihoods through Digital Empowerment*

In 2023, Aboitiz Foundation's flagship social entrepreneurship program, Biyaheng Digiskarte, took significant strides in empowering MSMEs, agripreneurs, and marginalized communities through the adoption of digital tools and practices.

Through our strategic collaborations with the Global Compact Network Philippines' (GCNP) prosperity pillar and its member companies, we extended our reach and deepened our impact across a wider range of communities. During the year, we successfully provided training, support, and development to 249 small businesses, with 949 community members trained, and 548 landing jobs.

Through GCNP, we partnered with members of the Private Sector Champions (PSC) operating under the Prosperity pillar. These champions include SM Investments Corporation, ADEC Innovations, Philippine Marketing Association, Pilipinas Shell Petroleum Corporation, Subic International Management and Consultancy Inc., Nestle Philippines, Unilever, SGV & Co., Converge, and Jaime V. Ongpin Foundation, Inc. Together, we have leveraged our collective expertise and resources to drive capacity-building programs.



UNLOCKING OPPORTUNITIES. Aboitiz Foundation joined forces with Connected Women to bridge the digital divide, unlocking opportunities for women to thrive in the digital economy.



### Future Leaders

#### *Shaping the Leaders of Tomorrow*

In our unwavering commitment to nurture the leaders of tomorrow, we continue to implement our comprehensive scholarship programs under the Future Leaders pillar. An investment of PHP17 million in 2023 has bolstered our efforts to empower deserving students across educational spectrums.

Specifically, the Aboitiz Scholarship Program experienced a significant boost, as we supported 181 new scholars from high school to college. Additionally, 85 scholars pursuing a technical vocational (TecVoc) education were supported, bringing to a total 454 scholars receiving assistance in 2023 alone. This exponential growth underscores our commitment to inclusivity and accessibility in education, ensuring that no good student is left behind.

We have collaborated with 10 Aboitiz BUs to expand the reach and impact of our scholarship programs. By leveraging the collective resources and expertise of the BUs, we have been able to broaden educational accessibility, paving the way for more individuals to pursue their academic aspirations regardless of socio-economic constraints.

Nonetheless, the impact of the Future Leaders pillar extends beyond the scholarship program. Through holistic development initiatives and partnerships with academic institutions and communities, we have touched the lives of 54,866 beneficiaries, leaving a significant imprint on the nation's education system.

As we continue to evolve and expand the Foundation's reach, we remain steadfast in our commitment to create a future where every individual has the opportunity to thrive and lead with purpose. This is our contribution to ensuring

Under this collaboration, Byaheng Digiskarte co-conducted immersion programs for Shell-supported MSMEs in Rizal, aligning with the core areas of the Prosperity Pillar, encompassing Financing, Supply Chain and Sustainability, Business Continuity Management, and Diversification and Market Access. By facilitating institutional connections and support from PSC members, we aim to further augment the growth trajectory of MSMEs.

Biyaheng Digiskarte is a catalyst for positive change, empowering communities to thrive in the digital landscape and creating sustainable socio-economic impact.

#### **Uplifting Women in the Digital Economy**

Another significant stride we made in driving our commitment to social impact was Elevate AIDA, a pioneering program aimed at getting women communities ready to flourish in the digital realm.

Starting with 60 women from Toledo City in Cebu, Elevate AIDA has grown into a thriving

network of over 300 empowered women. Its vision is to impact 300,000 lives within three years.

As of 2023, the program has effectively upskilled 340 women nationwide, leveraging collaboration between Aboitiz Foundation, various Aboitiz business units (BUs), and Connected Women. These women now have the necessary skills to participate meaningfully in the digital economy, thereby enhancing their socio-economic status and overall well-being.

A pivotal milestone in Elevate AIDA's journey was formalizing the strategic partnership between Aboitiz Foundation, Connected Women, and the Department of the Interior and Local Government. The memorandum of understanding strengthened the commitment of all stakeholders to advance the goals of the program, particularly in the field of artificial intelligence and data annotation training. Through this collaboration, we aim to ensure that women across the Philippines have access to resources and opportunities to thrive in the digital age.



EMPOWERING FUTURES. From collaborating with schools to partnering with governmental and non-profit organizations, the Foundation is dedicated to shaping brighter futures through strategic education initiatives.



## CORPORATE SOCIAL RESPONSIBILITY

inclusive and equitable quality education for all in alignment with the United Nations Sustainable Development Goal 4.

### *Transforming Communities, One School at a Time*

In 2023, we strengthened our community engagement activity through the Brigada Eskwela program with 17 Aboitiz BUs joining hands to create greater impact.

We partnered with 23 schools nationwide where hundreds of Aboitiz team members from different BUs came together, bringing their enthusiasm and expertise to enhance the learning spaces for students. We witnessed major transformations in the school's facilities and premises, making these more conducive

to learning. From refurbishing classrooms to rehabilitating the school gardens, our team members left a lasting imprint on the communities we serve. Beyond physical improvements, the spirit of volunteerism fostered a sense of unity and empowerment among both participants and beneficiaries.

### **Climate Action**

#### *Building Resilient Communities*

In 2023, we continued to make meaningful strides in building resilient communities amid the growing challenges of climate change. Through targeted capacity development programs, 500 individuals underwent comprehensive training to equip them with the knowledge and skills to effectively adapt to the impacts of the climate crisis.



COLLABORATING FOR CONSERVATION. Aboitiz Foundation and Davao Light join forces in managing the Aboitiz Cleanergy Park, a model of habitat conservation and biodiversity management in urban areas. Here, critically endangered sea turtle and their hatchlings find refuge before being freed to the sea.



TOGETHER FOR A BRIGHTER TOMORROW. Aboitiz Foundation unites volunteers across business units for Brigada Eskwela 2023 at Sto. Rosario Elementary School, revitalizing learning spaces and nurturing community bonds.

Moreover, these campaigns have resulted in the enhancement and approval of 10 strategic plans, setting us for proactive and adaptive responses to climate-related challenges. These plans serve as vital blueprints for community resilience, incorporating risk-informed approaches to ensure preparedness and effectiveness in the face of climate threats.

Our collaboration with local government units has led to the development of robust and coordinated climate action plans in 10 communities. These plans empower LGUs to take decisive action, fostering resilience and sustainability at the local level while promoting a unified approach to climate resilience.

As we continue to invest in climate adaptation and resilience-building measures, we remain steadfast in our belief that through collective action and strategic investments, we can create more resilient communities. We aim for these communities to withstand climate

change challenges while achieving sustainable development for all.

#### *Preserving Biodiversity Through Collective Action*

In a world facing unprecedented environmental challenges, Aboitiz Foundation continues to be strongly committed to environmental stewardship. In 2023, our efforts have yielded notable results that show the power of collaboration and innovation in safeguarding our planet's biodiversity.

Through strategic partnerships, we aim to protect the endangered pawikan or sea turtles. Together with Aboitiz Land's Seafront Residences in Batangas and the Aboitiz Cleanergy Park in Davao, in close collaboration with Davao Light, we have released a total of 1,312 pawikan hatchlings into their natural habitats.

These have led to the discovery and protection of 24 pawikan nests, ensuring the safety and



## CORPORATE SOCIAL RESPONSIBILITY

continued propagation of the vulnerable species. This milestone underscores our commitment to the United Nations Sustainable Development Goals (SDGs) 14 and 15. By safeguarding marine and terrestrial ecosystems, we actively contribute to SDG 14: Life Below Water and SDG 15: Life on Land. By preserving the pawikan habitats and promoting biodiversity, we help contribute in advancing the global agenda for sustainable development.

In recognizing the crucial role of forests in mitigating climate change and preserving biodiversity, Aboitiz Foundation continues to

be at the forefront of reforestation efforts. In 2023, we planted a total of 165,000 seedlings across Cebu, Davao, and Batangas, in our effort to rejuvenate degraded landscapes and enhance carbon sequestration capabilities.

In addition, we have prioritized waste management as a key component of our Climate Action pillar. Through responsible collection and reduction practices, we have successfully diverted 27,600 kilograms of waste from landfills, contributing to cleaner and healthier ecosystems.



TO THE SEAS. Sea turtle hatchlings move towards the sea after emerging from their underground nest.

## 2024 Outlook

### Building the Foundation of the Future

After a remarkable 35 years, Aboitiz Foundation continues to strengthen the groundwork to prepare us to realize our vision to become the Foundation of the Future. The Aboitiz Group's Great Transformation towards becoming the Philippines' first techglomerate compels us to leverage innovation and technology as catalysts for the quality of change we aim to create.

We are expanding our program on building future leaders, from providing college scholarships to supporting those pursuing advanced education in science, technology, engineering and mathematics fields and post-graduate learning. Empowering the next generation of innovators and entrepreneurs involves their continued upskilling for them to thrive in the future.

Our campaign to promote job creation seeks to bridge the digital divide for those who have been

excluded far too long, opening ways for them to catch up and seize opportunities in the digital economy.

In addressing global climate challenges, the Foundation's climate action agenda is committed to building a resilient ecosystem, encompassing adaptation, mitigation, and biodiversity management. Being a lead contributor to the Carbon PH initiative, we are building partnerships with the private sector towards addressing climate change with practical solutions and policy advocacy.

Looking ahead, we are on a mission to shape the future with renewed focus, a strengthened mandate, and visionary leadership. Our main priority is to make a deeper and wider impact that leads to an even more promising future for our communities and our nation.



# Building the Techglomerate with Sustainability at its Core

In its over 100 years of advancing business and communities, the Aboitiz Group has grown into a conglomerate spanning multiple life-essential sectors. Now, it aspires to transform into becoming the Philippines' first techglomerate. Sustainability is an integral strategy to achieve this goal.

We in the Group use the business model and language of environment, social and governance (ESG) to enable holistic sustainability transformations and pivot to how the business should lead in a technology-driven future that we are facing.

## Aboitiz Sustainability Playbook

In 2023, we continued to enrich our understanding of ESG and identified what truly matters to make deliberate actions to address sustainability challenges and concerns. The Aboitiz Sustainability Playbook is a manifestation of our collective efforts to create a smart, thoughtful, and results-driven approach to sustainability. We are cognizant that ESG is not just about creating a sustainable future, but also about empowering teams and stakeholders to reach their full potential through cutting-edge technology and innovative solutions.

This Playbook, fully produced by the Group's ESG champions, is the culmination of all the significant updates and changes since our initial 10-year ESG roadmap in February 2020. In light of a better and deeper understanding of sustainability, we had a refreshed and Board-approved ESG framework by October of the same year. In 2023, we developed the #OneNewAboitiz Sustainability Synergy through a series of workshops.

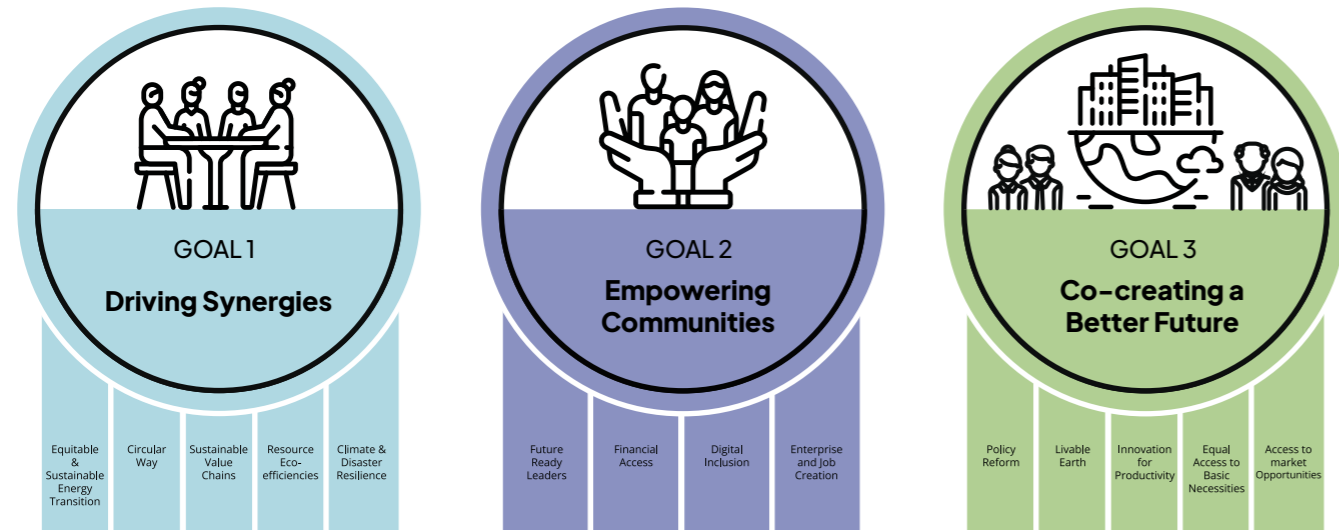


Aboitiz's commitment to sustainability resonates across the communities where we do business, fostering shared prosperity and amplifying value creation for stakeholders. Through our holistic approach, we continue to forge a path towards a future where sustainable development drives lasting positive impact.



We have identified three goals where we can make the most most impact:

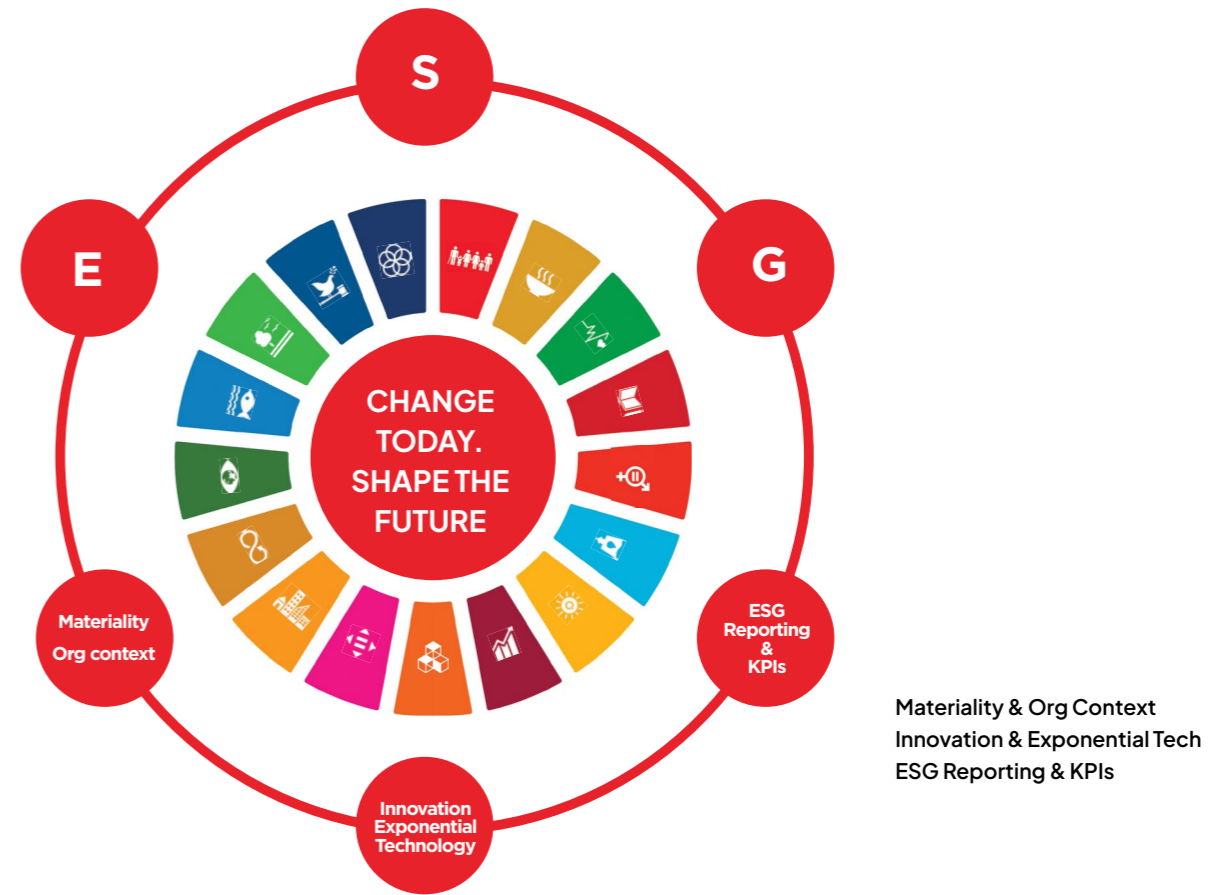
**Our EESG-Focused Actions\***



\*Economic, Environment, Social, and Governance

**#OneNewAboitiz Sustainability Framework**

| Environment  | Social   | Economic and Governance  |
|--|--|--|
| Minimize impact of our businesses and contribute solutions to issues   | Partner with stakeholders in creating value  | Grow profitably and sustainably  |
| Focus Areas  |  |  |
| <ul style="list-style-type: none"> <li>Renewable energy and low carbon opportunities</li> <li>Biodiversity</li> <li>Water Security</li> <li>Waste Management</li> <li>Pollution &amp; Deforestation</li> </ul> | <ul style="list-style-type: none"> <li>Solutions to poverty and food security</li> <li>Inclusivity &amp; Digitalization</li> <li>Skills for the Future</li> <li>Smart &amp; Resilient Cities</li> <li>Health &amp; Safety</li> </ul> | <ul style="list-style-type: none"> <li>Robust Governance Structure</li> <li>ESG Risk Management</li> <li>Market Opportunities</li> <li>Investment Framework</li> </ul> |
| Materiality & Org Context  | Innovation & Exponential Technology  | ESG Reporting & KPIs   |
| Identify topics and issues that affect our business' ability to create value over time including global and local trends; GT and Federated structure   | Voyage sprints for sustainability solutions  | ESG monitoring, reporting, ecosystems management, and assurance  |



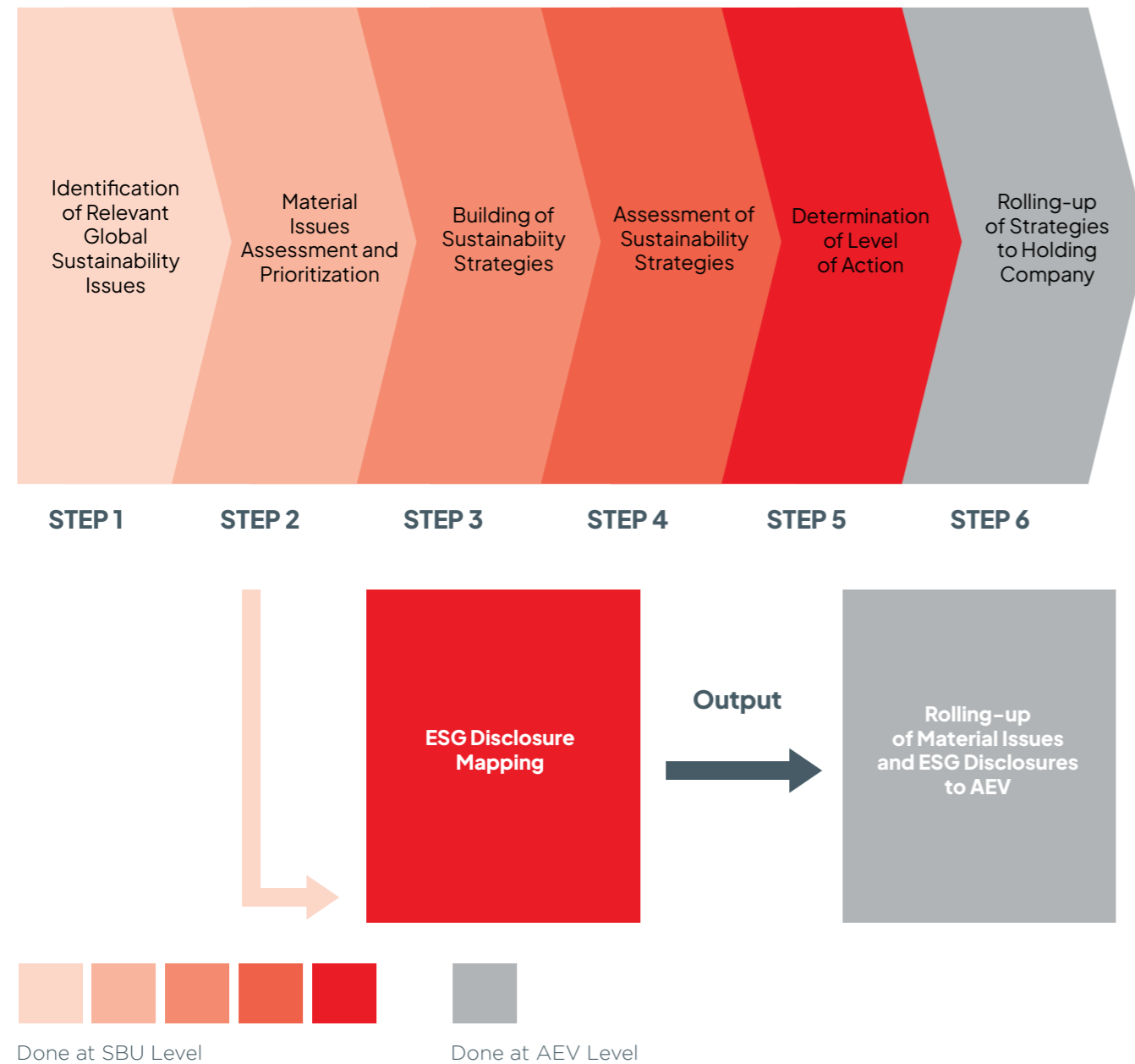
**Materiality**

Materiality is the crucial process for the Aboitiz Group to effectively navigate the complex landscape of ESG issues. Firstly, these assessments enable us to pinpoint the most significant risks and opportunities that could impact their long-term viability and success. By identifying and prioritizing these material issues, the Group can allocate resources strategically, focusing on areas where they can make the greatest positive impact while mitigating risks that could potentially harm our ability to create value for our stakeholders. It also provides us transparency and accountability by ensuring that the Group aligns its actions with the expectations and concerns of stakeholders, including investors, customers, employees, regulators, and local communities. This not only enhances trust and credibility but also fosters stronger relationships with stakeholders, ultimately contributing to sustainable value creation and resilience in an ever-evolving business landscape.

The materiality assessments also helped in the creation of the sustainability roadmap and playbook for integrating sustainability considerations into organizational strategy, decision-making processes, and reporting mechanisms. By embedding material ESG issues into core business practices, Aboitiz can drive innovation, enhance operational efficiency, and capitalize on emerging market trends and consumer preferences. Furthermore, these assessments facilitate the identification of gaps and areas for improvement, enabling continuous learning and adaptation in response to evolving stakeholder expectations and changing market dynamics. Ultimately, by embracing materiality assessments as a fundamental aspect of our sustainability approach, we are fostering a culture of responsible business conduct, uphold our social license to operate, and position our business for long-term success to achieve the aspiration of becoming the Philippines' first techglomerate.



## Development of Sustainability Strategies



### Sustainability Data Management and Governance

We establish our process and systems and utilize tools for sustainability data management and governance to effectively collect, store, analyze, and report on sustainability-related information within the organization. As sustainability becomes an increasingly important aspect of our business operations, proper management and governance of

sustainability data are crucial for organizations to understand their environmental, social, economic and governance impacts and make informed decisions to improve their overall sustainability performance.

To provide transparency and detailed information relevant to our material topics our data is available at [\(insert link\)](#).

## List of Material Topics and Relevant SDGs

|                             | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|-----------------------------|---|---|---|---|---|---|---|---|---|----|----|----|----|----|----|----|----|
| <b>Environment</b>          |   |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |
| Renewable Energy            |   |   |   |   |   |   | ● |   |   |    |    |    | ●  |    |    |    |    |
| Low Carbon Opportunities    |   |   |   |   |   |   | ● |   |   |    |    | ●  | ●  |    |    |    |    |
| Biodiversity                |   |   |   |   |   |   |   |   |   |    |    |    |    | ●  | ●  |    |    |
| Water Security              |   |   | ● |   |   | ● |   |   |   |    |    |    |    |    |    |    |    |
| Waste Management            |   |   |   |   |   |   |   |   |   |    |    | ●  |    |    |    |    |    |
| Pollution & Deforestation   |   |   |   |   |   |   |   |   |   |    |    | ●  |    | ●  | ●  |    |    |
| <b>Social</b>               |   |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |
| Solutions to Poverty        | ● |   |   | ● |   |   |   |   |   |    |    |    |    |    |    |    |    |
| Food Security               |   | ● |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |
| Inclusion                   |   |   |   | ● | ● |   |   |   |   | ●  |    |    |    |    |    |    |    |
| Digitalization              |   |   |   |   |   |   |   |   |   | ●  |    |    |    |    |    |    |    |
| Workforce: Skills of Future |   |   |   | ● |   |   |   | ● |   |    |    |    |    |    |    |    |    |
| Disaster Resilience         | ● |   |   |   |   |   |   |   |   |    |    |    | ●  |    |    |    |    |
| Health & Safety             |   |   |   |   |   |   |   | ● |   |    |    |    |    |    |    |    |    |
| <b>Governance</b>           |   |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |
| Good Governance             |   |   |   |   |   |   |   |   |   |    |    |    |    |    |    | ●  | ●  |
| ESG Risk Management         |   |   |   |   |   |   |   |   |   |    |    |    | ●  |    |    |    |    |
| Market Opportunities        |   |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    | ●  |
| Investment Framework        |   |   |   |   |   |   |   | ● | ● |    |    |    |    |    |    |    |    |

This table shows the high-level overview of the Sustainable Development Goals' (SDG) relevance per focus area topics that are determined as common across the different strategic business units (SBUs). These are also priority areas where business can lead a positive impact that can be scaled in the future. Each area also contributes to address the targets and indicators of the SDGs. In 2023, AboitizPower and Aboitiz InfraCapital undertook their Materiality Reviews to integrate the necessary strategic decisions for their SBUs.

The two business units identified opportunities for improving their own materiality assessment process. This includes enhancing stakeholder engagement efforts, refining methodologies for identifying and prioritizing material issues, strengthening data collection and analysis capabilities, and improving integration into organizational strategy and reporting.





# Environment

Our sustainability management approaches for the environment encompass a range of strategies and practices aimed at minimizing negative environmental impacts while promoting long-term ecological health. Environmental management approaches helped us reduce our environmental footprint, mitigate risks, comply with regulations, and contribute to a more sustainable future. These approaches not only benefit the environment but also yield economic and social benefits, including cost savings and improved relationships with the communities where we operate.

## **Environmental Management Systems (EMS)**

EMS frameworks such as ISO 14001 provides guidance to our governance approach for business units of the group to manage their environmental responsibilities effectively. EMS involves setting environmental objectives, implementing processes to achieve them, monitoring performance, and continuously improving environmental performance. A fundamental principle of EMS is continuous improvement, whereby our business units strive to enhance their environmental performance over time. This involves analyzing performance data, identifying opportunities for improvement, implementing corrective and preventive actions, and reviewing the effectiveness of these actions through management reviews and audits.

## **Regenerating Natural Capitals**

Regenerating natural capital involves restoring, enhancing, and conserving ecosystems and biodiversity to ensure the sustainable provision of ecosystem services and resources that support human well-being and economic activities. Aboitiz recognizes the importance of natural capital because it provides renewable and non-renewable stocks including air, water, soil, forests, oceans, and biodiversity that is critical for the business to survive for the long term. Regenerating natural capital requires a holistic approach that recognizes the

interconnectedness of ecological, social, and economic systems.

## **Eco-efficient Resource Management**

### *Water*

Water management is becoming increasingly critical for the businesses as water scarcity and quality issues escalate not just locally but globally. For Aboitiz, effective water management involves understanding our water risks, optimizing water usage, and mitigating adverse impacts on local ecosystems and communities. Our businesses interact with water across various stages of our value chain at the strategic business unit level, including raw material sourcing, food production, power generation and distribution, real estate and infrastructure development, and wastewater treatment and disposal. Sustainable water management practices entail implementing water-efficient technologies, investing in water recycling and reuse systems, engaging with suppliers to promote responsible water practices, and collaborating with local stakeholders to support watershed conservation efforts. By prioritizing water stewardship and integrating water considerations into their operations and supply chains, our businesses can enhance resilience, minimize operational risks, safeguard water resources for future generations, and contribute to broader sustainable development goals.

### *Waste*

Waste management is one of the key aspects of our sustainable business practices, encompassing the reduction, reuse, recycling, and proper disposal of waste materials generated throughout a business's operations. Business units interact with waste at various processes in the value chain, from production and packaging to distribution and end-of-life disposal. Embracing the principles of the circular economy, the Group aims to minimize waste generation by designing processes for less waste and looking for solutions to closing the loop on material flows. Through initiatives



such as operational eco-efficiencies, recycling, reusing, waste-to-energy conversion. The Group is continuously improving in reducing environmental impacts and creating potential new economic opportunities within a circular framework through our programs. By adopting circular economy principles and implementing innovative waste management strategies, our business can not only reduce costs associated with waste disposal but also enhance our competitiveness, and environmental stewardship.

**Energy**

Improving energy efficiency, conservation, promotion and development of renewable energy generation and use of technology are key areas of our sustainable energy management. This involves implementing measures to reduce energy consumption

across operations, facilities, and processes through technological upgrades, operational improvements, and behavioral changes. Energy audits, monitoring systems, and performance benchmarks are often used to identify opportunities for efficiency gains. We also prioritize energy conservation by implementing energy-saving technologies, optimizing equipment usage, and promoting energy-conscious behavior among employees and stakeholders. Our business units also leverage on smart technologies, automation, and data analytics that can enhance energy management by optimizing energy use, predicting energy demand, and identifying inefficiencies in real-time. Smart meters, building automation systems, and energy management software enable organizations to monitor, control, and optimize energy consumption more effectively.



DELIVERING QUALITY AND SUSTAINABILITY. LIMA Water ensures access to safe water and sanitation for over 65,000 employees across LIMA Estate through its state-of-the-art wastewater treatment plant.

**Ecosystem-Based Approach to Biodiversity**

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

**Coastal**



Youth leaders from the Most Outstanding High School Graduate (MOHSG) Program, led by JCI Davao, explore the Aboitiz Cleanergy Park. Together, they champion biodiversity through coastal cleanups and mangrove planting, safeguarding habitats for Hawksbill sea turtles.

**Aboitiz Cleanergy Park**, an eight-hectare biodiversity reserve in Davao City, serves as a vital nesting site for critically endangered hawksbill sea turtles. It is home to diverse mangrove species, a botanical garden with 29 native tree varieties, 108 bird species, and the Pawikan Rescue Center, which is currently caring for seven rescued sea turtles.

Through weekly tours, public awareness campaigns, and the ongoing PawiCamp program, the Park seeks to engage partners who share its commitment to environmental sustainability. Dedicated to biodiversity conservation, we prioritize safeguarding our ecosystem.

Through collaborative efforts, the Park has seen notable improvements in biodiversity, including increased bird populations and nesting activity. These successes reflect the effectiveness of joint initiatives. Partner-led activities such as mangrove/tree planting and coastal clean-ups have further enhanced the local environment.

**Success metrics (As of March 20, 2024):**







Sea turtles or *Pawikans* are known to return faithfully to the same beach where they were born or previously nested.

### Aboitiz Land's Pawikan Conservation Project at Seafont

Aboitiz Land and Aboitiz Foundation are proponents of the Pawikan Conservation Project launched to protect endangered sea turtles, particularly Olive Ridley species, that nest on the beaches surrounding the former's Seafont Residences in Barangay Calubcub II, San Juan, Batangas. This project supports the environmental compliance requirements of the organization while prioritizing the local biodiversity of this coastal community.

To sustain pawikan conservation activities, a new 3-year project has been proposed, which aims to establish a permanent sea turtle hatchery area, train more stakeholders in pawikan nesting monitoring, and deepen pawikan conservation knowledge in the wider San Juan community. Aside from helping to strengthen pawikan conservation activities, it will continue environmental impact offsetting and enhance the educational campaign and community engagement. The project team will later on transition its management to Seafont Residences homeowners.

### Success metrics (As of February 27, 2024):



### Forests

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



The Aboitiz Group's APARK program supports the Philippine government's nationwide reforestation efforts, bolstering carbon sequestration and contributing to global climate action.



Pangarap symbolizes our dream of an abundant population of suitably reared Philippine eagles in the wild.

### AboitizPower and Pangarap

In 2010, AboitizPower adopted a female Philippine eagle, contributing to wildlife conservation efforts. At 25 years old, Pangarap, continues to receive essential support for her well-being, including funding for food, veterinary care, and shelter maintenance. Transitioning from her role in the breeding program, Pangarap now serves as a distinguished ambassador for conservation education, captivating audiences with her majestic presence and inspiring stories. Under the care of the Philippine Eagle Foundation (PEF) in Davao City, Pangarap thrives, symbolizing our collective commitment to wildlife preservation and the progress of the Philippines.

### Success metrics (As of December 31, 2023):



### Rivers



Davao Light's Occupational Safety, Security, Health, and Environment Department (OSSHED) spearheaded a Mamay Creek Estero Clean-up in Purok NHA, Buhangin, Davao City, as part of its annual CSR program. Since 2012, Davao Light has been caring for this area, emphasizing environmental stewardship. This commitment is reinforced by a Memorandum of Agreement with DENR-EMB XI to protect and develop sections of San Isidro Creek in Barangay Buhangin.

**The Adopt-a-River/Estero Program**, led by various Aboitiz BUs, has adopted a total of 12 waterways, covering approximately 21.56 kilometers. With a mission to tackle pollution and promote local sustainability, this program engages communities and partners in rehabilitating waterways, enhancing water quality, and restoring biodiversity. Through clean-up drives and education, it fosters environmental stewardship among stakeholders, including estero communities, donor-partners, LGUs, NGAs, and DENR to mobilize communities for ongoing riverbank cleanups and sustainably manage clean rivers.



## Transformations for Climate Change Resilience

Climate change presents significant challenges and opportunities for the Aboitiz Group across the various sectors it is currently invested into and potential portfolio investments in the future. Management takes proactive decisions and actions to effectively address climate change and adapt to or mitigate its impacts.

Conducting thorough climate risk and opportunities assessments helps us identify and assess the physical, transition, and liability risks associated with climate change. By understanding these risks, businesses can develop risk management strategies, adapt their operations and supply chains to changing climate conditions, and enhance resilience to climate-related disruptions.

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

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





# Social

For Aboitiz, social sustainability management involves integrating social considerations into organizational strategies, operations, and decision-making processes to create positive social impacts and promote well-being. Our focus on people helps us prioritize building more inclusive, equitable, and sustainable communities and contribute to the achievement of broader societal goals.

## **Diversity and Inclusion and Total Rewards**

### *Diversity and Inclusion*

In 2023, we at Aboitiz Equity Ventures further cemented our commitment to promote diversity, equity, and inclusion (DEI) as foundational elements for cultivating a high-performing and deeply engaged workforce.

Among our key efforts is the celebration of significant events like Women’s Month, Pride Month, and Mental Health Month through more enlightening infosections. These sessions have been instrumental in raising awareness and encouraging open dialogues within our workforce on these critical topics.

An active member of the Philippine Business Coalition for Women Empowerment, our company remains committed to advocating workplace gender equality.

Our celebration of Pride Month has become more inclusive, demonstrating our commitment to supporting the LGBTQIA+ community. We hosted “OUTspoken,” a comprehensive DEI session, covering topics like SOGIE understanding, LGBTQIA+ identity, its impact on mental health, and the importance of allyship.

Our DEI Framework is also being updated to reflect the evolving needs of our diverse workforce.

### *Total Rewards*

We believe that a competitive and sustainable total rewards program is essential for promoting a shareholder mindset and teamwork among our employees. Our compensation philosophy is centered on meritocracy and meaningful reward differentiation based on individual and organizational performance. We continuously review our total rewards programs to ensure that we are market-competitive, allowing us to attract and retain key talents who contribute to and share the success of the business. We are proud to offer our team members the Flexible Benefits (MyBen) Program, which allows them to optimize and tailor-fit their employee benefits for the year according to their specific needs. This program enables them to make informed choices about their benefits and promotes their overall well-being.

## **Talent Experience and Employee Engagement: Fostering a Thriving Work Culture**

### *CEO Engagements*

In 2023, Aboitiz Group President and CEO Sabin M. Aboitiz (SMA) continued his critical role of chief “engagement” officer, deepening his commitment to fostering a connected workplace. He has effectively utilized a combination of virtual platforms and face-to-face interactions to maintain open communication and strengthen bonds with team members of the Group.

A key component of this is his monthly townhall sessions called SuperDuperCon in which he discusses a wide range of topics that Aboitiz team members need to understand and, more importantly, hear their CEO talk about. The townhall is occasionally held at BU locations to give SMA the opportunity to meet and hear from A-People outside the corporate center,





MEET THE TECHGLOMERATE BUILDERS. A-People from across the different SBUs work in synergy to create value and champion the Great Transformation of the Group into the Philippines' first techglomerate.

take their questions, and listen to their ideas. Those working remotely are also able to watch the sessions livestreamed on YouTube and post questions online.

The Welcome Aboard initiative remains a quarterly highlight where SMA personally greets some new members of the Group who are integrated into the organization through four sessions.

The Up Close with SMA sessions, which were significantly impactful in the previous year, continued in 2023. SMA engaged in 12 meetings to connect closely with long-standing A-People, fostering a culture of engagement. He encouraged both team members and leaders to promote similar levels of interactions within their own teams to nurture a synergistic and dynamic work environment.

*Employee Engagement*

In 2023, our commitment to active listening and comprehending the needs and social concerns of our team members remained a top priority. Building upon the technological advancements of the previous year, we continued to leverage

cutting-edge technology and artificial intelligence to conduct thorough and regular pulse checks on our A-People.

We have significantly improved the ticketing system of our chatbot CHRis, enhancing its capabilities to handle concerns raised by team members. This enabled a faster and more efficient way of managing issues.

*Talent Optimization and Learning and Development*

As we continue to ramp up our Great Transformation vision, the Aboitiz Academy designed learning programs to equip our talents with capabilities to thrive in a techglomerate and support the Group's transformation objectives.

