Ayala

2020 INTEGRATED REPORT

ANSWERING THE NATION'S CALL FOR HUMANITY

In a time of great need, the Filipino's instinct for compassion shines through.

ABOUT THE COVER

Highlights of Unity

In the face of the worldwide pandemic, the significance of the Filipino's long-standing spirit of bayanihan has never been more important. Ayala has had an extensive history of championing the call to unify our nation. In this time of great need, our drive to respond meaningfully with a united front has grown only stronger. In the cover, Ayala's Project Pananagutan is seen in action where the employees of the group donated ₱149 million to distribute food to urban poor residents most impacted by the health crisis. Highlighted is the very act of humanity as we emphasize the impact that deeds of compassion and solidarity can create in these trying times. Combined with Ayala's other projects, the group's total contributions to anti-COVID initiatives have reached ₱13.2 billion for 2020.

ABOUT THIS INTEGRATED REPORT

The 2020 Ayala Integrated Report (IR) provides a comprehensive view of the way we have integrated our values into our business, operations, and performance, and how we lived up to our purpose of creating meaningful impacts on the economy, environment, and our communities. This IR is a testament to our long-term commitment to sustainability.

The IR's Value Creation chapter opens with our sustainability journey map, which shows how all the factors involved in our process of defining shared value work together in crafting significant impacts on our target communities.

In this report, Ayala strengthens disclosures on ESG matters as part of its commitment in ensuring it remains a responsible organization who manages its impacts on many different levels.

Moreover, we continue to report on our performance against the Ayala Sustainability Blueprint: Bridging the Filipino to 2030 which serves as our primary guide in ensuring we hit our milestones in our drive to contribute to the UN Sustainable Development Goals.

Both the ESG and Ayala Sustainability Blueprint disclosures exemplify the bold leadership and shared vision of the Ayala Group in shaping a better and more sustainable world.

We continue to review and realign our Sustainability Reporting Framework with emerging issues, interests of stakeholders, and our environmental, social, and governance materiality topics in mind.

We generate and evaluate our data through a rigorous collection process. Our in-depth analysis aims to determine whether we have effected change and influenced movements in the country's economic and social landscape and have helped open opportunities for inclusive growth.

This report constitutes a company-wide, group-wide effort built through cooperation and collaboration among the different departments and business units across Ayala. Our Investor Relations team, Risk Management & Sustainability team, and Management reviewed all information in this report, which was duly approved by the Board of Directors for publishing.

Additional references for specific stakeholders are available at www.ayala.com

REPORTING SCOPE

This report provides detailed information on the consolidated financial, economic, environmental, social, and governance performance across our business units from January 1 to December 31, 2020. Notes and further explanations accompany the text and tables of our performance indicators. The report includes relevant disclosures on business expansion from our unlisted subsidiaries and affiliates.

For more details about the various frameworks referred to, check www.integratedreporting.org, www.globalreporting.org, www.sasb.org, www.unglobalcompact.org, www.fsb-tcfd.org and www.wbcsd.org

REPORTING STANDARDS

This report was guided by principles and content elements of the Integrated Reporting <IR> Framework as part of our commitment to position our non-financial information report in line with global best practices. We framed the report of our performance based on materiality topics aligned with the United Nations Global Compact (UNGC) 10 principles, Sustainability Accounting Standards Board (SASB), and Global Reporting Initiatives (GRI) Standards. The World Business Council for Sustainable Development (WBCSD) programs for business transformation helped us highlight our initiatives in strengthening ESG disclosures while we continue to reach our targets to contribute to the Sustainable Development Goals.

The TCFD disclosure of Ayala Corporation can be found on pages 71–82 and pages 100–103.

In 2019, we further embedded sustainability in our reporting when we phased in the Financial Stability Board (FSB) Task Force on Climate-related Financial Disclosures (TCFD) recommendations for voluntary climate-related financial disclosures, which aims to provide useful information to investors, lenders, and insurers. We continue to report on our progress on TCFD disclosures this year.

OUR APPROACH TO EXTERNAL ASSURANCE

Our Board's Audit Committee is mandated to review and approve the audit, audit-related, and non-audit services from external auditors. It provides oversight on the performance of external and internal auditors.

ON OUR FINANCIAL STATEMENTS

SyCip Gorres Velayo & Co., a member firm of Ernst & Young International Ltd, is the external auditor of the company's financial statements, with Lucy Lim Chan as the partner-in-charge. The audit partner principally handling the company's account is rotated every five years in accordance with Securities and Exchange Commission (SEC) regulations.

More information about our audit process is found on pages 220–221. For Management Discussion and Analysis of Financial Condition and Results of Operation, go to pages 241–246.

ON OUR SUSTAINABILITY PERFORMANCE

DNV, an independent organization and global provider of certification, assurance assessment, and training services, validated the figures and information related to our sustainability performance and <IR> Framework. The group-wide assurance process was done in two phases, which included interviews with executives and in-depth discussions with related departments from the different business units. Both phases of the assurance were done remotely in accordance to regulations and protocols on COVID-19.

The full Independent Assurance Statement is on pages 247–250.

FEEDBACK

We welcome feedback and inquiries to help us improve our future reporting.

You may e-mail your feedback and comments to: investorrelations@ayala.com, sustainability@ayala.com, and esg@ayala.com

A copy of our financial statements can be accessed at www.ayala.com

NOTE ON FORWARD-LOOKING STATEMENTS

This report contains statements describing the company's objectives, projections, estimates, and expectations, which may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the company's operations include, among others, economic conditions affecting demand or supply and price conditions in the domestic and overseas markets in which the company operates, changes in government regulations, tax laws, and other statutes and incidental factors and the effect of the COVID-19 pandemic.

Volunteers prepare for relief operations at the height of the pandemic, gathering goods to be distributed to the most vulnerable.

STATEMENT FROM THE BOARD

The Board ensures that this report maintains integrity and confirms that all performance and impact disclosures made are presented fairly. Together with the Ayala management, the Board gave high-level supervision to the internal teams responsible for the reporting process and production. The internal parties with relevant skills and experience devoted significant efforts in the reporting process to guarantee that it duly follows particular standards and that the Ayala story is presented in a fair manner. Ayala also engaged external parties, SyCip Gorres Velayo & Co. and DNV, to validate and assure financial and non-financial disclosures to improve accuracy, objectivity, and overall report quality. The report was prepared under the supervision of the Chief Finance, Risk, and Sustainability Officer, Jose Teodoro K. Limcaoco.

The Integrated Report contains certain forward-looking statements which, by their nature, involve risk and uncertainty because they relate to future events and circumstances that may be beyond Ayala's control. In addition, regulations of the Philippine Stock Exchange prohibit making price sensitive forecasts without considerable independent review and process. The directors therefore advise readers to use caution regarding interpreting any forward-looking statements in the report.

The Board unanimously approved this report on 9 March 2020, and authorized its release on 14 April 2020.

JAIME AUGUSTO ZOBEL DE AYALA
Chairman & CEO

FERNANDO ZOBEL DE AYALA
President & COO

JOSE TEODORO K. LIMCAOCO
Chief Finance, Risk & Sustainability Officer

The Philippine Disaster Resilience Foundation and Caritas Manila, in partnership with Ayala, the country's biggest business group, distribute food vouchers to the most challenged communities in Metro Manila.

OUR VISION
We will be the most relevant, innovative, and enduring Philippine-based business group, enabling shared value and prosperity for the many stakeholders we serve.

OUR MISSION
Anchored on values of integrity, long-term vision, empowering leadership, and with a strong commitment to national development, Ayala fulfills its mission to ensure long-term profitability and value creation. Ayala creates synergies as it builds mutually-beneficial partnerships and alliances with those who share its philosophies and values.

OUR PURPOSE
To improve lives through resilient businesses and risk-calculated investments that have a meaningful and lasting impact on the country's economic and social landscape.

OUR CORE VALUES

Integrity
We do the right thing in every decision that we make.

Long-term Vision
We build sustainable businesses.

Empowering leadership
We bring out the best in each other as leaders at any level.

Commitment to National Development
We respond to the country's changing needs.

OUR PROMISE
Reinventing Businesses, Transforming Communities

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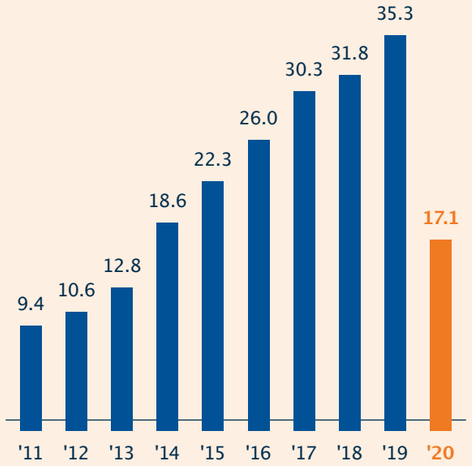
AYALA AT A GLANCE

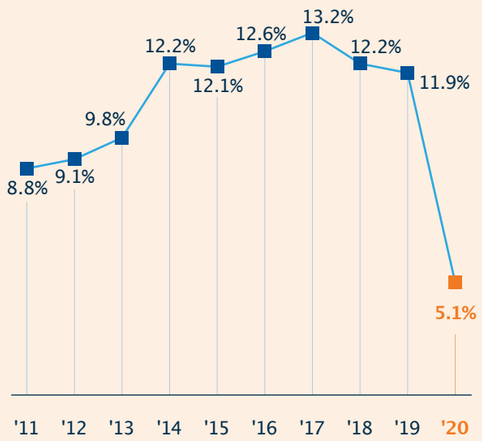
"We strongly believe that in order to build a legacy of long-term value creation, we must also remain relevant to the changing needs of our customers, our investors, and the communities we interact with. We are part of the fabric of a broader community of stakeholders and increasingly participate in a society that seeks progress in a way that sustains its well-being well into the future."

JAIME AUGUSTO ZOBEL DE AYALA
Chairman and CEO

NET INCOME
(in billion pesos)



RETURN ON COMMON EQUITY



2020
4.3% | Pre-pandemic 15.8%
10-Year net income CAGR

2020
10.7% | Pre-pandemic 11.3%
10-Year Average Return on Common Equity

2020
10.4% | Pre-pandemic 12.9%
10-Year Total Shareholder Return CAGR

₱1.56 T
10-year group CAPEX

₱205.5 B
10-year parent CAPEX

₱459.1 B
10-year group taxes paid

₱220 B
End-2020 revenues

₱1.41 T
End-2020 total assets

₱88.7 B
End-2020 cash and cash equivalents

9.2%
End-2020 Loan-to-Value Ratio

₱25.33
End-2020 Earnings Per Share

57%
Permanent women employees

69
Total training hours per person

2,005
Gigawatt hours of attributable renewable energy generated

32,030
Hectares of estimated total area to be protected under Project Kasibulan

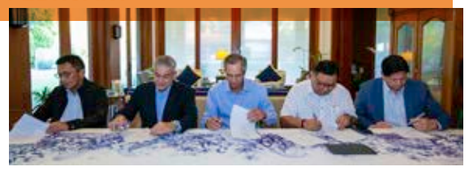
*Pre-pandemic period is from 2010-2019

OUR 2020 MILESTONES

JANUARY

- BPI lists its ₱15.3 billion fixed rate bonds with a 2-year tenor and interest rate of 4.2423%.

FEBRUARY



- Ayala approves the grant of proxy rights over Manila Water to the Razon Group's Trident Water to enable the latter to achieve 51% voting interest in Manila Water.
- AC Energy completes its acquisition of the Philippine Investment Alliance's stake in the 81 MW North Luzon Renewables wind farm in Ilocos Norte.

MARCH

- Ayala, in coordination with the Philippines' top business groups, launches Project Ugnayan to aid the poorest households of Metro Manila by putting food on the table, raising ₱2 billion by the end of the year.
- Ayala allocated ₱2.4 billion as a COVID-19 emergency response package for wages, bonuses, leave conversions, and loan deferments for employees and those who provide contractual services to the group.
- AC Energy acquires PINAI's stakes in the 45 MW Sacasol and 80 MW Islasol solar farms in Negros Occidental.

APRIL

- The Ayala group completes the conversion of portions of the World Trade Center into a temporary healthcare facility for COVID-19 patients.
- AC Energy announces its plans to fully divest from coal by 2030.

MAY

- Ayala donates all the testing booths for the four Mega Swabbing Centers at the Palacio de Maynila Tent along Roxas Boulevard, the Mall of Asia Arena in Pasay City, Enderun Colleges in Taguig City, and the Philippine Arena in Bulacan.
- IMI introduces the UK-developed UCL Ventura Flow Generator, a non-invasive ventilation system developed to aid COVID-19 patients with breathing difficulties.
- AC Health, in partnership with the QualiMed Health Network, converts QualiMed Sta. Rosa into a COVID-19 referral hospital, with a designated Triage Holding Area, to accommodate potential cases.

JUNE

- The Ayala group commits to increase the Philippines' COVID-19 testing capacity by 5,550 tests per day as a part of its contribution to the DOH and the IATF's Project T3.
- Ayala Land lists its ₱10 billion, 2-year fixed-rate bonds due 2020 with a coupon rate of 3.0% in the PDeX.
- BPI issues the country's first COVID Action Response Bonds, raising ₱21.5 billion. The CARE Bonds were awarded Best Social Bond by The Asset Triple A Country Awards.

JULY

- Globe successfully raises US$600 million through the issuance of dual tranche notes representing the first time Globe is tapping the international debt capital markets since 2004.
- AC Energy launches its first project in India, the 140 MW Sitara solar project in Rajasthan, and expands in Vietnam with the start of construction of the 210 MW Quang Binh wind farm, one of the largest in the country.
- AC Energy upsizes its Senior Green bonds by US$60 million to US$470 million.
- Manila Water issues US$500 million in sustainability bonds, the single largest green bond issue by a listed private water utility in Asia.

AUGUST

- AREIT, the country's first REIT, makes its successful IPO in the Philippine Stock Exchange.
- GCash Send Money transactions grows by 1,000% in volume.
- IMI receives Philippine FDA approval for the UCL Ventura Flow Generator.

SEPTEMBER

- IMI's subsidiary, VIA Optronics, makes its debut in the New York Stock Exchange under the ticker symbol VIAO at US$15/ADS.
- AC Health converts its FamilyDOC clinics to carry the Healthway brand (now called Healthway Family Clinics), becoming the country's largest clinic network.
- GCash, in partnership with Singlife, launches its first insurance product, Cash for Dengue Costs covering mild to severe dengue cases.

OCTOBER

- Mynt raises over US$175 million from Bow Wave and its existing shareholders, bringing Mynt's post-money valuation to almost US$1 billion.

NOVEMBER

- Ayala, along with more than 30 private companies, signed a tripartite agreement with AstraZeneca and the Philippine government for 2.6 million doses of COVID-19 vaccines.
- AC Energy Philippines' board approves GIC's acquisition of a 17.5% stake for ₱20 billion.
- AC Energy issues US$300 million of perpetual green bonds.
- AC Health announces partnership with Cancer Treatment Services International to develop and operate the Philippines' first specialty cancer hospital.
- Entrego's volume doubles against pre-COVID-19 levels.

DECEMBER

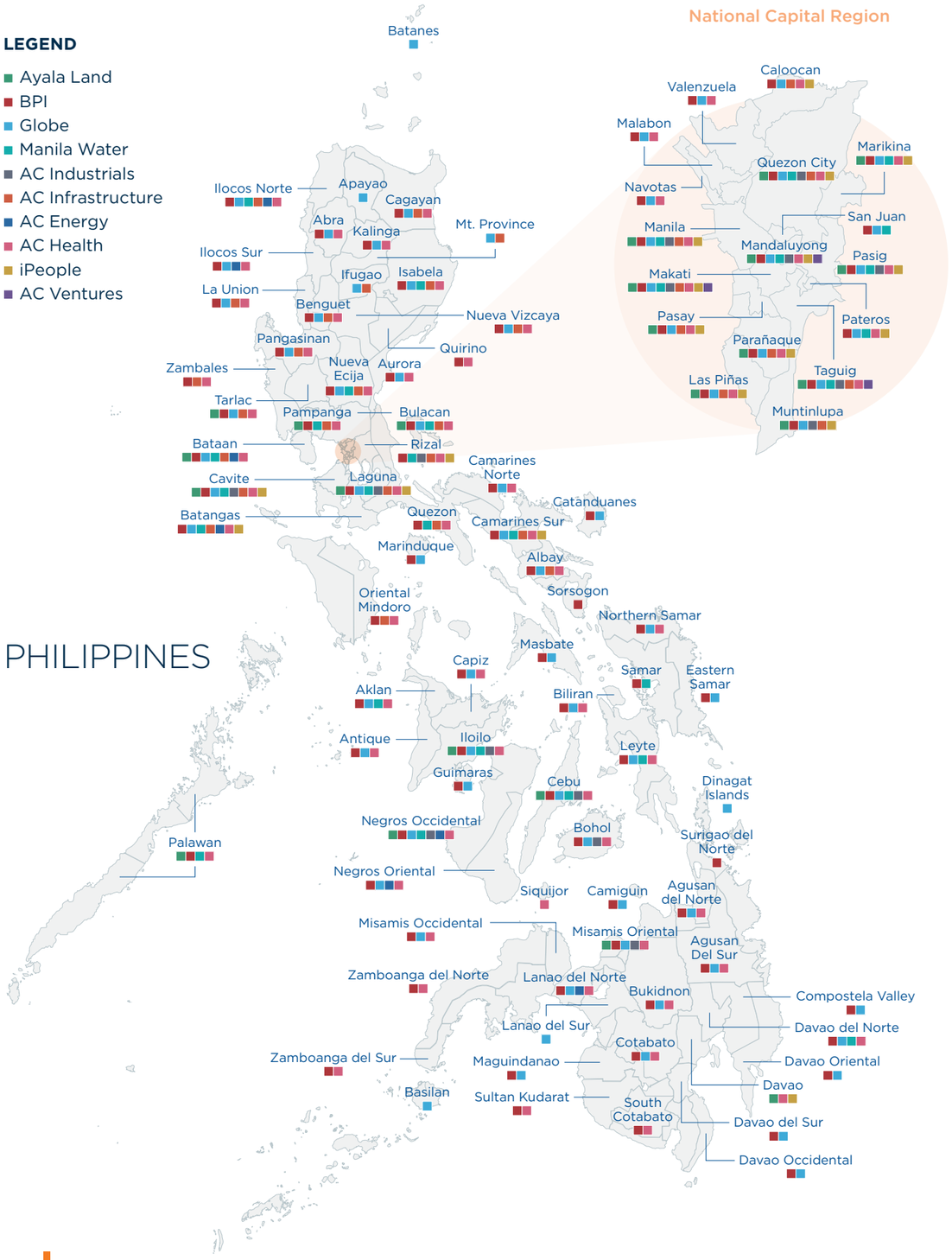
- Globe rolls out 1,300 cell towers in 2020, 18% higher YoY.
- GCash records over ₱1 trillion in transactions that have passed through the app in 2020.
- Manila Water signs a management, operations, and maintenance contract with Saudi Arabia's state-run water agency, National Water Co.
- AC Health inks agreements to acquire controlling stake of QualiMed, bringing the latter's network of four general hospitals, clinics and ambulatory surgical center, into its portfolio.

GEOGRAPHIC PRESENCE

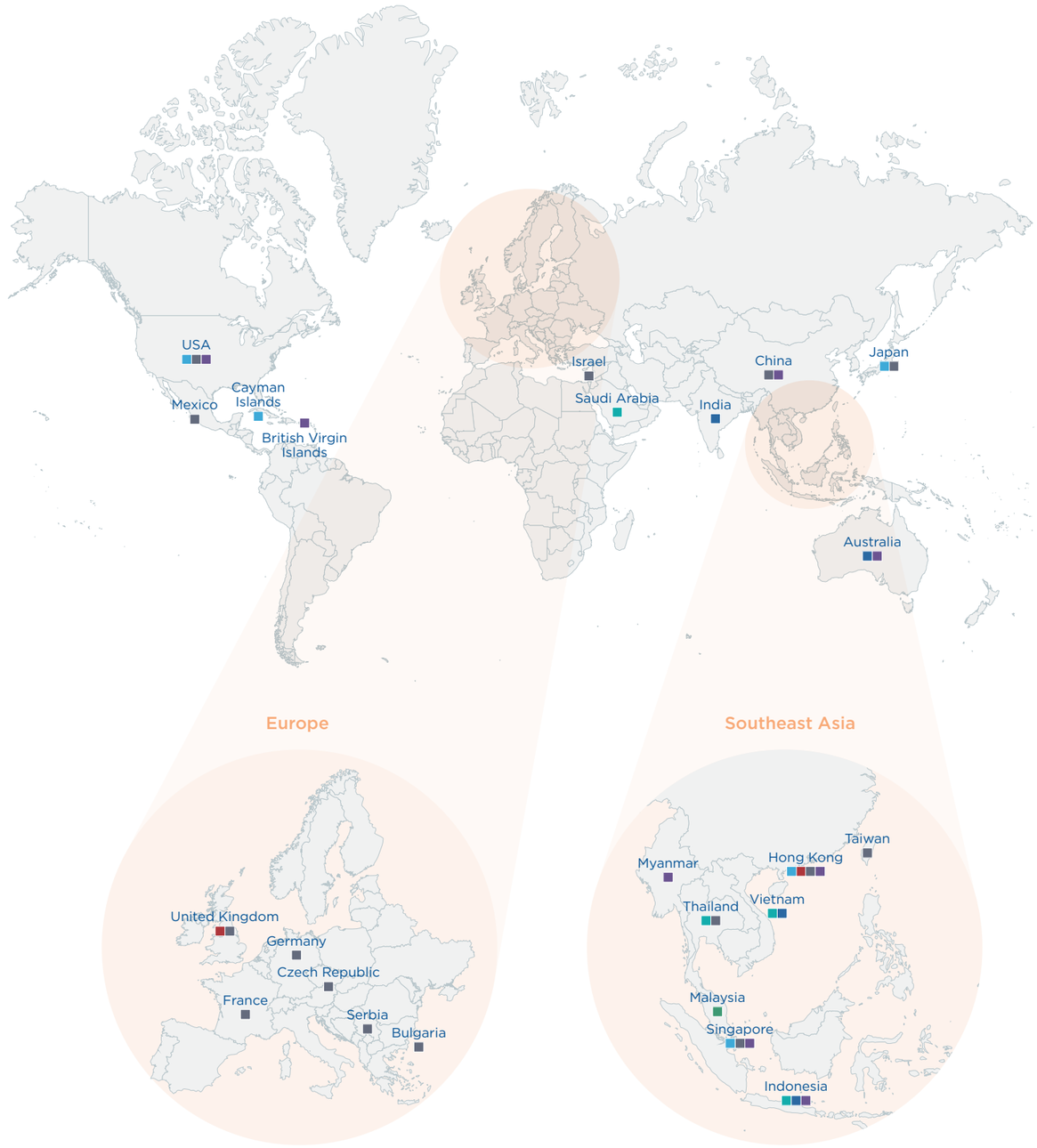
LEGEND

- Ayala Land
- BPI
- Globe
- Manila Water
- AC Industrials
- AC Infrastructure
- AC Energy
- AC Health
- iPeople
- AC Ventures

PHILIPPINES



WORLD MAP



Ayala PORTFOLIO

Founded in 1834, Ayala Corporation is one of the largest conglomerates in the Philippines with core interests in real estate, banking, telecommunications, and power. It has a growing presence in healthcare and logistics and investments in water, industrial technologies, and infrastructure. In addition, Ayala's corporate social responsibility programs are managed under Ayala Foundation.

Ayala's listed units account for about 20% of the Philippine Stock Exchange Index's market cap. Members of the Zobel de Ayala family, individually and through a private holding company are the principal shareholders of Ayala Corporation with Mitsubishi Corporation as the second largest shareholder.

Ayala maintains a tradition of excellence and integrity that has continuously run through seven generations. It continues to contribute to Philippine economic and social growth through its diverse business interests, maintaining its tradition of excellence in every endeavor. Ayala continues to move further forward, drawing on its heritage and experience to fulfill its brand promise of "Reinventing businesses, transforming communities".

CORE VALUE DRIVERS

AyalaLand

44.4%

Leading and most diversified property developer in the country with the largest landbank

Market cap ~US$10.4B
% to equity earnings 28%

BPI

48.5%

Pioneering financial institution and one of the most profitable banks in the country

Market cap ~US$7.6B
% to equity earnings 29%

Globe

30.8%

Purveyor of the Filipino digital lifestyle supported by a robust telecom infrastructure

Market cap ~US$5.2B
% to equity earnings 14%

AC Energy
An Ayala Company

56% [1]

Fast-growing regional energy platform with investments in renewable and conventional power assets and development, operations and retail supply capabilities

Market cap ~US$2.8B[2]
% to equity earnings 21%[3]

[1] Ownership of AC Energy and Infrastructure Corporation (wholly owned by Ayala) in AC Energy Corporation
[2] Market capitalization of AC Energy Corporation
[3] ACEIC average equity earnings contribution to Ayala, including ACEN and other businesses under ACEIC

All ownership levels are as of March 2021. All market cap figures are as of March 2021. Contribution to equity earnings of all companies are averaged figures from 2016-2020. Peso to Dollar rate used is 48.50.

EMERGING BUSINESSES

Healthcare

AC Health
An Ayala Company

Logistics

ENTREGO

PORTFOLIO INVESTMENTS

MANILA WATER
CARE IN EVERY DROP

AC Industrials
An Ayala Company

AC Infra
An Ayala Company

iPEOPLE

AC Ventures
An Ayala Company

Ayala's staff regularly disinfects its premises to ensure the safety of its customers and employees.

OUR LEADERSHIP

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JAIME AUGUSTO ZOBEL DE AYALA
Chairman and CEO

MESSAGE FROM **THE CHAIRMAN**

Fellow Shareholders,

Over a year ago, on March 11, 2020, the WHO declared COVID-19 a global pandemic. We could not have imagined then—dire as it already was at that time—that the pandemic would stretch well beyond one year and keep going, that what began as a health crisis would stretch into a complex combination of four crises rolled into one: a health, social, economic, and even a geopolitical crisis.

Yet the pandemic's story would be incomplete if we focused only on its devastation.

While the pandemic exposed inadequacies in our healthcare system, it also showcased the sublime courage, skill and resourcefulness of our frontliners.

Yes, the pandemic led to social dislocation as mobility restrictions cleared our highways of traffic and our malls from meet-ups. Yet technology and digital infrastructure ramped up to power industries, to multiply connections and dialogue by cutting travel time from one meeting to the next. And, for many, working from home restored connections with families we had previously seen less often than our workmates.

Yes, the pandemic led to the worst economic contraction recorded in many parts of the world. In the Philippines, our economy declined by -9.5 percent. Yet the pandemic also showcased the best of our bayanihan spirit helping those who were challenged to help themselves.

Such has been the narrative for Ayala Corporation in 2020 as well. Like many companies, our bottomline has been severely impacted. But, under the extenuating circumstances, I am pleased that the Ayala group has weathered the economic challenges well, made decisive and balanced trade-offs between short-term pivots and long-term sustainability, and that we have continued to be a force for growth and a force for good for our varied stakeholders. We have acted with agility, in consonance with our purpose and mission, and are positioned to capitalize on the new opportunities that the pandemic has presented.

AC Energy sees a promising future for clean energy in Vietnam as its government has implemented aggressive initiatives to support renewable power.

This crisis has put to the test some of the institutional foundations that we at Ayala have established throughout our 187-year history. In times of extreme adversity, we are fortunate to have been able to leverage the strength of our established principles and the distinct advantages we have as a multi-business group.

We used established cross-functional synergies and robust corporate infrastructure to quickly mobilize. More importantly, our teams across our business units demonstrated admirable commitment and engagement, and continue to respond, adjust, and recalibrate in this dynamically changing environment.

Let me expand on this by touching on three broad themes, which I believe appropriately represent the past year and set the foundation for how our group is positioned for long-term growth.

First, let me highlight how a balanced portfolio and years of risk-resilient financial discipline served as an important foundation to help us pivot our businesses. We accelerated growth in resilient industries and business units such as Globe and AC Energy, and with products such as GCash and BPI Online. On the other hand, we minimized the impact on severely disrupted business sectors such as in our malls and tourism business verticals.

Second, I will touch on how our group, as part of an immediate and continuing response to the crisis, prioritized protecting three concentric circles of stakeholders: our employees; our broad business ecosystem, and the community-at-large—in aid of nation-building.

Third and finally, I will share my perspectives on how we are capitalizing on opportunities during this period of disruption and innovation across varied industries, while positioning ourselves for the post-pandemic recovery.

Please allow me to elaborate on each of these three themes.

First, our balanced portfolio and years of risk-resilient financial discipline served as our strategic advantage in navigating through a severely disrupted business landscape.

As with most businesses, the mobility restrictions, loss of income, dampened consumer sentiment, and the overall slowdown in economic activity weighed heavily on Ayala's performance during the year. However, we take comfort in the fact that the diversified nature of our portfolio has positioned us well to temper the full effect of the crisis.

We have, over the years, made both strategic and opportunistic adjustments to our portfolio to counteract volatility across multiple economic cycles. And, with the clarity of hindsight, that served us well in 2020.

While the crisis affected three of our businesses —Ayala Land, BPI, and AC Industrials—the impact on our overall performance was offset by the resilience of Globe and AC Energy.

Moreover, we are reaping the fruits of the transformation initiatives we undertook a few years back as the crisis essentially catalyzed the tremendous potential of digital technologies and digital adoption. We saw unprecedented adoption of e-wallets, e-payments, e-commerce, telemedicine, and online learning, among others.

Two of the country's top three digital finance platforms are Ayala assets. GCash and BPI Online were early entrants in the space and, supported by robust and user-friendly technology platforms, were ready to meet or adapt to the rapidly changing needs of customers.

Since the entry of Ant Financial as a strategic partner in 2017, Mynt, which operates GCash, continues to grow and create value. GCash is now the number one finance app in the country, serving over 33 million users or one in every three Filipinos. Last year, the value of transactions that passed through GCash crossed ₱1 trillion, which was double that of the combined totals for the three-year period of 2017 to 2019.

GCash recently attracted US$175 million in fresh capital, including an investment from Bow Wave, a New York-based private equity fund. With a post-money valuation of nearly US$1 billion, this investment validates GCash as a formidable player in contributing to and transforming financial services in the country.

Similarly, BPI's foresight in embarking on a digital transformation program five years ago has paid off. Enrollments and usage surged during the pandemic across the bank's online platforms as businesses adjusted to new ways of handling transactions during a period of limited mobility. BizLink, which offers digital solutions for corporate clients, as well as BPI Online and BPI Mobile, our channels for customers' everyday banking needs, now constitute an average of 70 percent of the bank's total transactions.

Moving forward, BPI intends to become the undisputed leader in digital banking in the country by broadening access to online platforms for all our customers, regardless of size, and introducing value-added services for both the corporate and retail segments. We also expect the bank to work even more closely with GCash to extract further synergies between the two leading financial mobile apps in the country.

In tandem with our balanced portfolio, our years of risk-resilient discipline with respect to financial management generated sufficient absorption capacity to protect our balance sheet. This judicious approach served us well during both the Asian crisis of 1997 and the global financial crisis of 2008. It served us well again in 2020.

Our group's robust balance sheet enabled us to continue executing on our investment pipeline. We leveraged the favorable debt market conditions last year to raise capital that will enable us to preserve financial sustainability as well as create the capacity for opportunistic investments. Ayala Land, BPI, Globe, Manila Water, and AC Energy raised around US$3 billion in combined proceeds from various domestic and international capital raising exercises. The successful capital raising exercises executed across the group during this period of economic uncertainty is a testament to the strength of the Ayala brand.

"This crisis has put to the test some of the institutional foundations that we at Ayala have established throughout our 187-year history. In times of extreme adversity, we are fortunate to have been able to leverage the strength of our established principles and the distinct advantages we have as a multi-business group."

"I believe that foresight, active portfolio management, and an innovative mindset have enabled us to not only survive, but flourish during this period of economic uncertainty and stress."

I believe that foresight, active portfolio management, and an innovative mindset have enabled us to not only survive, but flourish during this period of economic uncertainty and stress.

Moving on to the second theme, we strongly believe that our ability to sustain attractive business returns—over many years and through various economic cycles—requires that our host ecosystem survives and, ideally, thrives.

Thus, in responding to the pandemic, we prioritized protecting three concentric circles of stakeholders. The first circle was our Ayala group's over 60,000 employees, the second circle was the broader business ecosystem in which we operate, and the third circle was composed of the communities and the country we serve. Our support was necessarily proactive and generous. Over March to December 2020, the Ayala group disbursed a total of ₱13.2B for our pandemic response initiatives.

From the start of this difficult period, our top-of-mind priority was to protect our employees, ensuring their peace of mind—assuring them of financial stability and protecting their physical health and safety.

The financial assistance consisted of a mix of wages, leave conversions, loan deferments, and advance release of employee bonuses.

To help address the health and safety concerns of our employees, we set up employee-exclusive hotlines to doctors and for medicines and built a COVID-19 facility, specifically dedicated for them and their families in the event that the traditional hospitals got too full to accommodate them.

To ensure continuity of business and customer service, we implemented protocols to ensure the safety of our critical, essential frontliners who needed to physically report to the workplace. We provided tools-of-work for the majority of our employees so that they could productively work from home. Lastly, through Ayala-funded online courses, we encouraged employees to enhance or learn new skills that will help them better adapt to a digitally, technologically-wired "future of work".

After protecting our employees, the second phase was to ensure that our business ecosystem stayed in place as we collectively tried to recover. The Ayala group has always believed that our success is intertwined with the success of the broader ecosystem in which we operate.

Ayala Land was the first to implement rent condonations to its mall merchants, while BPI was among the first financial institutions to offer a grace period for loan payments. Similarly, Globe and Manila Water provided grace periods for bill payments—all consistent with the economic stimulus package put in place during the crisis.

Within this business ecosystem, we realized that certain segments would need particular focus. We have around 250,000 SMEs and around 1 million micro-enterprises that are linked to us as clients and partners across our various businesses. The pandemic's impact on them was more massive. It was imperative that we provide them with support and help alleviate some of the pain points they faced. Hence, we launched the Ayala Enterprise Circle as a support network for the group's SME partners to help them navigate the crisis by providing business solutions, expert mentorship, training, and business-matching opportunities.

After our employees and our business ecosystem, the third circle of stakeholders was the community-at-large, in aid of national recovery. Even before the COVID-19 pandemic struck, the Ayala group had been working on programs around the evolving, expanded role of private institutions in society.

To ensure that our teams felt financially secure during this period of stress, we rolled out an emergency assistance package for our employees, as well as for those who provide contractual services to the Ayala group (including personnel, maintenance staff, and construction workers) who would, otherwise, have been in a "no-work, no-pay" dilemma.

