

Guided by Values for a Sustainable Future



abotiz
Equity Ventures

2019 CONSOLIDATED ANNUAL AND SUSTAINABILITY REPORT

Table of Contents

3 Guided by Values for a Sustainable Future	4 About the Report	6 Our Businesses	10 Financial Highlights and Summary	14 Sustainability at a Glance	16 Aboitiz 100
18 Chairmen's Message	22 CEOs' Message	28 CFOs' Message	38 Business Review and ABC Stories: Power	54 Business Review and ABC Stories: Banking and Financial Services	70 Business Review and ABC Stories: Food
86 Business Review and ABC Stories: Infrastructure	96 Business Review and ABC Stories: Land	110 Business Review and ABC Stories: Corporate Social Responsibility	130 Management Approach	166 Corporate Governance	182 Group Awards
188 Our Team Leaders AEV Board of Directors	190 Our Team Leaders AEV Corporate Officers	192 Our Team Leaders AEV Business Unit Heads	194 Our Team Leaders AboitizPower Board of Directors	196 Our Team Leaders AboitizPower Corporate Officers	199 Our Team Leaders AboitizPower Business Unit Heads
201 Map of Operations	202 Our Team Leaders Aboitiz Foundation Board of Directors	208 Corporate Structure	210 Audited Financial Statements Aboitiz Equity Ventures Inc.	231 Audited Financial Statements Aboitiz Power Corporation	253 GRI Standards Context Index

Guided by Values for a Sustainable Future



102-16

About the theme and cover

The Aboitiz Group's growth story is founded on our commitment to nurture, strengthen, and uphold our core values through our businesses.

These values—Integrity, Teamwork, Innovation, and Responsibility—compel us to seek ways to translate economic development for the greater good, which resonates in actions and decisions to help uplift the lives of the people we serve.

As we energize communities, fulfill the dreams of many, connect ideas, design experiences, or take on evolving challenges, our inclusive understanding of societal needs sustains our purpose and promise to drive change for a better world by advancing business and communities.

We look beyond profitability and constantly explore better ways to integrate social development and environmental stewardship into our operations. We focus on delivering value for our stakeholders and meeting their expectations, while working towards creating shared value for people and society.

We look back fondly on our small-town beginnings in the Visayas while making strides towards our shared future for our country. A hundred years on, we continue to think long-term and brace ourselves for new beginnings, beyond borders and transcending generations.

Note on forward-looking statements

The 2019 Aboitiz Equity Ventures Consolidated Annual and Sustainability Report may feature "forward-looking" statements describing AEV's objectives, achievements and outlooks, projections, and expectations. Actual results may differ from the statements expressed or suggested in the report.

Important factors that could impact the company's operations include, among others, economic conditions affecting demand or supply dynamics, price conditions in markets where the company operates, changes in government regulations, tax laws, and other statutes and incidental factors.

About the Report

We are pleased to present, on our 11th year of sustainability reporting, the 2019 Aboitiz Equity Ventures Consolidated Annual and Sustainability Report. It provides information on AEV's financial, operational, governance, social, and environmental performance that are material to its businesses and various stakeholders.

Reporting Period

102-50, 102-52

This Report contains a full-year's data—from January 1 to December 31, 2019—and focuses on AEV's five strategic business units: Power, Banking and Financial Services, Food, Infrastructure, and Land. We gathered reports on their performance in the following focus areas: team member engagement and development, corporate social responsibility, customer focus, disaster resilience, carbon emissions reduction, resource efficiency, renewable energy, waste management, and financial growth and returns.

Monetary values in this Report are presented in Philippine Pesos (PHP), which is AEV's functional currency. All information is disclosed to uphold the principles of ethics and transparency, and to communicate vital information to our stakeholders. For additional information on our previous reports, please refer to the Annual Report Downloads link.

Reporting Boundaries and Standards

102-46, 102-54

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

The Reporting Principles for defining content are:

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

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

Our key performance indicators are aligned with the United Nations Sustainable Development Goals (SDGs). This indicates our commitment to contribute solutions for poverty reduction, education, climate change, responsible consumption, disaster preparedness, technological innovation, and institutional partnering to achieve these goals.

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 Scope

102-45, 102-49

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

POWER

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

BANKING AND FINANCIAL SERVICES

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

FOOD

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

INFRASTRUCTURE

- Aboitiz InfraCapital, Inc.
- Apo Agua Infraestructura, Inc.
- Lima Water Corp.
- Republic Cement and Building Materials, Inc.*

LAND

- Aboitiz Land, Inc.
- Lima Land, Inc.

CORPORATE SOCIAL RESPONSIBILITY AND SOCIAL ENTERPRISE

- Aboitiz Foundation, Inc.
- WeatherPhilippines Foundation, Inc.
- Weather Solutions, Inc.*

Materiality Assessment Process

102-45, 102-46

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, and our corporate foundations. At the parent company level, we integrated the common material issues that are within the medium-term horizon of our reporting parameters.

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

Restatements and Improvements

102-48, 102-49

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

Our ABC stories

With our stories, you will learn more about how we are delivering on our brand promise of advancing business and communities (ABC). Following our three-year ABC roadmap, we will regularly report on our performance through stories told by our stakeholders, culminating this 2020 as we celebrate the centennial anniversary of our parent company Aboitiz & Company.

As part of enriching our ABC narrative, we invite you to share your feedback on this year's Consolidated Annual and Sustainability Report. We welcome your contributions and we thank you for your engagement in the sustainability of our enterprise.

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

Our Businesses

102-1, 102-2, 102-4, 102-6, 102-7

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, and land.

Today, it is recognized as one of the best-managed companies in the Philippines and in the ASEAN region, consistently cited for its commitment to good corporate governance and corporate social responsibility. With five generations of Aboitiz Group business success behind it, AEV continues to drive change for a better world by advancing business and communities.



102-2, 102-4, 102-6, 102-7

POWER

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

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

BANKING AND FINANCIAL SERVICES

Union Bank of the Philippines (PSE: UBP) is a publicly listed universal bank that distinguishes itself through superior technology, unique branch sales and service culture, and centralized backroom operations. It is consistently recognized as one of Asia's leading companies in banking and finance and is ranked among the country's top 10 universal banks in terms of key performance ratios in profitability and efficiency.

City Savings Bank, Inc. (CitySavings) is the thrift bank subsidiary of UnionBank that creates shared value through its portfolio of products that target the underserved market. In 2016, it acquired First Agro Industrial Rural (FAIR) Bank to extend small and medium-sized enterprise (SME) and microfinance services. Its acquisition of Philippine Resources (PR) Savings Bank in 2018 allowed it to diversify to the motorcycle loans market. In the same year, it acquired a majority stake of PETNET, Inc., the country's largest network of Western Union agents. With over 3,000 retail outlets nationwide, PETNET provides complementary products, cash, and payment-related solutions to its growing market.

UBX Philippines (UBX PH) is UnionBank's wholly-owned innovation and technology company which began commercial operations in February 2019. UBX PH focuses on innovation projects such as investments in financial and information technology companies, 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.





FOOD

Pilmico Foods Corporation is AEV's integrated agribusiness and food company composed of four divisions – Flour, Feeds and Animal Health, Farms, and Trading. The company, which is well positioned at the start of the food value chain, advances business and communities by providing total solutions and building partnerships for growth.

Gold Coin Management Holdings Ltd., fully acquired by Pilmico in 2019, is a Singapore-based livestock and aqua feed mills corporation. It is a pioneer in animal nutrition and the manufacture of scientifically-balanced animal feed within Asia. Today, Gold Coin is one of the largest privately-owned agribusinesses in the region with over 2,900 partners in a vast number of production facilities across 11 countries in Asia.

LAND

For over 25 years, Aboitiz Land, Inc. delivers its promise of creating better ways to live through innovative concepts translated into thriving residential, commercial, and industrial communities.

The real estate arm of the Aboitiz Group began its national expansion efforts in 2014 with the acquisition of LIMA Technology Center in Batangas. Since then, LIMA has been evolving into a fully-integrated estate with the addition of commercial components The Outlets at Lipa and LIMA Exchange, and residential development The Villages at Lipa.

From its first venture in Luzon, the land group continues to widen its foothold by launching several residential communities in the region including Seafront Residences and Ajoya communities in Cabanatuan, Nueva Ecija, Capas, Tarlac, and Mexico, Pampanga. It also entered the Metro Manila real estate scene through its partnership with Point Blue, microstudio rental apartments located in key business districts.

AboitizLand marks its silver milestone by further pushing expansion efforts, acquiring more land to develop, exploring new real estate formats and forging partnerships to maintain market leadership in Cebu while fortifying its presence across the country.



INFRASTRUCTURE

Aboitiz InfraCapital, Inc. the infrastructure arm of the Aboitiz Group, aims to change the lives of Filipinos through better infrastructure facilities and services. In partnership with the government, the company pursues various water, airport, digital infrastructure, and urban mobility projects that advance business and communities.

Apo Agua Infraestructura, Inc., seeks to provide Davao City Water District with over 300 million liters of safe water daily. Lima Water Corporation provides end-to-end water and wastewater solutions for Lima Technology Center, one of the country's largest industrial parks. Balibago Waterworks System, Inc., a privately-owned waterworks utility system based in Pampanga, provides running water to over 200,000 households throughout its franchise area. These projects and investments are key to achieving Aboitiz InfraCapital's goal to build franchises across the entire water value chain.

Republic Cement, AEV's partnership with global building materials group CRH, operates six facilities nationwide, allowing the business to offer the widest supply footprint to serve the needs of a rapidly developing economy. In 2019, Republic Cement successfully completed the debottlenecking of all its Luzon kilns, resulting in higher clinker output, increased efficiency, and lower costs while improving environmental performance.



CORPORATE SOCIAL RESPONSIBILITY AND SOCIAL ENTERPRISE

Aboitiz Foundation, Inc., the corporate foundation of the Aboitiz Group established in 1988, implements corporate social responsibility projects focused on education, enterprise development, and the environment in communities where Aboitiz companies operate. It highlights the integration and working together of various Aboitiz business units and its partners nationwide in co-creating safe, empowered, and sustainable communities. One of its biggest projects, WeatherPhilippines Foundation, Inc., established by the Foundation and UnionBank in 2012, provides the country with a premier weather-sensing and forecasting system to complement the government's nationwide efforts on disaster resilience. Weather Solutions, Inc., the first weather-centric social enterprise of the Aboitiz Group, offers available historical and real-time weather data, forecasting, and consultancy to organizations across various industries.



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)	2017	2018*	2019	% Change (2019 vs. 2018)
INCOME STATEMENT				
Revenues	150,422	186,943	201,157	7.6%
Operating costs & expenses	(113,846)	(147,781)	(168,502)	
Operating profit	36,576	39,162	32,655	-16.6%
Equity in net earnings of associates and joint ventures	9,054	7,728	11,502	48.8%
Other charges	(11,768)	(11,752)	(9,956)	-15.3%
Income before income tax	33,862	35,138	34,201	-2.7%
Provision for income tax	(4,583)	(3,899)	(4,759)	22.1%
Net Income before non-controlling interests	29,279	31,239	29,442	-5.8%
Non-controlling interests	(7,670)	(9,006)	(7,406)	
Net income attributable to equity holders of parent	21,609	22,233	22,036	-0.9%
EBITDA	56,977	60,653	60,157	-0.8%
FINANCIAL CONDITION*				
Total assets	491,932	554,494	588,386	6.1%
Total liabilities	299,661	336,016	371,191	10.5%
Non-controlling interests	37,573	43,787	40,714	-7.0%
Equity attributable to equity holders of the parent	154,698	174,691	176,481	1.0%
RATIOS				
Per Share (Pesos)				
Earnings	3.84	3.95	3.91	-0.9%
Book Value	27.46	31.01	31.33	1.0%
Cash dividend to common	1.33	1.28	1.32	3.1%
Return on equity	16.0%	14.9%	13.0%	
Current ratio	1.61	1.80	1.27	
Debt/Equity	1.56	1.54	1.71	
Net debt/Equity	1.01	1.01	1.17	

* 2018 Total Assets and other Balance Sheet accounts have been restated to effect the adjustments arising from the finalization in 2019 of the purchase price allocation on the acquisition of Gold Coin Management Holdings Ltd. (GCMH) in 2018.

Breakdown

Per Business Segment (in PHP millions)

	Income Contribution			Equity Investment		
Power	2019		13,335	2019		97,035
	2018		16,692	2018		98,706
	2017		15,697	2017		89,115
Banking and Financial Services	2019		7,150	2019		51,838
	2018		3,583	2018		46,025
	2017		4,124	2017		35,012
Food	2019		1,582	2019		13,864
	2018		1,557	2018		12,752
	2017		1,700	2017		5,040
Infrastructure	2019		483	2019		27,137
	2018		169	2018		25,723
	2017		605	2017		25,889
Land	2019		943	2019		14,527
	2018		645	2018		10,953
	2017		744	2017		10,400

FINANCIAL HIGHLIGHTS

(in PHP millions)

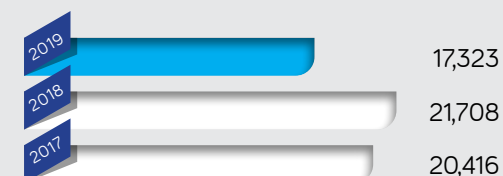
REVENUES



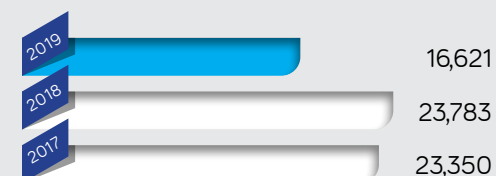
EBITDA



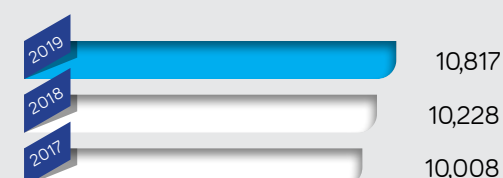
NET INCOME TO EQUITY HOLDERS OF THE PARENT*



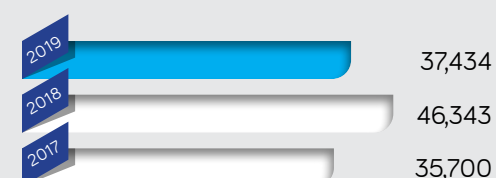
CORE NET INCOME



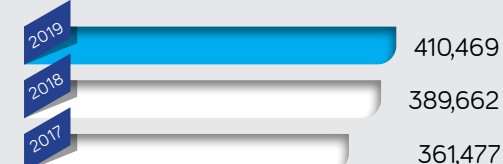
CASH DIVIDEND PAID TO COMMON



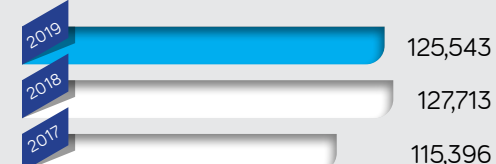
CASH AND CASH EQUIVALENTS



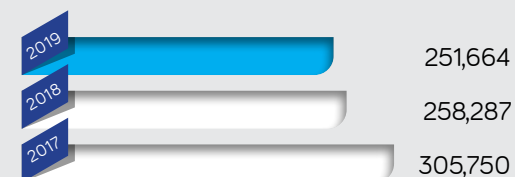
TOTAL ASSETS



EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT



MARKET CAPITALIZATION



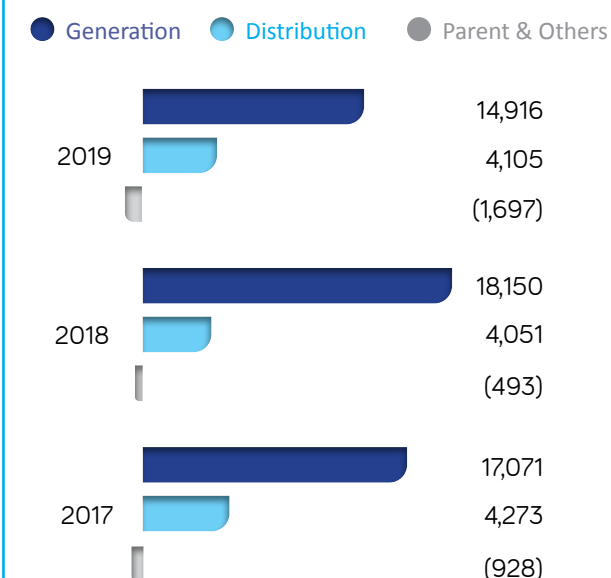
*AboitizPower

FINANCIAL SUMMARY

(in PHP millions)	2017	2018	2019	% Change (2019 vs. 2018)
INCOME STATEMENT				
Operating revenues	119,391	131,572	125,635	-5%
Operating expenses	85,218	95,075	96,779	2%
Operating profit	34,174	36,497	28,856	-21%
Share in net earnings of associates and joint ventures	4,698	4,357	3,814	-12%
Other income (charges)	(12,025)	(12,494)	(9,273)	-26%
Income before income tax	26,847	28,359	23,397	-17%
Provision for income tax	3,858	2,926	3,215	10%
Net income before non-controlling interests	22,988	25,434	20,182	-21%
Net income attributable to non-controlling interests	(2,572)	(3,726)	2,859	-23%
Net income attributable to equity holders of the parent	20,416	21,708	17,323	-20%
EBITDA	47,650	51,491	45,005	-13%
FINANCIAL CONDITION				
Total assets	361,477	389,662	410,469	5%
Total liabilities	237,499	253,086	276,826	9%
Non-controlling interests	8,582	8,864	8,100	-9%
Equity attributable to equity holders of the parent	115,396	127,713	125,543	-2%
RATIOS				
Per Share (Pesos)				
Earnings	2.77	2.95	2.35	
Book Value	15.68	17.36	17.06	
Cash dividend to common	1.36	1.39	1.47	
Return on equity	21%	20%	14%	
Current ratio	1.38	1.89	1.50	
Debt/Equity	1.92	1.85	2.07	
Net debt/Equity	1.35	1.21	1.40	

Income Contribution Breakdown

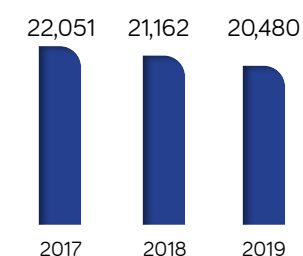
Per Business Segment (in PHP millions)



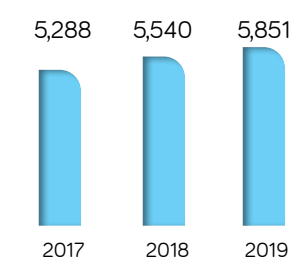
Attributable Power Sales

(in GWh)

Generation



Distribution



Sustainability at a Glance

As we continue our sustainability journey, we aspire for excellence in our ESG performance for our triple bottomline.

PEOPLE

Goal: Partner with our stakeholders to create shared value

37,815 TMs

Number of Team Members (TMs)

50,478 hrs

TM Volunteered Hours

756 AWS

Number of installed
Automated Weather Stations

747,582 beneficiaries

Number of Direct and
Group Beneficiaries

1,986 individuals

Number of participants
in capacity-building programs

PHP382 million

Amount of CSR
Fund Allocation

1,785 CSR projects

Number of CSR Projects

PLANET

Goal: Minimize our environmental impact

7.5 million trees

Number of Trees Planted nationwide
*11.7 million of trees planted inclusive of
Ramon Aboitiz Foundation, Inc. contribution*

0.07

Carbon Productivity
(PHP million revenue/ tCO₂e)

1,242 MW

Renewable Energy (Cleanergy)
Net Sellable Capacity

30 tons

Waste Materials
Recycled

PROFIT

Goal: Grow profitably

PHP22.04 billions

Net Income After Tax (NIAT)

13%

Return on Equity (ROE)

PHP60.16 billion

Earnings Before Interest, Taxes,
Depreciation and Amortization (EBITDA)

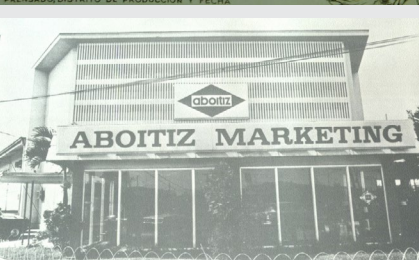
1%

Total Return to Shareholder
per year compounded annually





100 YEARS OF ADVANCING BUSINESS AND COMMUNITIES



We in the Aboitiz Group believe in promoting a balance between economic, societal, and environmental stewardship. Grounded on our core values of integrity, teamwork, innovation, and responsibility, we drive change for a better world by advancing business and communities. This year, we celebrate our first century as we continue to brave new horizons and carry on our legacy of excellence that has stood the test of time.

#Aboitiz100

Chairmen's Message



“

Success has always been about the ability to adapt to change. Thriving, on the other hand, is about the ability to adapt to change faster than the greater majority.

Dear Fellow Stakeholders,

Adaptation to change — this was our chairmen's theme last year, it is the same this year, and will be our theme every year from now on.

Aboitiz is about adapting to change to thrive, and going beyond survival. We have to go after something more and that is to thrive.

In our annual report last year, we spoke of the past and how Aboitiz as an institution adapted to the various developments in our country, our economy, and the world. The developments and the evolution of economies, politics, and the social environment moved at a pace that required a certain level of adaptation. Success has always been about the ability to adapt to change. Thriving, on the other hand, is about the ability to adapt to change faster than the greater majority.

What is before us that has not changed? It is the adaptation to change in order to thrive. But what keeps evolving is the velocity of that change and from which direction that very change derives its energy. In an attempt to link the world with our own enterprise, let us use 2020 as the point of reference.

Aboitiz, from its roots, has a 200-year history. The first 100 years were about the evolution and the change from the galleon trade, the opening of the Suez Canal, and the Spanish-American Road.



Located in Bay Laguna, the 458-MW MakBan Geothermal Power Plant complex is a major part of Cleanergy, the AboitizPower's brand for clean and renewable energy.

102-14

The next 100 years, from 1920, were about the transition into “the American century”, World War II, and Philippine independence and its challenges.

This year, we enter our third century, which is about the transition to the Asian-cum Chinese century and the ASEAN-cum-digital cum-hyper technology century. How we will do depends on how we adapt to that change and thrive in it. All this change will generally be driven from and within Asia, albeit not entirely.

The company Don Ramon Aboitiz led and grew is now in the hands of the family's fourth and fifth generation. We, like our forebears, will always remember our humble beginnings and the values they taught us. Our past holds so much information, wisdom, and experiences that, when put to good use, can help all of us plan for a better future. The past will allow us to fix our eyes firmly on a brighter future ahead.

“Culture trumps strategy” is how some see the road to success. It is our culture that has to evolve and change for things to remain the same, by maintaining time-tested successful principles and values while adapting to new ways of doing things.

Our company, yours and ours, is undergoing two serious adaptations where much of our efforts are going. We battle day to day to get the fundamentals right as we innovate to adapt to change.

In our power business, we responded to a need over a dozen years ago that was as much about energy supply as it was about power prices. We had a growing nation that needed electricity to drive its growth. That phase is over. We are already in a market price power environment and our aim is to supply energy at a lower cost. Competition is real and it is fierce. We have to be the lowest-cost producer.

Our next phase is to transition from fossil fuel-driven energy to renewable and clean energy within the environment of market forces. Government subsidies cannot be relied on as an investment thesis. We have seen them come and go all over the world as populism against them surges.

Today, AboitizPower Generation is divided in two: thermal power, which is the past and the present, and renewable power, which is the present and the future. They will go hand in hand in the future with clean renewable power increasingly taking the lead.

We have a similar situation in our banking business. Traditional banking is the past and the present. Digital banking is the present and the future. The transition at UnionBank is healthily on the way.

Our country and our economy are adapting to change as well, and doing so simultaneously.

Overseas workers and BPOs are the past and the present, while urbanization, tourism, maybe some manufacturing, and, hopefully, the modernization of agriculture are probably where our future as an economy will bring us, but still these are the present and the future. Infrastructure and structural changes are necessary. Our hope lies in our culture. We always change for the better when we absolutely have to.


If history has taught us anything, the ‘Build, Build, Build’ program will happen. The infrastructure that will come will change lives and present opportunities. Infrastructure will mean more tourists with airports and roads, and more containers in and out with more roads and ports.

Perhaps too much time is spent on social media distracting us from the future. We at our company have to battle against that with an attentive and engaged workforce that has more fun working for us than looking at their smartphone.

The ‘Philippines 2020’ two decades ago is here. ROP (Republic of the Philippines) 2030 is where our new hopes lie as we work to adapt to thrive into the next 100 years of Aboitiz as a firm and as a family.

Mabuhay!

Sincerely yours,


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


Mikel A. Aboitiz
 Chairman of the Board
 Aboitiz Power Corporation

CEOs' Message



“Your management team remains fully committed to bringing our business forward with the right balance between what has made us successful in the past and the good sense to explore new opportunities to create long-term value for all our stakeholders.

Dear Fellow Stakeholders,

In its yearend review, the International Monetary Fund echoed the sentiment among economic analysts that the slowdown in global growth at 2.9% in 2019 represents its weakest pace since the 2008 financial crisis. This was largely attributed to prolonged global trade conflict, volatile oil prices, geopolitical tensions, and climate-related issues.

The Philippines was not spared from these headwinds as full-year gross domestic product (GDP) growth slipped to 5.9%, narrowly missing the government's target. Yet, despite typhoons, the African Swine Fever (ASF), the delayed passage of the 2019 national budget, and other factors that put pressure on the economy, our country maintains its place among the best-performing in the region. It has moved up 29 spots in the World Bank's ease of doing business index for 2020. This is a solid reason for us to remain optimistic that we are in a good position to reap the benefits of landmark policy reforms towards greater inclusive growth within a resilient domestic economy.

While we in the Aboitiz Group are certainly no strangers to ups and downs in the global economy, we remain confident that our foundations – our businesses and people – will continue to sustain our future path. Our core values of integrity, teamwork, innovation, and responsibility are embedded in the Aboitiz Way, enabling us to thrive with our current portfolio. We are actively involved in industries that provide the basic needs of consumers, set the foundations for nation-building, and grow alongside the Philippine economy. While we have made a name in our CSR efforts, we truly believe that it is through our businesses where we can actually create the greatest impact on improving the quality of life of our fellowmen.

Business Performance Review

The Aboitiz Group had a challenging year in 2019 with our business units facing operational setbacks and increasingly tougher market competition. Our history has taught us that during times like these we are required to rely on our ability to see opportunities amid challenges and manage our risks well in pursuing growth.



Gold Coin Feedmills (M) Sdn. Bhd. in Selangor, Malaysia

102-14

For the full-year 2019, Aboitiz Equity Ventures (AEV) posted a net income of PHP22 billion, a slight 1% decrease from PHP22.2 billion recorded in 2018. The Power Group continued to account for the largest share of the total income contribution from AEV's strategic business units (SBUs). It turned in 57% , followed by the Banking and Financial Services Group, which increased its income contribution to 30%. Contributions of the Food Group and Land Group were at 7% and 4%, respectively, while Infrastructure accounted for the remaining 2%.

Power Group

AboitizPower's net income contribution to AEV for 2019 decreased by 20% year-on-year (YoY) to PHP13.3 billion from the previous year's PHP16.7 billion. The decline was due to outages at the company's coal facilities, exacerbated by the need to purchase replacement power at higher spot market prices.

On a stand-alone basis, our Power business recorded a core net income of PHP16.6 billion

for 2019, 30% lower than the previous year. Including its non-recurring gains of PHP702 million, net income for 2019 was at PHP17.3 billion, 20% lower compared to 2018.

We are pleased to report that AboitizPower is on track to meet its 2020 target of 4,000 MW attributable capacity. Our additional capacities in 2019 include the 340-MW Therma Visayas coal power plant in Cebu, Hedcor's 19-MW La Trinidad Hydro in Benguet, and SN Aboitiz Power's pilot floating solar project in Isabela. By the end of 2020, our attributable capacity will be 4,432 MW, upon the completion and synchronization of GNPower Dinginin's Unit 1. Unit 2's synchronization is scheduled in the first quarter of 2021 and slated for commercial operations in the second quarter of 2021.

We are seeing growth opportunities for AboitizPower in the next 10 years as it significantly increases its Cleanergy portfolio and continues to establish presence in the international renewable energy space.

Banking and Financial Services Group

UnionBank's income contribution to AEV for 2019 doubled to PHP7.2 billion from PHP3.6 billion in 2018. The growth was due to strong revenue increases driven by higher earning assets, improved margins, and robust trading gains during the year.

UnionBank continues to lead the way in digital transformation in the banking industry, delivering greater efficiency, increased lead conversions, cost savings, and, most importantly, wider financial inclusivity. In addition to its Arks, Digital Relationship Managers, and robot assistants called Eve, the bank has introduced many other "firsts". It is the first local universal bank to launch digital account opening and online check deposit through the UnionBank Online app.

We are especially proud of UBX, UnionBank's venture capital subsidiary for technology initiatives, platforms, and investments in fintech companies. Its first blockchain-enabled digital platform and suite of solutions for micro, small, and medium enterprises promote greater financial inclusion for the unbanked through digital banking.

CitySavings continues to create value with its philosophy of keeping things simple. From a single-product bank focused on the teachers' market, it has become the core of UnionBank's mass market strategy with its offer of motorcycle and pensioners' loans. It has also begun exploring automation and digital tools to further enhance overall customer experience.

Food Group

AEV's non-listed food subsidiaries reported a net income of PHP1.58 billion for 2019, a 2% increase from PHP1.56 billion in 2018. Strong gains from the Food Group's overseas units were able to offset local declines.

Pilmico acquired a 100-percent stake in both Gold Coin, our largest investment in the Asia-Pacific region to date, and Pilmico Vietnam

Feeds Joint Stock Company. These acquisitions are major strides towards realizing Pilmico's vision to become an integrated agribusiness and food company. We are significantly expanding our regional footprint and strengthening our position as a key player in Asia-Pacific. We look forward to the successful integration of these companies as we build a unified Food Group.

The steady growth of the Flour and Trade divisions complemented the record-breaking performance of the Feeds division. Meanwhile, the sluggish demand for pork and a drop in prices caused by the outbreak of African Swine Fever in the island of Luzon caused a drop in Farms revenue. In response to this, Pilmico made adjustments to its biosecurity protocols in its operations in an effort to reduce the risk associated with the continued threat of the disease. This also involved working with external stakeholders, which included launching its biosecurity campaign called #M3Time in support of the Department of Agriculture's information and education drive among backyard farms.

Infrastructure

Republic Cement posted an income contribution to AEV of PHP612 million, a 187% increase from the PHP213 million recorded in 2018. In the midst of a resilient cement market, the company completed its debottlenecking and operational optimization program as part of its goal to increase clinker production capacity by close to 25% in 2020, while at the same time improving cost efficiency. Moreover, its pioneering "Plastic Neutrality" initiative is helping companies offset the use of plastic in production or operations through recycling and co-processing.

Aboitiz InfraCapital remains bullish about projects that will help improve lives as we continue to explore different opportunities. These include our airport projects and the common tower agreements with telco networks to help improve the country's telecom capabilities.

Apo Agua's bulk water supply project with the Davao City Water District has begun treated water pipeline works as well as the Tamugan River diversion to facilitate the construction of the weir. The project is on track to start operations by the first half of 2021 and deliver over 300 million liters of safe water per day to Davao City residents.

Land

AboitizLand and its subsidiaries reported a consolidated net income of PHP943 million in 2019, 46% higher than the PHP645 million recorded in 2018. The increase was brought about by fair valuation gains on investment properties recognized in 2019 that were not yet present in the previous year.

As AboitizLand marked its 25th year, it continued to capitalize on the momentum of its industrial units by pursuing expansion plans and developing recurring businesses. With LIMA Technology Center in Batangas, the company is developing a township that will offer a variety of activities for work, play, study, and allow the community to enjoy a curated lifestyle.

Further establishing growth in Luzon, AboitizLand also launched The Villages at Lipa in Batangas and Ajoya Pampanga in 2019. At the same time, the company strengthened its foothold in Cebu by partnering with Cebu Landmasters to develop two mid-market, multi-tower condominium projects in Mandaue City. We also added a new category in our portfolio, acquiring a 50% stake in Point Blue, which develops microstudio rental apartments located near key business districts in Metro Manila.

With the rosy outlook for the Philippine real estate industry, AboitizLand will continue to pursue the right opportunities in a bullish market.

New Beginnings at the 100-Year Mark

In celebrating the 100th founding anniversary of Aboitiz & Company in 2020,

this period will be marked by the seamless transition in leadership, which has been the key in the Group's success spanning five generations. We believe in enhancing our existing resources while ensuring the continuity of long-term policies and business plans.

Your management team remains fully committed to further bringing our business forward, keeping the right balance between retaining what has made us successful in the past and exploring new opportunities to create more long-term value for all our stakeholders. We will boldly face the challenges of the future as an agile organization that can adapt, retool, and rechannel. We will develop and strengthen our abilities to turn uncertainties into opportunities, regardless of the business landscape, with competence and professionalism.

Moving into the next 100 years, our new call to action is #OneAboitiz as we pursue further growth and outward expansion, while treading into what may be the unknown. But we anticipate it to be a tremendous opportunity for us to build and refine our way of thinking: when we are together, we are unbeatable.

We would also like to take this opportunity to assure all our stakeholders that your management team is fully cognizant of the COVID-19 pandemic and its potential impact on the Aboitiz Group. We continue to assess the situation and abide by government mandates while safeguarding the wellbeing of our team members and ensuring that our businesses and services are running at optimal levels. The timing of our 100th anniversary this year is a fitting reminder to all of us that Aboitiz was built and strengthened over the course of a century, weathering many adversities and overcoming hard times. We are optimistic and determined to emerge from this crisis stronger than ever as One Aboitiz.

An ESG Decision to Thrive in the Future

The Aboitiz Group believes in striking a balance between the interests of people, planet, and profit. We have made proactive investments to ensure that our success in business continues to bring meaningful societal change. This requires us to be fully informed in our long-term decisions that are anchored on enhancing the capabilities of our people and being mindful of our impact on the planet.

For international management consulting firm McKinsey & Company, a robust ESG (environment, social, and governance) strategy can facilitate top-line growth, reduce costs, minimize regulatory interventions, boost employee productivity, and optimize investment.

We see a clear link between a strong ESG proposition and value creation; as such, AEV signed on as the first company in the Philippines to support the International Task Force on Climate Related Financial Disclosures (TCFD). AboitizPower, for its part, is a constituent of the Financial Times FTSE4Good Index, an index series designed to measure the performance of companies with strong ESG practices.

Across our SBUs, we identify meaningful collaborations in line with the United Nations' Sustainable Development Goals. This is part of the way we have been doing business for over a century to drive change for a better world by advancing business and communities.

A Message of Thanks

As we end, we want to thank our senior team leaders Ernest Villareal, Gabby Mañalac, Melinda Bathen, and Susan Policarpio who retired from the Group at yearend 2019. They leave behind a tremendous body of work that will remain the benchmark for us to emulate as we pursue growth beyond our borders.

To all our A-People, thank you for your hard work and dedication to living out the Aboitiz values in both your personal and professional lives. Your individual and collective contributions are what make Aboitiz a great place to work. We are proud to have all of you as part of this organization.

To our board of directors, we thank you for your invaluable support as you guide, govern, and steward our Group's growth ambitions.

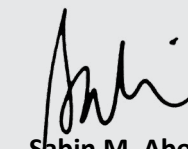
To all our valued shareholders, thank you for your continued trust and confidence in the Aboitiz Group, especially those of you who have been with us since we took AEV public 25 years ago. Our history and operating results in recent years reflect how our strategy of focusing on our core businesses has paid off. We commit to continue delivering results to reward you for your trust in our family and in the Group as our businesses evolve towards greater sustainability.

Wishing you all the best,



Erramon I. Aboitiz

President & Chief Executive Officer (Outgoing)
Aboitiz Equity Ventures
Aboitiz Power Corporation



Sabin M. Aboitiz

President & Chief Executive Officer
Aboitiz Equity Ventures

CFOs' Message



Our role is to ensure that our path over the next 100 years has been carefully thought through in the context of the risks, challenges, and opportunities that we see today.



Dear Fellow Stakeholders,

The nature and urgency of change are heavily influenced by the forces that bring them about. Confronted by the most pressing environmental, social, and governance (ESG) issues of the world, a clear sustainability trend has emerged in the financial sector. Increasing numbers of asset managers and owners, banks, as well as insurers have committed to actively promote ESG issues and incorporate them into their decision making. As the world crosses the halfway mark into its 15-year plan for the 2030 Sustainable Development Goals (SDG), we expect the momentum of this trend to accelerate.

Your companies have a good head start. The Philippine Securities and Exchange Commission reported in 2019 that only 22% of publicly listed companies in the Philippine Stock Exchange were reporting on the impact and performance of its sustainability initiatives. This includes our joint Sustainability Report, which we started publishing in 2009.

As a responsible corporate citizen, we believe it is our duty to manage our ESG impact and provide more actionable insights in our disclosures. In doing so, we also hope to capture that share of global capital flows intended only for companies with strong ESG performance.

Over the past few months, what has become apparent in our interactions with ESG-driven stakeholders, including institutional investors, banks, insurers, and certainly ratings agencies, is that there can be a clear path to elevate our practice of sustainability in Aboitiz Equity Ventures (AEV) and Aboitiz Power Corporation (AboitizPower). Towards this end, we have refreshed our ESG roadmap for the coming decade to include three new commitments:

- To improve our ESG ratings and be investment grade over the medium to long term
- To explore how we can adopt the recommendations of the Task Force on Climate Related Financial Disclosures over the next three years within the context of our overall strategy
- To refresh our assessment of material sustainability issues including their supporting programs and metrics; and extend our targets to 10 years, which includes our plan to achieve a 50/50 thermal-renewable mix by the end of the decade

The need to balance economic growth and the sustainability of our ecosystems is stronger today than ever before.

Here in the Office of the CFO, we continue to help drive the company's growth by providing various support for our local and international aspirations while pushing for initiatives that align business activities with leading practice.

As stewards of this 100-year old enterprise, our role is to ensure that our path over the next 100 years has been carefully thought through in the context of the risks, challenges, and opportunities that we see today. Working in synergy with our strategic business units (SBUs) and stakeholders; and despite set-backs, we have been able to advance business and communities in the areas where we operate.

Financial Performance

In 2019, AEV's consolidated EBITDA (earnings before interest, taxes, depreciation, and amortization) dipped by 1% year-on-year (YoY) to PHP60.2 billion. This was primarily due to the challenges that beset AboitizPower during the year. Beneficial EBITDA, which represents AEV's proportional share of the EBITDAs of the companies it has investments in, was 4%

higher than the previous year at PHP50.5 billion. Accounting for interest, tax, and depreciation expenses, consolidated core net income amounted to PHP21.5 billion, 7% lower than last year. This core income resulted in an earnings per share of PHP3.82.

During the year, the Power SBU recognized non-recurring gains, which brought AEV's net income to PHP22.0 billion, or 1% lower YoY. This resulted in a return on shareholders' equity of 13%.

Power continued to account for the largest share in earnings contributions to AEV at 57%. The Banking and Financial Services and Food SBUs contributed 30% and 7%, respectively, while contributions from the Land and Infrastructure SBUs stood at 4% and 2%, respectively.

Upon the conclusion of 2019, AEV's consolidated cash balance stood at PHP46.4 billion. This leaves the organization with the ammunition needed to capitalize on the opportunities in our industries.

In March 2020, the AEV Board approved a cash dividend of PHP1.30 per share on a total dividend payment of PHP7.3 billion. This accounted for 33% of 2019's consolidated net income and resulted in a dividend yield of 2.9%. In comparison, the cash dividend per share approved in March 2019 was PHP1.32.

Meanwhile, AboitizPower's recorded consolidated EBITDA amounted to PHP45.0 billion, 13% lower YoY. Beneficial EBITDA was 12% lower than last year at PHP43.0 billion. Taking into account interest, tax, and depreciation expenses, consolidated core net income amounted to PHP16.6, or 30% lower than the previous year. This core income translated to an earnings per share of PHP2.26.

In the same year, AboitizPower recognized non-recurring gains from the revaluation of dollar-denominated debts and derivatives; as well as from Aseagas, Inc.'s value-added tax recoveries and gains on land appraisal. AboitizPower recorded a net income of PHP17.3 billion, 20% lower than the previous year.

2019 was a very challenging year for AboitizPower. Availability and reliability performance fell below our targets. Outages and high spot market prices affected our performance. We have since resolved our technical issues, fortified our bench, and have further strengthened governance across different parts of the business. We are coming out of this stronger than ever before.

We continue to believe in the long-term opportunities in the power business. As we continue to strive to become a world-class power organization with a balanced portfolio and a significant presence in Southeast Asia, we will focus on the needs of our customers while remaining mindful of environmental and sustainability requirements.

In March 2020, the AboitizPower Board approved a cash dividend of PHP1.18 per share, lower than the cash dividend of PHP1.47 paid in 2019. This was 50% of the company's 2019 consolidated net income and resulted in a dividend yield of 4.3%.

Capital Raising

AboitizPower completed a number of major financing transactions in 2019.

The company closed a USD300-million loan with a syndicate of international banks in April. The proceeds were used to fund the increased ownership in GNPowr Mariveles



The Group's overall consolidated debt maturity profile remained within the parameters set by the company to mitigate liquidity and refinancing risk. Furthermore, we have kept our balance sheets healthy and strengthened our capacity to raise funds through the debt markets.

and GNPowr Dinginin, assets that we know well and which we believe to be strategically placed to support economic growth in Luzon.

In October, AboitizPower also completed a PHP7.2 billion issuance of retail bonds, the third tranche of its PHP30.0 billion retail bond shelf registration, and a PHP5.0 billion bilateral long-term loan with one of its local banking partners. The proceeds were used to repay its short-term loan obligations, and for general corporate purposes.

As a result, AboitizPower's consolidated net debt-to-equity ratio was at 1.4x at year end 2019, compared with the previous year's ratio of 1.2x.

Meanwhile, AEV closed transactions for its food units.

In the second quarter, AEV issued PHP5.0 billion in retail bonds from its newly established PHP30.0 billion retail bond shelf registration. The proceeds were used as part of the refinancing plan of the medium-term loan taken out by AEV International Pte. Ltd. for Pilimico International Pte. Ltd.'s acquisition of 75% equity interest in Gold Coin Management Holdings Limited (GMCH).

Throughout the year, AEV also closed various long-term loans for our Food group, both locally and offshore for the GCMH group.

At year end 2019, AEV's consolidated net-debt-to-equity was at 1.2x, compared to the previous year's ratio of 1.0x.

The Group's overall consolidated debt maturity profile remained within the parameters set by the company to mitigate liquidity and refinancing risk. Furthermore, we have kept our balance sheets healthy

and strengthened our capacity to raise funds through the debt markets.

Heading into 2020, AEV launched its maiden USD bond issuance, resulting in the first corporate mandate announced out of Southeast Asia in 2020 and achieving the tightest 10-year USD corporate bond ever priced from a Philippine issuer. The USD issuance sets the stage for AEV's continued expansion into the region in both its power and food businesses. To equip the Group with the agility to respond quickly to financing requirements, which may arise from additional capital expenditure and investment opportunities, AEV will finalize a PHP10.0 billion term loan with one of its local banking partners and issue up to PHP10.0 billion in preferred shares. For AboitizPower, it will issue the fourth tranche of its PHP30.0 billion shelf registration, in addition to exploring various local financing facilities.

Capital Expenditure

AEV, together with our partners, allotted PHP72.6 billion in capital expenditure for 2020, 37% higher than the PHP53.2 billion used in 2019. Of this amount, PHP40.7 billion was earmarked by our Power SBU for the completion of GNPowr Dinginin as well as other new businesses. In the same manner, our Infrastructure arm set aside most of its PHP15.8 billion budget for the construction of its water businesses and its foray into the telecommunications tower business. Meanwhile, our Land business is expecting to utilize PHP11.1 billion mainly for landbanking efforts.

Rounding out the balance are the provisions of the other SBUs. The Food group has allocated capital expenditure for expansion while our Banking business will sustain investments in its digital and branch transformation endeavors.



Executives from the Aboitiz Group during a press conference before the Annual Stockholders' Meeting

These efforts will help keep the economy going for the next couple of years and will enable us to deliver on our commitment to being the best-in-class in our industries.

Risk Financing in a challenging Risk Environment

2019 was also a challenging year for the insurance industry, which suffered several major incidents that resulted in losses and claims settlement. Some insurance companies have closed while others have consolidated through mergers and acquisition. There is less competition and insurance capacity was reduced – which has an unfavorable impact on the Aboitiz Group as an insurance buyer, resulting in higher premiums compared to the previous years.

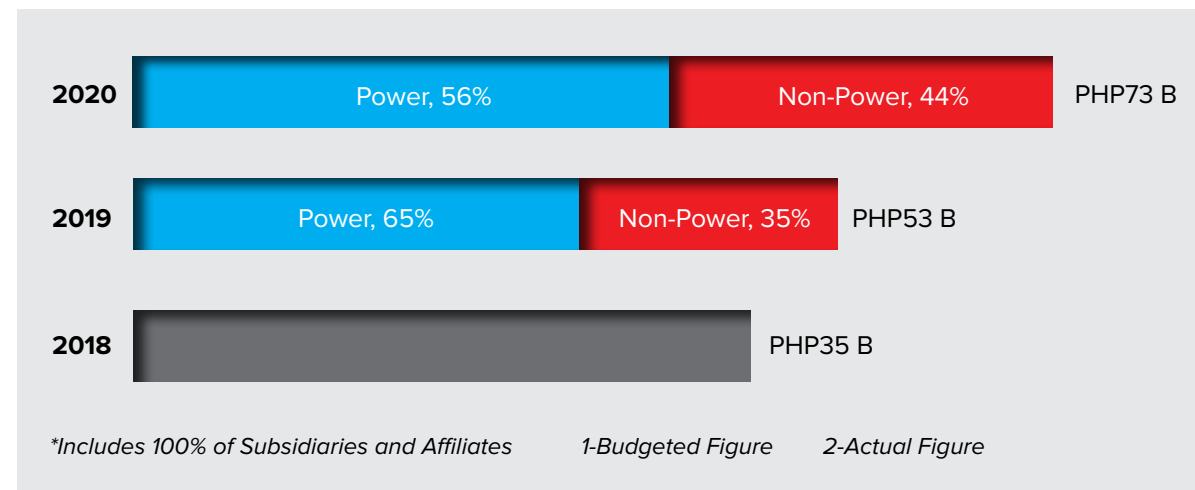
Our business units also experienced several major losses that tested the effectiveness of the insurance programs we have secured in the past years. These programs were able

to respond to the incidents that the Group has incurred. As a result, the Group's total cost of insurable risk (TCOIR), increased from 0.67% to 1.19% driven primarily by insurance claims, coupled with the hardening insurance market.

The Group has actively revisited its risk exposures both on natural and man-made perils to ensure that we continue to balance risk retention and risk transfer strategies. The goal is to make sure that we have sustainable insurance programs that will be able to adapt to our challenging environment.

In response to this challenging environment, we focused on improving the Group's risk profile by implementing asset management (ISO 55001) and undergoing business continuity certification (ISO 22301) for AboitizPower. We also continuously address areas for improvement identified in our risk engineering surveys.

Capital Expenditure (with partners)



Moving forward, we will continue to enhance risk financing activities by exploring new insurance markets, non-traditional risk transfer programs and optimizing participation of the company's captive insurance. We have also fortified our business continuity and risk mitigation plans, which would enable the Group to respond swiftly and effectively during and after turbulent times.

Guided by Values for a Sustainable Future

To get to where we are going, we must face the black swan that stands before us today – COVID-19. Demand and supply shocks are beginning to emerge around the world. However, our organization has taken the necessary preparation to enable us to weather this kind of storm. This situation will test our limits but we hope to come out of this stronger so we can serve our customers and communities even better moving forward.

For the business to continue to thrive in these trying times, we are driven to protect our greatest assets from harm, our team members. As we write to you,

our stakeholders, we have already activated our business continuity plan, which allows us to keep our facilities and our corporate support units operational. We have so far been successful with the solid support of our team members from all over the country, whose safety, health, and well-being have always been our priority. We have moved into a digital infrastructure and have adopted flexible working arrangements, which are all aligned with the protocols and guidelines prescribed by the authorities handling our current situation.

At present, we are already seeing how our teams are rising to the occasion while our business continuity planning is proving to be effective and our balance sheets are exhibiting resilience.

In our over 100-year history, during times of great change and seemingly insurmountable challenge, we have always found that our values of integrity, teamwork, innovation, and responsibility are our best compass to point us in the right direction.

As we head into the next decade, our resolve to explore new opportunities for expansion and play meaningful roles in the country and region's growth stories is higher than ever. Under the Office of the CFO, and guided by our core values, we are determined to ensure that our organization is resilient in order to build a steady path to a sustainable future.

To everyone who helped us out last year, and who will continue to support us in the coming years, thank you!

Sincerely yours,

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

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

As of 2019, Aboitiz Equity Ventures and Aboitiz Power Corporation have each received an MSCI ESG Rating of BB.

MSCI
ESG RATINGS



CCC B **BB** BBB A AA AAA



FTSE4Good

FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Aboitiz Power Corporation has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series.

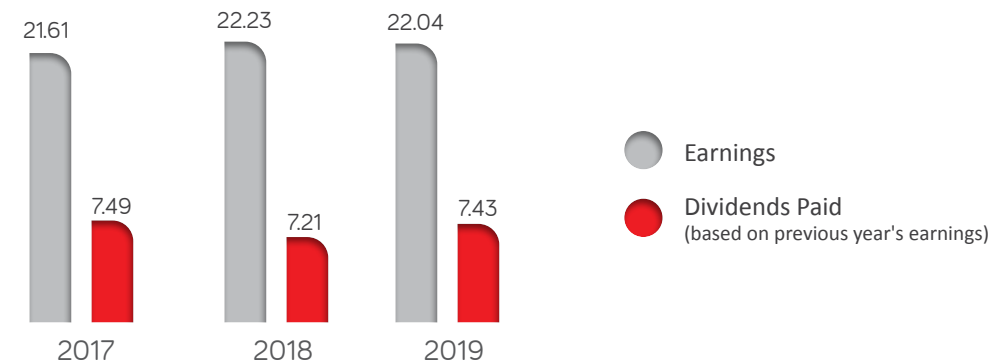
Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

Shareholder Values

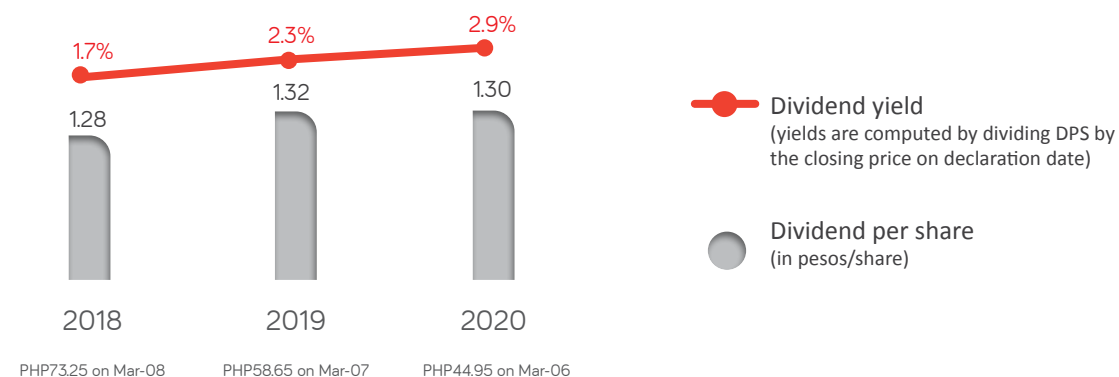
Aboitiz Equity Ventures Inc.

Earnings and Dividends

(in PHP billions)



Dividend Per Share (DPS) and Dividend Yield



Share Price (Peso/Share)

YEAR	HIGH	LOW
2019	67.90	46.70
2018	79.00	44.10
2017	77.65	67.50

Share Price Performance

YEAR	2019
AEV	-6%
PSEi	5%

Total Return to Shareholder (TRS)*

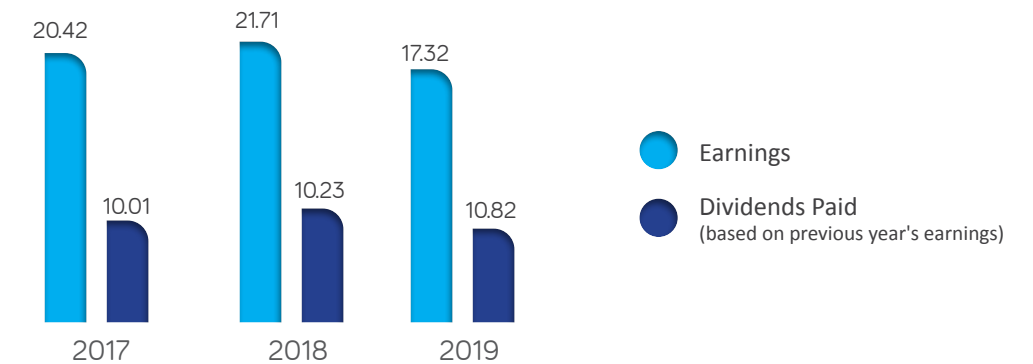


*TRS is computed by combining share price appreciation and dividends paid to show TRS expressed as a compounded annual growth rate (CAGR). Data compiled by Bloomberg.

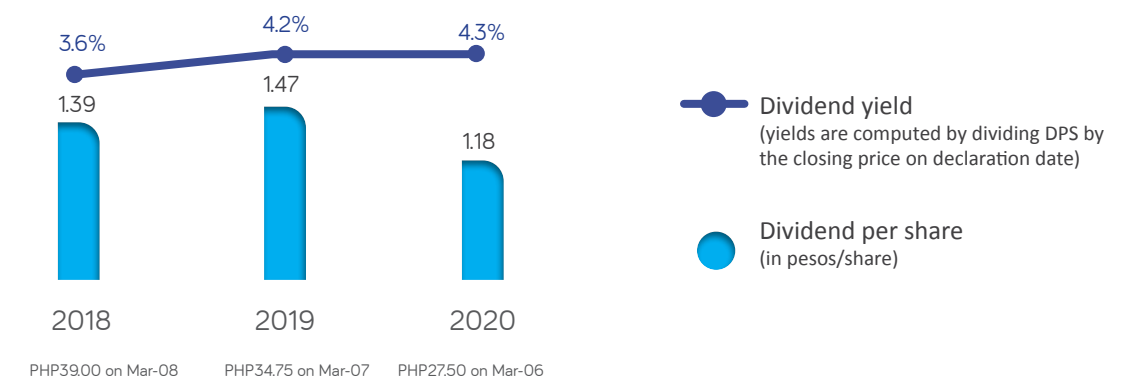
Aboitiz Power Corporation

Earnings and Dividends

(in PHP billions)



Dividend Per Share (DPS) and Dividend Yield



Share Price (Peso/Share)

YEAR	HIGH	LOW
2019	40.40	33.00
2018	41.80	31.20
2017	44.25	38.30

Share Price Performance

YEAR	2019
AP	-3%
PSEi	5%

Total Return to Shareholder (TRS)*



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



POWER

POWER

Results of Operations

Rising to the challenge

Great opportunities in the energy sector have fueled AboitizPower's sustained growth over the last decade. We have significantly grown our balanced mix portfolio of thermal and renewable power generation assets, as well as our distribution utilities and retail electricity supply business, in an effort to help address the Philippines' energy trilemma of reliability, affordability, and sustainability of power supply.