To cultivate these capabilities among our A-People, we conducted many #LearningLunes sessions with topics that included agile ways of working, future of ChatGPT, and resiliency, to name a few. We continue to leverage the Board Learning Series as a venue for executive learning sessions with topics such as innovation, risk management and change management. To further optimize our

e-learning platform LinkedIn Learning, we deployed specific learning paths mapped to core capabilities. With this and other LinkedIn Learning initiatives, we are again recognized this year as finalists in the LinkedIn Talent Awards under the Best Culture of Learning category.

We are also supporting new ways of learning through exposure and experiential learning. In May 2023, we launched Aboitiz Agile Scrum Chapter, a community of agile practitioners and enthusiasts, with a total of 175 chapter-members Group-wide. Complementing this, we conducted courses such as Design Thinking, Customer Journey Mapping, Business Model Canvas, Professional Scrum Master Certification, and Product Owner Certification. In AEV alone, we have a total of 41 trained Scrum Masters and two trained Product Owners.

Our commitment to transformative learning was further exemplified when we partnered with Google in August 2023 for Generative AI skilling programs for awareness and advancement of tech-skills. In October 2023, we launched Data Science Bootcamp, which brought together 344 team members from diverse units who are interested in enhancing their data science capability.

Moreover, we have integrated the A+10 core behaviors into our leadership development programs through our partnership with Harrison Assessment Talent Solutions (HATS). Leveraging their online platform, we assess the factors affecting values and behaviors, ensuring our leadership development initiatives are intricately aligned with our organizational goals and values.



INNOVATION IN ACTION. Our Aboitiz Agile Scrum Chapter fosters a community of 175 agile practitioners across the Group, supported by courses in Design Thinking and other key methodologies.



## Occupational Safety and Health

Occupational Safety and Health (OSH) management is essential for protecting the well-being of A-People in the workplace. The business units employ various approaches to ensure OSH compliance and promote a culture of safety. Firstly, implementing robust OSH policies and procedures that adhere to industry relevant regulations and standards is foundational. This involves conducting thorough risk assessments to identify workplace hazards, implementing appropriate control measures to mitigate risks, and providing team members with comprehensive training and resources to work safely. Additionally, we establish clear communication channels for reporting hazards, incidents, and near-misses, fostering a proactive approach to hazard identification and prevention. Regular inspections, audits, and reviews are conducted to monitor OSH performance, identify areas for improvement, and ensure ongoing compliance with OSH requirements.

Fostering a safety culture is crucial for promoting team member engagement and commitment to OSH. The Group encourages employee participation in safety initiatives through consultation, involvement in safety committees, and recognition of safety contributions. Leadership plays a critical role in setting the tone for safety, demonstrating a commitment to OSH through visible leadership, resource allocation, and accountability for safety outcomes. Continuous improvement is emphasized, feedback mechanisms are established, analyzing incidents and trends to identify systemic issues, and implementing corrective and preventive actions to enhance OSH performance. By prioritizing OSH management approaches the Group provides accident prevention, empowerment, and continuous improvement to create safe and healthy work environments where our team members, contractors and relevant external stakeholders can thrive.

PROMOTING SAFETY EXCELLENCE: Our comprehensive Occupational Safety and Health (OSH) management approach prioritizes robust policies, proactive hazard identification, and a culture of continuous improvement. Through rigorous compliance, leadership engagement, and teammember participation, we create safe and healthy workplaces for all stakeholders at the Group.



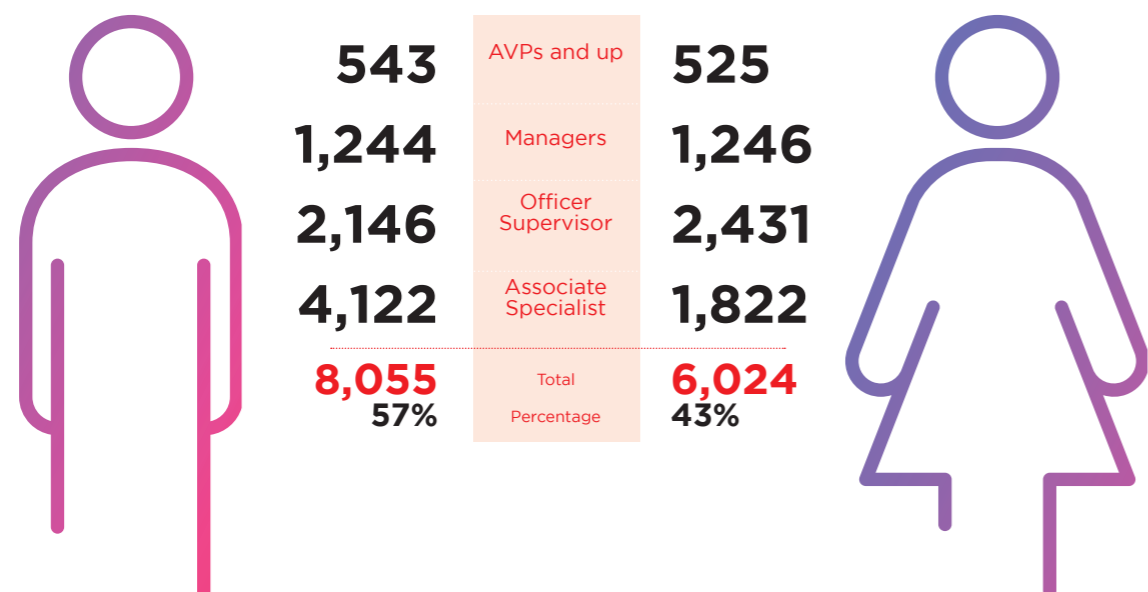
| 2023 OSH Milestone/Activities  | Date   |
|--|--|
| <p><b>KAISA Star Seal (AEV - NAC Tower)</b><br/>The star seal is awarded by the Bureau of Fire Protection (BFP) to deserving establishments in recognition of their efforts for fire safety awareness, initiatives, and support for the BFP's programs. Further, BFP also grants the "Gawad Ligtas na Gusali Award" to establishments conferred with a KAISA Star Seal for three consecutive years.</p>  | November 16, 2023<br>(Awarding)  |
| <p><b>Safety Committee Meeting (NAC Tower and ACO Banilad Offices)</b><br/>Discussions on committee responsibilities and assignments, health and safety trainings, and safety inspection findings</p>  | Monthly, every third Thursday of the month   |
| <p><b>Quarterly Nationwide Simultaneous Earthquake Drill</b><br/>This activity is a quarterly exercise which aims to instill public awareness and preparedness from the threats of quake and other hazards. Simulation exercises such as preparation of the 'Big One' and tsunami scenario looks into contingency plans in the face of a strong earthquake and subsequent tsunami. Aside from evacuation drills, communication and coordination drills, functional exercises were also conducted. Officials from various government agencies gave the Group valuable insights and emphasized the importance of preparing every community for different scenarios that may happen when a strong earthquake strikes.</p> | Q1 - March 9, 2023<br>Q2 - June 8, 2023<br>Q3- September 7, 2023<br>Q4- November 9, 2023 |
| <p><b>First Aid Responders' Training (NAC Tower)</b><br/>Depending on the number of workers and Risk classification, establishments are required to maintain a corresponding number of First-Aiders as per Republic Act 11058. Training is facilitated by the Philippine Red Cross.</p>  | 1st Batch - August 24, 25, 29, & 30<br>2nd Batch - Oct 17, 18, 25, & 26                  |
| <p><b>Fire Drill (ACO Banilad)</b><br/>Around 194 ACO Banilad team members participated in our annual fire drill. This drill aims to prepare them for possible fire scenario that may happen in the building.</p>  | June 1, 2023   |
| <p><b>Earthquake Drill (ACO Banilad)</b><br/>Around 312 ACO Banilad tenants participated in our annual earthquake drill. This drill aims to prepare them for possible earthquake scenario that may happen in the building</p>  | October 19, 2023   |
| <p><b>Bureau of Fire Certificate of Completion (COC) Training</b><br/>This is a 40-hour training participated by 25 team members from different business units. The training covered five basic aspects of fire rescue, namely Fire Brigade structure, Fire fighting techniques, First and and Basic Life Support, High angle Ropemanship or rope rescue (rappelling).</p>   | May 16, 2023   |
| <p><b>Conversion of Red to Green Fire Extinguishers (ACO)</b><br/>In compliance with BFP's requirement, we began replacing our fire extinguishers in 2023 from ABC type (Dry Chemical) to HFC 236 (Clean agent). It is noncorrosive, electrically non-conductive, free of residue, and has an ODP (Ozone Depleting Potential) of zero.</p>   | September 2023   |
| <p><b>First Aid Responders Training (ACO Banilad)</b><br/>Depending on the number of workers and Risk classification, establishments are required to maintain a corresponding number of First-Aiders as per Republic Act 11058. Training is facilitated by the Philippine Red Cross.</p>   | Aug 14 and 15, 22 and 23, 2023   |



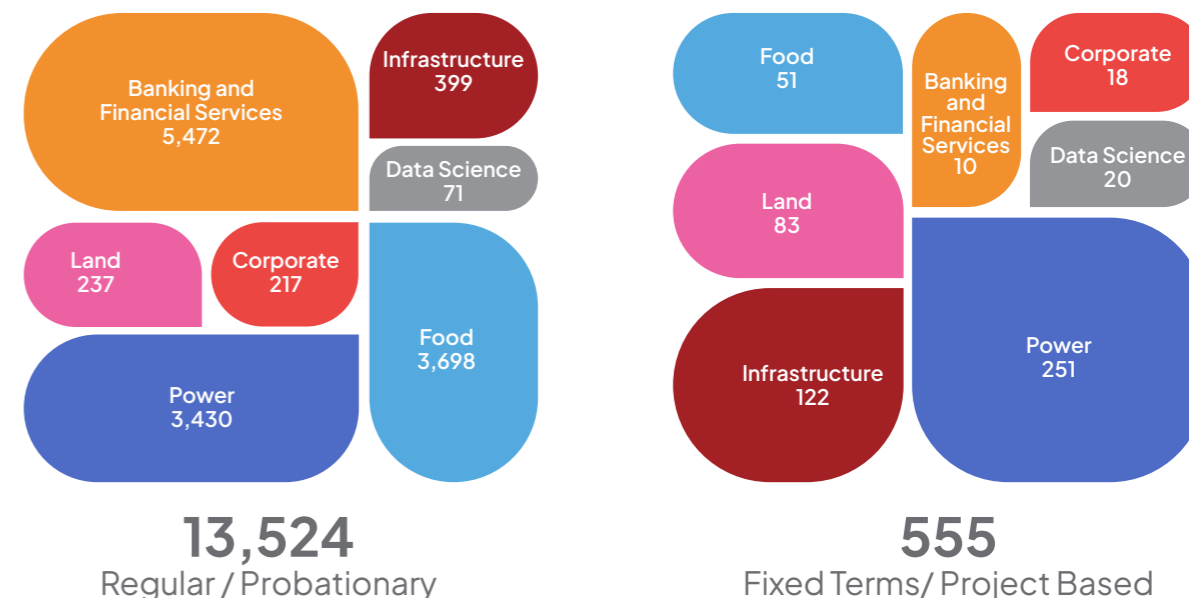
# 2023 Talent Analytics

## Gender vs. Level

Total Number of TMs in Aboitiz Group

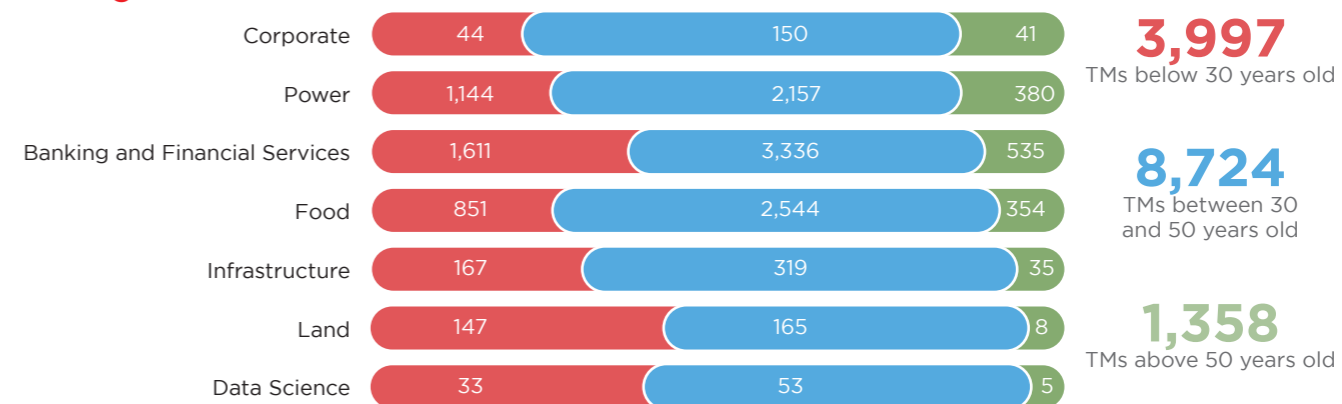


## Employment Type

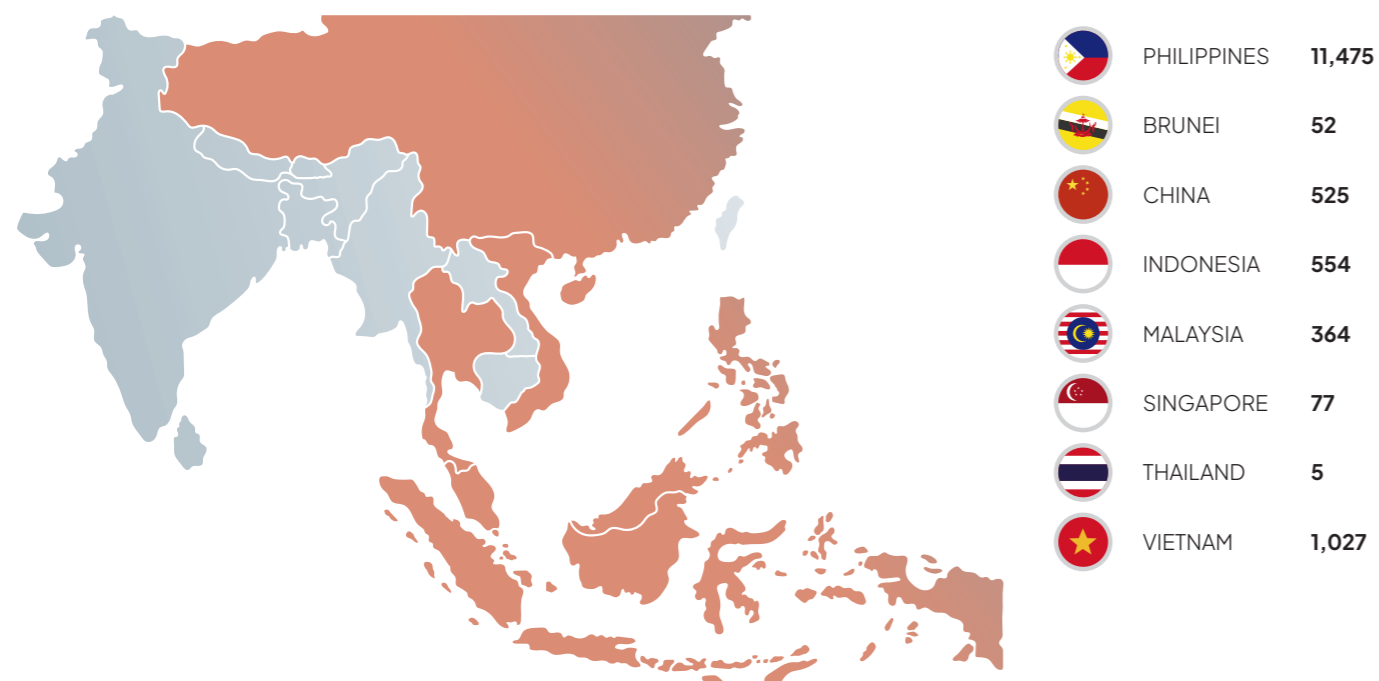


|                      | Corporate  |            | Power        |              | Banking and Financial Services |              | Food       |              | Infrastructure |            | Land       |            | Data Science |           |
|----------------------|------------|------------|--------------|--------------|--------------------------------|--------------|------------|--------------|----------------|------------|------------|------------|--------------|-----------|
|                      | Female     | Male       | Female       | Male         | Female                         | Male         | Female     | Male         | Female         | Male       | Female     | Male       | Female       | Male      |
| AVPs & up            | 40         | 27         | 94           | 165          | 321                            | 235          | 38         | 74           | 20             | 27         | 11         | 9          | 1            | 6         |
| Manager              | 30         | 39         | 155          | 290          | 879                            | 614          | 100        | 193          | 31             | 47         | 43         | 41         | 8            | 20        |
| Officer Supervisor   | 27         | 19         | 186          | 417          | 1,722                          | 1,048        | 350        | 547          | 87             | 66         | 59         | 43         |              | 6         |
| Associate Specialist | 36         | 17         | 720          | 1,654        | 423                            | 240          | 455        | 1,992        | 98             | 145        | 64         | 50         | 26           | 24        |
| <b>Total</b>         | <b>133</b> | <b>102</b> | <b>1,155</b> | <b>2,526</b> | <b>3,345</b>                   | <b>2,137</b> | <b>943</b> | <b>2,806</b> | <b>236</b>     | <b>285</b> | <b>177</b> | <b>143</b> | <b>35</b>    | <b>56</b> |

## Age



## Region



## Years of Tenure

| No. of Years     | Corporate  | Power        | Banking and Financial Services | Food         | Infrastructure | Land       | Data Science | Total         |
|------------------|------------|--------------|--------------------------------|--------------|----------------|------------|--------------|---------------|
| Less than 1 year | 48         | 685          | 857                            | 544          | 193            | 90         | 45           | 2,462         |
| 1 to 5 years     | 70         | 1,291        | 2,636                          | 1,437        | 261            | 153        | 44           | 5,892         |
| 6 to 10 years    | 45         | 716          | 759                            | 873          | 42             | 56         | 2            | 2,493         |
| 11 to 15 years   | 31         | 552          | 360                            | 499          | 11             | 13         |              | 1,466         |
| 16 to 20 years   | 24         | 270          | 440                            | 193          | 7              | 6          |              | 940           |
| 21 to 25 years   | 7          | 34           | 132                            | 96           | 3              | 1          |              | 273           |
| Over 25 years    | 10         | 133          | 298                            | 107          | 4              | 1          |              | 553           |
| <b>Total</b>     | <b>235</b> | <b>3,681</b> | <b>5,482</b>                   | <b>3,749</b> | <b>521</b>     | <b>320</b> | <b>91</b>    | <b>14,079</b> |





# Governance

## Transformational Leaders Build a Techglomerate

For Aboitiz Group, transformational leadership enables us to focus on inspiring and motivating our stakeholders to achieve a shared vision and goals for sustainable outcomes. We are cognizant that growth and development of people is crucial in creating a culture of sustainability in the organization and in the communities where our business operates.

Effective governance is foundational to our ESG integration, ensuring that businesses uphold ethical standards, accountability, and transparency in our business portfolio. In order to deliver our ESG strategies, we continuously improve and redefine our leadership functions and responsibilities to strengthen the Group's ESG work plans and performance targets.

- **Strategic Business Units:** have formed their respective ESG technical working groups composed of functional units to effectively implement and address ESG operational strategies, programs, data management and reporting
- **Group Sustainability Council:** ensures that at group level sustainability actions are synergized and material issues are discussed, addressed and reviewed. The council is also responsible to make recommendations for long term strategic actions which is duly reported to the Aboitiz Group Management Committee
- **Aboitiz Group Management Committee:** responsible for long term decisions and plans for ESG roadmap and ensures that the ESG principles and policies of the company are implemented across its value chain
- **Environment, Social, and Corporate Governance Board Committee:** provides direct oversight on sustainability and the ESG framework, ensuring that ESG direction is integrated into the Aboitiz strategic pillars and reviews the overall sustainability performance of the business.

## Enterprise Risk Management

In a time of technological advancements and an ever-evolving global landscape, the face of risk management is transforming. In Aboitiz Equity Ventures (AEV), we recognize this fundamental shift, and our 2023 risk management journey was defined by going back to basics and simplifying our processes, fostering a robust risk culture, and empowering our people through continuous learning.

We in the Risk Management Team reviewed the foundations of AEV's risk program and collaborated with our external experts to identify best practices and areas of improvement. These exercises aimed to ensure that the enterprise risk management (ERM) framework of Aboitiz remains robust, relevant and fit-for-purpose to support overall business goals and strategies. Risk appetite statements were updated, the risk management process was enhanced, and roles and responsibilities around the federalization were clarified.

AEV continues to provide expert guidance and a common framework for risk management while our businesses take control and manage their respective risks. Each business is empowered to tailor-fit their risk approach to meet their unique industry, risk profile, and strategic goals. The federalized approach to risk management allows flexibility for decision-making and innovation, within the bounds of clear guidelines.

To support our risk managers, another area of focus has been on building a community of practice among Aboitiz risk professionals. We have cultivated a collaborative environment where risk managers can learn from each other's experiences. Through workshops, online resources, and expert consultations, we facilitate the exchange of best practices and ensure every Aboitiz business has access to our collective risk management expertise.



In AEV, we also looked beyond the confines of centralized risk teams and empowered employees across the company to become risk champions. Equipped with training and the support of the Risk Management Team, these champions help build and reinforce the risk culture within their teams, identify and manage operational risks, and build a resilient organization. ERM no longer stands for enterprise risk management, instead, it is a reminder that Everyone is a Risk Manager.

that risk management practices are made more efficient

- Reviewing key risk indicators to maintain relevance and adequacy in terms of monitoring key risk exposures and assessing overall risk posture for AEV
- Enhancing the emerging risk process through more robust environmental scanning efforts
- Continuous development and upskilling of our team members

The risk landscape is constantly evolving, and we are committed to continuous improvement. In 2024, we will focus on:

- Process improvements for better monitoring of both AEV stand-alone and portfolio risks
- Further exploring automation initiatives or improved ways of working to ensure

#### Top Risks

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

### Cyber and Information Security Risk

- These risks are associated with the potential harm or damage to the organization's bottom line, operations or reputation when digital information, computer systems, and networks are exposed to various threats and vulnerabilities resulting in a breach of confidentiality, integrity and/or availability of information.
- As AEV and its SBUs continue to pursue business growth and increase the use of technology to support that growth, there is also a greater need to manage the systemic risks associated with an expanding digital and technology footprint.
- We continue to strengthen our cyber and information security posture with key initiatives that include, among others: patch and vulnerability management, endpoint protection, internal threat detection and discovery, the alignment of Cyber and Information Security Controls and Governance practices across the Group, and the harmonization of the vendor management processes of AEV's corporate service units (CSUs).
- Third-party vendors play a vital role in the operations. However, they also bring with them a set of risks that can negatively impact an organization's security posture. As such, monitoring third-party risks has become a paramount capability of the organization's risk management.
- 2023 was also the year of exercising the organization's Loss of Technology Response Plans and strategies across the AEV CSUs, Crisis and Incident Management Teams. This was followed by an updating of the related Business Continuity Plans.

### People Risk

- This is the risk of failure to retain, develop, and attract people with the necessary capabilities and desired behavior to support the organization's strategic direction.
- As the Group progresses in its Great Transformation journey, we need to ensure that there is adequate talent to steer the organization towards achieving its goals and making it future-ready.
- Strategic workforce planning and succession management continue to be key activities for our HR team and we have identified new and evolving AEV roles critical to our organizational transformation and business strategy. This is coupled with a host of learning and development initiatives, including coaching and mentoring opportunities for all team members.
- Individual Development Plans are in place for leadership talent and capability building. Competition for talent is tight so aside from building a robust pipeline of employee candidates, we must also continue investing in the development of our existing talent to support the Group's future needs and strategic objectives.
- Another challenge is keeping people engaged and retaining key talent. To address these, HR conducts continuous reviews of our Total Rewards Program including the enhancement of benefits and compensation.

### Portfolio Risk

- As AEV transitions to focus on being a portfolio and investment company while our businesses take full control over their operating activities, we have included portfolio risk in our top risks. This is the risk of potential variation in the value of the AEV investment portfolio. It considers uncertainties in portfolio returns due to systemic risks, SBU-specific industry risks, regulatory risks, and reinvestment risks.
- The impact assessment examines the potential effect of systemic risks on AEV's portfolio returns. These may include geopolitical unrest globally as well as its downstream impacts, such as supply chain disruptions, increased fuel and commodity prices, logistics costs, and interest rates. Aboitiz businesses have been able to adapt to the effects of ongoing geopolitical tensions and with the limited, direct exposure to the Israel conflict, they are cognizant of the possible systemic impact should tensions escalate and affect other areas in the region.
- We anticipate potential systemic risks and market disruptions through more deliberate environmental scanning efforts. Together with these scans, clear lines of communication across business units, fostering an open exchange of information and insights, ensure swift reactions to emerging risks and allow us to capitalize on unexpected opportunities.
- We also manage portfolio risk by diversifying our portfolio and creating a more balanced mix of power and non-power businesses.



## Implementation Risk

- This risk refers to the poor execution of company strategy, resulting in missed opportunities for value creation, non-maximization of benefits from investments/projects, or non-achievement of business goals.
- Implementation risk is being managed through the collaboration between AEV and its businesses in screening CAPEX projects and developing long-term strategies.
- Consultants or strategic partnership arrangements are being explored and put in place for investments in new sectors to bridge the knowledge and experience gap in unfamiliar industries/geographies.
- SBUs are enhancing their project management capabilities to better handle new projects / investments and reduce the likelihood of delays, cost overruns or poor execution.

Apart from these top risks, we are also monitoring the following:

## Climate Transition Risk

- This is the risk arising from the accelerated transitioning to a lower-carbon economy in response to climate change action. It has the potential to result in financial losses, business disruption, as well as have a negative impact on the organization's reputation.
- AEV continues to work proactively with key stakeholders (including lenders, insurers, suppliers, and regulators) to manage relationships, understand critical business impacts brought about by new climate-related policies, and implement mitigating measures. The company will continue to enter into partnerships to provide the Group access to transition-related expertise and technology.
- SBUs are crafting their respective transition roadmaps to ensure long-term strategies are recalibrated and business viability is maintained.
- Aside from strengthening our ESG practices, we are also working to increase our understanding of energy transition mechanisms (ETM) and carbon offset markets to ensure that we not only manage risks but also position ourselves well to maximize related opportunities.
- The Group also continues its nature-based solutions that can potentially help the business mitigate climate transition and physical risk while the country is still developing its climate and low carbon economy transition policies.

## Regulatory Compliance Risk

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

## Disaster Risk

- This is the risk arising from man-made or natural catastrophes resulting in loss of life or injury, financial losses, and business disruption.
- The 2024 World Economic Forum Global Risks Report highlights extreme weather events as a top concern in the next two years and the most significant risk over the next decade. This emphasizes the tangible impact of climate change, which is expected to escalate in the coming 10 years.
- Our mitigation plans for this risk must be regularly reviewed and adjusted as the climate change crisis unfolds. Our risk treatment plans should not only focus on climate transition but also consider climate adaptation, especially as the global community anticipates surpassing the 1.5°C threshold.
- At Aboitiz, we consistently review and update our Business Continuity Plans (BCPs) to align with evolving assumptions about extreme weather events. All our businesses test their BCPs annually, ensuring they operate as intended.



## Emerging Risks\*

The 2024 outlook for the global landscape appears predominantly negative over the next two years, with an anticipated worsening trend in the coming decade. Identified on a global scale, major risks include extreme weather events, the dissemination of AI-generated misinformation and disinformation, escalating societal and political polarization, a rapidly increasing cost-of-living crisis, and heightened vulnerability to cyberattacks. In the Philippines, the foremost concerns revolve around extreme weather events, an economic downturn, potential energy supply shortages, inflationary pressures, and the looming threat of infectious diseases.

### Artificial Intelligence

We continue to actively monitor the risks and threats mentioned above. With our ongoing vigilance, we have mapped out other risks that could exert a substantial impact on the Aboitiz Group moving forward.

The fast growth of advanced technologies is making more people around the world vulnerable to digital exploitation. General-purpose AI in particular is expected to bring significant changes to economies and societies, at least in the next decade. AI, with its vast potential for innovation and efficiency gains, also introduces novel risks that require careful consideration.

Some key considerations in the space of AI include, but are not limited to, ethical concerns, which stem from biases embedded in AI algorithms, unintentional discrimination, and the lack of transparency in decision-making processes that pose reputational and regulatory risks. As stewards of responsible corporate governance, it is crucial to navigate these ethical challenges to maintain the trust of our stakeholders.

Cybersecurity vulnerabilities where increasing integration of AI in critical business functions also amplifies the susceptibility to cyber threats. AI systems, if compromised, may lead to significant data breaches, financial losses, and disruptions. Rigorous cybersecurity measures must be implemented to safeguard against potential malicious activities targeting AI infrastructures.

The dynamic nature of AI technologies often outpaces regulatory frameworks. As governments worldwide struggle with formulating fit-for-purpose policies, organizations must closely monitor and adapt to evolving compliance requirements.

As businesses become increasingly reliant on AI-driven processes, operational dependencies on these technologies grow. Unforeseen disruptions, such as system failures, algorithmic errors, or unexpected behaviors, could have cascading effects on business operations. Robust contingency plans and risk mitigation strategies are essential to ensure business continuity.

The widespread adoption of AI technologies may reshape traditional employment structures, leading to workforce displacement and skills mismatches. Risk experts and leaders warn that the lack of investments for both least developing countries and select middle-income countries may face challenges in reskilling and generating AI-related income opportunities for the affected workforce. This may potentially prompt organizations to rapidly deploy generative AI instead of the aging workforce, thereby increasing the risk of unemployment and eventually strain social systems. As we work towards building the Philippines' first techglomerate, we should invest in our most important asset—our people—to ensure that our workforce will be equipped with the right skill set to support our long-term strategies and objectives.

### Misinformation and Disinformation

Misinformation and disinformation is another risk linked to Cyber and Information Security as well as the use of AI. As access to sophisticated technologies becomes more widespread and trust in information and institutions declines, the harmful effects of manipulated information are getting worse. Emphasis must be put on the potential impact on societal cohesion, political stability, and economic systems. In particular, the use of AI amplifies the dissemination of misinformation, creating challenges in distinguishing fact from fiction. In the World Economic Forum 2024 Global Risk report,

\*Reference: The Global Risk Report 2024, 19th Edition (World Economic Forum)

View the reference here: [https://www3.weforum.org/docs/WEF\\_The\\_Global\\_Risks\\_Report\\_2024.pdf](https://www3.weforum.org/docs/WEF_The_Global_Risks_Report_2024.pdf)



it highlighted that many actors will take advantage of the rise in fake content in the next two years.

Addressing this risk necessitates comprehensive strategies, including enhanced media literacy, technological safeguards, and a whole-of-society approach which involve collaboration between businesses, the government and our partner communities.

#### *Geopolitical Tension*

The focus of global powers will likely continue to be on key hotspots, such as the war in Ukraine, the Israel-Gaza conflict, and tensions over Taiwan, which are expected to persist for the next two years. Consequently, these critical events also trigger other conflicts as demonstrated by the Red Sea Crisis that escalated towards the end of 2023.

If these critical events continue, these can potentially affect the strategic goals and objectives of the Group. Any escalation in these hotspots could significantly disrupt global supply chains, triggering energy price spikes on oil and other commodities. The local economy can also be impacted as these events can trigger Inflation and elevated interest rates that can potentially impact the overall performance of the Group's portfolio.

#### *Critical Change to Earth Systems*

Risk leaders and experts warn that with the current direction that global warming is going, at least one "climate tipping point" could be breached without the world even realizing it. They also agree that this is one of the most severe risks that the world could face in the next decade.

This risk encompasses a range of interconnected challenges, including but not limited to climate change, biodiversity loss, and ecosystem degradation. The report emphasizes that these critical changes are reaching a tipping point, posing severe threats to global stability and sustainability. Urgent and comprehensive actions are required to address and mitigate the

impacts on ecosystems, weather patterns, and natural resources. As risk managers, it is imperative that we integrate these findings into our strategic planning, risk assessment, and mitigation strategies to ensure resilience against the escalating threats to Earth systems.

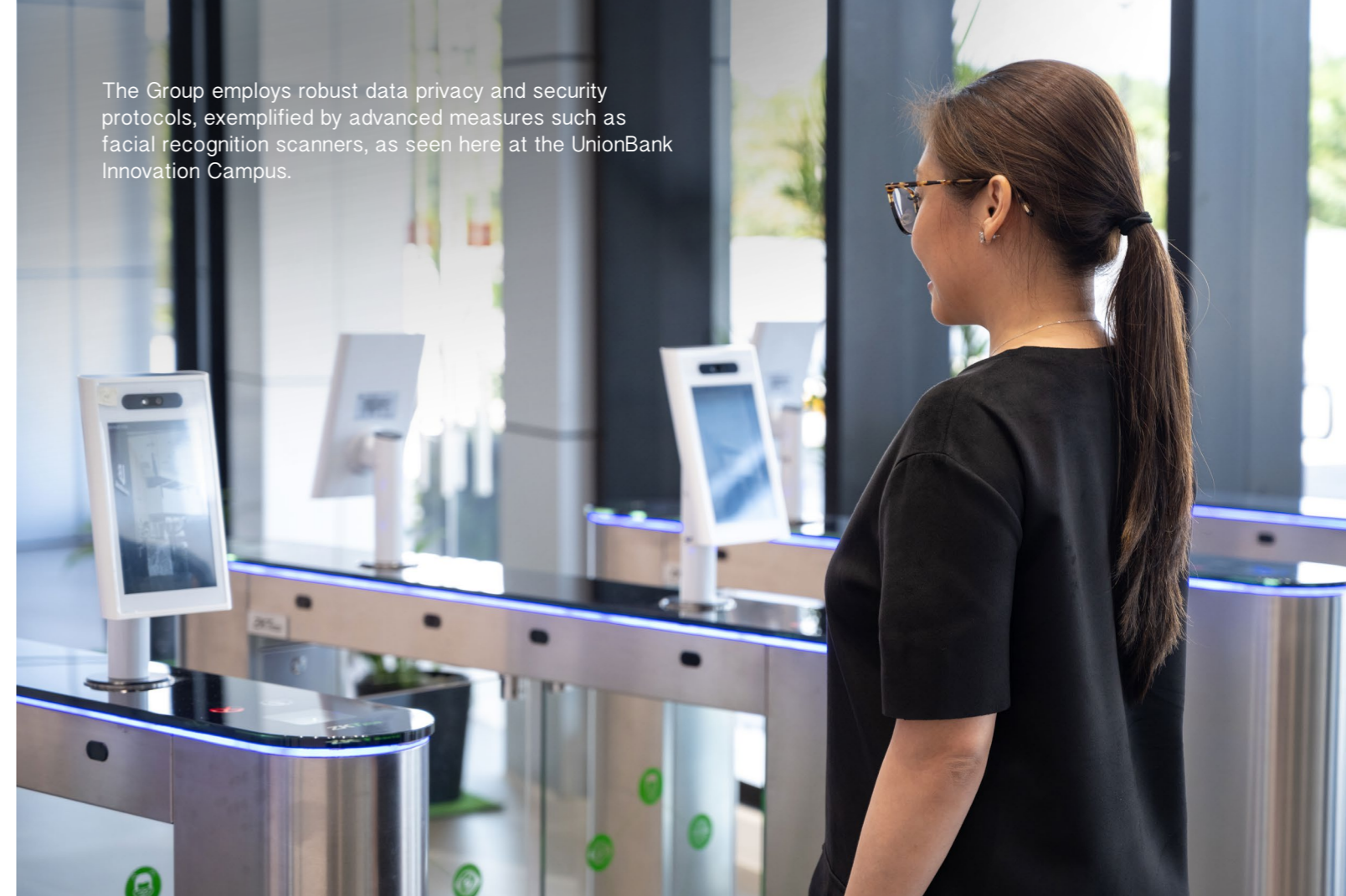
This could trigger a stronger collaboration between the private and public sectors, although we have yet to see how decision and policy makers will prioritize mitigation measures to address this risk.

We live in unprecedented times, and now more than ever, risks are becoming more and more interconnected, necessitating a higher level of vigilance and discipline in scanning the horizon for emerging threats. We must therefore continue to exert efforts to improve our emerging risk program. In 2023, we began to reassess the effectiveness of our framework while at the same time supporting the creation of concise yet easily digestible reports on key risks that have significantly shaped the global risk climate for the year. Moving forward, we will build on this momentum, working with key stakeholders and subject matter experts within the organization to streamline efforts to scan emerging risks. Likewise, work will advance to ensure that reports continue to add value by identifying actionable items (e.g., scenario planning exercises) that ultimately aim to improve our response to risks.

#### **Business Continuity**

- The AEV BCM Team, in partnership with the Cyber Information and Security (CIS) Team, hosted a two-session Cyber Resilience Tabletop Exercise that was conducted by an external consultant. The first session focused on the tactical and operational response to a Ransomware Attack and was participated by the BCM, CIS, IT and Data Privacy Teams. Consequently, the second session focused on the strategic response to a ransomware attack and was participated by key actors of the AEV Crisis Management Team. The results of the exercise will be considered in the BCP review and update in 2024.

The Group employs robust data privacy and security protocols, exemplified by advanced measures such as facial recognition scanners, as seen here at the UnionBank Innovation Campus.



- The Aboitiz Group Business Continuity Management Policy was reviewed, updated, and approved by the Board Risk and Reputation Management Committee in 2023. The policy was updated to reflect the Group's commitment to establishing a business continuity management system across the organization.
- The AEV BCM Team, together with the SBU BCM Teams participated in the first Risk Awareness Month in November 2023. Business Continuity was the area of focus in the second week and the topics presented were Disaster Recovery, Supply Chain Resiliency, and Personal Resiliency.
- In partnership with Aboitiz InfraCapital (AIC), the AEV BCM Team conducted a series of Business Continuity Workshops participated in by the Unity Digital Infrastructure team. The workshops focused on Business Impact Analysis, Business Continuity Strategies, and Business Continuity Planning. By the end of the workshops, the Unity Digital team

was able to document their respective Business Continuity Plans.

#### **Data Privacy**

The AEV Data Privacy Team further strengthened its compliance with the Five Pillars of the National Privacy Commission (NPC), as well as its training and awareness efforts for data privacy across the Group.