I strongly believe that our expanded role is to help address the pain points of the community at large, and of the nation even—not just of our shareholders—and to be more inclusive in purpose than the singular focus on profit that the economist, Milton Friedman at the University of Chicago, espoused a little over 50 years ago. This pandemic has made it even more urgent and important for us to be inclusive in our survival and recovery efforts. This pandemic has been most democratic, sparing no one, but its effects have been much more devastating on society's already vulnerable segments than on larger, more buffered, and diversified entities like ours.

I believe that our sustainable recovery as private institutions can happen only if the communities that support us and work with us also survive and thrive. They need us now, more than ever, to share in their adversity. And it cuts both ways, we also need them—the entire ecosystem—to recover and thrive so as to ensure our sustainable prosperity.

With this philosophy guiding our actions, the Ayala group spearheaded a number of community projects, including Project Ugnayan, a peer partnership among the private sector, that galvanized action to address the immediate food needs of the economically vulnerable families who were caught flat-footed when community quarantine was declared last year. Project Ugnayan was an unprecedented level of cooperation among private sector companies that are normally fierce competitors in the business landscape. Many of the biggest donors committed their support within 48 hours. In all, 270 companies contributed and raised ₱1.7 billion worth of emergency relief assistance and distributed this by enlisting the machinery of PDRF and the Catholic Church to over 14 million individuals.

We were steadfast in our mission to contribute towards rebuilding the nation. Among many other community-based initiatives, the Ayala group led in converting the World Trade Center into a massive quarantine facility and donated a number of molecular testing laboratories and significant quantities of medical supplies to local government units.

The converted World Trade Center facility houses 500 beds for COVID-19 patients.

QualiMed's mission is to enable universal healthcare that is accessible and affordable for the Filipino people.

We continue to work in partnership with the government to help address society's pain points. As a founding member of Project T3, a private sector-led initiative, we helped raise our national capacity for testing, treating, tracing, and isolating patients and patient-suspect cases. Presently, we are among the leading private sector firms supporting the government in planning and implementing the national vaccination program.

On this second theme, perhaps among the pandemic's enduring lessons are the imperative for inclusive recovery and the power of unlocking greater cooperation among private companies and between the public and private sectors. It is encouraging to see this collaborative approach towards the creation of meaningful, scaled solutions in combatting COVID-19 and building back better towards inclusive recovery.

This brings me to the third and final point—how our group is capitalizing on opportunities amid the massive shifts taking place, and how we are positioned for a post-pandemic recovery.

Alongside adversity, there is opportunity.

First, while the pandemic exposed inadequacies and massive underinvestment in the country's healthcare system, the crisis also reinforced our thesis for entering this industry over five years ago. Healthcare is an industry that is ripe for intervention and disruption.

In 2015, when we started investing in healthcare, we saw that it was increasingly becoming an important sector in the country for several reasons. Households were beginning to spend more on health and wellness, the government was increasing its healthcare investments, and health outcomes were so poor that there was significant headroom for growth. Today, COVID-19 has exponentially expanded the value of the healthcare sector. Despite the deep -9.5 percent economic contraction that the Philippines experienced last year, the healthcare sector expanded by 13.8 percent, due to increasing investments by local players and foreign partners.

AC Health is scaling up its portfolio to take advantage of the momentum in the healthcare ecosystem. Last February, AC Health completed the acquisition of a majority stake in QualiMed Health Network, which operates a chain of hospitals and clinics, expanding its service delivery network by providing healthcare at the tertiary level. The addition of QualiMed to AC Health's portfolio complements its 85 outpatient clinics and 80 corporate clinics under the Healthway brand, as well as the country's first specialty cancer hospital, which is set to open in 2023.

AC Health also launched a telemedicine solution that provided an alternative medical consultation solution, alongside online purchasing of medicines and scheduling of onsite clinic appointments. We are now looking at utilizing this platform for vaccination scheduling and monitoring.

Second, this crisis has accelerated the digital transformation of both the Filipino consumer, as well as the Filipino workplace.

To this end, we have seen examples of how our investments in digital infrastructure are paying forward—most specifically, how the digital platforms of both BPI and GCash have enabled individuals to make critical transactions—sending money to family far-away and making purchases and bill payments from the safety of their homes. This digital infrastructure will power many more industries—perhaps virtually all industries in the future: health, education, banking, manufacturing, commerce, travel, entertainment, and many more.

Among these is logistics, where the pandemic highlighted massive gaps in this fragmented industry. Having seen the country's requirement for efficient and reliable logistics to complement the rise of the digital economy, we entered the industry three years ago through our last mile delivery platform, Entrego.

Entrego, leveraging its nationwide reach, has gained a foothold serving major e-commerce players in the country. The company ramped up its operations significantly over the past year, with revenues growing 10 times since 2018 and volume of packages delivered doubling since the start of the pandemic. We are looking to further develop our logistics portfolio in a more meaningful way and are looking at opportunities to expand our presence across the broader logistics supply chain, including contract logistics and freight forwarding.

A third set of opportunities—aside from healthcare and digitalization—lies in the area of sustainability and of ESG-proofing our businesses. AC Energy is a prime example in our portfolio. Global investors and pandemic realizations have triggered the demand for affordable, reliable, renewable, and sustainable power.

AC Energy intends to play a leading role in this energy transition process with a strategy that emphasizes building a low-carbon portfolio. It is working towards fully divesting its thermal assets by 2030 as it aspires to be the largest listed renewables platform in Southeast Asia. With 1.9GW of renewable capacity to date, AC Energy has established a meaningful presence in Vietnam, Australia, Indonesia, and India in addition to the Philippines. It is poised to exceed its goal of 5GW of renewables capacity by 2025.

AC Energy's rapid transition to renewables has attracted strategic partnerships from blue chip institutions such as GIC, Singapore's sovereign wealth fund, which is acquiring a 17.5 percent stake in the company.

We are excited about these opportunities and look forward to taking part in the critical transformations happening in these industries.

Globe built 1,300 new cell sites and upgraded 11,529 sites to 4G/LTE in 2020.

"Across these last 26 years, Ayala has developed products and services that are significantly more inclusive to broader segments of our population, has used technology and disruption to transform the way our customers experience life, and has consistently committed capital and a growing balance sheet to address the vital social and hard infrastructure bottlenecks that we face as a country."

Looking ahead, we will be doing our part to help spur the revitalization of the economy through continued investment spending and have allocated ₱196 billion in combined capital expenditure for 2021. The Ayala group feels positive about our medium-term trajectory and anticipates an economic revival by mid-2023, back to the levels of 2019.

This is premised on the successful execution of the country's vaccination rollout beginning later this year, thus restoring consumer confidence, and will be powered by the Ayala group's focused execution to secure and maintain market leadership in our core industries and significant presence in emerging industries.

Traditionally, this is the point where I would normally conclude the Chairman's Message: after providing a look-back at 2020 and a look-ahead at 2021. But this is an unusual year so I hope you will allow me, this year, to look farther back than the past one year and look farther ahead than the current and immediate next year.

We shared with you last December 2020 that we will transition the position of Chief Executive Officer of Ayala from me to my brother, Fernando, who will then be designated President and CEO of Ayala Corporation.

I will continue as Chairman of the Ayala Board and will continue to represent Ayala as Chairman or Vice Chairman, retaining my current roles in the subsidiary boards of various Ayala group companies.

Retaining these roles as Chairman or Vice Chairman will allow me to continue providing support to our management teams across the group. Focusing on my role as Chairman of Ayala Corporation will create space for me to focus on governance, and strengthen connections with our many partners, customers, and employees across the group as we seek to broaden and deepen our stakeholder engagement going forward.

At Ayala, we have built a culture of welcoming change and encouraging transitions. I see myself as no different from the many others who have provided leadership across the group over the years.

Each leader added value in myriad ways and saw it as their responsibility to nurture talent and create paths of succession. It is through this path of deliberate renewal that organizations grow, prosper, and adapt creatively and sustainably to the changing economic, social, and environmental landscape. It is through this process of intentional succession planning that we have the luxury of a deep leadership bench positioned for continuing success.

As I look back at my 26-year tenure as CEO and 40 years as an Ayala employee, I am proud of having been part of a continuing path of progressive transformation in the company. The role of institutions continues to evolve and I like to think that we have been at the forefront of these changing paradigms.

We strongly believe that in order to build a legacy of long-term value creation, we must also remain relevant to the changing needs of our customers, our investors, and the communities we interact with. We are part of the fabric of a broader community of stakeholders and increasingly participate in a society that seeks progress in a way that sustains its well-being well into the future.

Across these last 26 years, Ayala has developed products and services that are significantly more inclusive to broader segments of our population, has used technology and disruption to transform the way our customers experience life, and has consistently committed capital and a growing balance sheet to address the vital social and hard infrastructure bottlenecks that we face as a country.

I believe this clarity of mission and steadfast commitment have continued to make us relevant to the changing nature of our country and that we have contributed, in our own way, to our communal desire to see a progressive evolution of our society.

Moving beyond our national shores, the world is also increasingly aligning to new global standards and we are proud to have an institution that has provided leadership on this front by aligning to the UN Sustainable Development goals and the broader initiatives that conform to the new accepted ESG frameworks.

Finally, we are proud to have developed a community of talented, driven, imaginative and problem-solving teams that relish challenges and whose values are parallel to those in leadership across the group. This difficult year has brought us closer together and built a commonality of purpose and joint engagement. I could not be prouder of having been part of this great team of progressive, driven, and enlightened executives.

As the incoming CEO, Fernando has successfully provided leadership across a variety of Ayala group companies for more than two decades and he is eminently suited to continue providing executive momentum in his new role as President and CEO of Ayala. Both Fernando and I have worked as a leadership team for over two decades now, and we intend to continue charting Ayala's path forward in tandem. Fernando will bring his own brand of leadership to the task at hand and he will highlight his own points of emphasis in his President's report.

It is in this light that I thank our Board of Directors for their constant guidance and foresight, they have all made themselves available to us beyond the formal structure of our meetings, our leadership teams and colleagues across the entire Ayala group for their deep commitment and engagement across many fronts, and you, my fellow stockholders, for your unwavering trust and support.

Jaime and Fernando have worked as a leadership team for over two decades.

FERNANDO ZOBEL DE AYALA
President and COO

REPORT OF **THE PRESIDENT**

Fellow Shareholders,

Please allow me to start, on behalf of our stakeholders and our board, by thanking our Chairman and CEO for his exceptional and dedicated leadership of Ayala over the past 26 years.

In the 26 years of Jaime's tenure as CEO, Ayala Corporation delivered an outstanding track record of creating shareholder value. Since 1995, our market capitalization expanded more than sixfold and our net income similarly grew more than six times. Since 1995, we rewarded our shareholders with dependable returns that averaged at 15 percent per annum. Over that period, we cumulatively paid ₱118 billion in dividends to our common shareholders.

But, perhaps even more than the admirable financial track record over the past 26 years, we laud and thank Jaime for a five-point legacy–which is foundational and strategic—upon which Ayala will build and propel sustainable returns for generations to come.

First, our portfolio mix is stronger, expanded, more diversified, and balanced. We cemented market leadership in our established businesses in real estate and banking. We expanded the societal segments we served and consequently, broadened our set of products and services to address more and different customer needs. We invested in transformative, deep-need or high-growth business verticals such as telecommunications, water, energy, health, education, and logistics where we created meaningful disruption and continue to build scalable and sustainable market share positions either organically or with strategic partners.

Second, we have developed a culture of relevant and relentless innovation, constantly seeking to disrupt even ourselves and spark new industries. Our inspired teams leveraged our group synergies, our rich data and investments in technology, and our strong balance sheet so as to remain relevant to the dynamically changing needs of our customers.

Third, we have a rigorous financial management discipline that, time and again, has been tested and proven. This has enabled us to make decisive investments to capitalize on opportunities and provided risk-resilience in times of crisis, including the challenges of the current COVID-19 crisis.

Fourth, Jaime championed Ayala's pioneering efforts to align our ambition and metrics with world-class standards for sustainability and Environmental, Social and Governance.

And fifth, with a clarity of purpose and constancy of action, Jaime led in placing Ayala at the forefront of the evolving role of corporations to address society's pain points, to create inclusive and sustainable prosperity for all stakeholders, and to aid in nation-building.

Jaime, on behalf of our shareholders and management, thank you. This five-point legacy among many others you have modelled are strategic advantages that strongly position Ayala for future sustainable growth, across varied economic cycles.

2020 was a stress-test for these foundational strengths of Ayala. The crisis undeniably weighed on our financial performance, especially in areas which were severely affected by the mobility restrictions, business slowdown, and unemployment. However, the pandemic also presented opportunities for agile pivots in our established businesses with Globe, BPI, and Ayala Land, for example, launching new or enhanced digital products and bolstering servicing support for their digital channels. It also unlocked opportunities for accelerated benefits from transformative investments that we made in nascent businesses a few years ago. The crisis buoyed sectors such as health and wellness, e-commerce, online banking,

"In the 26 years of Jaime's tenure as CEO, Ayala delivered an outstanding track record of creating shareholder value. Since 1995, our market capitalization expanded more than sixfold and our net income similarly grew more than six times."

and logistics. It reinforced the demand for sufficiency and dependability in the supply of essential goods such as water, food, power and—the new normal— digital connectivity.

For the full-year 2020, Ayala reported a net income of ₱17 billion, 51 percent lower than the previous year. Much of the decline is attributed to non-recurring items such as provisions booked by our various businesses, an accounting reclassification, and the non-recurrence of divestment gains from our power and education units which were realized in the previous year. If we exclude these non-recurring drivers, the year-on-year contraction in our net profits was relatively muted at 16 percent.

Encouragingly, across our businesses, we saw quarter-on-quarter recovery in the second half of 2020. Ayala's reported net income grew 69 percent to ₱5.8 billion in the fourth quarter versus the third quarter. Excluding non-recurring items, our core net income improved 46 percent to ₱6.8 billion during the same

Ayala is a pioneer in digitalization, having three market leading digital platforms—BPI Online, GCash, and HealthNow—under its portfolio.

AREIT made its debut in the Philippine Stock Exchange on August 13, 2020, making it the very first REIT offering in the Philippines.

period. The better performance of Ayala Land, Manila Water, and AC Industrials all contributed to Ayala's quarter-on-quarter improvement.

The diverse and balanced nature of our Ayala portfolio and the swift and dynamic actions we took mitigated the severity of the pandemic's impact on our 2020 results. I will touch on more specific key drivers for the different business units in a later section.

In response to the rapidly and unpredictably changing conditions last year, we instituted mechanisms to shift from our traditionally longer-term planning horizons to much more compressed time frames. Our Management Committee met frequently to review our plans on a two-week, two-month, and two-quarter rolling basis. This intense executional focus allowed us to pivot our businesses, fast-track and launch enhanced products and services, support our ecosystem, and contribute meaningfully to the national response and recovery agenda.

Let me now touch on the performance of our key business units in greater detail.

Ayala Land was one of the most affected business units in the Ayala group during the crisis. Its net income fell 74 percent to ₱8.7 billion as mobility restrictions impeded mall and hotel operations, dampened residential demand, and slowed or halted construction activity.

"The diverse and balanced nature of our Ayala portfolio and the swift and dynamic actions we took mitigated the severity of the pandemic's impact on our 2020 results."

On the other hand, the office segment remained strong, supported by the resilience of the BPO industry.

Ayala Land launched a number of hybrid and digital channels to help meet the consumer need for contactless delivery of goods and services such as basic groceries and even the sale and turnover of real estate property. In spite of the mobility restrictions and altered purchasing priorities, residential sales of Ayala Land reached 56 percent of its 2019 or pre-COVID levels.

With protracted mobility restrictions and uncertain recovery scenarios, Ayala Land focused on preserving its value by keeping its asset base intact. It ensured strong cash flow and strengthened its balance sheet. It deferred plans to acquire new land, tempered project launches, and rationalized spending. Capital expenditure was likewise significantly reduced. I am happy to report that for 2021, Ayala Land has programmed ₱88 billion in capital

Entrego's volumes have doubled since the beginning of the pandemic as the adoption of e-commerce grows even faster.

"We will place greater emphasis on our portfolio strategy with a sharper focus on optimizing returns from existing businesses, a highly disciplined approach on capital deployment, and explore opportunities for value realization initiatives to fund future investments."

expenditures and is targeting to launch ₱100 billion-worth of residential projects as it prepares for recovery in the next two to three years.

Despite a challenging period and a host of regulatory hurdles, Ayala Land successfully completed the IPO of AREIT, the first real estate investment trust in the country. This landmark capital market transaction, which raised ₱12.3 billion in proceeds, demonstrated Ayala Land's commitment to establish a REIT sector in the Philippines and encouraged greater participation by Filipinos in the domestic capital market. This pioneering initiative has likewise led to a stronger interest from other property developers to launch their own REIT vehicles.

With the massive drop in economic activity, **Bank of the Philippine Islands** was likewise heavily impacted by the pandemic.

To prepare for the potential rise in non-performing loans, BPI booked total loan loss provisions of ₱28 billion in 2020, a fivefold increase from its year ago-level. This caused net income to fall 26 percent to ₱21 billion.

For the first time in almost a decade of double-digit growth, BPI's loan book contracted 3.2 percent following a sharp decline in loan demand and deteriorating loan quality. NPLs rose from 1.7 percent a year ago to 2.7 percent in 2020. This is substantially lower than the industry average. We believe this is a reflection of the bank's strong credit discipline.

Over the past three years, we intensified BPI's digital transformation, investing the equivalent of eight percent of the bank's revenues towards our ambition for BPI to be the undisputed leader in digital banking in the Philippines. The pandemic accelerated the adoption of remote and digital banking channels with thousands of enrollments. Fifty-two percent of the bank's customers are now digitally enabled, more than half of them are active users, and an average of 70 percent of total transactions are now done online. BPI is poised to deliver on its goal of being the leading digital bank, with its BPI Online app already the leading online banking app during the pandemic.

Digital connectivity is the highway of the "new normal" and will power most, if not virtually all industries in the future. **Globe Telecom** is front and center of this digital revolution.

To continue fulfilling the country's growing need for fast and reliable internet access, Globe Telecom invested ₱60 billion in capital expenditure in 2020, 18 percent higher than in 2019. Despite operating under severe mobility restrictions, Globe built nearly 1,300 new cell sites and upgraded more than 11,500 sites to 4G/LTE technology, surpassing the year ago achievements of 1,100 and 10,000, respectively. Globe also deployed 5G sites in Metro Manila and parts of Visayas and Mindanao, making it available in over 1,000 areas in the country.

However, depreciation from these aggressive network investments drove a 16 percent decline in Globe's net profit to ₱18.6 billion.

With many Filipinos confined in their homes to conduct their work, learning, shopping, and entertainment activities, Globe experienced a shift in demand from mobile data to home broadband. We expect a significant portion of these behavioral shifts to continue this year, more so because of the recent surge in COVID-19 cases and the renewed mobility restrictions. This demand for home broadband is reflected in Globe's capital spending earmarked for 2021 – a record ₱70 billion to execute on its network rollout strategy.

BPI and Globe's experience in 2020 demonstrated the central role of digitalization for many industries where our Ayala group is represented and well positioned: eCommerce with Ayala Malls and Zalora, last mile logistics with Entrego, ePayments with BPI and GCash, remote or distance learning with iPeople, and telemedicine and prescription fulfillment with AC Health.

AC Energy has set a bold goal to build 5GW of renewables by 2025 and become one of the largest listed renewables platforms in Southeast Asia. In 2020, AC Energy posted a net income of ₱6.2 billion,[1] a decline from its year-ago level of ₱25 billion due to the absence of significant gains from the partial divestment of its thermal assets in 2019. AC Energy's attributable output grew 38 percent to 4,847 gigawatt hours, with 41 percent of this output coming from renewable sources. AC Energy is transitioning to a low carbon portfolio and has committed to divest all its coal assets by 2030.

AC Energy continued its aggressive geographical expansion, and now currently operates in five markets—the Philippines, Vietnam, India, Indonesia, and Australia, where we recently started construction of a wind project. Equity earnings from international assets increased 68 percent to ₱2.5 billion, supported by full-year operations of solar assets in Vietnam.

"We will fully support the continued expansion of our core value drivers Ayala Land, BPI, Globe, and AC Energy and scale up our emerging businesses in healthcare and logistics. We will be more proactive in recycling capital across the group to support our growth strategy and strengthen our balance sheet further. "

AC Energy's rapid expansion is producing a steady rise in earnings contribution from its various platforms. Net income contribution from its listed subsidiary, AC Energy Corporation or ACEN reached ₱2.8 billion, reversing a net loss in the previous year. This was lifted by higher contracted capacity and improved plant availability. ACEN now accounts for half of AC Energy group's net income.

Meanwhile, in our other utility business, **Manila Water's** focus has been to provide ample and consistent water supply to its concession area throughout the pandemic. The Manila Water group continued to deliver the necessary infrastructure towards the fulfillment of its service obligations, spending ₱12.1 billion in capital expenditure. Of this amount, 81 percent was channeled to the East Zone Concession to carry out various projects on wastewater expansion, network reliability, and water supply.

However, the shift in customer mix towards the residential segment with a lower tariff bracket, some softness in collection efficiency, and a one-time provision for probable losses in the East Zone Concession combined with lower contribution from domestic subsidiaries, weighed down Manila Water's profitability. Its net income fell 18 percent to ₱4.5 billion during the year.

In February 2021, we announced the execution of an agreement with Trident Water of the Razon group for the latter's acquisition of a significant stake in Manila Water. Once the transaction is completed, Trident Water will own a 33.2 percent economic stake and a 51 percent voting interest

[1] Y2020 NIAT differs vs. the reported NIAT of ACEIC due to cut-off adjustments taken up at AC consolidated FS. Along with other cut-off adjustments, the net effect to consolidated NIAT is less than 1 percent.

in Manila Water, while Ayala's economic stake will decrease to 30.4 percent and our voting interest to 31.6 percent. We are excited about this partnership. We believe that leveraging the complementary skills of both groups will allow us to manage this regulated business better and will give us more opportunities to expand locally and internationally.

At **AC Industrials**, we see a recovery following a spate of geopolitical and industry-specific challenges. From a loss of ₱2.4 billion in 2019, AC Industrials narrowed its losses to ₱1.8 billion in 2020 despite manufacturing disruptions during the year. More encouragingly, AC Industrials posted a net profit in the fourth quarter after restoring plant operations to full capacity, improving factory efficiency, and optimizing margins from contract negotiations. With these adjustments, AC Industrials' array of disruptive technology is poised to ride on emerging megatrends around autonomous vehicles, more electronic components in automobiles, and green energy.

We have also been looking for opportunities to unlock and monetize value. One such opportunity came by way of the listing of IMI's subsidiary, VIA Optronics, a leading supplier of enhanced display solutions, on the New York Stock Exchange. VIA's IPO resulted in proceeds of US$94 million, and a valuation that implied a 34 percent gain from our acquisition price.

We entered healthcare with **AC Health** five years ago, knowing that Ayala could use its resources to solve one of Philippine society's critical pain points while creating value for shareholders. Little did we know then how soon and how scaled those solutions would need to be. This pandemic has dramatically heightened government, institutional and consumer focus on healthcare, and exposed an immense need for short-term solutions as well as opportunities for long-term systemic and structural disruption and innovation.

In 2020, our AC Health completed the integration of its family, multispecialty, and corporate clinics into one Healthway brand to become the largest network of clinics in the country. This, together with the addition of the Qualimed Health Network, the development of the country's first specialty cancer hospital and the entry into telehealth with the Healthnow app in partnership with Globe significantly expands AC Health's participation in the different parts of overall patient care.

Investors are increasingly choosing to invest in corporations that adhere to world-class standards of sustainability and Environmental, Social, and Governance. At Ayala, we have embraced these global standards and over the last few years, have defined and committed to a Sustainability Blueprint. We measure every Ayala business unit against clear goals that are anchored on the UN Sustainable Development Goals.

As a group of companies, the actions that we took last year would not have been possible without the fiscal prudence that Ayala has cultivated throughout the years.

We entered this pandemic with a strong balance sheet, and we navigated this unpredictably long, deep, and complicated crisis with the strength of our balance sheet intact.

This strength has allowed Ayala to sustain operations and service debt and to provide generous support to our varied stakeholders at a time of crisis. It also gives us the continued capacity and flexibility to pursue potential opportunities.

For 2020, we paid ₱6.92 per share in dividends to our common shareholders. Our parent net debt-to-equity ratio remains comfortable at 80 percent and our loan to value ratio, or the ratio of our parent net debt to the total value of our assets, at a healthy 9.2 percent.

Our balance sheet, strong as it is, comes only after and because of, our strongest, most valued asset —our team of over 60,000 employees. We are incredibly proud of and grateful to them. They have been focused, dedicated, creative, and resourceful to find solutions that helped restore order to chaos, adapted to changing customer needs, and unlocked short and long-term value.

The depth of talent and synergy between our varied teams gives us confidence about the senior leadership transitions we announced last December. Aside from Jaime and I who are transitioning in our roles, three other senior leaders will take on new responsibilities.

Ayala's CFO, TG Limcaoco, will take the helm at BPI as President and CEO upon the retirement of his predecessor, Bong Consing. Bong will continue to be engaged with and invaluable to the group as a member of the Board of Directors of BPI, Ayala, and AC Energy Corporation.

TG Limcaoco has been with the Ayala group for over 20 years, holding various positions at the parent and at the bank. He is intimately familiar with BPI, having spent many years in the bank with a deep experience in retail and investment banking. We are grateful to TG for how he transformed the CFO role at Ayala by bringing a holistic approach to our investment, capital allocation, and overall strategic and financial decision-making process. He has driven the Ayala group's efforts to ensure our alignment with the evolving global standards for ESG, resulting in the creation of measurable targets and tangible results. The thinking and discipline he instituted around financial management, portfolio strategy, and business development have positioned us well in surviving the crisis and preparing for a post-pandemic economic recovery.

Albert De Larrazabal will succeed TG as the CFO. Albert has been with the Ayala group for 15 years, having held various senior positions at Globe as its CFO and most recently, as its Chief Commercial Officer, overseeing all customer facing units and revenue growth across all products and services groups. Albert brings a wealth of expertise in finance, treasury, risk, and commercial operations at the holding company level. Prior to joining Globe, he was CFO at another major Philippine corporation, having performed various finance functions in his 18-year stint in that company.

We have appointed Eric Francia, current President and CEO of AC Energy, to concurrently chair Ayala's Investment Committee. Joining Eric in this committee are Albert de Larrazabal, our incoming CFO, and Paolo Borromeo, head of our Strategic Development unit. The committee's mandate is to drive our portfolio management agenda and provide recommendations for an investment portfolio that delivers sustainable value and impact.

Over the past 10 years, Eric successfully led AC Energy from a standing start to become one of the fastest growing renewable energy platforms in the region and one of Ayala's core businesses. Eric's successful experience in business building, realizing value, and reinvesting for growth will be valuable for this new and expanded role.

As the incoming President and CEO, I am excited about these transitions and the opportunities ahead of us. I aim to build on the firm foundation that Jaime established, guided by our core strategy of maintaining leadership and relevance in the markets we serve. To support this, we will place greater emphasis on our portfolio strategy with a sharper focus on optimizing returns from existing businesses, a highly disciplined approach on capital deployment, and explore opportunities for value realization initiatives to fund future investments.

We will fully support the continued expansion of our core value drivers Ayala Land, BPI, Globe, and AC Energy and scale up our emerging businesses in healthcare and logistics. In addition, we will be more proactive in recycling capital across the group to support our growth strategy and strengthen our balance sheet further. We have seen recent examples of these initiatives, including the IPO of Ayala Land's REIT platform, the entry of GIC as a strategic partner at ACEN, the upcoming entry of the Razon group in Manila Water, as well as the IPO of IMI's VIA Optronics at the NYSE as I mentioned earlier.

We are cautiously optimistic about the business environment and will continue to prepare for a post-pandemic economic recovery. We are hoping for a successful implementation of the country's vaccination program that would pave the way for a revival of the economy. We expect our business operations to return to the 2019 levels by 2023. With a healthy balance sheet and a set of diversified and strong franchises in our portfolio, we are confident that we will come out of this difficult period stronger.

I will continue to work closely with Jaime, our exceptional management team, and our Board of Directors. We thank all our stakeholders for the trust and support despite all the challenges that we have faced. Thank you for continuing to take this journey with us.

BOARD OF DIRECTORS

JAIME AUGUSTO ZOBEL DE AYALA

Filipino, 61

Executive Director, Chairman, and Chief Executive Officer

Date of Appointment
Director of Ayala Corporation since May 1987

Length of Service (As of 31 December 2020)
33 years

Academic/Professional Qualification
- B.A. in Economics (Cum Laude) from Harvard College in 1981
- MBA at Harvard Graduate School of Business Administration in 1987
- Chairman and CEO of Ayala Corporation since April 2006

Present Directorship(s)/Position(s)
Other Publicly Listed Companies – within Ayala Group:
- Chairman of Globe Telecom, Inc., Integrated Micro-Electronics, Inc. and Bank of the Philippine Islands
- Vice Chairman of Ayala Land, Inc., Manila Water Company, Inc. and AC Energy Corporation (formerly AC Energy Philippines, Inc.)

Other Non-Listed Companies – within Ayala Group:
- Chairman of Ayala Retirement Fund Holdings, Inc., AC Industrial Technology Holdings, Inc., AC Ventures Holdings Corp., AC Infrastructure Holdings Corporation, AC Energy International, Inc. and Asiacom Philippines, Inc.
- Co-Chairman of Ayala Foundation, Inc. and Ayala Group Club, Inc.
- Director of Alabang Commercial Corporation, Ayala International Pte. Ltd., AC Energy and Infrastructure Corporation (formerly AC Energy, Inc.), Ayala Healthcare Holdings, Inc., Light Rail Manila Holdings, Inc. and AG Holdings Ltd.

Other Non-Listed Companies/Organizations – outside Ayala Group:
- Member of various business and socio-civic organizations in the Philippines and abroad, including the JP Morgan International Council, JP Morgan Asia Pacific Council and Mitsubishi Corporation International Advisory Council
- Member of the Board of the Singapore Management University and Eisenhower Fellowships
- Member of various advisory boards of Harvard University, including the Global Advisory Council, HBS Board of Dean's Advisors, and HBS Asia-Pacific Advisory Board (Chairman)
- Chairman Emeritus of the Asia Business Council and Chairman of Endeavor Philippines
- Member of the Global Board of Adviser of the Council on Foreign Relations
- Co-Vice Chairman of the Makati Business Club

FERNANDO ZOBEL DE AYALA

Filipino, 60

Executive Director, Vice Chairman, President, and Chief Operating Officer

Date of Appointment
Director of Ayala Corporation since May 1994

Length of Service (As of 31 December 2020)
26 years

Academic/Professional Qualification
- B.A. Liberal Arts from Harvard College in 1982
- CIM from INSEAD, France in 1993
- President and Chief Operating Officer of Ayala Corporation since April 2006

Present Directorship(s)/Position(s)
Other Publicly Listed Companies – within Ayala Group:
- Chairman of Ayala Land, Inc., Manila Water Company, Inc., and AC Energy Corporation (formerly AC Energy Philippines, Inc.)
- Director of Bank of the Philippine Islands, Globe Telecom, Inc. and Integrated Micro-Electronics, Inc.

Other Publicly Listed Company – outside Ayala Group:
- Independent Director of Pilipinas Shell Petroleum Corporation

Other Non-Listed Companies – within Ayala Group:
- Chairman of AC International Finance Ltd., Liontide Holdings, Inc., AC Energy and Infrastructure Corporation (formerly AC Energy, Inc.), Ayala Healthcare Holdings, Inc., Automobile Central Enterprise, Inc., Alabang Commercial Corporation, Accendo Commercial Corp. and Hero Foundation, Inc.
- Co-Chairman of Ayala Foundation, Inc. and Ayala Group Club, Inc.
- Vice-Chairman of AC Industrial Technology Holdings, Inc., ALI Eton Property Development Corporation, Ceci Realty Inc., Fort Bonifacio Development Corporation, Bonifacio Land Corporation, Emerging City Holdings, Inc., Columbus Holdings, Inc., Berkshires Holdings, Inc. AKL Properties, Inc., AC Ventures Holdings Corp., and Bonifacio Art Foundation, Inc.
- Director of LiveIt Investments, Ltd., AG Holdings Ltd., AC Infrastructure Holdings Corporation, Altaraza Development Corporation, Asiacom Philippines, Inc., and Ayala Retirement Fund Holdings, Inc.

Other Non-Listed Companies/Organizations – outside Ayala Group:
- Director of Honda Cars Philippines, Inc., Isuzu Philippines Corporation, and Manila Peninsula
- Member of the Board of INSEAD Business School and Georgetown University
- Member of the International Advisory Board of Tikehau Capital and Hispanic Society Museum & Library International Advisory Council
- Vice Chairman of the Philippine-Singapore Business Council
- Member of the Chief Executives Organization
- Chairman of Habitat for Humanity International's Asia-Pacific Capital Campaign Steering Committee
- Trustee of Caritas Manila, Pilipinas Shell Foundation, and the National Museum

DELFIN L. LAZARO

Filipino, 74
Non-Executive Director

Date of Appointment
Director of Ayala Corporation since January 2007

Length of Service (As of 31 December 2020)
14 years

Academic/Professional Qualification
- BS Metallurgical Engineering from University of the Philippines in 1967
- MBA (with Distinction) at Harvard Graduate School of Business in 1971

Present Directorship(s)/Position(s)
Other Publicly Listed Companies – within Ayala Group:
- Director of Integrated Micro-Electronics, Inc., Manila Water Company, Inc., and Globe Telecom, Inc.
- Independent Adviser to the Board of Directors of Ayala Land, Inc.

Other Non-Listed Companies – within Ayala Group:
- Chairman and President of A.C.S.T. Business Holdings, Inc.
- Vice Chairman and President of Asiacom Philippines, Inc.
- Director of AC Industrial Technology Holdings, Inc., AYC Holdings, Ltd., AC International Finance, Ltd., and Purefoods International Limited

Other Non-Listed Companies/Organizations – outside Ayala Group:
- Chairman of Atlas Fertilizer & Chemicals Inc.
- Director of Probe Productions, Inc.

KEIICHI MATSUNAGA

Japanese, 56
Non-Executive Director

Date of Appointment
Director of Ayala Corporation since April 2017

Length of Service (As of 31 December 2020)
4 years

Academic/Professional Qualification
- Graduate from the Faculty of Law at Waseda University in 1988
- Connected with Mitsubishi Corporation for over 30 years in various leadership positions

Present Directorship(s)/Position(s)
Other Non-Listed Company – within Ayala Group:
- Director of Portico Land Corp.