During the first quarter of 2019, the country experienced a power supply shortage due to the unplanned shutdown of some baseload power plants, among which was the Pagbilao Energy Corporation (PEC) coal-fired power plant, a joint venture between AboitizPower and TeM Philippines Energy Corporation. Throughout the year, our Therma South, Therma Visayas, and GNPowr Mariveles coal-fired power plants were likewise faced with forced outages. Despite this, we remained driven to serve our contracted customers by providing them with stable power supply, which we purchased from the Wholesale Electricity Spot Market (WESM).



Emmanuel V. Rubio
President and CEO
AboitizPower



Erramon I. Aboitiz
Outgoing President and CEO
AboitizPower



The high cost of such replacement power has considerably affected AboitizPower's income in 2019.

While the year posed some challenges to the company, AboitizPower remained steadfast in its commitment to advancing business and communities.

We completed the acquisition of a 49% voting stake and a 60% economic stake in AA Thermal, Inc., AC Energy's thermal platform in the country. The Philippine Competition Commission (PCC) approved the transaction valued at USD579.2 million on February 28, 2019.



Metrics that Matter



PHP13.33 billion

Income contribution to AEV



3,455 MW

net attributable capacity



1,030,727

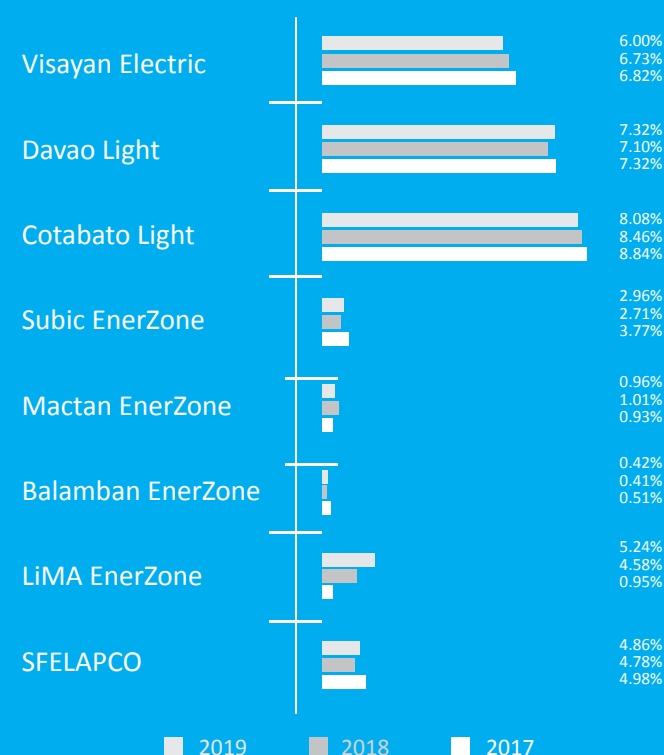
DU customers



Quality Management System (ISO 9001: 2015)

certification for holding company Aboitiz Power Corporation

AP DU Systems Loss



Government-mandated Cap 2019: 6.25%

AA Thermal, Inc. has interests in GNPowder Mariveles Coal Plant Ltd. Co. (GMCP), the owner and operator of the 2x316-MW coal power plant in Mariveles, Bataan, and in GNPowder Dinginin Ltd. Co. (GNPD), the developer and owner of the 2x668-MW supercritical coal power plant project in Dinginin, Bataan.

Our Generation capacity further increased with the commercial operations of the following facilities in 2019: (a) 340-MW coal power plant of Therna Visayas, Inc. in Cebu; (b) 19-MW La Trinidad Hydro in Benguet, built and operated by our run-of-river hydro business unit Hedcor, Inc. Moreover, our large hydro subsidiary SN Aboitiz Power (SNAP) launched its pilot floating solar project in Isabela.

By the end of 2020, AboitizPower will own 4,432 MW of attributable capacity. Currently, 968 MW of this pertains to GNPD and is under construction. Unit 1 will synchronize and earn commissioning revenues by the fourth quarter of 2020, and will commence commercial operations by the first quarter of 2021. Unit 2 will synchronize and earn commissioning revenues by the first quarter of 2021 and commercial operations will commence by the second quarter of 2021.

Likewise, our Distribution business continued to grow. We added Malvar Enerzone Corporation to our distribution portfolio, which upon completion in 2020, will power the 212-hectare Light Industry & Science Park (LISP) IV in Batangas, a project of one of the country's leading industrial estate developers, Science Park of the Philippines, Inc. (SPPI). We decommissioned our Bajada power plant as there is no need for this to remain in operation due to the surplus of power in Mindanao.

AboitizPower also saw its Distribution energy sales increase to 5,851 gigawatt-hours (GWh) in 2019, which was primarily driven by the increase in new customers across all segments. This continued growth of our customer base is a testament to AboitizPower's deliberate effort to provide more Filipinos with power supply that is reliable, reasonably priced, and responsibly produced.

Future-ready

AboitizPower's success has always been built on its being a forward-looking organization. In the early 2000s, when the Electric Power Industry Reform Act (EPIRA) was enacted, we took the leap by being among the first companies to actively participate in the privatization of government-owned power generation assets. It was a once-in-a-lifetime opportunity that brought AboitizPower to where it is today.

Fast forward to 2019, we have remained committed to continuously grow the business for the ultimate benefit of the communities and customers we serve.

By 2020, we will have achieved our target of 4,000 MW net attributable capacity. This does not stop us from further exploring and pursuing opportunities to push our balanced mix strategy, as we believe that the long-term energy sustainability of the country can be addressed by balancing energy accessibility, energy affordability, and environmental sustainability.

Our sights are set for the next 10 years. We will aggressively expand our Cleanergy portfolio to optimize opportunities from the implementation of the government’s Renewable Portfolio Standards (RPS) and the Green Energy Option Program (GEOP), while selectively building baseload capacities to support our country’s growth aspirations. We will also continue to pursue our international aspirations, specifically in Indonesia, Myanmar, and Vietnam with focus on renewable projects in wind, hydro and solar, and also look at gas. And when we have achieved our renewable energy and international goals, we would have shifted our overall capacity mix to an almost 50:50 Cleanergy:Thermal by 2029.

As we are set to achieve greater targets, we recognize the need to review and streamline our processes so we can be of better service to our internal and external stakeholders. Hence, in 2019, our holding company Aboitiz Power Corporation achieved certification for Quality Management System (ISO 9001:2015) with zero nonconformity. This collaborative effort of all the AboitizPower corporate support units was primarily driven by our 1AP culture of high performance, owner’s mindset, learning and growth, atmosphere, and our values of integrity, teamwork, innovation, responsibility, and service excellence.

With our new targets in place and with the strong support of all our team members, we are confident that AboitizPower will sustain its growth momentum and continue to advance business and communities in the next 10 years and beyond.



We have proven time and again our resilience in a constantly evolving industry and as 1AP, we are more than ready to face challenges head on and seize any opportunity there is to create long-term value for all our stakeholders.

Milestones

Posted an income contribution to AEV

PHP13.33 billion

down by 20% year-on-year from PHP16.69 billion in 2018

Achieved

Quality Management System (QMS) Certification

for holding company Aboitiz Power Corporation

Listed

PHP7.25 billion

Fixed Rate Bonds on the Philippine Dealing & Exchange Corp. (PDEx), the third tranche of our PHP30 billion Shelf Registration Debt Program, for acquisitions, future investments, and refinancing existing debt

Generation Business Group

Increased net attributable capacity by

8%



Started commercial operations of the

340-MW

Therma Visayas baseload power plant in Toledo, Cebu and the

19-MW

La Trinidad Hydro in Benguet

Signed more contracts under the Retail Competition and Open Access (RCOA)



Completed the framework agreements with the host municipalities of Aginaldo, Lagawe, Lamut, and Mayoyao in Ifugao for the proposed Alimit Hydropower Complex

Switched on the

200-kilowatt

pilot floating solar project in Ramon, Isabela

Obtained Integrated Management System certification for AP Renewables, Inc. (APRI) and San Carlos Sun Power, Inc. (SacaSun)

Digitized the on-site monitoring network and reliability management systems of the 300-MW Therma South baseload power plant in Davao

Achieved

five million safe manhours

without lost time injury for AboitizPower’s Coal Business Unit, and one million safe manhours without lost time injury for La Trinidad Hydro



Finished the installation of rooftop solar panels at Pilmico’s feedmill in Tarlac, as well as started several rooftop solar projects in Valenzuela, Bulacan, and Cebu, through our business unit AboitizPower Distributed Energy, Inc. (APX)



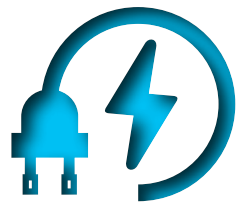
Milestones

Distribution Business Group

Increased distribution customer base by **4% to 1,030,727 customers**



Increased aggregate electricity sales by **6%** year-on-year to 5,851 GWh



Started the construction and installation of power distribution in the 212-hectare Light Industry & Science Park (LISP) IV in Batangas through Malvar Enerzone Corporation

Inaugurated the upgraded Consolacion Substation in Cebu through Visayan Electric

Achieved Environmental Management System (ISO 14001:2015) certification for the EnerZones and Visayan Electric, as well as Occupational Health and Safety Management System (ISO 45001:2018) certification for Visayan Electric

Achieved 100% emergency response within 30 minutes, 100% restoration time within one hour, and increase by 50% same-day connections and reconnections for all distribution utilities

Completed the **890-meter** phase 3 of Visayan Electric's underground distribution system in Cebu City



Set up more Visayan Electric satellite offices for faster handling of customer requirements



Signed a five-year partnership program with the Davao City government, through Davao Light, to replace all sodium lamps in the city into Light Emitting Diode (LED), reducing the city's energy consumption without compromising services

Outlook

Generation Business Group

Achieve our 2020 target of **4,000-MW** net attributable capacity



Capture opportunities in the ancillary services market



Complete construction and start commercial operations of the

2x668-MW GNPowr Dinginin supercritical coal-fired power plant in Bataan

Expand our Cleanergy portfolio aggressively in line with the Renewable Portfolio Standards (RPS) and participate actively in the Green Energy Option Program (GEOP)

Continue to explore international opportunities, specifically in the renewable energy space in Indonesia, Myanmar, and Vietnam

Distribution Business Group

Execute major sub-transmission, substation, and distribution line projects in Batangas, Cebu, and Davao



Start operation of seven full-service centers within Davao City, and two additional service centers within Visayan Electric's franchise area, both of which are strategically located to better serve customers

Roll out digital initiatives, additional payment channels, and prepaid services to enhance the customer experience

Implement systems loss reduction and revenue protection initiatives



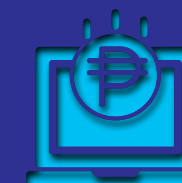
Complete phase 3 of high pressure sodium (HPS) to

light emitting diode (LED) streetlight conversion program

in partnership with Davao City government

Implement rural electrification project for Visayan Electric

Launch full third party agent (TPA) payment collection for **Davao Light and Cotabato Light**

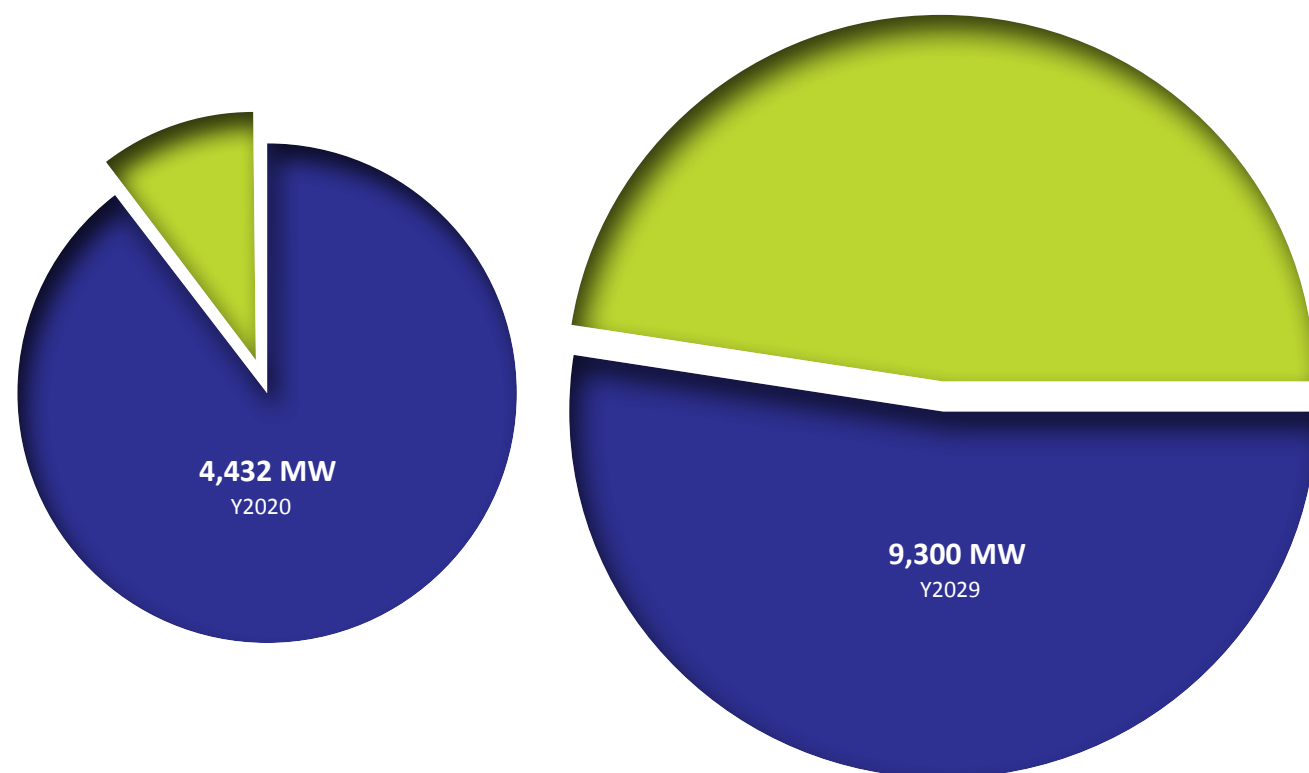


Achieve recertification for Quality Management System for Davao Light and Cotabato Light, and certification for Asset Management System (ISO 55001:2014) for Davao Light and for Environmental Management System and Occupational Health and Safety Management System for Cotabato Light

AboitizPower's 10-year Strategy

Our strategic directions in the next 10 years are geared towards delivering EBITDA growth and a major shift in AboitizPower's energy mix.

- Grow capacity from 4,432 MW to 9,300 MW
- International business will become 13% of our generation portfolio
- About 65% of new capacity between 2020 and 2029 will be Cleanergy
- As a result, shift our overall capacity mix to almost 50:50 Cleanergy:Thermal



abc stories

Powering Communities

One of the hallmark qualities that make Aboitiz companies stand out from the rest is their commitment to corporate social responsibility. More than profitability, the Aboitiz Group seeks better ways to unify good social development and responsible environmental stewardship with its business operations.

The group's power arm AboitizPower has been at the forefront of social development in its host communities throughout the years, implementing projects beneficial to thousands even before their facilities started operating.

From refurbishing daycare centers to conducting community feeding programs, AboitizPower strives to meet the needs of their host areas where it can and make a mark on the lives of its stakeholders. These are only among the many ways the company and its subsidiaries give back and contribute to the economic growth of their host localities.

In 2019, AboitizPower pushed the envelope further with the implementation of a streamlined revenue sharing program mandated by the Department of Energy (DOE) under Energy Regulation No. 1-94.

Host communities of power plants in the country now have easier access to their financial revenue shares thanks to new regulations issued by the DOE, which introduced the direct remittance of financial benefits to host communities for their immediate utilization. Through DOE Department Circular 2018-08-0021, power generation companies can now directly download the ER 1-94 fund to their host communities. Streamlining the release of funding will ease the process of implementing projects that benefit the host communities.

From September until the end of 2019, AboitizPower-led power generating companies signed memoranda of agreement with their respective host communities for the establishment of trust accounts to which the revenue shares will be downloaded.

As of December 25, 2019, AboitizPower has generated ER 1-94 funds worth PHP146 million, which are currently being downloaded to around 130 host beneficiaries in Luzon, Visayas, and Mindanao.

The ER 1-94 program is a policy under the Department of Energy Act of 1992 and Electric Power Industry Reform Act of 2001 (EPIRA) which stipulates that host communities will get a share of one centavo for every kilowatt-hour (P0.01/kWh) sold by power generation plants operating in its area.

The fund can be used by host beneficiaries for the electrification of areas or households that have no access to power, development and livelihood programs, as well as reforestation, watershed management, health, and environmental enhancement initiatives.

This is a prime example of real partnership and teamwork between AboitizPower, its host communities, and DOE. This is only the beginning. As they continue to work together, they look forward to many more things to achieve.

7 AFFORDABLE AND
CLEAN ENERGY



8 DECENT WORK AND
ECONOMIC GROWTH



Conserving Biodiversity



Therma South, Inc. (TSI) is not only home to the source of Davao City’s reliable baseload power, it is home to an abundance of life – under the deep blue sea and above the clouds across the bright blue sky.

Flocks of birds, lush greenery, sea, and springs teeming with life — this is not the usual scenery that is associated with a coal-fired power plant. But undoubtedly, it is the scenery that we should see more often.

Davao-based birder Peter Simpson spotted and identified 45 different species inside the plant after three bird watching sessions in 2018 and 2019. He believes that with a few more sessions, even more species may be discovered.

“TSI is a haven for birds because of the great range of habitats; open sea, the beach, grassland, marshland, and freshwater pools. Even the man-made structures offer an opportunity to the birds as evidenced by house swifts nesting on the sides of the coal dome.”

Peter Simpson
Birder

If one were to dive under the waters around the vicinity, they could follow schools of fish as they dart in and out of seagrass and coral reefs. In the latest marine biota study, a third-party environmental consultancy was able to profile 22 fish families with close to 5,700 fish individuals. Close to half of these fish individuals are target species or fish that are commercially viable.

Five sea turtle or pawikan nests have also been discovered along the coast of the power plant in 2019. From these nests, more than 300 sea turtle hatchlings have made their way into the sea. When these hatchlings reach maturity, they will come back to nest in the place they were hatched and repeat the cycle once more.

TSI, under AboitizPower’s Coal Business Unit, is a prime example of the lengths a thermal power plant would go to protect the environment.

The vibrant marine life can be attributed to the fact that the waters around the plant have become something akin to a protected area because it is a no-fishing zone. The host communities of Barangay Binugao and Inawayan are also given training on sustainable fishing practices, marine protection information drives, and regular coastal clean-ups with TSI. The power plant ensures that it has minimal impact on the environment by utilizing the Circulating Fluidized Bed technology, cultivating a culture of environmental stewardship, and going beyond mere compliance with environmental laws and regulations.

“In AboitizPower, we go beyond environmental compliance. We strive for stewardship, to sustainably operate our power facilities. The avian and marine life present within our facility is proof of these responsible operations.”

Daniel Aboitiz
Former President and Chief Operating Officer
of AboitizPower Coal Business Unit

TSI continues to set the standard for responsible power generation and environmental conservation. In Davao’s 300-MW coal-fired power plant, you are sure to take in a breath of life.



BANKING AND FINANCIAL SERVICES

BANKING AND FINANCIAL SERVICES

Results of Operations

Union Bank of the Philippines (UnionBank) emerged triumphant in 2019, doubling net income to an all-time high of PHP14.0 billion. This translated to above-industry return-on-equity (ROE) of 15.3% and return-on-assets (ROA) of 1.9%.

This impressive performance was driven by the sustained double-digit growth of our lending business coupled with strong trading gains for the year. Lending was supported by the above-average increase in customer loans (up 21%) coming from the robust growth of SME banking (up 40%), credit cards (up 35%), consumer loans (up 31%), and commercial loans (up 16%).

Moreover, margins substantially improved by more than 70 basis points (bps) by the end of 2019 from January 2019. Yields went up from asset repricing, while cost of funds declined due

to the Bangko Sentral ng Pilipinas (BSP) policy rate cuts, reduction of reserve requirement, as well as the bank's continuous efforts to shift funding to instruments with lower intermediation costs (e.g., BSP borrowings, bonds).

Trading gains also boosted UnionBank's bottomline, which was up by 6.1x than in the previous year. Other revenue contributors included higher fee income from higher transaction volumes across the Banking Group, as well as higher foreign exchange gains.

UnionBank now in "Phase 3"

Behind the bank's remarkable financial results, we also accomplished much in Phase 3 of our Digital Transformation Roadmap. With the necessary foundation (IT infrastructure, culture, and people), as well as critical customer touchpoints (The Arks, UnionBank Online app/web, and Digital Relationship Managers) in place, we were well-equipped to roll out and commercialize our digital initiatives in 2019.



2019 was a record year for the Bank. We achieved strong business growth and delivered superior returns from an all-time high net income, while successfully integrating new subsidiaries and continuing investments in digital transformation. Our digital strategy shall be instrumental as we scale up our businesses, and maintain lean and agile operations. Through all these efforts, we remain anchored on our higher purpose to advance business and communities for inclusive prosperity.

Edwin R. Bautista
President and CEO
UnionBank



To date, Ark branches nationwide have grown close to 50.



Powered by **UB UnionBank**

UBX, UnionBank's technology and innovation company established in February 2019; Headquartered at UBP Plaza, Ortigas Center, Pasig City



EVE, UnionBank's state-of-the-art Robo ambassadors deployed to various Ark branches to assist customers on key bank services

One of our initiatives was to transform more of our branches nationwide. To date, UnionBank has close to 50 Arks — each thoughtfully designed with digital capabilities to cater to customers' needs. Committed to continuously deliver superior customer experiences, we launched two new branch prototypes: 1) Ark for Business, equipped with digital platforms that enable corporate clients to transact seamlessly and efficiently; and 2) UBNK Self-Service Hubs which are set up in high-foot traffic areas and allow retail customers to perform bank transactions beyond office and shopping hours, via self-service machines or through UnionBank Online.

Apart from the Arks, we also enhanced the UnionBank Online app by introducing the digital account opening functionality — one of the first banks in the country to offer this service, in line with our strong push to ramp up the digital acquisition of customers.

Metrics that Matter



PHP14 billion
record high net income in FY2019;
PHP7.2 billion
income contribution to AEV



15.3% FY2019
Return on Equity



Signed up 90, and onboarded 45 financial institutions with 495 branches nationwide on the
i2i Platform



47 Arks
launched to-date plus the introduction of 2 new branch types – Ark for Business and Self-Service Arks



The other superior features of our app intended to increase customer usage are online check deposit and real-time posting of credit card payments.

Importantly, the corporate version of UnionBank Online called The Portal was also rolled out. More than simply aggregating the bank's e-banking services, the Portal features superior elements such as multiple account viewing with a single sign-on and multiple organization management. This full-feature app that can be accessed on-the-go addresses the usual pain points of corporate top management.

After barely a year, our digital banking channels have gained significant traction in usage and customer engagement, with UnionBank ranking among the top InstaPay and PESONet players among universal banks. The steady increase in downloads, more frequent usage, as well as continued positive feedback from users, are key indicators of the growing mass conversion to digital in the banking industry. These developments fuel our commitment to deliver more convenience and accessibility, and superior "best-in-class" secure banking experiences to customers.

Led by the efforts of our digitally-equipped sales force across corporate, SME, retail, and cash management segments, we onboarded close to 1.3 million customers onto our systems and platforms in 2019. As scale up, we further work on the back-end to ensure that our systems and platforms continue to deliver seamless and efficient processes. Automation and re-engineering continue to be implemented in select back, middle, and front-end processes. These include building a new Retail Loans Engine that speeds up decisioning and disbursement for various loan products from "days" to "minutes".

We also pioneered several "RegTech" initiatives, applying emerging technology to manage regulatory compliance in a smart, secure, and cost-effective manner. These initiatives include the launch of the Governance, Risk, and Compliance (GRC) System, Data Lake for Covered and Suspicious Transactions Reporting, and Data Quality Enhancement for KYC and analytical purposes. These have strengthened UnionBank's defense against operational, regulatory, and compliance-related risks, generating cost savings from prevented penalties, while at the same time, enhancing our people's productivity for more value-adding activities.

Behind all of our digital initiatives are the bank's 47 agile squads across 6 tribes who work on specific internal and external customer missions. In keeping with the agile principles, they continue to iterate on existing product launches, as well as ideate on innovations to continue addressing customer pain points and elevating overall banking experiences.

These digital strategies resulted in cost savings for UnionBank in 2019, having registered flat growth for Parent Bank's core expenses for the first time. This is proof that we continue to focus on sustained profitability while supporting our current and latest transformation initiatives, including the operations of our new innovation and technology subsidiary, UBX.

UBX: An Investment for the Future

UBX is UnionBank's investment for a future dominated by embedded banking experiences. It serves as the bank's innovation garage and at the same time, an investment house that aims to integrate financial services in platforms and apps that are entrenched in people's lives.

UBX strongly resonates with our push for financial inclusion. We realize that the sure way to make this happen is to directly cater to unbanked individuals and micro, small, and medium enterprises (MSMEs) including rural banks, and transform them digitally-to-the-core; hence, the origin of UnionBank's "Tech Up Pilipinas" movement.

One of UBX's platforms is i2i, a blockchain initiative that aims to bring millions of unbanked Filipinos to the financial system by connecting rural banks to the country's main financial network. It provides a real-time, cost-effective, and secure retail payment system in the blockchain. Within a few months, i2i expanded its network by onboarding 45 rural banks with close to 500 branches nationwide, launched platform enhancements such as bills payments, and piloted a cross-border remittance transaction service that will eventually be made available on the platform. Currently, i2i is developing agency banking solutions that include loans origination system and mobile ATM, among other things, expanding the key services offered by rural banks for its prospects and customers.

In the same way, we envision UBX to digitally transform MSMEs by providing them a marketplace with a suite of curated solutions that will help them expand their businesses. This was fulfilled with the launch of Sentro, which houses select business solutions including enterprise resource planning systems, payment gateway, and logistics fulfillment platform for online merchants such as BUX, among others. These are provided by either UBX itself or by partner fintechs/tech companies.

In partnership with OneConnect (the fintech arm of PingAn Group, one of the world's top financial groups), UBX introduced SeekCap, an SME lending marketplace that offers affordable financing options and same-day approval for MSMEs. In anticipation of a world dominated by open systems and platforms, SeekCap was built to become available to all interested financial institutions or fintechs seeking to give customers the power to choose the service provider or lender that suits their needs.

With these initiatives helping digitally transform operations from the core, rural banks and MSMEs now have better opportunities to be serviced by large banks and other institutions. At the same time, they are able to render better experiences when servicing their own customers.

Mass Market Banking

Through City Savings Bank (CitySavings), the thrift bank subsidiary of UnionBank, we continue to support financial inclusion by tapping key mass market segments.

Today, apart from servicing teachers, pensioners, and OFW beneficiary segments, CitySavings also gained traction in the motorcycle lending business after its merger with Philippine Resources (PR) Savings Bank. In 2019, it sold an average of 4,300 motorcycle units per month, and this is projected to grow by double digit in the coming years given the relatively low motorcycle penetration in the country compared to its ASEAN peers.

CitySavings is also strengthening synergies among its other acquisitions (FAIRBank and Bangko Kabayan for the customer base, and PETNET outlets for agency banking purposes) to deepen its presence in the SME and microfinance market.

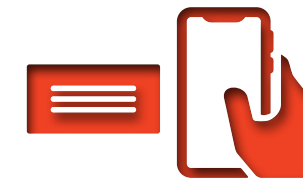
Seeking to leverage the technology benefits of UnionBank, CitySavings expanded its process automation efforts and accelerated the rollout of various digital channels (e.g., Loan Ranger MC for offsite motorcycle origination, Polaris for sales mapping and leads prioritization, and chatbot Maria to respond to customer queries). All these are geared towards increasing cost efficiencies as it scales up operations while delivering superior customer experiences.

Much has been done in Phase 3 of UnionBank's transformation journey but there are still more opportunities for growth especially when delivered on a bigger magnitude and scale. We intend to digitally transform more customers and more communities we serve, in our commitment to advance business and communities, and deliver on our promise that "nobody gets left behind".

Milestones

UnionBank

Registered a record-high net income of PHP14 billion translation to **15.3%** return on equity; income contribution to AEV at PHP7.2 billion



Launched digital account opening and online check deposit functionalities in the UnionBank Online app

Went live with blockchain-enabled **Financial Supply Chain Platform**, which digitizes the financial process of anchor corporate clients and enables dealers to avail of the bank's different financing options without manual intervention

Transformed a total of **47 Arks** nationwide



Deployed state-of-the-art robots called Eve in select Arks to learn branch functions such as guiding customers in using self-service machines, teaching them to register to the bank's online app, and eventually graduate to answering customer queries

Established the **Data Science and Artificial Intelligence (DSAI) Institute and Blockchain Xcellerator Experts Program** that have trained 22 internal and mentored external data scientist-aspirants and 50 blockchain teacher-partners, respectively

Introduced **2 new branch types:**

- a) **Ark for Business** at Madrigal, Makati designed to cater to corporate client transactions and
- b) Self-Service Hub called

UBNK

set up in high foot-traffic areas allowing retail customers to do standard branch transactions via self-service machines and UnionBank Online

Launched **The Portal**, a business banking platform that houses all of corporate clients' cash management solutions (e.g. disbursements, fund transfers, government payments, checkwriter services, and many more)



Established **UBX**, as the bank's innovation technology company focused on developing ecosystem platforms, rendering IT services, performing experimentations and explorations in emerging technologies, and investing in fintechs and/or tech companies that have a strategic fit with the bank



CitySavings Loan Ranger app enables offsite salary loan origination and faster loan processing

Milestones



Launched a **virtual currency ATM** the first bank in the country to do so, allowing customers to buy and sell cryptocurrencies

CitySavings

Successfully merged with PR Savings Bank in February 2019

Grew motorcycle dealers partners to 10 with **655 stores** nationwide



Motorcycle sales soared by 6x to 5,000 units in December from January 2019

UBX

Onboarded 45 financial institutions and **495 branches** nationwide on the **i2i Platform**

Developed and piloted a blockchain-enabled, self-sovereign identity solution using a claimant-attestation system designed to streamline various bank processes, such as an account opening

Launched **Loan Ranger MC** an app for offsite motorcycle loan origination

Launched Polaris, a sales mapping and prioritization tool



Introduced Talk to Maria chatbot for customer inquiries

Introduced bills payment feature in the i2i platform



Enhanced the **1UHub app** for UnionBankers to include an expanded list of accessible benefits and goal-setting for performance management

Deployed internal regtech initiatives to include a governance, risk, and compliance system

PETNET expanded its network with newly-onboarded sub-agent partners: **RD credit, PENBank, SMJ, and Tiwala sa Padala (Tambunting)**

Launched new products and services of PETNET: **DragonPay Cash Disbursement, Coins.ph Cash-in Services, Home Credit Loan Referral Program, Progressive Bank, Inc. Loan Disbursement, and CitySavings Motorcycle Loans**

Pilot launched a blockchain-based cross-border remittance service for local rural banks; it involved the transfer of tokenized fiat (stablecoin) from OCBC Singapore to an account in Cantilan Bank, a Mindanao-based rural lender, via the i2i platform



Internally developed an Enterprise Resource Planning system called

ERPX

Introduced the country's first stablecoin called PHX, along with the launch of the cross-border remittance facility in i2i. PHX is designed to function as a stable store of value, medium of exchange, and is a programmable token with self-executing logic enabling transparent and automatic execution of payments

Acquired 30% stake in Shiptek Solutions, Corp., envisioning to integrate an e-commerce payment gateway and other digital financial services, as well as infuse the expertise of UBX in technology development and blockchain, into XLog, a digital logistics platform



Invested in the **Philippine Dealing Asset Exchange (PDAX)**, a trading platform licensed by the Bangko Sentral ng Pilipinas (BSP) to enable the Bank to learn from developments in the token economy and participate in strategic tokenization projects in the country

Developed **Sentro**, a digital platform created with partner fintech/tech companies that provides a comprehensive suite of solutions for MSMEs to include **BUX**, a payment and logistics fulfillment solution

Pilot-launched **SeekCap**, a digital lending marketplace platform developed in partnership with One Connect, Ping An's fintech arm, that leverages on data analytics and artificial intelligence making straight-through approvals possible

Outlook

Boost retail customer acquisition from continued enhancement of features and user experience of UnionBank Online and The Portal, as well as accelerated marketing efforts

Grow MSME customer base by leveraging on anchor client ecosystems and onboarding them into digital platforms

Improve CASA deposits through enhanced retail, SME, and corporate digital platforms

Leverage on a fully-digital loan engine with alternative credit card scoring capabilities to extend credit to platform users



Reap cost savings and increased productivity from integration of operations of key acquisitions

Sustain above-industry loan growth driven by robust growth in SME and retail segments



Diversify CitySavings' credit portfolio by building up its motorcycle and SME loans business

Continue ventures in innovation and launch multiple start-ups catering to retail and SME segments

abc stories

The Ark: Ferrying Filipinos into the Future of Banking Today



Driven by its commitment to be at the forefront of creating experiences that have the ability to transform people's lives, UnionBank introduced the first fully-digital bank branch in the Philippines branded The Ark in September 2017. It was conceptualized to showcase and introduce the future of banking in the country. It is the first of its kind to demonstrate the customer-experience transformation framework of space, people, and processes to deliver a suite of digital experiences, products, and transactions.

Beyond the bright-colored walls, spacious zones, and a showcase of the latest technologies, the feat of transforming a bank branch was beyond skin-deep.

With the launch of the genesis Ark, UnionBank created a space ready to serve the needs of today's customers, and at the same time, equipped it to respond to shifts in customer behavior in the future.

UnionBank President and CEO Edwin Bautista noted, "In the future, branches will become less transactional areas and more interactional spaces." Hence, an ample communal space, discovery areas with installed touchscreens, rooms for client advisory, and a café with unlimited wifi and overflowing coffee on the side, will replace the stiff and boxed-look design of a regular branch. The ARK is not just a branch. It is also a community space and a venue that exchanges in thought leadership among the Bank's teams and clients. It hosts regular events to bring different members of the community together to learn, share ideas, and make connections.

Upgrading the branch's physical look also required the transformation of people and processes — no long lines, no tellers, no papers. Self-service machines take up customers' deposits and withdrawals. Branch ambassadors are now versatile, multi-functional, confident, and able to educate the customers to go digital. The thrust of The Ark is to handhold the customers to digital and making sure no one gets left behind. Account opening is done fully digital. Customers can even book branch visits through the bank's mobile app. Seamless transactions are all made possible through the establishment of well-structured, digitally-attuned, and application program interface (API)-ready back-end systems.

With its purposeful design, the Ark has been recognized as one of the best bank branch designs in the world and the best in customer experience by internationally-acclaimed award-giving bodies.

A year after its launch, the usage of self-service machines had surpassed in-branch transactions at a 10:1 ratio. Among customers, 95% are individuals, while more than 60% of the transactions are retail. Cost savings were generated from eliminating paper and automating processes. The Ark's success in operational efficiency prompted the bank to transform more branches nationwide.

In line with the principle of customer-centricity, the design and function of each ARK would depend on the perceived needs and behavior of customers in a specific locality. For instance, some will have more self-service machines, others more client meeting rooms, and some will have more ambassadors.

Another unique thing about The Ark is that the space itself can transform at a particular moment when the need arises. Ambassadors' pods are easily movable so that the branch format can be reconfigured when customer volume increases or decreases. UnionBank also established a watchtower at the head office that daily monitors transactions and customer sentiments, so that key branch personnel can quickly respond to the needs of each branch.

To date, the fleet of Arks already has close to 50 and more are expected to be transformed, as UnionBank continues to offer unique banking experiences to more Filipinos nationwide.

abc stories

Expanding the Digital Banking Experience for All

Continuing our push to address customers' specific banking needs, we recently launched two new branch prototypes.

The Ark for Business allows all types of business clients to conveniently pre-stage their transactions in the comfort of their offices through The Portal – UnionBank's newest business banking platform. It has a website and a mobile app version that provide business clients with essential banking functions such as account viewing, fund transfers through multiple channels, and payment to government and utility billers.

Customers can also access a financial supply chain system powered by blockchain inside the platform. The Ark for Business has heavy-duty self-service machines that accommodate large transactions from business clients, who comprise 90% of our Ayala Madrigal's total transactions. We also have corporate ambassadors to facilitate the digital conversion of business customers and help provide them with relevant business solutions. Moreover, with The Ark for Business, we offer a co-working space for clients in need of a temporary office; this is a new and unique feature among Philippine banks.

Another format is the UBNK, a self-service hub that empower our customers to bank on their own terms and convenience. Located in high-foot traffic areas and open on weekends, customers can perform their standard branch transactions on their own using UnionBank's self-service machines or via UnionBank Online.

They can open an account without the need to submit any paper documents, they can also make cash and check deposits, withdraw money, do fund transfer, and pay bills.

To assist in the digital conversion of our customers, ambassadors are also present at UBNK to answer any queries about the use of the machines or the bank's products. Aside from human ambassadors, we have introduced our first-ever digital ambassador named ANA or Amazing kNowledgeable Ambassadors, who can also assist customers.



abc stories

Ark 2.0: The Advent of 5G Banking-Beyond Digital

After our roll out of several ARKs, the next logical question is “what’s next?” “We need to up the ante. We need to continue with our digital transformation amid the 4th Industrial Revolution”, said UnionBank President and CEO Edwin Baustista. Building on our strong digital momentum, we already have a blueprint to build Ark 2.0 – a smart branch that leverages on world-class 5G technology for seamless connectivity with IoT (internet of things)-enabled devices.

With 5G banking, we could take our customer experience to the next level via augmented reality and virtual reality on their smartphones. According to leading digital financial publication The Financial Brand, by combining 5G and AI, banks could better harness the always-on, real-time data coming from devices, which will allow for a more accurate prediction of a customer’s preferences and behaviors. 5G banking also enables more informed lending decisions, better banking recommendations, and highly personalized advice from digital banking assistants.

Leveraging on 5G technology aligns with UnionBank’s “Tech up, Pilipinas” advocacy or the strategic use of technology to promote financial inclusion. Today, the promise of “nobody gets left behind” not only applies to UnionBankers and our customers but the whole nation as well. We believe that digital transformation becomes more effective if done with scale and magnitude, and implemented collaboratively.

“We want to enable the development of smart offices, smart communities, smart schools, and smart cities,” said Bautista, noting that the 4th Industrial Revolution is all about interconnectedness.

He further added, “If our customers desire to move to that space, then we as a bank cannot and should not be an obstacle to their desires. We will take the first step and show how – as we have done with blockchain, with facial recognition, with robotics – a bank can support their desires. All it takes is for them to want it – because if they want it, we can do it, and we will do it for them.”





FOOD

FOOD

Results of Operations

In the past ten years, Pilmico has been driven to become an integrated regional agribusiness and food company. To many of us, it was a challenging goal — especially for an industry that has long been ignored. But because of our people, and our daily pursuit of living the Aboitiz values of Integrity, Teamwork, Innovation, and Responsibility, we persevered.

2019 marked a turning point for Pilmico.

We experienced a number of challenges that tested our capability as an organization. Amid global trade wars impacting commodity prices, the continuous threat of African Swine Fever and the ever-changing demands of our customers,

regulators, and suppliers, we remained resilient through the years and continued to step up so we can deliver quality products and value-added services to our Partners — all in an effort to stay true to our promise of being our customers' Partner for Growth.

2019 Lookback

Following the 100% acquisition of Gold Coin, we have become a stronger Food enterprise, with shared goals, identified synergies, a united leadership team, and an organization ready for growth.

Sabin M. Aboitiz
President and CEO
Pilmico

Hubert de Roquefeuil
President and CEO
Food Group

Tristan C. Aboitiz
President and CEO
Pilmico Philippines



Five years from now, we aim to further grow our business by diversifying our businesses across countries and across the food value chain.



Domestic

We continue to ride on the growth of the economy. Over the years, we have increased our overall production capacity and broadened our product portfolio.

For our Flour division, we maintained steady growth in our volume both in the domestic and export division, despite the influx of imported flour products and entry of new flour mills. The efficiencies in our operations and the dedication of our sales team remain to be our competitive advantage.

As we established a position further up the value chain, we augment our eggs and meats businesses by constructing a meat processing plant in Capas, Tarlac.

Metrics that Matter



PHP1.58 billion

net income contribution to AEV



Growing presence in Asia with 25 animal feed mills with a total production capacity of

4 million metric tons



173,000

hens layer capacity

This is a big step to move closer to serving the actual consumers of our products. We also broke ground on three rearing houses, enabling us to grow our Day-Old-Pullets (DOP) at any given time. This will supplement the production of ready-to-lay (RTL) hens by 2020 resulting in monthly production of over 8 million table eggs supplied to the value chain.

As we continue to break records in all categories of our Feeds business, we began the construction of our third feedmill facility in Iligan, which is expected to be commissioned within the year.

International Operations

While we continued to protect our good standing in the Philippines, we worked on our international aspirations that involved completing three M&A deals and subsequently growing and expanding our acquisitions through organic growth.

For our Feeds business in China, we completed two additional pelleting lines catering to the high demand for hog feeds in the southern region.

2019 also saw the complete integration of Pilmico's Animal Feedmill (Pilmico Animal Nutrition Joint Stock Company) into Gold Coin Vietnam. This strategy captures the synergies and efficiencies enabling us to respond to the growing animal feeds requirements in South Vietnam.

Values in Action

Every day, we strive to 'always be a step ahead' because we recognize our important role in food sustainability. We make a conscious effort to introduce new ways of doing things from our processes and systems, to culture and people programs. With a better understanding of innovation across sites, we implemented more than 250 ideas that are forecasted to drive significant savings on an annual basis.

In 2019, we also implemented projects that will help reduce our carbon footprint — helping us to walk the talk when it comes to living the value of responsibility.

We started operating two biogas facilities in our swine farms with the capacity to generate 626 megawatt-hours (MWh) of energy output annually. This is enough to supply the power requirements of our farms.

We also partnered with AboitizPower to commission a solar power facility in Tarlac that is designed to support the energy needs of the Feeds Milling operations. It is estimated to produce 1.139 MWh annually, which is enough to supply power to roughly 1,000 homes.

For culture and engagement, we have leveled up our programs and launched our Values Reimagined statements. We let our team members define and articulate the desired behaviors from our Aboitiz values. This was first cascaded across all sites in the Philippines and recently launched in select headquarters outside the country.

Moving towards integration

The integration of Pilmico and Gold Coin is expected to bring more opportunities in the Asia Pacific region, not only for us but for the Aboitiz Group as well.

Our 100% acquisition of Gold Coin made us the 4th largest animal feeds producer in Southeast Asia. Gold Coin has expanded our reach to 11 countries and, now, we are in a better position to contribute to society and fulfill our promise of advancing business and communities.

Critical to the success of our Asia Pacific growth are key people who will steer our organization towards our vision. With the ever-changing landscape of our industry, we need to evolve and adapt, which is why, in 2019, we appointed Hubert de Roquefeuil as President and CEO of the Food Group, effective January 1, 2020. With his strong background in the agribusiness industry at a global level, Hubert will continue building on the great work we have done to further expand our footprint across the Asia Pacific region.

Our Culture

For the Food Group, our people have always been our strongest competitive advantage.

At the heart of great plans, strategies, and opportunities is our strong, values-driven team that gets us to where we want to go. Developing people and helping them achieve their full potential remains part of our growth strategy.

We will continue to foster a culture led by Aboitiz values because we are confident that this will help us drive results.

As we work towards advancing business and communities in Asia, our Aboitiz values will continue to inspire and differentiate us from the rest. At the end of the day, it is our engaged culture that will fuel our continued growth and success.

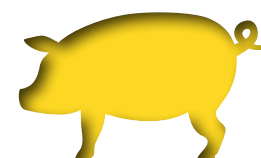


As we take steps to become a regional integrated agribusiness player, all the more that we will have to rely on our Aboitiz values, as we have always done over the last 100 years. Today, we are diversifying to become a multi-species feeds and farm producer. We are taking bolder steps by forging the right partnerships and venturing into consumer products. Our Aboitiz values and adaptability to change play a critical role in this as we move forward to achieving our vision.

Milestones

Recorded income of
PHP1.58 billion
in 2019

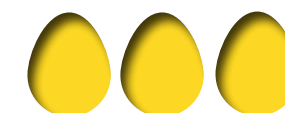
Constructed a meat processing facility in Tarlac and a third feed mill in Iligan, augmenting Pilmico Philippines' total meats and feed production capacities, respectively



Launched a biosecurity campaign called

#M3Time

in line with the Department of Agriculture's efforts to educate and promote biosecurity in backyard farms to prevent the spread of African Swine Fever in the Philippines



Broke ground on three rearing houses in Tarlac in May 2019, doubling our egg production in

2020

Operationalized two biogas facilities for our Tarlac swine farms generating up to

6.26 MWh

annually, enough to cover all the power requirements of these farms



Commissioned a solar power facility in Tarlac in partnership with AboitizPower with an estimated energy output of approximately

1.2 MWh

annually designed to support the energy supply for the Feeds Milling Plan

Acquired the remaining
25% stake
in Gold Coin Management Holdings (Gold Coin) for USD120 million from the Golden Springs Group, granting Pilmico International full control of Gold Coin; further strengthening the Food Group's position as a key player in the Asia-Pacific region



Successfully integrated Pilmico's Animal Feedmill (Pilmico Animal Nutrition Joint Stock Company) into Gold Coin Vietnam, This integration supplementing the growing animal feeds requirement in South Vietnam

Milestones



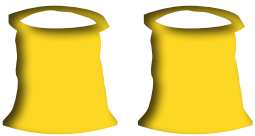
Received a Quill Award of Excellence for Communication Management in the Internal Communications category for **SuperConversations with SMA (SuperCon)**

Successfully transitioned our Iligan and Cebu offices into an **agile workplace** and implemented the **flexible benefits** program in our Taguig headquarters

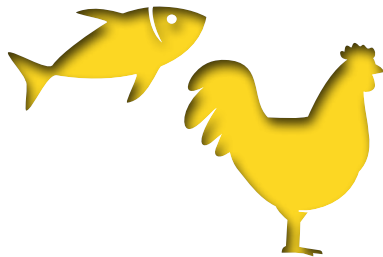


Completed several development projects across

Gold Coin properties in China, which will increase our feed capacities and improve the distribution of our products



Launched new feed formulations — **fish feeds** in South Vietnam and **gamefowl** feeds in Indonesia



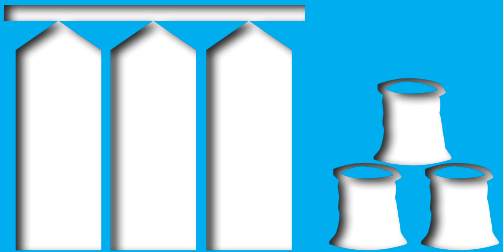
Achieved a **173%** growth rate for the thermally treated mash conditioning pig feeds in 2019, which was introduced to customers as a safe quality feed

Outlook

Integrate Pilmico and Gold Coin operations into **One Food Group**



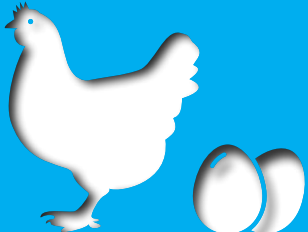
Increase annual feed mill capacity in the **Philippines, China, Vietnam, Malaysia, and Indonesia**



Harmonize Pilmico and Gold Coin to optimize synergies in group procurement, cross-selling across countries and shared services in its corporate services units

Build a culture of innovation through R&D focusing on improving our product formulation to gain efficiencies across all plants

Expand **layer farm operations** in the Philippines





abc stories

The Rice Husk Solution: Pilmico's Alternative to Bunker Fuel

Fuel and energy are key factors of Pilmico's feed production process. Great amounts of heat and steam are required to create high-quality products. Bunker fuel is the most common fuel resource; unfortunately, it is also a non-renewable energy source.

In an effort to reduce consumption, we began using rice husks, a by-product of rice mills from rice production, as an alternative to bunker fuel.

We introduced this initiative in 2016, anchored on the Aboitiz Group's sustainability and resource efficiency program Race to Reduce, which encourages business units to reduce their paper, power, and water consumption.

We used this as an avenue to be sustainable while also reducing our production costs.

"We have always believed that we can do well by doing good. We try to find ways to reduce the impact we have on the environment in our drive toward operational efficiency, and one solution we have found is this rice husk boiler, which has allowed us to lower our consumption of bunker fuel,"

Tristan Aboitiz

President and CEO, Pilmico Philippines

In its first year of implementation, we were to save almost half of the company's bunker fuel use that continued on until 2018, where fuel savings increased further by another 26%. Through this, our production process has seen a significant improvement, cutting fuel use by more than 60%.

Our innovative approach to improving business operations goes back more than a decade. In 2008, our swine farm facility in Tarlac also constructed and introduced a biogas system that converts hog waste into fuel for generators, making the farms partially self-sufficient for their electricity requirements.

A group of people, mostly women, are gathered around a table, shelling yellow corn. They are wearing various colored shirts, including pink and red. The scene is outdoors, and the focus is on their hands and the corn. The background is slightly blurred, showing more people and corn.

abc stories

The Hindang Co-op Harvest Festival

Starting out as a small farming, hog raising, and microlending cooperative in 1994, the Hindang Banana Farmers Multipurpose Cooperative (HIBAFAMCO) has now evolved into an organization with multiple projects that maintain a sustainable livelihood for members and the community.

In 2017, HIBAFAMCO was a beneficiary of Pilmico's Mahalin Pagkaing Atin hog scale donation to supplement the group's swine raising business. Last year, they were also the very first beneficiary in Iligan City of the Aboitiz Foundation's Yellow Corn Agri-preneurship project. The coop members were tasked to grow, produce, and harvest yellow corn to supply part of Pilmico's manufacturing needs. It was a challenge that turned into a big opportunity for the co-op because they had to match industry standards and meet commercial specifications in order to sell their produce to Pilmico.

HIBAFAMCO proved that hard work bears fruit. On October 15, 2019, the coop celebrated their first bountiful harvest through the Hindang Multipurpose Cooperative Yellow Corn Harvest Festival. Pilmico, Aboitiz Foundation, and Jardine Distribution, their corn seed distributor, marked the occasion by going through the plantation and seeing the harvest.

HIBAFAMCO's first harvest looked promising as its president, Larry Coracol, weighed the produce to get an estimated yield in the long run.

In the months and years to come, we will continue to work closely with HIBAFAMCO to assist them in their flourishing business.

By partnering with local cooperatives, we stay true to our commitment to Filipino farmers – by providing solutions and opportunities that pave avenues for their growth.

2

ZERO
HUNGER



8

DECENT WORK AND
ECONOMIC GROWTH



abc stories

Big Opportunities for 'Small' Farms

There is nothing small about smallholder farmers. They play a vital role in developing rural areas to build their economies and create a sustainable cycle for finances to flow within their community. However, in order for smallholder farmers to succeed, they need to be trained with proper farming practices, financing, and business management.

This is where we can help.

We have made it part of our company's mission to empower local farmers and provide opportunities for them to grow. With the Aboitiz Foundation, we have signed a memorandum of agreement in October 29, 2019, with Kabang Kalikasan ng Pilipinas Foundation, Inc. (WWF-Philippines) and the Federation of Multisectoral Alliance for Development (MUAD) to assist the smallholder farmers of Negros Occidental with an artificial insemination facility as part of the Hog Repopulation and Swine Genetic Improvement Program.

Low swine productivity and poor genetic pool are two major challenges that backyard farmers face when they go into the business of hog raising. Through the program, we aim to provide a solution to these challenges and uplift the hog industry through four channels: gilt dispersal program, an artificial insemination facility, community and enterprise development programs, and access of farmers to their market.

WWF-Philippines and MUAD will endorse local cooperatives who will receive gilt and feed supply for the first breeding cycle. Piglets from the gilt will then be distributed to other coop members and backyard farmers in the area for fattening.

To supplement this, an artificial insemination facility with a boar and equipment will be set up at Sumbingco, Barangay Cansilayan in Negros to service gilts in the area. Traditional boar raisers will be also be trained on proper insemination by the Pilmico Animal Health Team.

Additional support for farmers will be given through mentoring sessions and activities based on Pilmico's diamond program covering feeding, management, best farming practices, and nutrition. This is to ensure their livelihoods can be sustained and be another income avenue for their families. Lastly, the program will secure market access for the produce of smallholder farmers.

These programs underscore our company's commitment to backyard farmers advocating sustainable practices in local farming communities across the country by providing business solutions, expert advice, and quality products and services.





INFRASTRUCTURE

INFRASTRUCTURE

Results of Operations

In 2019, Aboitiz InfraCapital, Inc. (Aboitiz InfraCapital) continued to boost its infrastructure portfolio by leveraging on the Philippines' growth momentum and the government's commitment to build the right infrastructure to improve the Filipino quality of life. Since the company's incorporation in 2017, the team has grown, started high-impact projects, and built strong relationships with key stakeholders. These have enabled the Aboitiz Group to establish its brand in the infrastructure industry.

Water and wastewater services

A key focus of Aboitiz InfraCapital is to strengthen its footprint in the water sector.

Apo Agua, the company's joint venture with J.V. Angeles Construction Corporation (JVACC), is set to complete construction of its PHP12.6-billion bulk water supply project by 2021. The facility will provide the Davao City Water District (DCWD) with over 300 million liters of safe water per day.

LIMA Water increased its production volume by 10% versus the previous year, continued to build on its operational efficiencies, and is poised to takeover the sanitation facilities of LIMA Technology Center (LTC) to further support its growing number of locators. In 2019, a five-year CAPEX program amounting to PHP540 million was approved to address LTC's expansion and build better wastewater facilities.



Construction of Apo Agua's Hydro Electric Power Plant and Water Treatment Plant located in Brgy. Gumalang, Davao City



Facade of Bohol-Panglao International Airport at night



Lima Water Tank in Lipa, Batangas



Sabin M. Aboitiz

Outgoing President and CEO
Aboitiz InfraCapital

Cosette V. Canilao

President and CEO
Aboitiz InfraCapital



We remain optimistic about our prospects in Aboitiz InfraCapital as the government continues to push for the development of better infrastructures and facilities across the country. We truly believe that our commitment, hard work, and investments will pay off in the long term. We remain committed to providing Filipinos with the infrastructure they need and deserve, for now and the future.