In 2023, the NPC launched the National Privacy Commission Registration System (NPCRS), an online portal for the registration of an organization's Data Protection Officer (DPO) and its Data Processing Systems (DPS). As part of AEV's compliance, the Privacy Team submitted AEV's renewal of registration for DPO and registered its DPS. Through this, AEV was able to obtain the NPC Seal of Registration as its proof of compliance.

To further strengthen data privacy awareness and support continuous learning, the AEV Privacy Team worked with the SBU and





As such, in 2023, the Cyber & Information Security Team focused on the initial activities supporting the organization’s transition from a centralized to a decentralized architecture while maintaining the business. Our activities will focus on how to reduce the organization’s attack surface, manage identities, improve access management, and build an internal threat intelligence capability.

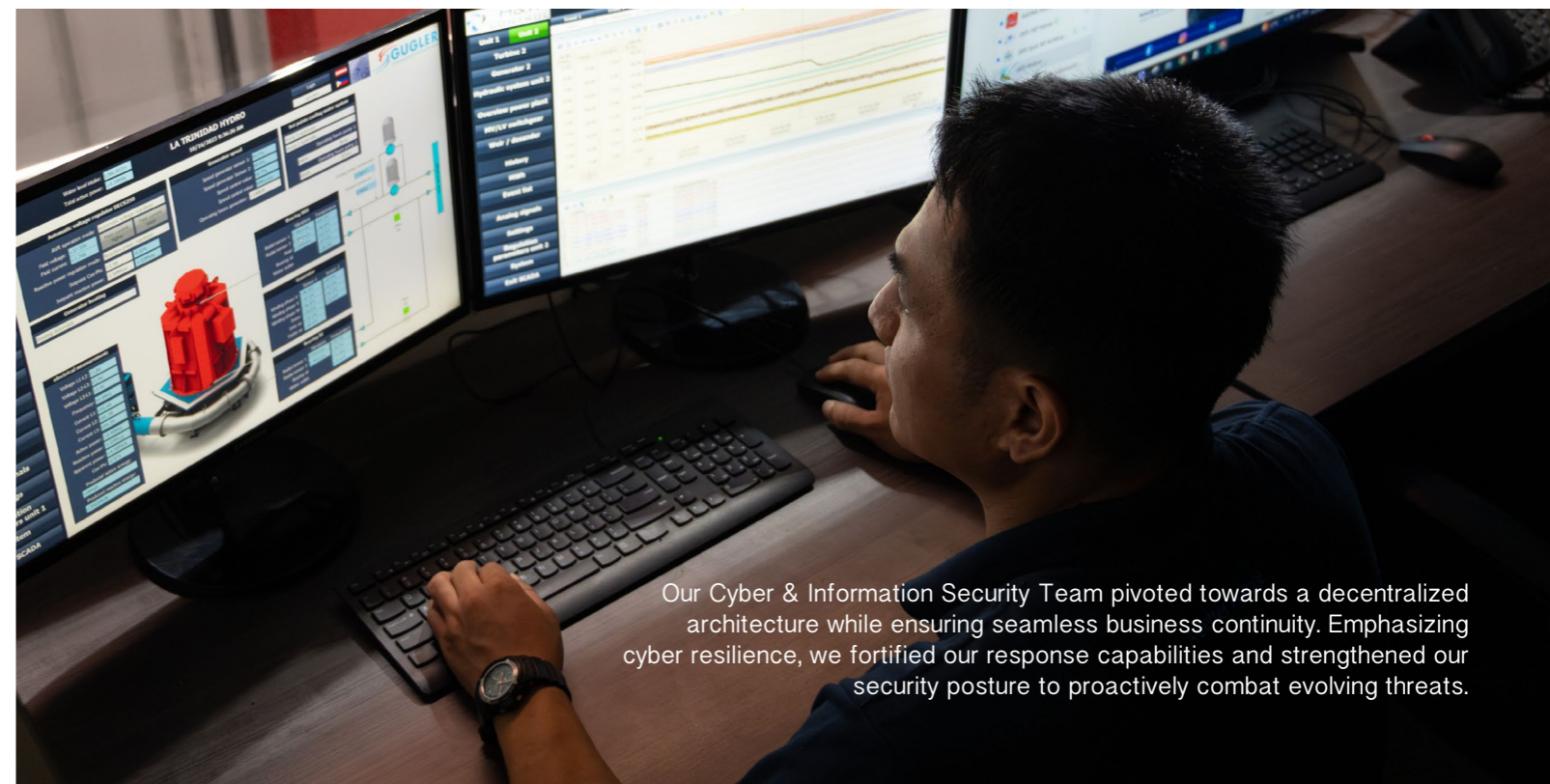
Cyber Resiliency is an important capability we must continually plan and execute in pursuing our digital transformation. We reviewed the cyber incident response and recovery playbook and completed our scenario exercises with external facilitators. Attacks are imminent, therefore our ability to respond, recover and continue operations is critical to maintain and improve the Group’s security posture.

Our cyber security program focuses on providing identity and access management and governance, vulnerability assessments, proper risk assessment and management, due diligence, continuous monitoring of our critical 3rd parties and partners, and security architecture enhancements. We continuously monitor the cybersecurity of the Aboitiz Group’s IT resources and act as the cyber incident response team along with the AEV-IT Team, Risk Management and Business

Continuity, Legal and Compliance Teams, and other key stakeholders and SBUs in the Group.

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

We recognize the need to be able to detect, and respond quickly and effectively to cybersecurity incidents to reduce potential harm. As such, we are constantly on the lookout to improve our existing strategies, continually test and refine our plans, and find new and effective ways to manage the evolving cyber security landscape that we are in.



Our Cyber & Information Security Team pivoted towards a decentralized architecture while ensuring seamless business continuity. Emphasizing cyber resilience, we fortified our response capabilities and strengthened our security posture to proactively combat evolving threats.

BU Privacy Teams to celebrate Privacy Awareness Week (PAW) 2023, with the theme “Anchoring Data Privacy to the Great Transformation”. Different learning sessions on data privacy and security were conducted for team members, team leaders and privacy champions across the Group. A highlight of the week was the learning sessions conducted for the senior high school students and teachers of Banilad Center For Professional Development, an Aboitiz Foundation beneficiary.

The AEV Privacy Team also worked on strengthening the synergy among Privacy practitioners within the Aboitiz Group by establishing and leading the Privacy and Data Sharing Steering Committee (PDSSC), an oversight committee responsible for shaping the privacy management programs across the Group. The PDSSC will also provide guidance and support on privacy and data sharing within and outside the Group. It will also promote responsible data sharing practices, data security and privacy, and facilitate data access and reuse.

### Cyber and Information Security

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

We have updated the Group’s Cyber & Information Security Manual with the requisite cybersecurity principles and cybersecurity minimum standards for the entire Group. We ensure that all reference frameworks and standards were mapped to our key strategy—Identify, Detect, Protect, Detect, Respond, and Recover—in laying out the foundation of how we implement our cybersecurity controls. Our aim is to significantly reduce and mitigate the organization’s cybersecurity risks as part of our Great Transformation.





Aboitiz Group auditors from the different resident internal audit teams present during the 2023 Asian Confederation of Institutes of Internal Auditors (ACIIA) Regional Conference at Dusit Thani Mactan, Cebu City, October 11-13, 2023.

## Audit

The Aboitiz Group’s internal audit function has evolved from a single team under Aboitiz & Company, Inc. (ACO) in the 1960s to the current structure of different business-focused resident internal audit teams across the Group’s key strategic business units (SBUs). Our power, banking and financial services, food, infrastructure, and construction SBUs have their own internal audit teams while the land business unit remains under the full oversight of Aboitiz Equity Ventures Inc. (AEV).

We maintain an internal audit function as a means to provide management with information for them to better manage and control the Group’s operations. Our purpose in the Internal Audit Team is to offer independent, risk-based objective assurance and consulting designed to add value and improve the company’s operations. We support the company in accomplishing its objectives by providing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes. We operate in compliance with guidelines approved by the Board Audit Committee and ratified by the Board.

### Professional Standards and Frameworks

The Aboitiz Group internal audit teams adhere to the mandatory elements of the Institute of Internal Auditors’ (IIA) International Professional Practices Framework (IPPF), including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing (ISPPA), and the Definition of Internal Auditing.

We all use the COSO (Committee of Sponsoring Organizations of the Treadway Commission) model as our main internal control framework. It is the generally accepted global framework and best practices model for evaluating risk management internal controls.

For technology and systems-related audits, we generally use the COBIT (Control Objectives for Information and Related Technologies) Framework, a globally-accepted IT governance framework. This allows for the effective management and governance of enterprise information and technology critical to strategy formulation and business transformation success. Other frameworks and standards used to support COBIT include COSO, ISO 27001, ITIL (IT Infrastructure Library), NIST (National Institute of Standards and Technology), CMMI (Capability Maturity Model Integration), CSA (Cloud Security Alliance), and CIS (Center for Internet Security).

### ESG Reporting and Assurance Review

The Aboitiz Group began its maiden formal sustainability assurance reviews in 2022—one internal and one external.

The internal sustainability assurance review was done through the AEV Group Internal Audit Team in partnership with an external provider. The review aimed to evaluate the adequacy and effectiveness of AEV’s sustainability reporting processes, procedures and practices, including internal controls and key risks. It focused on peer benchmarking, reporting principles, stakeholder engagement and materiality assessment process, sustainability reporting, and sustainability performance indicators.

The external one was a limited assurance review done in partnership with the Aboitiz Group Sustainability Team. Its key objectives were (1) to strengthen the company’s competitive advantage by building investors’ (stakeholders) trust and confidence in ESG Disclosures; and (2) to find higher levels of disclosure and increase the credibility of sustainability reports.

Towards the last quarter of 2023, the AEV Group Internal Audit did a follow-up and remediation review of the results of the 2022 internal sustainability assurance, with results due for discussion and presentation during the first quarter of 2024. Similarly, the limited assurance review by an external party is due to be conducted. With the approval of the AEV Board, the limited assurance review shall form part of the Aboitiz Group’s annual reporting.

### Resident Internal Audit Teams: Milestones in 2023

#### AboitizPower

The ultimate goal of 1AP internal audit is to become “trusted advisors”. This means focusing on supporting the business as it drives value, with eyes looking toward the future but with feet rooted in the present. Most importantly, it means protecting the credibility and trust that have been earned knowing how quickly these can be lost.

The team adds value through its assurance and consulting services. Working with audit clients can draw out solutions as well as connect gaps to help the business prepare in times of disruptions, mitigate escalation, and come out resilient in the process.

To be successful in every undertaking, the team makes sure that the foundation of the internal audit governance areas is effective and efficient. Harnessing and taking advantage of technology are consistent points of emphasis—having perspectives and making methodologies agile for change as well as having that continuous drive for improvement.

## Triad of Value



### Assurance

The core and revenue process areas of the different business segments of AP has been the focus of AP internal audit team. Improvements were influenced, driven and monthly management committee meetings were attended to give updates on action plans committed by the audit clients. Plans were also aligned to the “Move The Needle” initiatives at AP.



### Advice

Helping build the internal audit capability across business units (BU) has been the forefront of the advisory services in 2023 with 2 training sessions attended by 90+ BU internal assurance team members. Bringing that audit mindset to the workplace, innovating on their own and make efficient changes in the process are benefits realized in this undertaking



### Anticipate

In 2024, cybersecurity related assurance services will be the major deliverable of the team, this includes assessing of plans when an unwanted event would occur improving foresight and increasing the likelihood of the successful implementation of plans will be highly emphasized and to manifest operational resilience.

### UnionBank

The UnionBank internal audit team has been assessed to be more mature compared to their counterparts in the industry.

**SME Organization Set-up.** The internal audit group is evolving its organization such that Subject Matter Experts (SMEs) are assigned to identified areas, especially those that either contribute largely to strategic objectives or receive significant regulatory attention. These SMEs closely monitor the business and regulatory environment around their areas to make better audit risk assessments and scoping decisions. To date, more than 10 SMEs have been identified for various lending segments, anti-money laundering (AML), and Identity and Access Management, among others.

**Capability Building.** In 2023, auditors garnered 11 certifications, including those relating to cybersecurity, data science and analytics, scrum, and the internal capital adequacy assessment process (ICAAP). Focus has been



on capability building because of the continuing demand to keep pace with new developments in the regulatory and technological landscape, the latter being harnessed extensively by UnionBank. Audit management has started working on the team’s competency map, where current auditor skill profiles are reconciled with the demands of their roles and the business areas they are covering. This is to ensure that developmental interventions for each auditor are well-planned.

**Expansion of Data Analytics + Continuous Auditing.** There has been a harder push to make continuous auditing permeate more areas of the audit universe, and to transform more internal processes and to make them powered by data. In 2023, 13 new Continuous Auditing Projects were deployed, bringing the portfolio to 37. In addition, the Audit Data Analytics team worked with engagement teams to service 145 data extraction and analysis requests. Live dashboards are also being developed for the SMEs to allow them to see business and risk indicators for more agile risk assessments.

**Audit Universe Refresh, Assurance Mapping.** To address regulatory concerns and provide better assurance that auditable entities are covered in accordance with their specific risk profiles, the UnionBank team has refreshed its audit universe to be mainly business unit-based. This will allow them to easily reconcile it with the bank’s Table of Organization and more reliably ensure sufficient coverage of the audit universe. They have also completed several iterations of its assurance map, which is valuable for tracking compliance with the audit cycle. It displays the auditable entities alongside its corresponding required audit frequency and date of last review.

**External Quality Assurance Review.** This was completed in 202(?) with Punongbayan & Araullo doing the assessment. The UnionBank internal audit group was assessed to be generally conformant with global Internal Auditing Standards, with a maturity assessment of 4.0 on a 5-level scale. Compared to other banks and companies that had undergone the same maturity assessment, the UnionBank team was assessed as “relatively more mature”.

**ESG Readiness Assessment.** In May 2023, the team reported that the bank was on track to close out gaps and align with the

Bangko Sentral ng Pilipinas (BSP) Sustainable Finance Framework (SFF). The SFF requires banks to integrate sustainability principles in their corporate governance and risk management frameworks, as well as in their strategic objectives and operations. This readiness assessment was done separately, but complemented with a credit-risk focused review of the Environmental and Social Risk Management System (ESRMS) framework by Deloitte.

**Food Group**  
The One Food Group (1FG) internal audit team, in its maiden year under a new audit leader, has identified the following areas to be of importance:

- The need for a robust internal control system with 1FG
- The plan to have a strong governance and compliance culture with the 1FG Board setting the tone-at-the-top
- The identification of the pillars or minimum control standards covering the different value streams and activities of the organization
- The partnering role of the internal audit function with the rest of the organization

To better serve the organization, seasoned internal auditors from different disciplines aligned with the industry were hired. 1FG internal audit assisted in setting up the internal control framework of the organization and in identifying the minimum control standards. The team developed (1) a COSO-based internal control assessment to measure the level of IC maturity; (2) a scorecard to measure the level of compliance to the minimum control standards; (3) a risk-based annual audit plan in partnership with the risk management team; and (4) a collaborative partnership with Legal and Compliance to ensure that the Board audit committee is informed timely of the state of governance and compliance within 1FG.

In terms of building a high-performance internal audit team, the audit organization was restructured creating a special section each for consulting, assurance and IT audits. To comply with the International Standards for the Professional Practice of Internal Auditing (ISPPA), the required competencies for the different roles have been identified using the

Global IIA competency framework. The next step is to conduct the competency assessment for each auditor to determine individual development plans for 2024.

**Aboitiz Infracapital, Inc. (AIC)**  
In mid-2023, the AIC Board expedited the establishment of a resident internal audit team for the infrastructure group originally planned for 2024. As with the other audit teams, AIC internal audit was formed as a key assurance and consulting function for the Board Audit Committee and senior management. A clear organizational structure to ensure efficient operations was established through clear reporting lines—functionally to the Audit Committee and administratively to the AIC President and CEO.

A pivotal milestone was the formulation of the Internal Audit Charter, providing a comprehensive framework that guides its operational activities. The internal audit infrastructure and the in-house audit team was formed. Recruitment efforts were successful in bringing onboard talented professionals, strengthening the department’s capabilities. AIC’s Internal Audit has begun implementing the 2023 audit plan and a management request project. The types of audit engagements during the year included examinations on finance and operations of the company’s business units.

As AIC continues to expand and grow, its internal audit shall adapt and continue to build its capabilities, enhance an audit strategy attuned to stakeholders’ needs, and leverage on technologies.

## Towards GT2025

To transform is to change and this change is no less than radical in nature. What does this mean for the internal audit function in the Aboitiz Group? It has been undergoing change that is neither dramatic nor revolutionary but is a continuous process, moderate and generally conservative. The internal audit teams will continue to be the Group’s’s key assurance providers. The change will come from new technologies, audit models and processes that will make our auditors work more efficiently, helping create more value to the Group by achieving maximum productivity with minimum effort.

But we acknowledge that this cannot be achieved overnight as it demands that our auditors are open to new thinking, to gain new skills, to obtain new capabilities upskill, reskill—to continuously improve their proficiency. Being in internal audit is being in a journey of life-long learning—learning the business, its processes, controls, technology, systems, and the regulatory environment that governs it. Our ultimate goal is to build trust and enable all our stakeholders to recognize the value of the internal audit function.

Our vision is to be the organization’s most trusted advisor—to be able to create that balance between applying the highest audit standards while creating more value for the Group to help it grow further, innovate, and eventually experience that great transformation. This is what the internal audit function is all about today and in the future.





## Accelerating the Aboitiz Great Transformation

In 2022, we laid the groundwork for a transformative culture that would propel the Aboitiz Group into the future. Anchored on our Aboitiz core value of Innovation, we set out to institutionalize the Great Transformation throughout the organization.

The purpose of our techglomerate journey is rooted in our brand promise to drive change for a better world by advancing businesses and communities, amidst a rapidly evolving global landscape. We remain committed to bring about positive change, not just for the sake of innovation, but with a deep understanding of our responsibility to the communities we serve. Our techglomerate journey is not just a value creation business strategy, it is also a reflection of our values, a manifestation of our commitment to creating lasting impact.

We define techglomerate as a conglomerate that thinks and acts like a life-changing startup, while still using the benefits of legacy.

It leverages technology, innovation, and creative thinking to: (1) become much more technologically advanced than its peers; (2) create new startups and industries; (3) help transform our country; and (4) maximize synergies to create a techglomerate premium.

The Great Transformation (GT) has truly begun to reshape the Aboitiz Group from inside out. At the heart of this transformation is our most valuable asset: our team members.

To steer us through this journey, we created a dedicated Transformation Team committed to instigating change, cultivating corporate entrepreneurs, and advancing progress across the Group. Through a range of strategic programs and initiatives, we fostered an environment where openness, fun, purpose-driven actions, and articulate communication define our daily interactions. In 2022, during our first year, we aimed to instill a belief in our collective potential, setting the stage for the groundbreaking transformations to come.

## Recap of Transformation Programs in 2022



### Scenario Planning Workshops:

Sessions focused on illuminating the corners of the 'playing field', stretching decision-makers' frames of reference, enabling them to identify signals of change, and adapt to them in a timely fashion.



### The Future Co-Creation Voyage 1:

An intensive innovation bootcamp in which chosen teams built their breakthrough business ideas from ideation to execution.



### GT Workshops:

A series of workshops led by world-class coaches introduced A-People to methods that would prepare them in our transition towards becoming the Philippines' first techglomerate.



### Masterclasses:

Specific masterclasses that covered various focal areas to excel in a techglomerate setting.



### Contingency Planning Workshops:

This program explored how rising tensions in the Taiwan Strait could affect the Philippines and its immediate region. The intent was to develop "what if" scenarios and to use these to identify the most relevant risks and opportunities so that Aboitiz may proactively develop ideas for contingency plans.



### Future Foundry:

Following the Voyage, teams with approved ideas worked on becoming full-fledged ventures.



### Super Ditch Program:

This program gathers team feedback to eliminate outdated practices and processes, with over 300 innovative ideas ditched by various strategic business units (SBUs) since its launch.

## Refining the roadmap to 2025

Moving into 2023, we refined our GT journey by designing a more concrete framework to guide our way.



While 2022 was all about "Believing" and laying the GT foundations for the next few years with programs like the Voyage and the Future Foundry, 2023 was about focusing on "Behaving". This phase centered around transformation at the very core, cultivating continuous strengthening in the areas of Customer Centricity, Simplification, and Data

and Future Tech Enablement. The intention is to embody behaviors that reflect simplicity, speed, intelligence, and innovation. By streamlining our operations and embracing cutting-edge technologies, we are positioning ourselves to become a simpler, faster, and smarter organization, poised for great breakthroughs.



Open. *Entrepreneurial.*  
 Synergetic. *Innovative.* Smart.  
 Fast. Simple. *Articulate.*  
 Purpose Driven. Fun!

Techglomerate Core Capabilities



Digital and Data Literacy

The ability to effectively and critically identify, organize, and use data and source digital technologies and media to access, evaluate, and communicate information.



Risk Management

The ability to understand the big picture of business operations and environment to identify and mitigate risk.



Agile Ways of Working

The ability to pivot quickly, develop resilient processes, and find new solutions to changing business requirements or customer needs through iterative development by self-organizing teams or scrums.



Customer Experience

The ability to create positive customer experiences with every interaction they have with our business.



Innovation

The ability to use curiosity, creativity, and out-of-the-box thinking to continuously find better ways to drive incremental and/or transformational changes within the organization.



Entrepreneurial Mindset

The ability to identify and pursue opportunities, innovate, take risks and adapt to change.



Adaptive Learning

The ability to identify and maximize learning opportunities through various modes, methodologies, and platforms, and use them to develop new or existing skills in order to drive change.



Empathetic Communication

The ability to see, understand, and share the feelings and perspectives of others.



Systems Thinking

The ability to translate vision and strategy into something actionable by looking beyond individual components and focusing on how those parts work together.



Stakeholder Management

The ability to identify and understand the needs, interests, and expectations of different stakeholders; as well as engage and build meaningful relationships.

Transformation Programs in 2023

- 1 **Voyage 2:** The second edition focused on ideating solutions around the themes Waste, Health, Housing, Services.
- 2 **Voyage 3:** The third edition focused on ideating solutions around Crisis Resilience, Digital Transformation, and Future of Work.
- 3 **Voyage 4:** A-Game winners, along with internal team members, demonstrated adaptability by refining and customizing their initiatives to seamlessly integrate into the Aboitiz ecosystem. The fourth edition focused on ideating solutions around Resilience, Food, and Efficiency.
- 4 **IdentityScape:** Coming from Voyage 1, IdentityScape is a consent-based digital identity platform that facilitates users in accessing various services. The initiative was adopted by Aboitiz InfraCapital, successfully concluded its first proof of concept, and is gearing towards conducting use cases in 2024.
- 5 **Fresh Depot:** Coming from Voyage 1, Fresh Depot aimed to establish itself as the country's pioneering platform providing both physical and digital solutions for farmers through decentralized cold storage and farm digitization. We launched two pilot sites in 2023.
- 6 **Genius:** Coming from Voyage 1, Genius aimed to revolutionize the landscape of distribution utilities by employing digital twin solutions. We launched the minimum viable product (MVP) in 2023.
- 7 **Empowergen:** Coming from Voyage 3, Empowergen is a new renewable energy opportunity aiming to accelerate residential solar implementations with an innovative business model.
- 8 **Foresight:** Coming from Voyage 3, Foresight is a universal real-time intelligent dashboard and serves as the cornerstone for implementing comprehensive enterprise-wide AI capabilities. The solution is now being utilized by AP Distribution Utilities for Executive Committee Reports on Critical Big Things or Key Performance Indicators.
- 9 **A-Game Program:** This program created a platform for individuals outside of Aboitiz to make a positive impact by coming up with innovative solutions for pressing issues in the country and beyond. The Top 8 participants were invited to join our upcoming Voyage to broaden our internal teams' perspective on innovation.



In the second half of 2023, there was a sharper focus on federalization to accelerate GT in the Group. This means decentralizing our transformation initiatives from being AEV-led to strategic business unit (SBU)-led, to ensure our SBUs are driving their own development in accordance with our collective GT vision and their own strategies and operational needs. We believe that the GT will only be successful if we are all working on it and make transformation part of our business as usual. Through the GT Steering Committee, AEV continues to play a key role in governance.

The GT Steering Committee reviews updates from across the Group every month, focusing on our theme of the year, based on the 4Bs roadmap.

Among those who have shared about their transformation journey so far is AboitizPower (AP). The AP team presented their GT vision, anchored on the “Triple-D” objectives of Decarbonization, Digitization, and Decentralization. Their focus has advanced from defining their Massive Transformative Purpose (MTP) and they are now working on actualizing capabilities, building tech

solutions, and designing products and services to meet their objectives. As of this writing, AP has established 72 agile squads that have already generated 130 ideas and developed 22 minimum viable products (MVPs), which all contribute to the transformed future of AP.

The Food Group also presented the first milestone of their project LEAP, aiming to uplift Pilmico and Gold Coin’s technology landscape. They are transitioning to an integrated system to standardize processes and adopt global best practices. The team has already learned much about how to streamline efforts, and where to identify ways to work faster, smarter, and simpler towards building a techglomerate backbone.

Meanwhile, Aboitiz Foundation, Inc (AFI) began implementing GT climate action initiatives including carbon farming and a plastic waste initiative.

Another critical component that was refreshed for the federalized context is our Enterprise Architecture (EA). This means that a lot of previously standardized EA business capabilities were distributed to SBU and BU ownership



but select Group-level capabilities of strategic importance remain standardized and aligned across the Group.

The evolution of standard to non-standard business capabilities empowers the SBUs and BUs with the flexibility to tailor capabilities and functions according to their respective needs, as well as to define, drive, and own their respective technology roadmaps. Essentially, this set-up ensures that we continue to harness the benefits of being part of a large legacy organization while embracing agility, in line with our techglomerate vision. As such, the SBUs and BUs have progressed and refreshed their respective EA programs.

We also had to be firmly rooted in our GT vision, working hard to make sure everybody understood the meaning of techglomerate in order to focus on what it takes to be one by 2025.

Within AEV, we have started the core transformation of our corporate service units (CSUs). Our Finance, Accounting, and Business

Solutions (FAB) team leaders and team members were the pioneering participants of the program.

An immersive series of workshops and sprints designed for the FAB Team held during Q4 of 2023 focused on going back to basics through fostering simplification, customer-centricity, and innovation. The end game was to bring the team closer to the GT vision to establish automated, low-touch, or no-touch processes and free up valuable time to build capabilities and move upstream to more value-added services.

In addition, we are supporting SBUs and affiliates in their own core transformation journeys. An example of this is a workshop we conducted with the Aboitiz Construction Team to adopt the GT mindset through activities such as building a future wheel, stakeholder mapping, creating a value proposition canvas (VPC), and identifying the emerging roles and capabilities of an A+10 project manager.





**Summary of the Aboitiz Group’s Great Transformation milestones (2022-2023)**

Highlighting our collective GT achievements and successful decentralization of transformation across the Group



**23**

Tech-enabled projects or tech tools, platforms, and systems implemented



**20**

People-related programs rolled out



**13**

Non-tech innovations and improvements launched



**3**

Opportunity Exploration initiatives started or executed

**Of which**

- 9 are Group-wide efforts
- 11 are from AEV
- 10 are from the Power Group
- 10 are from the Banking Group
- 3 are from the Food Group
- 5 are from Land
- 2 are from Infrastructure
- 3 are from Cement
- 2 are from Data Innovation
- 4 are from Construction

Overall, in 2023 we witnessed a lot of transformations happen in different parts of the Group because of the increased participation of team leaders and team members. To amplify these inspiring stories, the Group launched the “GT Storytellers” campaign with the Aboitiz Culture Pillar. The campaign highlights both significant and incremental innovations, new skills acquisition, and the spirit of teamwork among team leaders and team members. It also

emphasizes how the GT and A+10 behaviors have inspired them to deliver their outcomes and embrace new ways of working.

To date, eight stories have been collected and published in Aboitiz Eyes, the official publication of the Aboitiz Group, and were also featured in some episodes of Super Duper Conversations. Here are some of those stories:

**Work With Water, Be Like Water**

Hazele Manalo of LIMA Water Corporation shared how her childhood experiences fueled her aspirations to transform and bring change in the water industry. Knowing one’s purpose is also key to bringing positive energy and continuing to drive change for a better world.



**Lawyer, Accountant, Coder: Bethuel’s GT Odyssey**

Influenced by the GT and A+10 behaviors, Atty. Bethuel Tanupan of AEV stepped out of his comfort zone and started learning a new skill that brought him new fulfillment: coding. Because of this learning experience, he is now not just a lawyer by profession, but also a reliable coder who aims to make things easier and more efficient by creating automated solutions for manual tasks.





### Aboitiz Land's Jonathan Malijan on Innovation Rooted in Purpose

The experience of Jonathan Malijan, Aboitiz Land's CEO Excellence Awardee, is proof that opportunities are vast within the Group and efforts are duly recognized. Starting as a Customer Relations Advisor, he became a Customer Data Analyst and proved that hard work, dedication, and embracing a transformation mindset, can lead to bigger opportunities.

These stories are vital seeds we must continue to nurture and grow in the years ahead. The GT Storytellers will continue to play a key role in spreading positive stories about our very own changemakers in the next two years. The stories will evoke more inspiration across the Group as these will be shared in various channels through articles, podcasts, microsite features, and town hall meetings.

In 2024, we are transitioning into "Becoming" as we continue with our core transformation programs. This phase is characterized by more Opportunity Exploration, Cross-Functional Collaboration, and Mission-Based Sprint programs to identify and leverage the advantages of our techglomerate. Our behaviors will evolve to become entrepreneurial, synergetic, and innovative as we wholly seize opportunities and completely break down silos, harnessing the full potential of our combined strengths.

The culmination of our journey in 2025 will be marked by "Be". During this phase, our focus will shift to scaling our achievements. All the behaviors cultivated in the preceding years will come together to form the fabric of our new organizational identity. By 2025, we aim to be a community of champions, united in purpose, engagement, and scale, realizing the full extent of our potential.

### Forging ahead: The techglomerate advantage unleashed

As we had anticipated, the path to transformation is not easy. It requires constant learning, experimenting, and pivoting in order to arrive at ideas that truly fit the Group's long-term strategy. The reality is that some things will work out and others will not, and we need to get comfortable with this uncertainty as there is no other way to grow. To continue adding value, we need to shift our mindsets and the way we do things today so that we can shape the future we want tomorrow.

As change continues to be an expected challenge, more supportive feedback and inspiring examples can help all of us further transform our culture. 2024 will be another crucial year as we level up to "Becoming," leading us to GT2025. We are now better positioned to navigate the ever dynamic global business landscape, with a renewed and sharper focus on innovation, customer

satisfaction, and organizational agility. We are set to ramp up our core transformation within AEV, implement our Synergy Office projects, and start reaping the benefits of the seeds we have planted in previous years.

In parallel, our SBUs are now progressively adopting a more proactive yet measured approach in identifying and pursuing new opportunities. This deliberate strategy underscores a dynamic shift towards strategic risk-taking and seeking out new avenues. This forward-thinking approach positions our business units to capitalize on emerging trends and navigate the evolving market landscape with strategic precision, which is what the GT is all about.

As we continue our transformation journey, we will embrace each step with enthusiasm, dedication, trust, and a shared commitment to fully unlock all the 4Bs—Believe, Behave, Become, and Be. Together, we will build a legacy of innovation and success that will define our organization for years to come.





## Supply Chain Management

Each strategic business unit (SBU) has its own unique general supply chain process, including its main elements as operationalized in business activities, primary brands, products, and services. Continuous improvement and innovation enable our business to meet the requirements of our stakeholders while we work to enhance our ESG integrations in the supply chain over the past years.

| SBU            | Management Approach  |
|----------------|--|
| Power          | At AboitizPower, our supply chain process is deeply rooted in our commitment to sustainability and inclusivity. We hold our suppliers to high standards, ensuring they adhere to the same values and sustainability principles that guide our operations. In 2023, we introduced two pivotal ESG policies: the Supplier Diversity Policy, which advocates for engagement with suppliers from diverse backgrounds, and the Sustainable Procurement Policy, integrating environmental, governance, and social considerations into our procurement practices. Our Supplier Code of Conduct establishes minimum standards encompassing ethical commitments, labor practices, safety, environmental responsibility, and quality assurance. We actively encourage our suppliers to champion sustainability within their own supply chains, amplifying our collective impact. Overall, our supply chain approach underscores sustainability, ethical conduct, and inclusivity, aligning with our mission and contributing to a more sustainable future. |
| UnionBank      | UnionBank supports local enterprises and local populations to honor the mutually beneficial relationship we have with our host community. Our branch network is designed to encourage banking locally. We also do our part by investing in the local market, through our suppliers, and through our championship of small and medium enterprises (SMEs).   |
| City Savings   | At CitySavings, true to our commitment to help people of moderate means, we support the mass market community where our businesses operate. Our branch network is designed to reach those who contributed to their communities but had no access to banks and banking services. We also support local markets by patronizing local products, talents, and suppliers.   |
| Infrastructure | AIC established its process for Vendor Accreditation and Vendor onsite audits to ensure that the company is dealing with companies that are compliant to government regulations and can deliver quality products and services for the company.   |
| Land           | Aboitizland's process to create master-planned developments for the vecinos includes establishing supply chain management processes which starts at vendor accreditation. The company ensures meeting predefined criteria and standards through vendor performance evaluation.   |

## Co-Creating Value with our Stakeholders

We highly engage with our key stakeholders (team members, customers, suppliers, partners, communities, and civil society organizations) to understand their needs, concerns, and expectations regarding relevant social issues that impact our business environment. The group aims to co-create value through meaningful stakeholder engagement, by fostering dialogue, building trust, and ensuring that organizational decisions and actions are aligned with stakeholder interests.

We assess our levels of engagement with our stakeholders in a variety of methods such as surveys, virtual calls, focus group discussions, consultations, events, and partnerships through key channels and communication technologies available to us.

## Aboitiz Stakeholder Management Principles

### Stakeholder Engagement

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

### Materiality Assessment

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

### Integrated Thinking

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

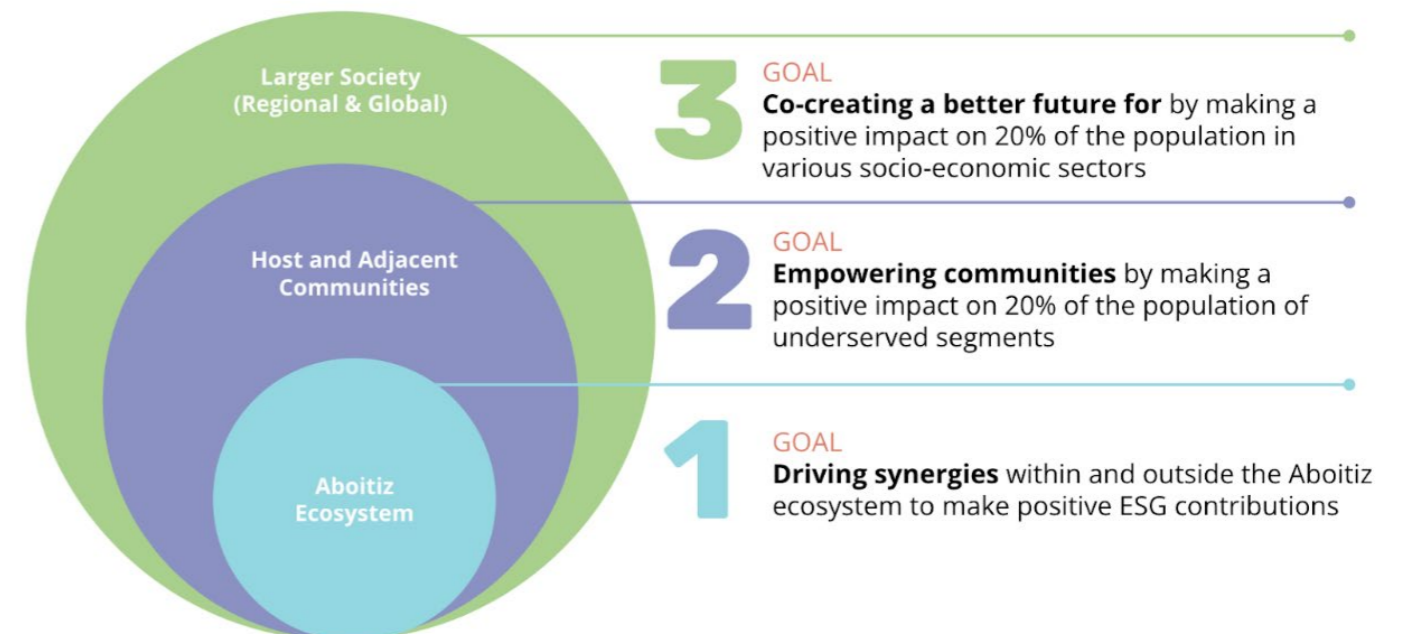
### Continuous Improvement

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

To provide focus on our engagement strategies, we identify our key stakeholders in our spheres of influence and aim to make sustainable and positive impacts in our interactions with them.