Other Non-Listed Companies/Organizations – outside Ayala Group:
- General Manager of Mitsubishi Corporation Manila Branch
- Chairman of International Elevator & Equipment Inc.
- President of MC Diamond Realty Investment Phils., MC Oranbo Investment, MC Cavite Holdings, Inc., FMT Kalayaan, Inc., and Japanese Chamber of Commerce & Industry of the Philippines (JCCIPI)
- Director of Century City Development II Corporation (CCDC II), Isuzu Philippines Corporation, Kepco Ilijan Corporation, and The Japanese Association Manila, Inc. (JAMI)

XAVIER P. LOINAZ

Filipino, 77
Lead Independent Director

Date of Appointment
- Director of Ayala Corporation from April 2009 – December 3, 2020
- Lead Independent Director of Ayala Corporation since from April 2017 – December 3, 2020

Length of Service (As of 03 December 2020)
- 11 years as Director
- 8 years as Independent Director (reckoned from 2012, in compliance with SEC Memorandum Circular No. 19, Series of 2016)
- 4 years as Lead Independent Director

Academic/Professional Qualification
- AB Economics degree from Ateneo de Manila University in 1963
- MBA-Finance at Wharton School, University of Pennsylvania in 1965
- President of the Bank of the Philippine Islands from 1982 to 2004
- President of Bankers Association of the Philippines from 1989 to 1991

Directorship(s)/Position(s) (until 03 December 2020)
Other Publicly Listed Company – within Ayala Group:
- Independent Director of the Bank of the Philippine Islands

Other Non-Listed Companies – within Ayala Group:
- Independent Director of BPI Family Savings Bank, Inc., and BPI/MS Insurance Corporation

Other Non-Listed Companies/Organizations – outside Ayala Group:
- Trustee of E. Zobel Foundation
- Chairman of Alay Kapwa Kilusan Pangkalusugan and XPL Manitou Properties, Inc.
- Vice Chairman of XPL MTJL Properties, Inc.

ANTONIO JOSE U. PERIQUET

Filipino, 59
Lead Independent Director

Date of Appointment
Director of Ayala Corporation since September 2010

Length of Service (As of 31 December 2020)
- 10 years
- 8 years as Independent Director (reckoned from 2012, in compliance with SEC Memorandum Circular No. 19, Series of 2016)
- > 1 year as Lead Independent Director (appointed on December 3, 2020)

Academic/Professional Qualification
- AB Economics from Ateneo de Manila University in 1982
- Masters of Science in Economics at the Oxford University, UK in 1988
- MBA at University of Virginia, USA in 1990
- Director of DBP Insurance Brokerage from 2010 to 2012
- Chairman of Deutsche Regis Partners from 1999 to August 2010
- Awarded as Best Strategist from 2003 to 2010 and as Best Analyst in 2009 to 2010 by the Fund Managers Association of the Philippines
- Honorary Investment Adviser to the British Government from 2016 to 2017

Present Directorship(s)/Position(s)
Other Publicly Listed Company – within Ayala Group:
- Independent Director of the Bank of the Philippine Islands

Other Publicly Listed Companies – outside Ayala Group:
- Independent Director of ABS-CBN Corporation, DMCI Holdings, The Max's Group of Companies, Semirara Mining and Power Corporation and The Philippine Seven Corporation

Other Non-Listed Company – within Ayala Group:
- Chairman of BPI Asset Management and Trust Corporation

Other Non-Listed Companies/Organizations – outside Ayala Group:
- Chairman of Campden Hill Group, Inc.
- Independent Director of Albizia ASEAN Tenggara Fund
- Trustee of Lyceum of the Philippines University
- Member of the Dean's Global Advisory Council at the University of Virginia's Darden School of Business

RIZALINA G. MANTARING

Filipino, 61
Independent Director

Date of Appointment
Director of Ayala Corporation since April 2020

Length of Service (As of 31 December 2020)
> 1 year

Academic/Professional Qualification
- BS Electrical Engineering (with honors) from University of the Philippines in 1982
- Masters of Science in Computer Science from State University of New York at Albany in 1993
- Chairman of Sun Life Financial Philippine Holding Co. from 2018 to 2019
- CEO of Sun Life Finance Philippines from 2009 to 2018
- Recipient of the Asia Talent Management Award in the Asia Business Leaders Award by global business news network CNBC in 2017

Present Directorship(s)/Position(s)
Other Publicly Listed Company
– within Ayala Group:
- Independent Director of Ayala Land, Inc.

Other Publicly Listed Companies
– outside Ayala Group:
- Independent Director of First Philippine Holdings Corp., Inc., Phinma Corp. Inc. and Universal Robina Corporation

Other Non-Listed Companies/Organizations
– outside Ayala Group:
- Director of Sun Life Grepa Financial, Inc.
- Independent Director of East Asia Computer Center, Inc. and Microventures Foundation, Inc.
- Trustee of Makati Business Club and Philippine Business for Education

CEZAR P. CONSING

Filipino, 61
Executive Director

Date of Appointment
Director of Ayala Corporation since December 3, 2020

Length of Service (As of 31 December 2020)
> 1 year

Academic/Professional Qualification
- A.B. (Accelerated Program) Economics (Magna cum Laude) from De La Salle University in 1979
- M.A. Applied Economic from the University of Michigan, Ann Arbor in 1980
- Senior Managing Director of Ayala Corporation and member of Ayala Group Management Committee since April 2013
- Chairman of the National Reinsurance Corporation from 2018 to 2019
- Independent Director of CIMB Group Holdings from 2006 to 2013 and First Gen Corporation from 2005 to 2013
- Co-head of J.P. Morgan & Co's investment banking business in Asia Pacific from 1997-2004 and President of J.P. Morgan Securities (Asia Pacific) Ltd. from 1999 – 2004
- Partner at The Rohatyn Group from 2004-2013

Present Directorship(s)/Position(s)
Other Publicly Listed Company
– within Ayala Group:
- President and Chief Executive Officer of the Bank of the Philippine Islands

Other Publicly Listed Company
– outside Ayala Group:
- Independent Director of Jollibee Foods Corporation

Other Non-Listed Companies/Organizations
– outside Ayala Group:
- President of Bancnet, Inc.
- Chairman of Philippine Dealing Systems Holdings Corp
- Chairman and President of the Bankers Association of the Philippines
- Director of Filgifts.com, The Rohatyn Group, Sqreem Technologies, Endeavor Philippines and US-Philippines Society
- Trustee of Manila Golf Club Foundation and member of the Trilateral Commission

Ayala Corporation holds its Annual Stockholders Meeting at Fairmont Makati.

Taking the helm of Ayala's governance system is its Board of Directors, which has the overall responsibility of promoting recognized best corporate governance practices. As evident in the company's COVID-19 response, both internally and externally, the Board provides the tone from the top and ensures adherence to the core principles of fairness, responsibility, accountability and transparency. The Board exercises active oversight over management, promotes individual accountability and fosters a culture of trust, openness, and shared responsibility. A key consideration in the exercise of the Board's powers and responsibilities is the best interest of the company, its shareholders and other stakeholders.

The Board's roles and responsibilities are formalized in its Charter found in the company website, including its responsibility of overseeing the business affairs and being accountable to the shareholders for the long-term performance of the company. To gain insights into each specific business area, it meets regularly and allots time to discuss strategic issues with the Ayala Group Management Committee.

2020 Board Accomplishments

1. The Board reviewed and affirmed the appropriateness of Ayala's vision and mission statement.
2. The Board reviewed and approved the group's corporate strategy and performance objectives and monitored and oversaw their implementation.
3. The Board also reviewed and ensured the adequacy of the company's internal control mechanisms and risk management process for good governance, and the proper implementation of the Code of Conduct and Ethics.
4. The Board reviewed and affirmed the true and fair representation of the annual financial statements, as it did for the financial statements for fiscal year 2019.
5. The Board selected and appointed senior management and assessed their performance in accordance with the process and criteria set in the Corporate Governance and Nomination Committee Charter.

BOARD COMPOSITION

The Corporate Governance and Nomination Committee is tasked with annually reviewing and monitoring the structure, size, and composition of the Board to ensure the appropriate mix of directors to guide management in navigating the changing business environment and in facing market opportunities and challenges. Currently, the directors possess the right combination of background, skills, experience and expertise to meet the needs of the company and that is aligned with the company's strategic direction. None of the directors have worked for Ayala's external auditing firm within the three years immediately preceding the date of their election or appointment.

Ayala's Board at a Glance

- 7 Directors
- Chairman: Jaime Augusto Zobel de Ayala
- Vice-Chairman: Fernando Zobel de Ayala
- Lead Independent Director: Xavier P. Loinaz/ Antonio Jose U. Periquet[1]
- Term of Office – 1 year
- Independent directors owning more than 2% of outstanding capital stock – None (0)

[1] Xavier P. Loinaz (April 2017 until December 3, 2020); Antonio Jose U. Periquet (December 3, 2020 – present)

BOARD SKILLS MATRIX
Directors as of December 31, 2020

Industry Knowledge/Experience	JAZA	FZA	DLL	KM	AUP	RGM**	CPC***
Industry Experience – Conglomerate	■	■		■			
Industry Experience – Other Business Holdings	■	■	■	■	■	■	■
Understanding of Business Environment	■	■	■	■	■	■	■
Experience, Skills, Expertise							
Executive Leadership (CEO, CFO)	■	■	■	■	■	■	■
Legal/Regulatory				■		■	■
Risk Management					■	■	■
International Expertise	■	■		■	■		■
Finance					■	■	■
Economics	■				■		■
Engineering			■			■	
Investment Banking					■		■
Corporate and Investment Strategy	■	■	■	■	■	■	■
Corporate Governance	■	■	■	■	■	■	■
Environmental and Social Initiatives	■	■	■	■	■	■	■
Board Tenure							
Years	33	26	14	4	8*	>1	>1
Age							
Years	61	60	74	56	59	61	61

* Reckoned from 2012, in compliance with SEC Memorandum Circular No. 19, Series of 2016
** Ms. Rizalina G. Mantaring was elected as member of the Board on April 24, 2020
** Mr. Cezar P. Consing was elected as member of the Board on December 3, 2020

Board Diversity Policy
Ayala's board diversity policy encourages the selection of an appropriate mix of competent and qualified directors. In determining the right composition of the Board, value is placed on diversity of business experience, expertise, skills, background, age, and gender. With respect to gender, the Board shall strive to be composed of at least 30 percent or two (2) female directors by 2025 as stated in its board diversity policy.

In 2020, Ayala elected its first female director to the Board, Ms. Rizalina G. Mantaring.

CHAIRMAN AND VICE CHAIRMAN
The Chairman of the Board is Jaime Augusto Zobel de Ayala while the Vice-Chairman is Fernando Zobel de Ayala.

The Chairman is responsible for leading and ensuring the effectiveness of the Board, facilitating discussions on key issues by encouraging constructive dialogue and active participation among the individual directors. The Chairman also guides and steers the Board in performing its oversight function, fostering a culture of agility and innovation necessary for the long-term success of the Corporation. In the absence of the Chairman, the Vice Chairman performs the duties of the Chairman.

The company's Board Charter as found in its website provides more detailed information on the responsibilities of the Chairman.

The Chairman is also concurrently the CEO. Appropriate checks and balances are effectuated to avoid any potential or actual conflicts between the two positions. The company's Corporate Governance Manual provides a clear delineation of the two functions that enables the Chairman and CEO to properly perform the two separate functions.

NON-EXECUTIVE DIRECTORS AND INDEPENDENT DIRECTORS
Non-executive directors (NEDs) and independent directors (IDs) foster the exercise of independent and objective judgement and safeguard the continuing soundness, effectiveness and adequacy of the company's internal controls. NEDs and IDs make up more than 50 percent of the Board's membership.

Ayala prescribes a term limit of nine years for its IDs, in accordance with the rules set by the SEC. As of 2020, no independent director has served the company for more than nine years, reckoning from 2012, in compliance with SEC Memorandum Circular No. 19, Series of 2016.

The company's NEDs and IDs have periodic meetings without executive directors present. Chaired by the lead independent director, the non-executive and independent directors met on 15 December 2020 without the presence of any executive director. The Chief Finance Officer was invited as a resource person. They discussed the following matters: accountability of business managers relative to the proposed budgets of their projects and investments, as presented to the Finance Committee and the AC Board; the accountability of AC executives who are serving as officers of the subsidiaries to the Corporation's Board and to the Boards of the subsidiaries; more formal involvement of the Board during crisis or other special situations; succession planning; and talent management.

LEAD INDEPENDENT DIRECTOR
Adopting recognized best corporate governance practice, a lead independent director is appointed since the Chairman is not an independent director. The lead independent director has a vital role in the Board by serving as an equalizer to the Chairman to assure a more open communication and objective discussion in the boardroom.

As stated in the Board's Charter, it is the lead independent director's role, among others, to act as an intermediary between the Chairman of the Board and the other directors, when the need arises; to convene and lead the periodic meetings of NEDs and IDs with the external auditor and heads of internal audit, compliance and risk management, as needed; and contribute to the performance evaluation of the Chairman of the Board.

The Board's lead independent director was Xavier P. Loinaz until his resignation on December 3, 2020. Mr. Antonio Jose U. Periquet assumed the position and is currently the Board's lead independent director.

BOARD PERFORMANCE
The challenges of the COVID-19 pandemic did little to forestall the Board in performing its functions and the directors remained dedicated in fulfilling their duties and responsibilities. Sufficient time and attention were devoted by the directors in performing their functions and in attending meetings. The calendar of activities for the Board and Committees, including the schedule of board meetings, are determined and approved, before the start of each financial year. The Board meets at least six times for each fiscal year. As provided in the company's By-Laws, the presence of at least two-thirds of the number of directors constitutes a quorum for the transaction of corporate business.

The Corporate Secretary monitors the board meeting schedule and ensures that adequate meeting materials with the necessary information are made available to the directors at least five working days before the scheduled meeting to provide the Board sufficient time to prepare and to arrive at well-informed decisions. The meeting materials give the Board critical information on relevant issues, current trends, challenges and opportunities that would significantly impact the Ayala group of companies. In addition to matters for the approval of the Board, the Board meeting agenda typically includes summaries of the company's and group's operations and financial performance; updates on business, technological developments and the regulatory environment; and reports of the different Board Committees.

Independent and objective discussion during board meetings is the norm, where open communication is encouraged, and different views are respected. In compliance with company policy, board members abstain from participating in discussions on matters in which they have a potential or actual conflict of interest.

The details of the Directors' attendance and number of board meetings held in 2020 are shown in the table below. All the incumbent board members were present during the 2020 Annual Stockholders' Meeting.

BOARD AND BOARD COMMITTEE MEMBERSHIP AND ATTENDANCE

STOCKHOLDERS, BOARD AND BOARD COMMITTEE MEETINGS
For The Year Ended December 31, 2020

DETAILS	MEMBERSHIP AND ATTENDANCE								
	STOCKHOLDERS & BOARD			BOARD COMMITTEE					
MEETING	AS	BOD[1]	NED & ID	EC[5]	FC[6]	CGNC[7]	AC[8]	RMRPTC[9]	PCC[10]
NO. OF MEETINGS	1	6	1		11	6	4	2	2
Jaime Augusto Zobel de Ayala Executive Director	C 1/1	C 6/6	–	C	M 11/11	–	–	–	–
Fernando Zobel de Ayala Executive Director	– 1/1	VC 6/6	–	M	M 11/11	–	–	–	–
Delfin L. Lazaro Non-Executive Director	– 1/1	M 6/6	M 1/1	–	C 11/11	–	–	–	M 2/2
Keiichi Matsunaga Non-Executive Director	– 1/1	M 6/6	M 1/1	M		M	M 4/4	M 2/2	M 2/2
Cezar P. Consing[2] Executive Director	– 1/1	M 1/1			M				
Xavier P. Loinaz[2] Lead Independent Director	– 1/1	M 4/5		–	–	M 4/5	C 3/4	–	–
Antonio Jose U. Periquet Lead Independent Director[3]	– 1/1	M 6/6	M 1/1	–	M 11/11	C 6/6	M	C 2/2	–
Rizalina G. Mantaring[4] Independent Director	– 1/1	M 4/4	M 1/1		–	M 3/3	C 3/3	M 1/1	C
Ramon R. Del Rosario, Jr.[4] Independent Director	– 1/1	M 2/2				C 3/3	M 1/1	M 1/1	C 2/2

[1] In 2020 and during the incumbency of the director
[2] Mr. Consing replaced Mr. Loinaz as member of the Board on December 3, 2020
[3] Mr. Periquet replaced Mr. Loinaz as Lead Independent Director on December 3, 2020
[4] Ms. Mantaring replaced Mr. Del Rosario as member of the Board on April 24, 2020
[5] The actions of the Executive Committee were taken via digital/electronic means
[6] Mr. Consing was elected as member of the Finance Committee on December 3, 2020
[7] Mr. Del Rosario was Chairman until April 24, 2020; Ms. Mantaring was elected member of the Committee and Chairman on April 24, 2020; and Mr. Matsunaga was elected member and Mr. Periquet was elected Chairman on December 3, 2020
[8] Mr. Del Rosario was member until April 24, 2020; Mr. Loinaz was Chairman until December 3, 2020; Ms. Mantaring was elected as member on April 24, 2020 and Chairman on December 3, 2020; and Mr. Periquet was elected as member on December 3, 2020
[9] Mr. Del Rosario was member until April 24, 2020; Ms. Mantaring was elected as member on April 24, 2020
[10] Ms. Mantaring replaced Mr. Del Rosario as member and Chairman on April 24, 2020

C – Chairman **VC** – Vice Chairman **M** – Member
AS – Annual Stockholders **BOD** – Board of Directors **NED** – Non-Executive Director **ID** – Independent Director
EC – Executive Committee **FC** – Finance Committee **CGNC** – Corporate Governance and Nomination Committee
AC – Audit Committee **RMRPTC** – Risk Management and Related Party Transactions Committee
PCC – Personnel and Compensation Committee

Performance Assessment

The Board conducts annually a formal assessment of the Board, its Committees and the individual members to review and evaluate their performance. The assessment also measures the effectiveness of the company's board and governance practices and determines areas for improvement. From the results of the assessment, new methodologies are adopted to further strengthen the company's corporate governance. Every three years, an independent consultant is appointed to assist in the evaluation process of the Board. Aon plc facilitated in 2020 an independent third-party evaluation of the Board.

Certification

Aon certifies that an independent Third Party Board Evaluation for 2019 was conducted for

Ayala Corporation

The third party Board Evaluation was conducted through an
Evaluation Questionnaire answered by every Director

The evaluation criteria include board composition, board roles, functions and processes, information management, representation of shareholders and ESG factors, managing company's performance, senior executive's talent management and succession planning, dynamics and relationships, and corporate governance practices related to the strategy, policy, risk, oversight, and accountability functions, which gave insights on the effectiveness of the Board, the Committees, the Chairperson, and the Directors.

3 DECEMBER 2020

Na Boon Chong
Managing Director & Partner

AON
Empower Results®

Aon plc's certification on third party evalution conducted on Ayala's Board of Directors.

Aon plc's evaluation was conducted through an evaluation questionnaire answered by each director. The evaluation criteria include: (1) Board Composition, (2) Board Roles, Functions and Processes, (3) Information Management, (4) Representation of Shareholders and ESG Factors, (5) Managing Company's Performance, (6) Senior Executive's Talent Management and Succession Planning, (7) Dynamics and relationships, and (8) Corporate Governance Practices related to the Strategy, Policy, Risk, Oversight, and Accountability functions giving insights on the effectiveness of the Board, the Committee, the Chairperson, and the Directors. The results of the assessment was reported by Aon plc to the Board in the meeting following the completion of the evaluation process.

TRAINING OF DIRECTORS

Ayala places emphasis on continuous director development and allots an annual budget for relevant training and professional development programs, courses and seminars. Directors are encouraged to assess their training and developmental needs, which the company supports and aims to address.

The company has a training policy that all directors should annually attend at least a four-hour training on corporate governance. In addition, all new directors are required to undergo at a minimum an eight-hour orientation program on the company's business and structure, vision and mission, business strategy, Governance Codes and Policies, Articles, By-Laws, Corporate Governance Manual, Board and Committee Charters, SEC-mandated topics on governance matters and other subjects essential for the effective performance of their duties and responsibilities. It is the Chief Compliance Officer's responsibility to ensure that each director has underdone the necessary trainings for the year.

As a group-wide initiative, a Corporate Governance and Risk Management Summit has been held annually since 2014. The summit serves as a continuing education program for the Board, CEOs, and senior management, promotes the importance of strengthening corporate governance structures, and provides a venue for collaboration. In 2020, the first virtual and the second Integrated Corporate Governance, Risk Management and Sustainability Summit with the theme "The Board's Agenda: The Business of Building Back Better" was held on November 10, 2020. The Summit's theme and sessions were intended to direct the participants to move towards building a better, resilient and more sustainable future in light of the COVID-19 pandemic, which has highlighted the importance of integrating the three disciplines.

All of the company's directors and senior management met the SEC requirement for an annual corporate governance (CG) training in 2020. The trainings attended were the Integrated Corporate Governance, Risk Management and Sustainability Summit and attendance in other CG trainings administered by either the Institute of Corporate Directors (ICD) or SGV & Co.

For the past seven years, Ayala has partnered with the ICD and continuously supported its advocacy to promote professional directorship in line with global principles.

DIRECTOR COMPENSATION

The Personnel and Compensation Committee is tasked with recommending to the Board the remuneration packages for directors. The Committee ensures that compensation is consistent with the company's culture, strategy, and control environment, and is aligned with the long-term interests of the company and its stakeholders. Stockholders approve the total remuneration or changes thereto during the annual stockholders' meeting.

Executive Directors Remuneration

Ayala's executive directors, Jaime Augusto Zobel de Ayala and Fernando Zobel de Ayala, who are the company's CEO and COO, respectively, do not receive remuneration for attending Board meetings and the fixed retainer fee for directors.

Non-Executive and Independent Directors Remuneration

Director fees are given only to the company's NEDs and IDs. The current remuneration framework adopted by the company for the NEDs and IDs consists of a fixed retainer fee and meeting fees.

FEE STRUCTURE	RETAINER FEE	FOR BOARD	FOR COMMITTEES
Non-Executive and Independent Directors	₱3 million ₱er annum	₱0.2 million ₱er meeting attended	₱0.1 million ₱er meeting attended

In 2020, the following NEDs and IDs received gross remuneration as follows:

NON-EXECUTIVE AND INDEPENDENT DIRECTORS	RETAINER FEE	MEETINGS' ATTENDANCE FEES	GROSS REMUNERATION
Ramon R. Del Rosario, Jr.	–	₱1,100,000	₱1,100,000
Delfin L. Lazaro	₱3,000,000	₱2,600,000	₱5,600,000
Xavier P. Loinaz	₱3,000,000	₱1,500,000	₱4,500,000
Keiichi Matsunaga	₱3,000,000	₱2,100,000	₱5,100,000
Rizalina G. Mantaring*	₱3,000,000	₱1,600,000	₱4,600,000
Antonio Jose U. Periquet	₱3,000,000	₱3,200,000	₱6,200,000
TOTAL	₱15,000,000	₱12,100,000	₱27,100,000

* Ms. Mantaring was elected a member of the Board on April 24, 2020, replacing Mr. Del Rosario.

None of the NEDs and IDs receive compensation from Ayala for services other than those provided as a director. They are not entitled to stock options and performance bonuses from the company.

BOARD COMMITTEES

The Board Committees aid in promoting good corporate governance by allowing the Board to optimally perform its roles and responsibilities. Each Board Committee focuses on specific delegated functions and allows the directors to use their time more efficiently. The roles and responsibilities are defined in their respective Committee Charters duly approved by the Board, which are available on the company's website. Each Committee's composition and attendance details can be found in the table on Board and Board Committee Membership and Attendance.

Executive Committee

The Executive Committee is authorized to exercise powers and perform duties within the competence of the Board, as may have been delegated to it by the Board, in the intervening period between scheduled board meetings. It acts by majority vote of all its members.

Refer to the Executive Committee report on page 230 for the highlights of its 2020 activities.

Finance Committee

The Finance Committee oversees the company's financial policy and strategy, including capital structure, dividend policy and capital allocation decisions. The Committee discussed, deliberated on and approved various transactions in 2020.

Refer to the Finance Committee report on page 231 for the highlights of its 2020 activities.

Corporate Governance and Nomination Committee

The Corporate Governance and Nomination Committee is tasked with directing the implementation of the company's corporate governance policies and practices. This includes the review of the succession plans for directors and senior executives and the adoption of an effective Board process in the nomination, election, or replacement of Board members. The Committee strives to maintain a suitable number of independent directors and to ensure a Board composition that allows it to effectively exercise its decision-making powers.

It is the Committees role to recommend to the Board for nomination and election qualified individuals based on established criteria to ensure proper competencies and sufficient diversity in the Board as well as alignment with the company's vision, mission, strategic directions, its By-Laws, Revised Manual of Corporate Governance, and the rules of the SEC. Recommendations are done annually and as necessary (i.e. upon vacancy of position or when additional directors are required). For this purpose, the Committee may make use of professional search firms or other external sources of candidates to search for qualified candidates to the Board.

Refer to the Corporate Governance and Nomination Committee report on page 232 for the highlights of its 2020 activities.

Audit Committee

The Audit Committee has oversight responsibility over matters relating to the integrity of the of the company's financial statements and financial reporting process, the effectiveness of the internal control system, the robustness of the internal and external audit process, the performance of the internal audit function, and the company's compliance with applicable legal and regulatory requirements.

Refer to the Audit Committee report on page 233 for the highlights of its 2020 activities.

Risk Management and Related Party Transactions Committee

The Risk Management and Related Party Transactions Committee provides assistance to the Board in performing its oversight responsibilities relating to the company's enterprise risk management system, including ensuring active management oversight of sustainability efforts and climate-related risks and opportunities. Further, the Committee ensures that management maintains a sound risk management framework and internal control system to mitigate material risk exposures identified by the company. Another responsibility of the Committee is to review all material RPTs for endorsement to the Board to ensure that these are at arm's length, and the terms and conditions are fair and will inure to the best interest of the company and its subsidiaries or affiliates and the shareholders.

Refer to the Risk Management and RPT Committee report on page 235 for the highlights of its 2020 activities.

Personnel and Compensation Committee

The Personnel and Compensation Committee has the duty of establishing a formal and transparent procedure for the development of an executive remuneration policy and of fixing the remuneration packages of corporate officers and directors. The Committee ensures that compensation is aligned with the long-term interests of the company and its stakeholders, and is consistent with the company's culture, strategy, and control environment, while remaining competitive against the market. The Committee is guided by the objective of ensuring that the level of compensation should fairly pay for the work required, considering the company's size and scope.

Refer to the Personnel and Compensation Committee report on page 236 for the highlights of its 2020 activities.

MANAGEMENT COMMITTEE

JOHN ERIC T. FRANCIA
Managing Director, President and CEO, AC Energy Corporation

RUEL T. MARANAN
Managing Director, President, Ayala Foundation

BERNARD VINCENT O. DY
Senior Managing Director, President and CEO, Ayala Land, Inc.

JAIME AUGUSTO ZOBEL DE AYALA
Chairman and Chief Executive Officer

ALFREDO I. AYALA
Managing Director, Chief Operating Officer, iPeople, Inc.

ARTHUR R. TAN
Senior Managing Director, President and CEO of Integrated Micro-Electronics, Inc. and AC Industrials Technology Holdings, Inc.

FERNANDO ZOBEL DE AYALA
President and Chief Operating Officer

JOHN PHILIP S. ORBETA
Managing Director, Chief Human Resources Officer and Group Head, Corporate Resources

ERNEST LAWRENCE L. CU
President and CEO, Globe Telecom, Inc.

JOSE TEODORO K. LIMCAOCO
Senior Managing Director, Chief Finance Officer, Chief Risk Officer, Chief Sustainability Officer, Finance Group Head and President of AC Ventures Holdings Corp.

PAOLO MAXIMO F. BORROMEO
Managing Director, Group Head, Corporate Strategy and Development, and President and CEO, Ayala Healthcare Holdings Inc.

SOLOMON M. HERMOSURA
Managing Director, Chief Legal Officer, Corporate Secretary, Chief Compliance Officer, Data Protection Officer, and Group Head, Corporate Governance

CEZAR P. CONSING
Senior Managing Director, President and CEO, Bank of the Philippine Islands

JOSE RENE GREGORY D. ALMENDRAS
Senior Managing Director, President and CEO of Manila Water Company, Inc. and AC Infrastructure Holdings Corporation

Committees composed of key officers are created by Management and support the Chairman and CEO and the President and COO. They meet regularly to discuss business performance and issues critical to the sustainability and long-term growth of the company, and to facilitate the flow of strategic and operational information among the company's decision-makers. This guarantees that decision-making is always made in the best interest of the organization. Initiatives which are reviewed and endorsed by management-level committees are discussed at length with the appropriate Board-level Committees for approval and consequently, for endorsement to the full Board for ratification.

AYALA GROUP MANAGEMENT COMMITTEE

The Ayala Group Management Committee is composed of the Chairman and CEO, the President and COO, the Ayala Corporation Group Heads, and the CEOs of the Ayala group companies. The Committee oversees the group strategic plan and prioritizes the alignment of individual business unit priorities to the group-wide direction. It meets regularly to discuss group-wide issues and events, identify areas of possible synergy and collaboration, and review business performance. The full profiles of the Ayala Group Management Committee members can be found on pages 271 - 275.

INVESTMENT COMMITTEE

The Investment Committee (IC) is composed of the Chairman and CEO, the President and COO, and key members of the company's senior management. The IC's functions include reviewing, providing direction, and giving preliminary approval for initiatives that may originate from the company or its subsidiaries specifically requiring funding from the company. Once a project clears the IC, it is endorsed for approval to the appropriate Board Committee and to the full Board.

AYALA CORPORATION MANAGEMENT COMMITTEE

The Ayala Corporation Management Committee includes the Chairman and CEO, the President and COO, and the Group Heads. The Committee approves corporate, administrative, and organizational matters that pertain exclusively to the company, as well as group-wide affairs when relevant.

PROTECT SERVE PIVOT

AYALA GROUP'S RESPONSE TO COVID-19

The Ayala Group's commitment to nation-building became the focus, as COVID-19 brought the company's years of history, diversity, and experience to the fore.

"It has been truly inspiring to see how everyone has come together to offer help and find solutions to our daily challenges," said Fernando Zobel de Ayala, Ayala Corporation President and COO. "A crisis of this magnitude needs all sectors to step up and pitch in. As a member of the private sector, Ayala has a key role to play in recovery and nation-building. You can count on us," added Jaime Augusto Zobel de Ayala, Ayala Corporation Chairman and CEO.

The initiatives we led as a group were guided by our drive to protect our employees, serve the larger community, and pivot our businesses toward a new normal resilient to the impact of the pandemic.

1 AC Health opens COVID-19 referral centers
AC Health converted two QualiMed hospitals in Sta. Rosa and San Jose Del Monte into COVID-19 referral centers. To date, these hospitals have performed over 80,000 tests.

2 Manila and Quezon cities get a boost in COVID-19 testing from Ayala
Donated by the Ayala Group, the City of Manila opened a new molecular laboratory inside Sta. Ana Hospital, with serology testing being offered in various barangays for free. Ayala also donated two GeneXpert PCR machines.

Likewise, Quezon City received a Bio Rad PCR machine for its newly constructed Quezon City Bio-Molecular Laboratory. An additional P4.5million worth of supplies for PCR pooled testing were also donated by Ayala and the LGU's partners.

3 Ayala donates testing facilities for Davao
Ayala donated an automated RNA Extraction machine and two RT-PCR machines to Davao City's Southern Philippines Medical Center, allowing the hospital to test as many as 1,000 more patients a day.

4 Swabbing booths are donated
Ayala donated booths for the government's four main swabbing centers: Palacio de Maynila Tent along Roxas Boulevard, the Mall of Asia Arena in Pasay City, Enderun Colleges in Taguig City, and the Philippine Arena in Bulacan.
Photo by: KrizJohn Rosales of Philippine Star

5 Ayala group donates to Red Cross
With Bank of the Philippine Islands and Globe Telecom, Ayala helped the Philippine Red Cross address critical needs in public health protection.

6 A 502-bed mega isolation facility is created in seven days
The World Trade Center (WTC) We Heal as One Center was made possible through the collective efforts of Ayala, Ayala Land, Globe Telecom, Manila Water, Integrated Micro- Electronics, and AC Energy, with the ICCP Group and Manila Exhibition Center Inc. (MEC) and in partnership with the Bases Conversion Development Authority (BCDA) and the National Government. The Ayala Group of Companies pooled P46.4 million for this project.

7 Project Ugnayan reaches out to Metro Manila's most vulnerable
With the Philippine Disaster Relief Foundation and Caritas Manila, Ayala convened 270 private corporations and raised PhP1.7 billion for food vouchers and donations, benefitting around 14 million individuals in the Greater Manila Area. Visit www.projectugnayan.org
Photo by: Xyza Bacani

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"A crisis of this magnitude needs all sectors to step up and pitch in. As a member of the private sector, Ayala has a key role to play in recovery and nation-building. You can count on us."

Jaime Augusto Zobel de Ayala
Ayala Corporation
Chairman and CEO

"It has been truly inspiring to see how everyone has come together to offer help and find solutions to our daily challenges."

Fernando Zobel de Ayala
Ayala Corporation
President and COO

8 **IMI creates an affordable alternative for ventilators**
The University College London's (UCL) Ventura Flow Generator is the first breathing aid to be manufactured in the Philippines, localized by Integrated Micro-Electronics Inc.'s (IMI) UK subsidiary's technology. It received FDA approval in July 2020.

9 **MWF pushes for hygiene awareness and creates facilities**
Manila Water Foundation (MWF) continues to build new and rehabilitate existing handwashing facilities and distribute hygiene packages under MWF's banner program, "WASH in Pandemic."

10 **Ayala looks after employees through testing**
The Ayala Group's immediate response to COVID-19 was to protect its employees, both financially and physically. Visit https://chronicle2020.ayala.com

11 **Ayala Land (ALI) converts Red Cross Laboratory COVID testing**
ALI's Makati Development Corporation (MDC) converted an area inside the Philippine Red Cross headquarters in Mandaluyong City into a biosafety laboratory class 2 facility. MDC has since built six other COVID-19 facilities nationwide.

12 **High-speed Internet access for Pasig**
Globe Telecom and the local government of Pasig City partner up to deliver high-speed and affordable Internet access through GoWiFi and KonekTayo WiFi.

13 **Internet access for students of Manila**
Globe Telecom's KonekTayo School Bus WiFi was launched in Manila, helping students avail of the KonekTayo WiFi service for as low as PhP15 a day.
Photo Credit: Mariane Bermudez of Philippine Daily Inquirer

14 **AC Health and Qualimed launch a vaccination drive**
Dr. Edwin Mercado, Vice-Chairman of QualiMed's founding group Mercado General Hospital, Inc. (MGHI), was the first healthcare worker outside of Metro Manila to be vaccinated with the AstraZeneca vaccine.