Metrics that Matter



PHP483 million
income contribution to AEV



PHP4.2 billion
CAPEX spent for Apo Agua in 2019



PHP540 million
five-year CAPEX program for Lima Water



1,596,273
total safe man-hours without loss-time incident (LTI) for Apo Agua's construction



21,794,831
total man-hours with only 2 LTIs for Republic Cement



Aboitiz InfraCapital also increased its stake in Balibago Waterworks System, from 11.26% to 15.94%. This investment allows the company to further participate in serving the water needs of over 200,000 households in various parts of the country.

Airports

The company looks forward to implementing its proposed business plans for some of the Philippines' major gateways. In late 2017, it teamed up with six other conglomerates to form the NAIA Consortium, seeking to rehabilitate and expand the capacity of the Ninoy Aquino International Airport. The consortium's unsolicited proposal has since been approved by the National Economic and Development Authority (NEDA) Board.

Aboitiz InfraCapital's independent, unsolicited proposal for the Bohol-Panglao International Airport has also been given the green light by the NEDA Board, as it anticipates government's feedback in 2020 on its offer for the Laguindingan Airport.

Digital infrastructure

To help improve network connectivity in the Philippines, Aboitiz InfraCapital is venturing into common towers to broaden coverage in underserved areas. The company has signed memoranda of understanding with telecom companies Globe, Smart, and Dito for the commercial use of shared towers. This move supports the vision of the Department of Information and Communications Technology (DICT) to increase and expedite coverage and quality of telecommunications services.

Republic Cement

In 2019, the Philippine cement market maintained resilient growth, both in residential and non-residential markets. However, there was a slowdown in infrastructure activities due to the delay in the government budget approval and an election-related construction ban in the second quarter of the year.

Republic Cement's production costs remained under control after operational improvement initiatives, including the successful commissioning of kiln debottlenecking projects. The sector is expected to remain competitive with new local capacity and continued imports, as well as government's renewed enthusiasm for infrastructure.

Progress built on purpose

Aboitiz InfraCapital has submitted three more proposals for water and non-water infrastructure, and are also developing other projects in urban redevelopment and mobility. The company, with its involvement in the water, airport, digital infrastructure, and cement sectors, bridges the country's infrastructure gap by providing access to better facilities and services, fuelling opportunities for inclusive and sustainable economic growth.

Milestones

Recorded net income contribution to AEV of **PHP483 million**

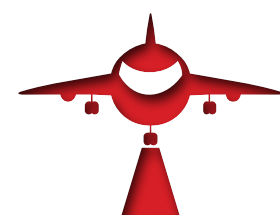


Began construction of Apo Agua project and clocked in

1,596,273

total safe man-hours without any lost-time incident as of December 22, 2019

Received NEDA Board approval of unsolicited proposals for the upgrade, operations, maintenance, and expansion of NAIA and Bohol-Panglao International Airport (BPIA)



Received NEDA ICC-CabCom's approval on unsolicited proposal for the operations, maintenance, rehabilitation, and expansion of the Laguindingan Airport

Signed MOUs with the Department of Information and Communications Technology and telecom companies recognizing the company as a potential common tower provider

Submitted an unsolicited proposal to the Department of Transportation for the operations and maintenance of the Bicol International Airport

Approved **PHP540 million** five-year CAPEX plan for Lima Water

Pushed forward with Republic Cement's capacity development activities that include debottlenecking of all kilns in Luzon yielding extra clinker; installation of a new mill in Bulacan; and a pre-grinder in Iligan to increase milling capacity



Republic Cement won the Presidential Mineral Industry Environmental Award (PMIEA) for Quarry Operations; 1st runner-up for Best Mining Forest for its Bulacan Plant; the Platinum Achievement Award for Quarry Operations and Safest Quarry Operation for its Batangas Plant; and the Platinum Achievement Award for Quarry Operations for its Teresa Plant



Promoted safety culture in Republic Cement through Safety Guild, a gathering for the country's top contractors and developers to share best practices, and the Golden Hard Hat program, which recognizes and rewards employees for exhibiting exceptional safety behavior and performance

Outlook

Continue to seize the opportunities in the government's

Build, Build, Build,

program while seeking other business-to-business opportunities



Full blast construction of our **Apo Agua** project



Secure Notice of Award and Notice to Proceed from the national government to upgrade, operate, and maintain

NAIA and Bohol-Panglao International Airport, and to upgrade, maintain, rehabilitate, and expand **Laguindingan Airport**

Boost Republic Cement's milling and clinker production capacity in all its integrated plants in Luzon and Mindanao to increase production by close to

25% in 2020

Grow Republic Cement's production capacity by adding **state-of-the-art cement milling capacities** in both Luzon and Mindanao

Approval and implementation of proposed new tariff structure for **Lima Water**



Begin rollout of **common towers**

abc story

For Davao City's Next Water Source

Well ahead of the completion of its bulk water facility, Apo Agua has been working together with its stakeholders to ensure the sustainability of the Panigan-Tamugan Watershed where the Tamugan River is situated.

Apo Agua adopted a 50-hectare site in the watershed through DCWD's Adopt-A-Site Project. From 2019 to 2023, Apo Agua will fund the cost of planting, maintenance, and rehabilitation programs in the watershed.

In celebration of World Water Day in March 2019, Apo Agua and JVACC joined the Tamugan River Clean-Up Drive, where cans, bottles, pieces of cellophane, clothes, and plastic wrappers were collected.

"It was wonderful to spend time and effort in cleaning up Tamugan River which will be our next source of water. It felt great to be able to contribute to something that will have a big impact on the lives of my fellow Davaoeños."

Irene Pailagao
Apo Agua, Admin Supervisor

Apo Agua also partnered with the Davao City Watershed Multipartite Monitoring Team to craft the Panigan-Tamugan Integrated Watershed Development and Management Plan. The multi-sectoral group serves as a proactive and forward-looking advisory and monitoring body that sets action plans to protect and conserve the watershed for present and future generations.

Overall, Apo Agua recognizes its role in ensuring the long-term security of Davao City's water supply. The company's initiatives demonstrate how it values the community and contributes to its long-term sustainability.



LAND

LAND

Results of Operations

Beyond National Expansion

For over 25 years, AboitizLand stays true to its promise of creating better ways to live through deliberately designed communities that nurture relationships, elevate lifestyles, and bolster the economy.

We marked our silver milestone in 2019 by further pushing our expansion efforts, acquiring more land to develop, exploring new real estate formats, and forging partnerships to maintain market leadership in Cebu while fortifying our presence in Luzon.

Year on year, our industrial business unit steadily delivers favorable results. LIMA continues its stellar performance with industrial lot sales targets exceeded at 44 hectares. Both West Cebu Industrial Park and Mactan Economic

Zone II marked a 5% increase in revenue while driving economic activity in Balamban and Mactan respectively.

Capitalizing on this momentum, we look to strengthen our ownership of the industrial-anchored township segment. Beginning with LIMA Technology Center, our industrial-anchored estates are being curated to become new industry cities – by integrating residential communities, retail, offices, hotels, and schools, through carefully crafted masterplans. It is through this strategy that we aim to capture the property value created by our industrial parks and extend the benefit to our stakeholders.

“

While we are focused on strengthening our operations to attain growth and success, we are thoroughly laying the groundwork for a new future path for AboitizLand.

As we fully realize the collective strength of our residential, commercial, and industrial communities, we are geared to seize the opportunities presented by the Philippine real estate market. Maximizing the synergy between our business units, our objective is to ultimately create long-term value to our stakeholders.



David L. Rafael
President and CEO
AboitizLand



The last quarter saw the continued transformation of the LIMA Estate, with the opening of LIMA Exchange which houses a supermarket, a transport hub, fast food and retail offerings, as well as a multi-sports gym. An educational component will be added with the opening of Edustria Senior High School, the latest joint venture educational offering from the Far Eastern University (FEU) and the Technological Institute of the Philippines (T.I.P.), two of the country's leading higher education institutions.

Focused on expanding its footprint in Luzon, the residential business unit launched The Villages at Lipa in Q3.

Metrics that Matter



Consolidated revenue of
PHP4.2 billion
posting a 5% increase
from 2018



17 completed communities and
23 on-going projects with 20
residential enclaves under
development across the country.



Over
100,000 sqm.
gross leasable area in our
commercial communities



Over
1,000 hectares
of industrial land



90,000
jobs generated by our
industrial parks



5,000+
athletes empowered by the
AboitizLand Football Cup

Seafront Residences in San Juan, Batangas, AboitizLand's first residential project in the region, continues its robust market performance with the opening of a new phase in addition to The Seafront Villas – an enclave of low-rise condominiums within the property. This year, the beachside community is now coming to life with the turnover of houses and lots to the first wave of vecinos.

Positioning ourselves in new growth areas outside of Metro Manila, we look to capitalize on the increasing demand for mid-market housing in Central Luzon. Our northward expansion continues with the launch of another Ajoya community, this time in Pampanga.

Through the acquisition of 50% stake in Point Blue, a pioneer in the integrated microstudios segment in key business districts, we not only added a new category in our varied portfolio, we also entered the Metro Manila property landscape. More importantly, we are able to respond to a growing market demand with an innovative and game-changing concept that is relevant especially to high-density locations.

While expansion takes root in Luzon, AboitizLand maintains its foothold in Cebu with four ongoing residential projects: Amoa, Foressa Mountain Town, Priveya Hills and Pristina North.

In addition, we have entered a strategic partnership with Cebu Landmasters with the intent to venture into several vertical developments.

2019 saw our commercial developments sustain its steady growth. The Outlets in Lipa is steadily becoming one of the go-to shopping destinations in the south, achieving healthy occupancy levels with a growing number of merchants including global fashion brands. Housing the Aboitiz Pitch, it has also become a primary venue for sporting events, making this commercial complex a significant feature in LIMA Estate. Similarly, contributing to the stable growth of the commercial business unit, The Outlets at Pueblo Verde boasts a weighted average occupancy of 96%.

A New Path Forward

The Philippine real estate industry is poised for robust growth as it continues to be resilient amid economic challenges. The Aboitiz group remains optimistic in the sound fundamentals of the industry as AboitizLand positions itself to seize opportunities in this bullish market.

One can look to the continued evolution of our industrial parks into thriving, fully-integrated townships serving thousands of people daily.

Similarly, our existing communities will be strengthened by the addition of complementary components that complete the live-work-play concept.

Constantly searching for opportunities to expand, we continue to build our land bank in key growth areas while looking for more strategic partnerships whether within the Aboitiz Group, or with other leading property developers.

Celebrating our quarter-century milestone, we believe more than ever in the promise for AboitizLand to become a significant contributor to the Aboitiz Group. As we continue to strengthen our operations, AboitizLand is steadily laying the groundwork for sustainable growth to ultimately create long-term value to our stakeholders, advancing business and communities for the next 25 years and beyond.

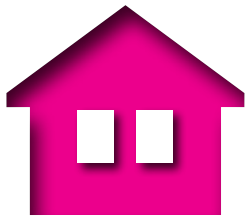
Milestones

Contributed to AEV a consolidated revenue of **PHP4.2 billion**, posting a 5% increase from 2018



Exceeded target for industrial lot sales, with **44 hectares** sold at LIMA Land

Expanded the residential portfolio in Luzon by launching **The Villages at Lipa** in Batangas and **Ajoya** in Pampanga – our third Ajoya in Central Luzon.



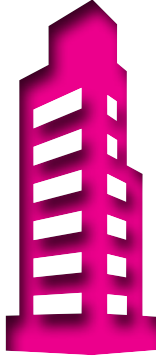
Increased occupancy at **The Outlets at Lipa**

by signing key tenants such as H&M, Nike, Adidas, Coffee Bean and Tea Leaf, Bench, and Starbucks, while maintaining full occupancy of Cebu commercial

The Outlets at Pueblo Verde and The Persimmon Plus



Bolstered the transformation of LIMA Estate into a new industry city with the opening of LIMA Exchange, and partnering with Edustria to expand the offerings at the township with more retail options and education



Strengthened our foothold in Cebu by partnering with

Cebu Landmasters

to develop two mid-market, multi-tower condominium projects in Mandaue City

Added a new category in our portfolio with the acquisition of a

50% stake in Point Blue, microstudio rental apartments located near key business districts in Metro Manila

Commenced house turnovers to Seafront Residences and Amoa vecinos

Outlook



Fortify our ownership of the industrial-anchored township segment through further expansion of LIMA Estate, and the development of MEZII and West Cebu Industrial Park into

new industrial cities

Strengthen the mixed-use concept in our existing communities by building complementary projects that promote a

live-work-play environment

Continue building recurring income through industrial long-term leases and new product concepts such as

integrated micro-solutions and commercial developments

in communities we are located in

Expand our customer base in Luzon as we start to turnover houses to vecinos in Ajoya Cabanatuan and Ajoya Capas



Grow our land bank by at least **1,000 hectares** in key growth areas

Further explore various real estate formats that will help maximize value of current land assets and generate cash through the disposal of non-core assets



Capitalize on opportunities to synergize with other Aboitiz business units, and collaborate with top property developers



abc stories

Youth Empowerment Through Sports Education

For over 25 years, AboitizLand has nurtured communities seeking to fulfill its brand promise of creating better ways to live.

Guided by the Aboitiz value of responsibility, we have advanced the lives of communities that host our developments, as we advance the interests of our business.

Through the AboitizLand Football Cup (AFC), we see the opportunity to advance communities by inspiring the Filipino youth. As we nurture the holistic development of each young individual by empowering them through sports education, we are able to shape them as future nation builders.

Since its humble beginnings in 1997, the AFC has flourished into a prestigious national league that engages more than 5,000 athletes every season.

In 2018, we marked the league's 20th year anniversary and in over two decades we have seen its exponential growth. In Cebu, 145 teams from 18 different categories participated. We also launched the first season of the tournament in Luzon participated in by 96 teams with close to 2,000 players.

In line with our national expansion, we have taken the AFC to our very own facility in LIMA Estate. The Aboitiz Pitch at The Outlets at Lipa is a massive synthetic-grass football field conforming to the standards of the Fédération Internationale de Football Association (FIFA). It has a 1500-seating capacity and is ready to host countless games and officially become the league's home turf.

For over 20 years, we have been honing football enthusiasts to become professionals in the competitive football scene. We have seen passionate athletes shine and successfully carve their names in football tournaments both locally and internationally. Beyond the games, we also hold football clinics to train coaches as well as players at the grassroots level.

The story of AboitizLand Football Cup encompasses the hope and aspirations of young players who have grown into full-fledged athletes. It is about nurturing talents and realizing potential, and extending our unwavering support hinged on a greater vision.

4

QUALITY
EDUCATION





abc stories

Envi-Sensitive Land Development

Our drive to create better ways to live extends to our commitment to shaping a sustainable future for our communities, while we work towards expanding our footprint. This is evident with how we advocate for environmentally-sensitive planning while pushing efforts that balance the interest of the people and the planet.

At Seafont Residences, we continue to protect the thriving eco-system of the Olive Ridley sea turtles discovered within the site. Intent to preserve their sanctuary, collaborative programs have been put in place to help nurture and conserve the endangered marine species.

In 2019, we partnered with the Department of Environment and Natural Resources (DENR) and Environmental Science experts from University of the Philippines Diliman for a 5-Year Conservation Plan. Residents of nearby towns are also actively involved in the initiative through an engaging community rollout and education drive. Included in these sustainability efforts are regular reviews of the development's master plan.

We also continue to provide access to affordable, reliable, and sustainable energy. In partnership with Aboitiz Power, LIMA Estate obtains almost 70% of its power supply from renewable sources such as geothermal and hydro. In addition, we allow our merchants and locators to benefit from renewable power through a 1.5-megawatt peak (MWp) rooftop solar project inside the township.

With this, not only do we offer adequate and stable supply but also realize long-term energy cost savings for our stakeholders. Moreover, we expect to offset an estimated 31,000 tons of carbon dioxide per year, which is equivalent to planting around 1.4 million trees.

7 AFFORDABLE AND
CLEAN ENERGY



11 SUSTAINABLE CITIES
AND COMMUNITIES



abc stories

Holistic

Community Building

As we transform LIMA Estate into a new industry city, we also promote sustainable economic growth, full and productive employment, as well as decent work for all. Currently the number one-selling, and the single largest privately owned industrial park in the Philippines, we are able to provide jobs to over 65,000 people.

By completing our fully integrated township, we will be able to welcome more locators as well as more merchants in The Outlets at Lipa, thereby opening more job opportunities within the locality. With offices and other establishments slated to start construction by 2020, we expect an increase in the number of job seekers whose families' lives we will be able to help uplift.

This is not new to AboitizLand. A leader in the industrial real estate scene, we have also played a significant role through the West Cebu Industrial Park (WCIP) in the evolution of Balamban from a fourth class to a first class municipality. Similarly, the Mactan Economic Zone II (MEZII) continues to host a total of 49 locators, further contributing to the economy and generating livelihood opportunities.

Moving forward, AboitizLand will remain steadfast in driving positive societal advancement. Guided by the values of the Aboitiz Group, we will continue to nurture lives, elevate lifestyles, and strengthen the economy while ensuring growth that goes beyond profit, and extends to the communities around us.

8 DECENT WORK AND
ECONOMIC GROWTH





CORPORATE SOCIAL RESPONSIBILITY

CORPORATE SOCIAL RESPONSIBILITY

Results of Operations

Weaving the Aboitiz Core Values: Aboitiz CSR Then, Today, and of the Future

The challenges to fight poverty and help improve quality of life to millions of Filipinos nationwide not only require unity in its simplest sense, but one that is harmonious, fruitful, and held stronger by positive values. Over the decades, this has always been a critical ingredient to creating lasting and positive change.

As societal and environmental problems become more complex, companies around the world

are challenged to play bigger roles in driving sustainable change and recognize the blurring line between poverty reduction and market success. More and more companies embrace the idea that one needs to do good to do well.

The Group has always been a firm believer that there is a strong connection between business sustainability and community growth. We continuously face the challenge to scale up our CSR strategies by moving **beyond doing good to 'building good communities together'.**



Susan V. Valdez
Outgoing President
Aboitiz Foundation



Maribeth L. Marasigan
Incoming President and COO
Aboitiz Foundation



Good connotes a value more uplifting than a competitive spirit and highlights the creation of value led by values.

Being able to provide assistance to thousands of Filipinos nationwide for over 30 years, we recognize our capability to integrate sustainable solutions to poverty and strategize social development partnerships of both the private and public sectors. Today, our lens has become wider as we maximize our CSR approach to align with Aboitiz Group's business strategy and contribute to the national social development agenda.

In this track, the Aboitiz brand promise continues to be our north star, and our corporate core values, the foundation of everything that we do.



Aboitiz team members cover school books as part of the Aboitiz Group's support to DepEd's Brigada Eskwela.



The Aboitiz Group is committed to upholding our values of integrity, teamwork, innovation, and responsibility to support our goal of providing long-term benefits to all our stakeholders through our businesses, corporate social responsibility projects, and partnerships.

From our early beginnings, we have made it our deep responsibility to continue to look out for the well-being of our fellow Filipinos, especially the communities we serve. We will continue to pursue sustainable growth for all our businesses, enabling us to help deliver the needs of those who depend on us – our team members, our partners and consumers, and our communities.

Integrity, Leadership, and the Next Level of CSR

In crafting our CSR strategies and programs, we have a simple and clear goal in mind: **We want to do the right thing for the communities.** However, doing the right thing is not an easy task.

Since the Aboitiz Foundation was established in 1988, leading and managing CSR with integrity have kept us on the right track. This helps us develop transformational programs and be recognized as a reputable and trustworthy partner in community advancements and nation-building. With our growing relationships with communities nationwide, our maturity in managing CSR programs, our rich social investment portfolio, and network of partners, we will continue to progress to the next level of CSR and demand more meaningful and quantifiable outcomes from our projects.

In 2019, we stepped back to fully understand the direction we have to take to reach this goal. We organized various planning workshops, design thinking sessions, and dialogues to plot strategies in developing a fundamentally different approach to CSR while implementing parallel efforts to integrate it into our everyday businesses.

During the CSR Forum 2019, we announced a clearer track towards co-creating safe, empowered, and sustainable communities and introduced a new attribute that defines our vision for the next five years: **prosperity**. Thus, we commit to take more productive actions for our partner-communities and help them live richer and fuller lives.

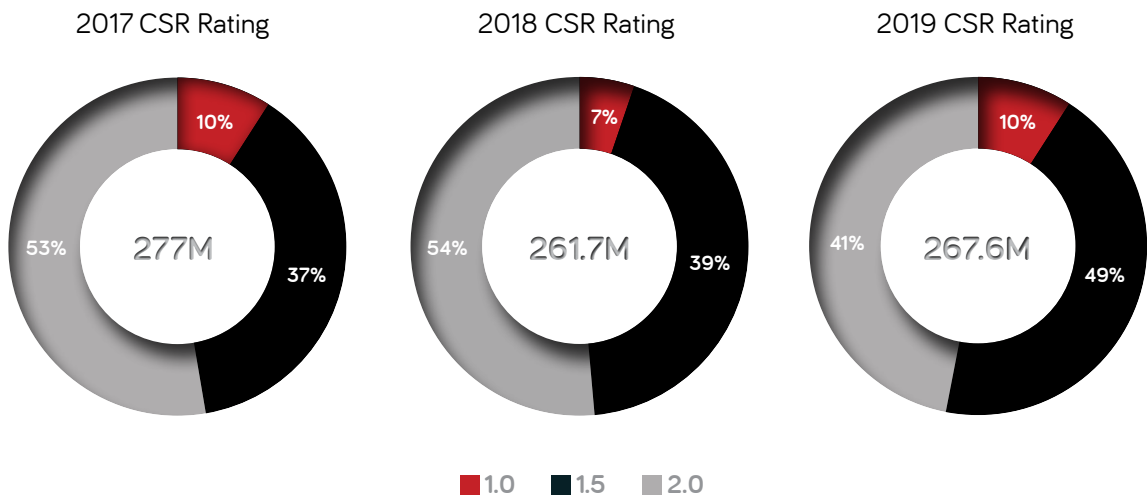
In 2019, we crafted a new value proposition: **Aboitiz Foundation as the orchestrator of a dynamic and interdependent Aboitiz CSR Ecosystem.** This value proposition is executed through the following Strategic Pillars:

- **Broader Governance** - involves program development, mechanisms for monitoring and measurement, providing frameworks and structures to find the balance between accountability and responsibility to achieve our objectives
- **Resource and Network Mobilization** - is about network facilitation, partner and stakeholder management, volunteer mobilization and management, and harnessing individual passions
- **Capacity Building** - pertains to an intergenerational and participatory approach, development and implementation of sustainable solutions, empowerment of community leaders, innovations and technology, and management of a network of trainers and mentors

Guided by the Aboitiz core values of **integrity, teamwork, innovation, and responsibility**, we will further build momentum towards realizing the **Aboitiz CSR legacy** – one that is able to influence and shape social progress, and scale-up our CSR into a worthwhile movement that has depth and greater relevance.

CSR Parameters and Our Success Measures

CSR 2.0 JOURNEY



We continue to be guided by our CSR 2.0 parameters to ensure that we achieve inclusive impact. These parameters include the alignment with the Group’s core businesses and the Foundation’s program pillars, scalability, team member engagement, and provision of long-term benefits for our partner-communities.

In 2019, 41% of our CSR projects reached CSR 2.0 status. This includes projects such as the Purposive College Scholarship, Mahalin Pagkain Atin, Classroom Rewiring, and the Community-Based Disaster Risk Reduction and Management Training.

For the year, we had a total of 1,785 projects, managed in partnership with the Aboitiz business units (“BUs”), that touched the lives of 704,059 beneficiaries and 43,523 groups and communities.

One example, is the assistance we provided to the communities affected by the Marawi siege. After the war ended, we aided in restoring the income and dignity of our partner-communities by helping them become corn farmer-suppliers of Pilmico Foods Corporation (“Pilmico”).

From 2018 to 2019, displaced people who settled in the municipality of Balo-i were successfully organized into the Marawi-Balo-i Association (MBA). Since then, it has expanded its corn plantation from 10 to 30 hectares and has so far supplied 70 tons of yellow corn to Pilmico.

As the organization is being groomed to become a cooperative, it is doing its groundwork to be a consolidator for both the MBA member-farmers and other farmers in Balo-i, benefitting both Muslims and Christians in the area.

We strategically plan and execute CSR programs to maximize resources and achieve our target goals through our total social investment of PHP382 million, of which nearly PHP268 million is funded by the Aboitiz Foundation and the rest, are spent directly by our BUs for their own CSR projects.

To continue co-creating safe, empowered, and sustainable communities, we remained focused on the areas of education, enterprise development, and the environment.





The Aboitiz Foundation continues to invest heavily on education projects in the hope of bridging education to employment and empowering lifelong learners.

Education as an enabler for empowerment

We continue to recognize the success of our education-related projects through our scholars. Knowing that our initiatives help them become gainfully employed, start a business, or pursue further education energizes us to move forward in investing on more projects that truly empower individuals.

Bridging Education to Employment (2014-2019)

 College Scholarship	302	262	171	40	80% Employment Rate
	Scholars	Graduates	Employed by Others	Employed by Aboitiz	
 Tec-Voc Scholarship	652	578	324		56% Employment Rate
	Scholars	Graduates	Employed		



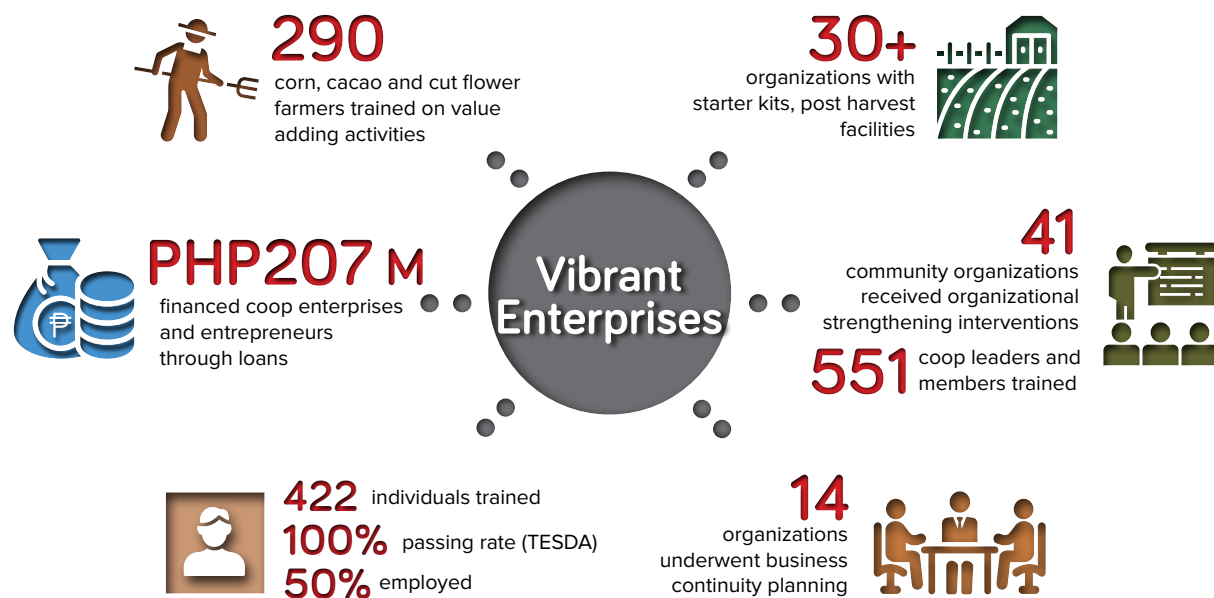
The Aboitiz Foundation assists cutflower farmers in identifying value-adding activities and expanding their markets.

203-2, 413-1

Enterprise development towards shaping resilient enterprises

In 2019, our Enterprise Development approach focused on providing end-to-end and cost-efficient interventions for community-based enterprises. As part of our One Coop One Product (OCOP) strategy, our projects ensure that relevant support is provided from production to marketing, by orchestrating support from various actors. These include leveraging resources for the capacity building, infrastructure, financing, and market linkage needs of community enterprises. We also worked with our Environment team in rolling out Business Continuity Planning sessions that aim to manage the vulnerabilities of our partner cooperatives and promote enterprise sustainability.

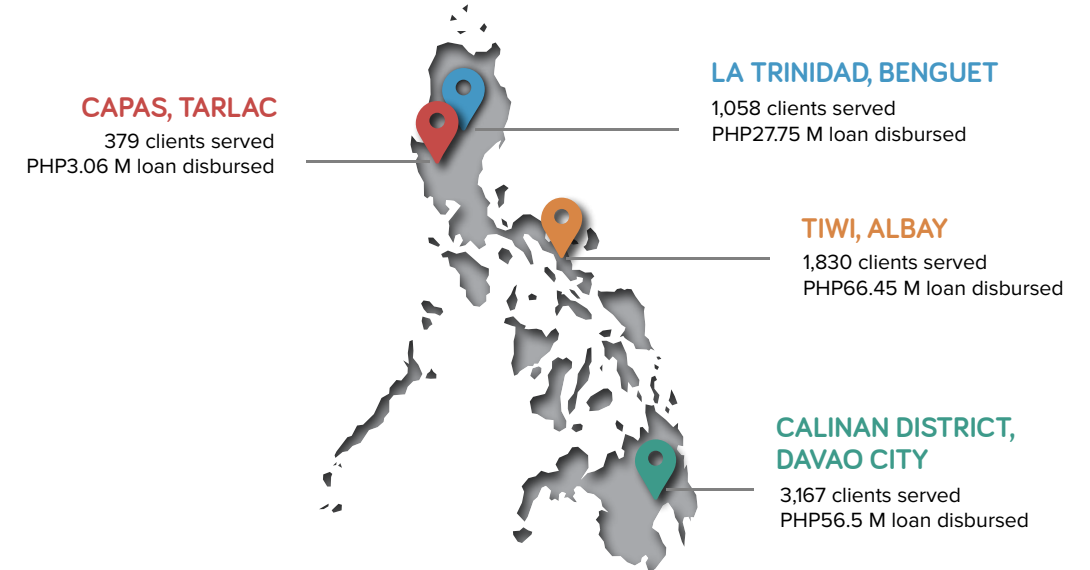
Livelihood and Enterprise Development Interventions Results (2018-2019)



Our Adopt-a-Branch CARD program in partnership with Center for Agriculture Rural Development (CARD, Inc.) increased its client base by 17% or 6,434 clients from 5,500 in 2018. A 99.58% repayment rate allowed us to disburse a total of PHP154 million in loans in 2019.

Meanwhile, our Wholesale Fund Program helped 27 cooperatives and associations scale up their businesses, by disbursing PHP52.8 million in loans since 2016.

Adopt-a-Branch CARD Program

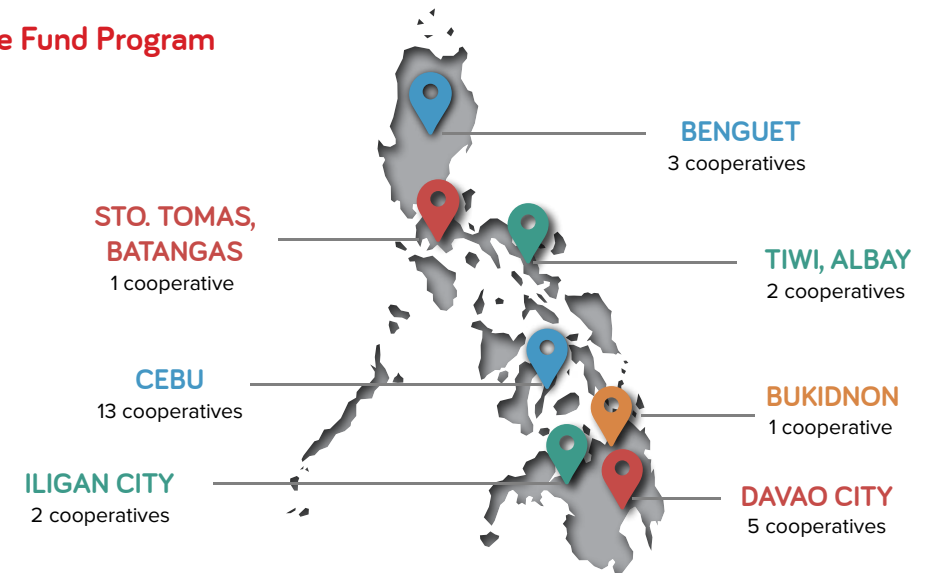


6,434
Members/Clients Served from 5,500 in same period of 2018

PHP154 M
Loan Disbursed (130%) since 2016; from PHP67 M in the same period of 2018

99.58%
Re-payment Rate

Wholesale Fund Program



27
Partner Cooperatives and Associations

PHP52.8 M
loans disbursed since 2016



Students of San Jose Sico Elementary School in Batangas City participated in the KiDisaster program in celebration of the National Disaster Resilience Month on July 2019.

203-2, 413-1

Advocating disaster preparedness and resilience

Our environment initiatives in 2019 focused on building the resilience of communities. Our teams trained 659 Filipinos from 47 barangays and 12 schools nationwide on disaster risk reduction and management. These community-based disaster risk reduction and management (CBDRRM) training-workshops help community members and disaster resilience coordinators identify local risks and hazards and develop their action plans to mitigate risks. This activity is done in partnership with the WeatherPhilippines Foundation (WPF) under its #WeatherWiser Nation campaign.

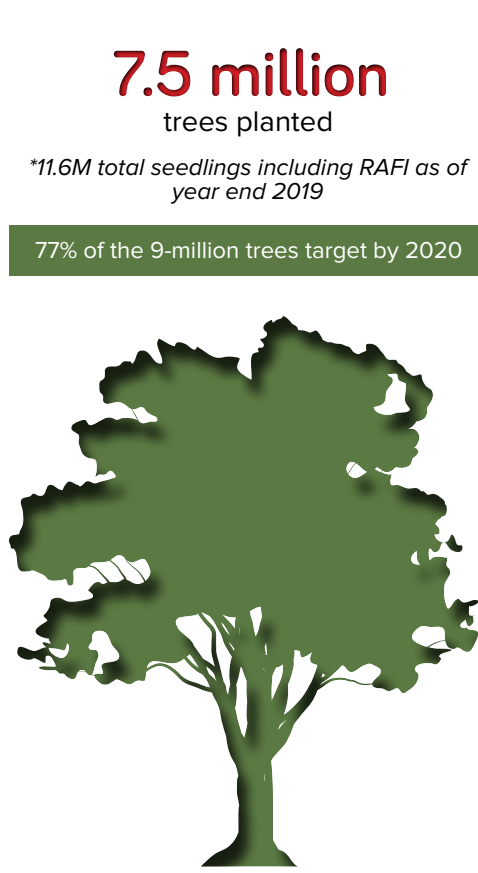
Aside from advocating disaster resilience, WPF also conducted Weather 101 training sessions for 1,986 participants, who said

their weather knowledge increased by 80% after the sessions. The learning sessions were in collaboration with 596 organizations in the country, including Knowledge Channel Foundation and the Department of Science and Technology-STII, that aims to develop weather education information and communication materials for use of schools and other research institutions.

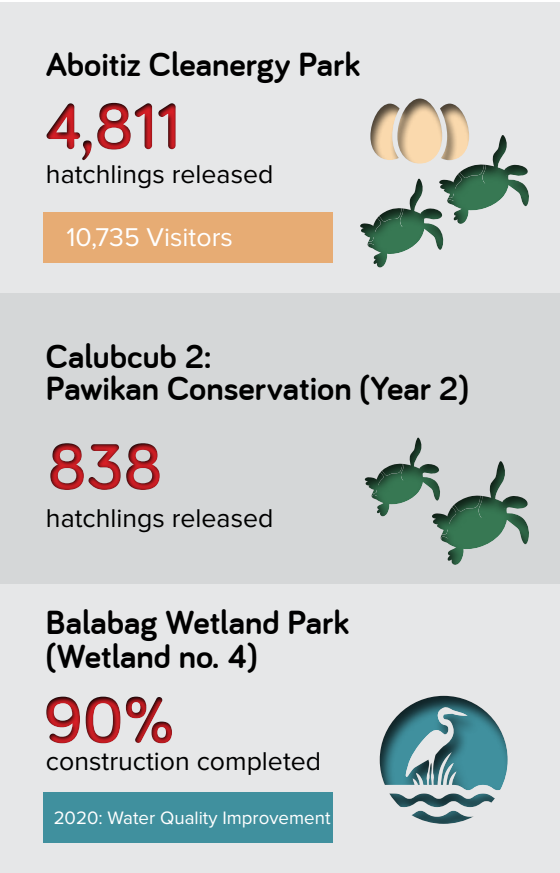
With backend and technical support from social enterprise Weather Solutions, Inc., WPF provides near-real time, localized, and accurate weather data including forecast data and maps, tropical cyclone forecast tracks, lightning data, and satellite images. WPF also built its community of #WeatherWiser advocates through over 140,000 followers and 1.56 million website visitors in 2019.

Taking responsibility to save the environment

Part of our environment program is focused on reforestation and environmental sustainability. As of 2019, we have planted 6.9 million trees out of the 9 million target by 2020, in partnership with the Ramon Aboitiz Foundation, Philippine Business for Social Progress, and Therma South, Inc.



We also maintained Aboitiz Cleanergy Park, a turtle sanctuary where we welcomed 10,735 visitors and released 4,811 hatchlings in 2019. We are also nearing the completion of the Balabag Wetland Park in Boracay, a collaborative project with the Department of Environment and Natural Resources.



Power of Teamwork and the Integrated CSR Approach

As our strategies continue to evolve through integration, we pursue continuous improvement by revisiting our implementing structures.

In 2019, we successfully operationalized the Integrated CSR (iCSR) Regional Councils in Luzon, Visayas, and Mindanao, composed of CSR teams in the said locations. These councils regularly meet to discuss, plan, and manage

integrated CSR projects that highlight the pooling of resources and sharing of expertise of various Aboitiz business units and partners.

The iCSR Luzon regional council is composed of three subgroups based on the location of our business units: northern, central, and southern Luzon. A series of dialogue and assessments of the regional council

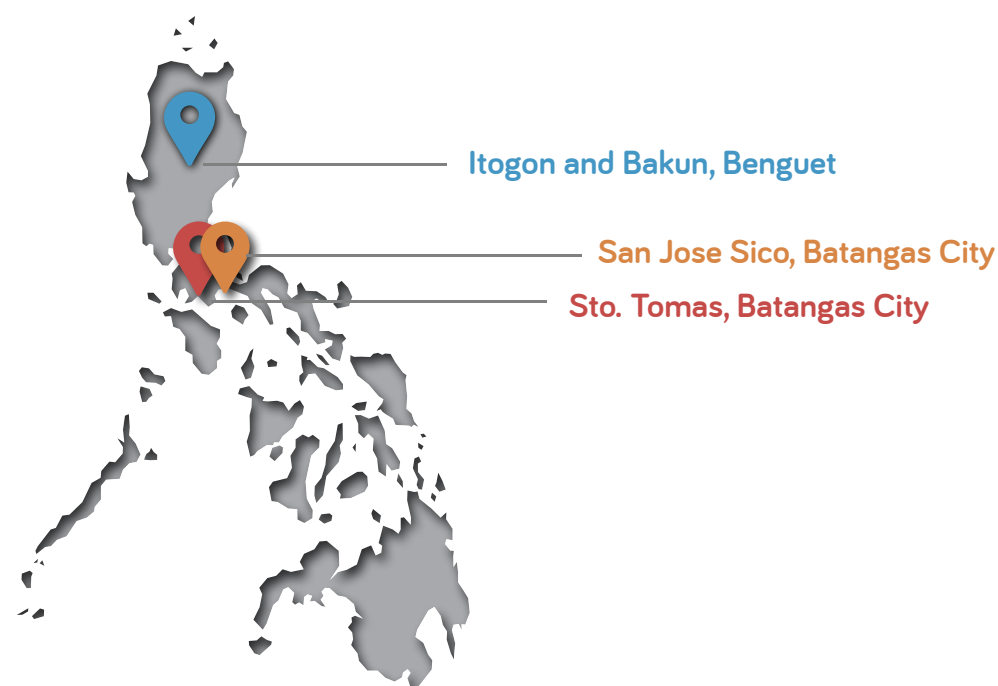
revealed that compared to the rest of the regions, Luzon has the highest frequency of calamities per year. This led the council to implement an integrated CSR program, Collaboration Towards Disaster Resilience, that aims to develop and scale up disaster-prone areas in the Luzon region through end-to-end sustainable development programs.

As part of the program, Community-Based Disaster Risk Reduction and Management training sessions were rolled out in various barangays in Itogon and Bakun, Benguet, and

Sto. Tomas, Batangas. These sessions and other initiatives of iCSR Luzon work towards helping the assisted communities develop and implement their own disaster preparedness plans. To date, iCSR Luzon has trained 100 individuals and reached six barangays in their target areas.

Meanwhile, the iCSR Visayas regional council is working on two CSR programs: Cebu A-Park and the School-Based Disaster Risk Reduction and Management Program (SBDRRM).

iCSR Luzon: Collaboration Towards Disaster Resilience



ACTIVITY	BUSINESS UNITS	AREA	BENEFICIARIES
CBDRRM	SNAP, Hedcor, WPF, APRI, AboitizLand, LIMA Land, PETNET	Itogon and Bakun, Benguet Sto. Tomas, Batangas City	Barangay DRRMO, community members
KIDisaster	Republic Cement, AEV, PETNET, WPF, TMO, AP Sales	San Jose Sico, Batangas City	Grade 4-6 students

iCSR Visayas: Cebu A-Park (Buhisan Watershed)

YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<ul style="list-style-type: none"> • MOA Signing with PBSP • Upland Reforestation/Enrichment • Nursery and Plantation Establishment • Butterfly Sanctuary • Establishment of Boundary Marker and Trails • Community Mobilization and Planning 	<ul style="list-style-type: none"> • Construction of Tower Guard House • Installation of Solar Power Lamp Post • Establishment of Boundary Markers and Trails • Nursery Establishment • Plantation Establishment and Maintenance • Upland Reforestation/Enrichment 	<ul style="list-style-type: none"> • Riparian Establishment • Establishment of Boundary Markers and Trails • Nursery Establishment • Plantation Establishment and Maintenance • Strengthening of People's Org on Project Management and DRRM • Upland Reforestation/Enrichment 	<ul style="list-style-type: none"> • Construction of Butterfly Enclosure • Gabion Establishment • Riparian Establishment • Construction of Tower Guard House • People's Org on Project Management and DRRM • Upland Reforestation/Enrichment 	<ul style="list-style-type: none"> • Assessment/Project Evaluation and Documentation • Establishment of Boundary Markers and Trails • Strengthening of People's Org on Project Management and DRRM • Upland Reforestation/Enrichment

In partnership with the Philippine Business for Social Progress, the Cebu A-Park was established to rehabilitate the 150-hectare adopted area in the Buhisan Watershed. This is the focus of the five-year program that will reforest and enrich the upland area through tree planting activities and establishing a butterfly sanctuary, plantation area to name a few. Through Cebu A-Park, the partner-communities will also be trained on project management and Disaster Risk Reduction Management.

On the other hand, the SBDRRM program has been conducted in 11 schools and trained 30 teachers in San Carlos City, Cebu. In partnership with the Municipal Disaster Risk

Reduction and Management Office and the local government of San Carlos City, the teachers who also serve as Disaster Risk Reduction Coordinators increased their awareness of the possible risks in their respective schools' locations. Moreover, the training identified the school's requirements to fully implement the disaster resilience plans. These gaps are being addressed by the local government.

Following the training sessions, the iCSR Visayas is continuously monitoring the assisted schools, organizing follow-through meetings and workshops, and coordinating with the concerned agencies to ensure that the plans are updated and executed.

iCSR Mindanao: Cacao Agribusiness project

The iCSR Mindanao is implementing the three-year Cacao Agribusiness project in Davao City. This is done in partnership with the Apo Farmers Multipurpose Cooperative (AFAMULCO), which is composed of Bagobo Klata Indigenous Peoples, and the Cacao Industry Development Association of Mindanao (CIDAMI).

The collaboration of 12 Aboitiz business units in Mindanao focuses on value-adding activities for AFAMULCO, which produces raw cacao and supplies wet beans to buyers at a very low price. Without the resources to invest in processing facilities, and lack of entrepreneurial skills, the coop faced challenges.

To respond to these issues, a set of organizational, leadership, and cacao-specific training sessions and business incubation activities were held to help strengthen AFAMULCO and revitalize its cacao business. This enables the farmers to participate in other phases of the cacao value chain.

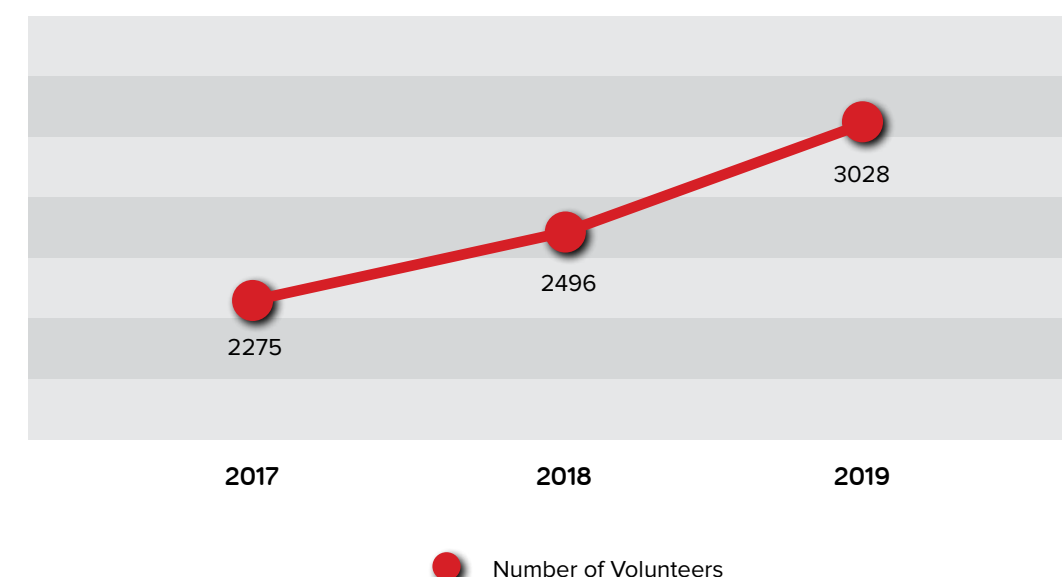
The Kakao Konek conference sponsored by CIDAMI provided an opportunity for the farmers to learn about the latest trends and income possibilities related to cacao farming. The cooperative strengthening activities which included Strategic Planning, workshops on leadership, and values reorientation were facilitated by trainers from Davao Light. The business units also provided mentoring on how to grow its membership and shared capital, and connected them to other networks that will help them expand their capacities.

The project also aims to preserve the indigenous peoples (IP) culture through the design of culturally-sensitive activities, and the documentation and promotions of their culture for both community members and the young generation.

Strengthening values through volunteerism

As we explore more possibilities to maximize our resources and put our strategic pillars into

Team Member-Volunteers Figures



practice, we come to the realization that our strength lies in our capable team members who remain committed to collaboration in order to achieve shared goals. Year after year, the number of our team member-volunteers grow.

In 2019, we had a total of 3,028 volunteers, who participated in various CSR projects

such as the Aboitiz Simultaneous Tree Planting Activity, Brigada Eskwela, Aboitiz Christmas Outreach, and other activities directly implemented by the business units. These figures demonstrated our impressive teamwork and a powerful sense of shared responsibility towards advancing business and communities.

Innovations for Social Development

In this era of change, we recognize the need to explore more opportunities for the growth of our communities.

Aboitiz School of Innovation, Technology, and Entrepreneurship

One of our innovative social investments is the historic 100th Anniversary donation of USD10 million made to Asian Institute of Management (AIM). This commitment fund will help address the demand for skills and talent in data science and innovation in the country and the region by supporting various degree programs, professorial chairs, student loan programs, and facilities improvement of the newly-renamed Aboitiz School of Innovation, Technology, and Entrepreneurship (ASITE) at AIM. ASITE will

also respond to the demands of an emerging knowledge and technology economy in Asia that inspires real-world learning and shapes future-ready industry leaders.

Kabataan Inyovator

In 2019, we also highlighted the launch of the Kabataan Inyovator: An Aboitiz Robotics Competition, which seeks to empower the youth through robotics. Kabataan Inyovator proves the Aboitiz Group's commitment to take education projects to the next level by actively supporting STEM education. This project highlights the collaboration of various organizations such as the Aboitiz Foundation, Davao Light, Pinoy Robot Games, Ateneo De Davao University, and the Department of Education in Davao City.

Team members actively joined various volunteering activities such as the Aboitiz Simultaneous Tree Planting (left), Brigada Eskwela (top right), and Aboitiz Christmas Outreach (bottom right).



During the culminating event held in December 2019, 280 elementary, secondary, and college students from 50 schools in Visayas and Mindanao brought their innovative ideas to life by solving community problems through technology and invention. It gave the students the opportunity to showcase their skills in building robots, which they had learned from their four-month robotics training program.

KINDER by Aboitiz

During the Aboitiz Foundation's 30th anniversary in 2018, we launched KINDer by Aboitiz, a donations website. A year since its launch, the site has built a growing community of #KinderEveryday ambassadors who help enable various social development projects move towards their goals. From hosting 11 nonprofit projects on the website, KINDer

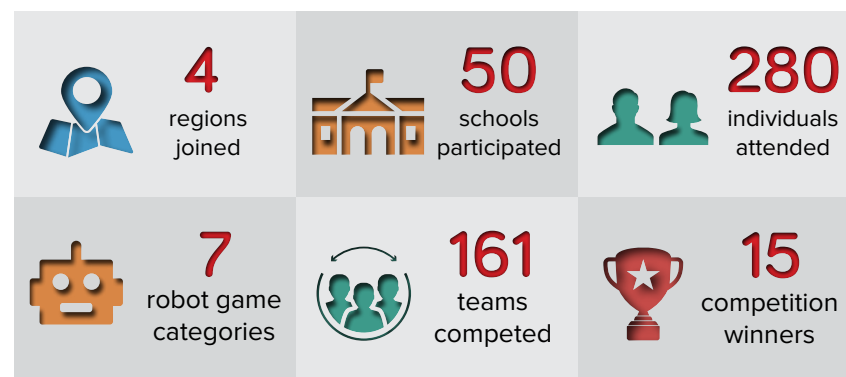
grew to empowering 20 campaigns to gather funding support by the end of 2019.

One of our KINDer campaigns is a collaboration of various Aboitiz business units with JCI Davao, PawiCAMP. It raised funds for a day camp that teaches students on environmental responsibility and endangered species conservation. From the pooled donations on KINDer, we also helped fund 13 cleft lip and palate surgeries through Smile Train Philippines Foundation, taught 300 out-of-school youth through

Bangketa Eskwela, and hired two teachers who will mentor hundreds of students of the AHA! Learning Center.

To date, KINDer has been seen as a platform for nation building that inspires each individual to be part of a collective effort for social change. The award-winning website has set up crowdfunding campaigns for 15 development projects in 2019 and gathered more than two million pesos donations from individual donors.

Empowering the Youth through Innovation



Fueled by values to move forward

From all our milestones in 2019, we have learned that nothing is too hard to achieve as long as people work together to push the limits towards a common goal. We realized that working towards goodness and wealth creation can reap greater rewards for our partner-communities. After two years of cascading our vision of co-creating safe, empowered, and sustainable communities through integration, we have finally witnessed collaborative and scaled up projects developed and implemented at the regional level.

As we open the year 2020, we will continue to advance towards focusing on areas where we can have the most impact. We will work with business units to gather data through profiling and baselining, which will educate us on the most appropriate strategies and courses of action. We will also invest in capacity building so that our teams gain the most effective skills to empower more communities.

Together with our partners and stakeholders nationwide, we will continue persevering to pursue profit with a purpose and traverse a journey guided by the Aboitiz core values.

By fully implementing an integrated approach to CSR, we can effectively pool our resources through Regional Councils and move forward in implementing solution-focused and integrated projects with our partner-communities.

As we celebrate the Aboitiz Group's first century of success in 2020, we will continuously recognize CSR not as a charitable act alone, but a key contributor to where we are today. It is the reason why our neighbors believe in us and the effect of how we naturally live out our core values. Moving forward, the Group's CSR will remain strongly committed in this path so that one day, each of our communities can be defined as one that is constantly growing with values, and creating shared value.



The Aboitiz Foundation develops innovative CSR projects and maximizes technology for social good.

abc story

Building Resilient Communities and Enterprises

Being on the west of the Pacific Ocean exposes the Philippine archipelago to geological, climatological, and weather-related hazards. Perhaps two of the most devastating hazards in 2019 were the 6.5 magnitude earthquake, which rocked Cotabato, and the Typhoon Kammuri (locally named Tisoy) that crossed Southern Luzon and severely affected thousands of lives.

While we realize these hazards are mostly ‘uncontrollable’, we continue to strengthen our advocacy of building a disaster-resilient and #WeatherWiser Philippines by scaling up our disaster resilience awareness and education strategies.

We conduct training sessions on Community-Based Disaster Risk Reduction and Management (CBDRRM) that empower communities to identify, analyze, treat, monitor, and evaluate risks through science-based methods. It entails participatory planning with vulnerable groups to train them in making informed decisions while they prepare, implement, and assess the Barangay DRRM plan.

Village Chief Jonnie Puroc of Brgy. Alno in La Trinidad, Benguet said that their training was very beneficial to the villagers as their municipality is prone to natural hazards such as landslides and flash floods.

“Aboitiz Group has been an active community partner and we sincerely appreciate its effort to make sure that our community is safe and secure at all times,” Puroc said.

When Typhoon Ompong (Mangkhut) hit Benguet in September 2018, the local government reported zero casualty in barangays Alapang, Alno, Beckel, Bineng, and Shilan - Hedcor’s five (5) host communities that were trained in CBDRRM.

La Trinidad Municipal DRRM Project Engineer Felipe Esnara Jr. recognizes that the capacities of each individual should be built with training sessions and information on disaster and its components, which the local government is continuously working on.

“If the community is being trained for disaster resilience, how about the entrepreneurs?” Esnara asked. He explained that losing enterprises during disasters also affects everyone’s lives. Utility services and products such as food, construction materials, clothing, and cash loans are essential in recovery and rehabilitation.

Thus, together with the municipal cooperative development and DRRM offices of La Trinidad, Benguet, we piloted a two-day training session on Business Continuity Planning (BCP) that was attended by five local cooperatives - Thanksgiving Multipurpose Cooperative, Barangay Alapang Multipurpose Cooperative, Lamut Multipurpose Cooperative, Shilan Multipurpose Cooperative, and Gusaran Wangal Water Service Cooperative.

The cooperatives were taught to develop their business continuity plans, which involved the creation of a prevention and recovery system. It ensures that their personnel and assets are protected from potential threats such as natural disasters and cyber attacks, and are able to function quickly in the event of a disaster.