## Spheres of Influence and Goals

We are committed to making sustainable and positive impacts across three spheres of influence







### Key Dialogue Channels

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



# 2023 Corporate Governance Report

## Building the foundations for the country's first techglomerate

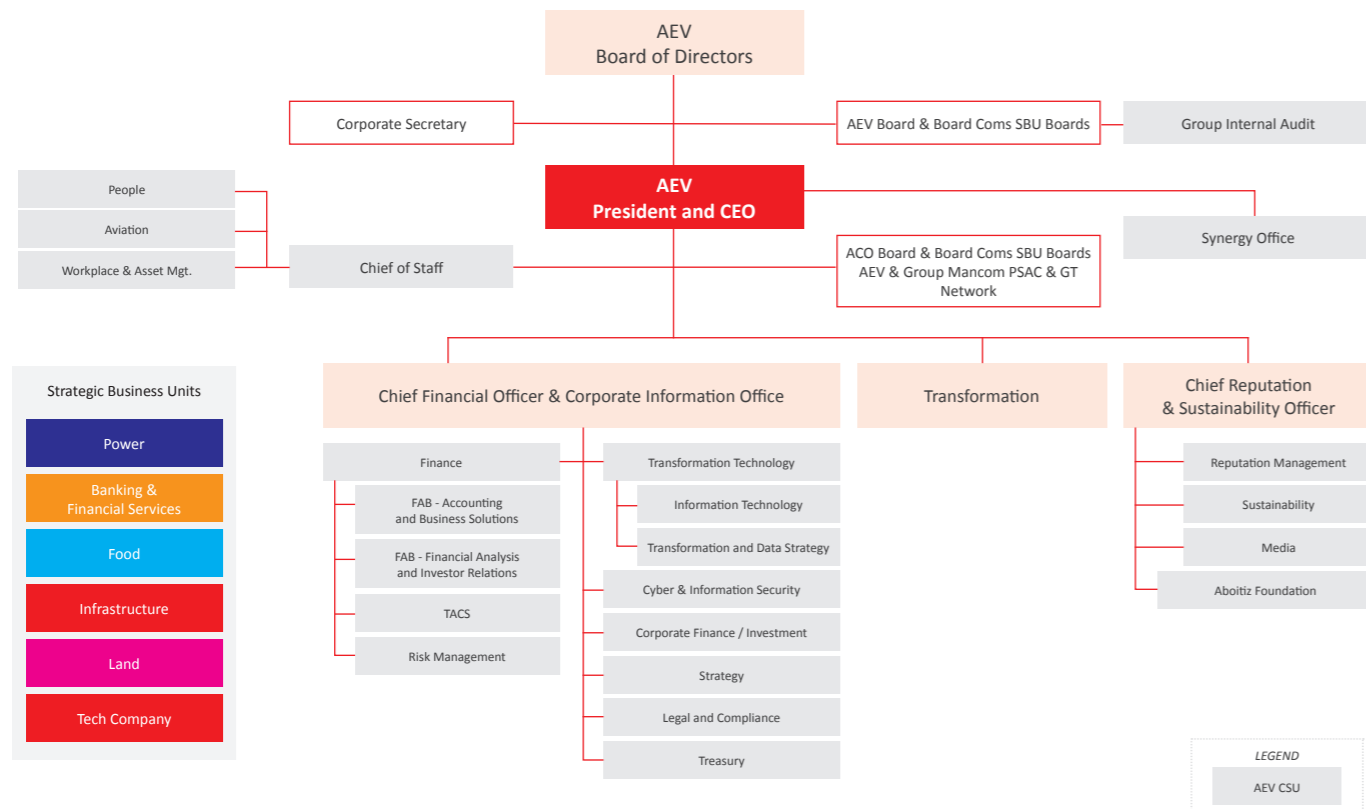
In 2023, the Aboitiz Group propelled itself into a new era, navigating the unfolding chapters of its rich history with an unwavering commitment to drive change for a better world by advancing business and communities. As we embraced the challenges of the Great Transformation, we strategically steered towards shaping a future where innovation stands as the cornerstone of our growth trajectory, aspiring to emerge as the Philippines' first techglomerate.

### Aboitiz Governance Framework

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

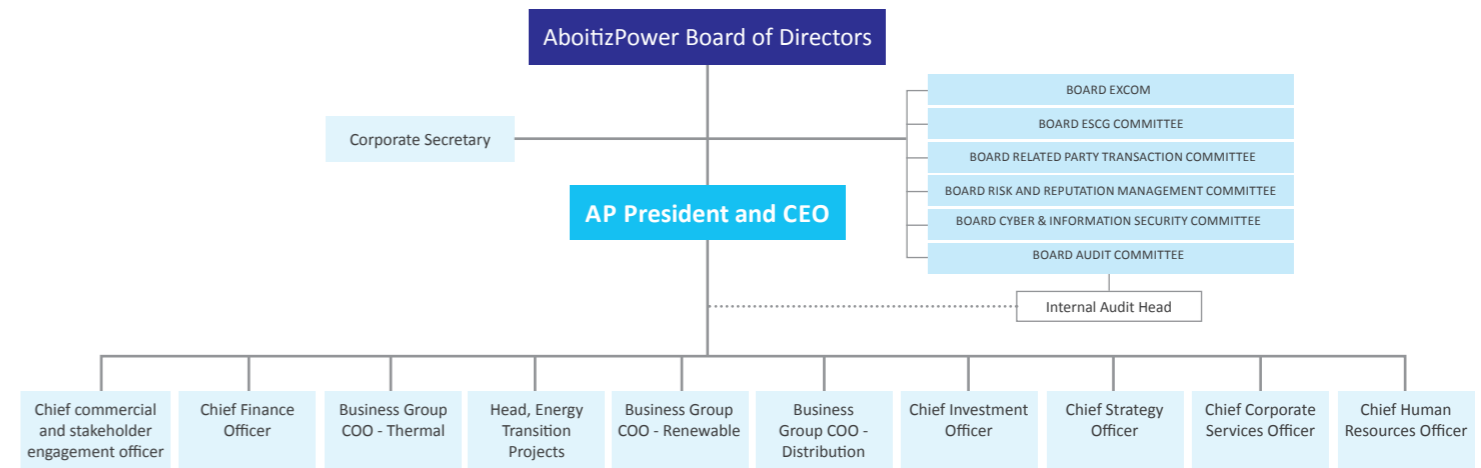
### AEV Governance Organization

As of January 2024



### AboitizPower Governance Structure

As of January 2024



### Aboitiz High Impact Governance

Governance at Aboitiz is strengthened by the synergistic partnership between the highly skilled and diverse Boards and Board Committees of AboitizPower and AboitizEquity. This collaboration is reinforced by capable and responsible management teams, as well as empowered team members. In the face of a rapidly changing business landscape, this collaborative governance model equips Aboitiz with the adaptability to navigate challenges and pursue strategic growth directions.

### Aboitiz High Impact Governance - 3 Program Components

| Agile Board  | Engaged Board  | Supported Board  |
|--|--|--|
| <ul style="list-style-type: none"> <li>A Board that has the right size, committee structure, and profile that is aligned with the operational requirements and the growth aspirations of the Group,</li> <li>A Board that has the right mix of Technical and Behavioral Competencies and are exposed to the business.</li> </ul> | <ul style="list-style-type: none"> <li>A Board that has a productive working relationship amongst each other and with management.</li> <li>A Board that is FAMILIAR not only with the Company's mission, vision, and culture, but also IMMERSed in businesses, operations, initiatives of the Company through collaborations within and outside the confines of the Board room.</li> </ul> | <ul style="list-style-type: none"> <li>A Board that is SUPPORTED by processes and protocols that facilitate the effective discharge of its functions, so that the directors can focus on governing, rather than administrative details.</li> </ul> |



## BOARD OF DIRECTORS

The Boards of AEV and AboitizPower play a pivotal role in articulating and evaluating the purpose, vision, mission, and strategies of each company, ensuring a comprehensive understanding and effective execution of their respective goals. This oversight guarantees that the strategic direction of each business is not only well-defined and properly managed but also aligned with the overarching strategic objectives of the Aboitiz Group. Functioning independently from day-to-day management, both

AEV and AboitizPower Boards are dedicated to providing each company with a strategic roadmap for a modern and transformative future. This commitment is manifested through a focus on high-potential growth initiatives, fostering a renewed entrepreneurial mindset, and continuous investment in the development of team members within an enabling and inclusive work environment. This proactive approach reflects the Boards' dedication to steering their companies towards innovation, growth, and sustainable success.

### Board of Directors at a Glance

(as of December 31, 2023)

|   | AEV   | AboitizPower  |
|---|---|---|
| <b>Chairman</b>                             | Enrique M. Aboitiz (Non-Executive Director)   | Sabin M. Aboitiz (Non-Executive Director)   |
| <b>Vice Chairman</b>                        | Mikel A. Aboitiz (Non-Executive Director)   | Eric Ramon O. Recto (Independent Director)  |
| <b>Lead Independent Director</b>            | Cesar G. Romero   | Eric Ramon O. Recto   |
| <b>Composition</b>                          | <ul style="list-style-type: none"> <li>- Seats: 9</li> <li>- Non-Executive Directors: 5</li> <li>- Executive Directors: 1</li> <li>- Independent Directors: 3</li> </ul>  | <ul style="list-style-type: none"> <li>- Seats: 9</li> <li>- Non-Executive Directors: 5</li> <li>- Executive Directors: 2</li> <li>- Independent Directors: 2</li> </ul>  |
| <b>Term of Office</b>                       | One Year  | One Year  |
| <b>Board Committees</b>                     | <ul style="list-style-type: none"> <li>• Audit Committee</li> <li>• Environmental, Social, and Corporate Governance Committee</li> <li>• Risk and Reputation Management Committee</li> <li>• Related Party Transactions Committee</li> <li>• Cyber and Information Security Committee</li> <li>• Executive Committee</li> </ul> | <ul style="list-style-type: none"> <li>• Audit Committee</li> <li>• Environmental, Social, and Corporate Governance Committee</li> <li>• Risk and Reputation Management Committee</li> <li>• Related Party Transactions Committee</li> <li>• Cyber and Information Security Committee</li> <li>• Executive Committee</li> </ul> |
| <b>Age Profile</b>                          | <ul style="list-style-type: none"> <li>• Average: 64 years old</li> <li>• Youngest: 43 years old</li> <li>• Eldest: 73 years old</li> </ul>   | <ul style="list-style-type: none"> <li>• Average: 59 years old</li> <li>• Youngest: 42 years old</li> <li>• Eldest: 65 years old</li> </ul>   |
| <b>Tenure Profile</b>                       | <ul style="list-style-type: none"> <li>• Average: 11 years</li> <li>• Lowest: 2 months</li> <li>• Highest: 29 years</li> <li>• Independent Directors with more than 9 years tenure: None</li> </ul>   | <ul style="list-style-type: none"> <li>• Average: 2 years</li> <li>• Lowest: 5 months</li> <li>• Highest: 5 years</li> <li>• Independent Directors with more than 9 years tenure: None</li> </ul>   |
| <b>Gender Profile</b>                       | <ul style="list-style-type: none"> <li>• Male: 7</li> <li>• Female: 2</li> </ul>  | <ul style="list-style-type: none"> <li>• Male: 9</li> <li>• Female: 0</li> </ul>  |
| <b>Shareholdings</b>                        | <ul style="list-style-type: none"> <li>• Directors owning 5% or more: None</li> <li>• Independent Directors owning 2% or more: None</li> </ul>  | <ul style="list-style-type: none"> <li>• Directors owning 5% or more: None</li> <li>• Independent Directors owning 2% or more: None</li> </ul>  |
| <b>Limit on Directorships in other PLCs</b> | Five publicly-listed companies  | Five publicly-listed companies  |
| <b>Quorum Requirement</b>                   | Two-thirds of the members of the Board  | Majority of the members of the Board  |
| <b>Voting Requirement</b>                   | At least two-thirds of the quorum   | At least a majority of the quorum   |
| <b>Attendance Requirement</b>               | 75%   | 50%   |

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

### Summary of Changes in the AEV and AboitizPower Boards

|              | Resignation                              | Election / Appointments                | Did not Seek Re-election |
|--------------|--|--|--------------------------|
| AEV          | Romeo L. Bernardo<br>(September 4, 2023) | Peter D. Maquera<br>(October 26, 2023) | -                        |
| AboitizPower | Satoshi Yajima<br>(August 15, 2023)      | Izumi Kai<br>(August 15, 2023)         | -                        |

In 2023, the members of the AEV and AboitizPower Boards of Directors were the following:

| Aboitiz Equity Venture   |   |   |
|--|---|---|
| <p><b>ENRIQUE M. ABOITIZ</b><br/>Chairman – Board of Directors<br/>Non-Executive Director</p> <p>Age: 70 years old<br/>Citizenship: Filipino<br/>Date of First Appointment: May 10, 1999<br/>Tenure: 24 years</p> <p>Board and Committee Memberships and % Attendance Record in 2023:<br/>(C) BOD (100%)<br/>(M) ExCom (n.a)<br/>(M) ESCG (100%)<br/>(M) Cyber (100%)</p> <p>Directorships in Other Listed Companies Outside the Aboitiz Group: None</p> <p>Educational and Professional Background:<br/>• Bachelor of Science in Business Administration, Major in Economics<br/>Gonzaga University, Spokane Washington, U.S.A.</p> | <p><b>MIKEL A. ABOITIZ</b><br/>Vice Chairman of the Board<br/>Non-Executive Director</p> <p>Age: 69 years old<br/>Citizenship: Filipino<br/>Date of First Appointment: May 15, 2017<br/>Tenure: 6 years</p> <p>Board and Committee Memberships and % Attendance Record in 2023:<br/>(VC) BOD (100%)<br/>(M) ExCom (n.a)</p> <p>Directorships in Other Listed Companies Outside the Aboitiz Group: None</p> <p>Educational and Professional Background:<br/>• Bachelor of Science in Business Administration, Gonzaga University<br/>Spokane, Washington, U.S.A.</p>                                   | <p><b>ERRAMON I. ABOITIZ</b><br/>Non-Executive Director</p> <p>Age: 67 years old<br/>Citizenship: Filipino<br/>Date of First Appointment: May 9, 1994<br/>Tenure: 29 years</p> <p>Board and Committee Memberships and % Attendance Record in 2023:<br/>(M) BOD (94%)<br/>(C) Risk (100%)<br/>(M) ExCom (n.a)<br/>(M) AudCom (100%)</p> <p>Directorships in Other Listed Companies Outside the Aboitiz Group: None</p> <p>Educational and Professional Background:<br/>• Bachelor of Science in Business Administration, Major in Accounting and Finance, Gonzaga University, Spokane, Washington, U.S.A.<br/>• Honorary Doctorate Degree in Management from the Asian Institute of Management<br/>• Awardee - Management Man of the Year by the Management Association of the Philippines (2011)<br/>• Awardee - Entrepreneur of the Year by Ernst &amp; Young (2011)</p> |
| <p><b>SABIN M. ABOITIZ</b><br/>President and Chief Executive Officer<br/>Executive Director</p> <p>Age: 59 years old<br/>Citizenship: Filipino<br/>Date of First Appointment: May 21, 2018<br/>Tenure: 5 years</p> <p>Board and Committee Memberships and % Attendance Record in 2023:<br/>(M) BOD (100%)<br/>(C) ExCom (n.a)<br/>(M) ESCG (100%)<br/>(M) Risk (80%)</p> <p>Directorships in Other Listed Companies Outside the Aboitiz Group: None</p> <p>Educational and Professional Background:<br/>• Bachelor of Science in Business Administration, Major in Finance<br/>Gonzaga University, Spokane, U.S.A.</p>               | <p><b>ANA MARIA A. DELGADO</b><br/>Non-Executive Director</p> <p>Age: 43 years old<br/>Citizenship: Filipino<br/>Date of First Appointment: December 11, 2018<br/>Tenure: 5 years</p> <p>Board and Committee Memberships and % Attendance Record in 2023:<br/>(M) BOD (94%)<br/>(M) Audit (100%)</p> <p>Directorships in Other Listed Companies Outside the Aboitiz Group: None</p> <p>Educational and Professional Background:<br/>• Bachelor of Arts in Art History/Painting from Boston College<br/>• Master's Degree in Business Administration, New York University Stern School of Business</p> | <p><b>JUSTO A. ORTIZ</b><br/>Non-Executive Director</p> <p>Age: 66 years old<br/>Citizenship: Filipino<br/>Date of First Appointment: May 9, 1994<br/>Tenure: 26 years (1994 -2017, 2021 - 2023)</p> <p>Board and Committee Memberships and % Attendance Record in 2023:<br/>(M) BOD (100%)<br/>(C) Cyber (100%)<br/>(M) ExCom (n.a)</p> <p>Directorships in Other Listed Companies Outside the Aboitiz Group: None</p> <p>Educational and Professional Background:<br/>• Member of the Claustro de Profesores and Doctor of Humanities Degree (honoris causa), University of Santo Tomas<br/>• Economics Honors Program (magna cum laude), Ateneo de Manila University</p>   |



|   |   |   |
|---|---|---|
| <p><b>CESAR G. ROMERO</b><br/>Lead Independent Director</p> <p>Age: 58 years old<br/>Citizenship: Filipino<br/>Date of First Appointment: April 25, 2022<br/>Tenure: 1 year</p> <p>Board and Committee Memberships and % Attendance Record in 2023:<br/>(M) BOD (100%)<br/>(C) AudCom (100%)<br/>(C) ESCG (100%)<br/>(M) Risk (100%)<br/>(M) RPT (100%)</p> <p>Directorships in Other Listed Companies Outside the Aboitiz Group:</p> <ul style="list-style-type: none"> <li>Robinsons Retail Holdings, Inc.</li> </ul> <p>Educational and Professional Background:</p> <ul style="list-style-type: none"> <li>Bachelor of Science in Mechanical Engineering (cum laude), University of the Philippines Diliman</li> <li>Master's Degree in Business Administration (with High Distinction) University of Michigan, U.S.A.</li> <li>Various Management Development Courses in London Business School and Wharton Business School, U.S.A.</li> </ul> | <p><b>JOANNE G. DE ASIS</b><br/>Independent Director</p> <p>Age: 73 years old<br/>Citizenship: Filipino<br/>Date of First Appointment: April 26, 2021<br/>Tenure: 2 years</p> <p>Board and Committee Memberships and % Attendance Record in 2023:<br/>(M) BOD (100%)<br/>(C) RPT (100%)<br/>(M) AudCom (100%)<br/>(M) ESCG (100%)<br/>(M) Risk (100%)<br/>(M) Cyber (100%)</p> <p>Directorships in Other Listed Companies Outside the Aboitiz Group:</p> <ul style="list-style-type: none"> <li>Easycall Communications Philippines, Inc.</li> </ul> <p>Educational and Professional Background:</p> <ul style="list-style-type: none"> <li>Bachelor of Arts, Major in Communication Arts, Maryknoll College</li> <li>Master of Business Administration Columbia University, New York, U.S.A.</li> <li>Executive Management Program, Stanford University, Palo Alto, California U.S.A.</li> </ul> | <p><b>PETER D. MAQUERA</b><br/>Independent Director</p> <p>Age: 61 years old<br/>Citizenship: Filipino<br/>Date of First Appointment: October 26, 2023<br/>Tenure: 2 months</p> <p>Board and Committee Memberships and % Attendance Record in 2023:<br/>(M) BOD (100%)<br/>(M) Cyber (100%)<br/>(M) AudCom (n.a.)<br/>(M) ESCG (n.a.)<br/>(M) Risk (n.a.)<br/>(M) RPT (n.a.)</p> <p>Directorships in Other Listed Companies Outside the Aboitiz Group: None</p> <p>Educational and Professional Background:</p> <ul style="list-style-type: none"> <li>Bachelor of Science in Engineering University of Southern California, U.S.A.</li> <li>Master's Degree in Business Administration, University of Southern California, U.S.A.</li> </ul> |
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| <p><b>TOSHIRO KUDAMA</b><br/>Non-Executive Director</p> <p>Age: 65 years old<br/>Citizenship: Japanese<br/>Date of First Appointment: December 22, 2022<br/>Tenure: 2 years</p> <p>Board and Committee Memberships and % Attendance Record in 2023:<br/>(M) BOD (100%)<br/>(M) Risk (100%)<br/>(M) ExCom (n.a.)</p> <p>Directorships in Other Listed Companies in the Philippines Outside the Aboitiz Group: None</p> <p>Educational and Professional Background:</p> <ul style="list-style-type: none"> <li>Bachelor's Degree in Mechanical Engineering, Tokyo Institute of Technology, Tokyo, Japan</li> <li>Master's Degree in Mechanical Engineering, Graduate School of Tokyo Institute of Technology, Tokyo, Japan</li> </ul> | <p><b>EDWIN R. BAUTISTA</b><br/>Director</p> <p>Age: 63 years old<br/>Citizenship: Filipino<br/>Date of First Appointment: April 26, 2021<br/>Tenure: 2 years</p> <p>Board and Committee Memberships and % Attendance Record in 2023:<br/>(M) BOD (100%)<br/>(M) ESCG (100%)<br/>(M) Audit (100%)</p> <p>Directorships in Other Listed Companies Outside the Aboitiz Group: None</p> <p>Educational and Professional Background:</p> <ul style="list-style-type: none"> <li>Bachelor of Science in Mechanical Engineering, De La Salle University, Manila</li> <li>Advanced Management Program Harvard Business School in Massachusetts, U.S.A.</li> </ul> | <p><b>DANEL C. ABOITIZ</b><br/>Director</p> <p>Age: 42 years old<br/>Citizenship: Filipino<br/>Date of First Appointment: December 11, 2018<br/>Tenure: 5 years</p> <p>Board and Committee Memberships and % Attendance Record in 2023:<br/>(M) BOD (100%)<br/>(M) Audit (100%)<br/>(M) ExCom (n.a.)</p> <p>Directorships in Other Listed Companies Outside the Aboitiz Group: None</p> <p>Educational and Professional Background:</p> <ul style="list-style-type: none"> <li>MA, Philosophy &amp; Politics (with Second Honors), University of Edinburgh, Scotland</li> <li>Beijing Language and Culture University, Chinese Language, Beijing, China</li> </ul> |
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| <p><b>CESAR G. ROMERO</b><br/>Independent Director</p> <p>Age: 58 years old<br/>Citizenship: Filipino<br/>Date of First Appointment: October 1, 2022<br/>Tenure: 1 year</p> <p>Board and Committee Memberships and % Attendance Record in 2023:<br/>(ID) BOD (100%)<br/>(C) ESCG (100%)<br/>(M) Audit (100%)<br/>(M) Risk (100%)<br/>(M) RPT (100%)</p> <p>Directorships in Other Listed Companies Outside the Aboitiz Group:</p> <ul style="list-style-type: none"> <li>Robinsons Retail Holdings, Inc.</li> </ul> <p>Educational and Professional Background:</p> <ul style="list-style-type: none"> <li>Bachelor of Science in Mechanical Engineering (cum laude), University of the Philippines Diliman</li> <li>Master's Degree in Business Administration (with High Distinction) University of Michigan, Michigan, U.S.A.</li> <li>Various Management Development Courses in London Business School and Wharton Business School, U.S.A.</li> </ul> | <p><b>LUIS MIGUEL O. ABOITIZ</b><br/>Director</p> <p>Age: 59 years old<br/>Citizenship: Filipino<br/>Date of First Appointment: April 26, 2021<br/>Tenure: 2 years</p> <p>Board and Committee Memberships and % Attendance Record in 2023:<br/>(M) BOD (100%)<br/>(M) ESCG (100%)<br/>(M) Audit (100%)<br/>(M) Risk (100%)<br/>(M) RPT (100%)<br/>(M) ExCom (n.a.)</p> <p>Directorships in Other Listed Companies Outside the Aboitiz Group: None</p> <p>Educational and Professional Background:</p> <ul style="list-style-type: none"> <li>Bachelor of Science in Computer Science and Engineering, Santa Clara University California, U.S.A.</li> <li>Master's Degree in Business Administration, University of California Berkeley, U.S.A.</li> </ul> | <p><b>IZUMI KAI</b><br/>Director</p> <p>Age: 48 years old<br/>Citizenship: Japanese<br/>Date of First Appointment: August 15, 2023<br/>Tenure: 5 months</p> <p>Board and Committee Memberships and % Attendance Record in 2023:<br/>(M) BOD (100%)</p> <p>Directorships in Other Listed Companies in the Philippines Outside the Aboitiz Group: None</p> <p>Educational and Professional Background:</p> <ul style="list-style-type: none"> <li>Bachelor of Engineering, Ritsumeikan University, Japan</li> <li>Master's Degree in Business Administration in Global Management, major in Finance, Arizona State University, Arizona, U.S.A.</li> </ul> |
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| AboitizPower   |  |   |
|--|--|---|
| <p><b>SABIN M. ABOITIZ</b><br/>Chairman of the Board</p> <p>Age: 59 years old<br/>Citizenship: Filipino<br/>Date of First Appointment: April 26, 2021<br/>Tenure: 2 years</p> <p>Board and Committee Memberships and % Attendance Record in 2023:<br/>(C) BOD (100%)<br/>(C) Risk (100%)<br/>(M) ESCG (100%)<br/>(M) ExCom (n.a.)<br/>(M) Cyber (75%)</p> <p>Directorships in Other Listed Companies Outside the Aboitiz Group: None</p> <p>Educational and Professional Background:</p> <ul style="list-style-type: none"> <li>Business Administration, Major in Finance, Gonzaga University, Spokane Washington, U.S.A.</li> </ul> | <p><b>ERIC RAMON O. RECTO</b><br/>Vice Chairman of the Board / Independent Director</p> <p>Age: 60 years old<br/>Citizenship: Filipino<br/>Date of First Appointment: May 21, 2018<br/>Tenure: 5 years</p> <p>Board and Committee Memberships and % Attendance Record in 2023:<br/>(VC) BOD (100%)<br/>(M) ESCG (100%)<br/>(C) Audit (100%)<br/>(M) Risk (100%)<br/>(C) RPT (100%)<br/>(C) Cyber (100%)</p> <p>Directorships in Other Listed Companies Outside the Aboitiz Group:</p> <ul style="list-style-type: none"> <li>Philippine Bank of Communications</li> <li>Atok-Big Wedge Co., Inc.</li> <li>DITO CME Holdings Corp.</li> <li>PH Resorts Group Holdings, Inc.</li> <li>Manila Water Company, Inc.</li> </ul> <p>Educational and Professional Background:</p> <ul style="list-style-type: none"> <li>Bachelor of Science in Industrial Engineering, University of the Philippines Diliman</li> <li>Masters in Business Administration, with concentration in Finance and Operation Management, Johnson Graduate School of Management, Cornell University Ithaca, New York, U.S.A.</li> </ul> | <p><b>EMMANUEL V. RUBIO</b><br/>Director/President and Chief Executive Officer</p> <p>Age: 59 years old<br/>Citizenship: Filipino<br/>Date of First Appointment: January 1, 2020<br/>Tenure: 4 years</p> <p>Board and Committee Memberships and % Attendance Record in 2023:<br/>(M) BOD (100%)<br/>(M) Risk (100%)<br/>(C) ExCom (n.a.)</p> <p>Directorships in Other Listed Companies Outside the Aboitiz Group: None</p> <p>Educational and Professional Background:</p> <ul style="list-style-type: none"> <li>Bachelor of Science in Industrial Management Engineering, minor in Mechanical Engineering, De La Salle University, Manila</li> <li>Master's in Business Administration, Certificate of Completion, De La Salle University, Manila</li> </ul> <p>Certifications:</p> <ul style="list-style-type: none"> <li>The LEAD Program, Columbia University</li> <li>Advanced Management Program, Columbia University</li> <li>Strategic Management Course, Nanyang Technological University, Singapore</li> <li>Executive Certificate in Directorship, Singapore Management University – Singapore Institute of Directors</li> </ul> |



## Board Performance

In 2023, the members of the AEV and AboitizPower Boards conducted the following performance reviews and assessments::

| Type of Assessment   | Respondents and Scope   | Criteria   |
|--|---|--|
| 1. <b>Director Self-Assessment</b><br>Completed in October 2023                | <b>Respondents:</b> Members of the Board<br><b>Scope:</b> Individual and the collective performance of members of the Board and Board committees                            | (1) compliance with best governance practices and principles,<br>(2) participation and contribution to the Board and committee meetings, and<br>(3) performance of their duties and responsibilities as provided in the company's Revised Manuals, Charters, Amended Articles, and Amended By-Laws |
| 2. <b>Key Officers Evaluation</b><br>Completed in October 2023                 | <b>Respondents:</b> Members of the Board<br><b>Scope:</b> Chairman, Chief Executive Officer, Internal Audit Head, Risk Officer, Corporate Secretary, and Compliance Officer |  |
| 3. <b>Director Evaluation</b><br>Completed in October 2023                     | <b>Respondents:</b> Executive Officers<br><b>Scope:</b> Members of the Board and Board Committees   | (1) business acumen,<br>(2) independent judgment,<br>(3) familiarity with the business,<br>(4) active participation and effective challenge,<br>(5) professional expertise and network,<br>(6) value contribution,<br>(7) embodiment of Aboitiz core values, and<br>(8) goodwill and reputation    |
| 4. <b>Board and Committee Charter Assessment</b><br>Completed in December 2023 | <b>Respondents:</b> Board and Committee Members   | (1) membership and composition,<br>(2) duties and responsibilities,<br>(3) conduct of meetings,<br>(4) support and resources   |

The Corporate Governance Code recommends that at least once in every three years, the conduct of the Board performance assessment must be supported by an independent third-party facilitator. AEV complied with this requirement in 2023 with the engagement of Complete Coherence, a leadership development and coaching company based in the United Kingdom. The results of the assessment, as well as the recommendations from Complete Coherence, were presented and discussed at the Board meeting on December 12, 2023. Meanwhile, AboitizPower has engaged the services of the Institute of Corporate Directors (Philippines) (ICD), for its 2023 Board performance assessment. ICD is a non-stock, not-for-profit national association of corporate directors and other stakeholders engaged in corporate governance. Results of the assessment, as well as the recommendations from ICD, were presented and discussed at the AboitizPower Board meeting on February 27, 2024.

### Board Independence

Guided by their respective Manuals and Committee charters, the Environmental, Social, and Corporate Governance (ESCG) Committees of AEV and AboitizPower play a crucial role in shaping and reinforcing the foundation of corporate governance within the organizations. These principles are designed to foster the autonomy and independence of their respective Boards through the establishment of standards and guidelines that pertain to the nomination, selection, contribution, and conduct of Board members.

In 2023, the AEV and AboitizPower Boards were composed of a majority of Non-Executive Directors and Independent Directors. AEV has three qualified Independent Directors and five Non-Executive Directors out of its nine Board members. Meanwhile, AboitizPower has two qualified Independent Directors and five Non-Executive Directors out of

its nine Board members. In addition, both Boards appointed a Lead Independent Director who serves as an intermediary between the Chairman and the other Directors whenever necessary. In 2023, AEV and AboitizPower had no Independent Directors who served for more than nine years. In the same year, AEV used several professional search firms to recommend potential candidates to replace Mr. Bernardo following his resignation.

### Board Diversity Policy

The Board diversity policies of AEV and AboitizPower advocate for the selection of a diverse set of highly skilled Directors and Officers. These individuals bring to the table extensive knowledge and experience in the core industries relevant to the operations of the Group. The selection process prioritizes several factors, including a diverse range of business experiences, behavioral and technical competencies, varied backgrounds, age, and gender.

Both Boards are composed of professionals from diverse fields, including legal and finance experts, engineers, former or current CEOs/COOs, auditors, and accountants. Their collective expertise reflects not only a wealth of industry-specific knowledge but also a broad spectrum of perspectives. Many members of the Boards have substantial management experience in both private and government sectors, as well as in multilateral agencies, thereby contributing to a well-rounded and adaptive leadership.

By embracing such diversity, AEV and AboitizPower recognize the inherent strength in bringing together individuals with varied skill sets and perspectives. This approach not only enhances the Boards' decision-making processes but also reinforces their ability to navigate the complexities of the ever-evolving business landscape. The commitment to diversity extends beyond a mere acknowledgment of differences; it is a strategic imperative that ensures the Boards are equipped to meet the multifaceted challenges and opportunities of the industries they operate in.

In terms of gender, AEV currently has two female members in the Board of Directors.

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

AEV and AboitizPower place a premium on the proactive engagement of their Directors with current industry dynamics and business trends to bolster the Group's competitiveness. Equally vital is the assurance that all Directors have a clear understanding of their duties and responsibilities, supported by the necessary information to effectively fulfill their functions.

To this end, the AEV and AboitizPower Manuals require every director to undergo an initial onboarding session upon first appointment to the Board, and to commit to a continuing professional training program (formal and informal) to ensure that Directors remain abreast of the latest developments in internal policies, pertinent laws and regulations, and the diverse business risks relevant to the Group's operations. Taking a hands-on approach, the Chairmen of both Boards, in collaboration with their respective Compliance Officers, actively oversee the compliance of Directors and Key Officers with these requirements. This collaborative effort reinforces a commitment to continuous learning and professional development, positioning AEV and AboitizPower's leadership to navigate the complexities of the business landscape with acumen and foresight.

In 2023, AEV continued to organize its "Aboitiz Board Learning Sessions", a series of online seminars with renowned experts across the globe. The seminars are intended to provide the Directors and Officers with current industry developments, business trends, and corporate governance practices. These aim to promote the Group's competitive advantage, build on the techglomerate premium, and address any identified skill or competency gaps. These sessions were attended by the Directors and Officers of the various strategic business units, including AboitizPower.

AEV organized 15 Board Learning Sessions and two Virtual Asset Tours. Some of these sessions were accredited by the Securities & Exchange Commission (SEC) in compliance with the four-hour mandatory corporate governance seminars for Directors and Officers of publicly listed companies.



|           | 2023 Board Learning Sessions  | 2023 Virtual Asset Tours  |
|-----------|---|---|
| February  | <b>Intangible Economy</b><br>Mr. Jonathan Haskel and Stian Westlake<br>February 21, 2023  |   |
| March     |   | <b>AboitizPower:</b><br>Battery Energy Storage System<br>March 23, 2023 |
| April     | <b>Managing Top Risks in a Geopolitical Recession</b><br>Mr. Ian Bremmer<br>April 28, 2023  |   |
| May       | <b>Updates on Geo-Politics</b><br>Ms. Beth Sanner<br>May 25, 2023   |   |
| June      | <b>How Social Media and Artificial Intelligence Will Cause Increasing Disruption and How to Prepare for It</b><br>Mr. Jonathan Haidt<br>June 26, 2023 |   |
|           | <b>World Energy Transition Evolution and its Impact on ESG Evolution</b><br>Mr. Michael Schellenberger<br>June 29, 2023                               |   |
| July      | <b>The Crux: Challenge-Based Strategy</b><br>Mr. Richard Rumelt<br>July 21, 2023  |   |
|           | <b>Understanding and Using Irrationality for Better Results</b><br>Mr. Dan Ariely<br>July 26, 2023  |   |
| August    | <b>Global Industry Developments</b><br>Mr. Adam Rozenchwajg<br>August 29, 2023  |   |
| September | <b>Wisdom in Energy Transition</b><br>Mr. Jeremy Bentham<br>September 29, 2023  | <b>Food Group:</b><br>Breeder Farm 3 (Tarlac)<br>September 27, 2023     |
| October   | <b>Digital and Cybersecurity Governance and Systemic Risk</b><br>Mr. Bob Zukis and Mr. Jerry Nowicki<br>October 10, 2023                              |   |
|           | <b>Artificial Intelligence and the Global Economy*</b><br>Mr. Haim Israel<br>October 25, 2023   |   |
| November  | <b>Energy Transition: Renewable Revolution*</b><br>Mr. Kingsmill Bond<br>November 22, 2023  |   |
|           | <b>Updates on Geo-Politics*</b><br>Ms. Beth Sanner<br>November 29, 2023   |   |
| December  | <b>Geopolitics and Deglobalization*</b><br>Mr. Peter Zeihan<br>December 12, 2023  |   |
|           | <b>Global Industry Developments</b><br>Mr. Adam Rozenchwajg<br>December 19, 2023  |   |

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

### Director Compensation

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

In a transparent and collaborative process, the results of this comprehensive study are presented, discussed, and subject to approval during the first meeting of the ESCG Committees of both companies each year. This practice not only emphasizes the commitment to fair and equitable compensation but also underscores the proactive and strategic approach taken to align remuneration practices with the Group's evolving objectives. Through these deliberative measures, the ESCG Committees actively contribute to fostering a work environment that values and rewards excellence while reinforcing the Group's commitment to sustainable success.

In 2023, the directors of AEV and AboitizPower were entitled to the following compensation:

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

In compliance with Section 29 of the Revised Corporation Code, the total compensation of each of the Company's Directors as of December 31, 2023 were as follows:

| AEV Directors   | Total Compensation Received as a Director | AboitizPower Directors   | Total Compensation Received as a Director |
|---|---|--|---|
| <b>ENRIQUE M. ABOITIZ</b><br>Chairman of the Board                |   | <b>SABIN M. ABOITIZ*</b><br>Chairman of the Board of Directors                           |   |
| <b>MIKEL A. ABOITIZ</b><br>Vice Chairman of the Board             |   | <b>ERIC RAMON O. RECTO</b><br>Vice Chairman/<br>Lead Independent Director                |   |
| <b>ERRAMON I. ABOITIZ</b><br>Director                             |   | <b>LUIS MIGUEL O. ABOITIZ</b><br>Director  |   |
| <b>SABIN M. ABOITIZ*</b><br>President and Chief Executive Officer |   | <b>EMMANUEL V. RUBIO*</b><br>Director/President and Chief Executive Officer              |   |
| <b>ANA MARIA A. DELGADO*</b><br>Director                          |   | <b>TUSHIRO KUDAMA</b><br>Director  |   |
| <b>JUSTO A. ORTIZ*</b><br>Director                                |   | <b>IZUMI KAI**</b><br>Director   |   |
| <b>ROMEO L. BERNARDO</b><br>Lead Independent Director             |   | <b>EDWIN R. BAUTISTA</b><br>Director   |   |
| <b>CESAR G. ROMERO**</b><br>Independent Director                  |   | <b>DANEL C. ABOITIZ*</b><br>Director/Chief Commercial and Stakeholder Engagement Officer |   |
| <b>JOANNE G. DE ASIS</b><br>Independent Director                  |   | <b>CESAR G. ROMERO**</b><br>Independent Director   |   |

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

\*\* On September 4, 2023, Mr. Bernardo resigned as Lead Independent Director. He was replaced by Mr. Cesar G. Romero as Lead Independent Director and Mr. Peter D. Maquera as Independent Director.

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

\*\*Appointed as Director, effective August 15, 2023



## BOARD COMMITTEES

The **Environmental, Social, and Corporate Governance Committees (formerly the Corporate Governance Committee)** of AEV and AboitizPower play a pivotal role in spearheading the creation of a robust governance mechanism. It is a mechanism specifically designed to champion sustainability practices, encompassing responsible environmental stewardship, meaningful social development, and the implementation of sound corporate governance principles. The ESCG Committees also fulfill the essential functions of the Nomination and Remuneration Committees. The chairmen of the ESCG Committees are the Lead Independent Directors of AEV and AboitizPower.