Generika continues to provide affordable medicine to Filipinos nation-wide during the pandemic.

OUR VALUE CREATION

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61 Strategy
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71 Risk Management
83 Stakeholder Engagement
95 Materiality
99 Sustained Focus on ESG
123 The Ayala Sustainability Blueprint

CREATING SHARED VALUE MAP

OUR VISION

To be the most relevant, innovative, and enduring Philippine-based business group, enabling shared value and prosperity for the many stakeholders we serve

OUR MISSION

To be profitable and create value and synergies while forging partnerships and alliances

OUR CORE VALUES

- Integrity
- Long-term Vision
- Empowering Leadership
- Commitment to National Development

OUR PURPOSE

To improve lives through resilient businesses and risk-calculated investments that have a meaningful and lasting impact on the country's economic and social landscape

OUR PROMISE

Reinventing businesses, Transforming communities

SUSTAINABILITY BLUEPRINT PRINCIPLES

1. Outside-in
2. Bold leadership
3. Impact at scale
4. Focus
5. Public-private partnership

SUSTAINABILITY STATEMENT

Our transformation path emphasizes strengthening our environmental, social, and governance aspects in alignment with SDGs to create meaningful and lasting impacts that address marginalization, untapped potential, and irresponsible growth.

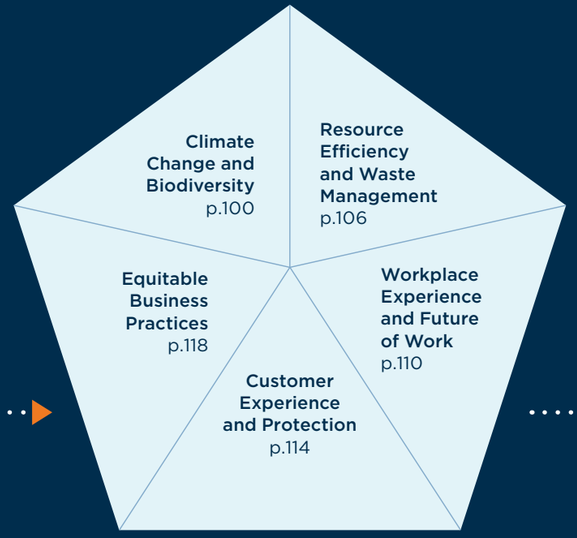
KEY DRIVERS

1. Micro and Macro Economics
2. Megatrends
3. Leading Sustainability Practices

RISK MANAGEMENT p.71

Events of 2020 have impacted Ayala's Risk Management Strategy. Reprioritization, along with the integration of the TCFD framework, were done to address newly emerging factors that affect our businesses.

MATERIALITY AND SUSTAINABILITY REPORTING FRAMEWORK p.95



Sustainability Blueprint

Bridging the Filipino to **2030** p.123

Maximizing relevance and impact through focus

GLOBAL STANDARDS

GRI TCFD SASB IR

GLOBAL PARTNERSHIPS

Ayala sits on the Board of the UN Global Compact Network Philippines and supports the Global Compact and its 10 Principles.

wbcsd

Ayala is the first Philippine company to become a member of WBCSD and support its goal of transitioning to a sustainable world.

BRIDGING THE FILIPINO TO 2030

2021 - 2023	2024 - 2025	2026 - 2030	
Partner of Choice in inclusive, sustainable, and resilient growth	**Creator and Enabler** for future-ready communities	**Promise / Purpose Fulfilled** to champion the Filipino global citizen	ACCESS & INCLUSIVITY
Maintaining Market Leadership for greater impact on the economic landscape	**Sustained Business Trajectory** to improve lives, develop enduring value	**Long-Term Profitability** that transforms industries and creates employment	PRODUCTIVITY & COMPETITIVENESS
Espouse Innovative Solutions for sustainable development	**Adhere to Sustainable Practices** in conducting business activities	**Become a Regional Leader** in championing sustainable growth	RESPONSIBLE GROWTH & INNOVATION

BUSINESS MODEL p.65–66

Ayala addresses structural and societal gaps in the Philippines by building businesses and transforming its industry-leading subsidiaries. Our long-term value creation is driven by our strategies with Sustainability at our core.

CAPITALS	HOW WE CREATE VALUE (BUSINESS ACTIVITIES)	STRATEGY VISION PILLARS p.69–70	OUTLOOK p.67–68	MANAGED RISKS	2020 VALUE CREATED	2021 PRIORITY
Financial Intellectual Human Social and Relationship	**A. Financial Management Strategy** ▪ Strategic Business Development ▪ Capital Allocation ▪ Portfolio Management ▪ Balance Sheet Management **B. Non-Financial Management Strategy** ▪ Human Resource Development ▪ Corporate Governance ▪ Stakeholder Management ▪ Risk Management ▪ Brand Management	Focused Execution Capital Investment Unparalleled Customer Experience Leadership in Sustainability	Managing the Impact of COVID-19 Accelerated Digital Transformation Resilient Consumer Class Shift Towards Sustainable Technologies and Business Models Greater Multi-Sectoral Collaboration	**Fundamental Risks** ▪ Political and Regulatory ▪ Brand and Reputation ▪ Governance and Controls ▪ Talent ▪ Business Resiliency in the midst of the pandemic and natural disasters ▪ Information Security and Cyber **Other Key Risks** ▪ Portfolio Management ▪ Competition ▪ Partnerships and Alliances ▪ Innovation and Technology ▪ Synergy ▪ Capital Markets ▪ Funding	Diversified portfolio supported financial performance and allowed us to deliver value to our stakeholders amid the pandemic Maintained market leadership and strengthened expertise in our businesses A competent workforce of over 60,000 direct employees across our businesses Ayala remained a strong and trusted brand, establishing strong linkages with both private and public sectors to help address and manage the impacts of COVID-19 pandemic	Execute recovery measures and ensure a gradual and continuous provision of our products and services while maintaining a strong capital position

STRATEGY

Ayala addresses structural and societal gaps in the Philippines by building impactful businesses and transforming them into industry-leading subsidiaries. Our long-term value creation is driven by a combination of a robust financial strategy and a holistic non-financial strategy with sustainability at the core. Over decades, this framework has enabled us to create strong franchises by identifying opportunities in nascent or disrupted sectors.

Our financial strategy execution is driven by four elements. Our strategic business development agenda continues to refine our existing business strategies and identify new opportunities by leveraging our financial, intellectual, human, and social and relationship capital. Our capital allocation process utilizes quantitative and qualitative criteria and a multi-step management approach to fund new or existing businesses. We employ active portfolio management to constantly rebalance our holdings to crystalize value. Finally, our active balance sheet management is the engine that allows us to stay nimble and drives our capacity to grow. These four are done in the context of key global, regional, and local trends that we believe will impact markets, sectors, and businesses in which we choose to invest and operate.

Alongside these, a defining component of Ayala is a non-financial management strategy anchored on sustainability. This includes a commitment to constant human resource development and corporate governance, and the management of our stakeholders, risk, and overall brand. Our holistic management approach allows to relevantly contribute to society through our businesses, cementing our leadership over the past 187 years. This strategy is rooted in our focus towards our vision: to be the most relevant, innovative, and enduring business group in the Philippines.

STRATEGIC BUSINESS DEVELOPMENT

At Ayala, we constantly look for new investment areas, identify opportunities, and assess emerging markets and economic trends. This process includes a thorough analysis of the performance of a business and weighing this against competition, the business landscape, and our approved budget plan. The objective is to refine capital allocation depending on performance, and if needed, suggest changes to business plans or strategies.

All investment proposals that progress beyond the Corporate Strategy and Finance groups are presented to the Investment Committee. The Investment Committee is composed of Ayala's key senior officers and may invite other senior group executives to provide insight. The Investment Committee then reviews the business plan and the strategy for execution. A thorough discussion on risks is carried out and responsible persons are identified to execute the business plan. If the Investment Committee approves the proposed investment, it is then endorsed to the Finance Committee of the Board.

CAPITAL ALLOCATION

In practice, investment decisions are weighed upon whether they can deliver significant value over time. We follow a rigorous process that evaluates opportunities and tests for business and financial viability. Once capital is approved and deployed, management designates a responsible management team to carry out the implementation. Business performance is reviewed on a regular basis and our gating process involves many groups within the company, including Corporate Strategy and Development, Finance, the Investment Committee, the Board's Finance Committee, and the Board of Directors.

PORTFOLIO MANAGEMENT

The Investment Committee and the Board's Finance Committee review the performance of each business unit through a portfolio strategy cycle throughout the year. This starts with a Group CEO session to align on our outlook, followed by a portfolio review process to study our existing assets set against the current macroeconomic backdrop, regular deep dives on specific business units, and a review process to assess performance against annual targets. This process provides management the platform to assess whether to allocate more capital to a business or rebalance our holdings to solidify value. Beyond equity capital, Ayala provides critical support to businesses where necessary, including strategy, treasury, corporate finance, audit, legal, and human resources.

BALANCE SHEET MANAGEMENT

Over the years, we have strategically built and diversified our businesses in key industries to capitalize on the country's growth prospects, which also help mitigate the impact from economic downturns. Ayala's portfolio of core businesses serves as sources for our operating expenses, interest obligations, and dividend expectations while enabling us to raise capital to fund new enterprises.

Our balance sheet is the engine that drives our capacity to grow. As such, we ensure that it remains strong with significant debt capacity and a well spread-out maturity profile that gives us the flexibility to fund future growth opportunities. In challenging times like the COVID-19 pandemic, our strong balance sheet protects us from external shocks. This is augmented by an optimal foreign exchange and interest rate risk management and a diversified funding sources to manage our liquidity requirements.

Ayala's loan to value ratio, which compares our net debt to the market value of our investments, is a good measure of our relative indebtedness and our capacity to take on or service our obligations. Tracking this ratio daily provides management and the Board a measure as to how much of our value is funded by debt. It is also a tool to help us in decision-making whether we should recycle capital by selling assets to prune our debt levels or take on additional debt to buy undervalued assets during periods of uncertainties.

At the end of 2020, our loan to value ratio is at 9.2 percent from 6.5 percent in 2019. The increase can be attributed to the additional debt Ayala took to keep our healthy cash position during the earlier period of the COVID-19 pandemic while asset values, although higher than 2019, remained volatile.

We are comfortable with our current loan to value ratio (LTV), which remains low and indicates that for every ₱9.20 of debt we carry, we have ₱100 of assets behind it. The LTV does not include the impact of our fixed-for-life perpetual bonds as these are perpetual securities and do not have to be repaid. Gross debt is at ₱124.7 billion, while our net debt is at ₱104.7 billion, as we maintain a high cash position of ₱19.9 billion end-2020. At the parent level, net debt to equity ratio is at 0.80 to 1.

We actively manage our obligations to ensure that we mitigate market liquidity, foreign exchange, and interest rate risks. In line with this is a quarterly assessment of our potential risk exposures where we calculate the volatility impact on interest rates and foreign exchange. At year end, our blended cost of debt dropped to 4.5 percent per annum from 5.20 percent per annum ending-2019 as we refinanced some of our high interest loans to take advantage of the low interest environment. We ensure that our debt maturities are well-spread out and in compliance with our internal policy of not having maturities exceeding 20 percent of total debt annually. This ensures that an external event that might affect refinancing in any given year does not cause substantial liquidity exposures.

We maintain a minimum ratio of fixed rate loans to floating rate loans to ensure that our cost of capital carries a similar characteristic with our long-term investments. Our fixed to floating rate mix of 83/17 reflects our strategy of capitalizing on lower interest rates and puts Ayala in a favorable position to lock in rates in a rising rate environment. Philippine Peso obligations are 65 percent of our total obligations and our US Dollar denominated obligations are more than offset by US Dollar cash and long-term foreign currency investments. Hedging is done if non-peso debt is used to fund peso investments. For prudence, foreign currency denominated debt is used to finance foreign-currency denominated investments.

Our debt policies ensure that we can comfortably service our interest and operating expenses, meet maturing obligations, and have the confidence to face or take advantage of market downturns for new opportunities.

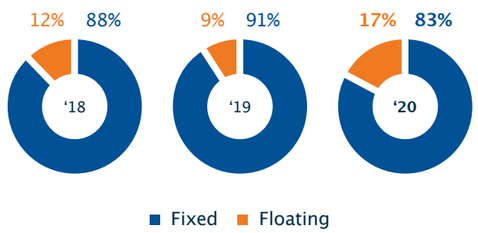
Our sound debt management practice allows us flexibility in our investment decisions. Our strategy as regards to debt is to raise debt opportunistically in the public markets and rely on strong and transparent banking relationships in the loan markets.

Lastly, our strong credit is shown in our capital raising and supported by wide access to bank loans even during the pandemic. We maintain ample cash and a high level of credit facilities from both local and foreign banks to ensure we have available sources of funds.

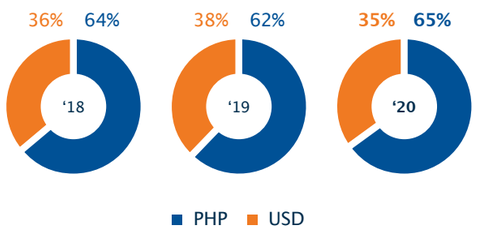
SHARE PRICE PERFORMANCE

2020 marked the Philippines' worst economic recession in the past several decades largely because of the COVID-19 pandemic. The country, however, faced its first headwind in January when the Taal Volcano erupted, stifling local economy in the CALABARZON and National Capital Regions for the most part. In mid-March, the country went into lockdown due to the rising cases of COVID-19, leading to the prolonged shutdown of the economy's vital levers such as public transportation, MSMEs, and construction.

Fixed/Floating Rate Debt Mix
(Percentage of Total Parent Debt including Debt Guaranteed by Parent)



Currency Mix of Debt
(Percentage of Total Parent Debt including Debt Guaranteed by Parent)



List of Preferred Shares and Bonds

ISSUER	TYPE	AMOUNT	COUPON	ISSUANCE	MATURITY	DETAILS
Ayala	Preferred shares Pref B Series 1 (ACPB 1)	₱10.0Bn	5.2500%	November 15, 2013	Perpetual	Callable on November 15, 2023 Callable on November 15, 2028
	Preferred shares Pref B Series 2 (APB2R)	₱15.0Bn	4.8214%	November 29, 2019	Perpetual	Callable on November 29, 2024
	Voting Preferred Shares (non-listed)	₱200.0Mn	5.7730%	May 20, 2010	Perpetual	Every 3rd year repricing: 3-year BVAL
	10-year Putable Bond, Fixed Coupon	₱9.9Bn	6.8000%	May 12, 2011	May 12, 2021	First put option: May 12, 2016 (up to 20% of outstanding) Second put option: May 12, 2019 (up to 100% of outstanding)
	15-year Callable Bond, Fixed Coupon	₱10.0Bn	6.8750%	May 11, 2012	May 11, 2027	May 11, 2022 (at 101.000%) May 11, 2023 (at 100.750%) May 11, 2024 (at 100.500%) May 11, 2025 (at 100.375%) May 11, 2026 (at 100.250%)
	7-year Callable Bond, Fixed Coupon	₱10.0Bn	3.9200%	July 7, 2016	July 7, 2023	Callable on January 7, 2022 (at 100.250%)
	8-year Callable Bond, Fixed Coupon	₱10.0Bn	4.8200%	February 10, 2017	February 10, 2025	Callable on August 10, 2023 (at 100.250%)
AYCFL (guaranteed by Ayala)	Perpetual Bond, Fixed Coupon	US$400.0Mn	5.1250%	September 13, 2017	Perpetual	Callable on September 13, 2022 (at 100.000%)
	Perpetual Bond, Fixed Coupon	US$400.0Mn	4.8500%	October 30, 2019	Perpetual	Callable on October 30, 2024 (at 100.000%)

This had an immediate impact on workers as unemployment rates peaked in April at 17.6 percent. Moreover, the effect of the lockdown reflected evidently in the country's -16.5 percent second quarter GDP print, its worst for the year. In September, the President signed into law a much-awaited US$3.4 billion stimulus package that was otherwise heavily criticized as one of the smallest recovery plans globally at only 6.5 percent of GDP. As the economy gradually reopened alongside improving COVID cases at the turn of November, the Philippines was hit by two super typhoons, Goni and Vamco, which left the country's agricultural sector impaired. By December, inflation rate inched to 3.5 percent, the highest throughout the year, due to the lasting supply side effects of the typhoons on crop prices. On the other hand, a notable economic pillar that proved to be more resilient despite the pandemic was overseas remittances. From bottoming at -19.3 percent in May, it unexpectedly grew in the last four months of the year, bringing total year-on-year performance to a flat -0.8 percent. This, however, did little to quell the unprecedented effect of COVID-19, which ultimately pushed the Philippine's GDP to contract by -9.5 percent by year end.

Ayala was able to outperform the PSEi and its peers despite a challenging 2020. This was not without its own set of headwinds though as it entered the year with poor investor sentiment that stemmed from the regulatory issues that surrounded the water concessionaires. However, the stock began its recovery in April, shortly after quarantine restrictions were imposed as senior leadership became proactive in engaging the investor community to keep them abreast of developments in the various business operations of the Ayala group as well as initiatives to address the pandemic both for its own stakeholders and the various communities where it operates. Moreover, its share price further accelerated in early May when the current administration acknowledged the efforts of the private sector, including the Ayala group, in helping government with its COVID-19 response. From being a laggard in the opening months of the year, Ayala was able to beat the index and its peers starting the quarantine in mid-March and had since grown 26 percent by the end of May.

The market, including Ayala, momentarily slipped from June to August due to rising COVID-19 cases that forced the government to reinstate strict quarantine measures it had lifted in June. However, the dip was short-lived as the PSEi began its second leg of recovery in October alongside the declining number of new cases in the country. This was accompanied by a gradual resumption of mobility that saw more public transport routes reopen and looser health protocols for malls. From mid-October to mid-November, Ayala was able to gain 26 percent while more than half of the PSEi's components were able to revert to their pre-COVID prices. The last significant drop of the local index in 2020 happened towards the latter part of the year because of an MSCI rebalancing. The weights of Philippine components in the MSCI Index were all downgraded with the exception of BPI, which saw a significant upweight. While this caused a sell-off in Ayala and the market, prices across the board stabilized by December as the focus shifted to developments on the vaccine front.

Ayala's share price ended 2020 higher by 5.3 percent at ₱827 per share while the index finished 8.6 percent lower at 7,140.

DIVIDENDS

Ayala's policy is to provide a regular fixed semi-annual cash dividend to common shares. For voting preferred shares, the dividend rate is 5.77 percent per annum. For non-voting Preferred B Series 1 and Series 2 shares, the dividends are given at 5.25 percent and 4.82 percent per annum, respectively. It is the company's policy to treat all shareholders equally, ensuring payment of dividends in an equitable and timely manner—within 30 days after being declared and finally cleared.

In 2020, we declared total dividends per common share of ₱6.92, 17 percent lower compared to the previous year. We understand that our shareholders view our dividends as a regular source of both income and capital returns and strive to maintain consistent distributions from year to year. Moving forward, we will continue to revisit potential sustainable adjustments in the regular dividend rate, with the continued capacity to make new or additional investments as the primary consideration.

Our financial and non-financial strategies help us to remain sustainable and resilient, ensuring that we maintain relevance in turbulent business and social climates.

More non-financial discussions can be found in the succeeding pages.

BUSINESS MODEL

VALUE WE DRAW FROM

FINANCIAL CAPITAL

Strong financial position including:
- Reliable operational cash flow
- Affordable and reliable access to debt supported by a robust capital allocation process

INTELLECTUAL CAPITAL

- Deep expertise of the Philippine ecosystem and key industries
- Corporate culture focused on innovation and lifelong learning
- Comprehensive governance and risk approach

HUMAN CAPITAL

- Best-in-class talent across departments and disciplines
- Diversity of talent, including global perspective and mindset

SOCIAL AND RELATIONSHIP CAPITAL

- Strong relationships with a vast network of business partners, investors, communities, academe, and other relevant entities
- Strong, trusted Ayala brand

WHAT WE DO

FINANCIAL MANAGEMENT STRATEGY

Strategic Business Development
- We continue to explore new sectors, geographies, and expert partners to develop new business models that will drive our growth
- We identify partnership opportunities among our business units and create an environment for collaborative innovation

Capital Allocation
Using quantitative and qualitative criteria and a multi-step management approach, we allocate financial resources to businesses we believe provide the best risk-adjusted stakeholder returns over the long term

Portfolio Management
We carefully evaluate the performance of our subsidiaries vis-à-vis market behavior to guide decisions on investments or divestments in a timely manner

Balance Sheet Management
We maintain a healthy balance sheet with significant debt capacity and a well spread out maturity profile, which gives us the flexibility to fund future growth opportunities. This is augmented by an optimal foreign exchange and interest rate mix and a healthy cashflow adequacy ratio

NON-FINANCIAL MANAGEMENT STRATEGY

Human Resources Development
We continue to build competencies to support the growing requirements of our businesses

Corporate Governance
We continually improve our policies and monitor our practices to ensure we are at par with the best standards of corporate governance

Stakeholder Management
We continue to listen to our stakeholders and keep them informed on matters important to their decision-making

Risk Management
We continue to elevate risk management as an essential consideration in every decision, activity, and initiative of the company

Brand Management
We continue to build and protect our brand by ensuring we deliver on our promise, and effectively communicate what we stand for as a company

TARGETS FOR 2020

Note that the below priorities have shifted during the pandemic.

- Strong, diversified portfolio earnings and returns amid economic cycles
- Net Income: ₱50 billion
- Return on Common Equity: 15 percent
- Market Capitalization rank: 1st or 2nd

- Continue to strengthen Ayala's Balance Sheet; optimum funding in a volatile market environment, manage financing cost at 5.4 percent or even lower
- Maintain a high level of Liquidity of at least ₱20 billion, to support budgeted allocation and new investment opportunities
- Explore opportunities for yield enhancement, and increased focus on Asset and Liability Management and credit management

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- Positively disrupt, transform the industries, and impact the markets we serve

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- Continue to be the employer of choice for a highly engaged employee base
- Maintain an empowering and motivating environment that allows people to effectively leverage their knowledge, relationships, and expertise to drive value
- Prepare workforce for potential disruption from increasing adoption of digital technology in business

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- Sustain ongoing relationships with existing business partners while keeping our doors open for new ventures and partnerships
- Ayala remains a strong and trusted brand

VALUE WE CREATED IN 2020

Our diversified portfolio supported financial performance and allowed us to deliver value to our stakeholders amid the ongoing crisis.
- Consolidated Net Income of ₱17.1 billion
- ROCE of 5.1 percent
- Market capitalization of ₱519 billion in 2020
- Loan to value ratio of 9.2 percent
- Blended cost of debt of 4.5 percent

Several businesses within the group have also been able to execute key value realization exercises to recycle capital and fund growth:
- Ayala Land launched the first Real Estate Investment Trust (REIT) in the Philippines and raised ₱12.3 billion
- VIA Optronics, a subsidiary of IMI, successfully listed on the New York Stock Exchange (NYSE) and raised US$94 million
- ACEN announced in November 2020 the investment of GIC for a 17.5% stake in the company. The investment is expected to raise a total of ₱20 billion

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- Maintained leadership and strengthened expertise in our businesses, including:
  - Ayala Land in integrated mixed-use master planned communities
  - BPI as a trusted financial services provider, and alongside Mynt, a leader in digital banking and electronic wallets
  - Globe in wireless market and as a purveyor of the Filipino digital lifestyle
  - AC Energy as a regional player in renewable energy development and power generation

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- A competent workforce of more than 60,000 direct employees across our businesses
- Continued efforts to build Ayala leaders
- Good quality of life for employees and their families, including holistic support provided amid the COVID-19 pandemic
- Management excellence as evidenced by award-winning teams across Finance, Governance, Strategy, and Strategic Human Resources

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- Ayala remains a strong and trusted brand
- Sustained ongoing relationships with existing business partners, while keeping our doors open for new ventures and partnerships
- Established strong linkages with private sector and government in the Philippines to jointly address and manage the impact of the COVID-19 crisis
  - The Ayala Group was part of Project Ugnayan, a private sector consortium which supported economically displaced Filipinos amid the crisis, in partnership with Caritas Manila and the Philippine Disaster Resilience Foundation (PDRF)
  - The group is also a strong supporter of Task Force T3 (Trace, Test, and Treat), the government's project with private sector to ramp up the health system capacity and roll out vaccination

OUTLOOK

Ayala defines its strategy in the context of key global, regional, and local trends that we believe will impact markets, sectors, and businesses in which we choose to invest and operate. We monitor the evolving macroeconomic environment and adapt our strategic and investment decisions. Our goal is to remain well-positioned to leverage and mitigate the impact of these factors.

DESCRIPTION	HOW OUR STRATEGY ADDRESSES THIS	CAPITALS
Managing The Impact Of Covid-19		
The year 2020 was unlike any other, with the COVID-19 pandemic disrupting nearly every aspect of businesses and of people's lives. The Philippine economy experienced the worst contraction in the region, and there remains much work to be done to ensure a strong and inclusive recovery. While the beginning of the vaccine rollout brings new optimism, we expect considerable uncertainty to remain, which we believe requires organizations to be nimble enough to adapt to changes as they occur.	Ayala Corporation is focused on maintaining a healthy balance sheet to weather looming economic headwinds. Our strong financial position ensures we have the ability to take advantage of market opportunities. Across the group, we continue to keep a close eye on changes in customer demands and behaviors, and we are prepared with flexible scenario-based plans to continue to serve our customers, maintain the trust of investors, and ensure the health and safety of our employees and partners.	Financial Intellectual Human
Accelerated Digital Transformation		
Increasing access to technology coupled with the mobility restrictions due to the COVID-19 pandemic have accelerated the transition to digital, with rising demand for innovative and contactless product and service solutions. To fulfill this evolving demand, new ecosystems such as e-commerce, fintech, and on-demand logistics continue to grow and mature. We expect competition to intensify as technology-enabled challengers continue to enter traditional industries, and as traditional players begin to make significant investments in upgrading their own capabilities.	We continue to empower our business units to embark on their own digital transformation journeys. Our brick and mortar establishments have accelerated their omnichannel strategies, with many digital solutions expected to remain for the long-term, as we continue to innovate and improve on our touchpoints with the customer. As we explore new ways to integrate digital tools into our businesses, we place greater emphasis on those that will allow us to serve our customers better, and those which help reduce costs and frictions within the organization. Furthermore, we continue to support our investments in new ecosystems – such as GCash for financial payments, Zalora for e-commerce, and Entrego for logistics – as well as build the necessary core capabilities within the organization, such as data analytics, to fuel growth.	Financial Intellectual Human
Resilient Consumer Class		
Despite the challenges faced in previous months, we expect strength in consumption spending to gradually return. Unemployment has recovered to single digit from a 15-year high at the height of the lockdown in April 2020, and we believe this will continue to shrink as mobility returns and as the economy recovers. Strength in consumer demand over the medium- to long-term is supported by a young population, resilient remittances, continuous urbanization, and a steady base of micro, small, and medium-sized enterprises, which help spur economic activity within their own communities.	We continue to prioritize the Philippines with our businesses positioned to both contribute to and grow alongside the country's development. Each of our businesses continue to explore ways to address the needs and demands of the broader market – such as BPI's renewed focus on its Consumer and SME segments, providing a broad array of residential options through Ayala Land, and catering to the broad base of Filipino's healthcare needs through AC Health. As a group, we recently launched the Ayala Enterprise Circle to help support the MSMEs across our network, and continue to find ways to better serve the partners in our ecosystem.	Intellectual Social and Relationship
Shift Towards Sustainable Technologies and Business Models		
We believe that to create sustainable and long-term value, private enterprises must continue to strive for deeper engagement with society to address the various environmental, social, and governance (ESG) issues we face today. In response to these issues as well as a renewed call to action across many stakeholders, we see a trend towards more inclusive business models, investments in promising new technologies, more industries promoting the sustainable use of resources, and an increased focus on socially responsible investing strategies.	We are increasingly deliberate about our contributions to the United Nations Sustainable Development Goals, which we first outlined in our Sustainability Blueprint: Bridging the Filipino to 2030. Several business units within the group are immersed in emerging sustainable technologies, including AC Energy's commitment to producing 5GW of renewable energy by 2025, and AC Industrials' investments in manufacturing for smart, electric vehicles, and solar technologies. Beyond these, we as a group, are committed to measuring and improving our ESG risk and impact. Each business unit has committed to actionable and measurable sustainability initiatives, and we continue to institutionalize the SDGs as performance metrics for our leaders.	Financial Intellectual Social and Relationship
Greater Multi-Sectoral Collaboration		
Amid these challenging times, greater collaboration between the private, government, non-government, intermediaries and academic institutions is more crucial than ever to unlock innovative and effective solutions. Furthermore, the flexibility and speed that a collaborative ecosystem can provide is critical not only to addressing the COVID-19 crisis, but ultimately to achieve our overall shared goals of a more sustainable and inclusive society.	Ayala Corporation, and the broader Ayala Group, is proactive in helping address the health, social, and economic needs of the country in line with our shared values of nation building. Across different industries, we actively engage existing and potential partners to jointly address emerging issues. Finally, through collaboration with policymakers, the academe, and partner organizations, our Public Policy team and Regulatory Council participate in policy discussions on key reforms, which contribute to the overall economic growth and development of the country.	Human Social and Relationship

OUR NEW VISION PILLARS

As we entered the year 2020, there were five vision pillars that guided our financial and non-financial management strategies – namely financial strength, reinvention and growth, geographic expansion, stakeholder empowerment, and business leadership. These five pillars previously served as the foundations of our five-year plan to 2020.

When the COVID-19 pandemic came into full swing in the first quarter of 2020, we understood the need for a more flexible approach to strategic planning. This resulted in a shorter-term planning cycle focused on protecting our workforce, supporting our stakeholders, and safely and efficiently restarting our business operations. Many changes to both business operations and consumer sentiment became apparent throughout the year. We believe these changes call for a renewed way of planning for the future, and a heightened focus on execution to facilitate recovery.

Through recent planning sessions held within the Ayala Group, we have articulated a new set of vision pillars, anchored on a shared vision of recovery from the pandemic and resulting economic crisis. **Our focus for the year 2021 will be executing on this recovery, and ensuring the gradual but continuous provision of our products and services while maintaining a strong capital position**. Furthermore, as we look ahead to 2023, we commit ourselves to focused execution, strong capital investment, delivering an unparalleled customer experience, and leadership in sustainability – thus setting the stage for a bold decade of growth ahead.

Underpinning our new vision pillars is an unwavering commitment to the Filipino – to doing our part to drive economic recovery from the crisis, and to ensure continued support for national development.

KEY MEDIUM-TERM INITIATIVES AND 2023 TARGETS

FOCUSED EXECUTION

Our businesses were affected in varying degrees by the pandemic, owing to the diversified nature of the group. Regardless of the magnitude of impact, recovery from the crisis requires focus in executing strategic initiatives that enable the business to not only return to pre-pandemic levels, but to thrive in this new environment.

- Recovery of financial performance to pre-COVID levels, including our subsidiaries Ayala Land, BPI, AC Industrials, and iPeople
- Continued reinvention and growth of Globe and AC Energy amid a dynamic market
- Building scale in our emerging businesses AC Health and AC Infra while addressing critical needs of the country
- Delivering on key value realization initiatives to sharpen the portfolio and recycle capital into high growth opportunities
- Continued market leadership in our core industries and developing meaningful presence in emerging sectors
- Outperform industry peers in total shareholder return (TSR)

CAPITAL INVESTMENT

We believe capital investment is an important piece in driving recovery. We seek investments that enable growth and generate positive economic externalities, balanced with good returns.

- Delivery of capital expenditure plans to fuel growth and economic activity, while maintaining a disciplined portfolio strategy that ensures balanced returns
- Active management of our debt and cash flows to ensure that our balance sheet remains strong enough to support recovery and fuel concentric ventures

UNPARALLELED CUSTOMER EXPERIENCE

As consumer demands evolve and new digital channels transform the way we interact with customers, excellence in the way we deliver our products and services is a key differentiating factor, which can drive growth.

- Delivering a best-in-class customer experience across both traditional and digital channels for all business with consumer touchpoints
- Identifying and executing key synergy initiatives across our business units, which drive value for the group, our businesses, and our customers
- Further the data analytics capabilities of the Ayala Group to drive meaningful insights for strategic decision-making and to harness opportunities

LEADERSHIP IN SUSTAINABILITY

We believe that recovery is most meaningful when it is inclusive, and strive to continue addressing gaps in environmental, social, economic, and governance frameworks. We also continue to invest in our employees and partnerships as critical pieces of what enables businesses and society as a whole to thrive.

- Establish an ESG management framework focusing on climate change and broader ESG risks across our core businesses
- Continued progress towards our 2030 Ayala Sustainability Blueprint, which is aligned with the UN Sustainable Development Goals Framework
- Solidify the Ayala brand as employer of choice in the Philippines and across the region, through providing continued support and meaningful opportunities to our employees, and through developing a reputable and diverse bench of leaders within the different business units
- Furthering partnerships with the private and public sectors, and supporting the rollout of the country's national vaccination roadmap to alleviate the impact of COVID-19

RISK MANAGEMENT

Designed to encourage integrated thinking, Ayala's risk management framework is based on Deloitte's concept of the Risk Intelligent Enterprise. This framework supports the broader principles of ISO 31000 risk management standard, such as integration, structured and comprehensive, inclusive, and human and culture factors. We aim to be risk intelligent by aligning people, processes, tools, technologies and governance into an integrated risk management system tied to corporate strategy, then prioritizing and allocating scarce resources to the highest return opportunities.

By adopting the practices of a risk intelligent enterprise, we have a clearer vision of risks and opportunities, therefore, we integrate the following characteristics into our strategy planning:

- Pursuing opportunities that risk presents while protecting existing assets
- Creating a strategic philosophy while maintaining operational discipline
- Increasing senior executives' confidence in their decisions
- Providing assurance to the board that the risks are being managed

The Risk Intelligent Enterprise stands on three foundational elements:

1 RISK MANAGEMENT SYSTEM

Technology-enabled platform that combines human expertise with risk data and analytics to generate risk intelligence.

2 INTEGRATED ASSURANCE PROGRAM

Integrated assurance framework, methodology, and system that aligns risk-reporting and assurance activities across all three lines of defense to enhance risk management effectiveness.

3 EFFECTIVE GOVERNANCE

Structures that enable management to execute the preferred strategy within commercial and regulatory boundaries and improve the probability of achieving strategic and financial objectives.

The Risk Intelligent Enterprise aims to achieve and sustain:

Operational discipline and culture that drives risk management into day-to-day business activities to power performance and achieve strategic goals.

Successful delivery of new initiatives by employing explicit project risk management methods and tools to enable rapid pivots to new opportunities and efficient adoption of new practices.

Business resilience and value preservation through crisis readiness and the ability to navigate high-impact events.