On December 2019, La Trinidad, Benguet bagged the National Gawad Kalasag Award for the first to third municipalities category. Last year, the town also won first place in the same category. Gawad Kalasag is the country’s premier annual awards for outstanding contributions in the fields of DRRM and humanitarian assistance.

To date, the Aboitiz Group has established nearly 600 organizations and agencies, trained more than 9,000 individuals on weather and disaster resilience, and developed 57 community-based DRRM and BCP plans.



Management Approach

Guided by Values for a Sustainable Future

In this section, we share with you our approach to business and how our Group Purpose drives the why and how we do things in Aboitiz. Detailed information is in the AEV Annual Report 2019 Form 20-IS filed with the Philippines' Securities & Exchange Commission.

Leadership towards a Sustainable Future

Our leadership commits to continuously improve our Environmental, Social and Governance (ESG) performance. 2019 marked a tipping point on how we will improve on our 11-year sustainability journey.

Over the years, sustainability has been ubiquitous in our coverage of environmental management, labor practices, social responsibility, and fair and ethical governance in our business ventures.

We have translated sustainability in our brand promise of advancing business and communities. As we grow the business, our stakeholders grow with us. For Aboitiz, we define sustainable development as inclusive growth that looks into the dimensions of ESG.

Environment - Conscious of our limited resources, the Aboitiz Group minimizes competition for them in the communities we operate and ensures that these can be replenished for future generations.

Social - The Aboitiz Group understands the basic premise that no business shall succeed in failing communities. As such, we implement sound labor practices in the workforce and responsible operations in our host communities.

Governance - The Aboitiz Group operates and manages the interest of its stakeholders, including checks and balances, that enable the Board of Directors to exercise appropriate control and oversight responsibilities on the environmental and social dimension.

We follow this simple equation:

Advancing Business and Communities = Sustainability
Sustainability = Environment + Social + Governance

Working towards a sustainable future has redefined our leadership functions and responsibilities to strengthen the company's strategy, work plans, and performance targets.

The creation of the ESG Technical Working Group ensures that material issues are discussed and addressed by the corporate service units and the strategic business units. The group shall report to the Aboitiz Group Management Committee (ManCom), which shall be responsible for monitoring ESG integration in the company's principles and policies.

The Board ESCG Committee is responsible for direct oversight on sustainability and the ESG framework, ensuring that board approved ESG direction is integrated into the Aboitiz Strategic Pillars.

Our Sustainability Policy and Framework
 103-1, 103-2, 102-47

We can do well by doing good, always making the right long-term decisions that balance

the interests of people, planet, and profit. We are committed to a mindset that views sustainability not as a cost of doing business but as a way of doing good business. Sustainability is an integral part of our business strategy.

We focus on three key areas where the ESG dimensions are present – our triple bottom line approach of people, planet, and profit. This framework is used to set targets, improve performance, and extend the scope of the value it creates. Our ESG performance targets are included in each group's accountability and responsibility; these shall be linked to team members' remuneration and appraisal by 2020.

Our Sustainability Policy and Framework is communicated to our shareholders, employees, vendors, and customers. For more information on our Sustainability Policy and Framework, you may visit: <https://aboitiz.com/sustainability/sustainability-at-aboitiz/>



Sustainability is the guiding force of how Aboitiz does business, shaping the company's strategy, work plans and performance.

The Aboitiz Way

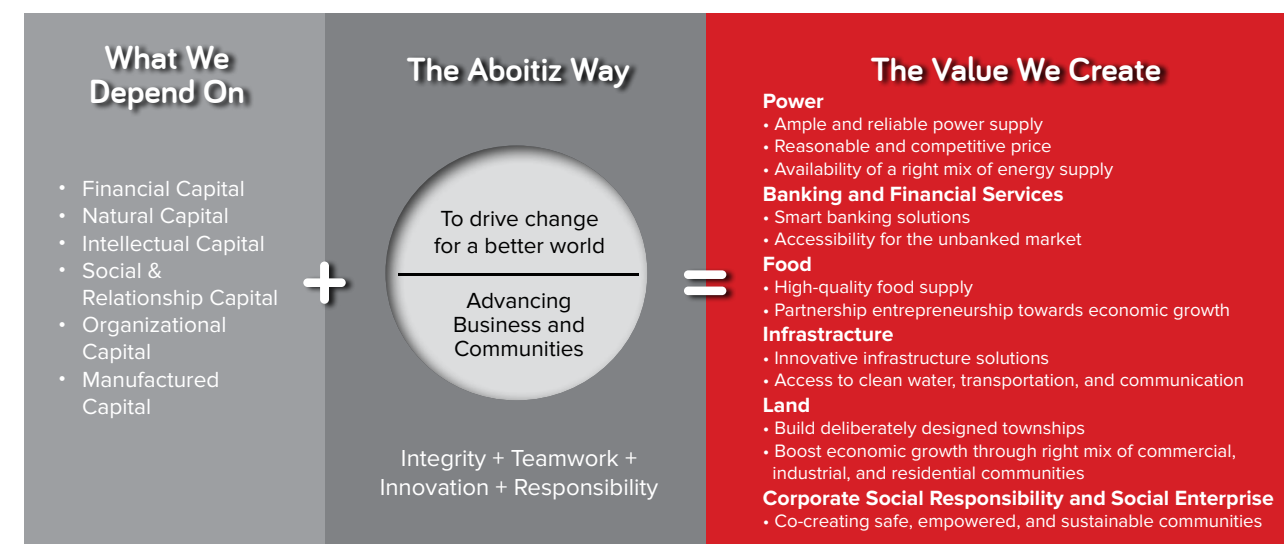


For over a century, we have been building the Group's legacy of core values, behavior, and beliefs that shape The Aboitiz Way, our unique culture nurtured and strengthened over generations.

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

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

Our Value Creation Business Model



Our Group Strategic Pillars

Our SBUs align to the Aboitiz Group's strategic pillars, namely: grow the business, stakeholder engagement, build human capital, and execution excellence. In growing the business, we find investments that make sense to us, cover our cost of capital, work within our risk parameters, and create added value.

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




creation efforts. We continuously engage with all our stakeholders so they may also progress as our businesses grow. Attracting, optimizing, and retaining top-caliber professionals, who help us manage our business and upgrade the Group's capabilities and skills, are crucial to our success. We execute our plans in a timely and effective manner, employing best-in-class systems and processes to sharpen our competitive edge.

Group Strategic Pillars



Our Sustainability Policy and Framework

To drive sustainability throughout its businesses, Aboitiz focuses on three key areas based on the triple bottom line approach — people, planet, and profit. This framework is used to set targets, improve performance, and extend the scope of the value it can make to the Group and its stakeholders.

	FOCUS AREA	OBJECTIVE	MEASURE	2018 RESULTS	2019 RESULTS	REMARKS
 PEOPLE	Team Member Engagement and Development	Attract, optimize and retain team members	Team members (TMs) employed	35,035 TMs	37,815 TMs	8% increase in TMs employed
			Percentage of engaged team members	42%	46%	4% increase in percentage of engaged Team Members
			Average training hours per TM	18 hours		The company is currently reviewing training metrics to assess performance
			Volunteerism	72,346 hours	50,478 hours	Decrease is attributed to engagement and CSR Activities provided by KINDer
			Retention rate (100% less turnover rate)	94%	86%	
	Corporate Social Responsibility	Partner with communities to promote inclusive growth	Number of beneficiaries	998,646 beneficiaries	747,582 beneficiaries	Refocused integrated approach of our CSR Programs (ICSR)
			CSR fund allocation (PHP)	PHP419 million	PHP382 million	100% of the planned projects for spending
			CSR projects	1,827 projects	1,785 projects	100% of the approved projects for implementation
	Disaster Resilience	Increase the capability of local government and the public in disaster preparedness	No. of deployed automated weather stations nationwide	756 AWS	756 AWS	Focused on the maintenance of AWS for the year 2019
			Trained individuals on weather for disaster preparedness (from media, public, and private sectors)	1,901 individuals	1,986 individuals	5% increase in number of individuals who participated in capacity building training
 PLANET	Carbon Emissions Reduction	Reduce Greenhouse Gas (GHG) emissions across facilities	Carbon productivity (Php million revenue/tCO2e)	0.06	0.07	Carbon Productivity is computed as follows (operating revenues/direct emissions)
			Cumulative number of trees planted	6.6 million trees	7.5 million trees	83% of the 9 million trees 2020 target
	Resource Efficiency	Manage resources efficiently	Water consumption	2,496,596 m ³	5,052,206 m ³	Higher consumption due to increase in facilities and offices in 2019
			Energy consumption	713,079 MWh	772,611 MWh	Higher consumption due to increase in facilities and offices in 2019
	Waste Management	Reuse and recycle	Weight of waste materials recycled	42 tons	30 tons	
	Renewable Energy	Tap other RE sources and strengthen our RE portfolio with the development of more hydropower and geothermal capacity	RE source net sellable capacity	1,294 MW	1,242 MW	
			RE generating net sellable capacity	32% RE, 68% NRE	27% RE, 73% NRE	
 PROFIT	Financial Return	Grow profitably	Total return to shareholders	2%	1%	
			Return on Equity	14.9%	13.0%	
	Financial Growth	Grow profitably	Net income After Tax	PHP22.2 billion	PHP22.0 billion	
			Earnings before Interest, Taxes, Depreciation, and Amortization (EBITDA)	PHP61 billion	PHP61.16 billion	

Our sustainability journey towards advancing business and communities

	Embedding Sustainability Environment, Social and Governance (ESG) 2016-2017	Fostering Inclusive Growth and Shared Value Aligning Sustainability and ABC 2018-2019	Redefining our ESG Strategy Thought Leadership in Sustainability 2020-2030
 <p>Governance</p> <p>Goal: Conduct business based on transparency, accountability, responsibility and fairness</p>	<ul style="list-style-type: none"> Developed our Group purpose and refreshed our brand promise Developed our ABC roadmap Aligned and complied the Group's Consolidated Annual and Sustainability Report with GRI Standards Aligned programs with United Nations Sustainable Development Goals (UN SDG) Aligned BetterWorld with ABC campaign 	<ul style="list-style-type: none"> Operationalized our culture, the Aboitiz Way Developed and implemented 2020 CSR Roadmap across the group through an integrated approach to projects that are innovative, measureable, scalable, and solution-focused Began preparatory work to align with the integrated reporting framework and participated in the integrated reporting of the country's UN SDG achievements Institutionalized a culture of information security awareness to further strengthen prevention, detection, and comprehensive response to growing cyber security threats 	<ul style="list-style-type: none"> Board oversight on ESG material topics and on the management and assessment of climate-related risks and opportunities Conduct materiality reassessment to align with emerging needs based on the business expansions, sustainability key focus areas, metrics and targets Enhance our 10-year ESG Roadmap and sustainability maturity of our business units Advance our sustainability agenda by driving growth in industries and communities and continue to align with UN SDGs and our transitions on embedding on business strategies and risk identification Continue policy development on ESG material topics and probe on emerging regulatory requirements Implementing the Ten Principles of the UN Global Compact on Human Rights, Labor, Environment, and Anti-Corruption
 <p>People</p> <p>Goal: Partner with our stakeholders to create shared value</p>	<ul style="list-style-type: none"> Established strategic partnerships with both the government and private sector to create greater social impact Launched self-driven career management, and coaching and mentoring programs Transformed the way we work using digitized systems and processes: <ul style="list-style-type: none"> Piloted an agile workplace for better collaboration and teamwork Launched Agora, our intranet portal, for better engagement among team members Introduced Always Learning, a self-driven learning platform Introduced digitalization of our business unit services i.e. UnionBank's The Ark, the first fully digital bank branch in the Philippines 	<ul style="list-style-type: none"> Expanded existing partnerships with government and private sectors to deepen our social impact Continued transforming our businesses through digital technology to enhance customer experience, improve operational processes, and create new business models <p>People Experience</p> <ul style="list-style-type: none"> Maintained Strategic Business Units operation systems that showed a dashboard of real-time operations, performance of plants and machines Improved Human Resource Information System, where multiple and repetitive processes were removed <p>Customer Experience</p> <ul style="list-style-type: none"> AboitizPower Distribution Group converted from manually responding on social media to generating automated responses on Hootsuite, improving response and resolution rates by 50%. UnionBank's mobile and online convergent banking improved ease of access through real-time online sign-ups and integration of multiple accounts. The establishment of Digital Relationship Managers (RM) enabled UnionBank's customers to have a 360-degree view on real-time data from core banking system and historical client data. 	<ul style="list-style-type: none"> Foster inclusive growth by leveraging partnerships with government and private sectors to expand reach to more communities, and contribute to the country's development goals Focus on transforming our A-people to become digitally responsive while pursuing digital solutions and operational efficiencies for our expanding customer base across the Group Explore ways to better harmonize and align benefits across the group to protect and promote the well-being of team members Continuously improve stakeholder engagements by enhancing by enhancing key dialogue channels, and protect "whistle-blowers" Unify the workforce by embedding and living the #OneAboitiz way in sharing knowledge and expertise, resulting in engaged collaborations and streamlined processes within the group
 <p>Planet</p> <p>Goal: Minimize our environmental impact</p>	<ul style="list-style-type: none"> Increased active discussions on the Aboitiz carbon management program at Group ManCom and Board levels Upgraded SHEQ standards across the SBUs 	<ul style="list-style-type: none"> Implemented our carbon management program Applied international safety, health, environment and quality (SHEQ) standards to our projects 	<ul style="list-style-type: none"> Complete our A-Park target of planting 9 million trees by 2020 Scale up GHG accounting tools across the Group Implement initiatives to maximize recovery, reduction, recycling, reusing, and re-purposing of waste materials, while considering refusal or avoidance of single-use plastics
 <p>Profit</p> <p>Goal: Grow profitably</p>	<p>Identified shared value initiatives of the Group:</p> <ul style="list-style-type: none"> CitySavings' rural and microfinance banking through its acquisition of First Agro-Industrial Rural Bank and PR Savings Bank UnionBank's Eureka Forum, providing e-commerce education to MSMEs Pilmico's sustainable backyard farming through Mahalin Pagkaing Atin Republic Cement's affordable housing initiative AboitizLand's environmentally-sensitive residential design introduced in the Seafront Residences project 	<p>Harnessed existing shared value products and services, and created new shared value initiatives through our businesses:</p> <ul style="list-style-type: none"> Weather Solutions, a social enterprise offering technology-based weather products and services AboitizPower Distributed Energy, Inc.'s (APX) solar rooftop business Apo Agua's bulk water supply project powered by a mini hydro Pilmico's inclusive corn sourcing program with local farmers UnionBank's Project i2i, a blockchain-based clearing and payment system for rural banks 	<ul style="list-style-type: none"> Continue to seek for opportunities in the value chain where we can foster inclusive growth Adopt recommendations from the Task Force on Climate-related Financial Disclosures Expand our generation portfolio of multi-fuel technology in our goal to drive down cost and improve efficiencies Continually explore both onshore and offshore acquisition opportunities where they make sense Support the evolution of our banking business into a technology company that provides ease of service to its customers Build up recurring income by focusing on opportunities around our current real estate developments Further improve operational efficiency by scaling up automation or technology implementation (e.g blockchain, artificial intelligence) in internal processes

Supply Chain Management in the Aboitiz Group

102-9, 102-10, 102-11

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

Raw Materials

We abide by the applicable laws and regulations on sourcing our raw materials such as water, fuel and energy resources that we utilize in the operations of our businesses.

Dialogue and value creation for stakeholders

102-46, 102-42, 102-43, 102-44




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

Products and Services

Our business units, which operate in a diverse set of industries, source products, and services to support production of food and animal nutrition, operations using technology, construction and development. We treat our suppliers and contractors as partners in growing the business. We have identified policies to address fair dealing and accreditation/selection processes.

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

Stakeholder Engagement Process

<div><div>Identify</div><div></div><div><ul style="list-style-type: none">Brainstorm to identify key stakeholdersIdentify all operations of the company and determine the participating stakeholderStakeholders would be people who are affected by, have influence over, or have interest in your work.</div></div>	<div><div>Understand</div><div></div><div><ul style="list-style-type: none">Understand the stakeholders and their concerns Sample questions:<ul style="list-style-type: none">- What motivates them most of all?- What information do they want from you?Develop a Stakeholder Management Engagement Plan that would address relevant interests of each stakeholder</div></div>	<div><div>Engage</div><div></div><div><ul style="list-style-type: none">Engage with stakeholders focusing on four key values: transparency, empathy, expertise, and commitmentThe ultimate goal is to create a trust-based relationship with stakeholders.</div></div>
---	--	--

Key Dialogue Channel for Stakeholders

Stakeholder Group and Description	Channels of Engagement	Material Topics
Team Members and Leaders Partners in realizing our Group's Purpose and Brand Promise	<ul style="list-style-type: none">Events and campaignsDigital communications channels and employer branding portalsVarious learning, development, and mentorship opportunitiesEngagement surveys and initiativesAwards and recognition programsVolunteer opportunitiesWellness programs	Talent Management: Attraction, retention, and optimization of A-People
Customers Patrons of our product and service offerings	<ul style="list-style-type: none">Various customer engagement initiativesProduct campaigns, caravans, conventions, expos and exhibitsCustomer satisfaction surveys	Transparency in: <ul style="list-style-type: none">Products and ServicesClient InformationSecurity/PrivacyCompliance to Regulatory Requirements
Suppliers and Partners Partners in the supply chain that provides us with vital services	<ul style="list-style-type: none">Bidding and orientation processDigital channels for procurement and supplyEngagement activities and fellowship events	Sustainable supply chain
Shareholders Partners who provide the capital to fuel our growth aspirations	<ul style="list-style-type: none">Annual Stockholders' MeetingAnalyst and investor briefingsRoadshows, one-on-one meetings, and conference callsQuarterly reports and disclosuresE-newslettersESG ratings and reports	Corporate governance and economic performance.
Communities Partners who share in our success	<ul style="list-style-type: none">CSR 2.0Training and capability buildingExpos and exhibitsOutreach programs (livelihood and feeding programs)Partnerships and informal conversations	Corporate social responsibility and disaster resilience
Government and regulatory agencies Partners in compliance and upholding the law	<ul style="list-style-type: none">Public private partnershipsFormal dialogue and roundtable discussionsAudit and compliance	Compliance to regulatory requirements
Media Partners in communicating our mission and purpose to the larger community	<ul style="list-style-type: none">Regular press briefings, conferences and roundtablesSponsorship EventsCommunity and media toursJournalism workshopVarious engagement activities	Reputation management (communication on business performance and building market presence)

Integrated management through better processes and systems

We remain committed to growing our business in a manner that has the least adverse effect on the environment, people, and communities. Our subsidiaries and business units abide by extensive and increasingly stringent safety, health, and environmental laws and regulations. We have designated pollution control officers in our different business units who monitor compliance with these regulations.

Upholding the well-being of our team members at all times, we adhere to strict standards and constantly improve the conduct of our operations to ensure a safe workplace.

The Aboitiz Integrated Management System (AIMS) represents our commitment to implement our Information Security Management System (ISMS) and our Quality Management System (QMS). The ISMS safeguards the confidentiality, integrity, and availability of company information, while the QMS makes certain that systems are always updated and improved across our corporate service units (CSUs).

The Pilmico Integrated Management System (PIMS) ensures that all team members are guided in their decisions and activities pertaining to quality, information security, halal assurance, as well as HACCP food safety and good manufacturing practices.

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

Financial services unit PETNET was awarded the ISO 9001:2015 Quality Management System certification in December 2018, a validation of the company’s commitment to be at par with the Group’s processes after it joined Aboitiz in 2015.



AEV executives mark the company's 25th year as a listed company on the PSE.

Certifications

CORPORATE	ISO 9001 - Quality Management System Aboitiz Equity Ventures Inc.	
	Corporate	
	ISO 9001 - Quality Management System Newly Certified: AP Corporate	
	Power Distribution	
POWER	ISO 9001 - Quality Management System 100% of Distribution Units Certified: Visayan Electric Company, Inc.; Davao Light and Power Company, Inc.; Cotabato Light and Power Company; Subic Enerzone Corporation; Balamban Enerzone Corporation; Mactan Enerzone Corporation; Lima Enerzone Corporation	
	ISO 45001 - Occupational Health & Safety 100% of Distribution Units Certified: Visayan Electric Company, Inc.; Davao Light and Power Company, Inc.; Cotabato Light and Power Company; Subic Enerzone Corporation; Balamban Enerzone Corporation; Mactan Enerzone Corporation Newly Certified: Cotabato Light and Power Company; Balamban Enerzone Corporation; Mactan Enerzone Corporation; Lima Enerzone Corporation	
	ISO 14001 - Environmental Management System 100% of Distribution Units Certified: Visayan Electric Company, Inc.; Davao Light and Power Company, Inc.; Cotabato Light and Power Company; Subic Enerzone Corporation; Balamban Enerzone Corporation; Mactan Enerzone Corporation; Lima Enerzone Corporation Newly Certified: Cotabato Light and Power Company; Balamban Enerzone Corporation; Mactan Enerzone Corporation; Lima Enerzone Corporation	
	Power Generation	
	ISO 9001 - Quality Management System 100% of Generation Units Certified: AP Renewables Inc. (MakBan); AP Renewables, Inc. (Tiwi); San Carlos Sun Power, Inc.; Luzon Hydro Corporation; Hedcor, Inc.; Hedcor Sibulan, Inc.; Hedcor Tudaya, Inc.; Hedcor Sabangan, Inc.; SN Aboitiz Power, Inc. - Magat; SN Aboitiz Power, Inc. - Benguet; Therma Mobile, Inc.; Therma Marine, Inc.; East Asia Utilities Corporation; Cebu Private Power Corporation; Therma South, Inc.; Therma Luzon, Inc.; Therma Visayas, Inc. Newly Certified: Therma Visayas, Inc.	
	ISO 55001 - Asset Management 82% of Generation Units Certified: AP Renewables, Inc. (MakBan); AP Renewables, Inc. (Tiwi); Luzon Hydro Corporation; Hedcor, Inc.; Hedcor Sibulan, Inc.; Hedcor Tudaya, Inc.; Hedcor Sabangan, Inc.; SN Aboitiz Power, Inc. - Magat; SN Aboitiz Power, Inc. - Benguet; Therma Mobile, Inc.; Therma Marine, Inc.; East Asia Utilities Corporation; Cebu Private Power Corporation; Therma South, Inc. Newly Certified: AP Renewables, Inc. (MakBan); AP Renewables, Inc. (Tiwi); Hedcor, Inc.; Hedcor Sabangan, Inc.; Therma South, Inc.	
	ISO 45001 Occupational Health & Safety/ OHSAS 18001 - Occupational Health and Safety Management System 100% of Generation Units Certified: AP Renewables, Inc. (MakBan); AP Renewables, Inc. (Tiwi); San Carlos Sun Power, Inc.; Luzon Hydro Corporation; Hedcor, Inc.; Hedcor Sibulan, Inc.; Hedcor Tudaya, Inc.; Hedcor Sabangan, Inc.; SN Aboitiz Power, Inc. - Magat; SN Aboitiz Power, Inc. - Benguet; Therma Mobile, Inc.; Therma Marine, Inc.; East Asia Utilities Corporation; Cebu Private Power Corporation; Therma South, Inc.; Therma Luzon, Inc.; Therma Visayas, Inc. Newly Certified: Therma Visayas, Inc.	
	ISO 14001 - Environmental Management System 100% of Generation Units Certified: AP Renewables, Inc. (MakBan); AP Renewables, Inc. (Tiwi); San Carlos Sun Power, Inc.; Luzon Hydro Corporation; Hedcor, Inc.; Hedcor Sibulan, Inc.; Hedcor Tudaya, Inc.; Hedcor Sabangan, Inc.; SN Aboitiz Power, Inc. - Magat; SN Aboitiz Power, Inc. - Benguet; Therma Mobile, Inc.; Therma Marine, Inc.; East Asia Utilities Corporation; Cebu Private Power Corporation Inc. - Benguet; Therma South, Inc.; Therma Luzon, Inc.; Therma Visayas, Inc. Newly Certified: Therma Visayas, Inc.	
BANKING AND FINANCIAL SERVICES	PCI DSS v.3.2 Certification UnionBank	
	ISO 9001 - Quality Management System PETNET	
FOOD	ISO 9001 - Quality Management System Iligan Flour Plant, Iligan Feeds Plant Halal Flour Division Only	HACCP/GMP Iligan Flour Plant, Iligan Feeds Plant
LAND	ISO 31000 - Risk Management ISO 22301 - Business Continuity Management	
CONSTRUCTION	ISO 9001 - Quality Management System ISO 45001 - Occupational Health & Safety ISO 14001 - Environmental Management System	ISPS Code Compliant 2018 Port of ACII CWB Certified & Registered 2018 Welding

Aboitiz Sustainability Programs

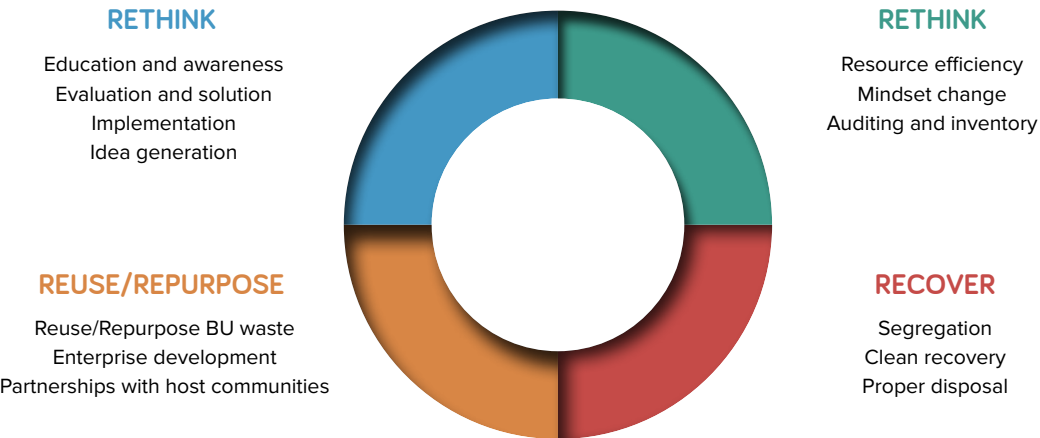
The Aboitiz Group believes in taking serious action towards creating a sustainable future. By aligning with the UN Sustainable Development Goals, we implement and strengthen our sustainability programs that aim to minimize and address the impact of climate change on the environment and society.

Resource Efficiency and Waste Management

Our Race to Reduce (R2R) programs have paved the way for addressing concerns related to biodiversity, resource efficiency, and waste management.

Team member-driven programs such as the Aboitiz No Impact Challenge promotes lifestyle changes that reduce carbon emission and water consumption in daily routines. Environmental management and improvements in operational eco-efficiencies, on the other hand, are managed by our strategic business units through their respective environmental units

Wealth Out of Waste Framework



The Aboitiz Group developed a unified waste management framework called Wealth Out of Waste, which aims to increase efficiency, engagement, and even revenue and allows us to identify gaps and consolidate our existing efforts in a single direction, thus maximizing our positive impact both internally and externally.

Following RA 9003 Solid Waste Management Act, RA 6969 Toxic Substances and Hazardous, and Nuclear Wastes Control Act of 1990, our strategic business units identify waste management plans, develop policies, implement and audit processes for the management of hazardous solid waste and effluent. We also develop programs to increase recovery of waste that can still be reused and recycled.

Climate Related Actions

A-Park Program

The A-Park Program is part of the group’s carbon management program that is committed to planting 9 million trees by 2020. The group is nearing its target; having planted 900,000 trees in 2019.



Through the annual disaster preparedness program KIDisaster, children are able to improve their understanding of extreme weather conditions and how to safely prepare for them.

On top of that, the group’s partnership with Ramon Aboitiz Foundation Inc. (RAFI) planted 7.5 million trees. This is our contribution to mitigate climate change, making PHP230 million in investment since 2013.

Local Climate Change Action Planning (LCCAP) Program

We partnered with the Climate Change Commission in conducting trainings on Local Climate Change Action Planning to increase capacities of local municipalities. Communities learn to become climate-resilient by identifying risks and vulnerabilities and developing long-term strategies to reduce risk and future losses on livelihood, human settlements, and resources.

Other Projects

KIDisaster is an annual CSR outreach activity led by AEV Risk Management that aims to educate young children on disaster preparedness with its combination of active storytelling, role-play, games, and the distribution of disaster starter kits (go-bags). The program promotes awareness

and understanding of hazardous events such as typhoons, floods, fires, and earthquakes in ways that engage and raise safety awareness among kids.

WeatherPhilippines Foundation conducted **Weather 101 and Tropical Cyclone 101 training courses** to equip participants with weather knowledge that is relevant in developing disaster resilience plans and will help them arrive at informed decisions to mitigate weather-related risks.

The **Community-Based Disaster Risk Reduction and Management** program is a customized approach that promotes localized decision-making and implementation to reduce vulnerabilities and promote zero casualties in disaster situations.

Through the **Cooperative Business Continuity Plan**, micro, small and medium enterprises (MSMEs) conducted business continuity planning (BCP) to strengthen community enterprise and to reduce their vulnerability to the impacts of unforeseen events, including major emergencies and disasters.

Ecosystem-based Biodiversity Management

Led by its different strategic business units, the Aboitiz Group initiated programs to manage our impact on Life on Water (SDG 14) and Life on Land (SDG 15).

Initial environmental impact assessments for business projects lead to management of different flora and fauna species in different ecosystems adjacent to where our business units operate.

Coastal Ecosystems

The **Aboitiz Cleanergy Park** is an eight-hectare ecological preserve located in Davao City that is home to the critically endangered Hawksbill turtle (*Eretmochelys imbricata*), endemic and migratory birds, and marine species. It has been assigned by the Department of Environment and Natural Resources (DENR) as the Pawikan Rescue Center of Davao City. By the end of 2019, the

Park totaled a number of 10,735 visitors and tallied 145 bird species.

The **Pawikan Conservation** in Brgy. Calubcub in San Juan, Batangas founded 42 nests, released 4,811 pawikan hatchlings, and rescued 6 Pawikans.

Aboitiz business units located at coastal areas lead and participate in biodiversity restoration efforts such as mangrove reforestation and, as of end-2019, a total of 13,992 mangroves have been planted under this initiative.

At its Seafront Residences coastal development in San Juan, Batangas, AboitizLand has partnered with UP Institute of Environmental Sciences and Meteorology to launch a program that follows a multi-sectoral approach to managing the protection of the pawikan species such as Olive Ridley (*Lepidochelys olivacea*) and Hawksbill turtle (*Eretmochelys imbricata*).



Upon its completion, the Balabag Wetland Park will feature a plaza and boardwalk lined by plant life endemic to Boracay.



The Aboitiz Cleanergy Park is home to the Hawksbill turtle and several endemic and migratory birds, which provides a safe nesting and breeding site for these critically-endangered species.

Forest Ecosystems

As it contributes to carbon sequestration, A-Park also promotes reforestation and forest protection efforts benefit the proliferation of floral and faunal diversity. Reforestation supports both life on land and life below water while watershed management programs of our business units help indigenous species to thrive and propagate.

In 2010, AboitizPower adopted Pangarap, one of the few remaining female Philippine eagles in the country. The company provides the funds for food, veterinary care, and shelter maintenance for the 21-year-old eagle, which was captive-bred and raised through a combination of hand- and puppet-rearing. Pangarap remains in the care of the Philippine Eagle Foundation in Davao City and continues to symbolize the Aboitiz Group's hopes and dreams both in wildlife conservation and for the Philippines as a country to take flight.

Wetlands and Rivers

The ongoing rehabilitation of Boracay's Wetland #4 into Balabag Wetland Park — a joint project

of DENR and Aboitiz — has completed a number of improvements at its interim phase. These include:

- Installation of 3D Boracay sign (opposite D'Mall)
- Completion of perimeter landscaping
- Installation of automated weather station (at BPI Boracay building)
- Installation of pavers around the park
- Installation of 5 submersible aerators
- Construction of parking area

The Balabag Wetland Park is a three-year project that will convert the one-hectare lagoon into a linear urban park. Among its key features are a plaza and a boardwalk lined with trees and plants endemic to Boracay to help rebuild the area's biodiversity.

In 2019, Aboitiz and the DENR signed on for #WOWSanJuanRiver or the San Juan River (Manila Bay) Rehabilitation Project. The main objective is to restore the entire stretch of this 11-kilometer Pasig River tributary back to life. This involves pollution control through clean-up, rehabilitation, conservation, and preservation. Its success will rely on solid collaborative efforts from multi-sectoral stakeholders in its development and implementation.

Sustainability Education

Every year, AboitizLand participates in Earth Hour, a 60-minute switch-off organized by the World Wide Fund for Nature, and reinforces the Aboitiz Group's campaign on resource efficiency, waste management, and carbon emissions reduction.

Our **Cleanergy Center**, located within the MakBan geothermal power complex in Laguna and Batangas, is the first energy educational facility of AboitizPower. It features basic tools used in power generation,

educational videos about the different types of energy sources, a tour of a working geothermal power plant, and an interactive room where visitors can enjoy activities like making their own wind turbine, charging phones by biking while burning some calories, among others. A total of 55,800 visitors have toured the Center to learn how AboitizPower produces renewable energy and provides energy solutions that leave a lighter impact on our environment and host communities.



Our Cleanergy Center offers visitors insight into how AboitizPower empowers communities through its clean energy solutions.

Risk Management: Supporting Business Growth and Sustainability

The Aboitiz Group believes that a balance between business priorities and societal needs is needed for a sustainable future. The AEV Risk Management Team supports the Group's sustainability efforts by ensuring that we have an Enterprise Risk Management program that helps to manage sustainability issues and create shared value for our communities. We are able to accomplish this by utilizing a robust risk management process, creating awareness, and building team member capabilities while maximizing available resources and technologies.

Redefining and Articulating our Why, What, and How

In 2019, the team revisited and articulated our Why, What, and How in order to get a better grasp of our purpose, our role in the Aboitiz Group, and our ways to meet stakeholders' expectations.

Why: Our purpose is to sustain a Level 4 Risk Maturity to achieve enterprise resilience. Only a truly resilient organization will be able to continuously create long-term value for all of its stakeholders.

What: To achieve our purpose, we take on the following roles:

Governance - Provide risk oversight and structure through policies and procedures that guide Aboitiz strategic business units (SBUs) and business units (BUs) in the set-up, implementation, and management of their risk programs

Process Integration - Work with other related functions to integrate risk management into their activities such as Group Internal Audit, Strategy, and Sustainability

Business Partner - Provide value-adding and relevant information for strategic decision making, best-fit insurance programs for operating assets and projects, and support in applicable areas of expertise

Capability Building - Keep the team and the rest of the organization abreast with the changes, developments, and best practices in the risk field through trainings, communications, and other similar activities, making sure that we embed risk-based thinking across the Group

How: The ways by which we deliver our roles must be:

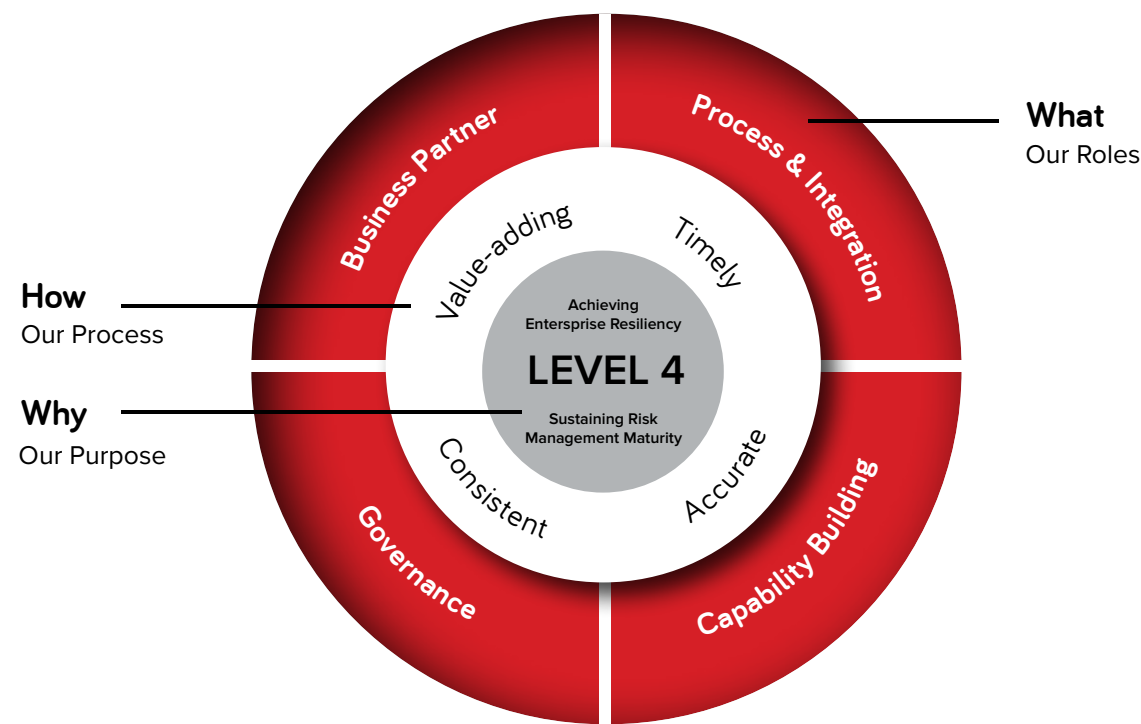
Value-adding - Initiatives that take into consideration the requirements of business and stakeholder expectations

Timely - Services and reports that are delivered within the agreed time

Consistent - The above activities are done in a consistent manner, both in terms of time and quality, across the Group

Accurate - Outputs are complete, thorough, correct, and done with the best quality possible.

Our Why, What, and How form part of the considerations when the team plans and prioritizes activities moving forward.



Managing our Top Risks

We regularly review the Risk Management Plans of all Aboitiz Group business units and discuss these with senior management and the Board. We closely monitor and manage the following top risks:

Regulatory Risk - Due to the varied industries the Group is engaged in, AEV and its subsidiaries are exposed to risks arising from the inability to anticipate new and/or changes in existing laws and regulations. In recent years, the Group has also expanded business operations outside the Philippines, resulting in risks caused by non-familiarity with the regulatory and political landscape of a new country.

To manage this, we have strengthened our collaboration with internal subject matter experts, such as our External Affairs and Regulatory teams, to study and analyze new laws or changes in laws and regulations. We maintain relationships and have constant dialogues with regulators to provide feedback on the proposed laws and regulations, and to ensure that our understanding and interpretation of the laws are aligned with those of the regulators.

Talent Management Risk - This risk is related to ensuring that the organization has the right talents, capabilities, and structure to support growth and

expansion plans of the Group. It is driven by our ability to attract the right talent and to optimize, retain, and engage our team members. The on-going expansion of the Group and change in recruitment and technologies have contributed to increased exposure to this risk. There is also increased competition both locally and abroad for high-skilled talent. Inability to manage this risk could result in delays in execution of various projects and missed business opportunities.

In response to this, the Group identified five (5) focus areas to mitigate the risk. These are Strategic Workforce Planning, Employer Branding, Succession Management, Learning & Development, and Leadership Development.

Strategic Workforce Planning is conducted to proactively anticipate the future talent and capabilities needed by the organization. This process goes hand in hand with the Business Strategic planning of the Group. We strengthen our Employer Brand to ensure that we attract the right talents and we continuously build our talent community. Succession Management is an established process to ensure that there is a talent pipeline for critical positions across the Group. Identified successors and high-potential

talents are developed through targeted Learning & Development programs. This helps ensure that our leaders are equipped and empowered to inspire, engage, and lead their teams towards achieving our strategic plans.

Information Security Risk - The Group recognizes the continuous increase in the number of information security and cyber incidents happening globally, including complicated challenges that come with an even more complex digital environment. Management recognizes that these threats should be addressed in order to avoid incidents such as breaches, which may have a catastrophic impact on both the Group's bottom line and reputation.

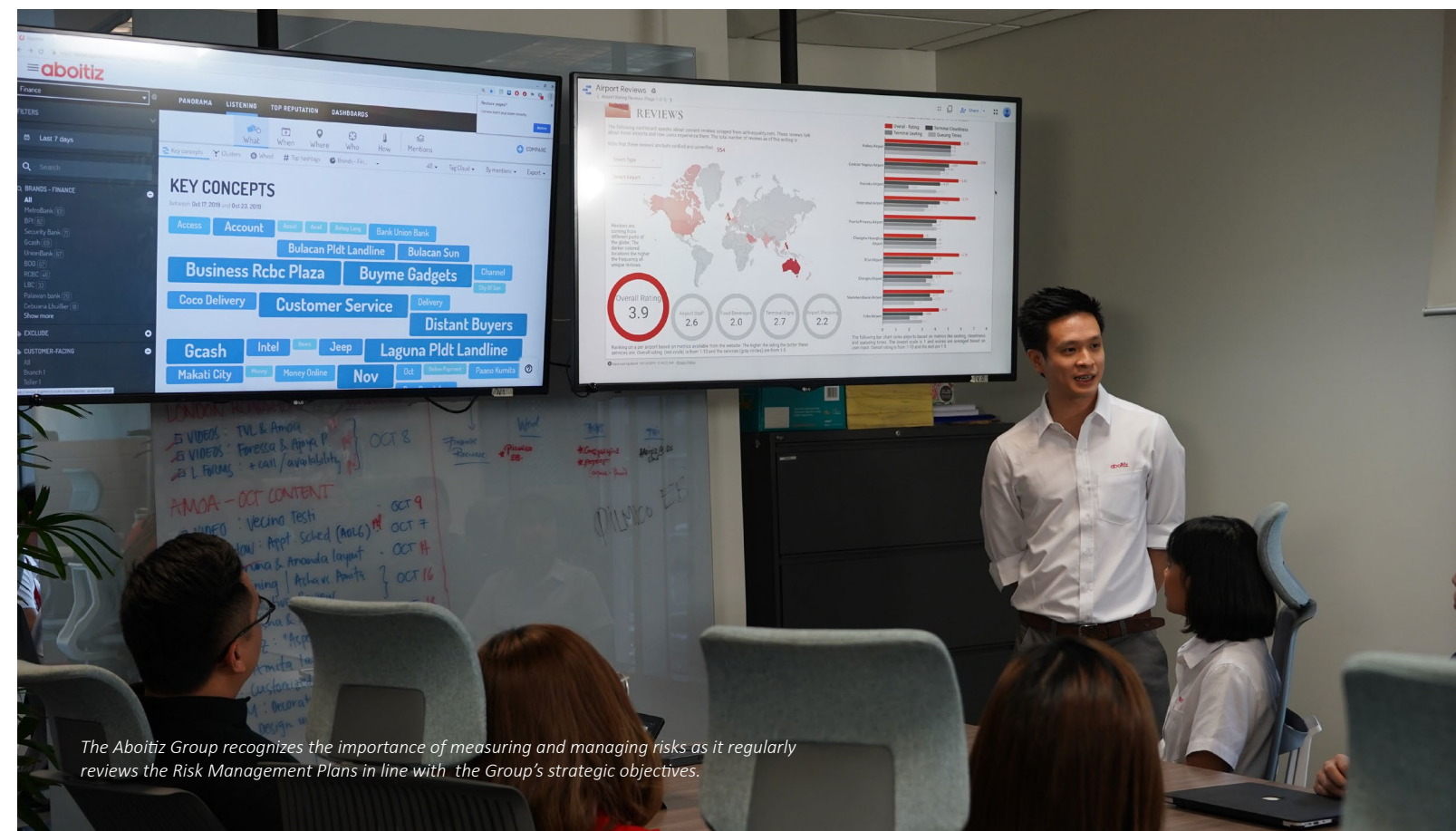
The implementation of the Cyber Security Program and our Operational Technology Security Governance are key to managing this risk. The Group aims to reach Level 4 in Cyber Security Maturity by having a formal cybersecurity policy that covers all critical systems to measure and monitor our cybersecurity activities and behavior. The cyber security program forms part of the larger initiative to roll out our Information Security Management System (ISMS)

across the Group. To achieve this, the different Information Technology and Operational Technology teams across the Group came together to build a roadmap geared towards strengthening its technology, people, and processes.

Competition Risk - With the Group's diverse businesses, we see risks arising from increasing competitive market conditions, changing customer needs, and the entry of industry disruptors. These threats may negatively affect both the profitability and reputation of our businesses.

The Group mitigates this risk by reviewing and improving key processes, building an understanding of respective markets, and establishing partnerships that create more value for customers and stakeholders.

Apart from the discussion and monitoring of our top risks, we also include exposures associated with climate change, a best practice we learned from some of our business units that monitor climate-related risks. These risks include changes in rainfall patterns, and weather extremes and variability that directly affect business operations.



The Aboitiz Group recognizes the importance of measuring and managing risks as it regularly reviews the Risk Management Plans in line with the Group's strategic objectives.

Enterprise Risk Management

In staying true to our governance role, the Risk Management Team designed and finalized two frameworks in 2019 to further support the continuous growth of the Aboitiz Group. The *Supply Chain Risk Management Framework* looks into managing risks associated with the end-to-end supply chain management process, while the *Financial Risk Management Framework* focuses on identifying financial risk treatment methods.

We also introduced the *Integrated Risk Management Framework*, where we expanded the areas for integration: from Strategy and Internal Audit, to all Risk-Based Management Systems.

The integrated approach aims to ensure that the multi-dimensional nature of risks is recognized, the assessment and treatment of risks is done from different perspectives, and that all risk treatment owners coordinate efforts.

In 2020, we look forward to setting up our Risk Management and Risk Finance Systems to provide better visibility on our risks and vulnerabilities. We will also enhance our existing Risk Framework to better support the identification of opportunities and the management of the Group's risks and material sustainability issues.

A Layered Approach to Designing a Risk Treatment Plan



Risk Finance in a Hardening Insurance Market

In 2019, the insurance market hardened, resulting in a steady increase in premium rates, difficulty to place 100% of risks, and reductions in policy covers or terms. This scenario is expected to continue within the next couple of years. In response to this challenging environment, we focused on improving the Group's risk profile by implementing asset management (ISO 55001), undergoing business

continuity certification (ISO 22301) where it is applicable, and addressing areas for improvement identified in our risk engineering surveys.

In 2020, we will continue to explore new insurance markets and non-traditional risk transfer programs and optimize our captive participation.

Business Continuity Management (BCM) Program Maturity and Sustainability

In 2019, we closed the gaps identified during our 2018 Business Continuity Audit and rolled out the results across the Group, paying particular attention to updating the organization's Business Impact Analysis (BIA). The updated approach to the BIA included the need to identify dependencies on both internal and external parties, information security requirements, and resources needed to ensure critical business functions are able to return to normal. Through BIA, the Group aims to allocate and use its recovery resources more efficiently.

In 2020, we will carry on with our BCM maintenance activities paying particular attention to progressive testing. We will also look into new scenarios that may develop as a result of climate change. Part of the business continuity plan review will include a reassessment of the natural catastrophe scenarios that each site is exposed to, the potential increase in their frequency and magnitude, and a reassessment of the sufficiency of the current plans towards addressing these new scenarios.

Information Security Management Systems (ISMS) Awareness and Capability Building

We strengthened the Group's ISMS Program by improving our processes, technology, and most importantly, our people.

People - Seven eLearning modules, covering topics ranging from the proper use of mobile devices to working in public places, were rolled out in 2019. Seven additional modules are scheduled for release in 2020. In November 2019, we also launched the first Information Security Awareness month, where developments in cybersecurity affecting both personal and corporate entities were presented.

Process - Following the best practices of ISO 27001, 14 key Information Security policies covering areas from physical

access to business continuity were rolled out. Existing procedures were aligned to these policies, while new ones were implemented to address identified gaps. We bolstered our cyber risk incident management processes by conducting various simulation exercises, and we will continue these activities in 2020. We also intensified our compliance efforts with respect to the Data Privacy Act across the Group.

Technology - Together with the IT Security team, we improved the Group's detection and monitoring systems by using more advanced technologies. We also partnered with key vendors who will assist us in global threat intelligence and digital forensics investigation.

Supporting Business Expansion: Gold Coin Risk Roll-out

True to our commitment to provide governance and capability building, we rolled out the Aboitiz Risk Management framework to newly acquired company Gold Coin. We not only introduced our risk framework, but also our best practices and expertise in risk management to the Singapore-based organization. The regional cascade was done in the local language of the visited site to ensure a consistent understanding and execution of the risk framework.

Moving forward, our team will continue to support the Group's new businesses as they come along, from the setup of the risk program down to its maintenance, updating, and reporting.

As the Group gears up for further growth, we face the challenges of climate change, disruptive technologies, and overall sustainability. Risk Management in Aboitiz will continue to take on an organizational approach by integrating with other business functions to drive a more robust understanding of our risks. We will continue to leverage on our internal expertise, best practices, and resources as we expand and address identified risks. Crucial will be the collaboration among teams involved in Risk Management, risk-based Management Systems, Audit, Strategy, and Sustainability in order to produce a more cohesive and resilient approach to meeting the challenges of the future.

Gold Coin Feedmills in Penang, Malaysia



Sustainability and Audit

AEV Group Internal Audit

The Aboitiz brand promise of advancing business and communities embodies the Group's approach to sustainability—to look beyond profitability and towards standards that assess benefit, efficiency, and success in achieving stakeholder expectations.

The Brundtland Commission, established by the United Nations 30 years ago to explore long-term strategies for sustainable development, first articulated the notion of sustainability as something that meets company objectives without compromising the ability of future organizations to meet their needs. There are three areas where internal audit upholds and adds value to a company's sustainability efforts.

First, sustainability in audit processes requires a commitment to deliver exceptional service in the face of rapidly evolving risks and compliance requirements, both by drawing upon best practices and strengthening existing monitoring controls. Sustainable audit processes require auditors to have an expanded and more diversified skillset that welcomes thought diversity, good communication, and the use of data analytics for increased simplicity, efficiency, and effectiveness.

Although the International Standards for the Professional Practice of Internal Auditing have long been established, internal audit teams are called on to relentlessly improve how they carry out their function by taking emerging risks into account. In Aboitiz, this is part of our integrated efforts to develop and embed an enduring risk management culture.

The second significant area where sustainability also applies is in stakeholder partnerships. To produce an extensive

review of an organization's governance, risks, and controls, auditors are tasked to build strong relationships with internal and external stakeholders. Given how our corporate structure has developed over time, maintaining unbiased, honest, and uninfluenced relationships is a critical component in how auditors gather the necessary information to carry out their tasks. Our auditors aim to keep their independence and objectivity at the highest level in order to ensure that all their interactions remain committed to the Aboitiz core value of integrity.

This brings us to the third area - sustainability in people. As building human capital is a strategic pillar in our success, Aboitiz ensures the continuous learning, education, and global certifications of its auditors with the goal to create a world-class audit team. Companies that invest in building the capabilities of their people equip them for optimal service delivery. In the same way, we in Aboitiz improve our processes and systems as we remain committed to enable our people to stay ahead of rapid developments in the compliance and risk landscape.

At the end of every audit engagement, internal auditors need to step back and reflect on what they have accomplished. Did a process become more efficient? Was anything prevented? What makes the audit of value to the organization? When auditors are able to consistently answer each of these questions positively, we can then say that the internal audit process has added real, distinct, and measurable value to the organization. Then, too, can we say that sustainability and the vision of internal audit are going in the right direction.

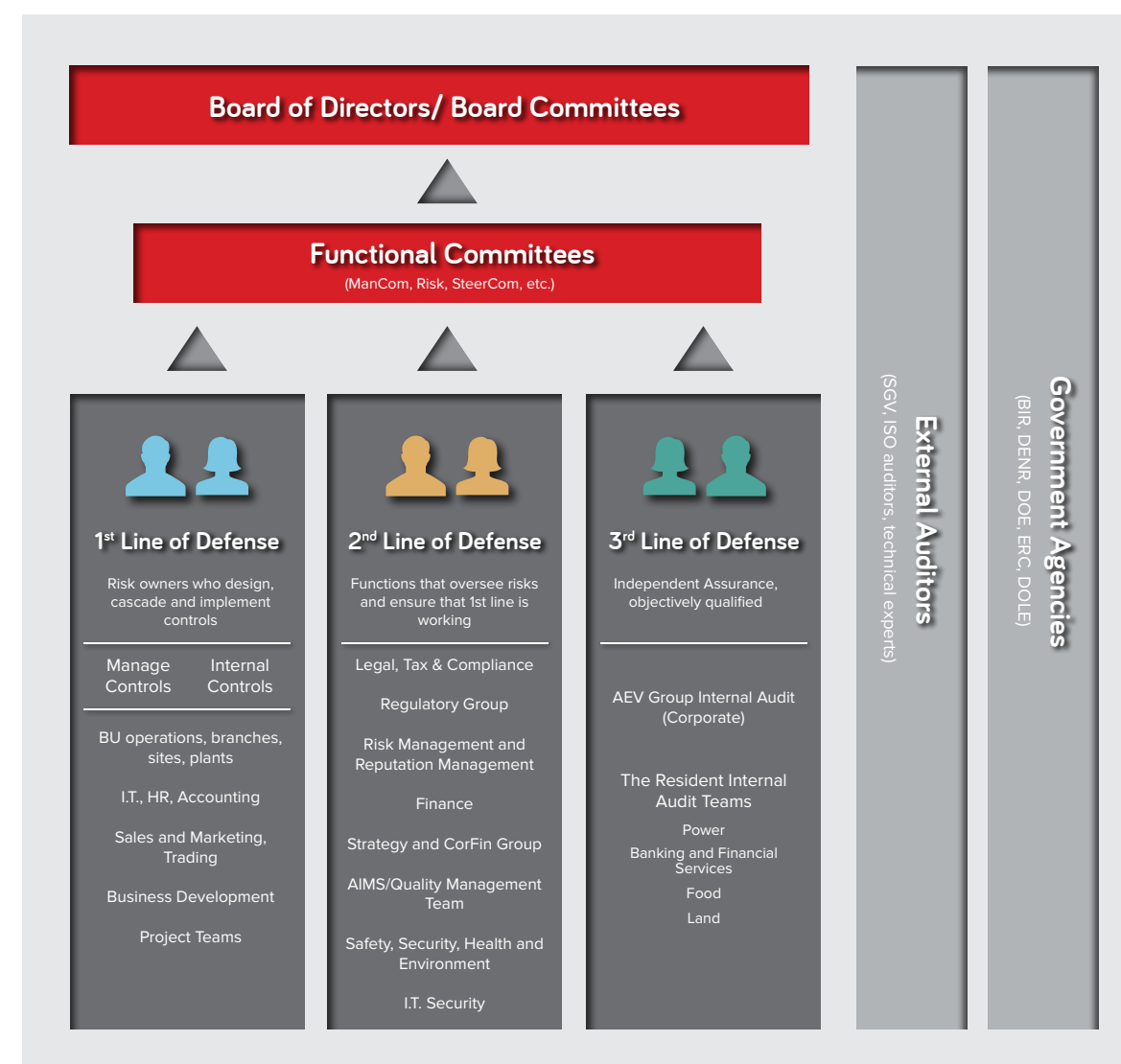


independent and objective internal audit function that has a direct reporting line to the Board. Internal Audit provides a level of independent assurance that the risk management and internal control frameworks are working as designed. Assurance is also provided by third-party providers including external auditors, ISO practitioners, technical experts, and government agencies.