In carrying out their duties and responsibilities, the ESCG Committees are supported by Ex-Officio Members who are the executive heads of relevant corporate services units such as compliance, human resources, sustainability, and external relations. These Officers regularly attend committee meetings as resource persons.

### Key Areas of Focus in 2023

|                                    |  |
|------------------------------------|--|
| <b>Environmental and Social</b>    | <ul style="list-style-type: none"> <li>Discussed the potential business and stakeholders impact of COP26 outcomes and the subsequent policy and regulatory actions of the country</li> <li>Monitored the progress of the ongoing Climate Value at Risk study</li> <li>Monitored and discussed the dynamic progress of Sustainability Disclosure Standards including the most recent progress on the International Sustainability Standards Board S1 and S2 Standards</li> <li>Developed and cascaded the OneNewAboitiz Sustainability Playbook and monitored the progress of the Group-wide ESG Materiality Re-assessment; AboitizPower conducted their group Materiality Assessment to identify priority ESG issues to address in 2023 to 2024</li> <li>Accomplished the 1st External Assurance of the Aboitiz Integrated Report and necessary milestones aligned with the 10-year ESG Agenda</li> <li>Ensured that the Company's ESG programs were implemented</li> <li>Amended the Code of Ethics and Business Conduct, and the Whistleblowing Policy to further strengthen the Company's commitment to corporate governance, particularly on sustainability and ethical corporate citizenship</li> </ul> |
| <b>Compliance</b>                  | <ul style="list-style-type: none"> <li>Reviewed and monitored AEV and AboitizPower's compliance with new laws and regulations</li> <li>Reviewed and monitored the status of whistleblowing reports</li> </ul>  |
| <b>Corporate Governance</b>        | <ul style="list-style-type: none"> <li>Reviewed and revised AEV and AboitizPower's General Trading Policy to align with market practice</li> </ul>   |
| <b>Nomination and Compensation</b> | <ul style="list-style-type: none"> <li>Ensured that the nomination, selection, election, remuneration, and assessment of AEV and AboitizPower Directors and Officers are aligned with the Revised Manuals</li> <li>Approved the final list of nominees for Directors for election after reviewing all the qualifications as provided in the Amended By-Laws, Revised Manuals, and other relevant SEC rules</li> <li>Reviewed the qualifications of all persons nominated to appointed positions by the Board</li> <li>Reviewed and approved the 2023 Group-wide merit increase guidelines</li> </ul>   |

The **Audit Committees** continued to provide oversight over the AEV and AboitizPower financial reporting policies, practices and controls, and over the internal and external audit functions necessary for making good audit-related decisions. In 2023, the AEV and AboitizPower Audit Committees were chaired by Independent Directors. AEV's Audit Committee was composed of all three Independent Directors and two Non-Executive Directors. Meanwhile, the AboitizPower Audit Committee was composed of the two Independent Directors, two Non-Executive Directors, and one Executive Director. Each company's Chief Financial Officer and Internal Audit Head, who performs the functions of a Chief Audit Executive, are regular attendees and resource persons at committee meetings. At the end of every Audit Committee meeting in 2023, committee members held private sessions with the companies' Internal Audit Heads and the external auditors of AEV and AboitizPower. Other attendees were invited as needed.

### Key Areas of Focus in 2023

|                          |   |
|--------------------------|---|
| <b>Financial Reports</b> | <ul style="list-style-type: none"> <li>Reviewed, discussed, and approved for public disclosure the quarterly unaudited consolidated financial statements of 2023</li> <li>Endorsed for approval by the full Board the 2022 annual audited financial statements of AEV and AboitizPower, their Subsidiaries and Affiliates</li> </ul>  |
| <b>External Auditors</b> | <ul style="list-style-type: none"> <li>Reviewed the performance of SGV as AEV and AboitizPower's external auditor</li> <li>Endorsed to the Board the appointment of SGV as AEV and AboitizPower's External Auditor for 2023</li> <li>Reviewed and approved the overall scope and audit plan of SGV</li> <li>Reviewed and approved the audit plan, fees, and terms of engagement, which covers audit and non-audit services provided by SGV</li> </ul>   |
| <b>Internal Auditors</b> | <ul style="list-style-type: none"> <li>Reviewed and approved the annual audit program for 2023 which also covers the adequacy of resources, qualifications and competency of the staff, and independence of the internal auditor</li> <li>Reviewed sample CAPEX transactions to help ensure process integrity and promote continuous improvement</li> <li>Confirmed that the internal audit function is executed effectively and internal auditors have conducted their responsibilities objectively and in an unbiased manner</li> </ul> |
| <b>Audit Charters</b>    | <ul style="list-style-type: none"> <li>Updated the Board Audit Committee and Internal Audit Charters to improve on each of the company's control performance by having an adequate and effective internal control system</li> </ul>   |

### Sufficiency of Internal Control and Compliance System

The AEV and AboitizPower Audit Committees assist their respective Boards in fulfilling oversight responsibilities over their company's system of internal controls. They are responsible for monitoring, overseeing, and evaluating the duties and responsibilities of management, the internal audit activity, and the external auditors as those duties and responsibilities relate to the organization's processes for controlling its operations. In 2023, the President and Chief Executive Officers, and Internal Audit Heads of AEV and AboitizPower attested to the sufficiency of the internal control and compliance system of their respective companies.

### Audit and Non-Audit Fees

In 2023, AEV and AboitizPower reappointed accounting firm SyCip Gorres Velayo & Co. (SGV) as their respective independent external auditor. Ms. Jhoanna Feliza C. Go is the current audit partner on her second year after replacing Maria Veronica Andresa R. Pore in 2022. The Board Audit Committee reviews the performance of its external auditors. As a policy, the Board Audit Committees recommend to their respective Boards the choice of external auditor for the year. The committees also review the extent, nature, and fees for the services to be provided to ensure that the independence of the external auditors is preserved.

The following table sets out the aggregate fees paid by AEV and AboitizPower for professional fees rendered by SGV:

| Fee Type<br>(as of December 31, 2023) | AEV                   | AboitizPower       |
|---------------------------------------|-----------------------|--------------------|
| Audit Fees                            | ₱632,500.00           | ₱698,600           |
| Audit-Related Fees                    | ₱11,200,000.00        | ₱6,000,000         |
| <b>Sub Total</b>                      | <b>₱11,832,500.00</b> | <b>₱6,698,000</b>  |
| Other Assurance Fees                  | ₱3,480,935.00         | -                  |
| Consultancy Fees (Non-Audit)          | ₱53,195.00            | ₱1,352,567         |
| <b>Sub Total</b>                      | <b>₱3,534,130.00</b>  | <b>₱1,352,567]</b> |
| <b>Total Audit and Non-Audit Fees</b> | <b>₱15,366,630.00</b> | <b>₱8,051,167</b>  |



The **Risk and Reputation Management Committees** exercise oversight functions over each company’s enterprise risk management and reputation management, including their respective corporate brands and communication strategies. The committees ensure the establishment and maintenance of a robust risk management framework and the requisite supporting governance mechanism within their respective companies. In 2023, the Risk and Reputation Management Committee of AEV was composed of all the three Independent Directors, one Executive Director, and one Non-Executive Director who also acted as the Chairman of the Committee. The Chairman of the Risk and Reputation Management Committee of AEV is not the Chairman of the Board or any other Board Committees. Meanwhile, the Risk and Reputation Management Committee of AboitizPower was composed of the two Independent Directors, one Executive Director, and three Non-Executive Directors, including the Chairman who is also the Chairman of the Board.

**Key Areas of Focus in 2023 (AEV)**

|                                 |   |
|---------------------------------|---|
| <b>Governance</b>               | <ul style="list-style-type: none"> <li>Discussed the results of the Aon Risk Management Program Review and the KPMG Risk Management Framework and Process Effectiveness Audit</li> <li>Reviewed and updated the Board Risk and Reputation Committee Charter</li> </ul>  |
| <b>Business continuity</b>      | <ul style="list-style-type: none"> <li>Reviewed and discussed AEV’s Mid Year and Year-End Top Risks Report where regulatory and cyber risks, respectively, took the top spot.</li> <li>Introduced portfolio risk and implementation risk as among the new top risks of AEV as it takes on a more active portfolio and investment management role</li> </ul> |
| <b>Business Risk management</b> | <ul style="list-style-type: none"> <li>Updated the Business Continuity Policy to reflect the minimum guardrails for Strategic Business Units (SBUs) in light of the Group’s federalization</li> <li>Monitored Business Continuity Plan Testing of Aboitiz businesses</li> </ul>   |
| <b>Risk Finance</b>             | <ul style="list-style-type: none"> <li>Reviewed the proposed structure and utilization of AEV’s captive insurance vehicle</li> </ul>  |
| <b>Reputation</b>               | <ul style="list-style-type: none"> <li>Updated the committee on the annual reputation management plans, and results of the company’s brand and reputation surveys</li> <li>Discussed the Reputation Strategy &amp; ESG Synergy framework</li> </ul>   |

**Key Areas of Focus in 2023 (AboitizPower)**

|                      |  |
|----------------------|--|
| <b>Governance</b>    | <p>Introduced a top-down approach to strategic risk identification where risks are identified at the 1AP Management Committee level</p> <p>Operationalized the risk appetite setting through consultation with the Management Committee and Board Committee members</p> <p>Formally introduced and welcomed the new member of the Committee: new CFO, Mr. Sandro Aboitiz.</p>  |
| <b>Risk Planning</b> | <p>Regularized the “Risk in Focus” segment in the agenda to discuss strategically relevant and highly critical emerging risks with inputs from subject matter and industry experts.</p> <p>Regularized the Learning Sessions segment in the agenda to reinforce the Board’s learning of key and foundational risk management concepts and practices</p> <p>Discussed topics on the potential for prolonged delay of renewable energy projects, its causes, impact to AboitizPower, including its mitigation plans</p> <p>Invited a resource speaker to provide the Committee information on the near and long-term global risks and the top executive concerns from East Asia, Pacific and the Philippines, including the assessment of possible top risks for AboitizPower from an outside perspective</p> <p>Invited AboitizPower’s Chief Information Security Officer (CISO) to provide further information on cyber risks as a unique business risk, including the company’s security posture and its existing and planned mitigations</p> <p>Reviewed and discussed AboitizPower Group’s Mid-Year and Year-End Top Risks Report where regulatory risk and cyber risks, respectively, took the top spots</p> |
| <b>Risk Finance</b>  | <p>Presented the One Master (Power) Program, its placement highlights with the background of 1AP insurance cost and market property insurance rate YoY capping off with the market</p> <p>Presented to the Committee the 1AP 10-year Insurance Strategy Roadmap and invited a risk consultant to provide the Committee with further information on the Captive Insurance vehicle for AboitizPower</p> <p>Shared the insurance cost reduction strategies for the upcoming 2024 renewal of operational insurances</p>  |
| <b>Reputation</b>    | <p>Discussed the results of AboitizPower’s Reputation ID Score and PR Value for the year 2022 and as of Sept 2023, including key activities driving the increase</p>   |

The **Related Party Transactions (RPT) Committees** of AEV and AboitizPower have the mandate to ensure that related party transactions are taken at an arm’s length basis and within market rates, with sufficient documentation, and coursed through all appropriate levels of necessary approvals. In 2023, AEV’s RPT Committee was composed of all three Independent Directors, including the chairman. Meanwhile, the RPT Committee of AboitizPower had one Non-Executive Director who served as the Chairman, and the two Independent Directors.

**Key Areas of Focus in 2023**

|   |  |
|---|--|
| <b>RPT Policy and Committee Charter</b> | <ul style="list-style-type: none"> <li>Reviewed the RPT Committee Charter</li> </ul>   |
| <b>Completion of RPT Certification</b>  | <ul style="list-style-type: none"> <li>Updated and monitored compliance with the submission of the RPT Certification by Directors and Key Officers of AEV and AboitizPower to comply with relevant BIR regulations on the reporting guidelines for transactions of individuals and juridical entities with related parties</li> <li>Monitored the compliance of AEV and AboitizPower with BIR’s reportorial requirements and SEC requirements</li> </ul> |
| <b>Fairness of RPTs</b>                 | <ul style="list-style-type: none"> <li>Continued to ensure that RPTs are taken on arm’s length basis and within market rates, with sufficient documentation, and coursed through the appropriate levels of approval</li> </ul>   |

The **Board Cyber and Information and Security Committees** assist the AEV and AboitizPower Boards in providing the strategic direction, ensure the establishment of the company’s system of governance (processes, policies, controls and management) on all matters relating to information security and cybersecurity. In 2023, the AEV Cyber Committee was composed of two Independent Directors and two Non-Executive Directors, including its Chairman. Meanwhile, the AboitizPower Cyber Committee was composed of two Non-Executive Directors and one Independent Director who also served as the Committee Chairman.

**Key Areas of Focus in 2023 (AEV)**

|                               |   |
|-------------------------------|---|
| <b>Organizational</b>         | <ul style="list-style-type: none"> <li>Reviewed and amended the Committee Charter and the Group-wide Cyber Security Manual</li> </ul>   |
| <b>Cybersecurity Strategy</b> | <ul style="list-style-type: none"> <li>Reviewed the security programs and initiatives supporting the Aboitiz Group cybersecurity programs and its maturity roadmap, and their respective implementation strategies</li> <li>Published and approved the Group-wide Cyber &amp; Information Security Principles and Minimum Controls</li> </ul> |
| <b>Cybersecurity Risks</b>    | <ul style="list-style-type: none"> <li>Reviewed the cybersecurity risk map and key risk treatment plans to include the quantification of cybersecurity risks that justified the need for the IT Decentralization to reduce and segment the impact of a cyber security incident or event</li> </ul>  |

**Key Areas of Focus in 2023 (AboitizPower)**

|                               |  |
|-------------------------------|--|
| <b>Organizational</b>         | <ul style="list-style-type: none"> <li>Completed AboitizPower’s Cyber and Information Security Organization based on the approved functional structure</li> </ul>  |
| <b>Cybersecurity Strategy</b> | <ul style="list-style-type: none"> <li>Released the revised the operational technology (OT) minimum security standard aimed at establishing OT relevant baseline security controls</li> <li>Established foundational cybersecurity governance policies, guidelines and procedures</li> <li>Intensified security awareness activities through the use of digital platforms and systems</li> <li>Established channels to better communicate and collaborate cybersecurity-related matters</li> <li>Engaged in an innovative and proactive way of discovering and resolving weaknesses/ vulnerabilities in our digital environment</li> <li>Conducted comprehensive OT-specific tabletop exercises aimed at increasing AboitizPower BUS’ preparedness to manage or handle OT cybersecurity incidents</li> </ul> |
| <b>Cybersecurity Risks</b>    | <ul style="list-style-type: none"> <li>Established a much better way of assessing OT security risks through the use of the MITRE Attack framework for the purpose of improving OT risk quantification and overall OT risk management</li> </ul>  |

The **Executive Committees** assist the Board in overseeing the company’s day-to-day operations and ensure agility in its management and in strategic decision-making. They also ensure compliance with the Company’s governance policies during the intervening period between Board meetings. Since the company’s Board of Directors met monthly in 2023, no Executive Committee meetings were held during the year.



## GOVERNANCE PRACTICES

### Disclosure and Transparency

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

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

| Stockholders with at least 5% Beneficial Ownership of AEV as of December 31, 2023 |   |               |
|---|---|---------------|
| Shareholder   | Number of Shares Owned (Record and/or Beneficial) | % Ownership   |
| Aboitiz & Company, Inc. (ACO)   | 2,735,600,915                                     | 48.68%        |
| PCD Nominee Corporation (Filipino)  | 1,067,210,576                                     | 18.99%        |
| Ramon Aboitiz Foundation, Inc. (RAFI)   | 426,804,093                                       | 7.59%         |
| PCD Nominee Corporation (Foreign)   | 324,590,872                                       | 5.78%         |
|   | <b>1,065,579,310</b>                              | <b>18.96%</b> |
| <b>TOTAL</b>  | <b>5,619,785,757</b>                              | <b>100%</b>   |

| Stockholders with at least 5% Beneficial Ownership of AboitizPower as of December 31, 2023 |   |              |
|--|---|--------------|
| Shareholder  | Number of Shares Owned (Record and/or Beneficial) | % Ownership  |
| Aboitiz Equity Ventures Inc. (AEV)   | 3,817,195,833                                     | 52.97%       |
| JERA Asia Private Limited  | 1,986,823,063                                     | 27.57%       |
| PCD Nominee Corporation (Filipino)   | 1,176,462,711                                     | 16.33%       |
|  | <b>225,372,7005</b>                               | <b>3.13%</b> |
| <b>TOTAL</b>   | <b>7,205,854,307</b>                              | <b>100%</b>  |

All relevant disclosures were filed in a timely manner with the Securities and Exchange Commission (SEC), the Philippine Stock Exchange (PSE), and the Philippine Dealing & Exchange Corp. (PDEX). All the 2023 filings and relevant information were filed and disclosed within the period indicated below:

### 2023 Disclosure Schedule of Reports

|  | AEV   | AboitizPower  |
|--|---|---|
| SEC Form 17-A (Annual Report)                                  | April 14, 2023<br>(within 120 days after year end)                                    | April 14, 2023<br>(within 120 days after year end)                                    |
| Sustainability Report  | April 14, 2023<br>(part of SEC Form 17-A)   | April 14, 2023<br>(part of SEC Form 17-A)   |
| Notice of ASM  | March 3, 2023<br>(within 52 days from the date of ASM)                                | March 3, 2023<br>(within 52 days from the date of ASM)                                |
| 2022 Audited Financial Statements                              | March 27, 2023<br>(as part of the Definitive Information Statement)                   | March 27, 2023<br>(as part of the Definitive Information Statement)                   |
| SEC Form 17-Q (First Quarter)                                  | May 15, 2023<br>(within 45 days from the end of reporting period)                     | May 15, 2023<br>(within 45 days from the end of reporting period)                     |
| SEC Form 17-Q (Second Quarter)                                 | August 14, 2023<br>(within 45 days from the end of reporting period)                  | August 14, 2023<br>(within 45 days from the end of reporting period)                  |
| SEC Form 17-Q (Third Quarter)                                  | November 15, 2023<br>(within 45 days from the end of reporting period)                | November 15, 2023<br>(within 45 days from the end of reporting period)                |
| SEC Form IACGR (Integrated Annual Corporate Governance Report) | May 30, 2023<br>(within the deadline prescribed by the SEC)                           | May 30, 2023<br>(within the deadline prescribed by the SEC)                           |
| In-House Corporate Governance Seminar Completion Report        | December 22, 2023<br>(within the prescribed 10 days from the completion of the event) | December 29, 2023<br>(within the prescribed 10 days from the completion of the event) |



## Transactions of Directors and Officers

AEV and AboitizPower disclose the beneficial ownership of their Directors and Key Officers in regular filings of the Statement of Beneficial Ownership, and in the Annual Corporate Governance Report. The Revised General Trading Policies of both companies require the Board of Directors and Officers to notify the Office of the Corporate Secretary immediately after they deal in company shares.

These AEV and AboitizPower Directors and Officers made the following transactions as of December 31, 2023:

### Reported Transactions of AEV Directors and Officers

|   | Balance as of<br>December 31, 2022 | Acquired   | Disposed  | Balance as of<br>December 31, 2023 |
|---|------------------------------------|------------|-----------|------------------------------------|
| <b>Directors</b>  |                                    |            |           |                                    |
| <b>Enrique M. Aboitiz</b><br>Chairman of the Board  | 425,110                            | 229,200    | 1,531,190 | 654,310                            |
| <b>Mikel A. Aboitiz</b><br>Vice Chairman of the Board   | 95,465,604                         | 31,059,242 | -         | 126,524,846                        |
| <b>Erramon I. Aboitiz</b><br>Director   | 78,075,387                         | -          | -         | 78,075,387                         |
| <b>Sabin M. Aboitiz</b><br>Director/President and CEO   | 31,759,312                         | -          | -         | 31,759,312                         |
| <b>Ana Maria A. Delgado</b><br>Director   | 27,945,983                         | 4,078,405  | -         | 32,024,388                         |
| <b>Justo A. Ortiz</b><br>Director   | 1                                  | -          | -         | 1                                  |
| <b>Cesar G. Romero</b><br>Lead Independent Director   | 50                                 | -          | -         | 50                                 |
| <b>Joanne G. De Asis</b><br>Independent Director  | 100                                | -          | -         | 100                                |
| <b>Peter D. Maquera</b><br>Independent Director   | -                                  | 20,100     | -         | 20,100                             |
| <b>Officers</b>   |                                    |            |           |                                    |
| <b>Jose Emmanuel U. Hilado</b><br>SVP /Chief Financial Officer/ Corporate Information Officer | 15,000                             | 242,000    | -         | 257,000                            |
| <b>Susan V. Valdez</b><br>SVP - Chief Corporate Services Officer                              | 990,563                            | -          | 100,000   | 990,563                            |
| <b>Connie G. Chu</b><br>SVP-Chief Legal and Compliance Officer/<br>Corporate Secretary        | -                                  | -          | -         | -                                  |
| <b>Maria Veronica C. So</b><br>SVP and Group Treasurer  | 9,617                              | -          | -         | 9,617                              |
| <b>Christine C. Kempeneers</b><br>AVP - Data Privacy Officer / Head of Risk<br>Magement       | 800                                | -          | -         | 800                                |
| <b>Maria Lourdes Y. Tanate</b><br>VP - Group Internal Audit Head                              | 74,386                             | -          | -         | 74,386                             |
| <b>Mailene M. de la Torre</b><br>VP - Assistant Corporate Secretary                           | 0                                  | -          | -         | -                                  |
| <b>Sammy Dave A. Santos</b><br>Assistant Corporate Secretary                                  | 0                                  | -          | -         | 0                                  |

### Reported Transactions of AboitizPower Directors and Officers

|   | Balance as of<br>December 31, 2022 | Acquired  | Disposed | Balance as of<br>December 31, 2023 |
|---|------------------------------------|-----------|----------|------------------------------------|
| <b>Directors</b>  |                                    |           |          |                                    |
| <b>Sabin M. Aboitiz</b><br>Chairman of the Board  | 22,503,085                         | -         | -        | 22,503,085                         |
| <b>Eric Ramon O. Recto</b><br>Vice Chairman/<br>Lead Independent Director   | 1,000                              | -         | -        | 1,000                              |
| <b>Luis Miguel O. Aboitiz</b><br>Director   | 32,405,404                         | -         | -        | 32,405,404                         |
| <b>Toshiro Kudama</b><br>Director   | 100                                | -         | -        | 100                                |
| <b>Emmanuel V. Rubio</b><br>Director/President and Chief Executive<br>Officer   | 517,130                            | -         | -        | 517,130                            |
| <b>Edwin R. Bautista</b><br>Director  | 1,000                              | -         | -        | 1,000                              |
| <b>Danel C. Aboitiz</b><br>Director/ Chief Commercial and Stakeholder<br>Engagement Officer                                       | 10,225,140                         | 9,774,860 | -        | 20,000,000                         |
| <b>Izumi Kai</b><br>Director  | -                                  | 100       | -        | 100                                |
| <b>Cesar G. Romero</b><br>Independent Director  | 100                                | -         | -        | 100                                |
| <b>Officers</b>   |                                    |           |          |                                    |
| <b>Juan Alejandro A. Aboitiz</b><br>SVP /Chief Financial Officer/ Corporate<br>Information Officer                                | -                                  | 2,685,408 | -        | 2,685,408                          |
| <b>Manuel Alberto R. Colayco</b><br>Corporate Secretary   | 0                                  | -         | -        | 0                                  |
| <b>Maria Veronica C. So</b><br>Group Treasurer  | 0                                  | -         | -        | 0                                  |
| <b>Mark Louie L. Gomez</b><br>Vice President for Risk and Organizational<br>Performance Management and Data<br>Protection Officer | 0                                  | -         | -        | 0                                  |
| <b>Juan Pascual Cosare</b><br>Group Internal Audit Head   | 300                                | -         | -        | 300                                |
| <b>Ma. Clarisse S. Osteria</b><br>Assistant Corporate Secretary   | -                                  | -         | -        | 0                                  |



**Compliance with Key Governance Policies**

In 2023, AEV and AboitizPower updated their respective Codes to align with international best practices and promote the Group’s ESG efforts, and their commitment to ethical corporate citizenship. The following policies and guidelines were approved by the AEV and AboitizPower Board of Directors:

| <b>Manual on Corporate Governance</b> | <p>The Manuals of AEV and AboitizPower are the articulation of each company’s corporate governance principles. In addition, each company’s Manual defines their respective compliance system, outlines the functions and responsibilities of their Board of Directors, and provides for the rights of all stockholders and the protection of the interest of the minority stockholders.</p> <p>The Manuals are clear statements by their respective Board of Directors, management, employees, and stockholders that corporate governance is a fundamental component of sound strategic business management. Since the Manuals were first approved, these have since been reviewed and amended by subsequent Board actions in keeping with evolving best practices in the Philippines and the ASEAN Region.</p> <p>There are no reported major deviations from the Revised Manuals as of the date of this report.</p>   |                    |                  |                       |        |                       |                  |    |   |    |   |            |   |   |   |   |                     |   |   |   |   |
|---------------------------------------|---|--------------------|------------------|-----------------------|--------|-----------------------|------------------|----|---|----|---|------------|---|---|---|---|---------------------|---|---|---|---|
| <b>Whistleblowing Policy</b>          | <p>To support the implementation of the Revised Manuals and the Codes, both AEV and AboitizPower have a Whistleblowing Policy. Through their respective policies, allegations of violations of the Manuals, Codes, and other related policies or other illegal conduct can be reported through the Aboitiz Whistleblowing Portal.</p> <p>In keeping with global best practices, the management of the Aboitiz Whistleblowing Portal was migrated from an internally-managed platform to an independent third party-managed platform in 2022. Alleged violations can now be reported online through the following link: <a href="http://www.aboitiz.ethicspoint.com">www.aboitiz.ethicspoint.com</a>.</p> <p>Matters reported through the platform are discussed by the ESCG Committee and, if necessary, by the entire Board of Directors. Once received, whistleblowing reports undergo the Aboitiz Group’s investigation standard operating procedure and escalation process.</p> <p>The Group acknowledges that a key component to an effective whistleblowing policy is the whistleblower’s protection from retaliation. As such, AEV and AboitizPower’s Whistleblowing Policy ensures the complete anonymity of the whistleblower and that any person raising a serious concern in good faith will be protected from reprisals or retaliation.</p> <p style="text-align: center;"><b>2023 Summary of Whistleblowing Reports</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #e91e63; color: white;"> <th></th> <th>Reports Received</th> <th>Corruption-Related</th> <th>Closed</th> <th>Ongoing Investigation</th> </tr> </thead> <tbody> <tr> <td><b>Groupwide</b></td> <td style="text-align: center;">14</td> <td style="text-align: center;">0</td> <td style="text-align: center;">11</td> <td style="text-align: center;">3</td> </tr> <tr> <td><b>AEV</b></td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> </tr> <tr> <td><b>AboitizPower</b></td> <td style="text-align: center;">5</td> <td style="text-align: center;">0</td> <td style="text-align: center;">4</td> <td style="text-align: center;">1</td> </tr> </tbody> </table> |                    | Reports Received | Corruption-Related    | Closed | Ongoing Investigation | <b>Groupwide</b> | 14 | 0 | 11 | 3 | <b>AEV</b> | 0 | 0 | 0 | 0 | <b>AboitizPower</b> | 5 | 0 | 4 | 1 |
|                                       | Reports Received  | Corruption-Related | Closed           | Ongoing Investigation |        |                       |                  |    |   |    |   |            |   |   |   |   |                     |   |   |   |   |
| <b>Groupwide</b>                      | 14  | 0                  | 11               | 3                     |        |                       |                  |    |   |    |   |            |   |   |   |   |                     |   |   |   |   |
| <b>AEV</b>                            | 0   | 0                  | 0                | 0                     |        |                       |                  |    |   |    |   |            |   |   |   |   |                     |   |   |   |   |
| <b>AboitizPower</b>                   | 5   | 0                  | 4                | 1                     |        |                       |                  |    |   |    |   |            |   |   |   |   |                     |   |   |   |   |

|  |  |
|--|--|
| <b>Related Party Transactions (RPT) Policy</b> | <p>In October 2019, the AEV and AboitizPower Boards approved the RPT Policy in compliance with the SEC Memorandum Circular No. 10 series of 2019 (SEC RPT Circular), which focuses and regulates only material RPTs or RPTs amounting to 10% or higher of a company’s total assets. The Circular also specifies an approval process for material RPTs and mandated publicly-listed companies to notify the SEC of their RPTs that breach the threshold. The AEV and AboitizPower Board RPT Committees have the mandate to ensure the fairness and arm’s-length bases of RPTs, with sufficient documentation, and coursed through all appropriate levels of necessary approvals.</p> <p>In 2023, AEV and AboitizPower did not enter into any material RPTs and there was no reported case of non-compliance with the laws, rules and regulations pertaining to significant or material RPTs. All RPTs were conducted at arm’s-length basis.</p>   |
| <b>Conflict of Interest Policy</b>             | <p>AEV and AboitizPower believe that it is the duty of the Board of Directors to advance the Group’s interests and those of the companies’ stakeholders. To this end, both companies have adopted a Policy on Conflict of Interest, which promotes an ethical corporate culture. It prohibits directors, officers, team leaders, and team members from taking advantage of their access to corporate property and proprietary information for personal gain. The policies require the disclosure of relationships, actions, or transactions that may give rise to a conflict of interest.</p> <p>In addition, AEV and AboitizPower Directors are required to abstain or inhibit themselves from any Board discussion or decision that affects or has relevance or relation to their personal, business, or professional interests. The Directors are also prohibited from engaging in any business that competes with or is antagonistic to the Group. In the event of a perceived or actual conflict of interest, the concerned director must notify the Board through the Corporate Secretary.</p> <p>Directors must also notify the Board, through the Corporate Secretary, before accepting any directorship outside the Aboitiz Group during their term.</p> <p>In 2023, there was no reported incident of non-compliance with the Conflict of Interest Policy.</p>   |
| <b>Data Privacy Policy</b>                     | <p>In 2017, AEV and AboitizPower launched their respective data privacy compliance programs, which include the implementation of the Information Security Management System (ISMS). Since then, both companies have been able to establish a fundamental awareness of data privacy principles and the related ISMS philosophies, through various learning channels including e-learning modules, face-to-face trainings, and forums. They also continue to ensure the implementation of Data Privacy Policies, manuals, and guidelines that are aligned with the Data Privacy Act, including its implementing rules, and supporting National Privacy Commission (NPC) circulars.</p> <p>As the Aboitiz Group continues to operate in a highly digital and fast-changing environment, the Data Protection Teams of its business units will strive to keep up with the expectations of their data subjects, as well as with the evolving guidelines of the NPC. This constant review of requirements, downloading of information, updating of processes, and testing of capabilities aim to ensure that Aboitiz is able to meet stakeholders’ expectations.</p> <p>Inquiries or concerns regarding data privacy and/or data subjects’ rights may be submitted to the Data Privacy Officer through AEV: <a href="mailto:aevdpo@aboitiz.com">aevdpo@aboitiz.com</a> and AboitizPower: <a href="mailto:apdpo@aboitiz.com">apdpo@aboitiz.com</a></p> |



## Disclosure Policy

To supplement the implementation of the Manuals and the Codes and in compliance with laws and regulations, AEV and AboitizPower each have their own Disclosure Policy that requires complete, timely, and accurate disclosures to the SEC, the PSE, and the PDEX. The company's Board Secretariat ensures compliance with the disclosure rules.

In 2023, there were no reported cases of non-compliance with the disclosure rules of the SEC, the PSE, and the PDEX.

### Transparency, Communication, and Sustainability Reporting

The governance framework of the Aboitiz Group prioritizes the timely, comprehensive, and accurate disclosure of all material information concerning AEV and AboitizPower. This encompasses a wide spectrum of data, ranging from earnings results and acquisitions or disposals of assets to Board changes, related party transactions, shareholdings of Directors, and alterations in ownership. Further reinforcing transparency, the Group's Annual Integrated Report, aligned with various sustainability reporting standards, articulates the Aboitiz's core values and governance model. This integrated report, which was subjected to external assurance starting in 2023, serves as a key link connecting the Group's strategic vision with its commitment to fostering a sustainable global economy. It enables the Group to gauge, comprehend, and articulate its economic, environmental, social, and governance performance, enhancing credibility through external validation. In turn, this comprehensive understanding informs the establishment of goals and facilitates more effective change management processes.

### Rights of Stockholders

Safeguarding the rights of its stockholders stands as a cornerstone principle for AEV and AboitizPower's governance practices. The primary objective is to guarantee the unfettered exercise of stockholder rights, fostering an environment where every shareholder, irrespective of the quantity of shares they own, can actively and freely participate in corporate decision-making processes. This underscores not only a commitment to regulatory compliance but also a proactive approach in cultivating transparency, equity, and shareholder inclusivity within each company's governance principles.

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

#### Right to Actively Participate at Stockholders' Meetings

AEV and AboitizPower are dedicated to conducting their Annual and Special Stockholders' Meetings (ASMs) with transparency and fairness, facilitating stockholders' access to accurate and timely information to make informed decisions on matters presented for consideration or approval.

The comprehensive financial, non-financial, and operating performance summaries of AEV, AboitizPower, including their Subsidiaries are detailed in their respective Definitive Information Statements and Annual Reports. These documents, distributed ahead of ASMs and available on the companies' websites. New and returning Directors' profiles, along with a summary of the Board and Board Committee's performance assessments, attendance records, compensation, and notable achievements for the year, are also shared with stockholders.

To enhance accessibility, notices for AEV and AboitizPower ASMs, complete with quick response (QR) codes to the Definitive Information Statements, are published in two widely circulated newspapers within 21 days before the meetings.

The commitment to shareholder engagement is evident in the conduct of stockholder meetings, with notices provided at least 28 days before the meeting, containing all agenda items for discussion. No new agenda items are introduced during the meeting, and the rationale for each item is included in the notices.

AEV and AboitizPower prioritize providing accessible venues for stockholders to exercise their right to attend and participate in shareholder meetings. In 2023, for the fourth consecutive year, AEV and AboitizPower conducted a fully digital stockholders' meeting. Stockholders were given the option to cast votes through non-traditional means such as remote communication or in absentia via an online voting portal.

The open forum during stockholder meetings enables stockholders to voice concerns, ask questions, and comment on the state of the businesses through the ASM online portal or live interaction if time permits. There are no barriers preventing stockholders from communicating with each other, Directors, or the Corporate Secretary.

Commitment to transparency is evident as minutes from meetings, including questions, answers, issues, motions, agreements, and voting results, are reported and made publicly available on the

companies' websites under the Investor Relations page on the next working day. AEV and AboitizPower promptly disclose all approved items to the PSE, PDEX, and the SEC by the next business day.

Continuing their commitment, AEV and AboitizPower actively work to expand communication channels with institutional and individual stockholders through their Investor Relations Office and Shareholder Relations Office, respectively.

#### Right to Dividends

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

Every year, AEV and AboitizPower pay dividends in an equitable and timely manner. All stockholders are treated equally, receiving dividends that are proportionate to their shareholdings. The period for paying the dividends is based on trading requirements or constraints of the SEC and PSE. In 2023, AEV and AboitizPower paid the cash dividends within 26 days from the declaration date.

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

|              |      | Declaration Date | Record Date    | Payment Date   | Dividends per Share | Total Dividends Declared |
|--------------|------|------------------|----------------|----------------|---------------------|--------------------------|
| AEV          | 2023 | March 3, 2023    | March 17, 2023 | March 30, 2023 | ₱1.47 (regular)     | ₱8.28bn                  |
|              | 2022 | March 4, 2022    | March 18, 2022 | March 30, 2022 | ₱1.62 (regular)     | ₱9.12bn                  |
|              | 2021 | March 5, 2021    | March 19, 2021 | March 31, 2021 | ₱0.91 (regular)     | ₱5.12bn                  |
| AboitizPower | 2023 | March 3, 2023    | March 17, 2023 | March 30, 2023 | ₱ 1.87 (regular)    | ₱13.76bn                 |
|              | 2022 | March 4, 2022    | March 18, 2022 | March 30, 2022 | ₱1.45 (regular)     | ₱10.66bn                 |
|              | 2021 | March 5, 2021    | March 19, 2021 | March 31, 2021 | ₱0.85 (regular)     | ₱6.25bn                  |

AEV and AboitizPower believe that the rights and interests of minority stockholders are aligned with those of the controlling stockholders, not only in terms of returns on their investments, but also in the sustainability of the Group's businesses. Both companies ensure the timely disclosure to stockholders regarding their respective businesses, and that stockholders receive dividends in accordance with established dividend policies.



# The Board Audit Committee Report to the Board of Directors

Aboitiz Equity Ventures Inc.

The Board Audit Committee is pleased to present its report for the financial year ended December 31, 2023.

## Audit Committee Responsibility

In giving effect to its duly approved charter, the Audit Committee assisted the Board of Directors in fulfilling its oversight responsibility to the public, governmental and/or regulatory bodies and other stakeholders in helping:

- Ensure the integrity of the Company's financial reporting processes, including ensuring the integrity of financial reports and other financial information provided by the Company to the public, governmental and/or regulatory bodies;
- Ensure excellence in the Company's control performance by having an adequate and effective internal control system, governance processes and risk management processes and reviewing the performance on the Company's internal audit function;
- Review the annual independent audit of the Company's financial statements and the external auditors' qualifications and independence;
- Ensure compliance with applicable laws and regulations which may represent material financial exposure to the Company; and
- Provide an avenue of communication among the Company's independent auditors, management, the internal auditing department and the Company.

The Committee has established a constructive and collaborative relationship with the Company's senior leadership to give support, but not to pre-empt any responsibility in making final audit-related decisions.

## Committee Membership

The Audit Committee is composed of five (5) members, three (3) of whom are Independent Directors including its Chairman.

Cesar G. Romero, Independent Director, is the Chairman of the Committee. Other members of the Committee are Joanne De Asis (Independent Director), Peter D. Maquera (Independent Director), Erramon I. Aboitiz (Non-Executive Director) and Ana Maria A. Delgado (Non-Executive Director).