Deloitte's Risk Intelligent Enterprise Framework

ACKNOWLEDGING THE PAST IN MOVING FORWARD

As we transition to an integrated risk management framework, we must first ensure that we have achieved the targets we have set for ourselves in the past. Below is our seven year roadmap and our milestones per phase that ushered us into our next ERM journey.

2020 Enterprise Risk Management Roadmap

- Broken down silos and instituted risk management as a collaboration platform
- Established a holistic risk management approach—risk ownership, risk consolidation that allows an end-to-end risk management, and highlighted interdependency of risks
- Organized the ERM council of the group

- Each risk category was tied to the five vision pillars that guided Ayala's plan of records from 2016 – 2020
- Developed the group's common risk language to aid reporting of aggregated risk at the parent level
- Conducted a risk maturity assessment for benchmarking and for continuous improvement especially in areas of risk culture and risk financing strategy

- Reviewed risk tolerance levels of the parent company and major business units
- Formalized risk appetite to aid management in decision-making
- Started integrating risk management and sustainability to capture the increasing environmental and social concerns in the way we do business

Ayala's Risk Management Roadmap as of 2017

RISK GOVERNANCE

TCFD Governance Pillar

Oversight for the operationalization of the Ayala's risk management framework is entrusted to the Board of Directors through the Risk Management and Related Party Transactions Committee (RMRPTC) which provides transparency and visibility into the corporate and the group's risk management practices.

The Chief Risk Officer (CRO), being Ayala's risk management advocate, reports to the Committee any improvement in the design, implementation, and maintenance of the Enterprise Risk Management (ERM) roadmap.

The Group Risk Management and Sustainability Unit (GRMSU) supports the CRO by conducting activities that will enhance the risk-aware culture and improve the risk management program in the organization, as well as present sustainability megatrends and climate change updates during the annual risk assessment as part of establishing the context. It also convenes the Ayala Group Enterprise Risk Management Council, composed of risk officers of Ayala business units.

In 2020, with our commitment to adopt the TCFD Framework, we made changes in our governance structure.

Climate-related risks and opportunities Governance Structure

GOVERNANCE	
Board of Directors	▪ The Ayala Board leads the governance system and meets with relevant Board Committees six times a year to gain insights and review, and ensure proper implementation of internal control mechanisms and risk management process for good governance.
Risk Management and Related Party Transactions (RMRPT) Committee	▪ RMRPT Committee has been delegated with the responsibility of overseeing climate-related risks and opportunities to assist the board in its oversight function. ▪ Climate-related risks and opportunities are a scheduled agenda item in all its meetings which are scheduled semi-annually or as often as needed ▪ Climate-risks and opportunities are integrated in the committee's review and guidance on the risk management policies. ▪ Top risks and emerging risks of the subsidiaries are reported in the RMRPT Committee.
Chief Risk Officer (CRO)	▪ The CRO is the highest management-level position with responsibility for climate-related risks and opportunities. ▪ The CRO has also been mandated to lead the identification, assessment and management of climate-related risks and opportunities. The following are his additional responsibilities: — Lead the management in the identification and assessment of climate-related risks and opportunities — Report to the Board-level committee the climate-related risks and opportunities identified by the management with their corresponding potential financial impact to the Company — Monitor the management of climate-related risks in relation to the overall risk exposure of the Company — Ensure that the Group Risk Management and Sustainability receives appropriate organizational support to establish a framework and process for the inclusion of climate-related risks in the enterprise risk management program
Group Risk Management and Sustainability Unit (GRMSU)	▪ The GRMSU, as a support to the CRO, in the identification, assessment and management of climate-related risks and opportunities has additional responsibilities: — Present sustainability megatrends and climate change updates during the annual risk assessment as part of establishing the context — Design a framework for the identification and assessment of climate-related risks — Establish a process to integrate climate-related risks in the enterprise risk register — Provide disclosures on the financial impact of climate-related risks in the annual Integrated Report
Enterprise Risk Management Council	▪ Composed of representatives of risk management experts across the group ▪ Semi-annually, the ERM Council provides the top and emerging risks to GRMSU for reporting to CRO and RMRPT. ▪ Platform for risk framework alignment, continuous risk process improvement, and other group-wide projects ▪ Meets at least thrice a year
Sustainability Council	▪ Composed of representatives of sustainability experts across the group ▪ Platform for sharing best practices and cascading programs across the group ▪ Meets at least thrice a year

IN 2021-2023

VISION **ESG-Competent Board**

- Provide continuous education on climate-related and other ESG risks and opportunities to the Board and relevant levels of organization
- Monitor and report on our progress on climate-related and other ESG risks and opportunities
- Become a TCFD signatory

In 2020, Ayala held the second annual Integrated Summit, coalescing the topics of Corporate Governance, Risk Management, and Sustainability. The summit was conducted virtually in lieu of a physical event to accommodate for the restrictions brought about by the pandemic. The year's theme was "The Business of Building Back Better" - echoing the board's agenda for not only recovering from the socio-economic effects the pandemic had wrought, but proactively building more resilient and sustainable systems that aid in the group's growth and help our businesses withstand future crises. Steve Howard, a climate change expert who is the Co-chair and Founder of We Mean Business Coalition, delivered the keynote sighting the effects of climate change to businesses and why this is an urgent global matter. He emphasized how integration can be a transformational choice in rebuilding from a crisis.

INTEGRATING RISK MANAGEMENT AND SUSTAINABILITY

TCFD Risk Management and Strategy Pillars

The process of integrating risk management and sustainability started in 2018 and is continuing.

In 2020, the risk assessment workshop explored the impact of climate change on Ayala's portfolio. To prepare the participants, the team circulated pre-workshop reading materials and conducted Climate Risk Knowledge and Assessment covering employees and relevant officers of Ayala and selected business units.

More than 120 respondents from various levels at the parent company and selected officers of business units completed the survey which assessed employees' knowledge about climate change, climate-related risks and opportunities, and its potential impact to the Ayala group; and the level of Ayala group preparedness in handling climate-related risks.

More than **2/3** **of the respondents agree that climate change has a serious and direct impact to the Ayala group**

86%
Believe that the Ayala group...

67%
Believe that the BUs...

...have been seriously and directly impacted by climate change

Majority of respondents believe that the Ayala group has adequate initiatives to combat climate change risk, but lesser respondents believe that the group is prepared to address climate change effects.

83%
Believe that the Ayala group...

72%
Believe that the BUs...

...have taken adequate initiatives to reduce climate change effects on the organization

67%
Believe that the Ayala group...

58%
Believe that the BUs...

...is/are prepared to address climate change effects within the short term, medium term and long term

Using Ayala's risk rating impact criteria (environment, people, financial/market, reputation and compliance) and likelihood, the participants evaluated and assessed climate-related physical and transition risks.

Physical risks

The participants from the parent company and business units were largely aligned in identifying the top physical risk areas. Aside from these, the business unit representatives also cited "increase temperature" as a priority:

- Increased incidence of community diseases and epidemics (influenced by the current pandemic)
- Storms (typhoons, hurricanes, and cyclones)
- Earthquakes (though there is no direct correlation yet on tectonic movement and climate change)

Transition Risks

On transition risks, the participants ranked Social and Human risks the highest compared to other transition risk areas, followed by Policy and Legal risks and Market risks.

- Access to food, water, and basic needs are compromised as a result of climate change
- Loss of livelihood in agricultural sector and food production due to climate change
- Population displacement due to climate change (e.g. rising sea levels in Manila bay area)

Climate opportunities

The participants also identified upside risks such as:

- Leveraging on technology for increased automation
- Adoption of clean energy sources and other affordable alternatives
- Development of adaptive strategies towards renewable energy programs
- Increased efficiency in materials, water, and waste management
- Move to more energy efficient buildings

These insights were used as additional input when the enterprise-wide risks were identified, assessed, evaluated, and prioritized. (Please refer to pages 79-81 for the risk prioritization results.)

IN 2021-23

VISION **Robust Climate and ESG Risk Management Process**

- Polish and integrate climate related risk management to the current risk management framework
- Transition to COSO-ERM framework for identifying and assessing ESG risks
- Engage and guide the ERM Council in the implementation of ESG and climate related risk management process

VISION **Effective ESG and Climate Strategy**

- Undertake climate-related scenario analysis to determine and understand the climate related risks and opportunities that could have a material financial impact on the parent company and its business units
- Establish a cross-functional team that will manage and explore climate-related risks and opportunities

AYALA GROUP'S RISK FINANCING STRATEGY

In Ayala, the key to success is changing the mindset of our risk owners - to treat risk transfer (or insurance) as a strategy rather than a transaction that they need to fulfill on an annual basis. This would lead to a continuous improvement in the management of operational risk and build a culture of safety. To achieve this, we performed various risk studies to further understand exposures and therefore develop strategies in mitigating these exposures.

With the pandemic, we revisited our plans to ensure that underwriting information was available during renewal.

- Risk engineering surveys were conducted virtually.
- Asset valuation studies were finalized.
- Group Natural Catastrophe modellings were updated to understand overall group exposure.

These activities contributed to the continuous process improvements and risk awareness.

RISK FINANCING STRATEGY ROADMAP

	Insurance Portfolio Optimization	Risk Correlation	Self-Insured Risk Valuation	
				WEAKNESSES
2016 2017	▪ Property Damage ▪ Political Violence ▪ Motors ▪ Directors & Officers Liability ▪ Public and Products Liability ▪ Specie ▪ Group Travel	▪ Risk Engineering Surveys (yearly) ▪ Nat Cat Modelling (every 2 years)	▪ Determine feasibility and viability of a captive	SOLUTIONS
2018 2019		▪ Asset Valuation ▪ Blast and Threat Assessments ▪ BCMS ▪ Risk Tolerance (every 3 years)		
2020 2021	▪ Cyber ▪ Crime ▪ Professional Liability ▪ Environmental Liability			
2022 2023	▪ Review all insurable risks and programs available ▪ Parametric Solutions	▪ Continuous risk and process improvements		

Based on 2015 Risk Maturity Index Study

Insurance Portfolio Optimization
The current insurance market cycle in 2020 was still on an upswing and initial estimates showed 30-40% of rate increases for both Property and Casualty insurance lines. These were the sentiments of the insurance markets when Ayala did a stewardship meeting in Singapore last November 2019. Ayala planned to start early in 2020 by preparing a comprehensive underwriting information and reports for better appreciation of the market on the group's developments and improvements on risk management.

Novel strategies and planning were tested as a response to COVID-19. We sought for smarter ways of engaging in an impactful way while considering face to face negotiations and collaboration were not feasible. To respond, Ayala's first Insurance Virtual Roadshow was conducted in May 2020, meeting both local and international insurers and reinsurers. Utilizing conferencing platforms, we presented Ayala's developments and improvements on risk management as well as our response to COVID-19 moving forward.

This resulted in being able to minimize the initially estimated increase to the group considering that there was an increase in insurable values for the Property Damage and Business Interruption (PD/BI) program. The team (Ayala and Aon) still managed to maintain the risk management bursary to fund future risk management studies of the business units enrolled in the program.

Complimenting the PD/BI program was the Political Violence (PV) program. The PV insurance market remained flat and Ayala improved its premium while maintaining best in class bespoke coverage despite the increase in insurable values. The team as well managed to maintain the risk management bursary to fund crisis management workshop and threat assessments.

The financial insurance lines were also experiencing losses due to increasing claims in the US and Australia. Insurers also think that this COVID-19 pandemic will increase cases against company directors and officers. This affected our Directors and Officers Liability program resulting in an increase in the group premium reflecting market conditions as well as our increased exposure.

Insurance Market Stewardship meeting in November 2019 at Singapore

Cyber was also fast tracked in 2020 due to the impact and added exposure brought about by the "New Normal". We managed to get all underwriting information in 2020 for the insurance market placement which was finalized in early 2021.

Understanding risks helps Ayala own the risk and mitigate potential exposures. With right balance of risk transfer and retention, Ayala's Total Cost of Risk is improved while maximizing risk tolerance and appetite benefitting Ayala and its shareholder in the long term.

Below is a table linking our insurance programs and risk studies to our risk categories. In addition to our risk mitigation strategies, the residual risks are covered by the appropriate risk transfer strategy.

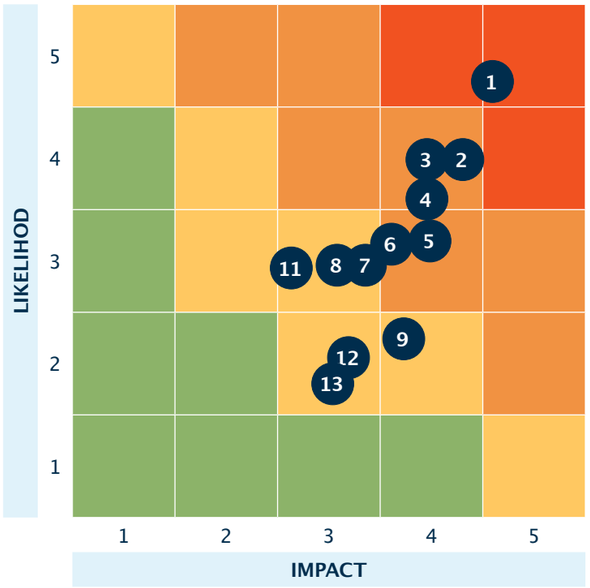
COMMON RISK LANGUAGE CATEGORIES

	Brand And Reputation	Business Resiliency	Competition	Talent	Funding	Political and Regulatory	Partnerships and Alliance	Operational*	Innovation and Technology	Capital Market	Portfolio Management	Governance and Controls	Information Security and Cyber	Synergy
Insurance Optimization														
Property Damage and Business Interruption	■	■						■		■		■		
Political Violence	■	■				■		■				■		
Directors and Officers Liability Insurance	■			■		■						■		
Public and Products Liability	■	■								■		■		
Cyber (Globe/BPI)	■	■						■	■			■	■	
Risk Studies														
Risk Engineering Surveys		■						■				■		
Natural Catastrophe Modelling		■						■			■	■		
Asset Valuations		■										■		
Blask Assessment		■						■				■		
Threat Assessment		■						■				■		
Business Continuity Management		■						■				■		
Risk Tolerance		■										■		

** Operational Risk Category is subsumed under Governance and Control Risk at the parent level*

RISK PRIORITIZATION RESULT

Major events of 2020 have profoundly affected various risk factors in all business sectors; from the persistent threat of COVID-19, the eruption of Taal and its looming resurgence, and the increased turbulence of the political climate in the Philippines. In conducting our annual risk assessment, we have identified six (6) major risk categories with the highest likelihood of occurring and would have the most impact to our business objectives: (1) Political and Regulatory, (2) Brand and Reputation, (3) Information and Cyber Security, (4) Portfolio Management, (5) Competition and, (6) Capital Markets.



RISK CATEGORY	2020 RANK	2019 RANK	CHANGE
Political and Regulatory	1	2	▲ 1
Brand and Reputation	2	1	▼ 1
Information Security and Cyber	3	4	▲ 1
Portfolio Management	4	5	▲ 1
Competition	5	9	▲ 4
Capital Markets	6	9	▲ 3
Business Resiliency	7	3	▼ 4
Innovation and Technology	8	5	▼ 3
Funding	9	8	▼ 1
Partnerships and Alliances	9	7	▼ 2
Synergy	11	13	▲ 2
Talent	12	9	▼ 3
Governance and Controls	13	12	▼ 1

2020 RISK MITIGATION FRAMEWORK

CAPITALS

▲ 1 POLITICAL AND REGULATORY

Definition
Inability to anticipate changes in the political and regulatory landscapes may affect profitability and brand value

Risk drivers
- Undue attention given by the current administration to the Ayala group
- Renewed government push to deliver on campaign against the "oligarchs"
- Heightened political volatility and social unrest
- New/emerging tax/business regulations that may impact our business units

Implications for value creation
- Misalignment of business models due to change in regulations
- Reputational damage due to non-compliance Loss of franchise, license, or goodwill
- Slow adaptability to changes affecting
- profitability/reputation

Mitigating controls
- Strengthen relationships with regulators and government agencies
- Enhance collaborative projects with the government and public
- Continuously monitor government actions and release of new tax and business regulations

Financial, Intellectual, Human, Social and Relationship

▼ 2 BRAND AND REPUTATION

Definition
Gaps in public relations and brand management may cause significant difficulty in maximizing our value for stakeholders

Risk driver
- Government actions have a heavy influence on public perception and opinion on Ayala as a group

Implications for value creation
- Increased customer complaints
- Reputational damage
- Adverse financial impact

Mitigating controls
- Continuous monitoring of social media pages
- Coordination with the business units to ensure that business unit-level issues are addressed on a timely manner
- Strengthened media and public relations

Financial, Human, Social and Relationship

▲ 3 INFORMATION SECURITY AND CYBER

Definition
Threats to confidentiality, integrity and availability of critical information may result in financial losses and damaged reputation

Risk drivers
- Technology debt – risk of not having fit-for-purpose technology and presence of fragmented systems
- Technology depth – lack of basic technical capabilities and competencies
- Rising number of fraud crimes with the increased volume of online transactions
- Cyber criminals capitalizing on newfound digital and remote working behaviors

Implications for value creation
- System downtime
- Reputational damage
- Criminal prosecutions and fines
- Leakage of critical information
- Loss of stakeholder trust

Mitigating controls
- Strengthened IT infrastructure to support increased usage of digital platforms and to combat information security and cyber threats
- Continuous monitoring of network activities
- Implementation of employee education/ trainings on cybersecurity

Financial, Intellectual, Human, Social and Relationship

▲ 4 PORTFOLIO MANAGEMENT

Definition
Failure to align products and services strategy with business objectives may lead to a negative imbalance of risk and return

Risk drivers
- Inability of business units to adapt quickly to changing customer needs and preferences
- Readiness for transition into the "new normal"

Implications for value creation
- Inability to achieve targeted net income
- Loss of relevance in the market/industry
- Reputational damage
- Lower dividends from business units

Mitigating controls
- Improve understanding of changing needs and preferences
- Be nimble to take on new opportunities
- Stronger balance sheet
- More active horizon scanning

Financial
Intellectual
Social and Relationship

▲ 5 COMPETITION

Definition
Falling short of the desired market position negatively impacts the financial health and brand value of the group.

Risk drivers
- Entrance of new competitors in the industries where the business units operate in
- Quicker adaptability and aggressive shifts by competitors to the "new normal"
- Advent of digitalization as a major business disruptor

Implications for value creation
- Missed targeted dividends from BUs
- Missed targeted SDGs
- Loss of relevance in the market/ industry
- Reputational damage
- Erosion of market share

Mitigating controls
- Highlight competitive advantage of the Ayala brand
- Strengthen core products and services of each business unit to support changing needs and preferences
- Pivot to omni-channels strategies

Financial
Intellectual
Social and Relationship

▲ 6 CAPITAL MARKETS

Definition
Failure to manage market factors may result in actual cash losses and volatility in P&L.

Risk drivers
- Global financial recession
- Hardening of capital markets
- Hampered PH economic growth
- Increasing awareness of ESG principles

Implications for value creation
- Volatile revenues
- Difficulty in acquiring additional funding
- Less liquidity
- Reputational damage
- Unable to meet financial obligations

Mitigating controls
- Regularly review business models vis-à-vis market conditions
- Build on digitization capabilities to adapt to the changes in the capital markets
- Periodically conduct stress tests to manage potential losses from market factor sensitivities
- Develop green and sustainable financing strategies

Financial
Social and Relationship

ROADMAP FOR THE ADOPTION OF THE TCFD RECOMMENDED DISCLOSURES

ACHIEVEMENTS

Governance
- The Risk Management and Related Party Transactions Committee was delegated with the responsibility of overseeing climate-related risks and opportunities to assist the Board in its oversight function
- The Chief Risk Officer was delegated as the officer responsible for reporting climate-related risks and opportunities to the Board

Strategy
- Participants in the workshops identified climate-related risks and opportunities

Risk Management
- Conduct of Climate Risk Knowledge and Assessment covering employees and relevant officers of Ayala and selected business units

Metrics & Targets
- Continuous disclosure on Scope 1 and Scope 2 while refining disclosures on Scope 3

GOALS

Governance
- Report climate-related and other ESG risks and opportunities to the RMRPT Committee that could have a material financial impact
- Provide continuous education on climate-related and other ESG risks and opportunities to the Board and relevant levels of organization

Strategy
- Continuous collaboration between the parent company and the business units on monitoring climate-related risks and opportunities
- Establish a cross-functional team that will manage and explore climate-related risks and opportunities

Risk management
- Focus on climate-related risks in the annual risk assessment exercise
- Engage and guide the ERM Council in the implementation of ESG and climate-related risk management process

Metrics & Targets
- Engage and guide the Sustainability Council in the development and implementation of SMART ESG Targets with relevant metrics

2020 | 2021 | 2022 | 2023

GOALS

Governance
- Become a TCFD Signatory
- Monitor and report progress on climate-related and other ESG risks and opportunities to the RMRPT Committee
- Provide continuous education on climate-related and other ESG risks and opportunities to the Board and relevant levels of organization

Strategy
- Undertake climate-related scenario analysis to determine and understand the climate related-risks and opportunities that could have a material financial impact on the parent company and its business units
- Collaborate with Corporate Strategy and Finance to integrate climate-related risks and opportunities in business operations, strategy, and financial planning

Risk Management
- Polish and integrate climate-related risk management to the current risk management framework
- Transition to COSO-ERM framework for identifying and assessing ESG risks

Metrics & Targets
- Conduct of Scope 3 screening in preparation in setting science-based targets

VISION

Governance
- ESG-Competent Board

Strategy
- Effective ESG and Climate Strategy

Risk Management
- Robust Climate and ESG Risk Management Process

Metrics & Targets
- SMART ESG Targets with relevant metrics

STAKEHOLDER ENGAGEMENT

Ayala embraces a stakeholder-inclusive approach to value creation. We take into consideration the influence our stakeholders have in our business decision-making process and consult, involve, or collaborate with them, articulating the value we seek to deliver through various platforms. By understanding their requirements and meeting their value expectations, we strengthen trust in our organization.

INVESTORS AND SHAREHOLDERS

HOW WE ENGAGE

Regular Channels of Engagement
- 1-on-1 meetings/teleconferences
- Email correspondences
- Quarterly results briefings
- PSE/PDEX disclosures
- Company website
- Integrated Report
- Investor Conferences
- Deal and non-deal roadshows
- Annual stockholders' meeting
- Investor perceptions audit

Programs/Activities
- Bespoke Ayala group corporate access days
- Calendar of non-deal roadshows
- Calendar of investor conferences
- Bespoke Ayala group IR summit
- Company analyst coverage
- Share buy-back program

Special activities or initiatives related to the pandemic (Covid-19)

INITIATIVES	RESULTS
Proactive stakeholder engagement especially at the height of the lockdown	
Senior management across the group proactively addressed investors on a regular basis since the start of the lockdown to apprise investors and analysts of the impact, how the group is pivoting, and perspectives on a near-term outlook	The level of transparency and accessibility contributed to share price recovery, evidenced by the outperformance of Ayala versus index and peers
Utilization of online platforms to ensure stakeholder engagement	
Ayala's Investor Relations group shifted all stakeholder engagements to online channels to ensure proper and regular information dissemination to analysts, investors, and other stakeholders despite the lockdown	▪ Ensured accessibility of management by conducting regular meetings with investors and analysts and participated in several investor conferences and non-deal roadshows hosted by sell side ▪ Conducted the Annual Stockholders' Meeting and published the annual Integrated Report within the deadline prescribed by regulators despite being at the height of the lockdown

KEY CONCERNS RAISED	OUR STRATEGIC RESPONSE
Impact of COVID-19	Continuous and consistent communication of the various initiatives of the Ayala group to manage the crisis, including emphasis on prioritization of the physical and financial health of employees, support to SME partners and the broader communities we operate, as well as the group's focus on financial sustainability, proactive monitoring of economic indicators and consumer behavior, and highlighting the developments across each business unit.
Regulatory environment *Equitable Business practices*	▪ Proactive and closer collaboration with government in addressing the pandemic through various initiatives such as the deployment of emergency packages to the most vulnerable communities, active participation in Project T3, which aimed to improve the testing capacity of the Philippines at the onset of the pandemic and is now focused on the implementation of a national vaccination program. ▪ Forthcoming entry of Trident Water as a strategic partner in Manila Water, which would spread out any regulatory risks in the business given the former's solid experience in managing risks of such nature.

EMPLOYEES

HOW WE ENGAGE

Regular Channels of Engagement
- Maintain a safe and healthy work environment amidst a global pandemic
- Ensure that employees know that they are our primary customer
- Create support systems that allow our employees to continue doing good work remotely

Engagement Strategy

Remote Communication
- Set-up digital infrastructure for remote work
- Restructured task management to accommodate work-from-home scheme
- Migrated team building activities to online platforms

Professional development
- Migration of classroom programs to Virtual Training Sessions
- Annual performance appraisal to identify improvement opportunities
- Email Communication

Holistic Growth
- Hybrid/Flexible work arrangements
- Online Engagement activities
- Regular health assessments
- Voluntary in-person office reporting

Compensation and benefits
- Virtual townhall meetings
- Online fund transfers in place of physical payslips
- Ready access to RT-PCR for covid-affected employees and contingent workers

KEY CONCERNS RAISED	OUR STRATEGIC RESPONSE
Access to immediate cash during the pandemic	We advanced the payment of the mid-year bonus at the start of the lockdown to provide financial security to the employees. Total Rewards initiated the improvement of the Salary Loans facility where the maximum terms of the loans were extended.
Access to immediate medical assistance for COVID-affected employees and contingent workers during the pandemic *Workplace and Future of Work*	AC-HR created a COVID-19 Task Force composed of Total Rewards, Employee Engagement, Occupational Safety and Health, and the Ayala Clinic to assist employees and contingent workers affected by COVID-19. Emphasis was also given to Mental Health with the availability of the resident psychologist for online consultations every 2nd and 4th Friday of the month.

Project Pananagutan
This employee-driven project involves the active participation of all our Business Units, partners and affiliates to contribute towards providing immediate relief and aid to those most impacted by the pandemic. Through the collective efforts of this initiative's participants and the heartfelt donations of our own employees, Project Pananagutan was able to raise a total of ₱42.5 million. Working through Ayala Foundation, we have impacted various communities around the Philippines who have been severely affected by the economic and health effects of COVID-19.

Ready access to RT-PCR Tests
An RT-PCR testing site was put up in Makati Stock Exchange to provide easy access to accurate testing services for COVID-19 affected employees. Employees and contingent workers are scheduled quickly for RT-PCR testing. Letters of Guarantee from the medical insurance are secured for those showing symptoms. This allows us to monitor and ensure the health and safety of our workers beyond the regular health check-ups. Contact tracing and monitoring of infected individuals are also improved by this initiative, which allows us to make informed decisions in managing the health and safety of our employees.

Mental Health Instructor-led program and pathway
Beyond physical health and safety, Ayala recognizes the importance of mental health in the holistic well-being of our employees, which is why we strengthened our mental health support programs this year to aid our employees in processing the unique difficulties and challenges the pandemic had brought.

GOVERNMENT AGENCIES AND REGULATORS

HOW WE ENGAGE

Regular Channels of Engagement

- Attendance in policy dialogues, consultations and meetings, and in legislative hearings
- Submission of regular reportorial requirements and other official correspondence
- Briefings, forums and conferences (mostly online)
- Annual audits
- Formal proceedings
- Membership in committees organized by the Government
- Coordination with local government organizations, i.e., League of Cities of the Philippines and League of Municipalities of the Philippines
- Face-to-face meetings

KEY CONCERNS RAISED	OUR STRATEGIC RESPONSE
Continuous compliance with laws and regulations, and putting mechanisms in place to ensure compliance with new laws and regulations	▪ Continuous dialogue with national government and regulatory agencies ▪ Updating of company policies and rules to keep abreast with the changing policies and regulations, align the procedures and reporting, and publish the same in the company website, as needed
Contributing to policy directions on areas of national interest (e.g., government response to the pandemic, economic recovery, public-private sector collaboration)	▪ Continuous dialogue with national government and regulatory agencies, and various organizations ▪ Submission of inputs/comments to government policies through various organizations/associations
Contributing inputs to proposed measures/reforms on: Tax, Water, Labor, Education, Health, *among others*	▪ Participation in policy dialogues and consultations ▪ Submission of inputs/position paper to proposed measures
Ensuring protection of personal data and the rights of data subjects	▪ Reporting of data breach to the National Privacy Commission and notification to affected data subjects ▪ Annual training of the company officers and employees (mandatory for both old and new employees) ▪ Continuous legal gap assessment

Equitable Business practices

BUSINESS PARTNERS AND AFFILIATES

HOW WE ENGAGE

Regular Channels of Engagement

- Dialogues
- Meetings (Board and Executive Committee level)
- Partnerships
- Due Diligence
- Business organizations and/or clubs (Makati Business Club, MAP)

Programs/Activities

- Bespoke Ayala group corporate access days
- Calendar of non-deal roadshows
- Calendar of investor conferences
- Bespoke Ayala group IR summit
- Company analyst coverage
- Share buy-back program

Special activities or initiatives related to the pandemic (Covid-19)

INITIATIVES	RESULTS
Supporting Business Partners and the Broader Ecosystem	
▪ Continued to support strategic partners such as Yoma and Mitsubishi by exchanging best practices and assisting our partners during the pandemic ▪ Supported various group-wide initiatives for the broader ecosystem of partners, vendors, and suppliers	Ayala continues to be a partner of choice despite challenging times. Increased engagement and greater inclusion and support for MSMEs in our ecosystem
Public-Private Sector Discussions	
Supported our management and principals in key dialogues between public and private sector representatives (e.g. IATF, Tast Force T3)	Thought leadership amidst uncertainty given the pandemic; promoted greater and more frequent collaboration between the public and private sectors

KEY CONCERNS RAISED	OUR STRATEGIC RESPONSE
Management team (i.e. succession plans, transitions, diversity, compensation) Governance	Transparency and timeliness of disclosures and reporting; set appropriate risk management processes and strong governance processes
Financial performance (i.e. COVID-19 impact on earnings, balance sheet strength) Business Outlook and Risk	Transparency in reporting financial performance; championed adaptability in plans and processes to respond to the changing environment, while keeping an eye on avenues for long term growth
Network and Relationship (International) Growth Opportunities	Active and constant engagement with business partners and affiliates through various channels

Equitable Business practices

BANK COUNTERPARTIES AND CREDITORS

HOW WE ENGAGE

Regular Channels of Engagement

- Meetings and video conference calls
- Economic briefings and client appreciation events
- Roadshow presentations
- Formal correspondence and email

Programs/Activities

- The company communicates regularly with creditors on financing requirements, market and credit updates especially during the loan management cycle.
- The company organizes conference calls to provide updates and guidance for creditors and investors.
- Creditors are invited to attend company forums and given access to quarterly and annual earnings releases and analyst briefings.
- The company invites creditors to share financing alternatives, and outlook on the economy and financial markets; attendees include the finance group of Ayala Corporation, Ayala business units, and subsidiaries.

Special activities or initiatives related to the pandemic (Covid-19)

INITIATIVES	RESULTS
Business Continuity Protocols	
Engaged with bank counterparties to ensure seamless cash management; implementation of electronic payments, and e-signatures	The company serviced all payment requirements with high level of efficiency; and accessed its credit lines during the pandemic

KEY CONCERNS RAISED	OUR STRATEGIC RESPONSE
Clarification on the Company's balance sheet levels	The Company communicated sustained balance sheet strength, high cash levels, and availability of ample bank credit facilities
Ayala Corporation's financing plans	The Company communicated that its issuances are opportunistic in nature. Access to attractive bank financing remained as one of the priorities, and capital markets issuance is for consideration given high level of market liquidity
Ayala as an issuer is viewed as a proxy to Philippine sovereign credit	The Company maintained its strong credit reputation, reduced its borrowing costs, and high engagement with creditors during the COVID-19 pandemic

Equitable Business Practices

Ayala held a Bankers Appreciation Night in December 2019.

SUPPLIERS

HOW WE ENGAGE

Regular Channels of Engagement

- Re-training activities
- Email Communication
- Mobile (messages, calls)
- App (messaging and file sharing)
- Instead of appreciation lunch, we provided them with grocery baskets for Christmas (since protocol does not allow mass gatherings like parties)

Programs/Activities

- Press briefings and conferences
- Social gatherings
- Informal media huddles
- One on one meetings
- Sponsoring of media-initiated events that are aligned with our principles and advocacies

Special activities or initiatives related to the pandemic (Covid-19)

INITIATIVES	RESULTS
Transportation of Frontline Healthcare Workers	
Provided transport following protocols and safety procedures	They were able to go to and from work comfortably and without worrying about transportation
Continuing Salaries and Wages	
Our outsourced personnel continued to receive their wages during the lockdown period	They were appreciative that they are still receiving wages despite the lockdown
Re-entry kits	
We distributed re-entry kits (consists of Vit C, Reusable face masks, Face shield, and alcohol) for their use	They are prepared and protected in the workplace and are following the safety protocols

KEY CONCERNS RAISED	OUR STRATEGIC RESPONSE
Transportation in and out of the workplace	Work scheduling for those who have access public transportation and/or bicycles and motorcycles
COVID protocols	▪ Daily health monitoring was done and PPEs were also provided to meet minimum health standards in the workplace. ▪ Provided for Rapid Tests prior to accessing the workplace and for those who are symptomatic they were tested via RT-PCR
Transportation of Frontline Healthcare Workers	Provided transport following protocols and safety procedures

Equitable Business Practices

Business units across the group have accreditation processes that highlight quality, ethics, and sustainable practices.