The Three Lines of Defense framework integrates management and internal assurance in the combined assurance framework.

Combined assurance and the Three Lines of Defense are tools that provide a theoretical foundation for the Aboitiz risk and assurance framework. Both help simplify very complex corporate functional relationships through defined roles, effectively performing collaborative work to help the organization manage risks. These are the key components of the Group's overall governance, risk, and control structure. It is important that diverse teams continue to work together so that goals in the management of risks are accomplished efficiently and effectively.

The Three Lines of Defense model in Aboitiz



102-30, 103-3

Combined assurance and the Three Lines of Defense model

For Audit, we have adopted combined assurance and the Three Lines of Defense approach implemented across the Aboitiz Group. Combined assurance is defined by the Institute of Internal Auditors as the integration and alignment of assurance processes. This allows our senior management, internal audit, and supervisory committees to get a comprehensive and holistic view on the effectiveness of our organization's governance, risks, and controls. The information enables us to set priorities and take any necessary actions.

Combined assurance also supports our organizational objectives because assurance efforts are directed towards risks that impact systems and processes most critical to the organization. Efficiencies are enhanced by the sharing of lessons learned, better resource allocation, and greater coverage by doing away with the unnecessary duplication of efforts and resources.

There are three parties in the combined assurance framework: management assurance, external assurance, and internal assurance.

The Aboitiz Group uses a closely-related framework called the Three Lines of Defense, which involves management and providers of internal and external assurance. The Board and senior management rely on line functions to provide monitoring and assurance within the organization.

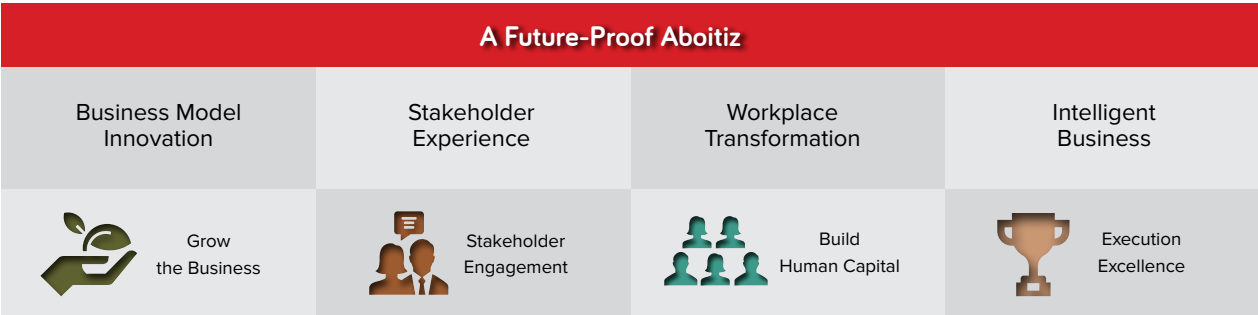
The first line of defense lies in frontline functions that handle the day-to-day management of risks. The control environment, systems, and culture developed and implemented by these functions are crucial in anticipating and managing operational risks. The first line is vital to success.

The second line of defense lies in specialized functions like risk management, governance, compliance, legal, reputation management, and other corporate support units. These functions provide the oversight, tools, and systems to help ensure that the first line of defense is working in identifying, managing, and monitoring risks. Finally, the third line of defense provides independent assurance. This is provided by an

Aboitiz Group Digital Transformation Journey

The Aboitiz Group continuously finds better ways of doing business, experimenting and reinventing where possible. In the true spirit of innovation, we commit to address the rapidly changing business environment, and to position the Group in this disruptive landscape.

This journey identified key digital strategic objectives to grow the business — reinventing our business models while looking for opportunities to improve our revenue streams; embedding emerging and relevant technologies, data, and analytics to improve operational efficiencies and decision-making process; creating an agile workplace to improve collaboration and productivity of our A-People; and, equipping our team members with the right tools to continuously deliver value to our stakeholders.



Strategic Business Units’ Digital Milestones

AEV: Digital DNA & Innovation Week (Building a Digital Mindset)

As we journey towards “future-proofing Aboitiz”, we introduced the Digital DNA program to better equip team members with modern tools and progressive practices. The program, which consists of three brainstorming and ideation workshops — Innovative Thinking, Design Thinking, and Lean Principles, encourages team members to generate ideas in optimizing business processes and technology. Out of 13 sessions covering 257 team members, 43 ideas have been generated through ideation and prototyping, following the design thinking process.

Innovation Week gathered all Aboitiz business units to showcase outstanding digital projects and to foster collaboration on improving various initiatives. Key subject matter experts from different industries were invited to share their experiences and learnings to more than 500 team members.

AboitizPower: Inyovation Program

Forging the Aboitiz Group’s value of Innovation and AboitizPower’s Owner Mindset, the Inyovation program encouraged team members to initiate developments in their processes to improve productivity and efficiency; increase customer satisfaction; enhance a current process, system, or service; reduce costs; or contribute to sustainability.

Since its launch in 2015, there had already been 736 approved Inyovation projects — 247 of which were produced in 2019 alone. For 2020, AboitizPower is extending the 1AP Inyovation Program to the Corporate Support Units in Manila, Cebu, and Davao with the goal of reaching the 1000th approved project by the end of 2020.

Pilmico: AHAgile Innovation Program

True to its promise of being Partners for Growth, Pilmico aims to always be a step ahead because of its integral role in the food value chain. In an effort to bring more value to its customers and embracing the value of Innovation, Pilmico launched the AHAgile program.

Taking the lessons learned in 2016 when they first declared Innovation as the focus value of the year, they changed their approach towards Innovation and installed a better process and structure that guides team members in their attempt to find ways to simply make things better in their areas of the organization.

Through the AHAgile program, 716 ideas were generated from team members across the group, of which 539 were approved and 258 were implemented with a forecasted PHP19.54 million in savings in a period of 9 months.

UnionBank: Customer Experience Innovation

Driven by its commitment to deliver superior banking experiences amid rapidly changing customer expectations, UnionBank continues to explore ways to reinvent digital banking that empowers retail customers to do mobile-first, self-service banking.

In 2017, the Bank invested in designing and developing the UnionBank Online platform to bring about a seamless and delightful banking experience. Using agile principles, a minimum viable product of the app was launched with key features such as self-service sign-up, viewing of all accounts and transactions, fund transfer to UnionBank and other local bank accounts, and bills payment. In the years that followed, UnionBank continued to enhance the platform’s functionalities by adding Customer Experience-driven features like digital account opening, online check deposit and unit investment trust fund account viewing while ensuring the stability and security of the app. The latest iterations enabled customers to accomplish banking transactions without the need to visit branches.

The significant conversion of hundred thousands of customers to digital in less than a year, dramatically improved the Bank’s customer engagement and Net Promoter Score and increased the Bank’s PESONet and InstaPay transactions. The Bank recognizes that its achievements are by-products of its focus on customers. Hence, steadfast in its

promise of delivering superior banking experiences, the Bank shall continue to launch features and enhancements in response to ever-evolving customer requirements.

2020 Innovation Outlook

To accelerate our transformation efforts, the new Innovation Team (A.Lab), headed by a Chief Innovation Officer, will focus on Digital Transformation and Innovation Management to help SBUs adapt to the digital age. The teams functions will be divided into (1) Business Transformation, which will execute human-centered design following design thinking practice; (2) Digital Business (Colla@b), which will bring business online through our digital channels and marketing efforts; (3) Strategy and Innovation Ecosystem, which will partner with start-ups, accelerators, technology companies, and the academe as part of our ecosystem for open innovation; and, (4) Innovation Lab, which will execute the prototype and minimum viable product to make sure that we practice experimentation and customer-validation efforts. The Aboitiz Innovation Council, to be represented by each business unit, will go over submitted ideas and prioritize those that will transform the business or create new revenue streams for the Aboitiz Group. In no time, turning ideas into valuable and tangible outcomes will become second nature to Aboitiz and will truly help us in advancing business and communities.



Innovation Week is a gathering of all Aboitiz business units to showcase their innovative projects and to encourage collaboration among teams.

Talent Management

Anticipating business disruptions, building organization capability and the future workforce to support enterprise long-term strategy, and mitigating talent management risk, are just some of the realities we all are facing today.

In the Aboitiz Group, building human capital is one of our four strategic pillars. For us, this means being able to support the execution of the Group's strategies through people. We invest in resources

and implement relevant programs that are focused on attracting, optimizing, and retaining the right talent. We also deliver an engaging talent experience through a seamless end-to-end HR service delivery.

At the foundation of everything that we do, we create an environment and build a culture centered on our core values of integrity, teamwork, innovation and responsibility.

Group HR Framework



Aboitiz believes that its greatest asset is its A-People. The Group HR aims to attract, optimize, and retain talent in order to support the Group's plans.

The Group Human Resources (HR) team is at the forefront of delivering on our talent management strategies, goals, programs, and initiatives. Through the Group HR Committee composed of all the HR Heads of our strategic business units (SBUs), we articulated six common strategies mapped out under each of our strategic goals to attract, optimize, retain, and deliver a seamless talent experience.

- 1) Anticipate strategic talent needs aligned with our business direction
- 2) Actualize a compelling employer brand
- 3) Enable a high-performing organization
- 4) Build the talent pipeline and develop leadership to support growth
- 5) Cultivate a culture of values and engage the right talent
- 6) Deliver an engaging talent experience

These strategy statements guide us in developing, updating, and enhancing talent management

programs and initiatives that will truly help build organization capability and skills that are crucial to our Group's success.

Talent Attraction

Our goals for talent attraction remain the same, which are to sharpen our ability to build and engage talent communities, and to select the right talent with the right fit.

We look for A-people who believe in our purpose and our brand promise, whose values are aligned with our core values, and who will thrive in our culture.

In 2019, we were able to fully integrate Strategic Workforce Planning (SWP) with the Group's strategic planning process across all our SBUs. Based on the long-term growth aspirations of each core business, we assessed the implications

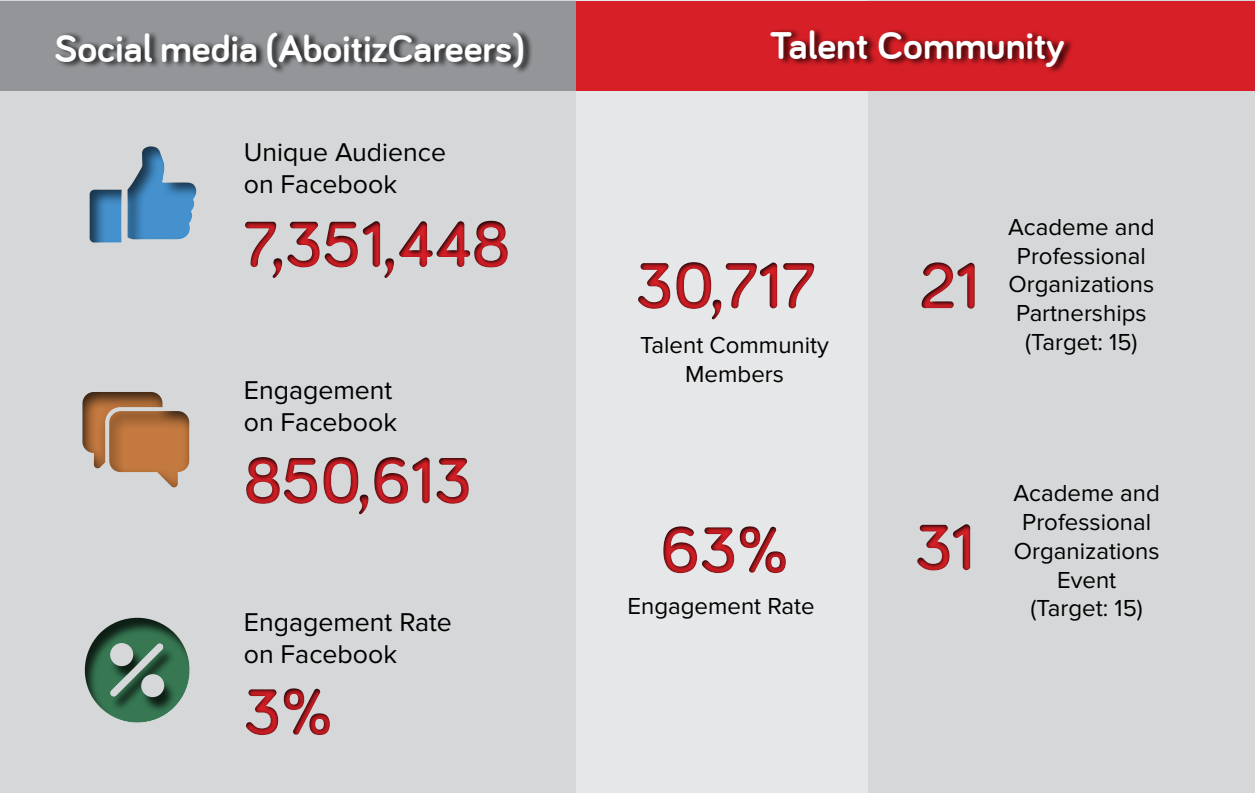
to talent management. We then identified emerging roles for the future organization, new knowledge, critical skills, new required roles, new technical competencies, the future organizational structure and organization capabilities that we need to add, enhance, eliminate or preserve.

Common themes have emerged across our different industries related to digital skills, shared service capability, and international business knowledge, among others. These shall serve as the basis for developing and updating our strategies not only for talent attraction, but also for learning and development, and succession management.

“The most important source of competitive advantage that our employer brand gives us is the ability to attract people whose mindset is consistent with ours, who share common values, and have a strong culture fit with us. We have gone through many changes as a company, but our core values and culture remain strong and consistent. They are the foundations of what attracts the people we seek. We believe it is important we define what Aboitiz has to offer as an employer.”
- Erramon I. Aboitiz, President and CEO, Aboitiz Group (2019)

In 2019, we fully activated our employer brand campaign through the Group’s people stories centered around our employee value proposition (EVP) of “A Future Built by You”. We continue to support the campaign by integrating the EVP into our internal communication materials and activities such as corporate social responsibility events, team member engagement activities, and learning and development programs. We also broadened our communication reach to external target talent communities through social media and digital channels.

Universum’s Wintrgarden Talent Community platform was used to reach different external talent pools. This system allowed us to keep the talent communities updated with company news and job openings through weekly e-mailers. By optimizing our search needs for a mobile-first audience, we saw a 110% increase in talent community members – from 14,600 in 2018 to over 30,000 in 2019. In addition, within the first three months of EVP activation, we recorded marked increases in our social media touchpoints in terms of audience reach and engagements.



We have also established strategic partnerships with universities and professional communities around the country to strengthen our continued commitment to talent community building.

Talent Optimization

To enable a high-performing organization, we revamped and updated all our Aboitiz Academy Core and Elective Programs, including The Aboitiz Way, Code of Ethics, HR Role of a Leader, Coaching and Mentoring, Persuasion and Influence, among others. To help build digital transformation competencies, we offered new core courses on Design Thinking, Innovative Thinking and Lean Principles. The Aboitiz Group’s 15 Leadership Competencies were likewise updated to include digital skills, agile thinking and innovative thinking, as part of our leadership development efforts.

To maximize the potential of our team members, we conduct learning and development programs through the framework of Education, Exposure, Experience, and Environment.

Learning materials from Harvard Business School, Coursera, and ExecOnline are complemented with new courses that sharpen the management, leadership and technical skills of our team members. E-learning courses are also made available to promote self-paced and self-driven learning.

In 2016, we launched our mentoring partnership program, where team members from different SBUs choose from a pool of internal mentors to facilitate cross-functional and cross-SBU learning. This allows for a more customized and intimate learning program as we promote self driven career development and coaching for performance. The number of matched mentors and mentees continue to grow as of yearend 2019, we have over 100 mentors, and over 200 mentees.

In 2019, we held a culminating and recognition activity for the five functional development clusters in the areas of general management, finance, HR, technology, and legal. Close to 30% of our high potentials who participated in the functional development clusters in the past two

years were promoted or moved internally. Moving forward, a more structured framework and process in identifying high potential talent is currently being rolled out across each SBU. This pool of future leaders will be monitored in terms of engagement, individual development plans, total rewards, and career growth through the Key Talent Review process.

Our leadership and development program helps retain team leaders and team members, as they see the organization’s sincere commitment to their career growth. The majority of our officers are homegrown, with 62% of senior management positions filled internally. We find ourselves sourcing more external talents as we expand our core businesses and grow in the region, and fill emerging roles identified in the strategic workforce planning. Among our senior management, 83% are Filipinos and 35% are female.

Talent Retention

We give our A-people a compelling reason to stay and be engaged with us for the long term. At the core of everything that we do, we cultivate a culture of values. We believe that a highly engaged team will deliver a consistent high performance.

Group Engagement

During the first quarter of 2019, we completed a Group-wide engagement survey among all our SBUs. Compared to 2017 results, overall engagement scores increased from 43rd percentile to the 56th percentile based on Gallup’s global database, while overall engagement mean score increased from 3.96 in 2017 to 4.11 in 2019. Pulse engagement surveys are also regularly done especially in areas that need improvement.

Total Rewards

We are committed to promoting a shareholder mindset through a competitive and sustainable total rewards program that strongly links individual and organizational performance. A total rewards market benchmarking

study was completed in 2019 to ensure that the Group's compensation and benefits program remains competitive. We comply with all the legal requirements and implement them consistently across the Group regardless of age and gender.

A-Club

The A-Club Program was created to promote work-life balance, cultivate rewarding experiences, and strengthen connections among team members. The program, which started in AEV in 2018, provides an avenue for team members to freely develop and share their interests, passion, and talent while creating an environment guided by the values of teamwork and responsibility.

In 2019, A-Club was expanded to cover the entire Group where team members of different business units can freely join and participate in the activities of any of the 13 recognized clubs under the program. The collaboration among team members with shared interests across the different SBUs helps further strengthen the Aboitiz culture of collaboration, volunteerism, and of giving back.

Coffee with EIA & SuperDuperCon with SMA

In the early days when Aboitiz was still a small company based in Cebu, it was common practice for team members and executive team leaders to interact and build connections almost on a daily basis. But in the succeeding decades, with the Group's diversification and expansion, these regular interactions became less as the number of team members across the country increased.

To bridge the gap between team members and management, HR organizes town hall sessions where A-People have an exclusive audience with the Group President & CEO to discuss various topics. For outgoing AEV President & CEO Erramon Aboitiz, his annual "Coffee with EIA" served as a forum to discuss company updates and to answer questions from team members. It was also a platform to share with our A-People his perspective on the Aboitiz Way and the core values that are key to our Group's success. Current AEV President & CEO Sabin Aboitiz, during his time as Pilmico president, also had

his 'Super Conversations with SMA', which was regularly streamed live throughout the year across company sites. In his new role as Group President & CEO, the town hall has been renamed "Super Duper Con" but the same talk show-set-up with guests has been retained. Guests help shed light on a wider range of topics, including culture, our core values, leadership, and even the "undiscussables". The program is live streamed via Agora, the Group's internal communication platform, to allow more team members across sites nationwide to watch and participate in the Q&A portion.

Don Ramon Aboitiz Award of Excellence

The Don Ramon Aboitiz Award of Excellence (DRAAE) is the highest and most distinguished recognition given to an individual team member or team leader in the Group. It is conferred on team members who have distinguished themselves in the way they live the Aboitiz values of integrity, teamwork, innovation, and responsibility.

DRAAE has honored those who have kept alive the legacy of the Group patriarch, Don Ramon Aboitiz, and have proven their unwavering commitment to going above and beyond what is required of them. The award nominees undergo a rigorous and confidential screening and selection process by an eminent panel

of judges. They are evaluated in terms of outstanding work ethics, values, and valuable contributions. To date, there have been 40 awardees since DRAAE was launched in 1998.

HR Service Delivery

HR Service Delivery is focused on delivering an engaging talent experience for all our A-talents. In 2019, the HR team updated, created, and documented all talent-related policies, guidelines, and processes to serve as a basis for the digitization of HR processes. We partnered with Success Factors for MyTX (Talent Experience) Phase 1, which includes the automation of our core HR, benefits administration, recruitment, onboarding, and talent relations management. MyTX Phase 1 will be completely implemented in 2020. Process harmonization in the Group is ongoing for MyTX Phase 2, which includes the rest of the HR processes: performance management, succession management, learning and development, and workforce compensation.

MyTX will not only transform talent experience but also provide a single system that will capture all talent records and provide data-driven talent analytics that will help us with our day-to-day decision making.

The Don Ramon Aboitiz Award of Excellence (DRAAE) is the highest and most distinguished recognition given to an individual team member or team leader who have distinguished themselves in the way they live the Aboitiz values of integrity, teamwork, innovation, and responsibility.



Seamless Talent Experience Enabled by Technology



2019 Talent Analytics

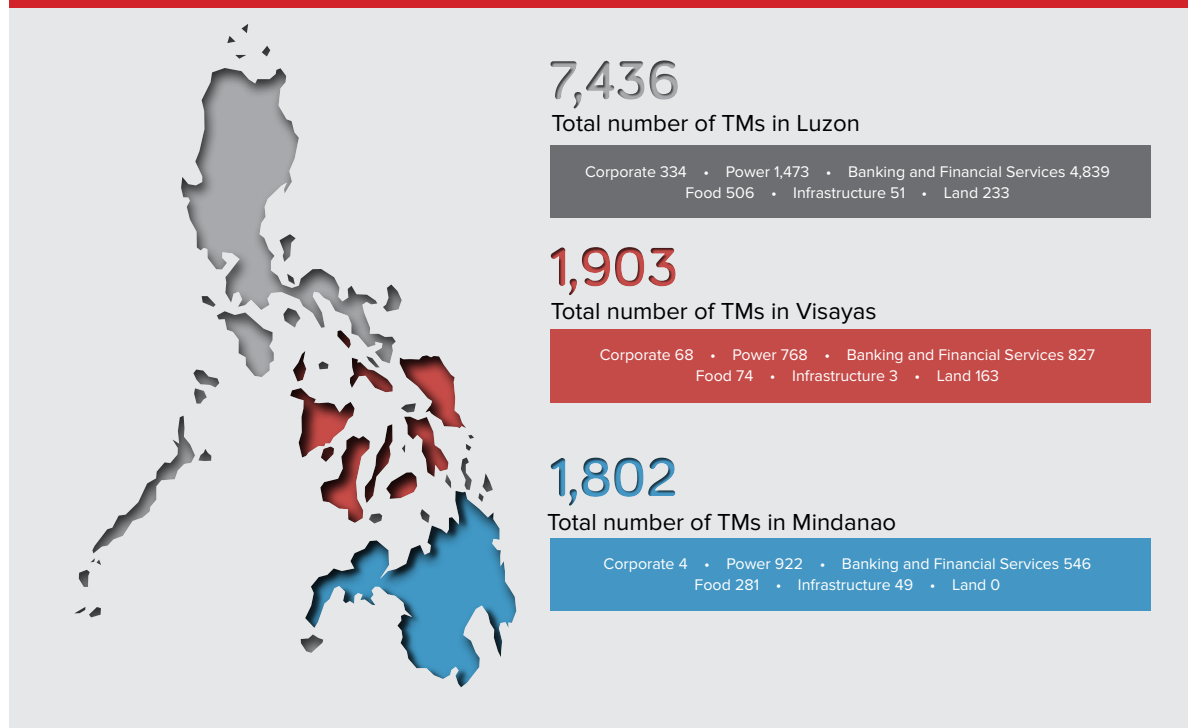
Gender vs. Level

Total Number of TMs in Aboitiz Group

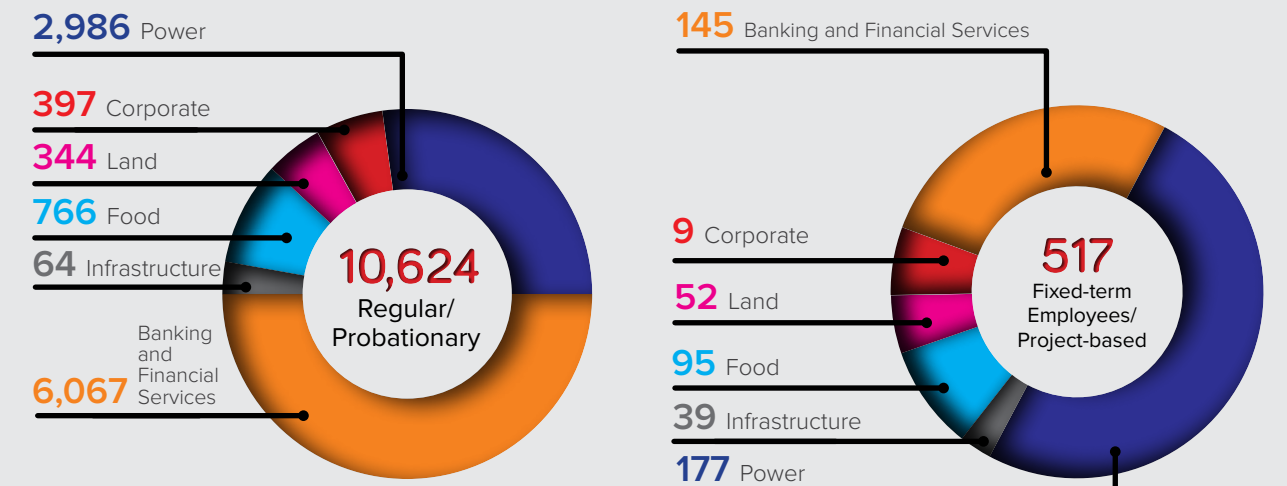


	Corporate		Power		Banking and Financial Services		Food		Infrastructure		Land	
	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE
Staff	89	90	616	1,531	1,438	1,034	157	239	16	30	86	60
Supervisors	36	37	137	449	1,066	727	136	211	9	17	100	81
Managers	56	34	76	197	962	711	33	51	4	6	20	27
AVP and up	29	35	44	113	131	143	17	17	7	14	7	15

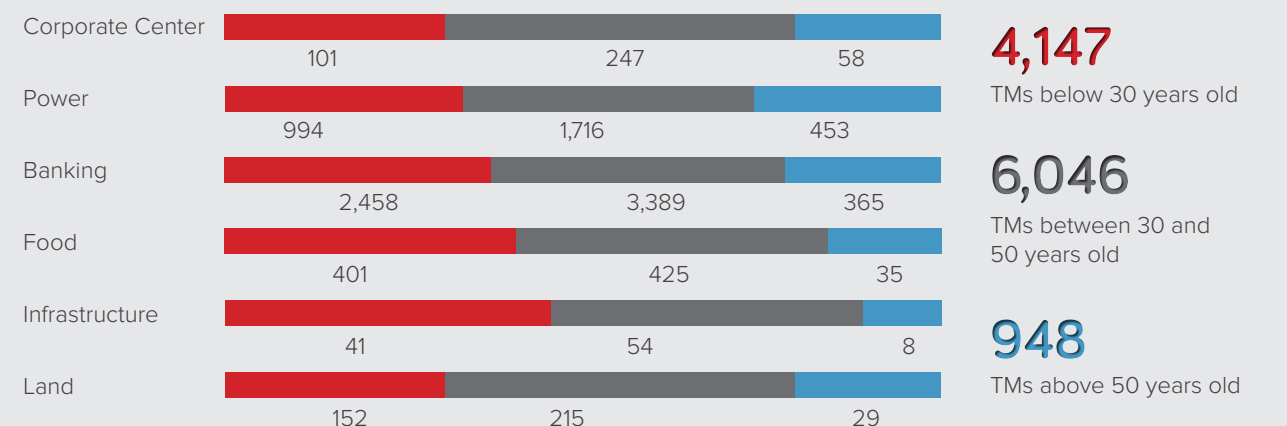
Region



Employment Type



Age



Years of Tenure

Years of Service	Corporate	Power	Banking and Financial Services	Food	Infrastructure	Land	Total
<1	71	463	713	218	56	90	1,611
1-5	157	1,106	2,751	413	36	219	4,682
6-10	78	723	1,137	117	7	40	2,102
11-15	44	451	863	59	2	25	1,444
16-20	22	76	258	27	2	9	394
21-25	10	140	314	14	0	10	488
>25	24	204	176	13	0	3	420

Aboitiz 2019 Corporate Governance Report

Guided by Values for a Sustainable Future

In 2020, the Aboitiz Group will be celebrating the 100th anniversary of the incorporation of its parent company, Aboitiz & Company, Inc. (ACO). This achievement is made possible by the Group's firm commitment, over five generations, to good corporate governance and an unwavering pledge to live by the core values of integrity, teamwork, innovation, and responsibility.

As we look towards new horizons and make our mark in new industries, we are mindful of these guiding principles, as well as our purpose that is the core of everything we do - We want to drive change for a better world by advancing businesses and communities. 2019 marked for the Aboitiz Group to sharpen the saw — to review, evaluate, and improve our current practices and controls, to ensure that we are building a sustainable business that will run for another 100 years and beyond.

During this year, both Aboitiz Equity Ventures Inc. (AEV) and Aboitiz Power Corporation (AboitizPower) were in full compliance with their

Aboitiz Group Corporate Governance Framework

102-32

Our Group's corporate governance framework is rooted in the Aboitiz core values and has been institutionalized in the respective Manuals, Code of Ethics, and key company policies and protocols of AEV and AboitizPower. This governance framework also applies to the Group

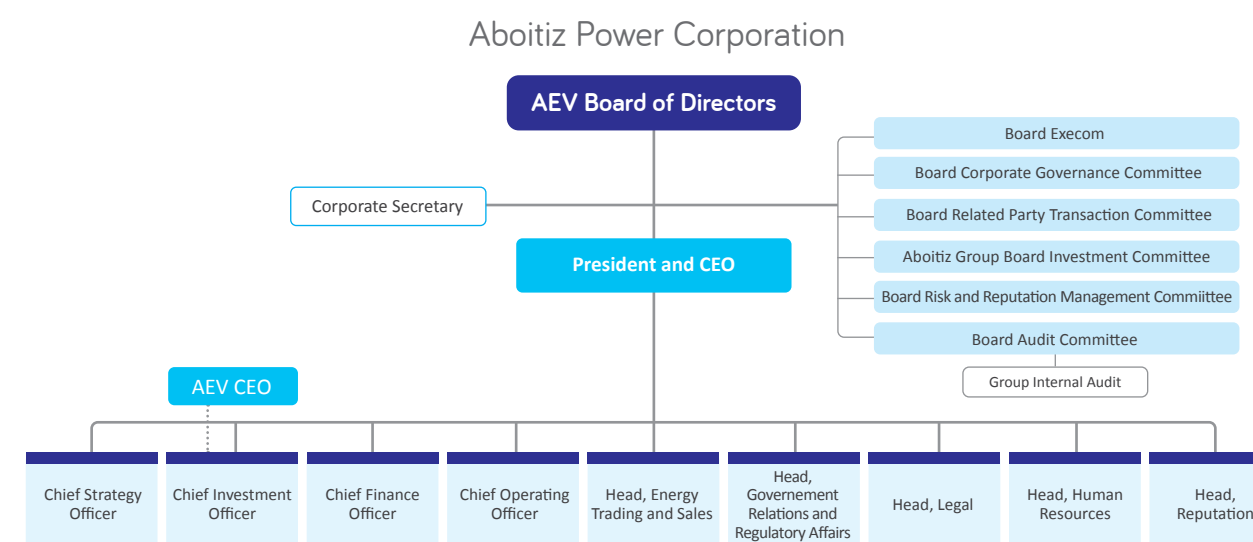
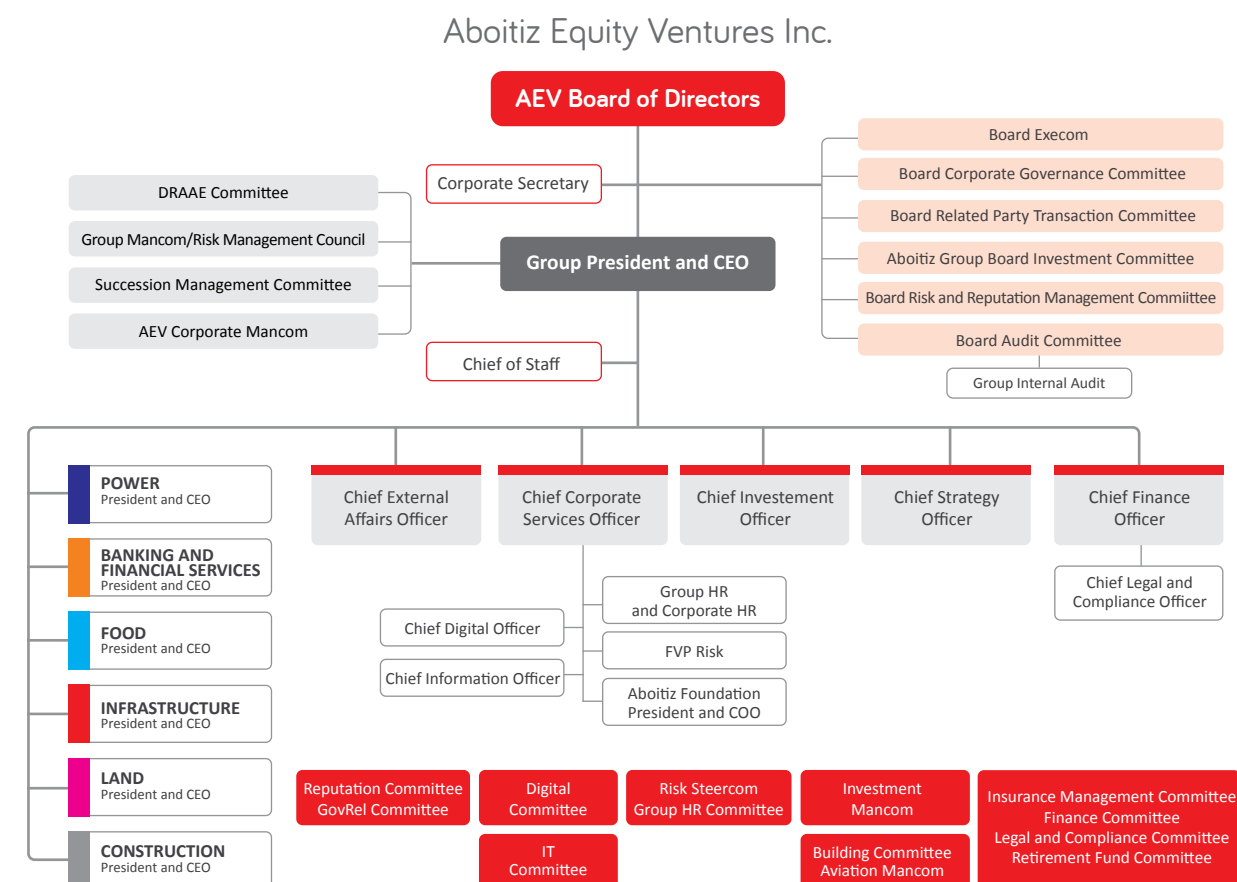
respective Amended Manual on Corporate Governance ("Manual"), Code of Ethics and Business Conduct (the "Code"), and other internal company policies. The two companies were also compliant with the regulatory requirements and disclosures policies set by the Securities and Exchange Commission (SEC), the Philippine Stock Exchange (PSE), and the Philippine Dealing and Exchange (PDEX).

Our Group's commitment to corporate governance best practices has been consistently recognized over the years. In 2019, the Institute of Corporate Directors (ICD) recognized both companies as among the top performing publicly-listed companies (PLC) in the 2018 ASEAN Corporate Governance Scorecard (ACGS). As the accredited assessor for the scorecard, ICD cited the 90-99 points achieved by AEV, equivalent to two Golden Arrows, and the 80-89 points secured by AboitizPower, which earned for the company a Golden Arrow.

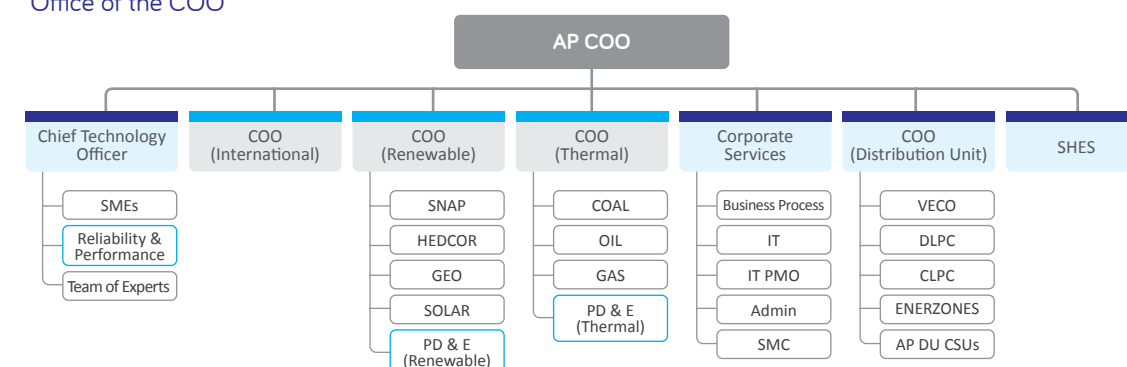
as a whole — led by a diverse and competent Board and Board Committees, supported by an able and accountable management team and empowered team members, who are all guided by the time-honored values of integrity, teamwork, innovation, and responsibility.

Table of Organization

102-18, 102-19, 102-22, 102-23, 102-26, 102-27



Office of the COO



Board of Directors

The AEV and AboitizPower Boards of Directors are at the helm of our Group’s corporate governance framework. Independent from management, they are committed to serve and promote long-term success, and to secure each company’s sustained growth, competitiveness and sustainability. They perform the crucial role of articulating and assessing each company’s purpose, vision and mission, and strategies to carry out objectives. They ensure that the strategic business direction of each company’s businesses are soundly established and are in line with the overall Group goals and strategy.

In line with best practices, the Boards of Directors are responsible for establishing and monitoring the Group’s commitment to the principles embodied in environment, social and governance (ESG) matters. In performing these functions, members of the AEV and AboitizPower Boards, individually and collectively, are expected to act consistently with the Aboitiz core values.

In 2019, the Chairmen of AEV and AboitizPower, Messrs. Enrique M. Aboitiz and Mikel A. Aboitiz, respectively, were both Non-Executive Directors.

Commitment to and Review of Corporate Vision and Mission

The directors of both AEV and AboitizPower acknowledge the importance of their role to provide leadership and stewardship to their respective companies to ensure its sustainability and longevity as an enterprise. The Board’s role for each company is to represent and protect the interests of the owners of the business and other key external stakeholders. This is regardless of category, within the boundaries of the company’s corporate charter, and all relevant statutes and legal regulations and rules.

The members of each Board participate in an Annual Board Retreat and Strategy Refresh to discuss both the strategic roadmap and policies of the company, and to review the company’s vision and mission. The Board members, together with key officers, participated in a strategy workshop on November 23, 2019, to refresh the Group’s vision, mission, strategy, corporate initiatives, and core businesses.

Board Composition

AEV and AboitizPower Corporate Governance Committees closely monitor the size, structure, and composition of their respective Board of Directors to ensure that there is an effective mix and an ideal number of members to efficiently carry out their functions. Directors are drawn from a pool of highly qualified professionals, each with their own subject matter expertise to contribute to the Group’s management and operations. Shareholders annually elect directors for a one-year term.

The Boards of AEV and AboitizPower each have three independent directors and six independent-minded executive and non-executive members, all of whom come from diverse professional backgrounds. They are composed of legal and finance professionals, engineers, former or current CEO/COOs, auditors, and accountants. Many of them have management experience in the private and government sectors, as well as in multilateral agencies. For AboitizPower, 67% of the directors are composed of non-executive and independent directors, while for AEV the percentage is higher at 89%.

The Chairmen of the AEV and AboitizPower Boards are highly experienced, non-executive directors who are not involved in the Group’s day-to-day operations. They therefore remain focused on refining each company’s long-term strategy. The Lead Independent Directors are highly qualified professionals who are familiar with the operations of each Company, and the industries it does business in.

Policy on the Diversity of the Members of the Board

405-1

Diversity in professional and personal backgrounds (age, ethnicity, culture, skills, competence, gender, and knowledge) of the Board members ensures that no director or group of directors can dominate the decision-making process and that the Board can benefit from the professional expertise of each director. The AEV Board includes Ms. Ana Delgado, who brings with her a wealth of experience in the financial services industry, in the course of performing her duties as a director. Ms. Delgado is the first female member of AEV’s Board of Directors.

Term Limits of Independent Directors

AEV and AboitizPower both comply with the requirements of SEC Memorandum Circular No. 19, Series of 2016 prescribing a term limit for independent directors. As a rule, independent directors may serve for a maximum of nine consecutive years, starting from 2012, making sure however that the shareholders’ legal right to vote and be voted directors remains inviolable. If either AEV and AboitizPower intends to retain an independent director who has served for nine consecutive years, the shareholders of the relevant company shall be advised and will be provided with meritorious justifications during the Annual Shareholders’ Meeting (ASM) for which the election will take place.

Limitation on Board Membership of Independent Directors

In the AEV and AboitizPower Manuals, the respective Board Corporate Governance Committees, in selecting qualified nominees to act as directors, must consider among others, the number of their directorships/active memberships and officerships in other corporations or organizations. The same limitation applies to independent directors. As a corporate practice, directors of each company,

including independent directors, shall not sit as directors in more than five publicly listed companies (PLCs).

For AEV, Justice Jose C. Vitug (Ret.) sits as an independent director in only one other PLC, ABS-CBN Holdings Corporation; Mr. Manuel R. Salak III is not a director in any other PLC, and Mr. Raphael P.M. Lotilla sits on the Board of the Trans-Asia Petroleum Corporation. This is shown in the certification of affiliations required from each of the nominated independent directors.

For AboitizPower, Mr. Carlos C. Ejercito sits as an independent director and Chairman of the Board Audit Committee of Bloomberry Resorts Corporation and is an independent director of Century Properties Group, Inc. Mr. Eric Ramon O. Recto sits as Chairman of the Philippine Bank of Communications, Vice-Chairman and President of Atok-Big Wedge Co., Inc., Director of ISM Communications Corporation, and independent director of PH Resorts Group Holdings, Inc. Romeo L. Bernardo sits as a director of Globe Telecom, Inc., RFM Corporation, and Bank of the Philippine Islands.

These affiliations are shown in the certification required from each of the independent directors, and are kept on file with the Corporate Secretary.



Executive Directors in the Boards of Other Listed Companies

Executive directors of AEV and AboitizPower do not generally sit on other boards of PLCs outside the Group, unless they have substantial interests in those PLCs or have been asked to sit as independent directors. Both the AEV and AboitizPower Manuals provide that the CEO and other executive directors shall submit themselves to a low active limit on membership in other corporate boards.

Nomination, Selection, and Election of Directors

Our Group believes that the nomination, selection, and election of directors are fundamental elements of a well-functioning corporate governance system. AEV and AboitizPower both follow a formal and transparent board nomination, selection, and election process to ensure the protection of the interests of all shareholders. Any shareholder may nominate a director and independent director. The Corporate Governance Committees of AEV and AboitizPower act as the nomination committees and oversee the selection of candidates for their respective independent, executive, and non-executive directors.

Directors are nominated by shareholders based on their expertise and professional backgrounds, track record, capacity for strategic thinking, and understanding of the Group’s businesses. The AEV and AboitizPower Corporate Governance Committees then evaluates and recommends the final list of candidates for their respective Boards. All directors are elected at the ASM, by personal vote, by proxy, or, starting in 2020, by remote communication or voting in absentia. Proxy votes received by the Corporate Secretary of AEV and AboitizPower prior to the ASM are validated by each of the company’s Proxy Validation Committee. The members of the AEV and AboitizPower Proxy Validation Committees include each of the company’s head of legal, its principal accounting officer, and the head of its internal audit team.

Criteria in Selecting New Directors

The Group gives serious consideration to the selection of candidates to each of AEV and AboitizPower’s Board of Directors. The selection is based on the following minimum qualifications: (1) ownership of at least one share of stock of the company in compliance with the Revised Corporation Code of the

Philippines; (2) university education or sufficient experience in managing the business, in lieu of a college education; (3) at least 21 years old; (4) proven to possess integrity and probity; (5) no conflict of interest; (6) able to devote time to fulfill duties and responsibilities as director; (7) practical understanding of the company’s businesses; (8) membership in good standing in relevant industry, business or professional organizations; and (9) previous business experience. Board members are identified and selected for the depth of experience and wisdom they are expected to provide to the company, considering that the company’s business is a unique aggrupation of technical and highly regulated businesses, requiring the capability to understand power industry financials and technical matters.

The AEV and AboitizPower Board Corporate Governance Committees screen their respective candidates, and each committee ensures that they have the qualifications and none of the disqualifications to be elected as director. Each Committee then provides the final list of directors to the company’s Corporate Secretary, for inclusion in the agenda of the ASM and subject to the votes by the shareholders.

Directors Selection Database

Both AEV and AboitizPower use professional search firms and external sources of candidates, including director databases and professional organizations (whether in the Philippines or abroad), when searching for nominees for independent directors.

Re-Election of Directors

The AEV and AboitizPower directors are elected by their respective shareholders every year during the ASM. A director holds office for one year until his successor is elected at the next ASM, in accordance with the Revised Corporation Code of the Philippines, each of the company’s by-laws, and the relevant SEC guidelines. Shareholders may nominate board members individually through each of the company’s nomination process. AEV and AboitizPower both follow the rule of One-Share, One-Vote. Under this rule, any minority shareholder can influence the board composition by individual nomination and by the power of cumulative voting rights. The right to cumulative voting is a statutory right granted by the Revised Corporation Code of the Philippines.

Board Performance

The AEV and AboitizPower Boards of Directors conduct an annual performance assessment of its members and key officers. Each Board member conducts a self-assessment of his/her individual performance and of each Board’s collective performance, and also evaluates the performance of each company’s respective Chief Executive Officer, Internal Audit Head, Chief Risk & Reputation Officer, and the Compliance Officer. In 2019, AEV and AboitizPower directors also assessed their performance as Board Committee Members.

Each director and key officer is evaluated based on the following criteria: (1) compliance with best governance practices and principles; (2) participation and contribution to the board and committee meetings; and (3) performance against their duties and responsibilities as provided in the company’s Manual, Charters, Articles, and By Laws. Assessment results for the past three years are compared, and are presented to the respective Board Corporate Governance Committees.

Training of Directors

We believe that every director should also keep abreast with current industry developments and business trends in order to promote the Group’s competitiveness. As mandated by the AEV and AboitizPower Manuals, every director must undergo an initial onboarding training upon first appointment to the board, and a continuing professional training (formal and informal) to be kept updated on relevant laws, regulations, and various business risks relevant to the Group. The AEV and AboitizPower Compliance Officers monitor and ensure that the AEV and AboitizPower directors and key officers are updated on their corporate duties and responsibilities, on current relevant laws, rules and jurisprudence, and best business practices.

On September 9, 2019, the Aboitiz Group conducted its Annual In-House Corporate Governance Seminar, which was attended by directors and key officers of the Group, including AEV and AboitizPower directors. The seminar was held at the NAC Tower, Bonifacio Global City in Taguig City, and covered the following topics: (i) Winning in a World of Digital Dragons; (ii) ESG and Sustainability: Trends, Issues and Complexity in the ASEAN; and (iii) Data Privacy in a Changing World. The participants were given an opportunity to raise their concerns during the Q&A portion of the program.

Remuneration Policy

The Board Corporate Governance Committees of AEV and AboitizPower ensure that the remuneration for directors and executives is consistent with the Group’s culture, strategy, and business policies. Remuneration rates are also maintained at a level sufficient to attract and retain directors and officers who are needed to successfully run their respective companies.

Our Group engages the services of independent remuneration consultants to determine the compensation, as well as any annual merit increases, for directors, officers, and team members. Factors such as inflation and consumer price index are taken into account to ensure that the compensation structure will sustain the Group’s competitiveness while also attracting and retaining the best talent. Each year, the results of the study are presented and discussed during the first meeting of the Corporate Governance Committees of AEV and AboitizPower.

On April 22, 2019, the shareholders of both AEV and AboitizPower approved the increase in the monthly allowance and per diem of directors. The monthly allowance for directors increased to PHP150,000.00, and for the Chairman of the Board to PHP200,000.00. In addition, the per diem for every Board or Board Committee meeting has been increased as follows:

Type of Meeting	Directors	Chairman of the Board
Board Meeting	PHP 150,000	PHP 200,000

Type of Meeting	Directors	Chairman of the Board
Board Committee Meeting	PHP 100,000	PHP 130,000

In compliance with Section 29 of the Revised Corporation Code, the total compensation of directors of AEV and AboitizPower, as of December 31, 2019, was as follows:

Aboitiz Equity Ventures Inc.	
Name of Director	Total
Enrique M. Aboitiz <i>Chairman of the Board</i>	PHP4,510,000.00
Mikel A. Aboitiz <i>Vice Chairman of the Board</i>	PHP3,600,000.00
Sabin M. Aboitiz* <i>Chairman of the Board</i>	PHP3,240,000.00
Erramon I. Aboitiz* <i>Director</i>	PHP3,240,000.00
Ana Maria A. Delgado* <i>Director</i>	PHP2,410,000.00
Edwin R. Bautista* <i>Director</i>	PHP3,140,000.00
Raphael PM. Lotilla <i>Lead Independent Director</i>	PHP5,000,000.00
Justice Jose C. Vitug (ret) <i>Independent Director</i>	PHP5,030,000.00
Manuel R. Salak II <i>Independent Director</i>	PHP4,750,000.00

*Mr. Erramon I. Aboitiz was the Company’s President and Chief Executive Officer until his retirement on December 31, 2019.

Aboitiz Power Corporation	
Name of Director	Total
Mikel A. Aboitiz <i>Chairman of the Board</i>	PHP4,520,000.00
Enrique M. Aboitiz <i>Vice Chairman of the Board</i>	PHP2,950,000.00
Erramon I. Aboitiz* <i>President and Chief Executive Officer</i>	PHP2,620,000.00
Luis Miguel O. Aboitiz* <i>Director / EVP - Chief Strategy Officer</i>	PHP2,330,000.00
Jamie Jose Y. Aboitiz* <i>Director / EVP and Chief Operating Officer - Power Distribution Group</i>	PHP2,710,000.00
Danel C. Aboitiz* <i>Director</i>	PHP1,830,000.00
Romeo L. Bernardo <i>Lead Independent Director</i>	PHP4,100,000.00
Carlos C. Ejercito <i>Independent Director</i>	PHP4,140,000.00
Eric Ramon O. Recto <i>Independent Director</i>	PHP3,820,000.00

*A portion of the monthly allowances was paid to their nominating company, [ACO/AEV]

Other than the directors’ per diem and monthly allowance, there are no other standard arrangements pursuant to which directors are compensated or to be compensated.



Outgoing President and CEO of AEV Erramon I. Aboitiz and President and CEO of AEV Sabin M. Aboitiz during the press briefing before the Annual Stockholders’ Meeting

Board Committees

102-18, 102-19, 102-20, 102-21, 102-22, 102-26

The Corporate Governance Committees of AEV and AboitizPower are responsible for developing and recommending to their respective Board of Directors the appropriate governance principles applicable to the whole Group. To ensure that they can perform this function competently, each company’s Compliance Officer, Senior Legal Officer, as well as the Group Chief Human Resources Officer, are regular attendees at committee meetings and act as resource persons. The chairmen of the AEV and AboitizPower Corporate Governance Committees are both independent directors.

The **Corporate Governance Committees** also perform the functions of the Nomination and Remuneration Committees. In 2019, the Corporate Governance Committees continued to (1) review and monitor AEV and AboitizPower compliance with new laws and regulations (the Revised Corporation Code, various SEC issuances, among others; (2) review and update the Manual to align with the best practices in the Integrated Annual Corporate Governance Report and the ASEAN Corporate Governance Scorecard; and (3) ensure that the nomination, selection, election,

remuneration, and assessment of each company’s directors and officers are aligned with the Manual. The committee also established a Board oversight and management framework to address the environmental, social, and governance (ESG) issues material to the Group.

In 2019, the **Audit Committees** continued to provide oversight over AEV and AboitizPower financial reporting policies, practices and controls, and over the internal and external audit functions necessary for making good audit-related decisions. Chaired by independent directors, the Audit Committees are composed of all three independent directors and two non-executive directors. Each company’s Chief Financial Officer (CFO) and Internal Audit Head, who performs the functions of a Chief Audit Executive, are regular attendees at committee meetings and act as resource persons.

The **Risk and Reputation Committees** exercise oversight functions over each company’s reputation management, including their respective corporate brands and communication strategies. In 2019, the Board Risk and Reputation Committees continued to identify, monitor, and manage the Group’s top risks.

The **Related Party Transactions (RPT) Committees** of AEV and AboitizPower are composed entirely of independent directors. In 2019, these committees approved the Revised RPT Policy of each company in compliance with the SEC memorandum circular on Material RPTs. In addition, they continued to review and approve each company’s CFO Guidelines on the Implementation of the RPT Policy, which requires all directors and officers to execute a certification to identify their related parties to be able to identify potential conflicts of interest. They also ensured that related-party transactions are taken on an arm’s-length basis and within market rates, with sufficient documentation, and coursed through the appropriate levels of approval. Except for the presence of the AEV and AboitizPower CFOs as resource persons, management is not invited to and has no participation in the RPT Committee.

The Executive Committees of AEV and AboitizPower were organized in May 2018 and are composed of five regular members, at least two of

whom must be non-executive directors. The committee was formed to assist the Board in the management and oversight of each company’s day-to-day operations and its strategic decision – making during the intervening period between full Board meetings. The President and CEO of each of AEV and AboitizPower are chairmen of their respective Executive Committee.

Attendance at Board and Board Committee Meetings

AEV and AboitizPower Board directors are expected to serve with diligence. In 2019, the AEV and AboitizPower Boards each held seven regular and special meetings, including the organizational and shareholders’ meeting. Board committees meet at least twice a year, with the Audit Committees meeting at least four times a year. The schedule for the regular Board and committee meetings for each upcoming year is also approved and distributed to Board directors before the start of the year.



The Aboitiz Stockholders’ Meeting is held yearly every fourth Monday of April.