In the disclosure to the SEC dated November 23, 2023, Cesar G. Romero was appointed as AEV's Lead independent director and Peter D. Maquera as the incoming independent director replacing Romeo L. Bernardo upon the latter's appointment as a member of the Monetary Board, the policy-making body of the Bangko Sentral ng Pilipinas.

## Meetings and Attendance

The Audit Committee carried out its function through its meetings with management, internal auditors, independent external auditors, advisers, and others where appropriate.

The audit charter provides for the Committee to hold at least four (4) regular meetings a year, with the authority to convene special meetings when deemed required.

In 2023, four (4) meetings were held. The attendance by each member of the Committee is as indicated below:

| Member  | Mar 2, 2023<br>Regular Meeting* | Apr 27, 2023<br>Regular Meeting* | July 26, 2023<br>Regular Meeting* | Oct 25, 2023<br>Regular Meeting* |
|---|---------------------------------|----------------------------------|-----------------------------------|----------------------------------|
| <b>CESAR G. ROMERO</b><br>Chairman, Independent Director                | ✓                               | ✓                                | ✓                                 | ✓                                |
| <b>ROMEO L. BERNARDO</b><br>Independent Director (Until Setempber 2023) | ✓                               | ✓                                | ✓                                 | N/A                              |
| <b>JOANNE DE ASIS</b><br>Independent Director                           | ✓                               | ✓                                | ✓                                 | ✓                                |
| <b>ERRAMON I. ABOITIZ, JR.</b><br>Non-Executive Director                | ✓                               | ✓                                | ✓                                 | ✓                                |
| <b>ANA MARIA A. DELGADO</b><br>Non-Executive Director                   | ✓                               | ✓                                | ✓                                 | ✓                                |

\*Attendance via Videocon

Aboitiz Equity Ventures Inc.

Attendees to these Committee meetings also include the Group Internal Audit Head and, by invitation, the Chief Risk Officer, the Chief Financial Officer, Controller and other key leaders whenever deemed appropriate and necessary.

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

One-on-one sessions between the Board Audit Committee Chairman and the AEV Group Internal Audit head are also held regularly as needed.

## Financial Reports

The Board Audit Committee reviewed, discussed, and approved for public disclosure the 2022 quarterly unaudited consolidated financial statements. The Committee endorsed for approval by the full Board the 2023 annual audited financial statements of AEV, its Subsidiaries and Associates. Included in the review were the Management Discussion and Analysis of Financial Condition and Results of Operations following prior review and discussion with Management, accounting, and the Company's independent external auditor, Sycip Gorres Velayo & Co. (SGV)—member practice of Ernst & Young (EY) in the Philippines.

The activities of the Audit Committee are performed in the context—

- That Management has the primary responsibility for the financial statements and the financial reporting process; and
- That the Company's independent external auditor is responsible for expressing an unqualified opinion on the conformity and consistency of application of the Company's audited financial statements with Philippine Financial Reporting Standards.

## External Auditors

The 2023 overall scope and audit plan of SGV were reviewed and approved during the October 25, 2022 regular Audit Committee meeting. The audit plan, fees and terms of engagement which covers audit-related services provided by SGV were also reviewed and found to be reasonable.

The results of the SGV audits and its assessment of the overall quality of the financial reporting process were presented and discussed during the first Audit Committee meeting the following year, March 4, 2024.

Non-audit services (NAS) were provided by SGV in 2023. The bulk of the fees were related to the Aboitiz Infracapital Inc and AboitizPower. Minimal fees were paid for financial, tax and transfer pricing consulting activities including the conduct of trainings with regard to the adoption of new accounting standards and regulations.

All NAS provided by SGV has been approved in compliance with the new IESBA requirement for pre-concurrence for all proposed NAS before it is entered into or the provision of the services begin from those charged with governance, which in the case of AEV is its Board Audit Committee.

The Board Audit Committee, after evaluation of the performance of the external auditor in 2023 and finding it to be in accordance with the Standards, favorably endorsed to the full Board the re-appointment of SGV as external auditor for 2024. The full board, in its special meeting held March 5, 2024 approved the re-appointment of SGV with Jhoanna Feliza C. Go as the signing partner for AEV.

This re-appointment of SGV as the independent external auditor is subject to the final approval of the stockholders of AEV during the Annual General Stockholders meeting scheduled on April 22, 2024.

## Internal Auditors

The Committee is satisfied with the internal audit function and has assessed that it is operating effectively and generally covers the risks pertinent to the Company in its audits. The Committee has reviewed and approved the annual audit program for the year which also covers the adequacy of resources, qualifications and competency of the staff and independence of the internal auditor.



With reference to the IPPF Attribute Standard 1100 which states that “*The Internal Audit Activity must be independent, and internal auditors must be objective in performing their work.*”, the Committee confirms that the function is executed effectively and internal auditors have conducted their responsibilities objectively and in an unbiased manner. The Committee further confirms that, to the best of its knowledge and belief, the auditors have no personal or other impediments that would prevent them from objectively planning, conducting, reporting, or otherwise participating and reaching independent conclusions in their audit assignments in 2023. Internal audit is organizationally positioned to be independent— functionally reporting to the Committee and administratively to the President and Chief Executive Officer.

The Committee is satisfied with the content and quality of reports prepared and issued by the internal auditors during the year under review.

The Group Internal Audit team (GIA) remains to be the single-point-of-contact for the Audit Committee. It takes the lead in setting the standards, initiatives and overall direction of the group audit teams which, in turn, focus their reviews on the top risks of their respective business units. Except for the banks and other financial business units, information systems and technology-related risks however, still remain to be an area covered by AEV information systems auditors including the management of its outsourcing/co-sourcing activities.

Based on audit reports and highlights presented to the Committee and with the contribution provided by Management and other key leaders on the issues raised to their attention, the Committee concurs with internal audit’s assessment that, generally, there is reasonable assurance that the existing system of internal controls, risk management and governance allow for a generally adequate management of identified risks and effectively supports the improvement of the management of the Company as a whole.

With cybersecurity risk still considered as one of the top risks of the Company, continuous focus is given to continuously improve and further strengthen governance and controls over the implementation of security standards for information systems and related technologies. Internal audit prioritized business unit compliance reviews to the minimum information technology and operational technology security standards set and agreed upon at corporate level.

#### **External Quality Assessment**

After undergoing an External Quality Assessment (EQA) review by the Institute of Internal Auditors (IIA) Philippines, the duly accredited validators of the Institute of Internal Auditors (IIA) International, the Internal Audit team of AEV “Generally Conforms” to the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics for Internal Audit Practitioners. Generally Conforms is the highest rating awarded in connection with an EQA and the Internal Audit Team has been commended for this achievement.

The EQA, much like any global certification is not required. Obtaining the EQA certification not only helps build the reputation of the Internal Audit Team but also of Aboitiz as a company. It gives credibility that AEV not only conforms, complies and follows but adopts and implements the standards and best practices of the internal audit function. The EQA certification, received in 2017, is valid for 5 years or until 2022.

EQA was not done in 2023 in view of the ongoing federalization in the internal audit function. The focus in 2023 was on setting-up a new resident internal audit team for Aboitiz InfraCapital Inc. and assisting in building the audit team of One Food Group. Transitioning was also done for the information technology audit function for the Aboitiz Power’s internal audit group.

The AEV Internal Audit Team continually works on its Internal Quality Assurance Improvement Program and encourages its adoption especially to the newly organized resident internal audit teams.

#### **Review of the Audit Charters**

Annual review of the audit charters—Board Audit Committee charter and Internal Audit charter—was conducted. Proposed changes to the charters were presented, discussed and endorsed for full board approval during the October 25, 2023 Board Audit Committee meeting.

Proposed revisions to the Board Audit Committee charter were subsequently approved during the full board meeting dated January 24, 2024. An update on page 6, Section B.1. under Independent External Auditors was added as follows: *The SEC Oversight Assurance Review (SOAR) results at the firm level shall be disclosed to the Audit Committee including the remediation updates. This will be part of the independent auditor’s annual evaluation.* Further, on page 6, Section B.2. it was made clear that all non-audit services shall be disclosed and approved by the Committee. This is in accordance with the new IESBA requirement of pre-approval of all NAS as earlier mentioned under the section on “External Auditors”.

#### **Self-Assessment**

The Committee conducted its annual self-assessment in accordance with the guidelines of SEC Memo Cir. No. 19, series of 2016 and the Company’s Revised Manual. The assessment result showed that it fully complied with the requirements set forth in the Audit Charter and met the necessary and most important requirements set by global standards and best practices.

#### **Risk Management**

The partnership between the risk management team and internal audit has remained solid and vital in continuously providing objective assurance to the board on the effectiveness of the risk management function in the Company.

The top strategic risks, emerging risks and project risks are key inputs in the preparation and prioritization of internal audit’s master plan for the following year. The risk management plan, presented, discussed and approved by the Board Risk and Reputation Committee empowers the business to adequately identify and address the risks to ensure that the organization’s plans, strategies and business objectives are achieved.

The internal audit team presents to the Board Risk and Reputation Committee the results of the annual Strategic Risk Management Plan validation reviews conducted across the different business units. The reviews give an assurance to management and the Board on the existence status and effectiveness assessment, where verifiable, of the risk treatments plans to address the identified risks for the year.

After considering, analyzing and reviewing all pertinent information on the integrity of financial reporting, effectiveness of internal controls, risk management, governance and compliance within the Aboitiz group of companies, the Committee is of the view that, in all material aspects, the duties and responsibilities as so outlined in its Charter have been satisfactorily performed.

In behalf of the Board Audit Committee,

(SGD)

**Cesar G. Romero**  
Independent Director  
Board Audit Committee Chairman



## Internal Control and Compliance System Attestation

For the year ended, December 31, 2023

Aboitiz Equity Ventures Inc.'s (AEV) corporate governance system includes a combination of internal and external mechanisms such as the structure of the board of directors and our committees, the oversight it exercises over management, and the formulation of sound policies and effective controls.

- The Board of Directors is responsible for providing governance and overseeing the implementation of adequate internal control mechanisms and risk management processes;
- Management is primarily responsible for designing and implementing an adequate (effective and efficient) internal control system and risk management processes as well as in ensuring compliance with statutory and regulatory requirements of the law;
- Management is responsible for developing a system to monitor and manage risks;
- SGV & Co., the Company's external auditor is responsible for assessing and expressing an opinion on the conformity of the audited financial statements with the Philippine Financial Reporting Standards and the overall quality of the financial reporting process;
- Internal Audit adopts a risk-based audit approach in developing an annual audit master plan and conducts reviews to assess the adequacy of the Company's internal control system; and
- The Company's Group Internal Audit Head that acts as the equivalent of a Chief Audit Executive reports functionally to the Board Audit Committee to ensure independence and objectivity, allowing Internal Audit to fulfill its responsibilities.

Based on the above assurance provided by the internal auditors as well as the external auditors as a result of their reviews, we attest that AEV's internal control and compliance system, which covers governance, risk management, and control processes, are generally adequate.

(SGD) **Sabin M. Aboitiz**  
President & Chief Executive Officer

(SGD) **Maria Lourdes Y. Tanate**  
Group Internal Audit Head

(SGD) **Connie G. Chu**  
SVP Chief Legal and Compliance Officer

(SGD) **Christine C. Kempeneers**  
AVP Risk Management

## The Board Audit Committee Report to the Board of Directors

Aboitiz Power Corporation

The Board Audit Committee is pleased to present its report for the financial year ended December 31, 2023.

### Board Audit Committee Responsibility

The primary purpose of the Audit Committee is to assist the full Board in fulfilling its responsibility to the public, governmental and/or regulatory bodies in:

- Ensuring the integrity of the Company's financial reporting processes, including ensuring the integrity of financial reports and other financial information provided by the Company to the public, governmental and/or regulatory bodies;
- Ensuring excellence in the Company's control performance by having an adequate and effective internal control system, governance and risk management processes and reviewing the performance of the Company's internal audit function;
- Reviewing the annual independent audit of the Company's financial statements and the external auditors qualifications and independence;
- Ensuring compliance with applicable laws and regulations which may represent material financial exposure to the Company; and
- Providing an avenue of communication among the Company's independent auditors, the management, the internal audit department and the Company.

The Committee in fulfilling its purpose will establish a constructive and collaborative relationship with the Company's senior leadership especially the Company CEO, COOs, CFO and the heads of the different departments.

### Committee Membership

The Board Audit Committee is composed of five (5) Directors, four (4) of whom are independent directors and non-executive directors including the Chairman, Eric Ramon O. Recto (Independent Director). Other members of the committee are Cesar G. Romero (Independent Director), Edwin R. Bautista (Non-Executive Director), Luis Miguel O. Aboitiz (Non-Executive Director), and Danel C. Aboitiz (Director).

### Meetings and Attendance

The Board Audit Committee carried out its function through its meetings with management, internal auditors, independent external auditors, advisers and others, where appropriate.

The Audit Committee Charter provided for the committee to hold at least four (4) regular meetings a year, with the authority to convene special meetings, when deemed required.

In 2023, four (4) meetings were held via videoconferencing. The attendance of the committee members is indicated below:

| Member  | Mar 1, 2023<br>Regular Meeting | Apr 26, 2023<br>Regular Meeting | July 21 & 25,<br>2023<br>Regular Meeting | Oct 24, 2023<br>Regular Meeting |
|---|--------------------------------|---------------------------------|--|---------------------------------|
| <b>ERIC RAMON O. RECTO</b><br>Chairman, Independent Director    | ✓                              | ✓                               | ✓  | ✓                               |
| <b>CESAR G. ROMERO**</b><br>Member, Independent Director        | ✓                              | ✓                               | ✓  | ✓                               |
| <b>EDWIN R. BAUTISTA</b><br>Member, Non-Executive Director      | ✓                              | ✓                               | ✓  | ✓                               |
| <b>LUIS MIGUEL O. ABOITIZ</b><br>Member, Non-Executive Director | ✓                              | ✓                               | ✓  | ✓                               |
| <b>DANEL C. ABOITIZ</b><br>Member, Director                     | ✓                              | ✓                               | ✓  | ✓                               |



Attendees to these meetings also include the 1AP Internal Audit Group Head, Aboitiz Group Internal Audit Head, and, by invitation, the Chief Risk Officer, Chief Financial Officer 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 endorsed for approval by the full board (*public disclosure*) the 2023 quarterly unaudited consolidated financial statements as well as the 2023 annual audited financial statements of Aboitiz Power Corp., its subsidiaries and alliances. Included in the review were the Management Discussion and Analysis of Financial Condition and Results of Operations following prior review and discussion with management, accounting, and the company's independent external auditor, SyCip Gorres Velayo & Co. (SGV) – a member practice of Ernst & Young (EY) in the Philippines.

The activities of the Board Audit Committee are performed in the context –

- That management has the primary responsibility for the financial statements and the financial reporting process; and
- That the company's independent external auditor is responsible for expressing an unqualified opinion on the conformity and consistency of application of the Company's audited financial statements with Philippine Financial Reporting Standards.

#### External Auditors

Upon endorsement of the Board Audit Committee to the full Board which, in turn, sought the approval of the shareholders of Aboitiz Power Corp., during its Annual General Stockholders Meeting held last April 24, 2023, SyCip Gorres Velayo & Co. (SGV) was re-appointed as the independent external auditor for 2023 with Jhoanna Feliza C. Go as the signing partner for SGV.

The overall scope and audit plan of SGV were reviewed and approved during the October 24, 2023 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 4, 2024.

In 2023, the Company also engaged SGV on non-audit related services which are now also reviewed and approved by the Board Audit Committee.

#### Internal Auditors

The Board Audit Committee is satisfied with the internal audit function and has 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 2023. Internal audit is organizationally positioned to be independent – functionally reporting to the Board Audit Committee and administratively to the President and Chief Executive Officer.

The Board Audit Committee is satisfied with the content and quality of reports prepared and issued by the internal auditors during the year under review.

The 1AP Group Internal Audit remains to be the single-point-of-contact for the Board Audit Committee. It takes the lead in setting the standards, initiatives, and overall direction of the audit team which, in turn, focuses its reviews on the top risks of respective business units.

Information systems and technology-related risks, however, still remain to be an area mostly covered by the Aboitiz Equity Ventures' information systems auditors in 2023. In 2024 and as part of the federalization initiative of the Group, the 1AP IT and IS engagements will be fully under the responsibility of 1AP Internal Audit Group.

Based on audit reports and highlights presented to the Board Audit Committee and with the contribution provided by management and other key leaders on the issues raised to their attention, the Board Audit Committee concurs with the internal audit's assessment that, generally, there is a reasonable assurance that the existing system of internal controls, risk management, and governance allow for generally adequate management of identified risks and effectively supports the improvement of the management of the Company as a whole.

#### External Quality Assessment

The 1AP Internal Audit Group (IAG), after undergoing the External Quality Assessment (EQA) review by the authorized validator of the Institute of Internal Auditors (IIA) Australia that are duly accredited by the Institute of Internal Auditors (IIA) International, received the official EQAR results in October 2022.

Acquiring the EQA global certification helps build the reputation not just of internal audit but of Aboitiz Power Corp. as a company that not only conforms, complies, and follows but adopts and implements the International Standards for the Professional Practice of Internal Auditing. **The EQA certification is valid for 5 years until 2027.** Until then, 1AP Internal Audit Group ensures that it continually works on its Quality Assurance Improvement Program by doing its interim self-assessment annually.

#### Review of the Audit Charters

Annual review and updating of the Board Audit Committee Charter was conducted. Changes were effected in 2023. The existing Board Audit Committee Charter reinforced the oversight responsibilities of the Board Audit Committee in ensuring excellence of external auditor performance by including SEC Oversight Assurance Review Resolution Results as part of the evaluation criteria.

The review and updating of the Internal Audit Team Charter are also done annually, and approved by the Board Audit Committee.

#### Self-Assessment

The Board Audit Committee conducted its annual self-assessment in accordance with the guidelines of SEC Memo Circular No. 4, series of 2012. The assessment results showed that it fully complied with the requirements set forth in the Audit Charter and met the necessary and most important requirements set by global standards and best practices.



## Risk Management

The partnership between the functions of risk management and audit has remained solid. In order to continuously provide objective assurance to the Board on the adequacy (effectiveness and efficiency) of the internal control system, the top strategic risks that present a significant impact to the Company's ability to execute its plans and strategies as well as to achieve its business objectives are prioritized. These top risks are among the relevant factors in consideration for the preparation of the internal audit's master plan for the following year.

After considering, analyzing and reviewing all pertinent information to the integrity of financial reporting, adequacy of internal controls, risk management, governance and compliance within Aboitiz Power Corp. and its affiliated companies, the Committee is of the view that, in all material aspects, the duties and responsibilities as so outlined in its Charter have been satisfactorily performed.

In behalf of the Board Audit Committee,

(SGD) **Eric Ramon O. Recto**  
Chairman, Independent Director  
Board Audit Committee

Aboitiz Power Corporation

## Internal Control and Compliance System Attestation

For the year ended, December 31, 2023

Aboitiz Power Corporation (AP) corporate governance system includes a combination of internal and external mechanisms such as the structure of the board of directors and our committees, the oversight it exercises over management, and the formulation of sound policies and controls.

- The Board of Directors is responsible for providing governance and in overseeing the effective implementation of adequate internal control mechanism and risk management processes;
- Management is primarily responsible for designing and implementing an adequate (effective and efficient) internal control system and risk management processes as well as in ensuring compliance with legal requirements (statutory and regulatory);
- Management is responsible for developing a system to monitor and manage risks;
- SGV & Co., the Company's external auditor is responsible for assessing and expressing an opinion on the conformity of the audited financial statement with Philippine Financial Reporting Standards and the overall quality of the financial reporting process;
- Internal Audit adopts a risk-based audit approach in developing an annual audit master plan and conducts reviews to assess the adequacy of the Company's internal control system;
- The Company's Internal Audit Group Head that acts as the equivalent of a Chief Audit Executive and reports functionally to the Board Audit Committee. This is to ensure independence and objectivity, allowing internal audit to fulfil its responsibilities; and
- Internal Audit activities conform to the International Standards for the Professional Practice of Internal Auditing as re-assessed in November 2022 as "generally conforming" with "Optimising" maturity level assessment. This assessment is valid for 5 years (until 2027). Also, the Internal Audit Team is continuously evaluated annually through self-assessment and peer reviews.

Based on the above assurance provided by the Internal auditors as well as the external auditors as a result of their reviews, we attest that Aboitiz Power Corporation's internal control and compliance system, which covers governance, risk and control processes, are generally adequate.

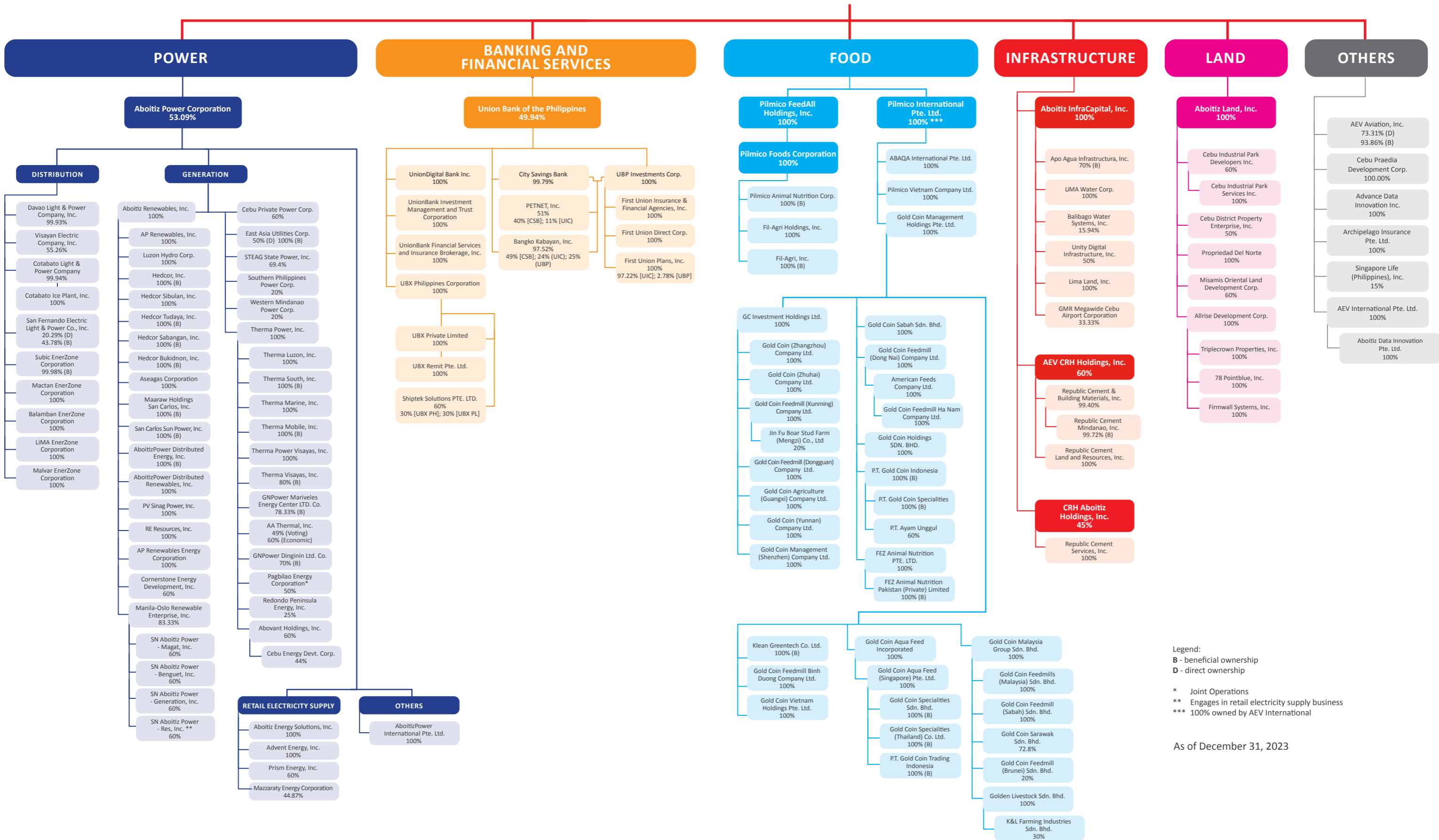
(SGD) **Emmanuel V. Rubio**  
President & Chief Executive Officer

(SGD) **Juan Pascual C. Cosare**  
AP Internal Audit Head



# Conglomerate Map

Aboitiz Equity Ventures Inc. and Subsidiaries



Legend:  
**B** - beneficial ownership  
**D** - direct ownership  
 \* Joint Operations  
 \*\* Engages in retail electricity supply business  
 \*\*\* 100% owned by AEV International

As of December 31, 2023



# Statement of Management's Responsibility for Financial Statements

Aboitiz Equity Ventures Inc.

## SECURITIES & EXCHANGE COMMISSION

SEC Building, EDSA Greenhills  
Mandaluyong, Metro Manila

### STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Aboitiz Equity Ventures, Inc.** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended **December 31, 2023** and **2022**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders or members.

Sycip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

(sgd.)

**ENRIQUE M. ABOITIZ JR.**

Chairman of the Board

(sgd.)

**SABIN M. ABOITIZ**

President & Chief Executive Officer

(sgd.)

**JOSE EMMANUEL U. HILADO**

Senior Vice President - Chief Financial Officer

Signed this **5<sup>th</sup> day of March, 2023.**

Republic of the Philippines)

Taguig City ) S.S.

Before me, a notary public in and for the city named above, personally appeared:

| Name                    | Passport/CTC | Date/Place Issued |
|-------------------------|--------------|-------------------|
| Enrique M. Aboitiz Jr.  | P [REDACTED] |                   |
| Sabin M. Aboitiz        | P [REDACTED] |                   |
| Jose Emmanuel U. Hilado | P [REDACTED] |                   |

who are personally known to me and to me known to be the same persons who presented the foregoing instrument and signed the instrument in my presence, and who took an oath before me as to such instrument.

Witness my hand and seal this **19th** day of **March 2024.**

Doc. No. 108  
Page No. 107  
Book No. 121  
Series of 2023.

**ATTY. JOEL FERRER FLORES**  
Notary Public for Makati City  
Until December 31, 2024  
Appointment No. 14-115(2023-2024)  
Roll of Attorney No. 77376  
MCLE Compliance VIII NO. 0001393-  
Jan. 03, 2023 Until Apr. 14, 2028  
PTR No. 10075945/ Jan. 02, 2024/Makati City  
IBP No. 330740/ Jan. 02, 2024/Pasig City  
1107 D Bataan St., Guadalupe Nuevo, Makati City



# Independent Auditor's Report

Aboitiz Equity Ventures Inc.

The Stockholders and the Board of Directors  
Aboitiz Equity Ventures, Inc.  
32<sup>nd</sup> Street, Bonifacio Global City,  
Taguig City, Metro Manila  
Philippines

## Opinion

We have audited the consolidated financial statements of Aboitiz Equity Ventures, Inc. and its subsidiaries (the Group), which comprise the consolidated balance sheets as at December 31, 2023 and 2022 and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRSs).

## Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

## Impairment Testing of Goodwill

Under PFRSs, the Group is required to annually test the amount of goodwill for impairment. As of December 31, 2023, the goodwill attributable to the cash-generating units (CGUs) of GNPower Mariveles Energy amounted to Center Ltd. Co. and Gold Coin Management Holdings Pte. Ltd. amounted to ₱57.9 billion or 7% of total consolidated assets, which is considered significant to the consolidated financial statements. In addition, management's assessment process requires significant judgment and is based on assumptions which are subject to estimation uncertainty, specifically discount and growth rates, revenue assumptions, and material price inflation.

The Group's disclosures about goodwill are included in Note 14 to the consolidated financial statements.

## Audit Response

We involved our internal specialist in assessing the methodologies and assumptions used. We compared the key assumptions used, such as growth rate and revenue assumptions against the historical performance of the CGUs, industry outlook and other relevant external data. We tested the parameters used in the determination of the discount rates against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically, those that have the most significant effect on the determination of the recoverable amount of goodwill.

## Revenue Recognition of Distribution Utilities

The distribution utilities' revenue from the sale of electricity amounting to ₱53.4 billion accounts for 17% of the Group's consolidated revenues and is material to the Group. This matter is significant to the audit because the revenue recognized depends on the electric consumption captured, the rates applied across different customers, and the systems involved in the billing process. Electric consumption captured is based on the meter readings taken on various dates for the different types of customers (i.e., industrial, commercial, and residential customers) within the franchise areas of operations of the distribution utilities.

The Group's disclosures related to this matter are provided in Notes 2 and 26 to the consolidated financial statements.

## Audit Response

We obtained an understanding and evaluated the design and tested the controls over the billing and revenue process which includes the capture and accumulation of meter data in the billing system and calculation of billed amounts, and uploading of billed amounts from the billing system to the financial



reporting system. We performed a test calculation of the rates using the Energy Regulatory Commission-approved rates and formulae, then compared them with the rates used in billing statements.

#### **Accounting for Investment in an Associate**

The Group has an investment in Union Bank of the Philippines (UBP), which is a universal bank that is publicly listed in the Philippine Stock Exchange and accounted for under the equity method. For the year ended December 31, 2023, the Group's share in the net income of UBP amounted to ₱4.5 billion and accounts for 10% of the Group's consolidated net income. The Group's share in UBP's net income is significantly affected by the level of provisioning of its loans and receivables applying the expected credit loss (ECL) model. This matter is significant to our audit because the application of the ECL model requires significant management judgment and estimates.

The Group's disclosures on investments in associates are in Notes 2 and 10 to the consolidated financial statements.

#### **Audit Response**

We obtained the financial information of UBP for the year ended December 31, 2023 and recomputed the Group's share in net income of UBP and assessed the disclosures of the investment in associate in the consolidated financial statements.

We obtained an understanding of the methodologies and models used for UBP's different credit exposures and assessed whether these considered the requirements of PFRS 9, *Financial Instruments*, to reflect an unbiased and probability-weighted outcome, and to consider the time value of money and the best available forward-looking information. We also inspected and considered the results of the model validation on the risk rating performed by management's specialist.

We (a) assessed UBP's segmentation of its credit risk exposures based on homogeneity of credit risk characteristics; (b) tested the definition of default and significant increase in credit risk criteria against historical analysis of accounts, credit risk management policies and practices in place; (c) tested UBP's application of internal credit risk rating system, by reviewing the ratings of sample credit exposures; (d) tested loss given default by inspecting historical recoveries and related costs, write-offs and collateral valuations, and the effects of credit enhancements provided by any party; (e) tested exposure at default considering outstanding commitments and repayment scheme; (f) checked the forward-looking information used for overlay through statistical test and corroboration using publicly available information and our understanding of UBP's lending portfolios and broader industry knowledge; and (g) tested the effective interest rate used in discounting the ECL.

Further, we checked the data used in the ECL models by reconciling data from source system reports to the data warehouse and from the data warehouse to the loss allowance models and financial reporting systems. To the extent that the loss allowance analysis is based on credit exposures that have been disaggregated into subsets of debt financial assets with similar risk characteristics, we traced or re-performed the disaggregation from source systems to the loss allowance analysis.

We recalculated impairment provisions on a sample basis. We involved our internal specialists in the performance of the above procedures.

#### **Other Information**

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

#### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Jhoanna Feliza C. Go.

SYCIP GORRES VELAYO & CO.

SGD.

Jhoanna Feliza C. Go  
Partner

CPA Certificate No. 0114122

Tax Identification No. 219-674-288

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

BIR Accreditation No. 08-001998-103-2022, November 7, 2022, valid until November 6, 2025

PTR No. 10079942, January 5, 2024, Makati City

March 5, 2024



A member firm of Ernst & Young Global Limited



# Independent Auditor's Report on Supplementary Schedules

Aboitiz Equity Ventures Inc.

The Stockholders and the Board of Directors  
Aboitiz Equity Ventures, Inc.  
32nd Street, Bonifacio Global City  
Taguig City, Metro Manila  
Philippines

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Aboitiz Equity Ventures, Inc. and Subsidiaries as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

SGD.

Jhoanna Feliza C. Go  
Partner  
CPA Certificate No. 0114122  
Tax Identification No. 219-674-288  
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024  
BIR Accreditation No. 08-001998-103-2022, November 7, 2022, valid until November 6, 2025  
PTR No. 10079942, January 5, 2024, Makati City

March 5, 2024

# Independent Auditor's Report on Components of Financial Soundness Indicators

Aboitiz Equity Ventures Inc.

The Stockholders and the Board of Directors  
Aboitiz Equity Ventures, Inc.  
32nd Street, Bonifacio Global City  
Taguig City, Metro Manila  
Philippines

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Aboitiz Equity Ventures, Inc. and Subsidiaries as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Company's financial statements as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

SGD.

Jhoanna Feliza C. Go  
Partner  
CPA Certificate No. 0114122  
Tax Identification No. 219-674-288  
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024  
BIR Accreditation No. 08-001998-103-2022, November 7, 2022, valid until November 6, 2025  
PTR No. 10079942, January 5, 2024, Makati City

March 5, 2024



# Consolidated Balance Sheets

Aboitiz Equity Ventures Inc.

(Amounts in Thousands)

|   | December 31,<br>2023 | December 31,<br>2022<br>(As Restated -<br>Note 2) | January 1,<br>2022<br>As Restated -<br>Note 2) |
|---|----------------------|---|--|
| <b>ASSETS</b>   |                      |   |  |
| <b>Current Assets</b>   |                      |   |  |
| Cash and cash equivalents (Note 4)                                | ₱112,293,582         | ₱101,526,260                                      | ₱147,534,035                                   |
| Trade and other receivables (Note 5)                              | 58,202,031           | 61,319,148  | 48,020,420                                     |
| Inventories (Note 6)  | 45,569,654           | 46,161,542  | 31,992,459                                     |
| Derivative asset (Note 37)  | 355,510              | 2,669,218   | 1,383,903                                      |
| Other current assets (Notes 7 and 8)                              | 37,963,070           | 46,282,770  | 25,418,264                                     |
| <b>Total Current Assets</b>                                       | <b>254,383,847</b>   | <b>257,958,938</b>                                | <b>254,349,081</b>                             |
| <b>Noncurrent Assets</b>  |                      |   |  |
| Property, plant and equipment (Notes 13 and 19)                   | 229,700,594          | 224,711,720                                       | 220,018,207                                    |
| Investments and advances (Note 10)                                | 224,141,125          | 195,855,745                                       | 154,815,613                                    |
| Intangible assets (Note 14)                                       | 81,887,996           | 78,375,252  | 74,338,411                                     |
| Investment properties (Notes 15 and 31)                           | 14,077,502           | 14,423,957  | 12,227,553                                     |
| Deferred income tax assets - net (Note 32)                        | 1,830,300            | 1,519,532   | 1,742,644                                      |
| Trade receivables - net of current portion (Note 5)               | 377,214              | 329,538   | 366,651  |
| Derivative asset - net of current portion (Note 37)               | —                    | 395,644   | 75,718   |
| Net pension assets (Note 30)                                      | 262,814              | 487,129   | 293,168  |
| Other noncurrent assets (Notes 8 and 16)                          | 27,213,267           | 33,720,624  | 15,145,672                                     |
| <b>Total Noncurrent Assets</b>                                    | <b>579,490,812</b>   | <b>549,819,141</b>                                | <b>479,023,637</b>                             |
| <b>TOTAL ASSETS</b>   | <b>₱833,874,659</b>  | <b>₱807,778,079</b>                               | <b>₱733,372,718</b>                            |
| <b>LIABILITIES AND EQUITY</b>                                     |                      |   |  |
| <b>Current Liabilities</b>  |                      |   |  |
| Trade and other payables (Notes 17, 35 and 40)                    | ₱56,145,901          | ₱59,347,137                                       | ₱45,779,404                                    |
| Bank loans (Note 18)  | 41,040,449           | 45,367,586  | 35,415,424                                     |
| Current portions of:  |                      |   |  |
| Long-term debts (Note 19)   | 15,218,412           | 17,926,663  | 18,608,778                                     |
| Long-term obligation on Power Distribution System (PDS) (Note 14) | 40,000               | 40,000  | 40,000   |
| Lease liabilities (Notes 13 and 22)                               | 245,762              | 9,420,133   | 8,291,721                                      |
| Derivative liability (Note 37)                                    | 506,335              | 330,809   | 1,180,048                                      |
| Income tax payable  | 724,243              | 555,580   | 382,223  |
| <b>Total Current Liabilities</b>                                  | <b>113,921,102</b>   | <b>132,987,908</b>                                | <b>109,697,598</b>                             |

(Forward)

|  | December 31,<br>2023 | December 31,<br>2022<br>(As Restated -<br>Note 2) | January 1,<br>2022<br>As Restated -<br>Note 2) |
|--|----------------------|---|--|
| <b>Noncurrent Liabilities</b>                              |                      |   |  |
| Noncurrent portions of:                                    |                      |   |  |
| Long-term debts (Note 19)                                  | ₱316,356,779         | ₱285,612,355                                      | ₱253,069,865                                   |
| Lease liabilities (Notes 22)                               | 3,101,890            | 18,440,790  | 25,964,507                                     |
| Trade payables (Notes 17 and 35)                           | 1,185,415            | 1,107,359   | 982,617  |
| Long-term obligation on PDS (Note 14)                      | 82,730               | 105,390   | 125,532  |
| Customers' deposits (Note 20)                              | 9,112,905            | 8,314,885   | 7,374,767                                      |
| Decommissioning liability (Note 21)                        | 7,363,729            | 5,654,234   | 5,686,224                                      |
| Deferred income tax liabilities - net (Note 32)            | 6,234,460            | 4,310,881   | 2,533,306                                      |
| Net pension liability (Note 30)                            | 1,169,205            | 756,404   | 493,293  |
| Derivative liability - net of current portion (Note 37)    | —                    | 330,592   | 174,664  |
| <b>Total Noncurrent Liabilities</b>                        | <b>344,607,113</b>   | <b>324,632,890</b>                                | <b>296,404,775</b>                             |
| <b>Total Liabilities</b>                                   | <b>458,528,215</b>   | <b>457,620,798</b>                                | <b>406,102,373</b>                             |
| <b>Equity Attributable to Equity Holders of the Parent</b> |                      |   |  |
| Capital stock (Note 23)                                    | 5,694,600            | 5,694,600   | 5,694,600                                      |
| Additional paid-in capital (Note 23)                       | 13,013,197           | 13,013,197  | 13,013,197                                     |
| Equity reserve (Notes 2, 9 and 10)                         | 29,423,103           | 29,491,200  | 29,491,200                                     |
| Accumulated other comprehensive income (Note 25)           | (2,306,957)          | (4,424,925)                                       | (235,375)                                      |
| Retained earnings (Notes 10 and 24)                        |                      |   |  |
| Appropriated   | 88,800,000           | 79,800,000  | 9,200,000                                      |
| Unappropriated   | 138,476,219          | 132,206,361                                       | 187,906,486                                    |
| Treasury stock at cost (Note 23)                           | (1,145,431)          | (647,672)   | (647,672)                                      |
|  | 271,954,731          | 255,132,761                                       | 244,422,436                                    |
| <b>Non-controlling Interests</b>                           | <b>103,391,713</b>   | <b>95,024,520</b>                                 | <b>82,847,909</b>                              |
| <b>Total Equity</b>  | <b>375,346,444</b>   | <b>350,157,281</b>                                | <b>327,270,345</b>                             |
| <b>TOTAL LIABILITIES AND EQUITY</b>                        | <b>₱833,874,659</b>  | <b>₱807,778,079</b>                               | <b>₱733,372,718</b>                            |

See accompanying Notes to Consolidated Financial Statements.