CUSTOMERS

ENGAGEMENT STRATEGY	OUR STRATEGIC RESPONSE
Continue to provide customers reliable access to our services during the pandemic and beyond	▪ Improve our internal communications infrastructure to provide uninterrupted customer service ▪ Actively practicing recommended safety protocols in all of our business units ▪ Increase customer engagement and response in our social media accounts
Adopt novel and innovative engagement activities that aid in the transition to the "new normal"	▪ Increase functionality of our digital platforms to include previously face-to-face customer interactions ▪ Develop and strengthen our digital platforms for direct customer interface ▪ Provide physical services that espouse the rules and principles of safe social distancing

Customer Experience and Protection

	KEY CONCERNS RAISED	HOW EACH KEY CONCERN WAS ADDRESSED
Ayala Land	Home buying and turnover amid the pandemic	Online purchase and virtual turnover of residential units
	Keeping Ayala Land properties running during the lockdown	Deployed 5,000+ APMC workers in 253 properties Implemented strict safety protocols
	Shopping amid the lockdown	Provided the Ayala Malls Neighborhood Assistant (A.N.A)
	Low merchant business performance due to closure of malls	₱6.2 billion rent condonation for mall merchants
AC Energy	Timely bill payments given the strict community quarantine and challenges in operations	Offered flexible payment options and temporarily lifted late payment charges during the community quarantine
	Hampered ability to fulfill minimum energy contract obligations as a result of reduced demand	Agreed to suspend availability of contract capacity and waive minimum energy contract obligations. Parties agreed on contract extension corresponding to affected periods of reduced demand
AC Motors	Delayed parts availability	Proactively executed supply chain optimization and managing customer expectations regarding delays
	Limited services availability	Launch ACM online platforms: The Mechanics, AC Motors online store; activated home service/off-site service for individual/corporate customers
	Extended Letter of Authority (LOA) turnaround time from insurance companies	Driven prompt follow-ups and close monitoring to expedite service turnaround
AC Health AIDE (APPPPS Partners, Inc.)	Home service requests for areas outside of Metro Manila	Onboarded additional doctors to cater to other regions – services are already available in CALABARZON
	Increase in demand for Home Service COVID Tests were in high demand	Partnered with healthcare workers and laboratories to provide access to home COVID swab testing
	Fear of physical consultation with healthcare practitioners	Addition of e-consultation features the mobile application
AC Health Generika Drugstore (Actimed Inc.)	Need for alternative access to medicines and other health products	Offered medicine call & pick-up/delivery service in July 2020
	Hampered ability to access consultation with doctors	Introduced Libreng Tele-Konsulta so that customers can remotely consult Generika's partner doctors
	Declining foot traffic impacted profitability of franchisees	Partnered with GCash to leverage on its growing number of users and piloted its own e-commerce platform
	Disruption of franchisees' supply chain	Initiated a forecasting program to effectively capture the demands of the stores and timely availability of the products
AC Health Healthway	Seizing the opportunity to increase brand awareness as a healthcare service	Active promotion and engagement in social media communities
	Provide services in-line with the "new normal"	Introduced Park and Test, Triage and Home services
	Increase the range of products offered to cater to arising markets	Expanded HMO, Specialist and Lab Packages offered
	Improve convenience and accessibility	Practiced recommended clinic safety protocols
MWC	Financial distress caused by lockdowns hamper timely bill payments	Provided flexible payment solutions and temporary suspension of utility disconnection
	Increase in concern over employee-customer exposure risks	Launched one-stop customer portal for bill inquiry, payments, and more through My Manila Water App (MMWA)
AC Infra	**LRMC** Train delays due to train faults	Use of technology to optimize operations (GOAL Systems and Automated Train Operations Management System) and ensure operational KPIs are achieved
	AF Payments Inc. Need for contactless fare payments	Developed fare collection hardware and software that can capture cash, beep™, and QR transactions
iPeople	Students/parents apprehension and concerns on IPO schools' shift to remote/online delivery of classes due to the COVID pandemic	Surveys, consultation and dialogue with students and parents; issuance of bulletins, revised academic policies to ensure that student will pass and/ or achieve the required outcomes without sacrificing school academic standards
	Health and Safety in Schools Campuses	Meetings, issuance of health and safety protocols and bulletins (with IPO standards based on current/latest IATF, CHED and DOH issuances) and consultation with HEI/ School associations/ groups (COCOPEA and PACU), LGUs and IATF

COMMUNITIES

HOW WE ENGAGE

Regular Channels of Engagement

- Education and youth leadership programs focused on online delivery of services: training, well-being activities, provision of internet connections, among others.
- Providing opportunities for the Ayala group to exercise corporate citizenship and help the foundation's partner schools and communities through Brigada ng Ayala and Project Pananagutan, which provided support for communities affected by the COVID-19 pandemic and the accompanying calamities that struck the country in 2020
- Providing income opportunities to our communities despite the challenges of the pandemic by maximizing online channels to continuously link them to our customers. Our efforts were directed to keeping our existing customers and expanding our network and partners

Special activities or initiatives related to the pandemic (Covid-19)

INITIATIVES	RESULTS
Tuloy ang Byahe	
Provided a stop-gap measure through grants-in-aid for jeepney drivers most affected by the Covid-19 crisis in Cebu City. Together with the Ayala Multi-Purpose Cooperative (AMPC), ten (10) drivers were given assistance amounting to ₱250,000	Until end of December 2020, combined gross sales of the drivers for 16 weeks of operation is ₱1.862M
BuyANI	
AFI linked community enterprises and cooperatives as suppliers of the goods. Originally with Macquarie (one time relief to 10,020 families), partnership was expanded to the Ayala Malls, and later on with the Shang Wack Wack Properties, Inc. (relief to the same 2,100 families for 6 times)	Provided quality food packs for a total of 12,120 families across the country Through BuyANI, farm income in Calauan increased and approximately 46 other farm suppliers benefited from the project
Virtual Museum	
	Even though the Ayala Museum and Filipinas Heritage Library were closed for renovation in 2020, the foundation continued to widen cultural appreciation through an omnichannel approach, reaching over 1 million individuals locally and internationally
Project Alalay	
Provides job and livelihood opportunities to Filipinos affected by the COVID-19 pandemic	6 hired, with 158 active applicants being processed as of Dec 2020
Online Marketing of Products	
Calauan, El Nido and Iraya Mangyan products shifted heavily on online marketing	Calauan income reached ₱12.793M in 2020; generated 35 jobs and 46 more individuals directly benefited EL Nido achieved gross sales of ₱3.192M; a total of 378 jobs were generated with 95 jobs active during the pandemic) Iraya garnered a total gross sales of ₱ 1,574,580; with a total income distributed of ₱659,652 in 2020
Fundraising Initiatives for Education	
Provide equipment and materials for online and distance learning (e.g. for students - tablets, laptops, webcams, headsets, prepaid Wifi; for schools - papers, printers, ink, copiers, toners)	Raised a total of ₱2.224M benefitting 23,357 students; 638 teachers; and 24 schools
Project Ugnayan	
With the Philippine Disaster Resilience Foundation, Caritas Manila, ABS-CBN Foundation, Jollibee FoodAID, and the Asian Development Bank, the Ayala Group initially convened 50 private sector leaders who together raised ₱1.7B for Project Ugnayan	In all, the project united 270 corporate individual donors who gave grocery vouchers and food assistance for urban poor families in Greater Metro Manila. As of May 27, 2020, it reached over 2.8M families or 14M individuals

Ayala strives to help communities transform and lift people's quality of life.

KEY CONCERNS RAISED	OUR STRATEGIC RESPONSE
Reduced/loss of income due to suspension of operations of community enterprises.	▪ Set-up online ordering and marketing for Calauan, El Nido and Mindoro products via MS forms, Lio E-Lengke and AFI FB page ▪ The Inang Kalikasan Agriculture Cooperative or IKAC assisted nearby farms and acted as an aggregator of their products. The Lio E-Lengke FB page consolidates the orders for vegetables, meat, other fresh produce, snacks and cooked food. Both IKAC and Lio E-Lengke products were used as sources of fresh produce distributed during AFI's BuyANI relief initiative in the NCR, Cavite and Palawan. ▪ Under the BuyANI, we have also arranged for other organizations in Mindoro, Visayas and Mindanao to include their fresh produce into the relief packs instead of the usual noodles and canned goods.
Hunger and anxiety experienced by AFI communities	Based on the initial success of the AC supported Urban Container Household Gardening (UCHG) in Cagayan de Oro and given our experience in this pandemic, AFI is starting to develop Food on the Table and Community Farming into full blown program to ensure food security at the household level.
Need of youth and program alumni for continuing leadership training, and professional development for teachers	AFI organized its online communities of youth and alumni leaders, and teachers to intensify alumni engagement through LeadComElearning. To keep teachers engaged, AFI initiated #UsapangGuro, #PalarongGuro, and #GuroVlogs. AFI also started developing DepEd aligned online modules so that our teachers can continue to earn CPD points.

Equitable Business practices

MEDIA

HOW WE ENGAGE

Regular Channels of Engagement
- Media conferences and briefings
- Corporate website
- News advisories
- Fact sheets
- Social media
- Emails and phone calls
- Third party consultants

Programs/Activities
- Press briefings and conferences
- Social gatherings
- Informal media huddles
- One on one meetings
- Sponsoring of media-initiated events that are aligned with our principles and advocacies

Special activities or initiatives related to the pandemic (Covid-19)

INITIATIVES	RESULTS
Online webinars and media briefings	
Virtual events covering COVID-19 related topics specifically AGC initiatives in health, education and manufacturing.	Have kept media and public informed about AGC's initiative and contribution to the country's fight against the pandemic.

KEY CONCERNS RAISED	OUR STRATEGIC RESPONSE
Follow-through questions are typically based on the press releases issued	Answered as the questions arise
Questions are also asked that are based on the cases of the business units or Ayala Corp.	We connect them to the BUs corp. comms. For AC, we direct it to the involved department/s

Equitable Business practices

A press conference was held with WBCSD President and CEO, Mr. Peter Bakker

INDUSTRY ASSOCIATIONS

HOW WE ENGAGE

Regular Channels of Engagement
- Membership
- Special events such as conferences, forums
- Webinar/online
- Face to face meetings

Special activities or initiatives related to the pandemic (Covid-19)

INITIATIVES	RESULTS
Public Forums	
Supported our principals in their participation in public forums organized by business clubs and other institutions (e.g. Makati Business Club, DTI)	Increased awareness of Ayala's initiatives in supporting our stakeholders throughout the pandemic; furthered discussions in relevant industries (e.g. electronic payments)

KEY CONCERNS RAISED	OUR STRATEGIC RESPONSE
Continuing support and long-term relationship on key stakeholders	Sponsorship requests go through an evaluation which includes an assessment on the alignment of interest
For speaking engagements, they request presence and content contribution	Ayala Corp. provides the speaker or attends the event

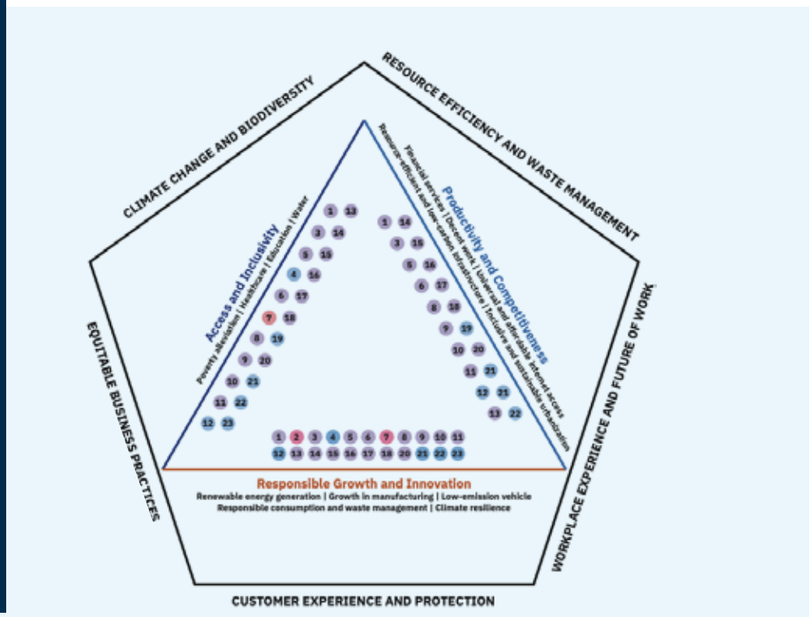
Equitable Business practices

Ayala supports events that help spread awareness on various topics that are relevant to its stakeholders.

MATERIALITY
AN EVOLUTION IN 2020

Ayala' Sustainability Reporting Framework showed a successful integration of various elements in 2019. It includes alignment with the GRI Standards, industry-specific topics and disclosures from SASB, the 10 Principles of the UN Global Compact, and the Ayala Sustainability Blueprint, which was based on the UN Sustainable Development Goals.

It showcased a blend of metrics on which we measure ourselves and base our disclosures, with the emphasis that we in Ayala go beyond mere compliance in creating shared value and being a responsible organization.



THE MATERIALITY PROCESS

This framework was a result of a rigorous process involving the different business units of the group. It began with the **definition** and setting of the criteria that will guide us in finalizing the material topics:

1. It is common among majority of the Ayala companies
2. It has a significant impact to the brand and reputation of Ayala
3. It has significant importance to key stakeholders of the company

This was followed by the **identification** of the material topics from the previous reporting framework and engagements with the different stakeholders, in-depth look at the different reporting standards, evaluation of reviews by WBCSD and ESG rating institutions, and lastly, research on ESG trends and challenges.

We then looked closely at each material topic to **gather** their impact and importance in the context of our businesses and stakeholders. The results then went through **validation** by having thematic workshops that were attended by sustainability champions and management representatives of the business units.

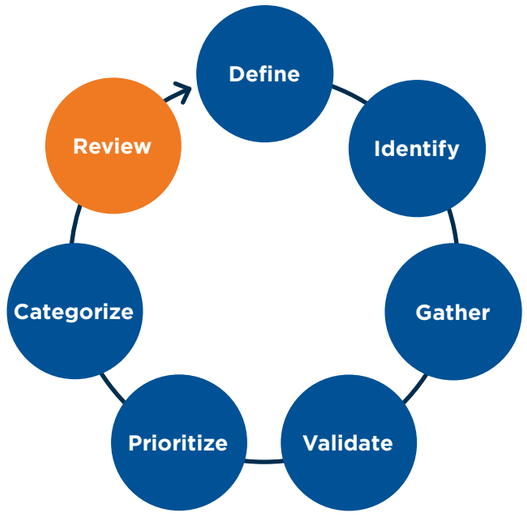
The insights and results gathered from the workshops were reviewed. **Prioritization** occurred based on their strategic importance and impact on the value chain – all in the context of industries we are in and what our stakeholders value. The final step of **categorization** involves the analysis on the interconnectivity of the material topics and disclosures.

This resulted into the five thematic themes:

1. Climate change and biodiversity
2. Resource efficiency and waste management
3. Workplace Experience and Future of Work
4. Customer Experience and Protection
5. Equitable business practices

The 5 themes were approved by the parent company's Board of Directors, with support from the CEOs across the group, as recommended by the Sustainability Council. In 2020, Ayala stayed true to best practice and conducted a **review** of its reporting framework.

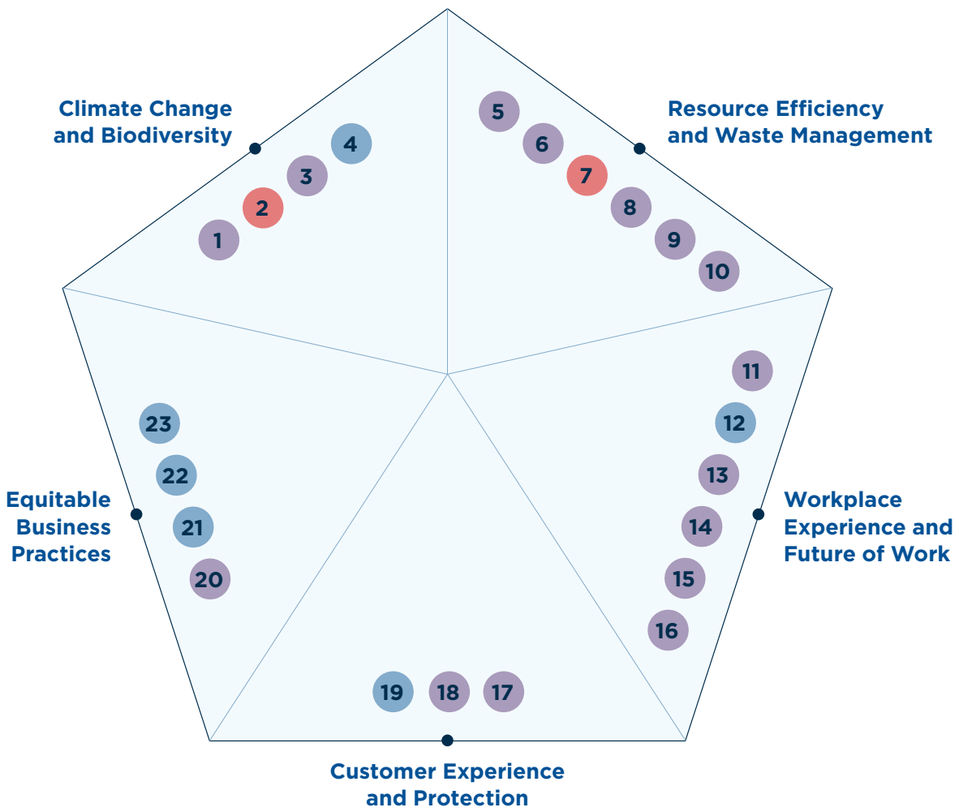
Taking into consideration the observed trend of increasing demand for ESG disclosures, Ayala updated the pentagon and placed the material topics right under the theme where they are related to. This makes the representation clearer to the reader on where each topic belongs.



Inside the pentagon, the Ayala Sustainability Blueprint remains, showcasing the different SDGs that are championed by the particular business units within the journey they are related to. This further gives easier reference to the readers and in fact portrays a clearer picture of the sustainable goals involved in the reporting framework.

THE AYALA 2020 SUSTAINABILITY REPORTING FRAMEWORK

With the strong call for ESG in 2020, Ayala further realized that they have to be given emphasis on their own despite the connection to the SDGs. Hence, we decided to separate the SDGs from the pentagon of the Reporting Framework to highlight the environmental, social, and governance topics. This evolution also reflects the thinking of Ayala that ESG has become more prevalent in discussions today and must be meticulously viewed by organizations.



GRI + SASB SASB GRI

Climate Change and Biodiversity

1 GHG emissions
2 Energy resource planning
3 Physical impacts of climate change
4 Biodiversity

Resource Efficiency and Waste Management

5 Energy management
6 Water management
7 Water distribution network efficiency
8 Wastewater management
9 Waste and hazardous materials management
10 Material consumption

Workplace Experience and Future of Work

11 Employee engagement
12 Training and development
13 Occupational health and safety
14 Non-discrimination
15 Child labor
16 Forced labor

Customer Experience and Protection

17 Product quality and safety
18 Customer privacy
19 Security practices

Equitable Business Practices

20 Business ethics
21 Economic value distribution
22 Supplier sustainability
23 Community engagement

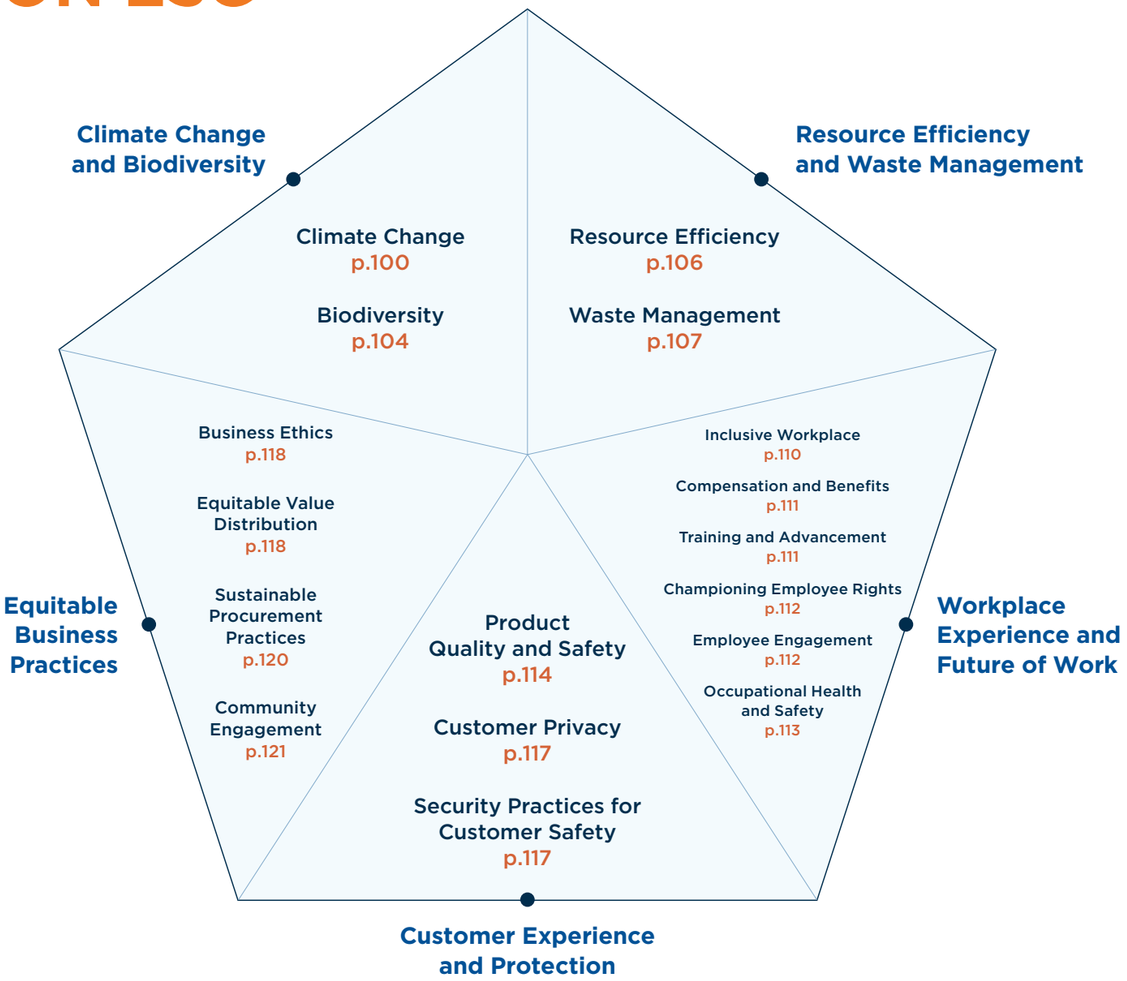
Sustainability Blueprint

Bridging the Filipino to 2030

Maximizing relevance and impact through focus

Our ESG Reporting Framework and Ayala Sustainability Blueprint guide us in disclosing and communicating our performance. We give high importance to our environmental, social, and governance impacts to ensure that we remain a responsible organization, while we continue to set our sights to positively contribute to societal development.

SUSTAINED FOCUS ON ESG



The reality of COVID-19 and its effects on the lives of people around the world have shifted the collective consciousness away from long-term goals that build toward sustainable growth and directed the world's attention to immediate action for recovery, mitigation, and economic resilience. While navigating in this new reality, Ayala remains committed to our goal in achieving environmental sustainability, social equity, and good governance through focus in our ESG themes.

We identified 5 key themes that became the pillars of our materiality framework:
1) Climate Change and Biodiversity,
2) Resource Efficiency and Waste Management,
3) Workplace Experience and Future of Work,
4) Customer Experience and Protection, and
5) Equitable Business Practices.

Ayala continues to utilize this framework in 2020 while contemplating and refining our sustainability targets in the next two years.

CLIMATE CHANGE AND BIODIVERSITY

Ayala's Project Kasibulan aims to help mitigate the effects of climate change.

Ayala is cognizant of our impact on the climate and its effects on both the local and global biomes. We espouse principles that value the environment as we recognize its important role in our sustained growth as an organization and in building a better future for the society.

In line with our values, we ensure to keenly monitor our environmental impact through our GHG emissions while proactively protecting biodiversity in the Philippines through our comprehensive initiatives.

CLIMATE CHANGE
TCFD Strategy and Metrics and Target Pillars

Despite the decline in overall human activity due to the rolling lockdowns and quarantines around the world, GHG emissions only experienced a brief drop before rising rapidly back into pre-COVID levels. Our own emission levels have also been reduced because of local quarantining protocols, which gave us insight into strategies we could adopt to help reduce our overall emissions in the future.

We are proactive in mobilizing our business units to address our climate impact by espousing three key strategies: **Mitigation**, **Adaptation**, and **Innovation**. Ayala's first strategy is centered on our capabilities to reduce carbon emissions with the goal of **mitigating** our overall environmental impact. We promote climate **adaptation** by strengthening the resilience of our assets and their adjacent ecosystems and communities. Lastly, we harness the collective **innovative** strengths of our businesses to develop and implement effective climate initiatives.

As a holding company, Ayala Corporation's greenhouse gas emissions are reported based on equity ownership. By doing so, we can make informed investment decisions based on the carbon footprint of the assets we own.

The 2020 total Scope 1,2, and 3 emissions figure by equity approach is almost the same with the 2018 total emissions and is lower at only -0.40 percent. Meanwhile, 2020 total emissions is 121 percent higher compared to 2019. The lower figure of the previous year is due to AC Energy's divestment of its thermal assets and interruptions on SLTEC's operations.

Since 2018, the percentage contribution of Scope 1 in the overall emissions of Ayala has increased by an average of 14 percent. In 2020, Scope 1 contributed 63 percent of the total emissions primarily due to the higher consumption of coal in the thermal plants of AC Energy.

SCOPE 1 **Direct GHG Emissions Generated**

2.9M tonnes CO_2e

An increase of 188% since AC Energy plants are operating at optimum level

SCOPE 2 **Indirect GHG Emissions through Purchased Grid Electricity**

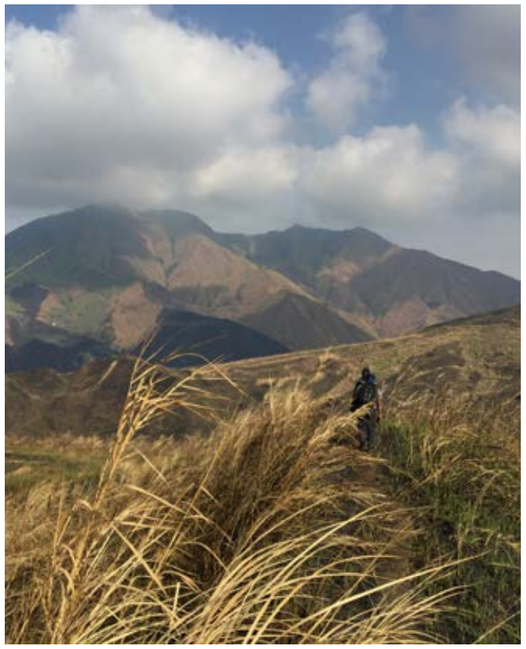
0.4M tonnes CO_2e

A 9% decrease due to the closure of some of Ayala's office hubs and public recreational facilities in compliance to IATF quarantine guidelines

SCOPE 3 **Emissions from Value Chain**

1.3M tonnes CO_2e

A 102% increase due to higher coal shipment



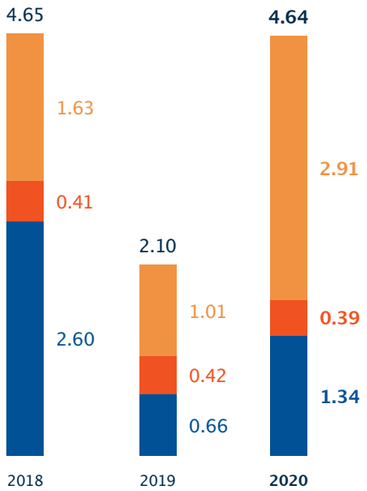
Businesses across the group are mindful of the impact they have to the environment.

GHG Intensity
It measures the amount of carbon we emit in generating our revenues, showing how carbon efficient the whole organization is.

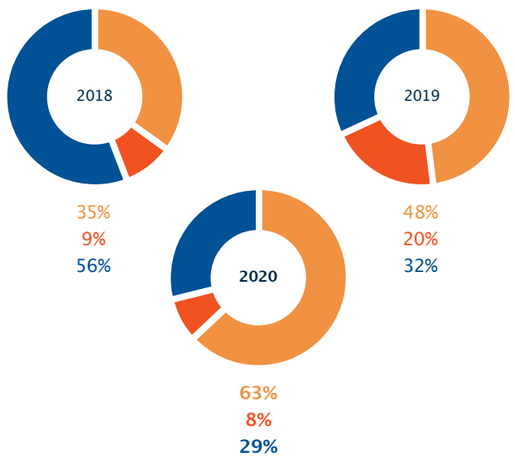
Scope 1 GHG Intensity
Ayala's Scope 1 intensity increased by 311 percent, signifying that we are emitting more carbon in generating our revenues. This is primarily due to the 188 percent increase in Scope 1 emissions from AC Energy's thermal plants. This is further driven by the 30 percent decrease in the economic value generated by the parent company - a downturn resulting from the pandemic.

Scope 2 GHG Intensity
We experienced a 30 percent increase in our Scope 2 intensity despite the nine percent decrease in the Scope 2 emissions, following the closure of select Ayala offices and recreational spaces. This is significantly impacted by the 30 percent decrease in the parent company's economic value generated.

Total Emissions
in Million Tonnes CO_{2e}

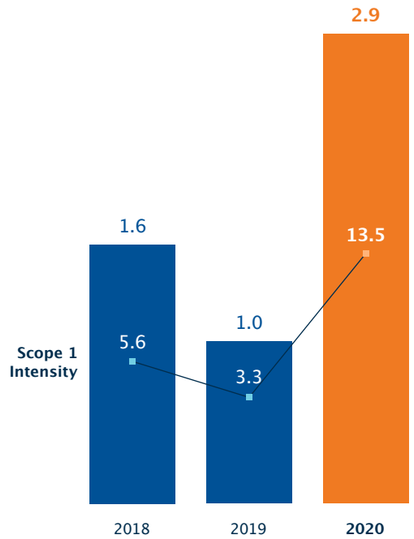


Total Emissions
Breakdown

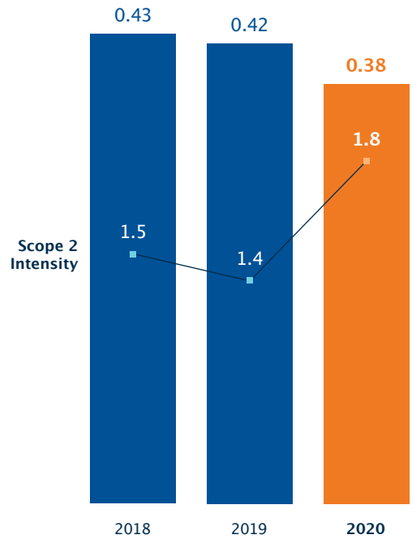


Scope 1 Scope 2 Scope 3

Scope 1 Emissions and Intensity
in Tonnes per Million Pesos Revenue



Scope 2 Emissions and Intensity
in Tonnes per Million Pesos Revenue



VISION IN 2021-2023

VISION **SMART ESG Targets with relevant metrics**

- Conduct Scope 3 screening in preparation for setting science-based targets
- Engage and guide the Sustainability Council in the development and implementation of SMART ESG Targets with relevant metrics

GLOBE

- Globe secured carbon offsets from renewable energy sources and was able to achieve carbon neutrality for its headquarters and two other offices in Quezon City and Cebu. This earned them the Gold Standard Verified Emission Reduction (VER), assuring the company's declaration of 100% carbon offsetting of CO2 emissions from electricity consumption.
- In line with Globe's Environmental Sustainability Policy, they deployed almost 7,000 Green Network Solutions such as fuel cells systems, direct current hybrid generators, free cooling system and lithium-ion batteries.
- Globe also set an emission reduction target - committing to reduce its carbon footprint by 30 percent based on their 2017 levels - by 2030. This will be in line with their intention to be carbon neutral by 2050.

AYALA LAND

- Ayala Land continues its initiatives to reach its commitment to net-zero carbon emissions in its malls, offices, and hotel properties by 2022.
- 63 percent of total mall and office gross leasable area shifted to renewable energy, as a result, net emissions decreased by more than 154,000 tonnes CO2e. The share of renewable energy in the commercial properties' total energy mix is now at 47 percent.
- Ayala Land also set an internal price on carbon for every kilowatt-hour that was not sourced from clean energy. This is to provide incentives for investing in low-carbon alternatives and generate funds and other resources for use in enhancing their carbon forests.

Energy Resource Planning and Physical Impacts of Climate Change

Recognizing the need to transition to a low carbon economy, AC Energy is taking a phased divestment strategy for its thermal assets. This supports their Long-Term Portfolio Mix Roadmap published in its Environmental and Social Policy Statement. Moreover, the demand for renewable energy resources is increasing and AC Energy aspires to be a regional leader in this space. Within the group, select business units like Globe, BPI, Manila Water, and Ayala Land have begun purchasing renewable energy directly from AC Energy through its retail electricity supply arm. As part of its resource planning, AC Energy is committed to increase it renewable energy portfolio to 5GW capacity by 2025. For more details, please see pages 143-144.

Ultimately, Ayala recognizes that climate change has severe physical impacts like flooding, rising sea levels, drought, rising temperature, and extreme weather events. These can have high economic damage and we continue to take this as an opportunity to further make our businesses resilient. To know more of our commitment to the TCFD Framework, please see our roadmap on page 82.

7 AFFORDABLE AND CLEAN ENERGY

AC Energy increased the percentage of its renewable energy generation to 40%, with more projects in the Philippines and SouthEast Asia geared towards building green energy power plants.

Learn more about Ayala's response to SDG 7 on pages 143-144

2,005
Gigawatt hours of attributable renewable energy generated

BIODIVERSITY

According to the World Wildlife Organization (WWF), the Philippines is a biodiversity hotspot, meaning it is one of the richest places in the world wherein there is a large amount of diversity among the inhabiting species. As a peninsula, we harbor a plethora of unique endemic species in our islands, and being part of the Coral Triangle, we have some of the widest assortment of marine life on Earth. Ayala leads in the proactive preservation of our country's biological riches, which gave birth to our flagship conservation program Project Kasibulan.

AYALA CORPORATION

The Mindoro Forest and Biodiversity Conservation Program: According to WBCSD, natural climate solutions help nature do what it has been doing for millions of years – sequester and store carbon. This means producing food more sustainably, improving land use, and protecting and restoring forests. The Mindoro Forest and Biodiversity Conservation Programme aims to harness nature-based solutions to address climate change and mitigate against its impacts. The project aims to avoid deforestation and sequester carbon by conserving and protecting the remaining high value forests in Oriental Mindoro as it enhances livelihood opportunities for its stakeholder communities under the United Nations scheme of Reducing Emissions from Deforestation and Forest Degradation (REDD+). By doing so, the project simultaneously fosters climate adaptation and mitigation, biodiversity conservation, and sustainable development.

By protecting the forests of Mindoro, we are also protecting a vital global biodiversity hotspot, which is home to many endemic species that do not exist elsewhere in the planet.

We recorded endemic species to the Philippines during the sampling period, as follows:

- 41 birds, six of which are found only in the Mindoro Endemic Bird Area
- 9 mammals
- 10 trees that are classified as critically endangered by the IUCN

A forester surveys the area for native flora in Oriental Mindoro.

AC ENERGY

Turtle Conservation Program: In 2020, we assisted in the rescue, release & tagging of 13 turtles (10 in Pagudpud, 3 in Bangui). We also managed 240 turtle eggs with a 74% hatching rate. Currently, we are monitoring 398 eggs (all from Pagudpud).