Aboitiz Equity Ventures Inc.							
	ASM	BOD/ORG	Board Executive Committee	Board CG Committee	Board Risk and Reputation Committee	Board Audit Committee	Board RPT Committee
Number of Meetings	1	6	4	2	2	5	2
Enrique M. Aboitiz	C 1/1	C 6/6	M 3/4	M 1/2	C 1/2	M 3/5	
Mikel A. Aboitiz	VC 0/1	VC 5/6	VC 3/4	M 2/2	M 2/2	M 5/5	
Sabin M. Aboitiz	M 1/1	M 6/6	M 4/4		M 2/2		
Erramon I. Aboitiz	M 1/1	M 6/6	C 4/4		M 2/2		
Ana Maria A. Delgado	M 1/1	M 6/6					
Edwin R. Bautista	M 1/1	M 6/6	M 4/4				
Raphael PM. Lotilla	M 1/1	M 6/6		C 2/2	M 2/2	M 5/5	M 2/2
Justice Jose C. Vitug (ret)	M 1/1	M 6/6		M 2/2	M 2/2	C 5/5	M 2/2
Manuel R. Salak II	M 1/1	M 5/6		M 5/6	M 2/2	M 5/5	M 2/2
Manuel Alberto R. Colayco	CS 1/1	CS 6/6	CS 4/4	EO/CS 2/2			CS 2/2
Susan V. Valdez				EO 2/2			
David Jude L. Sta. Ana					M 2/2		
Annacel A. Natividad					M 2/2		
Manuel R. Lozano			EO 4/4		M 2/2		
Robert McGregor			EO 4/4				
Christopher Beshouri			EO 3/4				
Marie Y. Tanate						CAE 5/5	
<div><div>C</div><div>-</div><div>Chairman</div></div> <div><div>VC</div><div>-</div><div>Vice Chairman</div></div> <div><div>M</div><div>-</div><div>Member</div></div> <div><div>CS</div><div>-</div><div>Corporate Secretary</div></div> <div><div>CO</div><div>-</div><div>Compliance Officer</div></div> <div><div>CAE</div><div>-</div><div>Chief Audit Executive</div></div> <div><div>EO</div><div>-</div><div>Ex-Officio</div></div>							

Aboitiz Power Corporation							
	ASM	BOD/ORG	Board Executive Committee	Board CG Committee	Board Risk and Reputation Committee	Board Audit Committee	Board RPT Committee
Number of Meetings	1	6	4	2	2	5	2
Mikel A. Aboitiz	C 0/1	C 5/6		M 2/2	M 2/2	M 5/5	
Enrique M. Aboitiz	VC 0/1	VC 6/6	M 3/4		C 1/2	M 2/5	
Erramon I. Aboitiz	M 1/1	M 6/6	C 4/4	M 2/2			
Luis Miguel O. Aboitiz	M 1/1	M 5/6	M 3/4				
Jamie Jose Y. Aboitiz	M 1/1	M 6/6	M 4/4		M 2/2		
Danel C. Aboitiz	M 1/1	M 5/6					
Carlos C. Ejercito	M 1/1	M 6/6		M 2/2	M 2/2	C 5/5	C 2/2
Romeo L. Bernardo	M 1/1	M 6/6		C 2/2	M 2/2	M 5/5	M 2/2
Eric Ramon O. Ejercito	M 1/1	M 5/5		M 2/2	M 2/2	M 4/5	M 2/2
Manuel Alberto R. Colayco	CS 1/1	CS 5/5	CS 4/4	CS 2/2			CS 2/2
Susan V. Valdez				EO 2/2	EO 1/2		
Joseph Trillana T. Gonzales				CO/EO 1/2			
Liza Luv T. Montelibano			EO 4/4		EO 2/2		
Emmanuel V. Rubio			EO 4/4				
Felino M. Bernardo			EO 3/4				
Saturnino N. Nicanor						CAE 5/5	

C

-

Chairman

VC

-

Vice Chairman

M

-

Member

CS

-

Corporate Secretary

CO

-

Compliance Officer

CAE

-

Chief Audit Executive

EO

-

Ex-Officio

Governance Practices

Disclosure and Transparency

<p><i>Ownership Structure and Monitoring of Insiders’ Share Ownership</i></p> <p>Trading in AEV and AboitizPower shares by its employees, directors, and key officers must be done in compliance with the Group’s Insider Trading Policy and Revised General Trading Guidelines. These require the prompt disclosure of the beneficial ownership reports (SEC Form 23-B), and the appropriate implementation of trading blackouts, among others. The Governance and Compliance Team and Board Secretariat of AEV and AboitizPower monitor and timely disclose any changes in the share ownership of their respective directors, executives, and key officers, and ensure that trading blackouts are implemented at the right time and to the appropriate individuals.</p>	<p>AEV and AboitizPower disclose each quarter a public ownership report detailing the extent of ownership of their respective controlling shareholders, including the shareholdings of subsidiaries and affiliates, and of directors and key officers. In addition, both companies disclose a list of their top 100 shareholders every quarter. The two companies also disclose their top 20 shareholders, which include shareholders (record and beneficial) owning more than five percent of their respective outstanding capital stock. Both companies, however, have no control over external shareholders who opt to put their shares under nominee holding companies such as the PCD Nominee Corporation, and are thus unable to make any disclosure on the details of beneficial ownership.</p>
---	--

As of December 31, 2019, the following held AEV’s outstanding common shares:

Shareholder	Outstanding Common Shares (Record and/or Beneficial)	% Ownership
Aboitiz & Company, Inc. (ACO)	2,735,600,915	48.57%
PCD Nominee Corporation (Filipino)	878,026,084	15.59%
PCD Nominee Corporation (Foreign)	434,569,998	7.72%
Ramon Aboitiz Foundation, Inc. (RAFI)	426,804,093	7.58%
Others	894,066,057	15.87%
TOTAL	5,632,792,557	100%

As of December 31, 2019, the following held AboitizPower’s outstanding common shares:

Shareholder	Outstanding Common Shares (Record and/or Beneficial)	% Ownership
Aboitiz & Company, Inc. (ACO)	5,664,530,783	76.98%
PCD Nominee Corporation (Filipino)	146,472,722	1.99%
PCD Nominee Corporation (Foreign)	990,772,646	13.46%
Ramon Aboitiz Foundation, Inc. (RAFI)	429,381,388	5.84%
Others	127,446,768	1.73%
TOTAL	7,358,604,307	100%

Transactions of Directors and Officers

<p>AEV and AboitizPower disclose the beneficial ownership of its directors and key officers in regular filings of Statement of Beneficial Ownership and in the Annual Corporate Governance Report. The Revised General Trading Policies of both companies require the</p>	<p>Board of Directors and officers to notify the Office of the Corporate Secretary immediately after they deal in company shares. As of December 31, 2019, the directors and key officers of AEV and AboitizPower owns the following shares:</p>
---	--

AEV Directors (December 31, 2019)	Title of Class of Shares	No. of Shares and Nature of Ownership (Direct and/or Indirect)		Citizenship	Percentage of Ownership
Enrique M. Aboitiz <i>Chairman of the Board</i>	Common	6,000 1,534,500	Direct Indirect	Filipino	0.00% 0.03%
Mikel A. Aboitiz <i>Vice Chairman of the Board</i>	Common	10 94,568,012	Direct Indirect	Filipino	0.00% 1.68%
Erramon I. Aboitiz <i>Director/President and CEO</i>	Common	1,001,000 76,804,532	Direct Indirect	Filipino	0.02% 1.36%
Sabin M. Aboitiz <i>Director/EVP and COO</i>	Common	14,415,650 9,846,134	Direct Indirect	Filipino	0.26% 0.17%
Ana Maria A. Delgado <i>Director</i>	Common	500 26,358,285	Direct Indirect	Filipino	0.00% 0.47%
Edwin R. Bautista <i>Director</i>	Common	1,000 0	Direct Indirect	Filipino	0.00% 0.00%
Raphael PM. Lotilla <i>Lead Independent Director</i>	Common	100 0	Direct Indirect	Filipino	0.00% 0.00%
Justice Jose C. Vitug (ret) <i>Independent Director</i>	Common	100 72,020	Direct Indirect	Filipino	0.00% 0.00%
Manuel R. Salak II <i>Independent Director</i>	Common	100 0	Direct Indirect	Filipino	0.00% 0.00%
TOTAL		224,607,943			3.99%

AEV Officers (December 31, 2019)	Title of Class of Shares	No. of Shares and Nature of Ownership (Direct and/or Indirect)		Citizenship	Percentage of Ownership
Manuel R. Lozano <i>SVP/CFO/Corporate Information Officer</i>	Common	171,028 143,987	Direct Indirect	Filipino	0.00% 0.00%
Gabriel T. Mañalac <i>Senior Vice President and Group Treasurer</i>	Common	142,665 28,704	Direct Indirect	Filipino	0.00% 0.00%
Susan V. Valdez <i>SVP and Chief Human Resources Officer</i>	Common	769,926 37,037	Direct Indirect	Filipino	0.01% 0.00%
Robert McGregor <i>Executive Director – Chief Investments Officer</i>	Common	211,141 10,259	Direct Indirect	British	0.00% 0.00%
Luis Miguel O. Aboitiz <i>Senior Vice President</i>	Common	26,139,565 11,039,211	Direct Indirect	Filipino	0.46% 0.20%
Jojo S. Guingao <i>Senior Vice President and Chief Digital Officer</i>	Common	23,103 30,222	Direct Indirect	Filipino	0.00% 0.00%
David Jude L. Sta. Ana <i>SVP and Chief External Affairs Officer</i>	Common	10,637 18,519	Direct Indirect	Filipino	0.00% 0.00%
Christopher P. Beshouri <i>Executive Director – Chief Strategy Officer</i>	Common	27,000 3,704	Direct Indirect	American	0.00% 0.00%
Ricardo F. Lacson, Jr. <i>VP-Data Privacy Officer</i>	Common	120,486 0	Direct Indirect	Filipino	0.00% 0.00%
Annacel A. Natividad <i>FVP-Chief Risk Officer</i>	Common	20,022 89,750	Direct Indirect	Filipino	0.00% 0.00%
Maria Lourdes Y. Tanate <i>Group Internal Audit Head</i>	Common	0 15,784	Direct Indirect	Filipino	0.00% 0.00%
Manuel Alberto R. Colayco <i>SVP-Chief Legal Officer/Corporate Secretary/ Chief Compliance Officer</i>	Common	45,087 19,630	Direct Indirect	Filipino	0.00% 0.00%
Mailene M. de la Torre <i>Assistant Corporate Secretary</i>	Common	0 0	Direct Indirect	Filipino	0.00% 0.00%
Sammy Dave A. Santos <i>Assistant Corporate Secretary</i>	Common	0 0	Direct Indirect	Filipino	0.00% 0.00%
TOTAL		39,117,467			0.69%

AP Directors (December 31, 2019)	Title of Class of Shares	No. of Shares and Nature of Ownership (Direct and/or Indirect)		Citizenship	Percentage of Ownership
Mikel A. Aboitiz <i>Chairman of the Board</i>	Common	1 23,208,659	Direct Indirect	Filipino	0.00% 0.32%
Enrique M. Aboitiz <i>Vice Chairman of the Board</i>	Common	1,138,658 0	Direct Indirect	Filipino	0.02% 0.00%
Erramon I. Aboitiz <i>Director/President and CEO</i>	Common	1,300,001 85,076,414	Direct Indirect	Filipino	0.02% 1.16%
Luis Miguel O. Aboitiz <i>Director/EVP- Chief Strategy Officer</i>	Common	11,167,081 3,270,662	Direct Indirect	Filipino	0.15% 0.04%
Jamie Jose Y. Aboitiz <i>Director/EVP and COO – Power Distribution Group</i>	Common	5,367,397 4,719,302	Direct Indirect	Filipino	0.07% 0.06%
Danel C. Aboitiz <i>Director</i>	Common	4,081,636 447,06	Direct Indirect	Filipino	0.06% 0.01%
Romeo L. Bernardo <i>Lead Independent Director</i>	Common	1,000 0	Direct Indirect	Filipino	0.00% 0.00%
Carlos C. Ejercito <i>Independent Director</i>	Common	1,000 0	Direct Indirect	Filipino	0.00% 0.00%
Eric Ramon O. Recto <i>Independent Director</i>	Common	1,000 0	Direct Indirect	Filipino	0.00% 0.00%
TOTAL		139,779,871			1.90%

AP Officers (December 31, 2019)	Title of Class of Shares	No. of Shares and Nature of Ownership (Direct and/or Indirect)		Citizenship	Percentage of Ownership
Emmanuel V. Rubio <i>EVP-Chief Operating Officer</i>	Common	89,130 0	Direct Indirect	Filipino	0.00% 0.00%
Felino M. Bernardo <i>EVP-Chief Operating Officer – Power Generation Group</i>	Common	2,000 0	Direct Indirect	Filipino	0.00% 0.00%
Gabriel T. Mañalac <i>SVP and Group Treasurer</i>	Common	111,139 0	Direct Indirect	Filipino	0.00% 0.00%
Liza Luv T. Montelibano <i>SVP/CFO/Corporate Information Officer</i>	Common	500 0	Direct Indirect	Filipino	0.00% 0.00%
Robert McGregor <i>Executive Director – Chief Investment Officer</i>	Common	0 5,000	Direct Indirect	Filipino	0.00% 0.00%
Joseph Trillana T. Gonzales <i>FVP-General Counsel and Compliance Officer</i>	Common	62,527 0	Direct Indirect	Filipino	0.00% 0.00%
Manuel Alberto R. Colayco <i>Corporate Secretary</i>	Common	0 0	Direct Indirect	Filipino	0.00% 0.00%
Mailene M. de la Torre <i>Assistant Corporate Secretary</i>	Common	0 5,000	Direct Indirect	Filipino	0.00% 0.00%
Sammy Dave A. Santos <i>Assistant Corporate Secretary</i>	Common	0 0	Direct Indirect	Filipino	0.00% 0.00%
Noreen Marie N. Vicencio <i>Data Privacy Officer</i>	Common	0 0	Direct Indirect	Filipino	0.00% 0.00%
Saturnino E. Nicanor, Jr <i>Group Internal Audit Head</i>	Common	26,896 0	Direct Indirect	Filipino	0.00% 0.00%
Annacel A. Natividad <i>Chief Risk Officer</i>	Common	0 5,041	Direct Indirect	Filipino	0.00% 0.00%
TOTAL		307,233			0.00%

Key Company Policies
102-33, 205-1, 205-2, 205-3, 206-1

AEV and AboitizPower each have a Manual supported by various company policies, including the Code of Ethics, which are regularly reviewed and issued by the Board of Directors. Both companies ensure that their respective Code of Ethics is cascaded to new team members as part of their onboarding processes. Team members are also required to review the Code and sign an affirmation that they have read and understood it. To support this process, an e-learning module on the Group’s Code of Ethics was developed and is rolled out every year. As stated in the Code, all team members are expected to act professionally, fairly, and with integrity in all of their business dealings, and to comply with all applicable laws and regulations, including those against bribery and corruption.

To support the implementation of their respective Manual and Code of Ethics, AEV and AboitizPower each have a Whistleblowing Policy. Through this policy, allegations of violations of the Manual, the Code of Ethics, or of other illegal conduct can be reported through an independent whistleblowing portal. Matters reported through the whistleblowing platform are discussed by the Board Corporate Governance Committee and, if necessary, escalated to the entire Board of Directors. Whistleblowers can address their complaints to any of the following officers: Chairman of the Board of Directors, President or Chief Executive Officer, Lead Independent Director, Compliance Officer, or Internal Audit Head. Below is a summary of the reports received via the whistleblowing portal for the past three years.

Summary of Whistleblowing Portal Reports					
Year	Reports Received	Invalid Report	Valid	Closed	Ongoing Investigation
2019	9	1	8	7	1
2018	11	6	5	5	
2017	4	2	2	2	

It is noteworthy that no corruption-related incidents were reported in 2019.

The Revised General Trading Policy supplements the commitment under the Code of Ethics to prevent the misuse of inside information and emphasizes reporting and disclosing material information, and the rule on prohibited insider trading. As listed companies, AEV and AboitizPower are required to report transactions of company shares by their directors and officers. To ensure the strict compliance with this requirement, directors and officers are advised of their disclosure obligations during their onboarding with the Group. The Compliance Officer also sends out a monthly reminder to directors and officers to disclose their transactions. In 2019, there was no incident of non-compliance with this requirement.

The trading policies of AEV and AboitizPower prohibit any misuse of insider information. All team members are mandated to exercise prudence in handling material non-public information in the course of their work, and in relation to the trading or dealing with AEV securities. Both companies strictly enforce their trading blackout and insider trading policy to curtail opportunistic dealings in company shares. Violations should be reported to the Chief Compliance Officer and the Board Corporate Governance Committee.

In the five years since the Trading Policy was put in place, there has been no reported investigation of violation and conviction of insider trading, as well as abusive self-dealing by directors, management, and employees.

Economic, Social, and Environmental Impact
102-20, 102-21, 102-29

We in the Aboitiz Group are committed to balance economic growth, social development, and environmental stewardship in the conduct of our businesses and have adopted the principles of sustainability to balance the interests of people, planet, and profit. In our operations, we have attained and maintained a good health, safety, and environmental track record, a clear proof that an enterprise can align itself to the principles of sustainability while operating profitable businesses.

Our Group Sustainability Report outlines the coordinated efforts of our sustainability stewards and ESG principles in our business units to improve and enhance the Group’s performance on team member engagement and development, corporate social responsibility, customer focus, disaster

resilience, carbon emissions reduction, resource efficiency, renewable energy, waste management, financial growth, and financial returns. Sustainability Reports of AEV and AboitizPower are available for viewing and downloading at their respective websites (www.aboitiz.com/sustainability) (www.aboitizpower.com/sustainability)

Transparency, Communication, and Sustainability Reporting
102-32, 102-33, 102-34

Our Group’s governance framework includes the timely and accurate disclosure of all material information regarding AEV and AboitizPower. Information includes earnings results, acquisitions or disposals of assets, Board changes, RPTs, shareholdings of directors, and changes in ownership.

In addition, our Consolidated Annual and Sustainability Report which is based on GRI Sustainability Reporting standards sets out its values and governance model. It also demonstrates the link between our Group’s strategy and our commitment to a sustainable global economy. Through the integrated report, we are able to measure, understand, and communicate our economic, environmental, social and governance performance. From these, goals can then be set, and change managed more effectively.

In 2019, the Board of Directors of AEV and AboitizPower approved the proposed governance framework needed to organize, cascade, and manage the Group’s environmental, social, and governance (ESG) initiatives.

Rights of Shareholders
102-21, 102-29

Shareholder rights are of paramount importance in the AEV and AboitizPower By-laws, Code of Ethics, and Manuals. The goal is to ensure the protection of shareholder interests and concerns through the free exercise of shareholder rights. Among the rights of shareholders, regardless of the number of shares they own, are: to receive notices of and to attend shareholders’ meetings; to participate and vote on the basis of the one-share, one-vote policy; nominate and elect Board members (including via cumulative voting); inspect corporate books and records; vote in person or in absentia through proxy; receive dividends; and ratify corporate action.

We believe that the rights and interests of minority

shareholders are aligned with those of the controlling shareholders, not only in terms of returns on their investments, but also in the sustainability of the Group’s businesses.

AEV and AboitizPower both ensure the timely disclosure to shareholders regarding their respective businesses, and that shareholders receive dividends in accordance with established dividend policies.

The Board Secretariat has adopted certified Board protocols and procedures under the ISO 9001:2015 Management Board and System to ensure the effectiveness of Board and shareholders’ commitments. This includes coordination with stock transfer agents to ensure appropriate responses and the timely resolution of shareholders’ queries and requests.

Conflict of Interest
102-25

We believe that it is the duty of the Board of Directors to advance the Group’s interests and those of our stakeholders. To this end, AEV and AboitizPower have each adopted a Policy on Conflict of Interest, which promotes an ethical corporate culture and prohibits directors, officers, team leaders, and team members from taking advantage of access to corporate property and proprietary information for personal gain. The policy also encourages the disclosure of relationships, actions, or transactions that may give rise to a conflict of interest.

In addition, AEV and AboitizPower directors are required to abstain or inhibit themselves from any Board discussion or decision that affects or has relevance or relation to their personal, business or professional interests. The directors are also prohibited from engaging in any business that competes with or is antagonistic to the Group. They must notify the Board, through the Corporate Secretary, before accepting any directorship outside the Aboitiz Group during their term.

Group Awards

COMPANY	AWARDS	CATEGORY
Aboitiz Equity Ventures Inc.	IABC 17th Philippine Quill Awards	Agora 2.0- Internal Communication a.Lab- Employee Engagement Investor Relations Livestream- Financial Communication
	Two Golden Arrow Recognitions	ASEAN Corporate Governance Scorecard for PLC (ICD)
Aboitiz Power Corporation	54th Anvil Awards	Silver Award of Excellence- Ganap na SNAP
	Mag-amihan ES	Certificate of Appreciation- Stakeholder’s Donor
	Asiamoney	Outstanding Energy Company- Philippines
	One Golden Arrow Recognition	ASEAN Corporate Governance Scorecard for PLC (ICD)
AboitizPower Oil Business Unit	TUV Rheinland Philippines Inc.	ISO 27001:2013- Information Security Management ISO 22301:2012- Business Continuity Management System ISO 9001:2015- Quality Management System ISO 45001:2018- Certification on Occupational Health and Safety ISO 14001:2015- Environmental Management System ISO 55001:2014- Asset Management
Aboitiz Renewables, Inc.	TUV Rheinland Philippines Inc.	OHSAS 18001:2007- Occupational Health and Safety Man- agement System (Re-certification)
	TUV Rheinland Philippines Inc.	ISO 14001:2015- Environmental Management System (Re-certification)
	TUV Rheinland Philippines Inc.	ISO 9001:2015- Quality Management System (Re-certification)
AP Renewables, Inc. (MakBan)	Department of Education	Certificate of Appreciation- Adopt-a-School Program
AP Renewables, Inc. (Tiwi)	11th Gawad Kaligtasan at Kalusugan (Regional Award)	Best Practice- Safety Control Program (Special Award)
	Department of Education	Certificate of Appreciation- Adopt-a-School Program
AP Renewables, Inc.	International Organization for Standardization	ISO 55001:2014- Asset Management System
Balamban EnerZone Corporation	The Workplace Advocates on Safety in the Philippines Inc.	Safety Excellence Award
Cebu Private Power Corporation	Philippine Electricity Market Corporation	Certificate of Recognition- Best WESM Compliance Practice
Cotabato Light & Power Co.	Department of Education XII Schools Division of Cotabato City	Certificate of Commendation
	TUV Rheinland Philippines Inc.	ISO 14001- Environmental Management System
	TUV Rheinland Philippines Inc.	ISO 45001- Occupational Health and Safety Management System
	TUV Rheinland Philippines Inc.	ISO 9001- Quality Management System
	Department of Education	Certificate of Appreciation- Adopt-A-School Program
Davao Light & Power Co., Inc.	DOLE National Conciliation and Mediation Board	2019 Outstanding LMC for Industrial Peace
	City Government of Davao	2019 Top Business Taxpayer of Davao City
	SOS Children's Village Philippines	Plaque of Appreciation
	Department of Education (Davao City Division Office)	Certificate of Commendation
	Davao City Local Government Unit	Privilege Speech of Councilor Braga
	TESDA Region XI	Plaque of Recognition
	Dabaw Lunhaw Awards (City Government of Davao)	Certificate of Recognition

COMPANY	AWARDS	CATEGORY
Davao Light & Power Co., Inc.	TESDA Davao City/Sur Provincial Office	Certificate of Recognition
	Red Cross- Davao City Chapter	Testimonial Plaque
	City Government of Davao	Certificate of Recognition- Top Taxpayer
East Asia Utiliites Corporation	Philippine Red Cross- Lapu-Lapu/Cordova Chapter	Certificate of Recognition
	Department of Education of Lapu-Lapu City	Top 14 Education Stakeholder and Benefactor
	Philippine Electricity Market Corporation	Certificate of Recognition- Best WESM Compliance Practice
Hedcor, Inc.	Department of Education	Certificate of Appreciation- Adopt-a-School Program
	Davao City Chamber of Commerce and Industry	Presidential Citation for Membership Distinction
	Sta. Cruz Council of Elders	Vanguard of Indigenous Peoples' Rights and Welfare
	City Government of Davao	Top 10 Real Property Taxpayers of Davao City
	City Government of Davao	Certificate of Recognition- Top Taxpayer
	Department of Education	Certificate of Appreciation- Adopt-A-School Program
	Philippine Electricity Market Corporation	Certificate of Recognition- Best WESM Compliance Practice
Luzon Hydro Corporation	Department of Education	Certificate of Appreciation- Adopt-a-School Program
San Carlos Sun Power, Inc.	City of San Carlos, Negros Occidental	Certificate of Recognition for ranking 1st among Top 10 Real Property Taxpayers
	Mag-amihan ES	Certificate of Appreciation- Stakeholder's Donor
	Department of Education- San Carlos City Division	Certificate of Recognition- Children Support and Commitment
	San Carlos City Environmental Management Office	Certificate of Recognition- Environmental Protection and Conservation
	Don Juan Ledesma Elementary School	Certificate of Recognition- Community and Stakeholder Service
	Philippine Electricity Market Corporation	Certificate of Recognition- Best WESM Compliance Practice
SN Aboitiz Power- Benguet, Inc.	Department of Environmental and Natural Resources- Environmental Management Bureau, Cordillera Administrative Region	Certificate of Appreciation
	Department of Education (Itogon District 1, Benguet Division)	Certificate of Recognition
	Municipality of Itogon	Plaque of Recognition- Early Business Tax Payer
	Department of Environment and Natural Resources- Environmental Management Bureau	Certificate of Appreciation (Ambuklao)
	MLGU Bokod	Certificate of Appreciation
	BLGU Ambuklao	Certificate of Recognition
	DQS Certification Philippines	ISO 45001- Occupational Health and Safety Management System
	Safety and Health Association of the Philippine Energy Sector (SHAPES) and the Department of Energy (DOE)	Outstanding Safety and Health Professional Hall of Famers- <i>Rachelle Anne Severo, Jimmy Bacena, Jillann Jacinto, Holis Fernandez, Jessie Palma and Clifford Dailay</i>

Group Awards

COMPANY	AWARDS	CATEGORY
SN Aboitiz Power- Benguet, Inc.	11th Gawad Kaligtasan and Kalusugan Awards (Department of Labor and Employment)	Silver Award- Ambuklao and Binga Hydroelectric Power Plant
	Municipality of Bokod, Benguet	Top 1 Taxpayer
SN Aboitiz Power- Magat, Inc.	Safety and Health Association of the Philippine Energy Sector (SHAPES) and the Department of Energy (DOE)	Outstanding Safety and Health Professional Hall of Famers- <i>Eliseo Rey Ingles, Cesar Vicente, Cheryl Ragsac, Barry Frank Yabut</i>
	11th Gawad Kaligtasan and Kalusugan Awards (Department of Labor and Employment)	Bronze Award- Magat Hydroelectric Power Plant
	General Emilio Aguinaldo National High School, Gen. Aguinaldo, Ramon, Isabela	Certificate of Appreciation
	Barangay Butao, Diadi, Nueva Vizcaya	Certificate of Appreciation
	Provincial Office of the Governor of Ilagan, Isabela	Letter of Appreciation
	Ambatali Elementary School, Brgy. Ambatali, Ramon, Isabela	Certificate of Appreciation
	Brgy. General Aguinaldo, Ramon, Isabela	Certificate of Appreciation
	Municipality of Alfonso, Lista, Ifugao	Certificate of Recognition
	International Organization for Standardization	ISO 55001:2014- Asset Management System *For SNAP Magat and Maris Hydro
SN Aboitiz Power	Public Relations Society of the Philippines	Silver Award of Excellence- Anvil Awards
Therma Luzon, Inc.	Department of Education	Certificate of Appreciation- Adopt-a-School Program
Therma Marine, Inc.	Department of Education	Certificate of Appreciation- Adopt-a-School Program (Maco)
	Department of Education	Certificate of Appreciation- Adopt-a-School Program (Nasipit)
Therma Mobile, Inc.	Department of Education	Certificate of Appreciation- Adopt-a-School Program
Therma Visayas Inc.	TUV Rheinland Philippines Inc.	IMS Certification (QMS/EMS/OHSAS)
Therma Power Visayas	City of Naga	Plaque of Recognition
Therma South, Inc.	TUV Rheinland Philippines Inc.	IMS Recertification (QMS/EMS/OHSAS)
	DQS Certification Philippines Inc.	ISO 55001- Asset Management System
	Bureau of Customs XI- Port of Davao	Top 7 Importer
	Local Government Unit of Davao	Top 1 Real Property Taxpayer
	Bureau of Customs- Collection District XII	Recognition Award- 7th Top Importer for the Port of Davao
	City Government of Davao	Certificate of Recognition- Top Taxpayers
Visayan Electric Co., Inc.	Talisay City Jail-Dormitory	Certificate of Recognition
	Manila Bulletin	Certificate of Appreciation
	Mandaue City, Cebu	Plaque of Outstanding Tax Payer
	Cebu Chamber of Commerce	Plaque of Appreciation
	Department of Education (Cebu City Division)	Certificate of Recognition

COMPANY	AWARDS	CATEGORY
Visayan Electric Co., Inc.	International Organization for Standardization	ISO 14001:2015- Environmental Management System ISO 45001:2018- Occupational Health and Safety Management System
	Department of Education	Certificate of Appreciation- Adopt-a-School Program
City Savings Bank, Inc.	Global Business Outlook	Fastest Growing Savings Bank in the Philippines
	Bangko Sentral ng Pilipinas	Finalist- Digital Trailblazer in Financial Services Award for Loan Ranger Technology Special Citation- Prudential Reporting Innovation
	Global Banking & Finance Review	Best CSR Bank- Philippines
Union Bank of the Philippines	Philippine Marketing Association- Agora Awards	Outstanding Achievement in Marketing Management- <i>Ana A. Delgado</i>
	Biz News Asia Magazine	Award for Management Excellence- <i>Edwin R. Bautista</i>
	Asia CEO Summit and Awarding Ceremony	Top Employer Brand of the Year (Asia's Top Employer Brands)- Influential Brands
	Singapore Fintech Awards	Asia Fintech Leaders Award- <i>Dr. Justo A. Ortiz & Arvie de Vera</i>
	Efma- APAC Customer Insight & Growth (CIG) Banking Awards	Best in APAC- Social, Sustainable & Responsible Banking (UBP Retailer Financing Program, TrueMoney)
	Asian Banker- Philippine Country Awards	Mortgage Product of the Year Best Digital Finance Ecosystem Initiative, Application, or Programme- EON Marketplace Best API Platform Initiative, Application, or Programme
	Global Banking and Finance	Best Digital Bank Philippines Most Innovative Cash Management Services Bank- Philippines
	IDC Digital Transformation Awards	2019 Digital Transformer of the Year 2019 Operating Model Master- Project i2i
	The Digital Banker- Global Retail Banking Innovation Awards	Winner- Best Retail Bank Philippines (RBC & Digital RM) Winner- Best Customer Relations & Brand Engagement Initiative (UB GlobalLinker) Highly Acclaimed- Best Chatbot Service (TalktoRafa) Highly Acclaimed- Best Lifestyle App (1UHub) Highly Acclaimed- Best Digital Banking Initiative (EON)
	Asiamoney	Best Digital Bank- Philippines
	Global Brands Magazine	Best Cash Management Bank- Philippines Best Domestic Transaction Bank- Philippines
	Capital Finance International (CFI.co, London, UK)	Best Universal Bank- Philippines
	World HRD Congress- Asia's Best Employer Brands Awards	Best Employer Brand Award for HR Strategy- 1UHub Award for the Most Innovative Staffing and Recruitment Program- Blockchain Institute
	Asian Banking and Finance- Retail Banking Awards	SME Bank of the Year- TBC Bronze- Employer Award of the Year- HR Open Banking Initiative of the Year- EON Banking System Initiative of the Year- API Management Platform

Group Awards

COMPANY	AWARDS	CATEGORY
Union Bank of the Philippines	BSP Stakeholders Awards Ceremony	Top PESONet Volume Contributor Outstanding Partner for Digital Excellence Outstanding Partner for Digital Transformation (Universal/ Commercial Banks)
	Philippine Best Employer Brand Awards	Award for Excellence in HR through Technology- 1UHub
	HR Asia	Best Companies to Work for in Asia
	The Asset Infrastructure Awards	PPP Deal of the Year- Philippines Transport Deal of the Year- Philippines
	Asia-Pacific Stevie Awards	Gold Stevie- Award for the Innovative Use of Technology in Customer Service (Financial Services Industries)
	The Asian Banker Financial Technology Innovation Awards	Best HR Initiative, Application or Programme
	1st Datos Privados Awards for Excellence, Leadership, Innovation, Transformation, Excellence and Service (ELITE) in Data Privacy and Security	Gold- Data Privacy Management Gold- Enterprise-wide Compliance to Data Privacy Law Gold- Data Privacy Officer (<i>Henry P. Aguda</i>) Silver- Nationwide Branch Caravan Bronze- Selyado Data Privacy Campaign Bronze- Selyado Talks Bronze- Exemplary Commitment to Promote Privacy
	The Asset Treasury, Trade, Supply Chain and Risk Management Awards	Best Service Provider- Fintech Partner
	International Investors Business Awards	Bank of the Year- Philippines Best Financial Inclusion Program- Philippines
	Frost & Sullivan Excellence in Customer Experience Awards (Banking Industry Philippines)	Overall Experience- Excellence in Customer Experience ATM Experience- Excellence in Customer Experience Branch Experience- Excellence in Customer Experience Mobile Experience- Excellence in Customer Experience Net Promoter Score- Excellence in Customer Experience
	Bankers Institute of the Philippines Inc. (BAIPHIL)	Champion- Best Bank in Digital Financial Inclusion
	The Asset Triple A Digital Awards	Digital Bank of the Year- Philippines Best Retail Mobile Banking Experience- Philippines Most Innovative Core System Project- API Management Platform Most Innovative Digital Branch Project- The ARK Most Innovative Emerging Technologies Project- Blockchain for General Circular
	11th RBI Asia Trailblazer Awards	Best Payment Innovation
	Mansmith and Fielders, Inc.	Young Market Masters Awardee- <i>Ron Batisan</i>
	World Payments Congress and Awards 2019	Most Influential Payment Professional- <i>Paolo Baltao</i>
	International Finance Magazine	Most Innovative Digital Banking Product- EON Philippines
	Public Relations Society of the Philippines	Silver Anvil for PR Program Directed at Specific Stakeholders- Project i2i
Pilmico Foods Corporation	IABC 17th Philippine Quill Awards	Super Conversations with SMA- Internal Communication

COMPANY	AWARDS	CATEGORY
Republic Cement & Building Materials, Inc.	4th Annual Environmental Summit	Plaque of Appreciation- Best Environmental Technology and Best Available Practices (Teresa Plant)
	4th Annual Environmental Summit	Plaque of Appreciation- Best Environmental Technology and Best Available Practices (Batangas Plant)
	Philippine Mine Safety and Environment Association	Platinum Achievement Award for Quarry Operations (Teresa Plant)
	Philippine Mine Safety and Environment Association	Safest Quarry Operation (Batangas Plant)
	Philippine Mine Safety and Environment Association	Platinum Achievement Award for Quarry Operations (Batangas Plant)
	Philippine Mine Safety and Environment Association	1st Runner-Up- Best Mining Forest (Bulacan Plant)
	Philippine Mine Safety and Environment Association	Presidential Achievement Award for Quarry Operations (Bulacan Plant)
Aboitiz Land, Inc.	The Outlook 2019: Philippine Buyers' Choice Property Award	Best House in VisMin (Amoa)
Aboitiz Foundation, Inc.	CMO Asia	Best CSR Practice- Noble Bakers Project Best CSR Practice Community Development- Kawayagan: Biyaya ng Pagbabago Program for Marawi
	IABC 17th Philippine Quill Awards	Excellence Award- Utilizing Social Enterprise Model for the Common Good (Weather Solutions) Merit Award- Simultaneous Tree Planting Merit Award- Noble Bakers Project Merit Award- KINDer Merit Award- #BetterWorld for the Pawikan
	IABC Gold Quill Awards	Award of Excellence- Communication Management (CSR Category): Noble Bakers Bakery Management Training and Equipment Donation
	IABC Gold Quill Awards	Award of Excellence- Noble Bakers (Bakery Management Training and Equipment Donation)
	IABC Quill Awards- Asia-Pacific Fusion Conference	Silver Quill- Noble Bakers Project
	League of Corporate Foundations CSR Awards	Outstanding CSR Project in Enterprise Development- Agri-Preneurship Project for Internally Displaced People in Marawi Finalist- Noble Bakers Project, Mahalin Pagkaing Atin, #BetterWorld for Pawikan, #WeatherWiser Nation Campaign
	The International Business Award	Silver Stevie Winner- Noble Warriors to Noble Bakers (Bakery Management Training and Equipment Donation)
	International Business Awards® 2019 Stevie® Awards	Communications or PR Campaign of the Year- Corporate Responsibility Silver Stevie Award Noble Warriors to Noble Bakers (Bakery Management Training and Equipment Donation)

BOARD OF DIRECTORS

Aboitiz Equity Ventures Inc.



(LEFT TO RIGHT) Mikel, Raphael, Edwin, Ana, Manuel

(LEFT TO RIGHT) Enrique, Sabin, Erramon, Jose

Enrique M. Aboitiz
Chairman of the Board

Erramon I. Aboitiz
Director

Ana Maria A. Delgado
Director

Raphael P.M. Lotilla
Lead Independent Director

Manuel R. Salak III
Independent Director

Mikel A. Aboitiz
Vice Chairman of the Board

Sabin M. Aboitiz
Director

Edwin R. Bautista
Director

Jose C. Vitug
Independent Director

CORPORATE OFFICERS

Aboitiz Equity Ventures Inc.



Names are arranged from L-R in line with the order of photos.

Erramon I. Aboitiz
President
Chief Executive Officer
(retired December 31, 2019)

Sabin M. Aboitiz
President
Chief Executive Officer

Luis Miguel O. Aboitiz
Senior Vice President
(retired April 30, 2020)

Christopher P. Beshouri
Executive Director
Chief Strategy Officer

Gabriel T. Mañalac
Senior Vice President
Group Treasurer
(retired December 31, 2019)

Jojo S. Guingao
Senior Vice President
Chief Innovation Officer

Maria Veronica C. So
First Vice President
Group Treasurer

Beverly B. Tolentino
First Vice President
CSU Finance Planning and Projects

Annacel A. Natividad
First Vice President
Chief Risk Officer
(until December 2019)



Names are arranged from L-R in line with the order of photos.

Manuel R. Lozano
Senior Vice President
Chief Financial Officer

Susan V. Valdez
Senior Vice President
Chief Corporate Services Officer

Robert McGregor
Executive Director
Chief Investment Officer

David Jude L. Sta. Ana
Senior Vice President
Chief External Affairs Officer

Manuel Alberto R. Colayco
Senior Vice President
Chief Legal and Compliance Officer
Corporate Secretary

Melinda R. Bathan
First Vice President
Comptroller
(retired December 31, 2019)

Marlita M. Villacampa
First Vice President
Controller for Accounting and
Operations Services

Santanina Apolinaria B. Castro
First Vice President
Risk Management

Matthew P. Kolling
Executive Director
Head of Venture Investments

CORPORATE OFFICERS

Aboitiz Equity Ventures Inc.



Christopher M. Camba
First Vice President
External Relations

Ana Liza M. Aleta
First Vice President
Chief Information Officer

Joseph Y. Tugonon
First Vice President
Tax Advisory and Compliance Services

BUSINESS UNIT HEADS

Aboitiz Equity Ventures Inc.



Erramon I. Aboitiz
President
Chief Executive Officer
Aboitiz Power Corporation
(retired December 31, 2019)

Emmanuel V. Rubio
President
Chief Executive Officer
Aboitiz Power Corporation



Names are arranged from L-R in line with the order of photos.

Edwin R. Bautista
President
Chief Executive Officer
Union Bank of the Philippines

Lorenzo T. Ocampo
President
Chief Executive Officer
City Savings Bank, Inc.

Adrian Alfonso T. Ocampo
President
Chief Executive Officer
PETNET, Inc.

Sabin M. Aboitiz
President
Chief Executive Officer
Pilmico Food Corporation (until 2019) and
Aboitiz InfraCapital, Inc. (until 2019)

Hubert De Roquefeuil
President
Chief Executive Officer
Food Group

Tristan Roberto C. Aboitiz
President
Chief Executive Officer
Pilmico Philippines

Cosette V. Canilao
President
Chief Executive Officer
Aboitiz InfraCapital, Inc.

Nabil Francis
President
Chief Executive Officer
Republic Cement

David L. Rafael
President
Chief Executive Officer
Aboitiz Land, Inc.

BOARD OF DIRECTORS

Aboitiz Power Corporation



(LEFT TO RIGHT) Jaime, Mikel, Erramon, Danel

(LEFT TO RIGHT) Enrique, Eric, Carlos, Romeo

Erramon I. Aboitiz
Chairman of the Board

Enrique M. Aboitiz
Director

Jaime Jose Y. Aboitiz
Director

Romeo L. Bernardo
Lead Independent Director

Eric Ramon O. Recto
Independent Director

Mikel A. Aboitiz
Vice Chairman of the Board

Emmanuel V. Rubio
Director

Danel C. Aboitiz
Director

Carlos C. Ejercito
Independent Director

CORPORATE OFFICERS

Aboitiz Power Corporation



Names are arranged from L-R in line with the order of photos.

Erramon I. Aboitiz
President
Chief Executive Officer
(retired December 31, 2019)

Alexander B. Co
Chief Operating Officer
Renewable Generation Business Group

Ana Liza M. Aleta
First Vice President
Corporate Services

Emmanuel V. Rubio
President
Chief Executive Officer

Liza Luv T. Montelibano
Senior Vice President
Chief Financial Officer
Chief Information Officer

Ma. Kristina Cinderella V. Rivera
First Vice President
Human Resources

Jaime Jose Y. Aboitiz
Executive Vice President
Chief Operating Officer

Robert McGregor
Executive Director
Chief Investment Officer

Dennis Edward A. De La Serna
First Vice President
Regulatory Affairs



Names are arranged from L-R in line with the order of photos.

Luis Miguel O. Aboitiz
Executive Vice President
Chief Strategy Officer
(retired April 30, 2020)

Manuel Alberto R. Colayco
Senior Vice President
Corporate Secretary

Alvin S. Arco
First Vice President
Regulatory Affairs
Distribution Business Group

Anton Mari G. Perdices
Senior Vice President
Chief Operating Officer
Distribution Business Group

Maria Veronica C. So
First Vice President
Group Treasurer

Alma D. Roxas-Aguila
First Vice President
Business Development

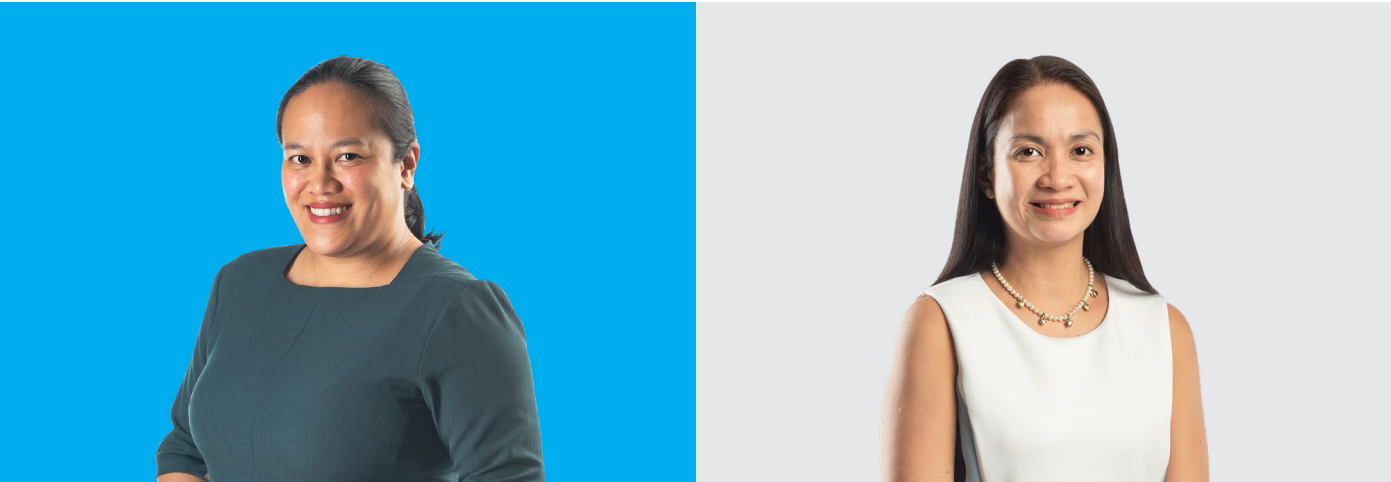
Danel C. Aboitiz
Senior Vice President
Regulatory Affairs and External Relations

Joseph Trillana T. Gonzales
First Vice President
General Counsel and Compliance Officer

Ma. Chona Y. Tiu
First Vice President
Chief Financial Officer
Distribution Business Group
(retired April 30, 2020)

CORPORATE OFFICERS

Aboitiz Power Corporation



Lee Hazel T. Balangue

First Vice President
Project Development and Execution (Renewable)

Maria Racquel J. Bustamante

First Vice President
Chief Financial Officer
Generation Business Group

BUSINESS UNIT HEADS

Aboitiz Power Corporation



Alexander B. Coo

Chief Operating Officer
Renewable Generation Business Group

Anton Mari G. Perdices

Senior Vice President
Chief Operating Officer
Distribution Business Group



Names are arranged from L-R in line with the order of photos.

Carlos Ramon C. Aboitiz

President
Chief Operating Officer
Hedcor

Dennis B. Jordan

President
Chief Operating Officer
Geothermal and Solar Business Units

Dante T. Pollescas

President
Chief Operating Officer
EnerZones

Felino M. Bernardo

President
Chief Operating Officer
Coal Business Unit

Joseph S. Yu

President
Chief Executive Officer
SN Aboitiz Power

Valentin S. Saludes III

President
Chief Operating Officer
Cotabato Light and Power Company, Inc.

Celso C. Caballero III

President
Chief Operating Officer
Oil Business Unit

Raul D. Lucero

President
Chief Operating Officer
Visayan Electric Company, Inc.

Rodger S. Velasco

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

BUSINESS UNIT HEADS

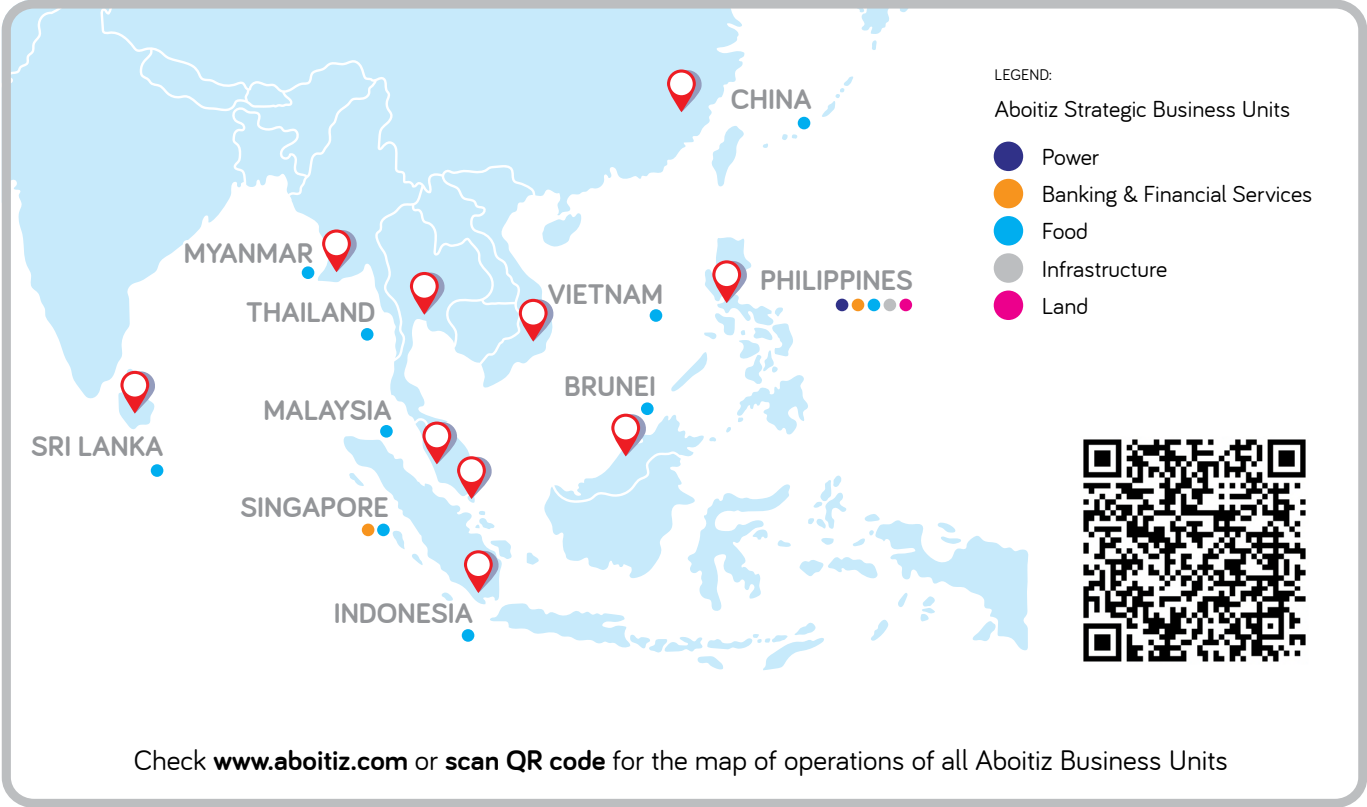
Aboitiz Power Corporation



Jeffrey R. Estrella
Chief Operating Officer
 AboitizPower Distributed Energy, Inc.

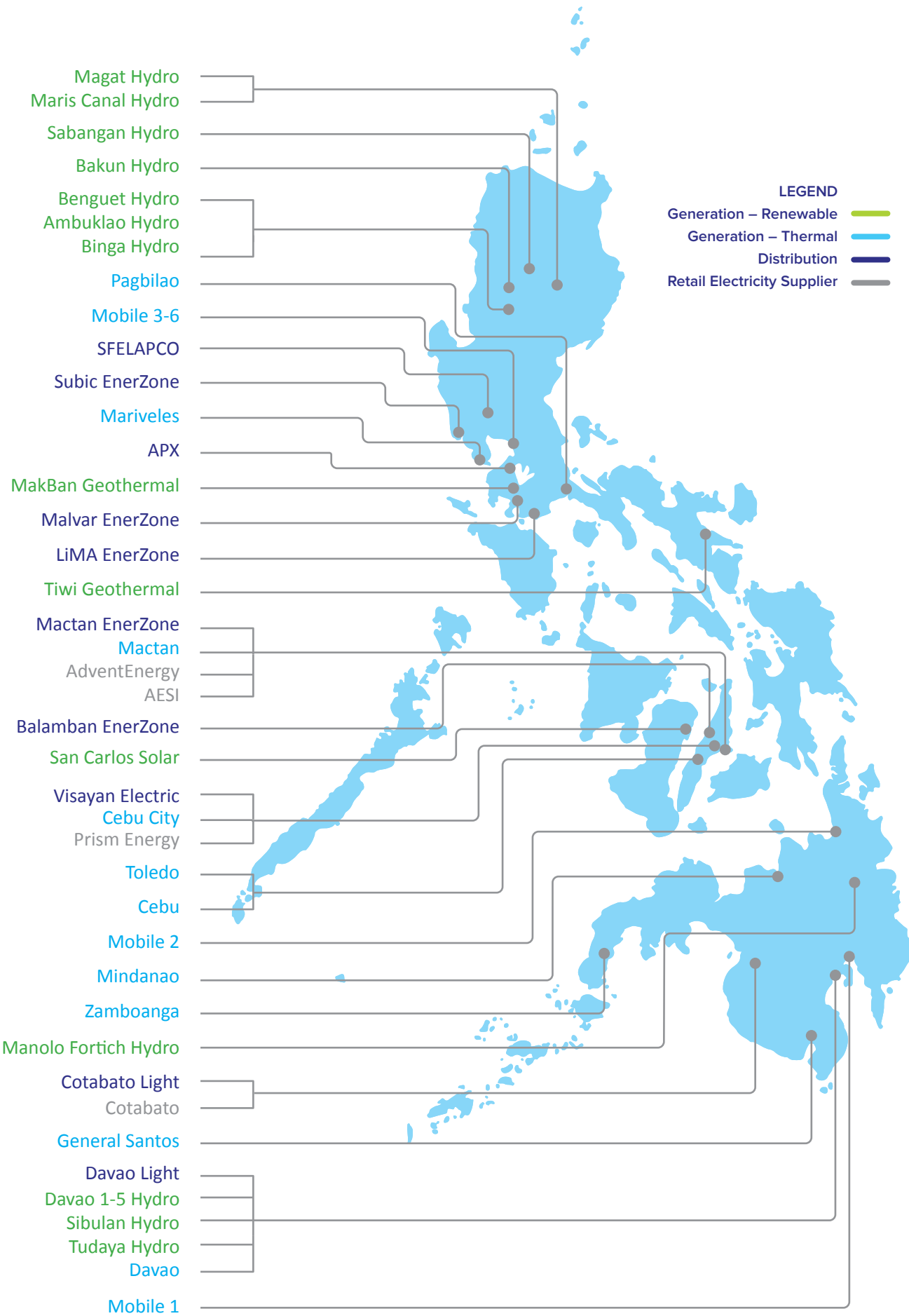
Juan Alejandro A. Aboitiz
First Vice President
 Commercial Operations Business Unit

Aboitiz presence in Asia



MAP OF OPERATIONS

Aboitiz Power Corporation



BOARD OF DIRECTORS

Aboitiz Foundation, Inc.



(LEFT TO RIGHT) David Jude, David, Juan, Cosette, Manuel, Susan

(LEFT TO RIGHT) Aurora, Emmanuel, Sabin, Carlos, Tristan

Sabin M. Aboitiz
Chairman of the Board

Susan V. Valdez
Trustee

Tristan Roberto C. Aboitiz
Trustee

David L. Rafael
Trustee

Ma. Aurora F. Tolentino
Independent Trustee

Juan Alejandro A. Aboitiz
Adviser

Manuel R. Lozano
Trustee, Treasurer

Emmanuel V. Rubio
Trustee

Cosette V. Canilao
Trustee

David Jude L. Sta Ana
Trustee

Carlos Ramon C. Aboitiz
Adviser

BoardSpeak

In your own way, how are you building a sustainable future?

Aboitiz, as a family and firm, has thrived in the Philippines for 150 years for one reason: our timely ability to adapt to change from the Spanish to the American period, and now, into a global world atmosphere.

Enrique M. Aboitiz

A sustainable future is only certain when it is firmly anchored on what is consistent. For 100 years, Aboitiz has been consistent in living out our values and in adapting to change. We are committed to delivering one purpose and for the next 100 years, I am confident that as #OneAboitiz, we can build a future that will transcend for generations to come.

#OneAboitiz!