# Consolidated Statements of Income

Aboitiz Equity Ventures Inc.

(Amounts in Thousands, Except Earnings Per Share Amounts)

|  | Years Ended December 31 |                                   |                                   |
|--|-------------------------|-----------------------------------|-----------------------------------|
|  | 2023                    | 2022<br>(As Restated -<br>Note 2) | 2021<br>(As Restated -<br>Note 2) |
| <b>REVENUES</b>  |                         |                                   |                                   |
| Sale of:   |                         |                                   |                                   |
| Power (Note 26)  | ₱205,818,244            | ₱193,625,879                      | ₱134,043,812                      |
| Goods  | 91,737,828              | 103,562,218                       | 83,065,597                        |
| Real estate (Notes 15 and 26)  | 9,476,487               | 7,442,270                         | 5,234,842                         |
| Service fees (Note 40)   | 1,379,309               | 1,373,478                         | 716,387                           |
| Sale of swine at fair value (Note 8)   | 585,893                 | 532,453                           | 578,149                           |
| Others (Notes 16 and 35)   | 1,621,328               | 325,075                           | 290,632                           |
|  | <b>310,619,089</b>      | <b>306,861,373</b>                | <b>223,929,419</b>                |
| <b>COSTS AND EXPENSES</b>  |                         |                                   |                                   |
| Cost of generated and purchased power<br>(Notes 27, 28, 35 and 40)                             | 135,433,770             | 129,998,462                       | 74,996,207                        |
| Cost of goods sold (Notes 6 and 28)  | 81,329,202              | 93,365,449                        | 73,589,095                        |
| Operating expenses (Notes 28, 35, 38 and 39)   | 50,806,725              | 44,344,870                        | 39,896,091                        |
| Cost of real estate sales (Note 6)   | 5,004,708               | 4,057,279                         | 2,346,942                         |
|  | <b>272,574,405</b>      | <b>271,766,060</b>                | <b>190,828,335</b>                |
| <b>OPERATING PROFIT</b>  | <b>38,044,684</b>       | <b>35,095,313</b>                 | <b>33,101,084</b>                 |
| Share in net earnings of associates and joint ventures<br>(Note 10)                            | 23,637,125              | 20,781,865                        | 17,245,643                        |
| Interest income (Notes 4, 7, 35 and 36)  | 4,301,426               | 1,867,224                         | 530,851                           |
| Interest expense (Notes 22 and 36)   | (20,528,967)            | (17,856,684)                      | (17,042,156)                      |
| Other income (expense) - net (Notes 5, 31 and 35)  | 6,060,374               | 4,138,884                         | 3,142,294                         |
| <b>INCOME BEFORE INCOME TAX</b>  | <b>51,514,642</b>       | <b>44,026,602</b>                 | <b>36,977,716</b>                 |
| <b>PROVISION FOR INCOME TAX</b> (Note 32)  | <b>8,593,435</b>        | <b>5,366,748</b>                  | <b>4,561,177</b>                  |
| <b>NET INCOME</b>  | <b>₱42,921,207</b>      | <b>₱38,659,854</b>                | <b>₱32,416,539</b>                |
| <b>ATTRIBUTABLE TO:</b>  |                         |                                   |                                   |
| Equity holders of the parent   | ₱23,546,289             | ₱24,020,840                       | ₱26,083,441                       |
| Non-controlling interests  | 19,374,918              | 14,639,014                        | 6,333,098                         |
|  | <b>₱42,921,207</b>      | <b>₱38,659,854</b>                | <b>₱32,416,539</b>                |
| <b>EARNINGS PER SHARE</b> (Note 33)  |                         |                                   |                                   |
| Basic and diluted, for net income for the year<br>attributable to equity holders of the parent | ₱4.19                   | ₱4.27                             | ₱4.63                             |

See accompanying Notes to Consolidated Financial Statements.

# Consolidated Statements of Comprehensive Income

Aboitiz Equity Ventures Inc.

(Amounts in Thousands)

|  | Years Ended December 31 |                                   |                                   |
|--|-------------------------|-----------------------------------|-----------------------------------|
|  | 2023                    | 2022<br>(As Restated –<br>Note 2) | 2021<br>(As Restated –<br>Note 2) |
| <b>NET INCOME ATTRIBUTABLE TO:</b>   |                         |                                   |                                   |
| Equity holders of the parent   | ₱23,546,289             | ₱24,020,840                       | ₱26,083,441                       |
| Non-controlling interests  | 19,374,918              | 14,639,014                        | 6,333,098                         |
|  | <b>42,921,207</b>       | <b>38,659,854</b>                 | <b>32,416,539</b>                 |
| <b>OTHER COMPREHENSIVE INCOME (LOSS)</b>   |                         |                                   |                                   |
| <i>Items that may be reclassified to consolidated<br/>statements of income:</i>  |                         |                                   |                                   |
| Movement in cumulative translation adjustments   | 474,598                 | 1,357,951                         | 2,534,198                         |
| Movement in cash flow hedges, net of tax   | (3,523,081)             | 1,807,349                         | 2,416,469                         |
| Share in movement in cumulative translation<br>adjustments of associates and joint ventures<br>(Note 10)                           | (523,502)               | 910,902                           | 809,328                           |
| Share in movement in net unrealized mark-to-<br>market gains (losses) on FVOCI investments of<br>associates (Note 10)              | 5,920,629               | (6,299,539)                       | (734,752)                         |
| Revaluation surplus, net of tax (Note 13)  | —                       | 642,672                           | —                                 |
| Movement in net unrealized mark-to-market gains<br>(losses) on FVOCI investments (Note 25)   | 95,640                  | (31,263)                          | (3,127)                           |
|  | <b>2,444,284</b>        | <b>(1,611,928)</b>                | <b>5,022,116</b>                  |
| <i>Items that will not be reclassified to consolidated<br/>statements of income:</i>   |                         |                                   |                                   |
| Share in movement in actuarial gains (losses) on<br>defined benefit plans of associate and joint<br>ventures, net of tax (Note 10) | (227,641)               | 250,113                           | 235,055                           |
| Movement in actuarial gains (losses) on defined<br>benefit plans, net of tax (Note 30)   | (436,800)               | 266,598                           | 333,096                           |
|  | <b>(664,441)</b>        | <b>516,711</b>                    | <b>568,151</b>                    |
| <b>TOTAL COMPREHENSIVE INCOME</b>  | <b>₱44,701,050</b>      | <b>₱37,564,637</b>                | <b>₱38,006,806</b>                |
| <b>ATTRIBUTABLE TO:</b>  |                         |                                   |                                   |
| Equity holders of the parent   | ₱25,664,257             | ₱19,831,290                       | ₱30,295,550                       |
| Non-controlling interests  | 19,036,793              | 17,733,347                        | 7,711,256                         |
|  | <b>₱44,701,050</b>      | <b>₱37,564,637</b>                | <b>₱38,006,806</b>                |

See accompanying Notes to Consolidated Financial Statements.



# Consolidated Statements of Changes in Equity

Aboitiz Equity Ventures Inc.

## FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021 (Amounts in Thousands, Except Dividends Per Share Amounts)

|   | Attributable to equity holders of the parent |                                      |                                |  |   |                          |                          |
|---|--|--------------------------------------|--------------------------------|--|---|--------------------------|--------------------------|
|   | Capital Stock: Common (Note 23)              | Additional Paid-in Capital (Note 23) | Equity Reserve (Notes 2 and 9) | Accumulated Other Comprehensive Income (Notes 10 and 25) | Retained Earnings: Appropriated (Note 24) | Unappropriated (Note 24) | Treasury Stock (Note 23) |
| Balances at January 1, 2023, as previously reported | ₱5,694,600                                   | ₱13,013,197                          | ₱29,491,200                    | ₱(4,424,925)   | ₱79,800,000                               | ₱133,269,226             | ₱(647,672)               |
| Effects of adoption of PAS 12 (Note 2)              | —  | —                                    | —                              | —  | —   | (1,062,865)              | —                        |
| Balances at January 1, 2023, as restated            | 5,694,600                                    | 13,013,197                           | 29,491,200                     | (4,424,925)  | 79,800,000                                | 132,206,361              | (647,672)                |
| Net income for the year                             | —  | —                                    | —                              | —  | —   | 23,546,289               | —                        |
| Other comprehensive income (loss)                   | —  | —                                    | —                              | 2,117,968  | —   | —                        | —                        |
| Total comprehensive income for the year             | —  | —                                    | —                              | 2,117,968  | —   | 23,546,289               | —                        |
| Cash dividends - ₱1.47 per share (Note 24)          | —  | —                                    | —                              | —  | —   | (8,276,431)              | —                        |
| Acquisition of treasury shares (Note 23)            | —  | —                                    | —                              | —  | —   | —                        | (497,759)                |
| Appropriation during the year - net (Note 24)       | —  | —                                    | —                              | —  | 9,000,000                                 | (9,000,000)              | —                        |
| Cash dividends paid to non-controlling interests    | —  | —                                    | —                              | —  | —   | —                        | —                        |
| Acquisition of non-controlling interests            | —  | —                                    | (68,097)                       | —  | —   | —                        | —                        |
| Changes in non-controlling interests                | —  | —                                    | —                              | —  | —   | —                        | —                        |
| Balances at December 31, 2023                       | ₱5,694,600                                   | ₱13,013,197                          | ₱29,423,103                    | ₱(2,306,957)   | ₱88,800,000                               | ₱138,476,219             | ₱(1,145,431)             |
| Balances at January 1, 2022, as previously reported | ₱5,694,600                                   | ₱13,013,197                          | ₱29,491,200                    | ₱(235,375)   | ₱9,200,000                                | ₱188,162,793             | ₱(647,672)               |
| Effects of adoption of PAS 12 (Note 2)              | —  | —                                    | —                              | —  | —   | (256,307)                | —                        |
| Balances at January 1, 2022, as restated            | 5,694,600                                    | 13,013,197                           | 29,491,200                     | (235,375)  | 9,200,000                                 | 187,906,486              | (647,672)                |
| Net income for the year, as restated                | —  | —                                    | —                              | —  | —   | 24,020,840               | —                        |
| Other comprehensive income (loss)                   | —  | —                                    | —                              | (4,189,550)  | —   | —                        | —                        |
| Total comprehensive income (loss) for the year      | —  | —                                    | —                              | (4,189,550)  | —   | 24,020,840               | —                        |
| Cash dividends - ₱1.62 per share (Note 24)          | —  | —                                    | —                              | —  | —   | (9,120,965)              | —                        |
| Appropriation during the year (Note 24)             | —  | —                                    | —                              | —  | 70,600,000                                | (70,600,000)             | —                        |
| Cash dividends paid to non-controlling interests    | —  | —                                    | —                              | —  | —   | —                        | —                        |
| Changes in non-controlling interests                | —  | —                                    | —                              | —  | —   | —                        | —                        |
| Balances at December 31, 2022                       | ₱5,694,600                                   | ₱13,013,197                          | ₱29,491,200                    | ₱(4,424,925)   | ₱79,800,000                               | ₱132,206,361             | ₱(647,672)               |
| Balances at January 1, 2021, as previously reported | ₱5,694,600                                   | ₱13,013,197                          | ₱(6,215,026)                   | ₱(3,959,403)   | ₱9,200,000                                | ₱165,976,675             | ₱(647,672)               |
| Net income for the year                             | —  | —                                    | —                              | —  | —   | 183,062,371              | —                        |
| Other comprehensive income                          | —  | —                                    | —                              | —  | —   | —                        | —                        |
| Total comprehensive income                          | —  | —                                    | —                              | —  | —   | 183,062,371              | —                        |
| Cash dividends - ₱0.91 per share (Note 24)          | —  | —                                    | —                              | —  | —   | —                        | —                        |
| Sale of non-controlling interest                    | —  | —                                    | —                              | —  | —   | —                        | —                        |
| Cash dividends paid to non-controlling interests    | —  | —                                    | —                              | —  | —   | —                        | —                        |
| Acquisition of non-controlling interests            | —  | —                                    | —                              | —  | —   | —                        | —                        |
| Changes in non-controlling interests                | —  | —                                    | —                              | —  | —   | —                        | —                        |
| Balances at December 31, 2021                       | ₱5,694,600                                   | ₱13,013,197                          | ₱29,491,200                    | ₱(235,375)   | ₱9,200,000                                | ₱187,906,486             | ₱(647,672)               |

Aboitiz Equity Ventures Inc.

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|  | Attributable to equity holders of the parent |                                      |                                |  |   |                          |                          |
|--|--|--------------------------------------|--------------------------------|--|---|--------------------------|--------------------------|
|  | Capital Stock: Common (Note 23)              | Additional Paid-in Capital (Note 23) | Equity Reserve (Notes 2 and 9) | Accumulated Other Comprehensive Income (Notes 10 and 25) | Retained Earnings: Appropriated (Note 24) | Unappropriated (Note 24) | Treasury Stock (Note 23) |
| Effects of adoption of PAS 12 (Note 2)           | —  | —                                    | —                              | —  | —   | 969,875                  | —                        |
| Balances at January 1, 2021, as restated         | 5,694,600                                    | 13,013,197                           | (6,215,026)                    | (3,959,403)  | 9,200,000                                 | 166,946,550              | (647,672)                |
| Net income for the year, as restated             | —  | —                                    | —                              | —  | —   | 26,083,441               | —                        |
| Other comprehensive income                       | —  | —                                    | —                              | 4,212,109  | —   | —                        | —                        |
| Total comprehensive income for the year          | —  | —                                    | —                              | 4,212,109  | —   | 26,083,441               | —                        |
| Cash dividends - ₱0.91 per share (Note 24)       | —  | —                                    | —                              | —  | —   | (5,123,505)              | —                        |
| Sale of non-controlling interest                 | —  | —                                    | 35,498,196                     | (488,081)  | —   | —                        | —                        |
| Cash dividends paid to non-controlling interests | —  | —                                    | —                              | —  | —   | —                        | —                        |
| Acquisition of non-controlling interests         | —  | —                                    | 208,030                        | —  | —   | —                        | —                        |
| Changes in non-controlling interests             | —  | —                                    | —                              | —  | —   | —                        | —                        |
| Balances at December 31, 2021                    | ₱5,694,600                                   | ₱13,013,197                          | ₱29,491,200                    | ₱(235,375)   | ₱9,200,000                                | ₱187,906,486             | ₱(647,672)               |

See accompanying Notes to Consolidated Financial Statements.



# Consolidated Statements of Cash Flows

Aboitiz Equity Ventures Inc.

(Amounts in Thousands)

|   | Years Ended December 31 |                                   |                                   |
|---|-------------------------|-----------------------------------|-----------------------------------|
|   | 2023                    | 2022<br>(As Restated -<br>Note 2) | 2021<br>(As Restated -<br>Note 2) |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                         |                                   |                                   |
| Income before income tax  | ₱51,514,642             | ₱44,026,602                       | ₱36,977,716                       |
| Adjustments for:  |                         |                                   |                                   |
| Interest expense (Note 36)  | 20,528,967              | 17,856,684                        | 17,042,156                        |
| Depreciation and amortization (Note 28)   | 15,127,901              | 13,778,454                        | 12,962,612                        |
| Net unrealized foreign exchange losses (gains)  | 125,684                 | (1,546,712)                       | 281,255                           |
| Impairment loss on property, plant and equipment, goodwill and other assets (Notes 13, 14 and 16) | 224,774                 | 1,224,108                         | 340,597                           |
| Write-off of project development costs (Note 31)  | 308,871                 | 314,490                           | 369,918                           |
| Loss (gain) on sale/disposal of:  |                         |                                   |                                   |
| Property, plant and equipment and other assets (Notes 13 and 31)                                  | (90,108)                | 158,832                           | (560,857)                         |
| Fair value through profit or loss (FVTPL) and FVOCI investments (Note 3)                          | (61,408)                | (31,283)                          | (120,941)                         |
| Investment in a subsidiary and associate (Notes 9 and 10)   | —                       | (183,299)                         | 44,258                            |
| Unrealized mark-to-market losses (gains) on derivatives   | 74,766                  | (11,105)                          | 851,375                           |
| Unrealized mark-to-market loss (gains) on FVTPL investments                                       | (84,425)                | 191,710                           | 4,727                             |
| Dividend income (Note 31)   | (8,107)                 | (3,379)                           | (2,984)                           |
| Net unrealized valuation gains on investment property (Notes 15 and 31)                           | (781,512)               | (527,154)                         | (976,228)                         |
| Interest income (Note 36)   | (4,301,426)             | (1,867,224)                       | (530,851)                         |
| Share in net earnings of associates and joint ventures (Note 10)                                  | (23,637,125)            | (20,781,865)                      | (17,245,643)                      |
| Gain from bargain purchase and remeasurement of previously held interest (Notes 9 and 29)         | (1,745,655)             | —                                 | —                                 |
| Operating income before working capital changes   | 57,195,839              | 52,598,859                        | 49,437,110                        |
| Decrease (increase) in:   |                         |                                   |                                   |
| Trade and other receivables   | 2,433,677               | (16,881,735)                      | (9,466,903)                       |
| Inventories   | 3,517,994               | (15,567,048)                      | (7,327,478)                       |
| Contract asset  | 497,397                 | —                                 | —                                 |
| Pension asset   | (97,263)                | 8,292                             | 2,348                             |
| Other current assets  | 7,140,780               | (6,200,945)                       | (1,132,632)                       |
| Increase (decrease) in:   |                         |                                   |                                   |
| Trade and other payables  | (7,204,104)             | 18,938,169                        | 7,773,934                         |
| Pension liability   | 40,648                  | 183,342                           | 65,169                            |
| Customers' deposits   | 795,777                 | 980,007                           | 401,496                           |
| Net cash flows generated from operations  | 64,320,745              | 34,058,941                        | 39,753,044                        |
| Income and final taxes paid   | (6,494,082)             | (3,878,267)                       | (3,434,010)                       |
| Net cash flows from operating activities  | 57,826,663              | 30,180,674                        | 36,319,034                        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                         |                                   |                                   |
| Cash dividends received (Note 10)   | 4,491,446               | 5,737,663                         | 10,491,079                        |
| Interest received   | 4,392,197               | 1,543,936                         | 528,326                           |
| Proceeds from sale of:  |                         |                                   |                                   |
| FVTPL and FVOCI investments   | 2,640,588               | 151,289                           | 800,415                           |
| Property, plant and equipment   | 593,585                 | 119,332                           | 89,136                            |

|   | Years Ended December 31 |                                   |                                   |
|---|-------------------------|-----------------------------------|-----------------------------------|
|   | 2023                    | 2022<br>(As Restated -<br>Note 2) | 2021<br>(As Restated -<br>Note 2) |
| Acquisition through business combination, net of cash acquired (Note 9)   | (₱570,098)              | ₱—                                | ₱—                                |
| Disposal of a subsidiary, net of cash disposed (Note 9)   | —                       | (190,312)                         | —                                 |
| Additions to:   |                         |                                   |                                   |
| Short-term cash deposits  | 19,372,653              | (13,929,164)                      | (6,026,045)                       |
| FVTPL, including exchangeable notes and FVOCI investments (Notes 10 and 16)                                       | (406,902)               | (16,644,751)                      | (1,805,670)                       |
| Property, plant and equipment and investment properties (Notes 13 and 15)   | (21,762,234)            | (16,238,852)                      | (10,484,632)                      |
| Investments in and advances to associates (Note 10)   | (7,508,169)             | (30,731,074)                      | (2,678,043)                       |
| Increase in intangible assets (Note 14)   | (3,616,171)             | (2,540,531)                       | (4,297,612)                       |
| Decrease (increase) in other noncurrent assets  | 177,158                 | (1,755,165)                       | 2,695,661                         |
| Proceeds from sale of common shares and redemption of preferred shares of associates and joint ventures (Note 10) | —                       | —                                 | 609,000                           |
| Net cash flows used in investing activities   | (2,195,947)             | (74,477,629)                      | (10,078,385)                      |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                         |                                   |                                   |
| Proceeds from availment of long-term debts - net of transaction costs (Note 19)                                   | 49,326,661              | 63,063,047                        | 54,556,816                        |
| Net proceeds from (settlements of) bank loans   | (4,327,137)             | 9,952,162                         | 4,554,571                         |
| Acquisition of treasury shares (Note 23)  | (497,759)               | —                                 | —                                 |
| Proceeds from sale of non-controlling interest (Note 9)   | —                       | —                                 | 71,997,886                        |
| Acquisition of non-controlling interests (Note 9)   | (128,882)               | —                                 | (897,673)                         |
| Cash dividends paid to non-controlling interest   | (13,065,431)            | (6,128,351)                       | (1,624,383)                       |
| Cash dividends paid to equity holders of the parent (Note 24)   | (8,276,431)             | (9,120,965)                       | (5,123,505)                       |
| Interest paid   | (20,767,307)            | (14,785,307)                      | (13,242,432)                      |
| Payments of:  |                         |                                   |                                   |
| Long-term debts (Note 19)   | (23,646,382)            | (37,113,280)                      | (47,621,110)                      |
| Lease liabilities, including accretion of interest  | (22,899,469)            | (10,232,070)                      | (9,611,197)                       |
| Net cash flows from (used in) financing activities  | (44,282,137)            | (4,364,764)                       | 52,988,973                        |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>   | <b>11,348,579</b>       | <b>(48,661,719)</b>               | <b>79,229,622</b>                 |
| <b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>   | <b>(581,257)</b>        | <b>2,653,944</b>                  | <b>2,338,002</b>                  |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>   | <b>101,526,260</b>      | <b>147,534,035</b>                | <b>65,966,411</b>                 |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)</b>  | <b>₱112,293,582</b>     | <b>₱101,526,260</b>               | <b>₱147,534,035</b>               |

See accompanying Notes to Consolidated Financial Statements.



# Investor Information

## Aboitiz Equity Ventures Inc.

### Head Office:

NAC Tower, 32nd Street, Bonifacio Global City,  
Taguig City, Metro Manila 1634 Philippines  
Tel (632) 8886-2800 | Fax (632) 8886-2407

### Cebu Office:

Aboitiz Corporate Center,  
Gov. Manuel A. Cuenco Avenue,  
Kasambagan, Cebu City 6000 Philippines  
Tel (6332) 411-1800 | Fax (6332) 231-4037

### Common Stock

The Company's common stock is listed  
and traded in the Philippine Stock Exchange.

### Stockholders' Meeting

The Company's regular stockholders' meeting is  
held on the fourth Monday of April of every year.

### Stockholder Services and Assistance

Stock Transfer Service, Inc. (STSI) serves as the Company's stock  
transfer agent.

For matters concerning dividend payments, account status, lost or  
damaged stock certificates, change of address, please write or call:

### STOCK TRANSFER SERVICE, INC.

Unit 34-D Rufino Pacific Tower,  
6784 Ayala Avenue, Makati City 1226, Philippines  
Telephone No.: (632) 8403-3798 | (632) 8403-2410  
(632) 85310-1351

### Contact Person:

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AEV welcomes inquiries from institutional investors, analysts, and the  
financial community.

Please call or write:

### Investor Relations

Aboitiz Equity Ventures Inc.

Jacqui De Jesus

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Website: www.aboitiz.com

## Statement of Management's Responsibility for Financial Statements

Aboitiz Power Corporation

### SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA Greenhills  
Mandaluyong, Metro Manila

### STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Aboitiz Power Corporation** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended **December 31, 2023, 2022** and **2021** in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

**SyCip Gorres Velayo & Co.**, the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

(sgd.)

**SABIN M. ABOITIZ**

Chairman of the Board

(sgd.)

**EMMANUEL V. RUBIO**

President & Chief Executive Officer

(sgd.)

**JUAN ALEJANDRO A. ABOITIZ**

SVP & Chief Financial Officer/Corporate Information Officer

Signed this 5<sup>th</sup> day of March 2024



Republic of the Philippines)  
Makati City ) S.S.

Before me, a notary public in and for the city named above, personally appeared:


| Name                      | Passport     | Date/Place Issued              |
|---------------------------|--------------|--------------------------------|
| SABIN M. ABOITIZ          | P [REDACTED] | July 19, 2021; DFA Manila      |
| EMMANUEL V. RUBIO         | P [REDACTED] | September 13, 2019; DFA Manila |
| JUAN ALEJANDRO A. ABOITIZ | P [REDACTED] | February 5, 2021; DFA Manila   |

who are personally known to me and to me known to be the same persons who presented the foregoing instrument and signed the instrument in my presence, and who took an oath before me as to such instrument.

Witness my hand and seal this MAR 13 2024.

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Book No. VII ;

Series of 2024

  
**ATTY. CZAR AUGUSTUS C. COLINA**  
Notary Public for Taguig City  
Notarial Commission No. 76 (2023-2024)  
Until 31 December 2024  
NAC Tower, 32<sup>nd</sup> Street, Bonifacio Global City, Taguig City  
Roll No. 70362, Admitted to the Bar 02 June 2017  
PTR No. A-6155015, 09 January 2024, Taguig City  
IBP No. 414728, 10 January 2024, Makati City  
MCLE Compliance No VII-0011495

## Independent Auditor's Report

Aboitiz Power Corporation

The Board of Directors and Stockholders  
Aboitiz Power Corporation  
32<sup>nd</sup> Street, Bonifacio Global City  
Taguig City, Metro Manila  
Philippines

### Opinion

We have audited the consolidated financial statements of Aboitiz Power Corporation and its subsidiaries (the Group), which comprise the consolidated balance sheets as at December 31, 2023 and 2022, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRSs).

### Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



### **Impairment Testing of Goodwill**

Under PFRSs, the Group is required to annually test the amount of goodwill for impairment. As of December 31, 2023, the goodwill attributable to the cash-generating unit (CGU) of GNPower Mariveles Energy Center Ltd. Co. amounted to ₱43.74 billion or 9% of total consolidated assets, which is considered significant to the consolidated financial statements. In addition, management's assessment process requires significant judgment and is based on assumptions which are subject to estimation uncertainty, specifically discount and growth rates, revenue assumptions, and material price inflation.

The Group's disclosures about goodwill are included in Note 13 to the consolidated financial statements.

#### **Audit Response**

We involved our internal specialist in assessing the methodologies and assumptions used. We compared the key assumptions used, such as growth rate and revenue assumptions against the historical performance of the CGU, industry outlook and other relevant external data. We tested the parameters used in the determination of the discount rates against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically, those that have the most significant effect on the determination of the recoverable amount of goodwill.

### **Revenue Recognition of Distribution Utilities**

The distribution utilities' revenue from the sale of electricity amounting to ₱53.36 billion for the year ended December 31, 2023 accounts for 26% of the Group's consolidated revenues and is material to the Group. This matter is significant to the audit because the revenue recognized depends on the electric consumption captured, the rates applied across different customers, and the systems involved in the billing process. Electric consumption captured is based on the meter readings taken on various dates for the different types of customers (i.e., industrial, commercial, and residential customers) within the franchise areas of operations of the distribution utilities.

The Group's disclosures related to this matter are provided in Notes 3 and 21 to the consolidated financial statements.

#### **Audit Response**

We obtained an understanding and evaluated the design and tested the controls over the billing and revenue process which includes the capture and accumulation of meter data in the billing system and calculation of billed amounts, and uploading of billed amounts from the billing system to the financial

reporting system. We performed a test calculation of the rates using the Energy Regulatory Commission-approved rates and formulae, then compared them with the rates used in billing statements.

### **Other Information**

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Jhoanna Feliza C. Go.

SYCIP GORRES VELAYO & CO.

**SGD.**

Jhoanna Feliza C. Go  
 Partner  
 CPA Certificate No. 0114122  
 Tax Identification No. 219-674-288  
 BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024  
 BIR Accreditation No. 08-001998-103-2022, November 7, 2022, valid until November 6, 2025  
 PTR No. 10079942, January 5, 2024, Makati City

March 5, 2024

## Independent Auditor's Report on Supplementary Schedules

Aboitiz Power Corporation

The Board of Directors and Stockholders  
 Aboitiz Power Corporation  
 32<sup>nd</sup> Street, Bonifacio Global City  
 Taguig City, Metro Manila  
 Philippines

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Aboitiz Power Corporation (the Company) as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated March 5, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

**SGD.**

Jhoanna Feliza C. Go  
 Partner  
 CPA Certificate No. 0114122  
 Tax Identification No. 219-674-288  
 BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024  
 BIR Accreditation No. 08-001998-103-2022, November 7, 2022, valid until November 6, 2025  
 PTR No. 10079942, January 5, 2024, Makati City

March 5, 2024



# Independent Auditor's Report on Components of Financial Soundness Indicators

Aboitiz Power Corporation

The Board of Directors and Stockholders  
Aboitiz Power Corporation  
32<sup>nd</sup> Street, Bonifacio Global City  
Taguig City, Metro Manila  
Philippines

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Aboitiz Power Corporation (the Company) as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated March 5, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Company's consolidated financial statements as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

**SGD.**

Jhoanna Feliza C. Go  
Partner  
CPA Certificate No. 0114122  
Tax Identification No. 219-674-288  
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024  
BIR Accreditation No. 08-001998-103-2022, November 7, 2022, valid until November 6, 2025  
PTR No. 10079942, January 5, 2024, Makati City

March 5, 2024

# Consolidated Balance Sheets

Aboitiz Power Corporation and Subsidiaries

(Amounts in Thousands)

|  | December 31,<br>2022      | January 1,<br>2022        |
|--|---------------------------|---------------------------|
| <b>December 31,<br/>2023</b>                         | (As Restated -<br>Note 3) | (As Restated -<br>Note 3) |
| <b>ASSETS</b>  |                           |                           |
| <b>Current Assets</b>                                |                           |                           |
| Cash and cash equivalents (Note 5)                   | ₱54,538,784               | ₱64,763,642               |
| Trade and other receivables (Note 6)                 | 34,247,542                | 35,342,951                |
| Inventories (Note 7)                                 | 13,675,531                | 16,123,700                |
| Derivative assets (Note 34)                          | 355,308                   | 2,666,226                 |
| Other current assets (Note 8)                        | 12,986,262                | 14,079,868                |
| <b>Total Current Assets</b>                          | <b>115,803,427</b>        | <b>132,976,387</b>        |
| <b>Noncurrent Assets</b>                             |                           |                           |
| Investments and advances (Note 10)                   | 91,640,709                | 77,928,459                |
| Property, plant and equipment (Notes 12 and 35)      | 209,726,892               | 206,857,588               |
| Intangible assets (Note 13)                          | 49,757,097                | 49,771,385                |
| Derivative assets - net of current portion (Note 34) | -                         | 245,801                   |
| Net pension assets (Note 27)                         | 40,459                    | 83,438                    |
| Deferred income tax assets (Note 29)                 | 1,337,626                 | 1,125,235                 |
| Other noncurrent assets (Note 14)                    | 18,717,096                | 8,387,477                 |
| <b>Total Noncurrent Assets</b>                       | <b>371,219,879</b>        | <b>344,399,383</b>        |
| <b>TOTAL ASSETS</b>                                  | <b>₱487,023,306</b>       | <b>₱477,375,770</b>       |

## LIABILITIES AND EQUITY

|   |                   |                   |
|---|-------------------|-------------------|
| <b>Current Liabilities</b>                        |                   |                   |
| Short-term loans (Note 16)                        | ₱19,959,100       | ₱21,402,715       |
| Current portions of:                              |                   |                   |
| Long-term debts (Note 17)                         | 10,730,454        | 10,279,212        |
| Lease liabilities (Note 35)                       | 81,964            | 9,288,292         |
| Long-term obligation on power distribution system | 40,000            | 40,000            |
| Derivative liabilities (Note 34)                  | 481,595           | 116,672           |
| Trade and other payables (Note 15)                | 32,868,673        | 32,948,328        |
| Income tax payable                                | 472,703           | 492,656           |
| <b>Total Current Liabilities</b>                  | <b>64,634,489</b> | <b>74,567,875</b> |

(Forward)



# Consolidated Statements of Income

Aboitiz Power Corporation and Subsidiaries

(Amounts in Thousands, Except Earnings Per Share Amounts)

|  | December 31,<br>2022      | January 1,<br>2022        |
|--|---------------------------|---------------------------|
| December 31,<br>2023   | (As Restated -<br>Note 3) | (As Restated -<br>Note 3) |
| <b>Noncurrent Liabilities</b>  |                           |                           |
| Noncurrent portions of:  |                           |                           |
| Long-term debts (Note 17)  | ₱203,540,676              | ₱189,172,706              |
| Lease liabilities (Note 35)  | 2,832,881                 | 18,253,664                |
| Long-term obligation on power distribution system                              | 82,730                    | 105,390                   |
| Derivative liabilities - net of current portion (Note 34)                      | -                         | 330,592                   |
| Customers' deposits (Note 18)  | 8,861,811                 | 8,144,054                 |
| Decommissioning liability (Note 19)  | 7,363,729                 | 5,654,234                 |
| Deferred income tax liabilities (Note 29)                                      | 4,829,487                 | 2,415,245                 |
| Net pension liabilities (Note 27)  | 903,138                   | 599,491                   |
| Other noncurrent liabilities (Note 40j)  | -                         | 54,505                    |
| <b>Total Noncurrent Liabilities</b>  | <b>228,414,452</b>        | <b>224,675,376</b>        |
| <b>Total Liabilities</b>   | <b>293,048,941</b>        | <b>272,096,705</b>        |
| <b>Equity Attributable to Equity Holders of the Parent</b>                     |                           |                           |
| Paid-in capital (Note 20a)   | 19,947,498                | 19,947,498                |
| Share in other comprehensive income of associates and joint ventures (Note 10) | 651,102                   | 1,220,171                 |
| Cumulative translation adjustments (Note 34)                                   | 5,764,141                 | 5,462,557                 |
| Cash flow hedge reserve (Note 34)  | (269,282)                 | 2,646,733                 |
| Actuarial losses on defined benefit plans (Note 27)                            | (1,283,856)               | (1,095,697)               |
| Equity reserve   | (7,175,742)               | (7,175,742)               |
| Treasury stock - at cost (Note 20)   | (4,891,831)               | -                         |
| Retained earnings (Note 20b)   |                           |                           |
| Appropriated   | 11,900,000                | 20,060,000                |
| Unappropriated (Notes 10 and 20c)  | 155,496,036               | 127,994,906               |
|  | <b>180,138,066</b>        | <b>169,060,426</b>        |
| <b>Non-controlling Interests</b>   | <b>13,836,299</b>         | <b>7,630,226</b>          |
| <b>Total Equity (Note 20)</b>  | <b>193,974,365</b>        | <b>155,075,254</b>        |
| <b>TOTAL LIABILITIES AND EQUITY</b>  | <b>₱487,023,306</b>       | <b>₱427,171,959</b>       |

See accompanying Notes to Consolidated Financial Statements.

|  | Years Ended December 31 |                           |                           |
|--|-------------------------|---------------------------|---------------------------|
|  | 2023                    | 2022                      | 2021                      |
|  |                         | (As Restated -<br>Note 3) | (As Restated -<br>Note 3) |
| <b>OPERATING REVENUES</b>  |                         |                           |                           |
| Sale of power (Notes 21 and 32):                                     |                         |                           |                           |
| Generation   | ₱106,795,878            | ₱101,500,632              | ₱70,008,135               |
| Distribution   | 53,362,657              | 57,235,327                | 44,375,529                |
| Retail electricity supply  | 46,123,403              | 35,179,570                | 19,874,964                |
| Interest income on concession contract asset (Note 14)               | 716,218                 | -                         | -                         |
| Technical, management and other fees (Note 32)                       | 101,741                 | 78,059                    | 100,593                   |
| <b>OPERATING REVENUES</b>  | <b>207,099,897</b>      | <b>193,993,588</b>        | <b>134,359,221</b>        |
| <b>OPERATING EXPENSES</b>  |                         |                           |                           |
| Cost of purchased power (Notes 22 and 32)                            | 71,460,870              | 69,379,333                | 41,496,499                |
| Cost of generated power (Note 23)                                    | 63,972,900              | 60,619,129                | 33,499,708                |
| Depreciation and amortization (Notes 12, 13 and 35)                  | 13,109,562              | 11,863,670                | 11,202,273                |
| General and administrative (Note 24)                                 | 13,109,311              | 10,194,903                | 9,540,775                 |
| Operations and maintenance (Note 25)                                 | 13,662,175              | 12,133,579                | 10,410,170                |
|  | <b>175,314,818</b>      | <b>164,190,614</b>        | <b>106,149,425</b>        |
| <b>FINANCIAL INCOME (EXPENSES)</b>                                   |                         |                           |                           |
| Interest income (Notes 5 and 32)                                     | 1,667,278               | 678,696                   | 343,233                   |
| Interest expense and other financing costs (Notes 16, 17, 33 and 35) | (14,161,646)            | (13,420,348)              | (13,590,365)              |
|  | <b>(12,494,368)</b>     | <b>(12,741,652)</b>       | <b>(13,247,132)</b>       |
| <b>OTHER INCOME</b>  |                         |                           |                           |
| Share in net earnings of associates and joint ventures (Note 10)     | 19,817,774              | 15,134,970                | 9,479,696                 |
| Other expenses - net (Note 28)                                       | 4,633,814               | 515,330                   | 213,565                   |
|  | <b>24,451,588</b>       | <b>15,650,300</b>         | <b>9,693,261</b>          |
| <b>INCOME BEFORE INCOME TAX</b>                                      | <b>43,742,299</b>       | <b>32,711,622</b>         | <b>24,655,925</b>         |
| <b>PROVISION FOR INCOME TAX (Note 29)</b>                            | <b>7,276,865</b>        | <b>4,701,005</b>          | <b>3,862,403</b>          |
| <b>NET INCOME</b>  | <b>₱36,465,434</b>      | <b>₱28,010,617</b>        | <b>₱20,793,522</b>        |

(Forward)



|  | Years Ended December 31           |                                   |                                   |
|--|-----------------------------------|-----------------------------------|-----------------------------------|
|  | 2023<br>(As Restated -<br>Note 3) | 2022<br>(As Restated -<br>Note 3) | 2021<br>(As Restated -<br>Note 3) |
| <b>ATTRIBUTABLE TO:</b>  |                                   |                                   |                                   |
| Equity holders of the parent   | <b>₱33,101,720</b>                | ₱25,998,668                       | ₱19,085,669                       |
| Non-controlling interests  | <b>3,363,714</b>                  | 2,011,949                         | 1,707,853                         |
|  | <b>₱36,465,434</b>                | ₱28,010,617                       | ₱20,793,522                       |
| <b>EARNINGS PER COMMON SHARE (Note 30)</b>   |                                   |                                   |                                   |
| Basic and diluted, income for the period attributable to ordinary equity holders of the parent | <b>₱4.52</b>                      | ₱3.53                             | ₱2.59                             |

See accompanying Notes to Consolidated Financial Statements.