Social Forestry: By implementing Analog Forestry and Agroforestry Programs, human dependency on traditional forest areas is lessened, improving natural forest conditions and increasing their biodiversity value. Through the Analog Forestry Program, we produced more than 67,000 assorted seedlings with our community partners. The Agroforestry Program on the other hand completed the 4.5 hectares Model Farm while successfully integrating goat and mushroom production to the model. The program was also able to assist about 100 farmers through the provision of more than 11,500 fruit-bearing tree seedlings.

AYALA LAND

A Legacy of Conservation: With approximately 4,900 hectares of land with high biodiversity value, the conservation and protection of indigenous flora and fauna is of paramount importance to Ayala Land. This 2020, a total of 66 IUCN Red-List Species, the gold standard for the inventory of the global conservation status of plant and animal species, were recorded from the Anvaya and El Nido estates. Only 57 were recorded in 2019. Furthermore, a total of about 104,000 hectares of native trees were recorded across all Ayala Land developments, an increase of 20 percent from previous year.

The creation of appropriate development plans and programs to conserve and protect indigenous biodiversity and the use of native trees in our developments are critical to our Site Resilience Strategy. For this reason, assessments and monitoring of native flora and fauna are regularly undertaken in estates with high conservation values. Likewise, the use of native trees not only protects local biodiversity, but also allows for quicker recovery from environmental disturbances.

Ayala Land maintains the eco sanctuaries in its properties in El Nido, Palawan.

Climate change has far-reaching implications beyond its influence on global weather patterns as it has profound and permanent effects on life in the biosphere. For Ayala, it is not enough to address the climate crisis as merely a target to reduce emissions within a few years, rather, we believe in a holistic approach which includes preserving and protecting biodiversity. In doing so, we hope to create sustainable systems to mitigate Climate Change and its threat to Biodiversity that withstand the test of time.

13 CLIMATE ACTION

Ayala pursued efforts on **Project Kasibulan**, a testament to its commitment towards climate action. With the advent of the pandemic in 2020, the reforestation program was continued virtually, in partnership with locals in Pagudpud, Ilocos who planted on behalf of the volunteers. In Mindoro, technical work for the completion of the Project Design Document continued, following strict COVID protocols to ensure the safety of the field team and the communities. 651 community representatives participated in information and education sessions in preparation for forest and biodiversity conservation initiatives in the project area.

Learn more about this project and Ayala's response to SDG 13 on pages 149-150

11
Faunal species

Classified as globally (IUCN Red List of Threatened Species) and nationally threatened (DENR's updated list of Philippine Threatened Fauna and their Categories).

31
Floral species

Classified as threatened according to IUCN and DENR.

RESOURCE EFFICIENCY AND WASTE MANAGEMENT

Ayala continued efforts in resource efficiency despite the pandemic.

Ayala's journey towards a more sustainable future includes our efforts in adopting strategies that engender the principles of the Circular Economy, which lessen our environmental impact and also achieve efficiency in our consumption of resources and reduction of our waste outputs.

RESOURCE EFFICIENCY

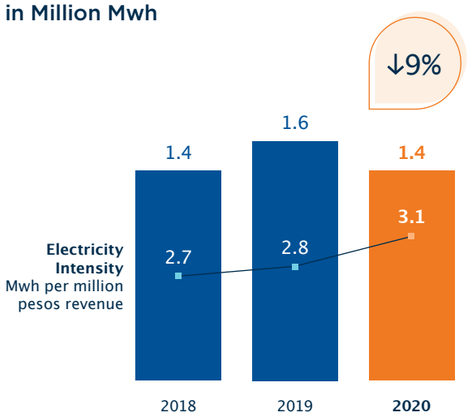
Lockdowns and extended quarantines in 2020 gave opportunities to reduce our overall usage of our utilities and ultimately lower our total consumption of electricity and water. For 2020, our total electricity consumption decreased by nine percent while our water consumption decreased by three percent.

However, some of this reduction can also be attributed to the resource-saving initiatives by some of our business units. For example, 78 percent of BPI branches have installed LED lights as of 2020 and 49 percent of their total branch count have installed inverter-type of air conditioning units.

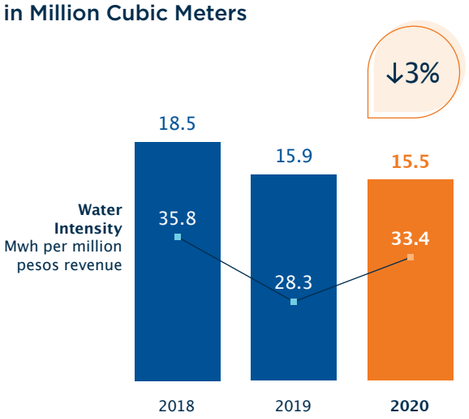
Looking specifically at Manila Water, they implemented measures to be further efficient in managing water and its distribution. In 2020, they were able to distribute close to 1,300 mcm of potable water in the East Zone Concession through their 1.2 million water service connections, effectively serving more than 8.5 million people across the areas they operate in. For more information, please refer to pages 131 to 132 and pages 179 to 184. As a group, we are constantly ideating innovative and scalable solutions in increasing our resource efficiency in the coming years.

We further look at Ayala Land's material consumption and ensure they are managed efficiently. As the business unit with the significant material consumption in its operations because of cement and rebars/steel they use in their developments, they uphold policies and practices that ensure the most efficient use of the abovementioned resources. Ayala Land keeps eco-efficiency in mind and judiciously uses energy and water by implementing efficient operational improvements.

Electricity Consumption
in Million Mwh



Water Consumption
in Million Cubic Meters



12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Ayala recognizes that with the scale of its business operations and the increasing demand for its various products and services, its consumption of renewable and non-renewable resources is quite significant. Each year, we diligently track our materials consumption to improve its materials efficiency. Across the enterprise, reduction, recycling, and recovery programs are in place. Globe, AC Infrastructure, and Ayala Land have on-going programs on recycling, recovery and circularity. We strive to become more efficient by doing what we can to recover waste for recycling and make sustainable procurement choices that contribute to the development of our circular economy.

Learn more about Ayala's response to SDG 12 on pages 147-148

WASTE MANAGEMENT

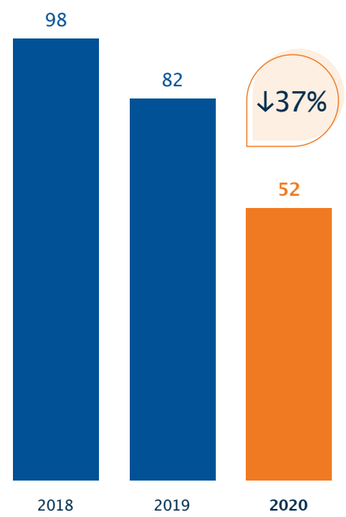
Embedded within Ayala's environmental policies is our mandate to promote effective waste management in all our business units, incorporating it into its our diligence processes and environmental initiatives. We also observe proper protocol for the transport, treatment, storage, and disposal of hazardous waste. In our vision of creating a sustainable future, we continuously adopt best practices in handling our materials and waste products, exercising waste recycling and upcycling whenever applicable. A notable example of waste management effort in the group is IMI Philippines, who achieved a 98.2 percent waste recovery of their almost 500,000 kg of non-hazardous waste through their reduce, re-use, and recycle programs. IMI's waste recovery program involves working with their value chain for a "return-to-vendor" packaging reuse initiative. Materials such as drums and containers are repurposed on site. This extends their product life cycle and effectively prevents more waste from the municipal landfill.

Looking at the overall non-hazardous waste generated by the group, we had a reduction of 37 percent due to the impacts of the community quarantine and remote work arrangements. Meanwhile, the total hazardous waste generated increased by 13 percent, and this was driven by the contaminated waste of AC Energy. Particularly related to the pandemic, our business unit AC Health had an increase of 360 percent in their hazardous waste due to the amount of medical materials used in line with their ramped-up efforts for COVID-19. They ensured that these were handled and disposed of properly, according to standards set by DENR.

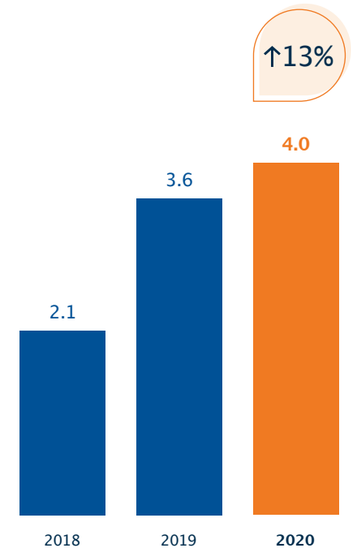
On water, Manila Water was able to treat 74.1 mcm of wastewater and through their wastewater treatment and biochemical oxygen demand (BOD) removal processes, there were able to reduce their carbon emission by approximately 74,000 tonnes carbon dioxide. Moreover, they continued desludging efforts and reached more than 84,500 septic tanks despite the logistical challenges of the lockdowns.

In July 2020, AC Energy's Power Barge 102 in Iloilo had an unfortunate accident which led to an oil spill of about 268,000 liters of bunker fuel off the Iloilo strait, contributing to Ayala's total hazardous waste for the year by 36 percent. Staying true to our commitment of ensuring that we take responsibility for our waste generated, AC Energy took measures to address the incident. The oil spill has been subsequently contained using the Shoreline Cleanup Assessment Technique conducted by a third-party service provider. AC Energy, together with the Department of Environment and Natural Resources – Environment Management Bureau Region 6, and the International Tanker Owners Pollution Federation & Brand Marine Consultants collaborated to conduct continuous monitoring of the environment through the University of the Philippines Visayas.

Non-Hazardous Waste Generated
in Thousand Metric Tonnes



Hazardous Waste Generated
in Thousand Metric Tonnes



Composition of Non-Hazardous Waste Materials

57% Recyclables

25% Residual

19% Compostable and Food

Beyond our own materials consumption and waste management programs within the group, Ayala is reaching out to communities through projects that encourage household-level waste recovery and recycling.

GLOBE

E-Waste Zero
Globe's E-waste Zero is a recovery and recycling program that ensures electronic devices such as old mobile phones, broken chargers, and other non-working gadgets are disposed of responsibly so these will not end up in landfills. Since 2014, over 50 companies and organizations have joined the program, resulting in more than 1.2 million kg of e-waste recycled.

AC INFRA

#WalangPlastikanMovement
The program was conceptualized with the goal of diverting plastic items from the landfills to our upcycling partners, allowing us to obtain functional items such as plastic chairs, tables, etc. Ayala employees were trained to classify their clean and dry plastic items at our color-coded bins representing the different types of plastics: PET, HDPE, LDPE, and Others. Despite having to halt the project after 3 months, we were able to collect a total of 82kg of clean and dry plastics which are turned over to our partner upcyclers: Clean Our Oceans Project and Sentinel.

AYALA LAND

Arca South and Lio Ecohubs
Building on the successful launch of the Arca South and Lio Ecohubs in 2019, Ayala Land was keen on further demonstrating a circular economy model by processing clean and dry plastic discards. With the objective of treating waste, particularly plastics, as a resource and keeping them away from landfills and oceans, clean and dry plastic wastes were converted into ecobricks, ecocasts, ecopavers that are used in construction. Out of the 29 tonnes of plastic processed in 2020, 28 tonnes were used by Ayala Land and Ayala Group developments, following acceptable quality standards. This is the equivalent of 2.8 million PET bottles diverted from the landfills and from further polluting our oceans.

29 tonnes
Plastic processed in Arca South and Lio Ecohubs

Recognizing the different materials we use and the waste we generate, we remain cognizant of our responsibility in ensuring proper waste management across the group. We continue to monitor our consumption and waste productions while implementing strategies in different levels of our business operations to minimize our negative impacts to the environment. Moreover, we extend our reach by engaging our consumers and workforce to take part in waste management initiatives of select business units.

WORKPLACE AND THE FUTURE OF WORK

Professional and personal growth of our employees matter to us.

Ayala continues to emphasize inclusivity, skills enhancement, employee engagement, health and safety, as well as adaptability to disruptions in the workplace. In 2020, Ayala registered more than 68,000 direct hires which is composed of both permanent and temporary employees. Overall, there was a 6 percent decrease from the previous year which was an effect of the pandemic. Permanent and temporary employees decreased by 4 percent and 25 percent, respectively. Ayala strove to keep its workforce and when situations demanded otherwise, positions that could be transferred were reassigned to other business units. When this final effort was not possible anymore, redundated employees were duly supported by ensuring that they received due compensation.

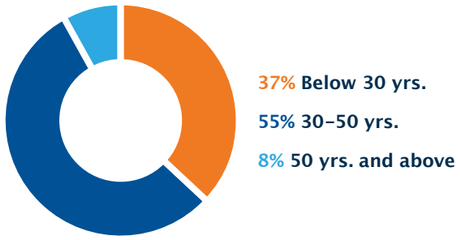
In terms of the Support Staff category, the base significantly decreased by 29 percent with the majority of the business units cutting down on this aspect of the workforce. AC Energy, however, by virtue of the nature of its business and added operations, increased the engagement of support staff by 517 percent.

INCLUSIVE WORKPLACE
Ayala implements a Recruitment, Compensation, and Retrenchment Policy to ensure inclusivity and non-discrimination. Ayala does not discriminate against any person's gender, sexual orientation, ethnicity, color, religion, age, marital status, disability, economic status, and political affiliation. All applicants are given fair opportunity, and are evaluated on the basis of skills, qualifications, and experience. Persons with disabilities have also been hired by some business units, recognizing their competencies and skills that are aligned with the job opening at hand.

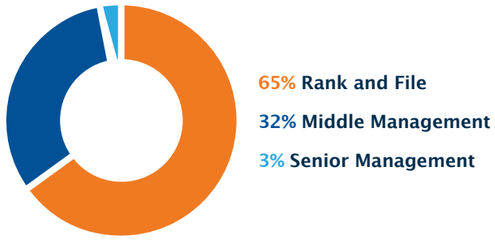
At the end of 2020, Ayala Corporation recorded more than 60,000 direct permanent employees, composed of about 26,700 male and about 35,100 female, giving a male to female ratio of 1:1.31. Notably, 26 percent of females are part of Senior Management, indicating that Ayala accords importance to the career development of women. Overall, women comprise 57 percent of the population in the Ayala group. The current landscape of Permanent employees of Ayala shows a young workforce with the majority of the population belonging to the rank and file bracket.

Employee Demographic

By Age



By Position



COMPENSATION AND BENEFITS

Ayala provides competitive compensation and benefits packages that are benchmarked against industry standards. For senior executives and key talents, Ayala offers a long-term incentive program. In April 2020, the Board approved the grant under the stock ownership program to eligible executives from the 3 percent of the company's authorized capital stock allocated by the stockholders. The basis for the grant is consistent outstanding performance record over a period of three years. The grant price is based on the rounded-off volume weighted average prices of the stock at the Philippine Stock Exchange over the last five-day trading from March 13 to 23, 2020.

Ayala adheres to Philippine regulations on parental leaves, including maternity, paternity, and solo-parent leaves. Percentages of those who returned after availing parental leaves are high. Across the group, 74 percent of those who availed of maternity leave returned, whereas 96 percent who availed for paternity and 92 percent who availed for solo parent leave have also returned to the workforce.

TRAINING AND ADVANCEMENT

Professional development is a hallmark for Ayala as a preferred employer, hence, it ensures the full implementation of its Employee Development and Industrial Relations Policy.

Both internal and external opportunities in the form of academic, professional, technical, or industry-related training, career development programs, conferences, workshops, and certification courses are available to staff and are offered fairly and without discrimination.

The pandemic helped us to hasten the shift of our trainings into a digital format, focusing on the following objectives:

- Increase their knowledge in their current role
- Develop functional skills
- Explore lessons of their interest
- Improve mental health
- Adjust to the new normal and work-from-home set-up

In 2020, the total training hours for the Ayala group reached more than 4.2 million hours. This gives an average of 69 training hours or about nine work days of training per employee.

Business units trained their frontliners on how to better protect themselves from illness. This is supported by other initiatives to ensure their safety as they continue to perform their tasks in the workplace. In the case of AC Health, where Healthway acquired FamilyDOC, additional trainings were given that are related to change management to help staff adjust to new structures and work arrangements.

CHAMPIONING EMPLOYEE RIGHTS

The Ayala Group also upholds the employees' freedom of association for collective bargaining to ensure the amicable settlement of disputes, and that employees receive the right economic value befitting their contribution at work. Across the group, business units such as ALI, BPI, GLOBE, and MWC have unions that peacefully and proactively negotiate with their respective managements. Notably, the parent company has not received any information on violations of laws pertaining to labor and employment issues.

EMPLOYEE ENGAGEMENT DURING THE PANDEMIC

Ayala stresses the importance of employee engagement as it places a premium on holistic development covering the professional and personal growth of its employees. The company aims to nurture potentials so that employees are motivated to perform at an optimum level of efficiency. To this end, Ayala's HR Council strengthened efforts in light of the challenges presented by the pandemic. Regular COVID-19 advisories were sent out in collaboration with AC Health and various local government units (LGUs). While majority of the workforce are in a work-from-home setting, innovations in employee engagement were introduced to continue reaching out to the employees. Continuing conversations with employees is a priority and this called for initiatives such as:

1. Virtual Townhalls
2. Informal virtual gatherings
3. Pulse surveys and focus group discussions

To further promote health and safety, Ayala designed and implemented ACE Bot. This gives employees their daily assessment and risk assessment through a series of questions about any symptoms they feel and level of exposure to other individuals within their immediate vicinity. At the end of the survey, it informs the user of his or her level of risk (low, medium, or high) and gives advice on succeeding steps to take depending on the result.

Engagement activities implemented are continuing in light of the pandemic.

Virtual Fridays
This is a regular townhall where employees receive the latest update on the situation of the organization from the senior leaders. The audience are also given the chance to ask any question related to the agenda and these are answered live by the leaders. Majority of the discussions in these sessions are on COVID-19 related efforts, vaccinations, and strategies explored by Ayala for the workforce to safely and gradually return to the office premises.

Online Employee Informal Activities
To give the workforce a breather, various fun activities were conducted through programs such as Fun Fridays or Break O'clock. Short virtual concerts were also held, including special celebrations that involve family members such as the virtual Halloween Party.

Service Awards
The ceremony was held virtually to continue giving credence to the efforts of employees who have long been part of Ayala. We ensured that despite the challenging times, their continuous efforts and rendering of excellent service will be rewarded accordingly.

Online wellness activities
This includes yoga sessions, mindfulness webinars, and other physical activities to encourage the employees to not remain sedentary, especially with the work-from-home arrangement.

Meet the executives
Ayala arranged informal sessions with executives where employees are given the opportunity to interact with them and ask any questions whether professional or personal. This helped the employees to relate better to the executives.

Ready access to RT-PCR Tests
We provided readily accessible swab testing facilities to our employees, ensuring their health and safety as we adjusted to the effects of the pandemic on day-to-day life.

Mental Health Instructor-led program and pathway
The difficulties of 2020 were far-reaching and had affected most people's mental health and well-being. We ensure that this aspect of the holistic wellness of our employees are not neglected.

8 DECENT WORK AND ECONOMIC GROWTH

Ayala fosters a workplace that ensures that all its employees meet their full potential. Ayala recognizes that the company's continued growth is driven by productive and engaged employees. Our different business units work with their respective personnel in defining career development journeys, supported by training requirements that will help employees meet their professional goals. We strive to provide a good employee experience through flexible working hours, teleworking, work hubs in strategic locations to reduce employee commute, and provision of digital tools to improve productivity. We encourage diversity, respect, and healthy exchange of ideas to maintain good working relationships in the workplace. Non-discrimination in the hiring, training, promotion, and other processes is strictly observed. Our benefit packages remain competitive, offering benefits beyond regulatory requirements such as health coverage and stock options.

Learn more about Ayala's response to SDG 8 on pages 133-136

OCCUPATIONAL HEALTH AND SAFETY (OHS)
Ayala strictly ensures that employees are working in a safe and conducive environment. Trainings on disaster preparedness and other activities on health and safety are also regularly provided to the workforce.

The table below shows the 2020 occupational health and safety statistics of some Ayala companies participating in labor intensive sectors.

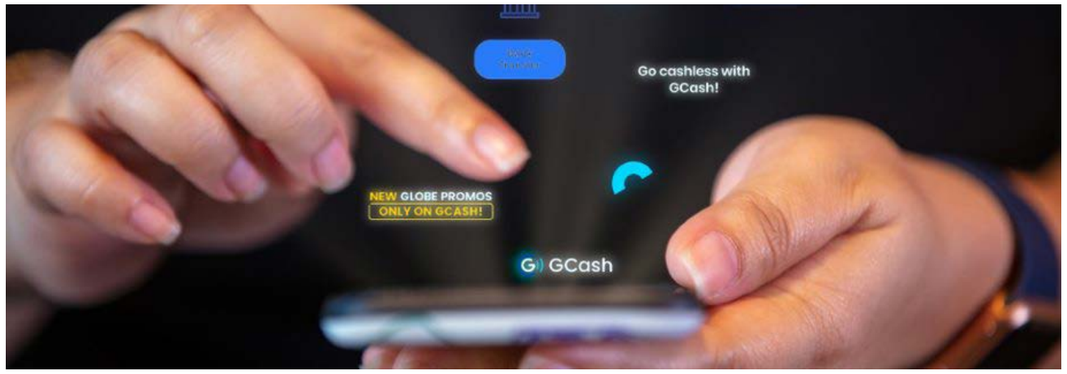
Safe man hours are calculated by multiplying the number of workers by the total hours worked. The calculation reverts to zero and starts again in cases of fatalities.

Ayala does not condone force labor or child labor. As a member of the UN Global Compact Network Philippines, which supports principles on Human Rights and Labor, we enforce a Policy on Child Labor and Forced or Compulsory Labor, which acknowledges that employers have important roles to play and are responsible for ensuring that the workforce is treated with dignity and respect.

The Ayala Group lives up to its goal of being the employer of choice by providing a safe, fair, engaging, and rewarding work space. This enabling environment stimulates employees to rise beyond their potential and creates motivated partners in the journey to sustainable development.

COMPANY	TOTAL NUMBER OF NON-DISABLING INJURIES FOR EMPLOYEES	TOTAL NUMBER OF DISABLING INJURIES FOR EMPLOYEES	TOTAL NUMBER OF FATALITIES (EMPLOYEES)	SAFE MANHOURS (EMPLOYEES)
Ayala Land	178	11	0	78,206,202.00
Globe	26	0	0	16,327,416.00
IMI	47	8	0	39,183,177.37
AC Energy	12	0	1	1,744,303.00
AC Infra	0	0	0	2,126,071.00
Manila Water	3	1	0	8,840,840.00

CUSTOMER EXPERIENCE AND PROTECTION



We work hard to provide our customers with quality products and services

The GRI Standards and SASB indicates that product quality and safety, customer privacy, and security practices are vital components of customer experience and protection.

Ayala puts these factors in priority when creating innovative approaches to empower customers and increase product value to a broader consumer base, including those with limited access to goods and services.

PRODUCT QUALITY AND SAFETY
Ayala continuously provides relevant, high-quality, and value adding products and services especially during the pandemic.

On real estate, Ayala Land follows various standards and guidelines in the building and maintenance of their properties, spanning across four major segments:
1. Architecture, Research and Development
2. Land Development
3. Structural Integrity
4. Mechanical Electrical Plumbing Fire and Safety (MEFPS)

For Architecture, Research and Development, Ayala Land follows various codes and LGU guidelines such as the National Building Code of the Philippines (PD 1096), the BP 344 Accessibility Law to help enhance the mobility of disabled persons, and the Philippine Green Building. Where applicable, they ensure that they acquire tree cutting and earth balling permits from DENR or the Community Environment and Natural Resources Office.

For Land Development, Ayala Land follows local codes and guidelines on site grading and road design, storm drainage system, water supply system, and sewerage collection.

Ayala Land ensures that all its buildings and structures undergo a stringent technical due diligence process against seismic, liquefaction, flood, storm surge, landslides and volcanic hazards. In terms of structural design, it adheres to the National Structural Code of the Philippines, as well as the American Concrete Institute Code (ACI 318M-14), the American Society of Civil Engineers Code (ACSE 7-10), the American Institute of Steel Construction (AICS 07) the International Building Code (IBC 09), as well as the Uniform Building Code (UBC 1997). In both the construction and operational stages, the organization regularly conducts quality assurance and control checks.

All properties are compliant with all nationally mandated mechanical, electrical, plumbing, and fire and safety requirements. More notably, all developments are compliant with the American Society of Heating, Refrigerating and Air-Conditioning Engineers Standard on advance heating, ventilation, air conditioning and refrigeration and the Philippine Green Building Code. On top of being compliant with the Revised Fire Code of the Philippines, it also complies with the codes and standards set by the National Fire Protection Association (NFPA), which is the global standard for fire and electrical safety.

On financial services, Bank of the Philippine Islands upheld the same pre-pandemic prudent credit underwriting standards that ensure they grant quality loans despite the challenges of the times. BPI increased the frequency of accounts review to monitor their financial performance and assess those with recovery paths, and reached out to clients to see how we could assist them with their financial obligations (i.e. loan restructuring). Moreover, loan provisions were increased to cover for non-performing loans. Moreover, BPI continued to enhance its BPI mobile app which greatly helped Filipinos with their financial transactions during the pandemic, especially at the height of the lockdowns. It has become the second most downloaded finance app in the country.

On water and wastewater services, Manila Water ensured that water quality is maintained. They continue to follow the Philippine National Standards for Drinking Water, and in doing so, Manila Water ensures the delivery of safe and potable water to its customers.

Manila Water further adheres to the National Policy on Water Safety Plan (WSP) for All Drinking-Water Service Providers. Having a Water Safety Plan is a preventive approach in managing water quality risks. The East Zone Concession revised and expanded its WSP, which was also approved by the Department of Health.

Manila Water adheres to DENR Water Quality Guidelines and General Effluent Standards of 2016, thus following strict directives on proper disposal of effluents to receiving bodies of water.

Notably, Manila Water upgraded its wastewater facilities according to the DENR Standards which required the removal of nutrients such as nitrogen, potassium, and ammonia from wastewater to reduce algal growth in water bodies.

On fintech, Mynt, which operates GCash, significantly contributed in keeping the economy going during the various degrees of national lockdowns with more Filipinos using GCash, thereby increasing the volume of transactions. Mynt significantly complemented the contactless revolution, which strengthened marketing communications to educate consumers on digital payments. Moreover, GCash partnered with different government agencies and LGUs to facilitate the contactless distribution of the Social Amelioration Program through bulk GCash disbursements.

On e-commerce, Zalora Philippines took the challenge of the pandemic as a potential catalyst to increase e-commerce adoption in the country, which has the lowest rate in Southeast Asia at two percent. As such, Zalora Philippines took steps to improve offerings and launched an "essentials" category that includes grocery, medicines, and other demand for necessities.

On medicines, Generika observes Philippine FDA Good Storage and Distribution Practices and stores products in a temperature controlled storage facility. To further ensure that only acceptable shelf-life products are processed and served to customers, SAP Business One is used. Moreover, during the pandemic, they further developed a mobile app where customers can purchase medicines for delivery to their homes. On medical consultations, Healthway developed online tools to connect doctors and patients.

On local community products, Ayala Foundation has community leaders who are artisans themselves and personally ensure the quality of products. These key personnel also live in the area for regular monitoring of their initiatives. The Manila-based project teams are then constantly in communication with staff who are in the community areas.

Overall, to support both product quality and safety of customers, the business units maximized technology. Online payments became a norm to facilitate ease of use for customers, allowing them to continue transacting from home.

Ayala companies follow the highest standards to maintain quality products and services. We monitor customer satisfaction using relevant metrics to their industry. The following shows the results of customer satisfaction surveys for the last three years:

COMPANY	METRIC	DESCRIPTION	2018 in %	2019 in %	2020 in %
Ayala Land	CSAT	Percent of tenants satisfied with property management services	86	89	95
Manila Water	Service Complaints Resolution	Percent of service-related complaints resolved	99	99	97
	Billing Complaints Resolution	Percent of billing-related complaints resolved	99	98	93
IMI Philippines	CSAT	Scoring guidelines that cover specific customer requirements such as Quality, Cost, Delivery, and Responsiveness that are defined and agreed with customers	4.6	4.6	4.52
Honda	CSAT (sales)	Percent of customers who are satisfied with new vehicle sales	96	96	96
	CSAT (services)	Percent of customers who are satisfied with new vehicle service provided	90	93	94
Isuzu	CSAT (sales)	Percent of customers who are satisfied with new vehicle sales	89	90	91
	CSAT (services)	Percent of customers who are satisfied with new vehicle service provided	87	89	89
Volkswagen	CSAT (sales)	Percent of customers who are satisfied with new vehicle sales	89	85	94
	CSAT (services)	Percent of customers who are satisfied with new vehicle service provided	83	88	81
LRMC	Customer Complaint Resolution Rate	Percent of complaints resolved	100	100	100
Globe	**Net Promoter Score**	A measure of how likely customers recommend its service to others (-100% means everybody are detractors while +100% means everybody are promoters)	38	27	

PRODUCT	NPS 2020 in %
Globe Postpaid	37.9
Globe Prepaid	26.7
TM	49.4
Globe Broadband Postpaid	13.0
Globe Broadband Prepaid	20.9
Globe Business	29.6
Globe myBusiness	37.4

CUSTOMER PRIVACY

At Ayala, we facilitated our digital transformation with the goal of creating a better, faster, and secured online experience for customers. We continue to adhere to the Data Privacy Act, ensuring that all confidential items related to our customers are handled accordingly. Data privacy trainings are conducted for all employees annually to guarantee their awareness and implementation of our data privacy measures.

At a time when the lockdowns eased and some of our facilities opened such as our malls, Ayala continues to regard customer privacy seriously by diligently exercising contact tracing protocols. We continued to maximize technology by using QR codes, thus lessening the chances for the details of customers to be mishandled – a common concern in places where contact tracing is done traditionally with pen and paper.

SECURITY PRACTICES FOR CUSTOMER SAFETY

Ayala ensures the safety of its customers within its facilities by deploying well-trained security personnel in their vicinity and by training our employees on emergency drills.

Additional safety measures were employed to reduce risks from COVID-19. Ayala recognizes the risks of the pandemic to employees and customers and we intensified our efforts to implement the necessary precautions to ensure the safety of our stakeholders. Safety protocols closely followed guidelines from the Department of Health and the Inter-Agency Task Force. Those who had to work on site were required to wear face masks, and practice social distancing and proper hygiene.

At the Ayala Malls, frontliners and service staff were trained on safety measures. Those who directly interact with customers were required to wear masks and used thermometers at all entrances to screen for symptoms. They readied a list of nearby hospitals for those displaying symptoms, and were ready to extend assistance when necessary. High-touch surfaces such as escalator handles, railings, and elevator buttons are treated with the DOH-prescribed disinfecting solutions. Sanitizers are available at areas most frequently visited by customers.

We take public health and safety seriously and are working closely with the government to ensure compliance. We continue to assess our procedures to maintain a safe environment for our customers and employees.

Our customers are at the heart of our businesses and we go beyond in ensuring that they have a meaningful and continuous positive experience with our brand. Our various initiatives are meant to sustainably engage them as we remain their partner of choice.

Our malls ensured that proper protocols are followed as they open in the midst of the pandemic.

EQUITABLE BUSINESS PRACTICES

We are driven by our desire to help improve lives through our business across various industries.

BUSINESS ETHICS

Ayala's strength is anchored on many years of dedication to solid business values and principles, the foremost of which is integrity. It observes the highest standards of corporate governance and maintains a leadership culture of doing the right thing in every decision. A Code of Conduct and Ethics guides the company in all transactions and dealings with customers, suppliers, business partners, and the government. Zero-tolerance is adopted toward fraud, corruption, bribery, and all forms of unethical practices.

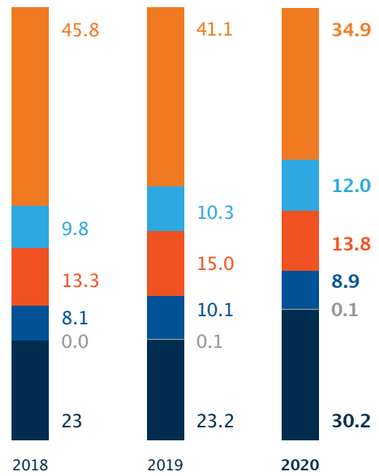
As part of the UN Global Compact Network Philippines, Ayala adheres to its anti-corruption principle. It remains committed in complying with all relevant laws and regulations.

EQUITABLE VALUE DISTRIBUTION

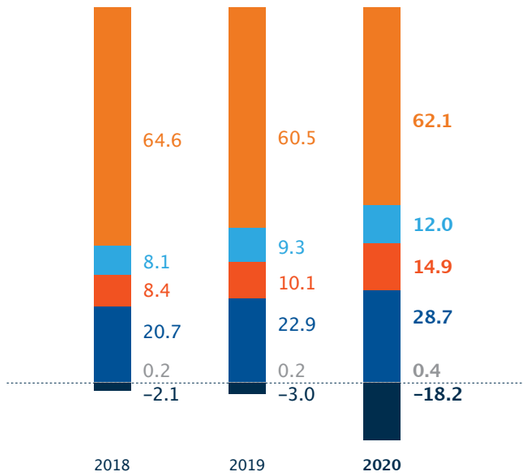
Ayala thrives on enabling shared value and prosperity for its stakeholders and partners. At the core of business is its commitment to national development, which drives the motivation to create long-lasting value.

Despite the pandemic casting a dark cloud on the business landscape, the Ayala Group generated ₱463.51 million in economic value as it sought to fill the gaps in various aspects of society, such as in healthcare, education, and infrastructure. Out of this amount, ₱161.97 million or 34.9% went to operating costs, while ₱139.81 million (30.2%) is retained by the company.

Percent of Distributed amounts from Total Economic Value Generated Group-wide



Percent of Distributed amounts from Total Economic Value Generated Parent Level



Operating cost · Employee · Providers of capital · Government · Communities · Retained

Percent of distributed amounts from Total Economic Value Generated (Group-wide)

34.9% Operating Cost
12.0% Employee
13.8% Providers of Capital
8.9% Government
0.1% Community
39.2% Retained

Percent on Local Spending

100% MWC
99% AC Energy
95% AC Infra
56% HCX
68% Globe
97% iPeople
85% AC Health

Ayala Foundation promoted the purchase of vegetables directly from Calauan farmers, an initiative to help boost the local economy.

SUSTAINABLE PROCUREMENT PRACTICES

Ayala companies procure heavily from Philippine-based suppliers and service providers to support local economic growth. Each business unit has supply chain policies and code of conduct that requires suppliers to go through an accreditation process to ensure their legitimacy, technical competence, financial capability, and service quality.

Ayala addresses the group's Scope 3 GHG emissions, also referred to as value chain emissions. Suppliers will be subjected to higher levels of environmental and social standards. Scope 3 emissions are the result of activities that an organization indirectly impacts in its value chain and often represent the majority of the organization's total GHG emissions. Although quantifying Scope 3 emissions is not required by regulations, this would provide a complete picture of the full GHG impact of Ayala's operations. It also presents opportunities for emissions reduction. Specifically, Ayala will be able to influence its suppliers to embrace sustainability, or award contracts only to vendors that adhere to sustainable practices.