Sabin M. Aboitiz

Industries are being re-shaped by shifts in customer behavior. Banking will be invisible or embedded in day-to-day lives. How to build a bank of enduring greatness in this era of disruption? Learn, unlearn, and learn anew.

Edwin R. Bautista

The quote “the madness of more and the wisdom of enough” guides my view on sustainability. I can live with my old iPhone. I can unplug my appliances when not needed. Small stuff. We need resources in any activity, even recycling. We are simply consuming more than what can be sustainably generated by Mother Earth. I believe in the capacity of the human mind to innovate, but I also believe that in many of the current endeavors, there are unintended consequences. Simple is good!

Mikel A. Aboitiz

We are driving sustainability in banking by reducing the friction to access banking services, thereby driving inclusivity into the financial system and saving people the time, energy and resources typically required to avail of services and complete transactions.

Ana Maria A. Delgado

A key ingredient to our success as individuals and an institution is to determine our purpose and embrace it wholeheartedly. Having accepted it as our reason for being, we should give it everything it takes to achieve it and never give up.

Erramon I. Aboitiz

It is essential to recognize early on and cope with the new realities and compelling issues - both global and domestic - particularly in environment, and economic nuances, along with the emerging developments in science and technology, dictating industry, venue, and time imperatives.

Jose C. Vitug

Building a sustainable future means having the social license to operate. We do this by balancing profitable growth and the interest of our stakeholders and our environment, so that we can continue to advance business and communities for many years.

Emmanuel V. Rubio

Together, we strive to continually find creative and innovative ways of aligning the long-term interests of all stakeholders: individual, company, community, industry, regulator, government, and country in order to arrive at sustainable win-win solutions and elicit the invaluable support of all concerned.

Danel C. Aboitiz

A sustainable future is a resource-efficient one. Doing more with less is smart. I try to go for the less resource-intensive mode of consumption as a policy and lifestyle choice—a modest means of helping humanity thrive in the ages to come.

Raphael P.M. Lotilla

AboitizPower continues to satisfy the country’s growing energy requirements while accelerating local economic development in the communities we serve. We are always on the lookout for more opportunities to power emerging economies by embedding environmental stewardship in our operations.

Jaime Jose Y. Aboitiz

In a developing country like the Philippines, government and private players need to strike a balance between affordable and secure power supply, even amidst the larger transition from fossil fuels. On this front, the Philippines can hold its ground in terms of a balanced energy portfolio. A fourth of our plant capacity at AboitizPower is derived from Renewable Energy, a strong testament to the way the company lives out its sustainability mindset.

Romeo L. Bernardo

Businesses sometimes collapse because of a deficiency in controls and compliance. As an independent director, it is my role to contribute to the decision-making process to ensure that Aboitiz remains an ongoing, sustainable enterprise. In this way, the Group continues to make meaningful contributions to society by advancing business and communities.

Carlos C. Ejercito

Not a lot of us get the opportunity to shape the future with the actions, decisions, and recommendations we do today. Sustainability is ensuring that what is good remains available to the next generation. Being an independent director of Aboitiz allows me to be proactive and positively critical in providing meaningful inputs to achieve good governance, sustainable growth, and impact to society.

Manuel R. Salak III

Management Directory

Aboitiz Equity Ventures Inc.

Board of Directors	Enrique M. Aboitiz Chairman of the Board	Erramon I. Aboitiz Director	Ana A. Delgado Director	Raphael P.M. Lotilla Lead Independent Director	Manuel R. Salak III Independent Director
	Mikel A. Aboitiz Vice-Chairman of the Board	Sabin M. Aboitiz Director	Edwin R. Bautista Director	Jose C. Vitug Independent Director	
Corporate Officers	Erramon I. Aboitiz President Chief Executive Officer (retired December 31, 2019)	Maria Veronica C. So First Vice President Group Treasurer	Julie Ann T. Diongzon Vice President Treasury Services Group	Martin John S. Yasay Vice President External Relations	Pascualito Timothy D. Masion Assistant Vice President IT Operations
	Sabin M. Aboitiz President Chief Executive Officer	Beverly B. Tolentino First Vice President CSU Finance Planning and Projects	Marc Daniel K. Dy Vice President Corporate Finance	Camille Angela Marie A. Aquino Assistant Vice President Strategy	Olyzza O. Mellomida Assistant Vice President Accounting
	Luis Miguel O. Aboitiz Senior Vice President (retired April 30, 2020)	Annacel A. Natividad First Vice President Chief Risk Officer (until December 2019)	Ruby O. Jaucian Vice President Group Human Resource	Maricar D. Bautista Assistant Vice President Media Relations	Rendell Y. Ng Assistant Vice President Corporate Finance
	Manuel R. Lozano Senior Vice President Chief Financial Officer	Marlita M. Villacampa First Vice President Controller for Accounting and Operations Services	Ricardo F. Lacson Vice President Risk Management Data Privacy Officer	Francis S. Cabanban Assistant Vice President IT Compliance and Gov/Project TX PM	Richs S. Onipon Assistant Vice President Business Transformation
	Susan V. Valdez Senior Vice President Chief Corporate Services Officer	Santanina Apolinaria B. Castro First Vice President Risk Management	Ana Margarita Hontiveros-Malvar Vice President Reputation Management	Lehua L. Cabrera Assistant Vice President Labor Relations and Compliance	Hyacinth E. Rafael-Antonio Senior Vice President Litigation and Dispute Resolution
	Robert McGregor Executive Director Chief Investment Officer	Matthew P. Kolling Executive Director Head of Venture Investments	Mary Geraldine P. Onganon Vice President Chief of Staff	Maiene M. De La Torre Assistant Vice President Assistant Corporate Secretary	Francisco Victor G. Salas Assistant Vice President Investor Relations
	Christopher P. Beshouri Executive Director Chief Strategy Officer	Christopher M. Camba First Vice President External Relations	Aylmerita C. Peñaloza Vice President Project Finance	Annalyn S. Espia Assistant Vice President IT Managed Services	Doris Sharry P. Salazar Assistant Vice President Contracts & Commercial Transactions
	Gabriel T. Mañalac Senior Vice President Group Treasurer (retired December 31, 2019)	Ana Liza M. Aleta First Vice President Chief Information Officer	Susan S. Policarpio Vice President External Relations (retired December 2019)	Raul N. Imperial Assistant Vice President Risk Management	Jose Grego U. Sitoy Assistant Vice President IT Security
	Jojo S. Guingao Senior Vice President Chief Innovation Officer	Joseph Y. Tugonon First Vice President Tax Advisory and Compliance Services	Pagan N. Arches-Reyes Vice President Contracts and Special Projects	Christine K. Kempeneers Assistant Vice President Risk Management	Percival Vincent P. Tan Assistant Vice President External Relations
	David Jude L. Sta. Ana Senior Vice President Chief External Affairs Officer	Timothy Joseph P. Abay Vice President Financial Planning and Analysis	Maria Lourdes Y. Tanate Vice President Group Internal Audit	Kenneth M. Lim Assistant Vice President Information Systems	Bethuel V. Tanupan Assistant Vice President Tax Advisory and Compliance Services
Board Committees	Manuel Alberto R. Colayco Senior Vice President Chief Legal and Compliance Officer Corporate Secretary	Judee Lyn R. Aguilar Vice President Legislative Liaison	Maria Elizabeth L. Tan Chong Vice President Corporate Human Resource	Lorna Grace C. Mamaril Assistant Vice President Finance	Andy G. Torrato Assistant Vice President Physical Assets Security
	Melinda R. Bathan First Vice President Comptroller (retired December 31, 2019)	Kenneth Matthew T. Chua Vice President Strategy	Charmaine Rose A. Valmonte Vice President Information Security, Quality and Governance	Jeffrey C. Mariano Assistant Vice President Enterprise Architecture and Cloud	
	Board Corporate Governance Committee				
	Raphael P.M. Lotilla Lead Independent Director Chairman of the Committee	Jose C. Vitug Independent Director Member of the Committee	Enrique M. Aboitiz Chairman of the Board (Non-Executive) Member of the Committee	Sabin M. Aboitiz Director (Executive) Member of the Committee	Manuel R. Salak III Independent Director Member of the Committee
	Manuel Alberto R. Colayco Compliance Officer Ex-Officio Member of the Committee	Susan V. Valdez Chief Corporate Services Officer Ex-Officio Member of the Committee			
	Board Audit Committee				
	Jose C. Vitug Independent Director Chairman of the Committee	Ana Maria A. Delgado Director (Non-Executive) Member of the Committee	Erramon I. Aboitiz Director (Non-Executive) Member of the Committee	Raphael P.M. Lotilla Lead Independent Director Member of the Committee	Manuel R. Salak III Independent Director Member of the Committee
	Board Risk and Reputation Management Committee				
	Enrique M. Aboitiz Chairman of the Board (Non-Executive) Chairman of the Committee	Mikel A. Aboitiz Vice-Chairman of the Board (Non-Executive) Member of the Committee	Erramon I. Aboitiz Director (Non-Executive) Member of the Committee	Sabin M. Aboitiz Director (Executive) Member of the Committee	Raphael P.M. Lotilla Lead Independent Director Member of the Committee
	Manuel R. Salak III Independent Director Member of the Committee	Jose C. Vitug Independent Director Member of the Committee	Manuel R. Lozano Chief Financial Officer Ex-officio Member of the Committee	David Jude L. Sta. Ana Chief External Affairs Officer Ex-officio Member of the Committee	Santanina Apolinaria B. Castro Risk Management Ex-officio Member of the Committee
Board Committees	Board Related Party Transactions Committee				
	Manuel R. Salak III Independent Director Chairman of the Committee	Raphael P.M. Lotilla Lead Independent Director Member of the Committee	Jose C. Vitug Independent Director Member of the Committee		
	Board Executive Committee				
	Sabin M. Aboitiz Director (Executive) Chairman of the Committee	Erramon I. Aboitiz Director (Non-Executive) Vice Chairman of the Committee	Mikel A. Aboitiz Vice-Chairman of the Board (Non-Executive) Member of the Committee	Enrique M. Aboitiz Chairman of the Board (Non-Executive) Member of the Committee	Edwin R. Bautista Director (Non-Executive) Member of the Committee
	Manuel R. Lozano Chief Financial Officer Ex-officio Member of the Committee	Robert McGregor Chief Investment Officer Ex-officio Member of the Committee	Christopher P. Beshouri Chief Strategy Officer Ex-officio Member of the Committee		
	Board Corporate Governance Committee				
	Romeo L. Bernardo Lead Independent Director Chairman of the Committee	Erramon I. Aboitiz Chairman of the Board (Non-Executive) Member of the Committee	Mikel A. Aboitiz Vice-Chairman of the Board (Non-Executive) Member of the Committee	Carlos C. Ejercito Independent Director Member of the Committee	Eric Ramon O. Recto Independent Director Member of the Committee
	Joseph Trillana T. Gonzales General Counsel and Compliance Officer Ex-officio Member of the Committee	Susan V. Valdez Ex-officio Member of the Committee			
	Board Audit Committee				
	Carlos C. Ejercito Independent Director Chairman of the Committee	Eric Ramon O. Recto Independent Director Member of the Committee	Romeo L. Bernardo Lead Independent Director Member of the Committee	Danel C. Aboitiz Director (Executive) Member of the Committee	Erramon I. Aboitiz Chairman of the Board (Non-Executive) Member of the Committee
Board Committees	Board Risk and Reputation Management Committee				
	Enrique M. Aboitiz Director (Non-Executive) Member of the Committee	Jaime Jose Y. Aboitiz Director (Executive) Member of the Committee	Emmanuel V. Rubio Director (Executive) Member of the Committee	Carlos C. Ejercito Independent Director Member of the Committee	Eric Ramon O. Recto Independent Director Member of the Committee
	Romeo L. Bernardo Lead Independent Director Member of the Committee	Marnie F. Mañalac Data Privacy Officer Ex-officio Member of the Committee	Liza Luv T. Montelibano Chief Financial Officer Ex-officio Member of the Committee		
	Board Related Party Transactions Committee				
	Eric Ramon O. Recto Independent Director Chairman of the Committee	Carlos C. Ejercito Independent Director Member of the Committee	Romeo L. Bernardo Lead Independent Director Member of the Committee		
	Board Executive Committee				
	Emmanuel V. Rubio Director Chairman of the Committee	Erramon I. Aboitiz Chairman of the Board (Non-Executive) Member of the Committee	Mikel A. Aboitiz Vice-Chairman of the Board (Non-Executive) Member of the Committee	Enrique M. Aboitiz Director (Non-Executive) Member of the Committee	Jaime Jose Y. Aboitiz Director (Executive) Member of the Committee
	Liza Luv T. Montelibano Chief Financial Officer Ex-officio Member of the Committee				
	Board Corporate Governance Committee				
	Romeo L. Bernardo Lead Independent Director Chairman of the Committee	Erramon I. Aboitiz Chairman of the Board (Non-Executive) Member of the Committee	Mikel A. Aboitiz Vice-Chairman of the Board (Non-Executive) Member of the Committee	Carlos C. Ejercito Independent Director Member of the Committee	Eric Ramon O. Recto Independent Director Member of the Committee

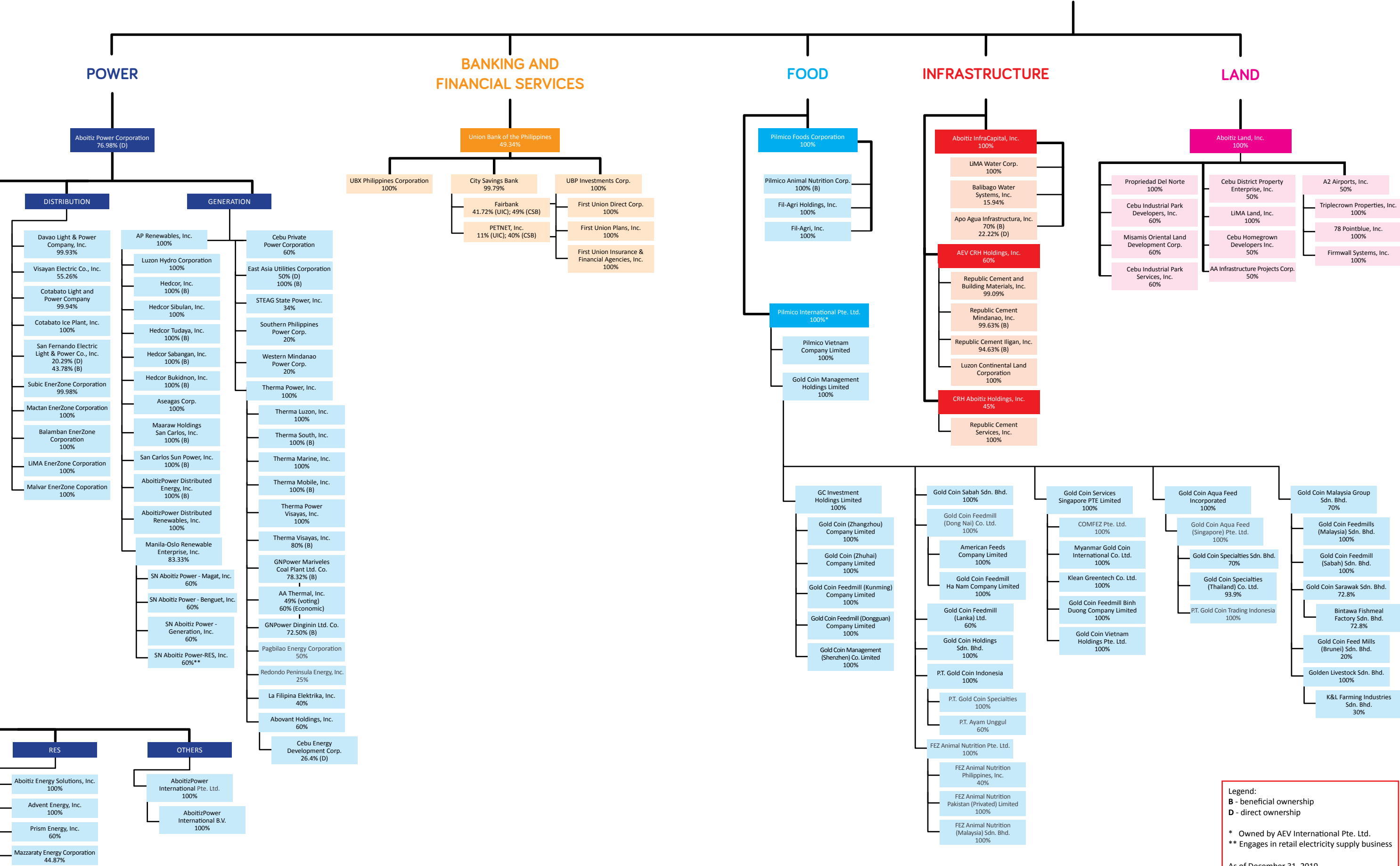
Management Directory

Aboitiz Power Corporation

Board of Directors	Erramon I. Aboitiz Chairman of the Board	Enrique M. Aboitiz Director	Jaime Jose Y. Aboitiz Director	Romeo L. Bernardo Lead Independent Director	Eric Ramon O. Recto Independent Director
	Mikel A. Aboitiz Vice-Chairman of the Board	Emmanuel V. Rubio Director	Danel C. Aboitiz Director	Carlos C. Ejercito Independent Director	
Corporate Officers	Emmanuel V. Rubio President Chief Executive Officer	Alma D. Roxas-Aguila First Vice President Business Development	Raymond Carl R. Roseus Vice President Industry Relations	Sasha S. Jamero Assistant Vice President Controller Distribution Business Group	Wilfredo A. Rodolfo III Assistant Vice President Regulatory Affairs and External Relations
	Jaime Jose Y. Aboitiz Executive Vice President Chief Operating Officer	Ma. Chona Y. Tiu First Vice President Chief Financial Officer Distribution Business Group (retired April 2020)	Mark A. Valencia Chief Technology Officer Distribution Business Group	Rodelio C. Jaucian Assistant Vice President Equipment and Controls Senior Engineer	Rowena V. Romero Assistant Vice President Commercial Support
	Luis Miguel O. Aboitiz Executive Vice President Chief Strategy Officer (retired April 2020)	Iara Victoria B. Arcilla Vice President Business Development	James Byron P. Yu Vice President Energy Marketing	Vanessa Lyle P. Kinney-Borja Assistant Vice President Retention and Systems	Gerard Joseph B. Roxas Assistant Vice President Power Systems Planning and Energy Economics
	Danel C. Aboitiz Senior Vice President Regulatory Affairs and External Relations	Charisse P. Bacurio Vice President Finance	Dary P. Aran Assistant Vice President Accounting	Jose Felipe V. Moleno Assistant Vice President Regulatory Compliance and True-Up Rate Implementation	Arsenio C. Sacamos Assistant Vice President Business Process Management Distribution Business Group
	Liza Luv T. Montelibano Senior Vice President Chief Financial Officer Chief Information Officer	Charito E. Balita Vice President Innovation and Change Management	Kathleen M. Aujero Assistant Vice President HR Operations	Annabel N. Gatdula Assistant Vice President IT Portfolio and Project Management	Benedick M. Salvador Assistant Vice President Regulated Sales
	Anton Mari G. Perdices Senior Vice President Chief Operating Officer Distribution Business Group	Aladino B. Borja Vice President Information Technology Services Distribution Business Group	Robert Alexander U. Camay Assistant Vice President Information Systems Management	Gedeon L. Gavan Jr. Assistant Vice President Distribution Finance	Dennis R. Siaton Assistant Vice President Regulatory Affairs
	Alexander B. Co Chief Operating Officer Renewable Generation Business Group	Katrina Michaela D. Calleja Vice President Reputation Management	Gil G. Cardiel Assistant Vice President Geosciences	Saturnino E. Nicanor Jr. Assistant Vice President Internal Audit	Paul B. Sorino Assistant Vice President Legal Regulatory Affairs
	Robert McGregor Executive Director Chief Investment Officer	Marco R. Carlos Vice President Safety, Health, Environment and Security	Belen B. Catanduanes Assistant Vice President Human Resources Distribution Business Group	Daniel Otaegui Technical Specialist Project Development and Execution (Thermal)	Rene T. Sta. Maria Jr. Assistant Vice President Business Solutions Distribution Business Group
	Ana Liza M. Aleta First Vice President Corporate Services	Reynold B. Felix Vice President Customer Service Distribution Business Group	Ronald G. Chan Assistant Vice President IT Communications Distribution Business Group	Catherine D. Pasilaban Assistant Vice President Retail Sales	Andrew Jason B. Tan Assistant Vice President Business Development
	Alvin S. Arco First Vice President Regulatory Affairs - Distribution	Nemeley F. Jabla Vice President Energy Trading	Anthony Matthew N. Co Assistant Vice President Portfolio Management	Katherine Corinne C. Patron Assistant Vice President Talent Attraction	Dennis S. Verallo Assistant Vice President Utility Economics Distribution Business Group
Board Committees	Lee Hazel T. Balangue First Vice President Project Development and Execution (Renewable)	Cherry A. Javier Vice President Industry Affairs	Lee Ann K. De Leon Assistant Vice President Products and Retail Commercial Operations	Joefry T. Paulo Assistant Vice President Project Development	Rolando V.C. Vergara Jr. Assistant Vice President Renewable Energy Business Development
	Maria Racquel J. Bustamante First Vice President Chief Financial Officer Generation Business Group	Marnie F. Mañalac Vice President Risk and Organizational Performance Management	Angeles V. Dico Assistant Vice President Accounting Operations Distribution Business Group	Nelson V. Perez Assistant Vice President Compliance Head	Robert N. Vidal Assistant Vice President Tariffs and Technical Compliance
	Dennis Edward A. De La Serna First Vice President Regulatory Affairs	Ma. Consolacion C. Mercado Vice President Legal, Energy Affairs and Compliance	Myla M. Espineda Assistant Vice President Divisional Operating Profit Management and Special Projects	Lemuel P. Quilos Assistant Vice President IT Operations Distribution Business Group	Alfred Rudolf Ziegler Technical Specialist Power Generator
	Joseph Trillana T. Gonzales First Vice President General Counsel and Compliance Officer	Angeli A. Parcia Vice President Regulatory Affairs - Generation	Joan Margaret H. Hao Assistant Vice President Business Process and Quality Management	Clovis B. Racho Assistant Vice President Procurement and Logistics Distribution Business Group	
	Ma. Kristina Cinderella V. Rivera First Vice President Human Resources	Katrina M. Platon Vice President Legal Regulatory Affairs	Hiep D. Huynh Assistant Vice President Business Development	Joey C. Rivera Assistant Vice President Finance - Commercial Operations	
	Board Corporate Governance Committee				
	Romeo L. Bernardo Lead Independent Director Chairman of the Committee	Erramon I. Aboitiz Chairman of the Board (Non-Executive) Member of the Committee	Mikel A. Aboitiz Vice-Chairman of the Board (Non-Executive) Member of the Committee	Carlos C. Ejercito Independent Director Member of the Committee	Eric Ramon O. Recto Independent Director Member of the Committee
	Joseph Trillana T. Gonzales General Counsel and Compliance Officer Ex-officio Member of the Committee	Susan V. Valdez Ex-officio Member of the Committee			
	Board Audit Committee				
	Carlos C. Ejercito Independent Director Chairman of the Committee	Eric Ramon O. Recto Independent Director Member of the Committee	Romeo L. Bernardo Lead Independent Director Member of the Committee	Danel C. Aboitiz Director (Executive) Member of the Committee	Erramon I. Aboitiz Chairman of the Board (Non-Executive) Member of the Committee
Board Committees	Board Risk and Reputation Management Committee				
	Enrique M. Aboitiz Director (Non-Executive) Member of the Committee	Jaime Jose Y. Aboitiz Director (Executive) Member of the Committee	Emmanuel V. Rubio Director (Executive) Member of the Committee	Carlos C. Ejercito Independent Director Member of the Committee	Eric Ramon O. Recto Independent Director Member of the Committee
	Romeo L. Bernardo Lead Independent Director Member of the Committee	Marnie F. Mañalac Data Privacy Officer Ex-officio Member of the Committee	Liza Luv T. Montelibano Chief Financial Officer Ex-officio Member of the Committee		
	Board Related Party Transactions Committee				
	Eric Ramon O. Recto Independent Director Chairman of the Committee	Carlos C. Ejercito Independent Director Member of the Committee	Romeo L. Bernardo Lead Independent Director Member of the Committee		
	Board Executive Committee				
	Emmanuel V. Rubio Director Chairman of the Committee	Erramon I. Aboitiz Chairman of the Board (Non-Executive) Member of the Committee	Mikel A. Aboitiz Vice-Chairman of the Board (Non-Executive) Member of the Committee	Enrique M. Aboitiz Director (Non-Executive) Member of the Committee	Jaime Jose Y. Aboitiz Director (Executive) Member of the Committee
	Liza Luv T. Montelibano Chief Financial Officer Ex-officio Member of the Committee				
	Board Corporate Governance Committee				
	Romeo L. Bernardo Lead Independent Director Chairman of the Committee	Erramon I. Aboitiz Chairman of the Board (Non-Executive) Member of the Committee	Mikel A. Aboitiz Vice-Chairman of the Board (Non-Executive) Member of the Committee	Enrique M. Aboitiz Director (Non-Executive) Member of the Committee	Jaime Jose Y. Aboitiz Director (Executive) Member of the Committee

Corporate Structure

Aboitiz Equity Ventures Inc.



Legend:
B - beneficial ownership
D - direct ownership

* Owned by AEV International Pte. Ltd.
** Engages in retail electricity supply business

As of December 31, 2019

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, 2019.

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 Company and its stakeholders by providing advice relating to: (a) the adequacy and efficiency of the company’s system of internal controls, governance and risk management processes; (b) the quality and integrity of the company’s accounting, auditing, legal, ethical and regulatory compliances; (c) the annual independent audit of the Company’s financial statements and the external auditors’ qualification and independence; and (d) due observance of applicable laws and regulations that may have financial and other material exposure to the Company; as well as providing an avenue of communication among the independent auditors, the management, the internal audit 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.

Jose C. Vitug, a retired Justice of the Supreme Court (an Independent Director) is the Chairman of the Committee. Other members of the committee are Atty. Raphael P. M. Lotilla (Independent Director), Manuel R. Salak III (Independent Director), Endika M. Aboitiz (Non-Executive Director) and Mikel A. Aboitiz (Non-Executive Director).

Meetings and Attendance

The Audit Committee carried out its function through its meetings with management, internal auditors, independent external auditors, advisers, and others where appropriate.

The audit charter provides for the Committee to hold at least four (4) regular meetings a year, with the authority to convene special meetings when deemed required. It also holds an annual joint meeting with the Board Risk and Reputation Committee.

In 2019, five (5) meetings were held. The attendance by each member of the committee is as so indicated below:

Member	Feb. 26, 2019 Regular Meeting	April 30, 2019 Regular Meeting	July 23, 2019 Regular Meeting	Oct. 29, 2019 Regular Meeting	Nov 19, 2019 Joint with Risk and Reputation
JOSE C. VITUG Chairman, Independent Director	✓	✓	✓	✓	✓
RAPHAEL P. M. LOTILLA Independent Director	✓	✓	✓	✓	✓
MANUEL R. SALAK III Independent Director	✓	✓	✓	✓	✓
ENRIQUE M. ABOITIZ Non-Executive Director	✓	X	✓	✓	X
MIKEL A. ABOITIZ Non-Executive Director	✓	✓	✓	✓*	✓

*Attended via Videocon

Attendees to these meetings also include the Group Internal Audit Head and, by invitation, the Chief Risk Officer, the Chief Financial Officer, Controller and other key leaders whenever deemed necessary or appropriate.

Financial Reports

The Board Audit Committee reviewed, discussed, and approved for public disclosure the 2019 quarterly unaudited consolidated financial statements. The Committee endorsed for approval by the full Board the 2019 annual audited financial statements of Aboitiz Equity Ventures Inc., its subsidiaries and alliances. Included in the review were the Management Discussion and Analysis of Financial Condition and Results of Operations following prior review and discussion with management, accounting, and the company’s independent external auditor, SyCip Gorres Velayo & Co. (SGV)—a “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 Auditor

Upon the endorsement of the Audit Committee to the Board which, in turn, sought the approval of the shareholders of Aboitiz Equity Ventures Inc., during its Annual General Stockholders Meeting held last April 22, 2019, SyCip Gorres Velayo & Co. (SGV) was re-appointed as the independent external auditor for 2019 with Maria Veronica Andresa R. Pore as the signing partner for SGV.

The overall scope and audit plan of SGV were reviewed and approved during the October 29, 2019 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 3, 2020. SGV presented the effects of changes in relevant accounting standards and presentation of financial statements that impact on the reported results.

Non-audit services related to the conduct of post reviews and other procedures related to the issuance of bonds were provided by SGV in 2019; The Company also engaged SGV to provide financial and tax due diligence as well as to conduct trainings with regard to the adoption of new standards.

Internal Auditors

The Audit Committee is satisfied with the internal audit function and has assessed that it is operating effectively and to generally cover the risks pertinent to the company in its audits. The Committee has reviewed and approved the annual audit program for the year which also covers the adequacy of resources, qualifications and competency of the staff and independence of the internal auditor.

With reference to the IPPF Attribute Standard 1100 which states that “The Internal Audit Activity must be independent, and internal auditors must be objective in performing their work.”, the Committee confirms that the function is executed effectively and internal auditors have conducted their responsibilities objectively and in an unbiased manner. The Committee further confirms that, to the best of its knowledge and belief, the auditors have no personal or other impediments that would prevent them from objectively planning, conducting, reporting, or otherwise participating and reaching independent conclusions in their audit assignments in 2019. Internal audit is organizationally positioned to be independent— functionally reporting to the Board Audit Committee and administratively to the President and Chief Executive Officer.

The Board Audit Committee is satisfied with the content and quality of reports prepared and issued by the internal auditors during the year under review.

The Group Internal Audit (GIA) remains to be the single-point-of-contact for the Audit Committee. It takes the lead in setting the standards, initiatives and overall direction of the group audit teams which, in turn, focus their reviews on the top risks of their respective business units. Except for the banks and other financial business units, information systems and technology-related risks however, still remain to be an area covered by the Aboitiz Equity Ventures Inc. group information systems auditors.

Based on audit reports and highlights presented to the Committee and with the contribution provided by management and other key leaders on the issues raised to their attention, the Committee concurs with internal audit’s assessment that, generally, there is reasonable assurance that the existing system of internal controls, risk management and governance allow for a generally adequate management of identified risks and effectively supports the improvement of the management of the Company as a whole. There is a need, however, to improve and further strengthen governance and controls over the implementation of security standards for information systems and related technologies particularly in relation to cybersecurity risks.

External Quality Assessment

The Internal Audit team of Aboitiz Equity Ventures Inc., after undergoing an External Quality Assessment (EQA) review by the authorized validators of the Institute of Internal Auditors (IIA) Philippines that are duly accredited by the Institute of Internal Auditors (IIA) International, received the official EQAR results early 2019.

It is the opinion of the IIA that on the overall, the internal audit team of Aboitiz Equity Ventures Inc., “Generally Conforms” to the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics for internal audit practitioners. Generally Conforms is the highest rating awarded in connection with an EQA and the internal audit team has been commended for this achievement.

The EQA, much like any global certification is not required. Acquiring it helps build the reputation not just of internal audit but of Aboitiz as a company that not only conforms, complies and follows but adopts and implements the Standards and best practices of the internal audit function. The EQA certification is valid for 5 years till 2022. Until then, internal audit will ensure that it continually works on its Quality Assurance Improvement Program and apply it across the group.

Review of the Audit Charters

There are no changes to the Charters for 2019. The review and updating of the charters are done at least once a year, endorsed by the Audit Committee and approved by the Board.

Self-Assessment

The Committee conducted its annual self-assessment in accordance with the guidelines of SEC Memo Cir. No. 4, series of 2012. The assessment result showed that it fully complied with the requirements set forth in the Audit Charter and met the necessary and most important requirements set by global standards and best practices.

Risk Management

The partnership between the functions of risk management and internal audit has remained solid. In order to continuously provide objective assurance to the board on the effectiveness of risk management, a joint audit and risk committee meeting is held at least once a year.

Presented in the November 19, 2019 joint meeting are the top strategic risks, emerging risks and project risks that present a significant impact to the Company’s ability to execute its plans, strategies and business objectives for the following year. These top risks serve as an input for the preparation of internal audit’s master plan for the following year.

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, 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 AP Board Audit Committee,

(SGD.) Jose C. Vitug
(Retired Justice, Supreme Court/Independent Director)
Chairman

Statement of Management’s
Responsibility for Financial Statements

Aboitiz Equity Ventures Inc.

SECURITIES & EXCHANGE COMMISSION
Secretariat Building, PICC Complex,
Roxas Boulevard, Pasay City, 1307

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, 2019 and 2018, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company’s financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders or members.

Sycip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.



ENRIQUE M. ABOITIZ
Chairman of the Board



SABIN M. ABOITIZ
President & Chief Executive Officer



MANUEL R. LOZANO
Senior Vice President - Chief Financial Officer

Signed this 6th day of March 2020

Independent Auditors' Report

Aboitiz Equity Ventures Inc.

The Board of Directors and Stockholders
Aboitiz Equity Ventures Inc.

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, 2019 and 2018, 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, 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2019 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.

Recoverability of Goodwill

As of December 31, 2019, the goodwill amounted to ₱56.3 billion, which is attributable to several cash-generating units, is considered significant to the consolidated financial statements. We consider the recoverability of goodwill as a key audit matter due to the materiality of the amount involved and the significant management assumptions and judgment involved, which includes cash-generating unit identification, discount and growth rates, revenue assumptions, and material price inflation.

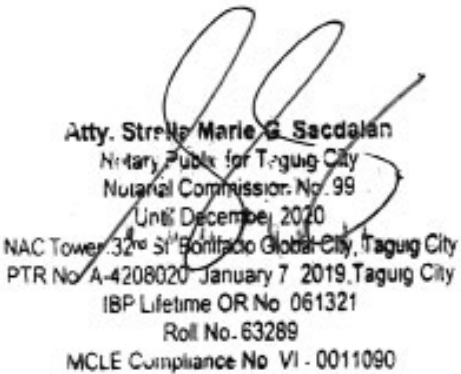
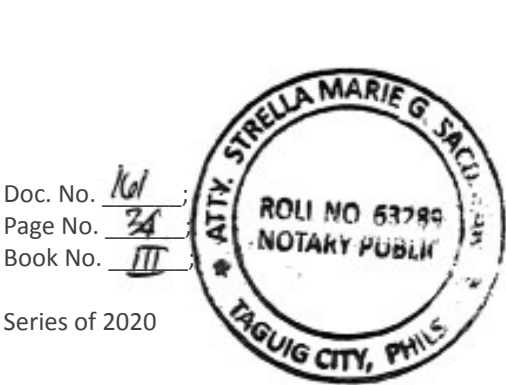
Republic of the Philippines)
City of Taguig) S.S.

Before me, a notary public in and for the city named above, personally appeared:

Name	Passport/CTC No.	Date/Place Issued
Enrique M. Aboitiz	P-11046923	February 28, 2018, Manila January 24, 2020, Cebu City
Sabin M. Aboitiz	P-11079533	February 23, 2017, Manila January 29, 2020, Cebu City
Manuel R. Lozano	P-00859193	May 6, 2018, Manila January 16, 2020, Taguig City

who are personally known to me and to me known to be the same persons who presented the foregoing instrument and signed the instrument in my presence, and who took an oath before me as to such instrument.

Witness my hand and seal this **MAR 06 2020**



Doc. No. Kel
Page No. 34
Book No. III
Series of 2020

The Group's disclosures about goodwill are included in Notes 3, 9 and 13 to the consolidated financial statements.

Audit Response

We involved our internal specialist in assessing the methodology and assumptions used by the Group in estimating value-in-use. We compared significant assumptions, such as growth rate, revenue assumptions and material price inflation, against historical data and industry outlook. Our internal specialist reviewed the discount rates by performing an independent testing on the derivation of the discount rates using market-based parameters. We performed sensitivity analyses to understand the impact of reasonable changes in the key assumptions. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment testing is most sensitive.

Accounting for Business Combinations: Finalization of Purchase Price Allocation for the Acquisition of Gold Coin Management Holdings (GCMH)

In 2019, the Group finalized the fair value of the net assets acquired from its acquisition of ownership interest in GCMH on July 27, 2018. PFRS 3, *Business Combinations*, allows the fair value of the net assets acquired to be continually refined for a period of one year after the acquisition date in cases where judgment is required to ensure the adjustments made reflect new information obtained about facts and circumstances that existed as of acquisition date. The adjustments resulted in an increase in goodwill of ₱99.2 million. Based on the quantitative materiality of the adjustment and degree of management judgment in assessing the fair value of the net assets, we have determined this to be a key audit matter.

The Group's disclosures about the finalization of the purchase price allocation for the acquisition of GCMH are included in Note 9 to the consolidated financial statements.

Audit Response

We obtained the understanding on the Group's process of purchase price allocation which includes the identification of the fair value of the net assets. We reviewed the measurement of the fair value of the net assets and adjustments made by the Group. Where the Group used an appraiser to perform valuation of its property, plant and equipment, we assessed the competence, capabilities and objectivity of the Group's specialist.

We involved our internal specialist in evaluating the methodologies and assumptions used in arriving at the fair values of the property, plant and equipment. We compared the key assumptions used such as the list prices by reference to relevant market data, and obtained understanding of the sources and bases of adjustment and obsolescence factors through discussions with the external appraisers. We also evaluated the presentation and the disclosure of the transaction in the consolidated financial statements.

Revenue Recognition of Distribution Utilities

The Group's revenue from the sale of electricity accounts for 23% of the Group's consolidated revenue 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 25 to the consolidated financial statements.

Audit Response

We obtained an understanding and evaluated the design and tested the controls over the billing and revenue process which includes the capture and accumulation of meter data in the billing system and calculation of billed amounts, and uploading of billed amounts from the billing system to the financial reporting system. We performed a test calculation of the rates using the Energy Regulatory Commission-approved rates and formulae, then compared them with the rates used in billing statements.

Recoverability of Certain Segments of Property, Plant and Equipment

Based on the assessment of the Group as of December 31, 2019, certain segments of its property, plant and equipment totaling ₱3.6 billion, may be impaired. We considered the recoverability of certain segments of property, plant and equipment as a key audit matter because of the amount involved and significant management assumptions and judgment involved which include future electricity generation levels and costs as well as external inputs such as fuel prices, electricity prices and discount rates.

The disclosure about the recoverability of certain segments of property, plant and equipment are included in Note 12 to the consolidated financial statements.

Audit Response

We involved our internal specialist in assessing the methodology and the assumptions used by the Group in estimating value-in-use. We compared the significant assumptions, such as future electricity generation levels and costs, fuel prices and electricity prices against historical data and industry outlook. Our internal specialist reviewed the discount rates by performing an independent testing on the derivation of the discount rates using market-based parameters. We performed sensitivity analyses to understand the impact of reasonable changes in the key assumptions. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment testing is most sensitive.

Accounting for Investment in an Associated Company

Aboitiz Equity Ventures, Inc. (AEV) exercises significant influence over Union Bank of the Philippines (UBP), a universal bank publicly listed in the Philippine Stock Exchange. The Group's investment in UBP is accounted for under the equity method. UBP's income is significantly affected by the level of provisioning of its loans and other receivables, which requires significant management judgment.

The Group's disclosure on investments in associates is 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, 2019 and recomputed the Group's share in net income of UBP and assessed the disclosures on 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 of its loans and other receivables and assessed whether these considered the requirements of PFRS 9, *Financial Instruments*, to reflect an unbiased and probability-weighted outcome, and to consider time value of money and the best available forward-looking information. We also inspected the results of the PFRS 9 model validation 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 and 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; (e) tested exposure at default considering outstanding commitments and repayment scheme; (f) checked the reasonableness of 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 expected loss.

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 also assessed the assumptions used where there are missing or insufficient data. We recalculated impairment provisions on a sample basis. We involved our internal specialists in the performance of the above procedures.

Consolidation Process

AEV owns a significant number of domestic and foreign entities at varying equity interests. We considered the consolidation process as a key audit matter because it required significant auditor attention, particularly on the following areas: (a) fair value adjustments arising from business combinations, (b) numerous intercompany transactions, (c) alignment of accounting policies of the investees with the Group's policy on property, plant and equipment and investment properties, (d) translation of investees' foreign-currency-denominated financial information to the Group's functional currency and (e) other equity adjustments.

The Group's disclosure on the basis of consolidation is in Note 2 to the consolidated financial statements.

Audit Response

We obtained an understanding of the consolidation process and the related controls, the Group's process for identifying related parties and related party transactions, as well as the reconciliation of intercompany balances. We also checked the entities included in the consolidation. We reviewed the eliminating entries recorded, including fair value adjustments. In addition, we reviewed the currency translation adjustments, as well as the alignment of accounting policies on property, plant and equipment and investment properties.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2019, 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, 2019 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks,

and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Maria Veronica Andresa R. Pore.

SYCIP GORRES VELAYO & CO.

Maria Veronica Andresa R. Pore

Maria Veronica Andresa R. Pore

Partner

CPA Certificate No. 90349

SEC Accreditation No. 0662-AR-4 (Group A),

November 21, 2019, valid until November 20, 2022

Tax Identification No. 164-533-282

BIR Accreditation No. 08-001998-71-2018,

February 26, 2018, valid until February 25, 2021

PTR No. 8125281, January 7, 2020, Makati City

March 6, 2020

Independent Auditors' Report on Supplementary Schedules

Aboitiz Equity Ventures Inc.

The Board of Directors and Stockholders
Aboitiz Equity Ventures Inc.
32nd Street, Bonifacio Global City
Taguig City, Metro Manila
Philippines

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Aboitiz Equity Ventures Inc. and Subsidiaries as at December 31, 2019 and 2018, and for each of the three years in the period ended December 31, 2019. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to Financial Statements and Supplementary Schedules are the responsibility of the Company’s management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Maria Veronica Andresa R. Pore

Maria Veronica Andresa R. Pore
Partner
CPA Certificate No. 90349
SEC Accreditation No. 0662-AR-4 (Group A),
November 21, 2019, valid until November 20, 2022
Tax Identification No. 164-533-282
BIR Accreditation No. 08-001998-71-2018,
February 26, 2018, valid until February 25, 2021
PTR No. 8125281, January 7, 2020, Makati City

March 6, 2020

Consolidated Balance Sheets

Aboitiz Equity Ventures Inc. and Subsidiaries

(Amounts in Thousands)

	December 31, 2019	December 31, 2018 (As Restated; Note 9)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱46,424,663	₱59,033,029
Trade and other receivables (Note 5)	35,195,594	35,099,504
Inventories (Note 6)	20,776,828	21,977,439
Land and improvements (Note 6)	2,570,892	2,340,113
Property held for sale (Notes 12 and 29)	—	675,819
Derivative asset (Note 36)	51,060	71,583
Other current assets (Notes 7 and 8)	19,406,255	18,290,868
Total Current Assets	124,425,292	137,488,355
Noncurrent Assets		
Property, plant and equipment (Notes 12 and 18)	225,558,765	221,689,945
Investments and advances (Note 10)	140,351,748	106,959,557
Intangible assets (Notes 9 and 13)	66,801,095	63,776,773
Investment properties (Notes 14 and 29)	11,291,880	8,224,667
Deferred income tax assets (Note 31)	3,127,072	2,324,773
Trade and other receivables - net of current portion (Note 5)	2,423,038	3,441,898
Derivative asset - net of current portion (Note 36)	82,327	221,245
Net pension assets (Note 30)	190,243	158,575
Other noncurrent assets (Notes 8 and 15)	14,134,641	10,208,281
Total Noncurrent Assets	463,960,809	417,005,714
TOTAL ASSETS	₱588,386,101	₱554,494,069
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 17, 34 and 39)	₱36,440,163	₱33,870,274
Bank loans (Note 16)	25,717,137	26,978,586
Current portions of:		
Long-term debts (Note 18)	27,126,918	10,702,974
Long-term obligation on Power Distribution System (PDS) (Note 13)	40,000	40,000
Lease liabilities (Notes 12 and 21)	5,656,226	4,131,059
Derivative liability (Note 36)	2,255,736	161,565
Income tax payable	776,596	535,233
Total Current Liabilities	98,012,776	76,419,691

(Forward)

Consolidated Statements of Income

Aboitiz Equity Ventures Inc. and Subsidiaries

(Amounts in Thousands, Except Earnings Per Share Amounts)

	December 31, 2019	December 31, 2018 (As Restated; Note 9)
Noncurrent Liabilities		
Noncurrent portions of:		
Long-term debts (Note 18)	₱212,452,620	₱200,729,393
Lease liabilities (Notes 12 and 21)	39,637,536	42,763,296
Trade and other payables (Notes 17 and 34)	7,206,837	3,695,261
Long-term obligation on PDS (Note 13)	159,350	173,496
Customers' deposits (Note 19)	6,721,156	6,127,788
Decommissioning liability (Note 20)	3,567,492	3,678,810
Deferred income tax liabilities (Note 31)	2,581,511	1,942,264
Net pension liability (Note 30)	639,155	486,232
Derivative liability - net of current portion (Note 36)	212,588	—
Total Noncurrent Liabilities	273,178,245	259,596,540
Total Liabilities	371,191,021	336,016,231
Equity Attributable to Equity Holders of the Parent		
Capital stock (Note 22)	5,694,600	5,694,600
Additional paid-in capital (Note 22)	13,013,197	13,013,197
<i>Other equity reserves:</i>		
Gain on dilution (Note 2)	5,043,152	5,043,152
Excess of book value over acquisition cost of an acquired subsidiary (Note 9)	469,540	469,540
Acquisition of non-controlling interests (Note 2)	(11,590,375)	(1,679,549)
Accumulated other comprehensive income (Note 24)	(2,648,022)	(27,076)
Retained earnings (Notes 10 and 23)		
Appropriated	4,200,000	4,200,000
Unappropriated	162,864,330	148,541,910
Treasury stock at cost (Note 22)	(565,246)	(565,246)
	176,481,176	174,690,528
Non-controlling Interests	40,713,904	43,787,310
Total Equity	217,195,080	218,477,838
TOTAL LIABILITIES AND EQUITY	₱588,386,101	₱554,494,069

See accompanying Notes to Consolidated Financial Statements.

	Years Ended December 31		
	2019	2018	2017
REVENUES			
Sale of:			
Power (Note 25)	₱124,605,660	₱130,734,557	₱118,759,149
Goods	69,625,434	47,751,035	23,819,250
Real estate (Notes 14 and 25)	4,116,175	3,925,308	3,613,388
Sale of swine at fair value (Note 8)	1,529,743	2,501,841	2,410,542
Service fees (Note 39)	1,153,570	1,883,506	1,620,401
Others (Note 34)	126,886	146,573	198,875
	201,157,468	186,942,820	150,421,605

COSTS AND EXPENSES

Cost of generated and purchased power (Notes 26, 27, 34 and 39)	71,361,850	71,680,298	63,949,850
Cost of goods sold (Notes 6 and 27)	61,177,948	43,693,907	21,700,262
Operating expenses (Notes 27, 34, 38 and 39)	33,546,426	30,398,694	26,255,915
Cost of real estate sales (Note 6)	2,305,141	1,871,385	1,825,570
Overhead expenses (Note 27)	111,213	136,593	113,864
	168,502,578	147,780,877	113,845,461

OPERATING PROFIT

Share in net earnings of associates and joint ventures (Note 10)	11,502,090	7,727,663	9,053,733
Interest income (Notes 4, 34 and 35)	1,574,268	1,476,151	1,375,695
Interest expense (Notes 21 and 35)	(17,048,359)	(14,638,588)	(13,117,362)
Other income (expense) - net (Notes 5, 29 and 34)	5,517,803	1,410,826	(26,134)

INCOME BEFORE INCOME TAX	34,200,692	35,137,995	33,862,076
---------------------------------	-------------------	-------------------	-------------------

PROVISION FOR INCOME TAX (Note 31)	4,758,404	3,899,198	4,583,055
---	------------------	------------------	------------------

NET INCOME	₱29,442,288	₱31,238,797	₱29,279,021
-------------------	--------------------	--------------------	--------------------

ATTRIBUTABLE TO:

Equity holders of the parent	₱22,036,129	₱22,232,977	₱21,608,695
Non-controlling interests	7,406,159	9,005,820	7,670,326

	₱29,442,288	₱31,238,797	₱29,279,021
--	--------------------	--------------------	--------------------

EARNINGS PER SHARE (Note 32)

Basic and diluted, for net income for the year attributable to ordinary equity holders of the parent	₱3.912	₱3.947	₱3.836
--	---------------	---------------	---------------

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

Consolidated Statements of Changes in Equity

Aboitiz Equity Ventures Inc. and Subsidiaries

Aboitiz Equity Ventures Inc. and Subsidiaries

(Amounts in Thousands)

	Years Ended December 31		
	2019	Restated 2018	2017
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the parent	₱22,036,129	₱22,232,977	₱21,608,695
Non-controlling interests	7,406,159	9,005,820	7,670,326
	29,442,288	31,238,797	29,279,021
OTHER COMPREHENSIVE INCOME			
<i>Items that may be reclassified to consolidated statements of income:</i>			
Movement in cumulative translation adjustments, net of tax	(2,028,859)	639,746	199,556
Share in movement in cumulative translation adjustments of associates and joint ventures (Note 10)	(505,502)	464,139	(16,305)
Share in movement in net unrealized mark-to-market gains (losses) on FVOCI investments of associates (Note 10)	(2,382)	14,295	—
Movement in net unrealized mark-to-market losses on FVOCI investments	2,992	(17,136)	—
Movement in net unrealized mark-to-market losses on AFS investments	—	—	(2,413)
Share in movement in net unrealized mark-to-market gains (losses) on AFS investments of associates (Note 10)	—	—	702,564
	(2,533,751)	1,101,044	883,402
<i>Items that will not be reclassified to consolidated statements of income:</i>			
Share in movement in actuarial losses on defined benefit plans of associates and joint ventures, net of tax	(394,994)	112,229	(22,788)
Movement in actuarial gains (losses) on defined benefit plans, net of tax	(185,103)	(10,633)	126,137
	(580,097)	101,596	103,349
TOTAL COMPREHENSIVE INCOME	₱26,328,440	₱32,441,437	₱30,265,772
ATTRIBUTABLE TO:			
Equity holders of the parent	₱19,415,184	₱23,247,913	₱22,562,144
Non-controlling interests	6,913,256	9,193,524	7,703,628
	₱26,328,440	₱32,441,437	₱30,265,772

See accompanying Notes to Consolidated Financial Statements.

FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND 2017
(Amounts in Thousands, Except Dividends Per Share Amounts)

	Attributable to equity holders of the parent										Non-controlling Interest	Total
	Capital Stock: Common (Note 22)	Additional Paid-in Capital (Note 22)	Gain on Dilution (Note 2)	Acquisition Cost of an Acquired Subsidiary (Note 9)	Over Acquisition of Non-controlling Interest (Note 2)	Accumulated Other Comprehensive Income (Note 10)	Appropriated (Note 23)	Unappropriated (Note 23)	Treasury Stock (Note 22)	Total		
Balances at January 1, 2019, as previously reported	₱5,694,600	₱13,013,197	₱5,043,152	₱469,540	—	(₱27,076)	₱4,200,000	₱148,541,910	(₱565,246)	₱174,690,528	₱42,546,792	₱217,237,320
Effects of adoption of PFRS 16 (Notes 2 and 3)	—	—	—	—	—	(14,613)	—	(278,423)	—	(14,613)	(94,836)	(373,259)
Restatement of a subsidiary (Note 9)	—	—	—	—	—	(14,689)	4,200,000	148,263,487	(565,246)	174,397,492	43,680,875	218,078,367
Balances at January 1, 2019, as restated	5,694,600	13,013,197	5,043,152	469,540	—	(14,689)	4,200,000	148,263,487	(565,246)	174,397,492	29,442,288	218,078,367
Net income for the year	—	—	—	—	—	—	—	22,036,129	—	22,036,129	7,406,159	29,442,288
Other comprehensive loss	—	—	—	—	—	(2,620,945)	—	—	—	(2,620,945)	(492,903)	(3,113,848)
Total comprehensive income (loss) for the year	—	—	—	—	—	(2,620,945)	—	22,036,129	—	19,415,184	6,913,256	26,328,440
Cash dividends - ₱1.32 per share (Note 23)	—	—	—	—	—	—	—	—	—	(7,435,286)	—	(7,435,286)
Cash dividends paid to non-controlling interests	—	—	—	—	—	—	—	(7,435,286)	—	—	(3,261,080)	(3,261,080)
Acquisition of non-controlling interests	—	—	—	—	—	—	—	—	—	(9,910,826)	(1,395,615)	(11,306,441)
Changes in non-controlling interests	—	—	—	—	—	—	—	—	—	—	(5,235,131)	(5,235,131)
Balances at December 31, 2019	₱5,694,600	₱13,013,197	₱5,043,152	₱469,540	—	(₱2,662,634)	₱4,200,000	₱162,864,330	(₱565,246)	₱176,466,564	₱40,702,305	₱217,168,869
Balances at January 1, 2018, as previously reported	₱5,694,600	₱13,013,197	₱5,043,152	₱469,540	—	(₱4,334,008)	₱1,622,000	₱135,288,145	(₱521,132)	₱154,698,419	₱37,572,509	₱192,270,928
Effects of adoption of new accounting standards	—	—	—	—	—	3,306,608	—	810,043	—	4,116,651	—	4,116,651
Balances at January 1, 2018, as restated	5,694,600	13,013,197	5,043,152	469,540	—	(1,027,400)	1,622,000	136,098,188	(521,132)	158,815,070	37,572,509	196,387,579
Net income for the year	—	—	—	—	—	—	—	22,232,977	—	22,232,977	9,005,820	31,238,797
Other comprehensive income	—	—	—	—	—	1,000,324	—	—	—	1,000,324	1,176,105	1,176,429
Total comprehensive income for the year	—	—	—	—	—	1,000,324	—	22,232,977	—	23,233,301	9,181,925	32,415,226
Cash dividends - ₱1.28 per share (Note 23)	—	—	—	—	—	—	—	(7,211,255)	—	(7,211,255)	—	(7,211,255)
Acquisition of treasury shares	—	—	—	—	—	—	—	—	(44,114)	(44,114)	—	(44,114)
Reversal of appropriation	—	—	—	—	—	—	(1,622,000)	—	—	—	—	—
Appropriation during the year	—	—	—	—	—	—	4,200,000	(4,200,000)	—	—	—	—
Cash dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	—	—	(5,831,777)	(5,831,777)
Acquisition of non-controlling interests	—	—	—	—	—	(102,474)	—	—	—	(102,474)	246	(102,228)
Changes in non-controlling interests	—	—	—	—	—	—	—	—	—	—	1,623,889	1,623,889
Balances at December 31, 2018	₱5,694,600	₱13,013,197	₱5,043,152	₱469,540	—	(₱27,076)	₱4,200,000	₱148,541,910	(₱565,246)	₱174,690,528	₱42,546,792	₱217,237,320
Balances at January 1, 2017	₱5,694,600	₱13,013,197	₱5,376,176	₱469,540	—	(₱5,287,457)	₱2,717,000	₱120,077,394	(₱521,132)	₱139,962,243	₱33,700,381	₱173,662,624
Net income for the year	—	—	—	—	—	—	—	21,608,695	—	21,608,695	7,670,326	29,279,021
Other comprehensive income	—	—	—	—	—	—	—	—	—	—	33,302	33,302
Total comprehensive income for the year	—	—	—	—	—	—	—	21,608,695	—	22,562,144	7,703,628	30,265,772
Gain on dilution	—	—	(333,024)	—	—	—	—	—	—	—	(333,024)	(333,024)
Cash dividends - ₱1.33 per share (Note 23)	—	—	—	—	—	—	—	(7,492,944)	—	(7,492,944)	—	(7,492,944)
Reversal of appropriation	—	—	—	—	—	—	(1,095,000)	1,095,000	—	—	—	—
Cash dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	—	—	(3,077,223)	(3,077,223)
Changes in non-controlling interests	—	—	—	—	—	—	—	—	—	—	(754,277)	(754,277)
Balances at December 31, 2017	₱5,694,600	₱13,013,197	₱5,043,152	₱469,540	—	(₱4,334,008)	₱1,622,000	₱135,288,145	(₱521,132)	₱154,698,419	₱37,572,509	₱192,270,928

Consolidated Statements of Cash Flows

Aboitiz Equity Ventures Inc. and Subsidiaries

(Amounts in Thousands)

	Years Ended December 31		
	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱34,200,692	₱35,137,995	₱33,862,076
Adjustments for:			
Interest expense (Note 35)	17,048,358	14,638,588	13,117,362
Depreciation and amortization (Note 27)	11,536,837	9,818,432	8,455,978
Net unrealized foreign exchange losses	(1,951,509)	1,319,008	746,648
Impairment loss on property, plant and equipment, goodwill and other assets (Notes 2, 12, 13 and 15)	(245,489)	847,620	3,191,786
Write-off of project costs and other assets	71,802	179,225	143,613
Loss (gain) on sale of:			
Property, plant and equipment (Note 12)	301,228	292,194	52,164
FVTPL and FVOCI investments (Note 3)	(834)	8,830	–
Investment in a subsidiary (Note 9)	(4,382)	(165,876)	–
AFS investments (Note 3)	–	–	(1,549)
Unrealized mark-to-market losses (gains) on derivatives	3,889	196,096	(367,868)
Unrealized mark-to-market losses on FVTPL investments	(57,998)	13,518	–
Dividend income (Note 29)	(10,651)	(19,060)	(5,946)
Net unrealized valuation gains on investment property (Notes 14 and 29)	(1,829,732)	(511,820)	(862,219)
Interest income (Note 35)	(1,574,268)	(1,476,151)	(1,375,695)
Share in net earnings of associates and joint ventures (Note 10)	(11,502,090)	(7,727,663)	(9,053,733)
Unrealized excess of fair value over historical acquisition cost (Notes 9 and 29)	–	–	(392,340)
Operating income before working capital changes	45,985,853	52,550,936	47,510,277
Decrease (increase) in:			
Trade and other receivables	(7,383,477)	(5,046,239)	(4,444,457)
Inventories	1,327,976	(2,404,398)	(1,565,400)
Land and improvements	(360,626)	(387,780)	(444,907)
Pension asset	–	–	(82,030)
Other current assets	960,381	(3,764,697)	(2,426,441)
Increase (decrease) in:			
Trade and other payables (Note 9)	6,339,594	1,840,197	(1,235,398)
Pension liability	(15,156)	(12,940)	(98,406)
Customers' deposits	513,105	(86,326)	(708,720)
Net cash generated from operations	47,367,650	42,688,753	36,504,518
Income and final taxes paid	(4,610,604)	(4,271,404)	(4,267,206)
Net cash flows from operating activities	42,757,046	38,417,349	32,237,312
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash dividends received (Note 10)	4,948,019	5,355,297	6,060,299
Interest received	1,724,033	1,618,973	1,480,887
Proceeds from sale of:			
FVTPL and FVOCI investments (Note 3)	506,419	156,062	–
Property, plant and equipment	85,015	35,694	414,606
AFS investments	–	–	26,731

(Forward)

	Years Ended December 31		
	2019	2018	2017
Acquisition through business combination, net of cash acquired (Note 9)	(₱368,169)	(₱16,211,727)	₱747,150
Disposal of a subsidiary, net of cash disposed (Note 9)	–	296,441	–
Additions to:			
FVTPL and FVOCI	(554,485)	(276,062)	–
Property, plant and equipment and investment properties (Notes 12 and 14)	(12,575,634)	(10,687,679)	(18,317,445)
Investments in and advances to associates (Note 10)	(28,281,257)	(7,873,129)	(1,766,819)
AFS investments	–	–	(417,987)
Increase in intangible assets (Note 13)	(2,934,395)	(774,441)	(131,502)
Decrease (increase) in other noncurrent assets	(2,432,692)	(2,401,683)	599,306
Net cash flows used in investing activities	(39,883,146)	(30,762,254)	(11,304,774)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availment of long-term debts - net of transaction costs (Note 18)	44,962,947	39,157,476	43,968,605
Net proceeds from (settlements of) bank loans	(1,261,449)	1,054,387	15,424,292
Proceeds from issuance (acquisition) of treasury shares (Note 22)	–	(44,114)	–
Acquisition of non-controlling interests (Note 2)	(13,114,048)	(220,200)	–
Cash dividends paid and other changes to non-controlling interest	(5,235,131)	(5,831,777)	(3,077,223)
Cash dividends paid to equity holders of the parent (Note 23)	(7,435,286)	(7,211,255)	(7,492,944)
Interest paid	(10,400,954)	(10,935,378)	(8,858,875)
Payments of:			
Long-term debts (Note 18)	(15,494,718)	(21,388,035)	(51,545,504)
Lease liabilities (Note 21)	(7,638,946)	(7,804,460)	(7,877,292)
Net cash flows used in financing activities	(15,617,585)	(13,223,356)	(19,458,941)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(12,743,685)	(5,568,261)	1,473,597
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	135,319	(268,924)	(460,911)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	59,033,029	64,870,214	63,857,528
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	₱46,424,663	₱59,033,029	₱64,870,214

See accompanying Notes to Consolidated Financial Statements.

Aboitiz Equity Ventures Inc.

Head Office:

NAC Tower, 32nd Street, Bonifacio Global City,
Taguig City, Metro Manila 1634 Philippines
Tel (632) 8886-2800 | Fax (632) 8886-2407

Cebu Office:

Aboitiz Corporate Center,
Gov. Manuel A. Cuenco Avenue,
Kasambagan, Cebu City 6000 Philippines
Tel (6332) 411-1800 | Fax (6332) 231-4037

Common Stock

The Company's common stock is listed
and traded in the Philippine Stock Exchange.

Stockholders' Meeting

The Company's regular stockholders' meeting is
held on the fourth Monday of April of every year.

Stockholder Services and Assistance

Stock Transfer Service, Inc. (STSI) serves as the Company's stock
transfer agent.

For matters concerning dividend payments, account status, lost or damaged stock
certificates, change of address, please write or call:

STOCK TRANSFER SERVICE, INC.

Unit 34-D Rufino Pacific Tower,
6784 Ayala Avenue, Makati City 1226, Philippines
Telephone No.: (632) 8403-3798 | (632) 8403-2410 | (632) 8403-2412
Contact Person:
Mr. Michael C. Capoy - mccapoy@stocktransfer.com.ph

AEV welcomes inquiries from institutional investors, analysts, and the financial
community.

Please call or write:

Investor Relations

Aboitiz Equity Ventures Inc.
Mr. Judd Salas
Mobile No. +63 917 301-3469

Email: ir@aboitiz.com
Website: www.aboitiz.com

The Board Audit Committee Report to the Board of Directors

Aboitiz Power Corporation

The Board Audit Committee (the "Audit Committee" or "Committee") is pleased to present its report for the financial year
ended December 31, 2019.

Audit Committee Responsibility

In giving effect to its duly approved charter, the Board Audit Committee assisted the Board of Directors in fulfilling its
oversight responsibility to the Company and its stakeholders by providing guidance relating to:

- the adequacy (effectiveness and efficiency) of the company's system of internal controls, governance and risk
management processes;
- the quality and integrity of the company's accounting, auditing, legal, ethical and regulatory compliances;
- the annual independent audit of the Company's financial statements and the external auditors' qualification and
independence;
- due compliance of applicable laws and regulations that may have financial and other material exposure to the
Company; and
- providing an avenue of communication among the independent auditors, the management, the internal audit and the
Company.

It has established a constructive and collaborative relationship with the Company's senior leadership to assist but not to
pre-empt any responsibility in making final audit-related decisions.

Committee Membership

The Board Audit Committee is composed of five (5) members, three (3) of whom are independent directors including the
Chairman.

Carlos C. Ejercito (Independent Director) is the Chairman of the Committee. Other members of the committee are Romeo
L. Bernardo (Independent Director), Eric O. Recto (Independent Director), Mikel A. Aboitiz (Non-Executive Director and
Chairman of the Board), and Enrique M. Aboitiz (Non-Executive Director).

Meetings and Attendance

The Board Audit Committee carried out its function through its meetings with management, internal auditors, independent
external auditors and advisers, where appropriate.

The Audit Committee Charter provided for the committee to hold at least four (4) regular meetings a year, with the
authority to convene special meetings, when deemed required. It also holds an annual joint meeting with the Board Risk
and Reputation Committee.

In 2019, five (5) meetings were held. The attendance of the committee members is indicated below:

Member	Feb. 26, 2019 Regular Meeting	April 30, 2019 Regular Meeting	July 23, 2019 Regular Meeting	Oct. 29, 2019 Regular Meeting	Nov 19, 2019 Joint with Risk and Reputation
CARLOS C. EJERCITO Chairman, Independent Director	✓	✓	✓	✓	✓
ROMEO L. BERNARDO Member, Independent Director	✓	✓	✓	✓*	✓
ERIC O. RECTO Member, Independent Director	✓	X*	✓	✓*	✓
MIKEL A. ABOITIZ Member, Non-Executive Director / Chairman of the Board	✓	✓*	✓	✓*	✓
ENRIQUE M. ABOITIZ Member, Non-Executive Director	✓	X	✓	✓*	✓

*Attendance via Videocon

Attendees to these meetings also include the 1AP Internal Audit Head, Aboitiz Group Internal Audit Head and, by invitation, the Chief Risk Officer, Chief Financial Officer, Controller and other key leaders when deemed appropriate.

Regular one-on-one sessions of 1AP Internal Audit Head with the Chairman of the Board Audit Committee prior to every scheduled Board Audit Committee meeting are also conducted.

Financial Reports

The Board Audit Committee reviewed, discussed, and endorsed for the approval of the Board the 2019 quarterly unaudited consolidated financial statements and the 2019 annual audited financial statements of Aboitiz Power Corp., its subsidiaries and alliances. Included in the review were the Management Discussion and Analysis of Financial Condition and Results of Operations following prior review and discussion with management, accounting, and the company's independent external auditor, SyCip Gorres Velayo & Co. (SGV) – a member practice of Ernst & Young (EY) in the Philippines.

The activities of the Board Audit Committee are performed in the context –

- That management has the primary responsibility for the financial statements and the financial reporting process; and
- That the company's independent external auditor is responsible for expressing an unqualified opinion on the conformity and consistency of application of the Company's audited financial statements with Philippine Financial Reporting Standards.

External Auditor

Upon endorsement of the Board Audit Committee to the Board which, in turn, sought the approval of the shareholders of Aboitiz Power Corp., during its Annual General Stockholders Meeting held last April 22, 2019, SyCip Gorres Velayo & Co. (SGV) was re-appointed as the independent external auditor for 2019.

The overall scope and audit plan of SGV were reviewed and approved during the October 29, 2019 regular Board Audit Committee meeting. The audit plan, fees and terms of engagement which covers audit-related services provided by SGV were also reviewed and found to be reasonable.

The results of the SGV audits and its assessment of the overall quality of the financial reporting process were presented and discussed during the first Audit Committee meeting the following year, March 3, 2020. SGV presented the effects of changes in relevant accounting standards and presentation of financial statements that impact on the reported results.

In 2019, the Company also engaged SGV to conduct post reviews and other procedures for the purpose of issuing a comfort letter in connection with the issuance of the PHP7.25 billion in retail bonds. The Company also engaged SGV in 2019 to provide financial and tax due diligence of Project Light for a potential bid on Nur Power in Malaysia.

Internal Auditors

The Board Audit Committee is satisfied with the internal audit function and had assessed that it is operating effectively and is able to generally cover the top 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 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 2019. 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.

Internal Audit remains to be the single-point-of-contact for the Board Audit Committee. It takes the lead in setting the standards, initiatives and overall direction of the audit team which, in turn, focus its reviews on the top risks of respective business units. Information systems and technology-related risks, however, still remain to be an area covered by the group information systems auditors in 2019.

Discussions were done on the strategic intent of the Group Internal Audit to decentralize the Information Systems Audit starting 2020 to 2022.

Based on audit reports and highlights presented to the Board Audit Committee and with the contribution provided by management and other key leaders on the issues raised to their attention, the Board Audit Committee concurs with internal audit's assessment that, generally, there is reasonable assurance that the existing system of internal controls, risk management and governance allow for a generally adequate management of identified risks and effectively supports the improvement of the management of the Company as a whole. There is a need, however, to further strengthen governance and controls over security standards for information and related technologies particularly in relation to cybersecurity risks.

Review of the Audit Charters

Proposed minor changes to the Internal Audit Charter were presented and approved in the Board Audit Committee meetings held on February 26, 2019. The changes were in relation to the official EQAR results as well as the annual internal assessment results to fully meet the requirements of the International Standards for the Professional Practice of Internal Auditing (ISPPIA). The review and updating of the Internal Audit Charter are done annually, and approved by the Board Audit Committee. The review and updating of the Board Audit Committee Charter are also done annually, endorsed by the Committee and approved by the Board.

Self-Assessment

The Board Audit Committee conducted its annual self-assessment in accordance with the guidelines of SEC Memo Circular No. 4, series of 2012. The assessment results showed that it fully complied with the requirements set forth in the Audit Charter and met the necessary and most important requirements set by global standards and best practices.

Risk Management

The partnership between the functions of risk management and audit has remained solid. In order to continuously provide objective assurance to the Board on the effectiveness of risk management, a Joint Audit and Risk & Reputation Committee meeting is held at least once a year.

Presented in the joint meeting last November 19, 2019 are the top strategic risks that present a significant impact to the Company's ability to execute its plans and strategies as well as to achieve its business objectives.

These top risks are among the relevant factors in consideration for the preparation of the internal audit's master plan for the following year.

Results of the 2019 series of existence validation review by internal audit on risk management or treatment plans identified and implemented by the different business units across AP as of YE2019 will be presented in the March 3, 2020 first quarterly Board Audit Committee meeting. Assurance is given when results of the review show that majority of the risk management or treatment plans generally were either acted upon (done) or being addressed (in-progress).

After considering, analyzing and reviewing all pertinent information to the integrity of financial reporting, adequacy of internal controls, risk management, governance and compliance within Aboitiz Power Corp. and its affiliated companies, the Committee is of the view that, in all material aspects, the duties and responsibilities as so outlined in its Charter have been satisfactorily performed.

In behalf of the AP Board Audit Committee,

(SGD.) Carlos C. Ejercito
Chairman, Independent Director

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, 2019, 2018 and 2017 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.



ERRAMON I. ABOITIZ
Chairman of the Board



EMMANUEL V. RUBIO
President & Chief Executive Officer



LIZA LUV T. MONTELIBANO
SVP & Chief Financial Officer/Corporate Information Officer

Signed this 6th day of March 2020

Republic of the Philippines)
City of Taguig) S.S.

Before me, a notary public in and for the city named above, personally appeared:

Name	Passport/CTC No.	Date/Place Issued
ERRAMON I. ABOITIZ	P-11082662	March 11, 2017; DFA Manila January 30, 2020; Cebu City
EMMANUEL V. RUBIO	P-07563412	September 13, 2019; DFA Manila January 15, 2020; Manila
LIZA LUV T. MONTELIBANO	P-07562854	May 7, 2018, DFA Manila January 15, 2020; 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 10 2020.

Doc. No. 042;

Page No. 10;

Book No. 1;

Series of 2020

ATTY. CLARISSE ANN MARIE M. DE LA CRUZ
Notary Public for Taguig City
Notarial Commission No. 31
Until December 31, 2021
VAC Tower, 32nd St., Bonifacio Global City, Taguig City
PTR No. A-4684937; 02 January 2020; Taguig City
BP No. 968268; Lifetime Member, Laguna Chapter
MCLE Compliance No. VI-0015599

Independent Auditors' Report

Aboitiz Power Corporation

The Board of Directors and Stockholders
Aboitiz Power Corporation

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, 2019 and 2018, 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, 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2019 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.

Recoverability of Goodwill

As of December 31, 2019, the goodwill amounted to ₱40.88 billion, which is attributable to several cash-generating units, which is considered significant to the consolidated financial statements. We consider the recoverability of goodwill as a key audit matter due to the materiality of the amount involved and the significant management assumptions and judgment involved, which includes cash-generating unit identification, discount and growth rate, 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 methodology and assumptions used by the Group in estimating value-in-use. We compared significant assumptions, such as growth rate, revenue assumptions and material price inflation, against historical data and industry outlook. Our internal specialist reviewed the discount rates by performing an independent testing on the derivation of the discount rates using market-based parameters. We performed sensitivity analyses to understand the impact of reasonable changes in the key assumptions. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment testing is most sensitive.

Revenue Recognition of Distribution Utilities

The Group's revenue from the sale of electricity accounts for 37% of the Group's consolidated revenue 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.

Recoverability of Certain Segments of Property, Plant and Equipment

Based on the assessment of the Group as of December 31, 2019, certain segments of property, plant and equipment totaling ₱3.55 billion, may be impaired. We considered the recoverability of certain segments of property, plant and equipment as a key audit matter because of the amount involved and significant management assumptions and judgment involved which include future electricity generation levels and costs as well as external inputs such as fuel prices, electricity prices and discount rates.

The disclosure about the recoverability of certain segments of property, plant and equipment are included in Note 12 to the consolidated financial statements.

Audit Response

We involved our internal specialist in assessing the methodology and the assumptions used by the Group in estimating value-in-use. We compared the significant assumptions, such as future electricity generation levels and costs, fuel prices and electricity prices against historical data and industry outlook. Our internal specialist reviewed the discount rates by performing an independent testing on the derivation of the discount rates using market-based parameters. We performed sensitivity analyses to understand the impact of reasonable changes in the key assumptions. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment testing is most sensitive.

Consolidation Process

Aboitiz Power Corporation owns a significant number of domestic and foreign entities at varying equity interests. We considered the consolidation process as a key audit matter because it required significant auditor attention, particularly on the following areas: (a) fair value adjustments arising from business combinations, (b) numerous intercompany transactions, (c) alignment of accounting policies of the investees with the Group's policy on property, plant and equipment and investment properties, (d) translation of investees' foreign-currency-denominated financial information to the Group's functional currency and (e) other equity adjustments.

The Group's disclosure on the basis of consolidation is in Note 3 to the consolidated financial statements.

Audit Response

We obtained an understanding of the consolidation process and the related controls, the Group's process for identifying related parties and related party transactions, as well as the reconciliation of intercompany balances. We also checked the entities included in the consolidation. We reviewed the eliminating entries recorded, including fair value adjustments. In addition, we reviewed the currency translation adjustments, as well as the alignment of accounting policies on property, plant and equipment and investment properties.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2018, 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, 2018 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.

Independent Auditors' Report on Supplementary Schedules

Aboitiz Power Corporation

The Board of Directors and Stockholders
Aboitiz Power Corporation
32nd Street, Bonifacio Global City
Taguig City, Metro Manila
Philippines

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Aboitiz Power Corporation and Subsidiaries as at December 31, 2019 and 2018, and for each of the three years in the period ended December 31, 2019. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to Financial Statements and Supplementary Schedules are the responsibility of the Company’s management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Maria Veronica Andresa R. Pore
Maria Veronica Andresa R. Pore
Partner
CPA Certificate No. 90349
SEC Accreditation No. 0662-AR-4 (Group A),
November 21, 2019, valid until November 20, 2022
Tax Identification No. 164-533-282
BIR Accreditation No. 08-001998-71-2018,
February 26, 2018, valid until February 25, 2021
PTR No. 8125281, January 7, 2020, Makati City

March 6, 2020

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is
Maria Veronica Andresa R. Pore

SYCIP GORRES VELAYO & CO.

Maria Veronica Andresa R. Pore
Maria Veronica Andresa R. Pore
Partner
CPA Certificate No. 90349
SEC Accreditation No. 0662-AR-4 (Group A),
November 21, 2019, valid until November 20, 2022
Tax Identification No. 164-533-282
BIR Accreditation No. 08-001998-71-2018,
February 26, 2018, valid until February 25, 2021
PTR No. 8125281, January 7, 2020, Makati City

March 6, 2020

Consolidated Balance Sheets

Aboitiz Power Corporation and Subsidiaries

(Amounts in Thousands)

	December 31	
	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents (Note 5)	₱37,433,929	₱46,343,041
Trade and other receivables (Note 6)	21,747,422	21,721,776
Derivative assets (Note 34)	–	71,583
Inventories (Note 7)	6,632,029	6,690,453
Property held for sale (Note 12)	–	675,819
Other current assets (Note 8)	11,083,405	13,205,935
Total Current Assets	76,896,785	88,708,607
Noncurrent Assets		
Investments and advances (Note 10)	60,878,541	34,334,126
Property, plant and equipment (Notes 12 and 35)	209,521,466	207,110,412
Intangible assets (Note 13)	46,712,501	46,165,494
Derivative assets - net of current portion (Note 34)	82,327	221,245
Financial assets at fair value through profit or loss (FVTPL)	3,906	101,441
Net pension assets (Note 27)	68,209	126,977
Deferred income tax assets (Note 29)	2,786,310	2,233,695
Other noncurrent assets (Note 14)	13,519,312	10,660,179
Total Noncurrent Assets	333,572,572	300,953,569
TOTAL ASSETS	₱410,469,357	₱389,662,176
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term loans (Note 16)	₱10,335,420	₱11,546,560
Current portions of:		
Long-term debts (Note 17)	10,386,311	8,697,404
Lease liabilities (Note 35)	5,486,745	4,131,059
Long-term obligation on power distribution system (Note 13)	40,000	40,000
Derivative liabilities (Note 34)	2,255,736	159,926
Trade and other payables (Note 15)	22,376,120	21,801,288
Income tax payable (Note 29)	510,137	438,783
Total Current Liabilities	51,390,469	46,815,020

(Forward)

	December 31	
	2019	2018
Noncurrent Liabilities		
Noncurrent portions of:		
Long-term debts (Note 17)	₱167,585,311	₱149,360,287
Lease liabilities (Note 35)	39,302,899	42,763,296
Long-term obligation on power distribution system (Note 13)	159,350	173,496
Derivative liabilities - net of current portion (Note 34)	212,588	–
Customers' deposits (Note 18)	6,521,469	6,008,364
Decommissioning liability (Note 19)	3,567,492	3,678,810
Deferred income tax liabilities (Note 29)	848,471	858,290
Net pension liabilities (Note 27)	426,047	244,857
Other noncurrent liabilities (Notes 40k)	6,812,250	3,183,089
Total Noncurrent Liabilities	225,435,877	206,270,489
Total Liabilities	276,826,346	253,085,509
Equity Attributable to Equity Holders of the Parent		
Paid-in capital (Note 20a)	19,947,498	19,947,498
Share in net unrealized valuation gain on fair value through other comprehensive income (FVOCI) of an associate (Note 10)	101,727	101,727
Cumulative translation adjustments (Note 34)	(994,253)	525,916
Share in cumulative translation adjustments of associates and joint ventures (Note 10)	(153,485)	321,139
Actuarial losses on defined benefit plans (Note 27)	(923,833)	(587,267)
Share in actuarial gain (loss) on defined benefit plans of associates and joint ventures (Note 10)	(14,299)	29,729
Acquisition of non-controlling interests (Note 10)	(6,321,325)	(259,147)
Excess of cost of investments over net assets (Note 9)	(421,260)	(421,260)
Loss on dilution (Note 2)	(433,157)	(433,157)
Retained earnings (Note 20b)		
Appropriated	33,660,000	34,060,000
Unappropriated (Notes 10 and 20c)	81,095,377	74,427,738
	125,542,990	127,712,916
Non-controlling Interests	8,100,021	8,863,751
Total Equity (Note 20c)	133,643,011	136,576,667
TOTAL LIABILITIES AND EQUITY	₱410,469,357	₱389,662,176

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Income

Aboitiz Power Corporation and Subsidiaries

(Amounts in Thousands, Except Earnings Per Share Amounts)

	Years Ended December 31		
	2019	2018	2017
OPERATING REVENUES			
Sale of power (Notes 21 and 32):			
Generation	₱55,895,587	₱61,854,685	₱57,418,126
Distribution	46,120,403	44,880,546	43,532,403
Retail electricity supply	22,805,450	24,216,767	18,065,832
Technical, management and other fees (Note 32)	813,717	620,086	374,942
OPERATING REVENUES	125,635,157	131,572,084	119,391,303
OPERATING EXPENSES			
Cost of purchased power (Notes 22 and 32)	35,835,144	36,006,080	35,392,094
Cost of generated power (Note 23)	35,526,706	35,674,218	28,557,756
Depreciation and amortization (Notes 12, 13 and 35)	9,895,695	8,681,403	7,596,268
General and administrative (Note 24)	8,155,366	8,188,512	7,222,268
Operations and maintenance (Note 25)	7,366,372	6,525,189	6,449,188
	96,779,283	95,075,402	85,217,574
FINANCIAL INCOME (EXPENSES)			
Interest income (Notes 5 and 32)	1,291,703	880,085	927,012
Interest expense and other financing costs (Notes 16, 17, 33 and 35)	(14,047,646)	(12,082,158)	(11,247,780)
	(12,755,943)	(11,202,073)	(10,320,768)
OTHER INCOME (EXPENSES)			
Share in net earnings of associates and joint ventures (Note 10)	3,813,962	4,356,825	4,697,864
Other income (expenses) - net (Note 28)	3,483,387	(1,292,311)	(1,704,000)
	7,297,349	3,064,514	2,993,864
INCOME BEFORE INCOME TAX	23,397,280	28,359,123	26,846,825
PROVISION FOR INCOME TAX (Note 29)	3,215,498	2,925,623	3,858,398
NET INCOME	₱20,181,782	₱25,433,500	₱22,988,427
ATTRIBUTABLE TO:			
Equity holders of the parent	₱17,322,677	₱21,707,603	₱20,416,442
Non-controlling interests	2,859,105	3,725,897	2,571,985
	₱20,181,782	₱25,433,500	₱22,988,427
EARNINGS PER COMMON SHARE (Note 30)			
Basic and diluted, income for the period attributable to ordinary equity holders of the parent	₱2.35	₱2.95	₱2.77

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

Aboitiz Power Corporation and Subsidiaries

(Amounts in Thousands)

	Years Ended December 31		
	2019	2018	2017
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the parent	₱17,322,677	₱21,707,603	₱20,416,442
Non-controlling interests	2,859,105	3,725,897	2,571,985
	20,181,782	25,433,500	22,988,427
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods:			
Movement in cumulative translation adjustments	(1,767,498)	584,087	389,254
Share in movement in cumulative translation adjustment of associates and joint ventures	(474,624)	465,646	(16,304)
Share in net unrealized valuation gains (losses) on AFS investments of an associate (Note 10)	—	(22,394)	9,201
Movement in unrealized gain on AFS investments	—	—	2,686
Net other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods	(2,242,122)	1,027,339	384,837
Other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods:			
Actuarial gain (loss) on defined benefit plans, net of tax (Note 27)	(329,029)	8,893	(13,186)
Share in actuarial gain (loss) on defined benefit plans of associates and joint ventures, net of tax	(44,028)	24,766	6,841
Net other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods	(373,057)	33,659	(6,345)
Total other comprehensive income (loss) for the year, net of tax	(2,615,179)	1,060,998	378,492
TOTAL COMPREHENSIVE INCOME	₱17,566,603	₱26,494,498	₱23,366,919
ATTRIBUTABLE TO:			
Equity holders of the parent	₱14,947,290	₱22,602,094	₱20,617,187
Non-controlling interests	2,619,313	3,892,404	2,749,732
	₱17,566,603	₱26,494,498	₱23,366,919

See accompanying Notes to Consolidated Financial Statements.

Aboitiz Power Corporation and Subsidiaries

(Amounts in Thousands, Except Dividends Per Share Amounts)

[illegible]

							Attributable to Equity Holders of the Parent						
			Share in Net Unrealized Valuation Gain on FVOCI/AFS Investments Loss on AFS Investments	Cumulative Translation Adjustments Joint Ventures	Share in Cumulative Translations Associates and Joint Ventures	Actuarial Gains (Losses) on Defined Benefit Plans	Share in Actuarial Gains (Losses) on Defined Benefit Plans	Acquisition of Non-controlling Interests	Excess of cost over net assets	Retained Earnings Appropriated (Note 20b)	Dilution (Note 20b)	Non-controlling Interests	Total
Paid-in Capital (Note 20a)	Net Unrealized Loss on AFS Investments	FVOCIAFS Investments	(Note 10)	Translation Adjustments Joint Ventures	(Note 10)	Gains Defined Benefit Plans	(Note 27)	(Note 9)	(Note 9)	(Note 20b)	(Note 20b)		
Balances at January 1, 2018, as previously reported	#(625)	#124,121	#113,637	#(144,507)	#4,963	#(601,461)	-	-	#(421,260)	#34,060,000	#63,006,308	#8,582,094	#123,978,464
Effect of adoption - PRFS 9	625	-	-	-	-	-	-	-	-	-	(57,713)	(3,767)	(60,855)
Balances at January 1, 2018, as restated	-	124,121	113,637	(144,507)	4,963	(601,461)	-	-	(421,260)	34,060,000	21,707,603	3,725,897	123,917,609
Net income for the year	-	-	-	-	-	-	-	-	-	-	-	-	25,433,500
Other comprehensive income (loss)	-	-	-	-	-	-	-	-	-	-	-	-	-
Movement in unrealized loss on FVOCI investments	-	(22,394)	-	-	-	-	-	-	-	-	-	-	(22,394)
Movement in cumulative translation adjustments	-	-	412,279	-	-	-	-	-	-	-	-	171,808	584,087
Share in movement in cumulative translation adjustment of associates and joint ventures	-	-	-	465,646	-	-	-	-	-	-	-	-	465,646
Actuarial gains (losses) on defined benefit plans, net of tax	-	-	-	-	-	14,194	-	-	-	-	-	(5,301)	8,893
Share in actuarial gains on defined benefit plans of associates and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	24,766
Total comprehensive income (loss) for the year	-	(22,394)	412,279	465,646	24,766	14,194	-	-	-	21,707,603	3,892,404	-	26,494,498
Cash dividends - #1.39 per share (Note 20b)	-	-	-	-	-	-	-	-	-	(10,228,460)	-	-	(10,228,460)
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(4,768,596)	(4,768,596)
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	1,161,616	1,161,616
Balances at December 31, 2018	#-	#101,727	#525,916	#321,139	#29,729	(#587,267)	(#259,147)	(#421,260)	(#433,157)	\$34,060,000	\$74,427,738	\$8,863,751	\$136,576,667

Consolidated Statements of Cash Flows

Aboitiz Power Corporation and Subsidiaries

(Amounts in Thousands)

	Years Ended December 31		
	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱23,397,280	₱28,359,123	₱26,846,825
Adjustments for:			
Interest expense and other financing costs (Note 33)	14,047,646	12,082,158	11,247,780
Depreciation and amortization (Notes 12 and 13)	9,895,695	8,681,403	7,596,268
Losses on disposal of property, plant and equipment (Note 28)	304,631	292,799	86,913
Write-off of project development costs and other assets (Note 13)	31,431	50,922	79,881
Unrealized fair valuation loss (gain) on derivatives and financial assets at FVTPL (Note 34)	1,424	196,297	(451,270)
Share in net earnings of associates and joint ventures (Note 10)	(3,813,962)	(4,356,825)	(4,697,864)
Net unrealized foreign exchange loss (gain)	(1,950,762)	997,010	333,868
Interest income (Notes 5 and 32)	(1,291,703)	(880,085)	(927,012)
Impairment loss (recovery) on property, plant and equipment, goodwill and other assets (Notes 4, 12, 13 and 14)	(245,489)	847,619	3,233,036
Unrealized fair valuation gains on investment property (Note 28)	(126,842)	—	—
Gain on sale of financial assets at FVTPL	(1,251)	—	—
Gain on remeasurement in step acquisition (Note 9)	—	—	(310,198)
Operating income before working capital changes	40,248,098	46,270,421	43,038,227
Decrease (increase) in:			
Trade and other receivables	(5,765,526)	(3,449,871)	(3,062,564)
Inventories	58,424	(1,057,730)	(1,190,795)
Other current assets	2,780,992	(3,401,458)	(2,263,317)
Increase (decrease) in:			
Trade and other payables	5,230,984	2,687,675	(1,834,708)
Long-term obligation on power distribution system	(40,000)	(40,000)	(40,000)
Customers' deposits	513,105	(86,326)	(736,552)
Net cash generated from operations	43,026,077	40,922,711	33,910,291
Income and final taxes paid	(3,669,115)	(3,634,811)	(3,674,360)
Net cash flows from operating activities	39,356,962	37,287,900	30,235,931
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash dividends received (Note 10)	3,784,671	4,346,071	5,070,559
Interest received	1,421,536	919,255	1,135,069
Proceeds from redemption of shares (Note 10)	5,340	80,216	8,809
Decrease (increase) in other noncurrent assets	(2,109,404)	(1,450,074)	1,073,472
Net collection of advances (Note 10)	—	2,054	7,443
Proceeds from sale of property, plant and equipment	63,555	18,388	10,846
Disposal of assets at FVTPL	101,251	—	—
Acquisitions through business combinations, net of cash acquired (Note 9)	—	—	894,655
Additions to:			
Property, plant and equipment (Note 12)	(9,675,816)	(8,607,781)	(16,068,050)
Intangible assets - service concession rights (Note 13)	(60,625)	(52,343)	(86,159)
Additional investments (Note 10)	(27,591,092)	(2,498,905)	(1,499,569)
Net cash flows used in investing activities	(34,060,584)	(7,243,119)	(9,452,925)

(Forward)

See accompanying Notes to Consolidated Financial Statements.

Investor Information

Aboitiz Power Corporation

Head Office:
NAC Tower, 32nd Street, Bonifacio Global City,
Taguig City, Metro Manila 1634, Philippines
Tel (63-2) 8886-2800 | Fax (63-2) 8886-2407

Cebu Office:
Aboitiz Corporate Center,
Gov. Manuel A. Cuenco Avenue
Kasambagan, Cebu City 6000, Philippines
Tel (6332) 411-1800 | Fax (6332) 231-4037

Common Stock
The Company’s common stock is listed and traded
in the Philippine Stock Exchange.

Stockholders’ Meeting
The Company’s regular stockholders’ meeting is held
on the fourth Monday of April of every year.

Stockholder Services and Assistance
Stock Transfer Service, Inc. (STSI) serves as the Company’s stock
transfer agent.

For matters concerning dividend payments, account status, lost or damaged stock
certificates, change of address, please write or call:

STOCK TRANSFER SERVICE, INC.
Unit 34-D Rufino Pacific Tower,
6784 Ayala Avenue, Makati City 1226, Philippines
Telephone No.: (632) 8403-3798 |(632) 8403-2410|(632) 8403-2412
Contact person:
Mr. Michael C. Capoy - mccapoy@stocktransfer.com.ph

AboitizPower welcomes inquiries from institutional investors, analysts,
and the financial community.

Please call or write:

Investor Relations
Aboitiz Power Corporation
Mr. Judd Salas
Mobile No. +63 917 301-3469

Email: ir@aboitiz.com
Website: www.aboitizpower.com

	Years Ended December 31		
	2019	2018	2017
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from availment of long-term debt (Note 17)	₱33,500,091	₱24,494,810	₱43,957,187
Net availments (payments) of short-term loans (Note 16)	(1,187,800)	6,829,260	561,700
Cash dividends paid (Note 20b)	(10,817,148)	(10,228,460)	(10,007,702)
Payments of:			
Long-term debt (Note 17)	(11,819,230)	(20,626,654)	(50,967,235)
Lease liabilities (Note 35)	(7,424,990)	(7,804,460)	(7,877,292)
Acquisition of non-controlling interest (Note 10)	(6,773,008)	—	—
Changes in non-controlling interests	(2,580,724)	(3,387,726)	(757,071)
Interest paid	(7,273,246)	(8,432,523)	(7,032,286)
Net cash flows used in financing activities	(14,376,055)	(19,155,753)	(32,122,699)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(9,079,677)	10,889,028	(11,339,693)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	170,565	(245,618)	(55,417)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	46,343,041	35,699,631	47,094,741
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 5)	₱37,433,929	₱46,343,041	₱35,699,631

See accompanying Notes to Consolidated Financial Statements.

GRI Content Index

Aboitiz Equity Ventures Inc.



For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.

Category	Aspects	Relevant section	Material concerns	Within organization	Outside organization	Relevance outside the organization
Environment	Energy	Power and Infrastructure	Energy Conservation Renewable Energy Generation	✓		
	Water		Efficient use of Water Maintain the standard quality of discharged water	✓		
	Waste		Recycling of waste Proper Disposal	✓	✓	Dispose the waste through accredited recycler
	Compliance to Environmental Laws		Meet the environmental regulations	✓		
	Biodiversity		Minimize the impact on Biodiversity	✓		
	GHG Emission		To be carbon neutral	✓		
Society	Community	Corporate Social Responsibility, Banking, Land and Food	Be the neighbor of Choice	✓		
	Disaster Resilience		Increase the capacity of local government and communities in disaster preparedness	✓		
Product Responsibility	Product and Service Labeling	Power and Food	Transparency of Products and Services	✓		
	Customer Privacy		Client Information Security / Privacy	✓		
	Compliance		Compliance to Regulatory Requirements	✓		
Labor Practices	Employment	Talent Management	Attract, retain, and optimize A-People	✓		
	Training and Development			✓		
	Health and Safety			✓		
Economic	Financial Return	Power, Banking, Infrastructure, Land, Report of the CEO, Report of the CFO	Grow Profitably	✓		
	Financial Growth					

General Standard Disclosure		Section	Page No.	Remarks
GRI 101: Foundation 2016 (GRI 101 does not include any disclosures)				
GRI 102: General Disclosures 2016				
Organizational Profile				
102-1	Name of the organization	Cover Page/ Our Businesses	6	Aboitiz Equity Ventures Inc.
102-2	Activities, brands, products, and services	Our Businesses	6-11	
102-3	Location of headquarters	Investor Information	230, 251	
102-4	Location of operations	Our Businesses	6-11, 192-193	
102-5	Ownership and legal form	Corporate Structure	200-201	
102-6	Markets served	Our Businesses	6-11	
102-7	Scale of the organization	Our Businesses	6-11	
102-8	Information on employees and other workers	Management Approach: Talent Management, Appendices	164-165, 257-259	
102-9	Supply Chain	Management Approach: Supply Chain Management in Aboitiz Group	138	
102-10	Significant changes to the organization and its supply chain	Management Approach: Supply Chain Management in Aboitiz Group	138	
102-11	Precautionary Principle or approach	Management Approach: Supply Chain Management in Aboitiz Group	138	
102-12	External initiatives	Management Approach: Aboitiz Sustainability Programs	142-146	
102-13	Membership of associations	Appendix of Table	259	
Strategy				
102-14	Statement from senior decision-maker	Chairmen's Message, CEO Message	18-21, 22-27	
102-15	Key impacts, risks, and opportunities	Management Approach: Supporting Business Growth and Sustainability	147-152	
Ethics and Integrity				
102-16	Values, principles, standards, and norms of behavior	Guided by Values for a Sustainable Future	3, 130-132	
102-17	Mechanisms for advice and concerns about ethics	Corporate Governance	166	
Governance				
102-18	Governance structure	Corporate Governance	167-169, 173	
102-19	Delegating authority	Corporate Governance	167-168, 173	
102-20	Executive-level responsibility for economic, environmental, and social topics	Corporate Governance	170, 173, 180-181	
102-21	Consulting stakeholders on economic, environmental, and social topics	Corporate Governance	173, 180-181	
102-22	Composition of the highest governance body and its committees	Corporate Governance	167-169, 173	
102-23	Chair of the highest governance body	Corporate Governance	167-169	
102-24	Nominating and selecting the highest governance body	Corporate Governance	170	
102-25	Conflicts of interest	Corporate Governance	181	
102-26	Role of highest governance body in setting purpose, values, and strategy	Corporate Governance	167-169, 173	
102-27	Collective knowledge of highest governance body	Corporate Governance	167-169	
102-28	Evaluating the highest governance body's performance	Corporate Governance	171	
102-29	Identifying and managing economic, environmental, and social impacts	Corporate Governance	180-181	
102-30	Effectiveness of risk management processes	Corporate Governance	154-155, 180-181	
102-31	Review of economic, environmental, and social topics	Corporate Governance	180-181	

General Standard Disclosure		Section	Page No.	Remarks
102-32	Highest governance body's role in sustainability reporting	Corporate Governance	166, 180-181	
102-33	Communicating critical concerns	Corporate Governance	180-181	
102-34	Nature and total number of critical concerns	Corporate Governance	171-172	
102-35	Remuneration policies	Corporate Governance	171-172	
102-36	Process for determining remuneration	Corporate Governance	171-172	
102-37	Stakeholders' involvement in remuneration	Corporate Governance	171-172	
102-38	Annual total compensation ratio	Corporate Governance	171-172	
102-39	Percentage increase in annual total compensation ratio	Corporate Governance	171-172	
Stakeholder Engagement				
102-40	List of stakeholder groups	Management Approach: Key Dialogue Channels for Stakeholders	139	
102-41	Collective bargaining agreements	Appendix of Table	258	
102-42	Identifying and selecting stakeholders	Management Approach: Dialogue and value creation for stakeholders	138-139	
102-43	Approach to stakeholder engagement	Management Approach: Dialogue and value creation for stakeholders	138-140	
102-44	Key topics and concerns raised	Management Approach: Key Dialogue Channels for Stakeholders	139	
Reporting Practice				
102-45	Entities included in the consolidated financial statements	About the Report: Reporting Period, Boundaries and Standards, Scope, and Materiality	5	
102-46	Defining report content and topic Boundaries	About the Report: Reporting Period, Boundaries and Standards, Scope, and Materiality	4-5	
102-47	List of material topics	Management Approach: Sustainability Policy and Framework	134-135	
102-48	Restatements of information	About the Report: Reporting Period, Boundaries and Standards, Scope, and Materiality	5	
102-49	Changes in reporting	About the Report: Reporting Period, Boundaries and Standards, Scope, and Materiality	5	
102-50	Reporting period	About the Report: Reporting Period	4	January 1, 2019-December 31, 2019
102-51	Date of most recent report	About the Report: Reporting Period, Boundaries and Standards, Scope, and Materiality		April 1, 2019
102-52	Reporting cycle	About the Report: Reporting Period, Boundaries and Standards, Scope, and Materiality	4	Annual
102-53	Contact point for questions regarding the report	Investor Information	230, 251	
102-54	Claims of reporting in accordance with the GRI Standards	About the Report: Reporting Period, Boundaries and Standards, Scope, and Materiality	4	This report has been prepared in accordance with the GRI Standards: Core Option.
102-55	GRI content index	GRI Content Index	253-256	
102-56	External assurance			

GRI Standards	Specific Disclosure		Section	Page No. / URL	Remarks
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Management Approach	134-135, 147	The GRI Management Approach 2016 standard and relevant disclosures 103-1, 103-2 and 103-3, cover the following material topics represented by the topic specific standards in the content index: Economic Performance, Market Presence, Indirect Economic Impacts, Procurement Practices, Anticorruption, Energy, Water, Biodiversity, Emissions, Effluents and Waste, Employment, Anticompetitive Behavior, Labor/ Management Relations, Occupational Health and Safety, Training and Education, Diversity and Equal Opportunity, Forced or Compulsory Labor, Nondiscrimination, Child Labor, Rights of Indigenous People, Local Communities
	103-2	The management approach and its components	Management Approach	134-135, 147	
	103-3	Evaluation of the management approach	Management Approach	154-155	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Consolidated Statements of Income	225	
	201-2	Financial implications and other risks and opportunities due to climate change	Major Risk/s Involved in the Business of AEV and its Subsidiaries	AEV Disclosure 20-IS (Definitive Information Statement) Pages 50-60 https://aboitiz.com/investor-relations/disclosure/	
	201-3	Defined benefit plan obligations and other retirement plans	Pension Benefits	AEV Disclosure 20-IS (Definitive Information Statement) 41-42, 57, 58, 107-110 https://aboitiz.com/investor-relations/disclosure/	
	201-4	Financial assistance received from government			There is no financial assistance received from the Government
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage			Undisclosed
	202-2	Proportion of senior management hired from the local community			Undisclosed
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	Infrastructure	86-95	
	203-2	Significant indirect economic impacts	Corporate Social Responsibility	110-129	
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	Consolidated Statements of Income	AEV Disclosure 20-IS (Definitive Information Statement) 103-105 https://aboitiz.com/investor-relations/disclosure/	
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	Corporate Governance	173-174, 180	
	205-2	Communication and training about anti-corruption policies	Corporate Governance	173-174, 180	
	205-3	Confirmed incidents of corruption and actions taken	Corporate Governance	173-174, 180	
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Corporate Governance	173-174, 180	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Appendix of Table	259	
GRI 303: Water 2016	303-1	Water withdrawal by source	Appendix of Table	259	
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	Ecosystem-based Biodiversity Management	144-146	
	304-2	Significant impacts of activities, products, and services on biodiversity	Ecosystem-based Biodiversity Management	144-146	
	304-3	Habitats protected or restored	Ecosystem-based Biodiversity Management	144-146	

GRI Standards	Specific Disclosure		Section	Page No. / URL	Remarks
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Appendix of Table	259	
	305-4	GHG emissions intensity	Appendix of Table	259	
GRI 306: Effluents and Waste 2016	306-2	Waste by type and disposal method	Appendix of Table	29	
GRI 401: Employment 2016	401-1	New team member hires and team member turnover	Appendix of Table	258-259	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees			Undisclosed
	401-3	Parental leave			Undisclosed
GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	Effect of Existing or Probable Governemntal Regulations	AEV Disclosure 20-IS (Definitive Information Statement) 48 https://aboitiz.com/investor-relations/disclosure/	
GRI 403: Occupational Health and Safety 2016	403-1	Occupational health and safety management system	Integrated Management through better processes and systems/Certifications	140-141	AEV has the OH&S Committee that is represented by team members of dirrefent business units.
	403-2	Hazard identification, risk assessment, and incident investigation	Integrated Management through better processes and systems/Certifications	140-141	
	403-3	Occupational health services	Integrated Management through better processes and systems/Certifications	140-141	
	403-4	Worker participation, consultation, and communication on occupational health and safety	Integrated Management through better processes and systems/ Certifications	140-141	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Management Approach: Talent Management	134-135	
	404-2	Programs for upgrading employee skills and transition assistance programs	Management Approach: Talent Management	158-165	
	404-3	Percentage of employees receiving regular performance and career development reviews			All employees receive performance review annually.
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Corporate Governance Talent Analytics	164, 168	
	405-2	Ratio of basic salary and remuneration of women to men			Employees wage are based on position level and not by gender.
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken			There's no incidents of discrimination and corrective actions taken
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	Effect of Existing or Probable Governemntal Regulations	AEV Disclosure 20-IS (Definitive Information Statement) 48 https://aboitiz.com/investor-relations/disclosure/	
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Effect of Existing or Probable Governemntal Regulations	AEV Disclosure 20-IS (Definitive Information Statement) 48 https://aboitiz.com/investor-relations/disclosure/	
GRI 411: Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples			There's no incidents of violations involving rights of indigenous people
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Corporate Social Responsibility	110-129	
	413-2	Operations with significant actual and potential negative impacts on local communities			Our operations have no significant actual and potential negative impact on local communities

Appendix of Tables

Focus Areas & Metrics

People	2017	2018	2019
Team Member and Engagement			
No. of team members employed	30,815	35,035	37,815
Team member satisfaction rating result	40%	42%	46%
Average training hours per team member	28	18	
No. of volunteered hours	72,168	72,346	50,478
Retention rate	90%	94%	85%
Corporate Social Responsibility			
No. of direct and group beneficiaries	651,766	998,646	747,582
Amount of CSR fund allocation in millions (PhP)	456	419	382
No. of CSR projects	1,863	1,827	1,785
Customer Focus			
Customer satisfaction rating	4.3	4.2	94.38%
No. of customers served	8,306,015	9,244,442	9,561,417
Disaster Resilience			
No. of automated weather stations installed	717	756	756
No. of individuals trained in capacity-building training	1,772	1,901	1,986

Planet	2017	2018	2019
Carbon Emissions Reduction			
Carbon emissions in tCO2e		2,365,411	3,494,481
Carbon productivity in PHP million revenue/t CO2e	0.39	0.06	0.07
No. of trees planted in millions (cumulative)	5.7	6.6	7.5
Resource Efficiency			
Water consumption in cu.m	2,774,658	2,369,445	5,052,206
Energy consumption in MWh	611,682	713,079	772,611
Waste Management			
Weight of materials recycled in tons	32	42	30
Renewable Energy			
RE source, net sellable capacity (cumulative)	1,263	1,294	1,242
Ratio of RE to non-RE source	32% RE, 68% NRE	31% RE, 69% NRE	27% RE, 73% NRE

Profit	2017	2018	2019
Financial Return			
Total shareholder return (5 years)	9%	2%	1%
Return on equity	16%	14.9%	13.0%
Financial Growth (PHP billion)			
Net Income after tax	21.6	22.2	22.0

Total Work-Force	2018	2019
Corporate Center ¹	436	406
Power	5,181	3,163
Banking and Financial Services	4,963	6,212
Food	4,111	3,740
Infrastructure	0	396
Land	542	103
Others	19,802	23,795
Total	35,035	37,815

¹ Includes WeatherPhilippines and Aboitiz Foundation team members.

Gender Distribution	2018		2019	
	Male	Female	Male	Female
Corporate Center	219	213	196	210
Power	2,738	1,986	2,290	873
Banking and Financial Services	1,935	2,669	2,615	3,597
Food	472	294	518	343
Infrastructure	0	0	67	36
Land	187	190	183	213
New Hires and Turnover				
	New Hires	Turnover	New Hires	Turnover
Corporate Center	50	28	58	44
Power	157	190	496	281
Banking and Financial Services	532	405	923	1,404
Food	174	92	235	157
Infrastructure	0	0	54	2
Land	74	87	89	49

Geographical Distribution

	Luzon	Visayas	Mindanao	Luzon	Visayas	Mindanao
Corporate Center	337	76	19	334	68	4
Power	1,374	802	867	1,473	768	922
Banking and Financial Services	3,639	741	344	4,839	827	546
Food	446	68	252	506	74	281
Infrastructure	0	0		51	3	49
Land	203	174		233	163	0

Age Distribution

	Below 30	30-50	Over 50	Below 30	30-50	Over 50
Corporate Center	88	281	63	101	247	58
Power	830	1,678	535	994	1,716	453
Banking and Financial Services	1,741	2,688	295	2,458	3,389	365
Food	326	408	32	401	425	35
Infrastructure				41	54	8
Land	129	220	28	152	215	29

	Corporate Center	Power	Banking	Food	Infrastructure	Land
Percent of team members in a collective bargaining agreement	0%	16%	21%	3%	0%	0%

New Hires Profile	Corporate Center	Power	Banking	Food	Infrastructure	Land
Male	55%	38%	61%	47%	33%	58%
Female	45%	62%	39%	53%	67%	42%
Below 30	60%	72%	78%	68%	52%	65%
30 to 50	34%	26%	21%	30%	43%	33%
Above 50	5%	2%	1%	3%	6%	2%
Luzon	100%	52%	86%	63%	35%	82%
Visayas	0%	19%	6%	12%	2%	18%
Mindanao	0%	29%	7%	25%	63%	0%
Staff	48%	79%	63%	69%	59%	46%
Supervisor	22%	13%	20%	21%	26%	35%
Manager	21%	6%	14%	6%	6%	12%
AVP and Up	9%	3%	3%	4%	9%	7%

2016	2017	2018	2019
------	------	------	------

Materials and Waste

Solid Waste in tons	246	72	115	1,239
Hazardous Waste in tons	3,132	2,449	1,915	2,305
Fuel oil in liters	215,208	457,657	70,489,993	19,676,454

Energy

Energy Consumption (in GJ)				
Corporate Center	6,164	6,668	9,554	10,270
Power	1,894,770	1,867,188	2,210,718	2,433,971
Banking and Financial Services	79,527	71,180	73,075	23,609
Food	182,944	256,507	259,114	254,464
Infrastructure				45,493
Land		514	14,622	13,594
Total	2,163,404	2,202,057	2,567,083	2,781,400

Water

Water consumption (in cubic meters)				
Corporate Center	9,828	16,397	14,496	12,469
Power	671,830	902,037	566,098	691,784
Banking and Financial Services	215,208	163,041	134,832	90,870
Food	413,808	1,683,339	1,588,689	1,344,007
Infrastructure	-	-	-	2,813,828
Land	-	9,843	65,330	99,248
Total	1,310,675	2,774,658	2,369,445	5,052,206

Greenhouse Gas Emissions

Emissions (in tons CO2e)				
Total	2,799,188	2,486,147	2,485,588	3,494,481
Scope 1		2,205,030	2,295,897	3,232,757
Scope 2		281,116	189,690	261,724

Membership and Associations

Corporate Center <ul style="list-style-type: none">Business for Sustainable DevelopmentLeague of Corporate Foundations
Power <ul style="list-style-type: none">Philippine Independent Power Producers Association, Inc.Philhydro Association Inc.
Banking and Financial Services <ul style="list-style-type: none">Bankers Association of the PhilippinesBankers Institute of the Philippines
Food <ul style="list-style-type: none">Philippine Association of Feed Millers, Inc.Philippine Association of Flour Millers, Inc.
Infrastructure <ul style="list-style-type: none">Cagayan de Oro Chamber of Commerce and IndustryDavao City Chamber of Commerce and Industry, Inc.
Land <ul style="list-style-type: none">Subdivision and Housing Developers AssociationChamber of Real Estate and Builders’ Association, Inc.



Instead of producing
print copies, our digital
annual report was able to
save 27 trees.



www.aboitiz.com