## Consolidated Statements of Comprehensive Income

Aboitiz Power Corporation and Subsidiaries

(Amounts in Thousands)

|   | Years Ended December 31           |                                   |                                   |
|---|-----------------------------------|-----------------------------------|-----------------------------------|
|   | 2023<br>(As Restated -<br>Note 3) | 2022<br>(As Restated -<br>Note 3) | 2021<br>(As Restated -<br>Note 3) |
| <b>NET INCOME ATTRIBUTABLE TO:</b>  |                                   |                                   |                                   |
| Equity holders of the parent  | <b>₱33,101,720</b>                | ₱25,998,668                       | ₱19,085,669                       |
| Non-controlling interests   | <b>3,363,714</b>                  | 2,011,949                         | 1,707,853                         |
|   | <b>36,465,434</b>                 | 28,010,617                        | 20,793,522                        |
| <b>OTHER COMPREHENSIVE INCOME (LOSS)</b>  |                                   |                                   |                                   |
| <i>Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods:</i>      |                                   |                                   |                                   |
| Movement in cumulative translation adjustments  | <b>369,718</b>                    | 3,532,388                         | 2,990,011                         |
| Movement in cash flow hedges (Note 33)  | <b>(2,949,939)</b>                | 1,884,965                         | 2,355,803                         |
| Share in movement in cumulative translation adjustment of associates and joint ventures                         | <b>(534,264)</b>                  | 986,012                           | 753,960                           |
| Net other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods                | <b>(3,114,485)</b>                | 6,403,365                         | 6,099,774                         |
| <i>Other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods:</i> |                                   |                                   |                                   |
| Share in actuarial gain (loss) on defined benefit plans of associates and joint ventures, net of tax            | <b>(34,805)</b>                   | 48,976                            | 7,915                             |
| Actuarial gain (loss) on defined benefit plans, net of tax (Note 27)  | <b>(232,578)</b>                  | 4,871                             | 168,827                           |
| Net other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods            | <b>(267,383)</b>                  | 53,847                            | 176,742                           |
| Total other comprehensive income (loss) for the year, net of tax  | <b>(3,381,868)</b>                | 6,457,212                         | 6,276,516                         |
| <b>TOTAL COMPREHENSIVE INCOME</b>   | <b>₱33,083,566</b>                | ₱34,467,829                       | ₱27,070,038                       |
| <b>ATTRIBUTABLE TO:</b>   |                                   |                                   |                                   |
| Equity holders of the parent  | <b>₱29,730,061</b>                | ₱32,285,374                       | ₱25,295,804                       |
| Non-controlling interests   | <b>3,353,505</b>                  | 2,182,455                         | 1,774,234                         |
|   | <b>₱33,083,566</b>                | ₱34,467,829                       | ₱27,070,038                       |

See accompanying Notes to Consolidated Financial Statements.



# Consolidated Statements of Changes in Equity

Aboitiz Power Corporation and Subsidiaries

## FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021 (Amounts in Thousands, Except Dividends Per Share Amounts)

|   | Attributable to Equity Holders of the Parent  |  |                         |   |                |                          |                              |                |  |                           | Total        |
|---|---|--|-------------------------|---|----------------|--------------------------|------------------------------|----------------|--|---------------------------|--------------|
|   | Share in Other Comprehensive Income (Loss) of Associates and Joint Ventures (Note 10) | Cumulative Translation Adjustments (Note 34) | Cash Flow Hedge Reserve | Actuarial Losses on Defined Benefit Plans (Note 27) | Equity Reserve | Treasury stock (Note 20) | Retained Earnings (Note 20b) | Unappropriated | Attributable to Equity Holders of the Parent | Non-controlling Interests |              |
| Balances at January 1, 2023, as previously stated                           | ₱19,947,498   | ₱1,220,171                                   | ₱5,462,557              | ₱2,646,733  | (₱7,175,742)   | ₱-                       | ₱20,060,000                  | ₱130,037,425   | ₱171,102,945                                 | ₱9,071,823                | ₱180,174,768 |
| Effect of PAS 12 (Note 3)   | -   | -  | -                       | -   | -              | -                        | -                            | (2,042,519)    | (2,042,519)                                  | 270                       | (2,042,249)  |
| Balances at January 1, 2023, as restated                                    | 19,947,498  | 1,220,171                                    | 5,462,557               | 2,646,733   | (7,175,742)    | -                        | 20,060,000                   | 127,994,906    | 169,060,426                                  | 9,072,093                 | 178,132,519  |
| Net income for the year   | -   | -  | -                       | -   | -              | -                        | -                            | 33,101,720     | 33,101,720                                   | 3,363,714                 | 36,465,434   |
| Other comprehensive income (loss)   | -   | -  | -                       | -   | -              | -                        | -                            | -              | -  | -                         | -            |
| Share in other comprehensive income (loss) of associates and joint ventures | -   | (569,069)                                    | -                       | -   | -              | -                        | -                            | -              | (569,069)                                    | -                         | (569,069)    |
| Movement in cumulative translation adjustments                              | -   | 301,584                                      | -                       | -   | -              | -                        | -                            | -              | 301,584                                      | 68,134                    | 369,718      |
| Movement in cash flow hedges  | -   | -  | (2,916,015)             | -   | -              | -                        | -                            | -              | (2,916,015)                                  | (33,924)                  | (2,949,939)  |
| Actuarial losses on defined benefit plans, net of tax                       | -   | -  | -                       | -   | (188,159)      | -                        | -                            | -              | (188,159)                                    | (44,419)                  | (232,578)    |
| Total comprehensive income (loss) for the year                              | -   | (569,069)                                    | 301,584                 | (2,916,015)   | (188,159)      | -                        | (8,160,000)                  | 33,101,720     | 29,730,061                                   | 3,353,505                 | 33,083,566   |
| Reversal of appropriation   | -   | -  | -                       | -   | -              | -                        | (8,160,000)                  | -              | -  | -                         | -            |
| Cash dividends - ₱1.87 per share (Note 20b)                                 | -   | -  | -                       | -   | -              | -                        | (13,760,590)                 | -              | (13,760,590)                                 | -                         | (13,760,590) |
| Acquisition of treasury stock (Note 20)                                     | -   | -  | -                       | -   | -              | (4,891,831)              | -                            | -              | (4,891,831)                                  | -                         | (4,891,831)  |
| Cash dividends paid to non-controlling interests                            | -   | -  | -                       | -   | -              | -                        | -                            | -              | -  | (1,567,246)               | (1,567,246)  |
| Change in non-controlling interests (Note 9)                                | -   | -  | -                       | -   | -              | -                        | -                            | -              | -  | 2,977,947                 | 2,977,947    |
| Balances at December 31, 2023   | ₱19,947,498   | ₱651,102                                     | ₱5,764,141              | (₱269,282)  | (₱1,283,856)   | (₱4,891,831)             | ₱11,900,000                  | ₱155,496,036   | ₱180,138,066                                 | ₱13,836,299               | ₱193,974,365 |

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|   | Attributable to Equity Holders of the Parent  |  |                         |   |                |                          |                              |                |  |                           | Total        |
|---|---|--|-------------------------|---|----------------|--------------------------|------------------------------|----------------|--|---------------------------|--------------|
|   | Share in Other Comprehensive Income (Loss) of Associates and Joint Ventures (Note 10) | Cumulative Translation Adjustments (Note 34) | Cash Flow Hedge Reserve | Actuarial Gains (Losses) on Defined Benefit Plans (Note 27) | Equity Reserve | Treasury stock (Note 20) | Retained Earnings (Note 20b) | Unappropriated | Attributable to Equity Holders of the Parent | Non-controlling Interests |              |
| Balances at January 1, 2022, as previously stated                           | ₱19,947,498   | ₱185,183                                     | ₱1,917,151              | ₱917,353  | (₱1,072,629)   | (₱7,175,742)             | ₱20,060,000                  | ₱113,172,268   | ₱147,951,082                                 | ₱7,629,621                | ₱155,580,703 |
| Effect of PAS 12 (Note 3)   | -   | -  | -                       | -   | -              | -                        | -                            | (506,054)      | (506,054)                                    | 605                       | (505,449)    |
| Balances at January 1, 2022, as restated                                    | 19,947,498  | 185,183                                      | 1,917,151               | 917,353   | (1,072,629)    | (7,175,742)              | 20,060,000                   | 112,666,214    | 147,445,028                                  | 7,630,226                 | 155,075,254  |
| Net income for the year, as restated  | -   | -  | -                       | -   | -              | -                        | -                            | 25,998,668     | 25,998,668                                   | 2,011,949                 | 28,010,617   |
| Other comprehensive income (loss)   | -   | -  | -                       | -   | -              | -                        | -                            | -              | -  | -                         | -            |
| Share in other comprehensive income (loss) of associates and joint ventures | -   | 1,034,988                                    | -                       | -   | -              | -                        | -                            | -              | 1,034,988                                    | -                         | 1,034,988    |
| Movement in cumulative translation adjustments                              | -   | -  | 3,545,406               | -   | -              | -                        | -                            | -              | 3,545,406                                    | (13,018)                  | 3,532,388    |
| Movement in cash flow hedges  | -   | -  | 1,729,380               | -   | -              | -                        | -                            | -              | 1,729,380                                    | 155,585                   | 1,884,965    |
| Actuarial gains (losses) on defined benefit plans, net of tax               | -   | -  | (23,068)                | -   | (23,068)       | -                        | -                            | -              | (23,068)                                     | 27,939                    | 4,871        |
| Total comprehensive income (loss) for the year, as restated                 | -   | 1,034,988                                    | 3,545,406               | 1,729,380   | (23,068)       | -                        | (10,669,976)                 | 25,998,668     | 32,285,374                                   | 2,182,455                 | 34,467,829   |
| Cash dividends - ₱1.45 per share (Note 20b)                                 | -   | -  | -                       | -   | -              | -                        | -                            | (10,669,976)   | (10,669,976)                                 | -                         | (10,669,976) |
| Cash dividends paid to non-controlling interests                            | -   | -  | -                       | -   | -              | -                        | -                            | -              | -  | (1,380,664)               | (1,380,664)  |
| Change in non-controlling interests   | -   | -  | -                       | -   | -              | -                        | -                            | -              | -  | 640,076                   | 640,076      |
| Balances at December 31, 2022, as restated                                  | ₱19,947,498   | ₱1,220,171                                   | ₱5,462,557              | ₱2,646,733  | (₱1,095,697)   | (₱7,175,742)             | ₱20,060,000                  | ₱127,994,906   | ₱169,060,426                                 | ₱9,072,093                | ₱178,132,519 |



|  | Attributable to Equity Holders of the Parent  |                                    |                         |   |                | Total        |
|--|---|------------------------------------|-------------------------|---|----------------|--------------|
|  | Share in Other Comprehensive Income (Loss) of Associates and Joint Ventures (Note 10) | Cumulative Translation Adjustments | Cash Flow Hedge Reserve | Actuarial Gains (Losses) on Defined Benefit Plans (Note 27) | Equity Reserve |              |
| Balances at January 1, 2021, as previously stated                  | ₱19,947,498   | ₱1,067,593                         | ₱1,379,180              | ₱1,239,612  | ₱7,175,742     | ₱28,809,625  |
| Effect of PAS 12 (Note 28)   | -   | -                                  | -                       | -   | -              | -            |
| Balances at January 1, 2021, as restated                           | 19,947,498  | (1,067,593)                        | (1,379,180)             | (1,239,612)   | (7,175,742)    | ₱134,585,073 |
| Net income for the year, as restated                               | -   | -                                  | -                       | -   | -              | ₱7,426,494   |
| Other comprehensive income   | (576,692)   | -                                  | -                       | -   | -              | 1,245,459    |
| Share in other comprehensive loss of associates and joint ventures | 761,875   | -                                  | -                       | -   | -              | 761,875      |
| Movement in cumulative translation adjustments                     | -   | 2,984,744                          | -                       | -   | -              | 2,984,744    |
| Movement in cash flow hedges                                       | -   | -                                  | 2,296,533               | -   | -              | 2,296,533    |
| Actuarial gains on defined benefit plans, net of tax               | -   | -                                  | -                       | 166,983   | -              | 166,983      |
| Total comprehensive income for the year, as restated               | -   | 2,984,744                          | 2,296,533               | 166,983   | -              | 5,448,260    |
| Reversal of appropriation  | -   | -                                  | -                       | (13,600,000)  | -              | (13,600,000) |
| Cash dividends - ₱1.18 per share (Note 20b)                        | -   | -                                  | -                       | -   | (6,254,814)    | (6,254,814)  |
| Cash dividends paid to non-controlling interests                   | -   | -                                  | -                       | -   | -              | (1,586,998)  |
| Change in non-controlling interests                                | -   | -                                  | -                       | -   | 15,711         | 15,711       |
| Balances at December 31, 2021, as restated                         | ₱19,947,498   | ₱1,917,151                         | ₱917,353                | ₱1,072,629  | ₱7,175,742     | ₱27,070,038  |
| Balances at December 31, 2021, as previously stated                | ₱185,183  | ₱1,917,151                         | ₱917,353                | ₱1,072,629  | ₱7,175,742     | ₱20,060,000  |
| Balances at December 31, 2021, as restated                         | ₱19,947,498   | ₱1,917,151                         | ₱917,353                | ₱1,072,629  | ₱7,175,742     | ₱27,070,038  |
| Balances at December 31, 2021, as previously stated                | ₱185,183  | ₱1,917,151                         | ₱917,353                | ₱1,072,629  | ₱7,175,742     | ₱20,060,000  |

See accompanying Notes to Consolidated Financial Statements.

## Consolidated Statements of Cash Flows

Aboitiz Power Corporation and Subsidiaries

(Amounts in Thousands)

|   | Years Ended December 31 |              |             |
|---|-------------------------|--------------|-------------|
|   | 2023                    | 2022         | 2021        |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                         |              |             |
| Income before income tax  | ₱43,742,299             | ₱32,711,622  | ₱24,655,925 |
| Adjustments for:  |                         |              |             |
| Share in net earnings of associates and joint ventures (Note 10)                      | (19,817,774)            | (15,134,970) | (9,479,696) |
| Interest expense and other financing costs (Note 33)                                  | 14,161,646              | 13,420,348   | 13,590,365  |
| Depreciation and amortization (Notes 12 and 13)                                       | 13,109,562              | 11,863,670   | 11,202,273  |
| Gains from bargain purchase and remeasurement of previously held interest (Note 9)    | (1,745,655)             | -            | -           |
| Interest income (Notes 5 and 32)  | (1,667,278)             | (678,696)    | (343,233)   |
| Impairment loss on property, plant and equipment (Notes 12, 13, 14 and 28)            | 220,000                 | 729,255      | 340,597     |
| Write-off of project development costs (Notes 13 and 28)                              | 204,546                 | 238,021      | 298,031     |
| Net unrealized foreign exchange loss  | 190,424                 | 1,227,513    | 1,816,579   |
| Unrealized fair valuation gain on derivatives and financial assets at FVTPL (Note 34) | (100,968)               | (57,109)     | (18,333)    |
| Unrealized fair valuation gain on investment property (Note 28)                       | (52,401)                | (78,600)     | -           |
| Loss (gain) on disposal of property, plant and equipment (Note 28)                    | (12,634)                | 34,843       | 214,032     |
| Operating income before working capital changes                                       | 48,231,767              | 44,275,897   | 42,276,540  |
| Decrease (increase) in:   |                         |              |             |
| Trade and other receivables   | (2,037,646)             | (8,115,523)  | (4,134,879) |
| Inventories   | 4,703,018               | (6,549,087)  | (3,266,413) |
| Concession asset  | 497,397                 | -            | -           |
| Other current assets  | 5,076,309               | (5,058,887)  | 1,102,850   |
| Increase (decrease) in:   |                         |              |             |
| Trade and other payables  | (1,500,817)             | 11,529,552   | 2,427,336   |
| Long-term obligation on power distribution system                                     | (40,000)                | (40,000)     | (40,000)    |
| Customers' deposits   | 717,757                 | 943,713      | 401,496     |
| Net cash generated from operations  | 55,647,785              | 36,985,665   | 38,766,930  |
| Income and final taxes paid   | (5,378,806)             | (2,772,328)  | (2,439,894) |
| Net cash flows from operating activities  | 50,268,979              | 34,213,337   | 36,327,036  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                         |              |             |
| Cash dividends received (Note 10)   | 2,096,560               | 3,585,997    | 8,355,017   |
| Decrease (increase) in other noncurrent assets  | 727,213                 | (2,053,238)  | 1,630,833   |
| Interest received   | 1,635,332               | 634,182      | 314,490     |

(Forward)



|  | Years Ended December 31 |              |              |
|--|-------------------------|--------------|--------------|
|  | 2023                    | 2022         | 2021         |
| Proceeds from redemption of shares (Note 10)                                 | <b>₱6,940</b>           | ₱5,605       | ₱14,413      |
| Proceeds from sale of property, plant and equipment                          | <b>282,454</b>          | 26,214       | 10,360       |
| Net collection of advances (Note 10)   | <b>(73,040)</b>         | 2,111        | 5,549        |
| Acquisitions through business combinations,<br>net of cash acquired (Note 9) | <b>(570,098)</b>        | –            | 1,251        |
| Additions to:  |                         |              |              |
| Property, plant and equipment (Note 12)                                      | <b>(17,998,358)</b>     | (12,981,059) | (8,254,307)  |
| Intangible assets (Note 13)  | <b>(1,193,378)</b>      | (662,028)    | (105,049)    |
| Additional investments (Note 10)   | –                       | –            | (954,386)    |
| Net cash flows from (used in) investing activities                           | <b>(15,086,375)</b>     | (11,442,216) | 1,018,171    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                  |                         |              |              |
| Net proceeds from long-term debt (Note 17)                                   | <b>24,006,639</b>       | 44,745,631   | 39,737,724   |
| Net availments (payments of) short-term loans<br>(Note 16)                   | <b>(1,443,615)</b>      | 2,777,169    | 5,352,163    |
| Cash dividends paid (Note 20b)   | <b>(13,760,113)</b>     | (10,669,606) | (6,254,588)  |
| Payments of:   |                         |              |              |
| Long-term debt (Note 17)   | <b>(11,561,288)</b>     | (30,666,741) | (37,179,837) |
| Lease liabilities, including interest accretion<br>(Note 35)                 | <b>(22,680,908)</b>     | (9,600,853)  | (9,401,915)  |
| Interest   | <b>(13,536,378)</b>     | (10,305,062) | (9,770,209)  |
| Additional contributions from non-controlling interests<br>(Note 2)          | –                       | 624,250      | –            |
| Payment of dividends to non-controlling interests                            | <b>(1,567,246)</b>      | (1,380,664)  | (1,586,998)  |
| Acquisition of treasury shares (Note 20)                                     | <b>(4,891,831)</b>      | –            | –            |
| Net cash flows used in financing activities                                  | <b>(45,434,740)</b>     | (14,475,876) | (19,103,660) |
| <b>NET INCREASE (DECREASE) IN CASH AND<br/>CASH EQUIVALENTS</b>              | <b>(10,252,136)</b>     | 8,295,245    | 18,241,547   |
| <b>EFFECT OF EXCHANGE RATE CHANGES ON CASH<br/>AND EQUIVALENTS</b>           | <b>27,278</b>           | (661,846)    | 189,151      |
| <b>CASH AND CASH EQUIVALENTS AT<br/>BEGINNING OF THE YEAR</b>                | <b>64,763,642</b>       | 57,130,243   | 38,699,545   |
| <b>CASH AND CASH EQUIVALENTS AT<br/>END OF YEAR (Note 5)</b>                 | <b>₱54,538,784</b>      | ₱64,763,642  | ₱57,130,243  |

See accompanying Notes to Consolidated Financial Statements.

# Investor Information

## Aboitiz Power Corporation

### Head Office:

NAC Tower, 32nd Street, Bonifacio Global City,  
Taguig City, Metro Manila 1634, Philippines  
Tel (63-2) 8886-2800 | Fax (63-2) 8886-2407

### Cebu Office:

Aboitiz Corporate Center,  
Gov. Manuel A. Cuenco Avenue  
Kasambagan, Cebu City 6000, Philippines  
Tel (6332) 411-1800 | Fax (6332) 231-4037

### Common Stock

The Company's common stock is listed and traded  
in the Philippine Stock Exchange.

### Stockholders' Meeting

The Company's regular stockholders' meeting is held  
on the fourth Monday of April of every year.

### Stockholder Services and Assistance

Stock Transfer Service, Inc. (STSI) serves as the Company's stock  
transfer agent.

For matters concerning dividend payments, account status, lost or damaged  
stock certificates, change of address, please write or call:

### STOCK TRANSFER SERVICE, INC.

Unit 34-D Rufino Pacific Tower,  
6784 Ayala Avenue, Makati City 1226, Philippines  
Telephone No.: (632) 8403-3798 | (632) 8403-2410  
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### Contact person:

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AboitizPower welcomes inquiries from institutional investors, analysts,  
and the financial community.

Please call or write:

### Investor Relations

Aboitiz Power Corporation  
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## Independent Limited Assurance Report

The Stockholders and Board of Directors  
Aboitiz Equity Ventures Inc.  
NAC Tower, 32<sup>nd</sup> Street  
Bonifacio Global City  
Taguig City 1634

### Scope

We have been engaged by Aboitiz Equity Ventures Inc. (AEV) to perform a 'limited assurance engagement', as defined by the Philippine Standard on Assurance Engagements 3000 (Revised) [PSAE 3000 (Revised)], *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, hereafter referred to as the engagement, to report on selected sustainability information as detailed below (the "Subject Matter") contained in the 2023 AEV Integrated Report for the year ended December 31, 2023 (the "Report").

| GRI Disclosures in AEV's 2023 Integrated Report                                  |
|--|
| <b>General Disclosures</b>   |
| 2-1 Organizational details   |
| 2-2 Entities included in the organization's sustainability reporting             |
| 2-3 Reporting period, frequency and contact point                                |
| 2-4 Restatements of information  |
| 2-5 External assurance   |
| 2-6 Activities, value chain and other business relationships                     |
| 2-7 Employees  |
| 2-8 Workers who are not employees  |
| 2-9 Governance structure and composition   |
| 2-10 Nomination and selection of the highest governance body                     |
| 2-11 Chair of the highest governance body  |
| 2-12 Role of the highest governance body in overseeing the management of impacts |
| 2-13 Delegation of responsibility for managing impacts                           |
| 2-14 Role of the highest governance body in sustainability reporting             |
| 2-15 Conflicts of interest   |
| 2-16 Communication of critical concerns  |
| 2-17 Collective knowledge of the highest governance body                         |
| 2-18 Evaluation of the performance of the highest governance body                |
| 2-22 Statement on sustainable development strategy                               |
| 2-23 Policy commitments  |
| 2-24 Embedding policy commitments  |
| 2-26 Mechanisms for seeking advice and raising concerns                          |
| 2-28 Membership associations   |
| 2-29 Approach to stakeholder engagement  |
| 2-30 Collective bargaining agreements  |

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|---|
| <b>Material Topics Disclosures</b>  |
| 3-1 Process to determine material topics  |
| 3-2 List of material topics   |
| <b>Economic Disclosures</b>   |
| 203-1 Infrastructure investments and services supported   |
| 203-2 Significant indirect economic impacts – limited to requirement b  |
| 205-1 Operations assessed for risks related to corruption   |
| 205-3 Confirmed incidents of corruption and actions taken   |
| 207-1 Approach to tax   |
| <b>Environmental Disclosures</b>  |
| 302-1 Energy consumption within the organization – limited to requirement c.i.                                      |
| 303-1 Interactions with water as a shared resource  |
| 303-3 Water withdrawal  |
| 303-4 Water discharge   |
| 306-3 Waste generated   |
| 306-4 Waste diverted from disposal  |
| 306-5 Waste directed to disposal  |
| <b>Social Disclosures</b>   |
| 401-1 New employee hires and employee turnover  |
| 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships |
| 403-8 Workers covered by an occupational health and safety management system  |
| 403-9 Work-related injuries – limited to requirements a, c, d, and e  |
| 403-10 Work-related ill health  |
| 404-2 Programs for upgrading employee skills and transition assistance programs                                     |
| 406-1 Incidents of discrimination and corrective actions taken  |

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

### Criteria applied by AEV

In preparing the Subject Matter, AEV has applied the criteria for reporting with reference to the Global Reporting Initiative (GRI) Standards.

### AEV's responsibilities

AEV's Management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.



### SGV's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the *Philippine Standard on Assurance Engagements* 3000 (Revised) [PSAE 3000 (Revised)], *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, and the terms of reference for this engagement as agreed with AEV on 11 March 2024. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

### Our Independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Professional Regulation Commission and have the required competencies and experience to conduct this assurance engagement.

SGV also applies Philippine Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information and applying analytical and other appropriate procedures.

Our procedures included:


1. Interviewing the management and relevant process owners to:
  - a. Understand the principal business operations.
  - b. Appreciate the key sustainability issues and developments related to the Subject Matter.
  - c. Understand the processes for the collection, processing and accurate reporting of ESG information.
2. Checking the accuracy of calculations performed.
3. Performing analytical tests and obtained documentation/reports on a sampling basis to test assumptions, estimations and computations made by management in relation to the Subject Matter in the Report.
4. Testing that the data and statements had been correctly transcribed from corporate systems and/or supporting evidence into the Report.
5. Reviewing the disclosure contents of the Report to check compliance with reference to the GRI standards.

We also performed such other procedures as we considered necessary in the circumstances.

### Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter as of and for the year ended December 31, 2023, in order for it to be in accordance with the Criteria.

SYCIP, GORRES, VELAYO & CO.

  
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CPA Certificate No. 111562  
PTR No. 10082034, January 6, 2024, Makati City

April 14, 2024



# GRI Content Index

Aboitiz Equity Ventures, Inc.

|                         |  |
|-------------------------|--|
| <b>Statement of use</b> | Aboitiz Equity Ventures Inc. has reported the information cited in this GRI content index for the period January 1, 2023 to December 31, 2023 with reference to the GRI Standards. |
| <b>GRI 1 used</b>       | GRI 1: Foundation 2021   |

| GRI STANDARD                            | DISCLOSURE   | LOCATION   |
|---|--|--|
| GRI 2: General Disclosures 2021         | 2-1 Organizational details   | 10-17, 44-47, 228-229, 248   |
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|   | 2-3 Reporting period, frequency and contact point                                    | 6-9, 248   |
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|   | 2-8 Workers who are not employees  | 164-165 <a href="#">Aboitiz EESG Data</a>  |
|   | 2-9 Governance structure and composition   | 196-200, 10-17 of the <a href="#">SEC Form 20-IS</a>   |
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|   | 2-11 Chair of the highest governance body  | 198-200  |
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|   | 2-16 Communication of critical concerns  | 214  |
|   | 2-17 Collective knowledge of the highest governance body                             | 203-204  |
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|   | 2-19 Remuneration policies   | 204-205, 28-30 of the <a href="#">SEC Form 20-IS</a>   |
|   | 2-20 Process to determine remuneration   | 204-205, 28-30 of the <a href="#">SEC Form 20-IS</a>   |
|   | 2-21 Annual total compensation ratio   | <i>Information unavailable/incomplete</i>  |
|   | 2-22 Statement on sustainable development strategy                                   | 22-33  |
|   | 2-23 Policy commitments  | 214-216, <a href="#">Aboitiz Policies and Protocols</a>  |
|   | 2-24 Embedding policy commitments  | 144-195  |
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|   | 2-26 Mechanisms for seeking advice and raising concerns                              | 192-195, 214-216   |
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|   | 2-28 Membership associations   | <a href="#">Aboitiz EESG Data</a>  |
| 2-29 Approach to stakeholder engagement | 144-149, 192-195   |  |
| 2-30 Collective bargaining agreements   | <a href="#">Aboitiz EESG Data</a>  |  |
| GRI 3: Material Topics 2021             | 3-1 Process to determine material topics   | 144-149  |
|   | 3-2 List of material topics  | 146-149  |
|   | 3-3 Management of material topics  | 144-149  |
| GRI 201: Economic Performance 2016      | 201-1 Direct economic value generated and distributed                                | 240-247, 257-266   |
|   | 201-2 Financial implications and other risks and opportunities due to climate change | 156-157  |
|   | 201-3 Defined benefit plan obligations and other retirement plans                    | 327, 390 (actual PDF pages) of the <a href="#">SEC Form 20-IS</a>  |
|   | 201-4 Financial assistance received from government                                  | <i>No applicable financial assistance received from the government</i>                                     |
| GRI 203: Indirect Economic Impacts 2016 | 203-1 Infrastructure investments and services supported                              | 98-107   |
|   | 203-2 Significant indirect economic impacts  | 130-143, <a href="#">Aboitiz EESG Data</a>   |
| GRI 204: Procurement Practices 2016     | 204-1 Proportion of spending on local suppliers                                      | <a href="#">Aboitiz EESG Data</a>  |
|   | 205-3 Confirmed incidents of corruption and actions taken                            | 214, 168-169 of the <a href="#">SEC Form 20-IS</a>   |

| GRI STANDARD                                  | DISCLOSURE  | LOCATION   |
|---|---|--|
| GRI 206: Anti-competitive Behavior 2016       | 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices   | 433-434 (actual PDF pages) of the <a href="#">SEC Form 20-IS</a>   |
|   | 207-1 Approach to tax   | <a href="#">Tax Transparency under Governance</a> in the Aboitiz Sustainability Microsite  |
|   | 207-2 Tax governance, control, and risk management  | <a href="#">Tax Transparency under Governance</a> in the Aboitiz Sustainability Microsite  |
| GRI 207: Tax 2019                             | 207-3 Stakeholder engagement and management of concerns related to tax  | <a href="#">Tax Transparency under Governance</a> in the Aboitiz Sustainability Microsite  |
|   |   |  |
| GRI 301: Materials 2016                       | 301-1 Materials used by weight or volume  | <a href="#">Aboitiz EESG Data</a>  |
|   | 301-2 Recycled input materials used   | <a href="#">Aboitiz EESG Data</a>  |
| GRI 302: Energy 2016                          | 302-1 Energy consumption within the organization  | <a href="#">Aboitiz EESG Data</a>  |
|   |   |  |
| GRI 303: Water and Effluents 2018             | 303-1 Interactions with water as a shared resource  | 106, 151, <a href="#">Aboitiz EESG Data</a>  |
|   | 303-2 Management of water discharge-related impacts   | <a href="#">Aboitiz EESG Data</a>  |
|   | 303-3 Water withdrawal  | <a href="#">Aboitiz EESG Data</a>  |
|   | 303-4 Water discharge   | <a href="#">Aboitiz EESG Data</a>  |
|   | 303-5 Water consumption   | <a href="#">Aboitiz EESG Data</a>  |
| GRI 304: Biodiversity 2016                    | 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | 153-155  |
|   | 304-2 Significant impacts of activities, products and services on biodiversity  | 153-155  |
|   | 304-3 Habitats protected or restored  | 153-155  |
|   | 304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations                                | 153-155  |
| GRI 305: Emissions 2016                       | 305-1 Direct (Scope 1) GHG emissions  | <a href="#">Aboitiz EESG Data</a>  |
|   | 305-2 Energy indirect (Scope 2) GHG emissions   | <a href="#">Aboitiz EESG Data</a>  |
| GRI 306: Waste 2020                           | 306-1 Waste generation and significant waste-related impacts  | 151-152  |
|   | 306-2 Management of significant waste-related impacts   | 151-152  |
|   | 306-3 Waste generated   | <a href="#">Aboitiz EESG Data</a>  |
|   | 306-4 Waste diverted from disposal  | <a href="#">Aboitiz EESG Data</a>  |
|   | 306-5 Waste directed to disposal  | <a href="#">Aboitiz EESG Data</a>  |
| GRI 401: Employment 2016                      | 401-1 New employee hires and employee turnover  | <a href="#">Aboitiz EESG Data</a>  |
|   |   |  |
| GRI 403: Occupational Health and Safety 2018  | 403-1 Occupational health and safety management system  | 162-163  |
|   | 403-2 Hazard identification, risk assessment, and incident investigation  | 162-163  |
|   | 403-3 Occupational health services  | 162-163 AEV is compliant with the Occupational Safety and Health Law, 51-57 of the <a href="#">SEC Form 20-IS</a>  |
|   | 403-4 Worker participation, consultation, and communication on occupational health and safety   | 162-163  |
|   | 403-5 Worker training on occupational health and safety   | 162-163  |
|   | 403-6 Promotion of worker health  | 162-163  |
|   | 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships                             | 162-163  |
|   | 403-8 Workers covered by an occupational health and safety management system  | <a href="#">Aboitiz EESG Data</a>  |
|   | 403-9 Work-related injuries   | <a href="#">Aboitiz EESG Data</a>  |
|   | 403-10 Work-related ill health  | <a href="#">Aboitiz EESG Data</a>  |
| GRI 404: Training and Education 2016          | 404-2 Programs for upgrading employee skills and transition assistance programs   | 160-161  |
| GRI 405: Diversity and Equal Opportunity 2016 | 405-1 Diversity of governance bodies and employees  | 164-165, 198-200, <a href="#">Aboitiz EESG Data</a>  |
| GRI 406: Non-discrimination 2016              | 406-1 Incidents of discrimination and corrective actions taken  | <a href="#">Aboitiz EESG Data</a>  |
| GRI 411: Rights of Indigenous Peoples 2016    | 411-1 Incidents of violations involving rights of indigenous peoples  | <i>No incidents reported for 2023</i>  |
| GRI 413: Local Communities 2016               | 413-1 Operations with local community engagement, impact assessments, and development programs  | 130-143  |
| GRI 415: Public Policy 2016                   | 415-1 Political contributions   | <i>The company prohibits the influence of any legislators or committees of Congress, to pass or defeat legislation that may be beneficial or in favor of the company, in exchange for money or property.</i> |



## Restatements of Information

| GRI Disclosure                                   | Reason for Restatement   | Overview of Change/s   | Effect of Restatement   |
|--|--|--|---|
| 302-1 Energy consumption within the organization | change in the measurement methodologies or in the definitions used | Following a review process after last year's report publication, energy consumption disclosures have been updated. This update was conducted to better align with GRI standards and includes the addition of fuel consumption and purchased steam to energy consumption.   | Due to restatements, the Group's total energy consumption have significantly improved from prior disclosures. Please refer to the 2023 AIR Appendix for the improved figures. |
|  | corrections in previous reporting periods                          |  |   |
| 303-4 Water discharge                            | corrections in previous reporting periods                          | Water discharge has been restated for 2022. Aboitiz conducted a review process following last year's report publication and found calculation errors in our Power subsidiary's total water discharge for 2022.   | Due to restatements, 2022 water discharge decreased by 58.5%  |
| 305-1 Direct (Scope 1) GHG emissions             | disposals, mergers, or acquisitions                                | Scope 1 emissions of 2021 and 2022 have been restated to: (1) reflect divestment from a Thailand operation of the Food Group, (2) rectify calculation errors that surfaced following a review process after report publication, (3) inclusion of emissions sources that was not included in previous disclosures, and (4) changes in the methodologies used. | Due to restatements, 2021 emissions decreased by 5% and 2022 emissions decreased by 27.5%. In addition, biogenic emissions decreased by 98.1% for 2022.                       |
|  | corrections in previous reporting periods                          |  |   |
|  | change in the measurement methodologies or in the definitions used |  |   |
| 305-2 Energy indirect (Scope 2) GHG emissions    | corrections in previous reporting periods                          | Scope 2 emissions of 2021 and 2022 have been restated to: (1) reflect divestment from a Thailand operation of the Food Group and (2) rectify calculation errors that surfaced following a review process after report publication, and (3) changes in the methodologies used.  | Due to restatements, 2022 emissions decreased by 19.8%. 2021 emissions also decreased but change was minimal (i.e, less than one percent).                                    |
|  | disposals, mergers, or acquisitions                                |  |   |
| 306-3 Waste generated                            | corrections in previous reporting periods                          | Total waste generated and waste directed to disposal has been restated for 2022. Aboitiz conducted a review process following last year's report publication and found calculation errors in our Food subsidiary's waste data for 2022.  | Due to restatements, 2022 total generated non-hazardous waste decreased by 67.0% while 2022 total generated hazardous waste decreased by 16.8%                                |
| 306-3 Waste directed to disposal                 |  |  |   |

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