Some of Ayala's business units such as Ayala Land, Manila Water, and IMI have included sustainability performance in their criteria for supplier accreditation.

IMI, for instance, ensures that suppliers adhere to global sustainability standards such as the Responsible Business Alliance (RBA) code of conduct (formerly the Electronic Industry Citizenship Coalition). Part of its supplier assessment includes determining the levels of hazardous substances in their contents. The RBA code of conduct covers labor, ethics, environmental, health and safety, and overall management system. In connection to material consumption, IMI ensures responsible sourcing of minerals and metals from those not supporting rebel groups of the Democratic Republic of Congo and related countries. Moreover, suppliers are expected and required to practice sustainability measures across their own operations.

Moreover, in line with our commitment to support local economic growth, some of our business units are deliberate in spending locally. Most of our business units ensure local spending of beyond 50 percent, and notably, three of which spend from 95 to 100 percent - AC Infra, AC Energy, and Manila Water, at 95, 99, and 100 percent, respectively.

Ayala Land practices procurement standards with preference for suppliers that practice environmental responsibility.

Their sustainability campaign began in 2018 to influence their vendors to adopt sustainable practices or create their own initiatives. ALI also requires its suppliers to acknowledge the company's Vendor Code of Ethics as one of the accreditation requirements. Their Internal Audit Division conducts vendor audits in accordance with the provisions of this code.

COMMUNITY ENGAGEMENT

Ayala's business units have strong community engagement arms that reflect the Group's cognizance of the various development needs in the communities. Consistent with Ayala's promise of transforming communities, these initiatives capture the spirit of volunteerism among the Group's workforce, as well as partnerships with relevant sectors on the ground. It is not just a means of "giving back" to the communities, but more importantly, sends a message that Ayala's business objectives are in alignment with solutions to address the gaps in society.

On Health and Sanition

In cooperation with Smile Train, an international children's charity dedicated to help children born with a cleft, Globe Telecom raised funds through employees, customers, and partners to support cleft repair surgery and comprehensive cleft care for at least 20 children.

Through Healthway, free health education seminars were provided to corporations through the Wellness on Web (WOW) program.

Manila Water, through the Manila Water Foundation, its WASH in Pandemic Program and Integrated WASH Program to help spread awareness on proper sanitation, which are essential to mitigating impacts of the pandemic. Moreover, it continued its flagship programs: Lingap, Ahon Tubig, Ahon Sanitasyon, and Health in Our Hands. MWF complemented these initiatives with special programs such as Agapay Tubig and Agapay Sanitasyon. Overall, Manila Water served 69 areas, 41 of which are new locales.

On Education

Ayala Foundation's ProFuturo program trained 227 teachers trained in 2020 through an enrichment training series entitled "Learning Beyond Borders." This helped hone their skills in keeping students engaged in the transition to virtual learning platforms. Moreover, AFI continued to support scholars in 2020, specifically 94 students in high school, 26 in college, and one taking post-graduate studies.

AC Infra launched the RecoveREADS Help From Home program and mobilized Ayala citizens to raise ₱385,000, which funded learning kits for the children of Pinsao Elementary School in Baguio.

Volunteerism Programs

AC Health's business units IE Medica and MedEthix offer charity leaves to its employees, comprising two days where the employee can immerse in a chosen charitable institution. Globe and Ayala Land also provides similar leaves for their workforce.

Enrichment training for teachers became a vital component in the transition to online teaching.

Our employees across the business units took part in various donation drives at the height of the pandemic.

Employee-driven Donation Drives

During the quarantine period, iPeople launched a bayanihan program and raised more than ₱500,000 to help support no work - no pay employees, utilities personnel, and students who are stranded in their dormitories. The fund also provided food packs and face masks for other beneficiaries.

Across the Ayala Group, employees participated in concerted efforts to help and donate to victims of the Taal Volcano eruption and typhoons Rolly and Ulysses. Some programs were initiated by groups of employees themselves, a testament to the spirit of volunteerism cultivated by the organization.

COVID Response

Brigada ng Ayala

The Ayala Group of Companies launched the 2020 Brigada ng Ayala in October with the turnover of a 10-faucet handwashing facility and 200 Ayala EduCare packs at the Ramon Magsaysay High School.

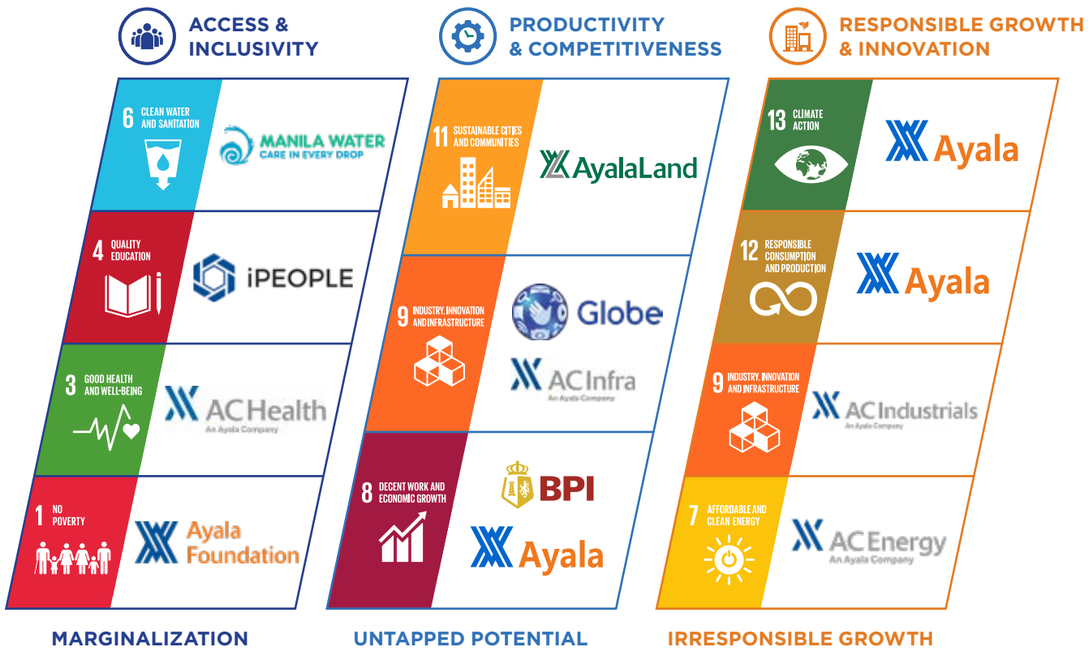
The Ayala Group foundations—BPI Foundation, Manila Water Foundation, and Ayala Foundation—presented the handwashing facilities which are essential in preventing the spread of coronavirus. The hygiene facility was designed by Manila Water Foundation to match the current needs in the new normal. The "contactless" design of the facility helps users to turn on the faucet via a foot pedal, while the one-meter distance between faucets allows proper physical distancing. Appropriate signages were also mounted on the facility to ensure that the steps to proper handwashing are followed. The facility is also connected to clean water supply and a drainage system to ensure reliability and safety.

Meanwhile, the Ayala EduCare packs are hygiene kits that contain school supplies, posters that teach about COVID-19 measures and proper hygiene, face masks, a face shield, alcohol, bar soaps, and the Manila Water Foundation's children's storybook May Tubig na sina Tinay that teaches about water access, sanitation, and hygiene (WASH) practices.

These and other efforts comprise a comprehensive COVID-19 response across the Ayala Group that exemplifies the community spirit of our leaders and employees, and a commitment to work towards sustainable recovery beyond the pandemic.

The Ayala Group subscribes to the highest standards of conduct and we expect nothing less from our employees and partners. This is the spirit that motivates us to share prosperity, create meaningful engagements with our target communities, protect the environment, and work towards a more sustainable future.

THE AYALA SUSTAINABILITY BLUEPRINT



We commit to improve the lives of Filipinos in a meaningful and lasting way. We do this following clearly defined pathways—access and inclusivity, productivity and competitiveness, responsible growth and innovation—towards 2030 mapped in the Ayala Sustainability Blueprint.

We align our desire to bridge societal gaps with the UN Sustainable Development Goals with the Blueprint as a guide, valuing potential, reinventing businesses, and transforming communities.

With this Integrated Report, we recognize the business units, our champions, and their respective SDG targets as we continue to address marginalization, untapped potential, and irresponsible growth issues. We review each champion's strategies every two to three years to ensure relevance considering game-changing technologies and innovations, evolving needs, and complex situations in today's customer-centered business world.

Building on the gains of being leaders in the field, incubating businesses that make up a resilient portfolio, and strengthening a risk-aware culture will accelerate our growth into a future-ready Ayala Corporation.

1 NO POVERTY

2030 TARGET
To support anti-poverty frameworks resulting in 50 percent reduction of extreme poverty in AFI project areas.

AYALA FOUNDATION, INC.

In 2020, the Philippines was hit by multiple economic shocks – the COVID-19 health crisis, restricted economic activities across the country due to quarantine measures, devastating typhoons in November, and the global recession. According to the World Bank[1], these events have shrunk the economy by 8.1 percent, and generated a poverty rate of 20.8 percent.

Poverty and inequality have been recurrent challenges in the Philippines, hindering the path to a stable economy and sustained growth and development of the country.

Ayala Foundation seeks to contribute to poverty alleviation by aiming to reduce extreme poverty in host communities. Using a holistic approach in the design and implementation of programs, Ayala Foundation works with partners and stakeholders on capacity building, production, and marketing to ensure that economic gains are shared with target communities.

Sustaining communities became even more important as the pandemic unfolded.

SUSTAINING COMMUNITY INITIATIVES

The community is front and center of solutions conducted on the ground, and community development became even more pronounced under the new normal. Ayala Foundation strengthened its engagement with stakeholders, facilitating community development through leadership, education, and sustainable livelihood. With a vision of creating communities where people are productive, creative, self-reliant, and proud to be Filipino, Ayala Foundation's programs are both inclusive and inspirational. No one is left behind. And communities are encouraged through meaningful programs to work for the good of the community and achieve shared goals.

Despite challenges brought on by COVID-19, Ayala Foundation's community partnerships persevered with opportunities made available on new digital platforms. In 2020, various sustainable livelihood projects supported by the Ayala Foundation netted a **community net income of ₱4.59 million.**

Lio e-Lengke earned ₱1.78 million from sales of community products. Ayala Foundation maintains a community development program to support communities surrounding the Lio Tourism Estate in El Nido, Palawan. As a consequence of the pandemic, it became difficult to purchase goods outside Barangay Lio. Ayala Foundation helped create Lio e-Lengke and brought the local market online, facilitating the purchase of fresh produce from local farmers and community members across El Nido.

Pangkat Calauan earned ₱10.8 million from sales of community products. Ayala Foundation supports sustainable livelihood projects in a relocation site for families displaced by Typhoon Ondoy (2009) and the rehabilitation of the Pasig River in Southville 7 in Calauan, Laguna. These include the MDC Greens project, where farmers grow ornamental plants that are supplied to landscape projects of Ayala Land. In 2020, the community generated ₱2.3 million for Calauan, as well as ₱8.5 million through BuyAni. An effort that began in 2017, the BuyANI Fresh Produce Market allows buyers to purchase goods directly from farmers. This direct line from farmers and agribusiness owners to restaurants and consumers became particularly important during the pandemic, and was facilitated through BuyANI fairs in various Ayala Malls.

The Iraya Mangyan Community earned ₱577,000 from online sales of woven products. Ayala Foundation supports the indigenous Iraya-Mangyan community of Talipanan, Puerto Galera, Oriental Mindoro through education and skills training. A particular focus of interest is the development of a livelihood and skills program on weaving and the creation of functional but highly artistic *nito* baskets. Moving transactions onto the digital landscape allowed the community to benefit from the sales of their products despite the pandemic.

The Tuloy ang Biyahe Program earned ₱1.4 million for displaced drivers. Converting jeepeneys into rolling stores, the project aimed to provide an alternative income to a vulnerable and volatile sector of the community grappling with the pandemic, and stimulate economic activities at the community level. The project secured protection against COVID-19 for the community by ensuring that protocols to protect the displaced drivers from the virus were in place. It also fostered synergy among the Ayala group and its ecosystem as the Ayala Coop provided the financial muscle, Ayala Foundation with the framework, and the Ayala Business Circle with local infrastructure.

While the anxiety of contracting the virus remained within the community, these endeavors yielded more positive outcomes for community partners. The wider network and new ways of delivery increased partners' organizational capacity. These activities sustained the presence of Ayala Foundation during the pandemic. With the urgency of addressing people's needs during this unprecedented crisis, the support provided by Ayala Foundation increased social inclusion and generated higher satisfaction in helping others, while also developing a greater sense of community.

As we move towards economic recovery, Ayala Foundation will continue to provide innovative solutions, improve services, and ensure that target communities maintain incomes to support their families.

₱4.59 M
Community net income

₱1.78 M
Lio e-Lengke sales of community products

₱10.8 M
Pangkat Calauan sales of community products

₱577 K
Iraya Mangyan Community online sales of woven products

₱1.4 M
Tuloy ang Biyahe Program for displaced drivers

[1] World Bank. Philippines Economic Update: Building a Resilient Recovery. Retrieved from https://www.worldbank.org/en/country/philippines/publication/philippine-economic-updates

3 GOOD HEALTH AND WELL-BEING

2030 TARGET
To champion Universal Health Coverage in the country by providing the largest primary care network, expanding access to quality and affordable medicines, and improving essential hospital and specialty services, touching the lives of one in five Filipinos.

AC HEALTH

Access to healthcare became a primary concern of people across the world given the severity of COVID-19. Additional complications, such as maintaining physical distance, increasing sanitation measures, and restricting movements particularly of those with vulnerable medical conditions, however, needed to be addressed to minimize risk of contracting the disease. The expansion of Healthway, the integrated clinic arm of Ayala Healthcare Holdings, Inc. (AC Health), proved to be beneficial in the crisis. AC Health also developed a comprehensive COVID-19 response, strengthened the online delivery of medical services, and converted medical facilities to address urgent COVID medical issues.

HEALTHWAY EXPANSION

Healthway offers quality, accessible, and affordable healthcare services, covering primary to multi-specialty care. Healthway Medical expanded its network to over 100 Family, Multi-Specialty, and Corporate Clinics, and is the largest network of clinics in the country. In line with this expansion, Healthway unveiled its new brand on September 16, 2020 at its Healthway Multi-Specialty Center in Market! Market!.

Expanding Healthway helped create more synergies to adjust to the new normal. This includes innovating services, bringing healthcare directly to patients' homes, and ramping up care for COVID and other health concerns. This allows AC Health to better serve its target communities even in times of extreme disruption.

Healthway Family Clinic
70
Community-based primary care

Healthway Multi-Specialty Centers
7
Mall-based specialty services and diagnostics

Healthway Corporate Clinics
45
Corporate clients

COVID-19 RESPONSE

AC Health leveraged its integrated healthcare ecosystem to provide quality, affordable, and accessible healthcare for Filipinos amidst the crisis. The company prioritized COVID-19 response initiatives by extending frontline care, expanding testing efforts, and providing accessible treatment. AC Health mobilized its full range of services, from drugstores to hospital operations, to address the wide-ranging medical needs that required immediate and urgent attention.

DRUGSTORE

- over 700 Generika Drugstores remain open nationwide.
- Generika app developed and delivery services offered.
- IE Medica and MedEthix arms procured PPEs and necessary COVID-19 medications.

HEALTHWAY CLINICS

- As of February 2021, the Healthway Multi-Specialty clinics have seen 2.2Mn unique patients, while Healthway Family clinics (former FamilyDOC) has nearly 670,000 unique patients.
- Served as triage points for both COVID and non-COVID patients.
- Offered Corporate Testing Programs.
- Repurposed section of Healthway Greenbelt 5 to an outpatient chemotherapy unit.

TELEMEDICINE PLATFORMS

- Online platforms served patients with digital and remote access to care.
- HealthNow offers a web-based teleconsultation platform that connects patients to doctors.

TESTING FACILITIES

- Ayala conducted testing program for 54,000 employees.
- Joined Task Force T3 to ramp up confirmatory RT-PCR testing.
- Built and capacitated 7 laboratories for 5,500 testing capacity/day

FULL-SERVICE HOSPITAL OPERATIONS

- Partnered with QualiMed to convert QualiMed Sta. Rosa and QualiMed San Jose Del Monte into a COVID-19 referral hospital.

TELEHEALTH AND MEDICINE DELIVERY

The pandemic disrupted healthcare system and fostered a re-imagination of medical services in the country. To encourage both medical professionals and patients to embrace online healthcare, AC Health's Vigos Health and Globe's 917Ventures developed HealthNow, an all-in-one app that offers telemedicine consultations, online medicine ordering and delivery, and clinic and diagnostic testing booking.

HealthNow allows doctors to attend to patients anytime and anywhere, assuaging the fears of patients who used to congregate in crowded clinics while waiting for their doctors. Easier access to patients help doctors extend their services to a wider number of patients. It supports the continuity of care, as the pandemic closed down clinics, transportation, and delayed medical consultations, which is critical for patients who need constant and regular attention from medical professionals. Recording medical information is eased with the free use of the Electronic Medical Record for medical charting, e-prescription, and doctor and diagnostic referrals. Doctors can also use a schedule management tool for virtual and in-person appointments.

People can then safely purchase vitamins and medicine through Generika Drugstore. In line with its aim to empower Filipinos by providing access to quality and affordable generic medicines, Generika launched its medicine delivery app to allow clients to avail of its products online. The app allows customers to purchase healthcare essentials from the safety and comfort of home and have them delivered straight to their doorstep.

T3 INITIATIVE

Recognizing that testing is a critical aspect of a comprehensive COVID-19 response, AC Health partnered with the Aboitiz Foundation, ABS-CBN Corporation, Alfonso Yuchengco Foundation, Gokongwei Brothers Foundation, and Metrobank Foundation to build four Biosafety Level 2 modular laboratories in Qualimed Health Network hospitals across the country. The innovative and efficient modular set-up, designed and built by Makati Development Corporation, will accelerate construction timelines for other laboratories.

Separately, these private sector giants contributed both financial and in-kind contributions to national COVID-19 efforts in the form of personal protective equipment and other medical supplies, and care packages for communities that became even more vulnerable due to the pandemic. The consortium shows a united commitment to battling the pandemic and ensuring the country's swift recovery. It was formed to contribute an additional capacity of 5,500 confirmatory RT-PCR tests per day to support Project T3 (Test, Trace, Treat) of the Department of Health and the Inter-Agency Task Force.

COVID-19 REFERRAL HOSPITAL

In addition to offering a wide range of services to address COVID-19 and other medical needs, AC Health partnered with Qualimed Health Network to convert Qualimed Sta. Rosa, Laguna into a COVID-19 Referral Hospital. The hospital already offers a wide range of comprehensive outpatient and inpatient healthcare services. Conversion to a COVID-19 referral hospital would better address the needs of the increasing number of COVID-19 patients accommodated at the hospital.

The partnership came at a crucial time and sought to address the demand for COVID-19 specific facilities, bringing hope and much-needed healthcare services to more Filipinos. The COVID-19 Referral hospital incorporated specific features that are compliant with infection control standards to ensure the safety of patients and medical professionals. A COVID-19 triage holding area was constructed adjacent to Qualimed Sta. Rosa to isolate patients prior to admission. A Biosafety Level 2 Laboratory was built to facilitate COVID-19 testing. Inpatient beds were converted and ICU beds were expanded for the exclusive use of COVID-19 patients. The hospital also generated the support of the medical community to form a dedicated team of medical professionals, which include volunteer clinical staff from the broader Qualimed and Healthway networks.

DEVELOPMENT OF FIRST CANCER SPECIALTY HOSPITAL

To ensure that other urgent medical issues continue to be addressed despite the pandemic, AC Health inked a strategic partnership on October 13, 2020 with Cancer Treatment Services International (CTSI), a Varian company, to develop and operate the first comprehensive cancer specialty hospital in the Philippines.

Cancer continues to be a leading cause of death in the Philippines, and treatment for cancer patients, who are vulnerable to COVID-19, has become increasingly complicated. A cancer specialty hospital will bring much-needed affordable quality cancer care services to more Filipinos, as well provide a safe space for patients who need urgent care in the midst of the pandemic.

AC Health aims to invest ₱2 billion into the facility, which will have 100 beds, diagnostic equipment, chemotherapy facilities, linear accelerators for advanced radiation therapy, and operating rooms. The cancer specialty will be centrally located at FTI Complex, Taguig City adjacent to Ayala Land's Arca South, to provide greater access to Metro Manila residents, as well as patients who will be flying in from the provinces.

AC Health repurposed Healthway Medical Greenbelt 5 into a cancer specific unit to serve the needs of oncology patients. Compliant with Department of Health regulatory and safety standards, the Chemotherapy Infusion Center at Healthway Greenbelt 5 accommodates up to 15 cancer patients for chemotherapy per day.

During the crisis, AC Health quickly expanded and transformed critical health services and showed its commitment to ensuring the health and well-being of the Filipino people.

4 QUALITY EDUCATION

2030 TARGET
To help ensure equal access for all women and men for 85 percent (1,258,095) of nonworking population (aged 15 to 24) to affordable and quality secondary and tertiary education, including university, through our own schools and helping other institutions.

iPEOPLE

In a report published by the National Economic Development Authority (NEDA) and UNICEF Philippines, despite achieving status as a middle-income country with sufficient resources to fund children's education, many Filipino children are still deprived of opportunities to learn. Access to education, the quality of education they receive, and the condition of their learning environment are among the challenges highlighted in the report.

At Ayala, we view lack of access to quality education as a strategic area of work as it delivers multiple impacts in the development areas of poverty alleviation and human capital building, which are important to our businesses. We have thus been investing in educational institutions, serving thousands of students, mostly within the 15 to 24 age range. Our steadily growing portfolio covers primary, secondary, and tertiary educational formats.

LEARNING DURING THE PANDEMIC

With the pandemic shifting students away from the classrooms into online learning, the World Economic Forum estimates a staggering 1.2 billion children across 186 countries are currently affected by school closures. In October 2020, around 24 million Filipino students returned to school, albeit online, as face-to-face lessons remained suspended due to COVID-19.

Mapua University (Mapua) is leading the digital charge for the iPeople Group at the tertiary level, with the university now using several online learning tools. Among these tools is Cardinal EDGE Learning Management System, which holds synchronous lectures to 2,300 students; a video platform called Panopto for higher education; and Coursera, an online learning platform. Mapua also offered students with online access to the library and counselling services. The Commission on Higher Education recognized Mapua as one of the leading universities in online learning.

In 2020, **APEC Schools** tapped Globe Telecom (Globe) as its partner for online learning. APEC tapped Google Chrome management console provided by Globe to ease up distribution of learning applications and materials across students' Google accounts. With the web-based application and the availability of Google Chromebooks, students and parents can freely use Google Classroom and G Suite tools to participate in online classes, fulfill assignments, and seek assistance from teachers anytime, in the safety of their homes.

Malayan Colleges Laguna (MCL) and the **Malayan High School of Science (MHSS)** conducted online classes through the Blackboard Learning Management System, while **National Teachers College (NTC)**, **Malayan Colleges Mindanao (MCM)**, applied distance and remote learning strategies to reach their students.

The agile pivot to digital and online learning enabled the iPeople Group to keep in step with the times while ensuring the safety of its students, teachers and personnel.

COMMITMENT TO QUALITY EDUCATION

Despite these limitations, the iPeople Group continued to provide quality and affordable education despite the pandemic. As of December 30, 2020, a total of about 24,000 undergraduate and graduate students were enrolled in Mapua University, Malayan Colleges Mindanao (MCM), Malayan Colleges Laguna (MCL), University of Nueva Caceres (UNC), and National Teachers College (NT). More than 10,000 senior high school students were recorded enrolled in the Malayan High School of Science, and almost 9,000 junior high school students were enrolled in NTC, UNC, MHSS and in the APEC Schools.

In 2020, over 9,000 graduates from Mapua University, MCM, MCL, MHSS, NTC, UNC and APEC Schools was tallied, despite there being no physical graduation exercises due to the limitations imposed by the IATF. Virtual graduations were conducted in the last quarter of the year for Mapua University and MCL.

Mapua conducted short-term technical courses, seminars and capacity building, and designed buildings for public schools that contributed to the general welfare of the community.

STRENGTHENING INCLUSIVITY AND ACCESS

The COVID19 crisis surfaced the most appalling inequalities that continue to exist in society today. The education sector is no stranger to this widening disparity exacerbated by slow human development, persistent poverty, and uneven growth across regions.

In a bid to bridge this gap, the whole iPeople Group caters students from different backgrounds. It caters mostly to students from the C2 Segment (31.36%), or those whose monthly household income is between ₱25,000 to ₱64,999. This is followed by the students from the AB Segment (22.30%), or those whose monthly household income is at ₱135,000 and above. Coming in third and fourth are students from the D (18.94%) and C1 (18.52%) Segments, respectively. The D Segment is characterized by students from households with a monthly income of ₱10,000 to ₱24,999, while the C1 Segment are those from households with a monthly income of ₱65,000 to ₱134,999. Finally, 10.20% of students come from the E Segment, or those from households with incomes of below ₱10,000.

EXPANDING INNOVATION

Mapua University launched the D-HIVE & VAPERS eSalba system and app for risk reduction, including monitoring for disease outbreak for Marinduque in August 2020.

Mapua also collaborated with the Department of Science and Technology (DOST) and the Philippine Council for Industry, Energy and Emerging Technology Research and Development (PCIEERD) on the Universal Structural Health Evaluation and Recording (USHER) System to improve earthquake preparedness in the country. This led to the establishment of USHER Technologies, Inc., a spin-off company created under the DOST-PCCIERD Funding Assistance for Spinoff and Translation of Research in Advancing Commercialization (FASTRAC) project. The USHER system's Intellectual Property is owned by Mapua (patent is pending), and is licensed to USHER Technologies, Inc. for commercialization.

UNC in Naga City, conducted Project Oragon, which focuses on literacy, arts, and livelihood for 90 pupils and beneficiaries.

iPeople will continue to drive innovations, anticipate emerging issues, and ensure access to quality education to help transform to a more sustainable economy and society.

ACCESS AND INCLUSIVITY
1
3
4
6

6 CLEAN WATER AND SANITATION

2030 TARGET
To provide equitable, reliable, and safe water access in all its concessions, and continuously increase access to new markets.

MANILA WATER COMPANY

The Manila Water Company (MWC) continues to ensure water access and availability and increase sewerage coverage and capacity for its customers to fulfill its mandate and contribute to achieving SDG 6 on Clean Water and Sanitation. Manila Water houses the East Zone Concession (Manila Concession) and sustained near 100 percent water availability to customers despite the challenges posed by the pandemic.

This year, Manila Water laid out approximately 8,000 kilometers of water pipes. This underscored the company's commitment to ensuring improved water infrastructure throughout the Manila Concession East Zone. Billed connections increased slightly by 1.8 percent this year due to the entry of additional business units. Non-revenue water increased to 12% in 2020 due to challenges encountered in real-time adjustments of pressure and leak detection due to limited mobility during the pandemic. Despite these challenges, however, very little change was observed in terms of water delivered from the past year, a testament Manila Water's promise of providing equitable, reliable, and safe drinking water to its communities.

Manila Water closed a number of deals, including water supply and sanitation facilities for the San Jose City Water District in Nueva Ecija, as well as a Management, Operations, and Maintenance Contract with Saudi Arabia's state-run water agency, the National Water Company. The joint venture agreement between Manila Water Philippine Ventures Inc., Tubig Pilipinas and the San Jose City Water District covers the design, construction, rehabilitation, maintenance, operation, financing, expansion and management of the water supply and sanitation facilities and services in San Jose City.

The seven-year agreement with Saudi Arabia's state-run water agency includes the implementation of enabling projects and the management of the water and wastewater facilities and systems of the North West Cluster which includes the cities of Madinah and Tabuk. This endeavor shall cover 300,000 square kilometers of land area, reaching more than three million people.

ADDRESSING CLIMATE CHANGE

As a water supply and distribution company, Manila Water is cognizant of the risks posed by climate change to its operations and clients. MWC formalized a Climate Change Policy in 2007 to address operational risks from climate change. It has been reviewed and revised to align climate change mitigation and adaptation strategies with national policies and the SDG on Climate Action.

Manila Water facilities were assessed on their vulnerability to climate-related events, specifically in relation to typhoons with more than 220 kph sustained winds, flooding, and drought due to El Niño. These assessments provide inputs to resiliency improvement projects of business units, and strengthens the company's disaster risk reduction and management capacity. MWC also ensures immediate recovery and continuity of business operations through a Business Continuity Management Framework comprising Risk Management, Incident Management, and Business Continuity Management.

MWC programs include implementing energy efficiency initiatives, using renewable energy, and expanding wastewater coverage to avoid methane generation from septic tanks. The company also undertakes tree nurturing to protect and enhance watersheds and help in carbon sequestration. Since the start of Manila Water's reforestation initiative, the company has **planted a total of 1,188,020 trees in its critical watersheds.**

COMMITMENT TO SAFE WATER SUPPLY

In January 2020, Manila Water expressed its commitment to ensuring access to a safe water supply by pledging support to the Adopt-an-Estero program of the Department of Environment and Natural Resources (DENR). Manila Water responded to the DENR's goal of cleaning the San Juan River by entering into a Memorandum of Agreement (MOA) with the DENR and local government units of Quezon City, San Juan City, and Mandaluyong City to fully implement the clean-up and rehabilitation of the river and its tributaries.

The event also marked the signing of the updated usufruct agreement between the DENR and Manila Water for the upgrading of the East Avenue Sewage Treatment Plant in Quezon City. Manila Water will be building more sewage treatment facilities and expand sewer networks as part of its overall wastewater roadmap for the East Zone. The company recently embarked on the second leg of the Adopt-an-Estero project with the construction of the Aglipay Sewage Treatment Plant (STP) in Barangay Old Zaniga, Mandaluyong City.

The Aglipay STP is the 42nd sewage treatment facility of Manila Water in Metro Manila's East Zone, and will have a treatment capacity of 60 million liter per day (MLD) of wastewater to be collected from 2,115 hectares of catchment area spanning across Mandaluyong, San Juan, and Quezon Cities. The facility's capacity is expandable up to 120 MLD after the complementing network of 53 kilometers of sewer lines is completed. The Mandaluyong West Sewerage System is designed to serve a population of up to 652,000.

These and other activities signify Manila Water's continued support for the government's environmental initiatives to clean Metro Manila's waterways and rehabilitate Manila Bay. It will also help achieve shared goals in urban development and environmental protection.

MANILA WATER'S COVID-19 RESPONSE

Manila Water adopted water access, sanitation, and hygiene (WASH) as a core advocacy with the aim of bringing WASH to marginalized communities. This participatory intervention aims to provide access to clean and potable water and improve sanitation facilities and hygiene practices.

MWC ramped up its WASH program and provided hygiene facilities, supplies and education to communities and institutions to address the threat of COVID-19 and support the government's health and safety protocols.

We will continue to provide quality services and educate the public on environmental protection, address climate change, and engage our stakeholders to maintain a safe and secure water supply.

8 DECENT WORK AND ECONOMIC GROWTH

2030 TARGET
To support full and productive employment and decent work for all and equal pay for work of equal value by ensuring employment remuneration is 10 to 20 percent above the industry average

AYALA CORPORATION

Ayala seeks to be seen as a partner in achieving their employees' life aspirations. Employees are supported throughout their tenure as employees at Ayala Corporation, from recruitment to separation, ensuring that they have a meaningful career in the company while remaining accountable for their work.

The pandemic further strengthened the resolve of Ayala to sustainably engage its employees. Continuity is at the forefront of the mindset of the management, ensuring that the needs of employees are supported in the midst of these challenging times, and that adverse effects on the workforce population are minimized as much as possible.

Across the group, senior management fully supported the implementation of remote and flexible work arrangements. The skeletal workforce that needed to continue to report to their offices for businesses in utility industries were given due care and protection to minimize exposure to the virus. Ayala strictly follows IATF regulations in ensuring safety in the workplace.

Ayala enhanced employee welfare by offering teleconsultations in health programs and providing hotlines to address COVID-related concerns. Ayala Corporation also gave employees basic medical necessities including vitamins, face masks, alcohol, and others.

Despite the pandemic, the number of engagement activities did not dwindle. Across the group, innovative social activities were conducted online, including regular game nights, online mini-concerts, and exercise sessions. These and other activities highlight the importance of health and wellness in maintaining a balanced quality of life.

Training opportunities soared in 2020 due to online trainings and webinars that were offered across the group. A variety of learning events and materials were extended to employees, from those that would improve the performance of tasks, to skills development, and other fields of interest. The learning and development group also increased and strengthened sessions on mental health awareness, acknowledging the fact that many individuals are challenged by abrupt changes in their lives at the onset of the pandemic.

Across the group, Ayala ensured that employees continue to receive competitive compensation and benefits packages. In unique cases where employees were rendered redundant due to the decrease in market demand as an effect of the pandemic, their respective human resources units provided assistance in finding other opportunities. Overall, Ayala is still able to maintain its target and provides remuneration that is above 10 percent of the industry average.

Before the pandemic, Ayala provides multiple group-wide learning events for its employees.

Throughout the year that was beset with challenges, Ayala continued to support its workforce composed of Direct Hires and Support Staff. Although the number of support staff significantly declined in 2020, Ayala's total job generation remained high at over 100,000.

The pandemic highlighted the value Ayala Corporation accords to its employees. Aside from striving to ensure continuity of employment, Ayala pivoted from usual practices and explored creative ways to keep employees motivated. Meaningful programs helped maintain productivity, and generated volunteer support for more affected communities. At this most challenging time, Ayala delivered on its promise to sustain growth opportunities for its staff and contribute to closing the underemployment gap in the country.

Despite the financial setbacks due to challenges of the pandemic, Ayala's remuneration remains above 10 percent of the industry average. Overall, Ayala remains committed to providing full, productive employment and decent work and contributing to the country's economic recovery.

Ayala provides meaningful work to its workforce across various levels.

8 DECENT WORK AND ECONOMIC GROWTH

2030 TARGET
To expand access to banking and financial services to 25 percent of the underbanked population of the Philippines (addressable C and D markets)

BPI

BPI helps Filipinos with little to no access to formal financial services to improve their productivity and quality of life. BPI sees this service as an opportunity to grow its market while contributing to poverty alleviation and human development.

It supports self-employed microentrepreneurs (SEMEs) through BPI Direct BanKo, which presents an alternative to traditional money lenders as it grants business loans based on well-grounded credit parameters and provides quick turnaround times. Keeping true to its mission of empowering Filipino entrepreneurs and providing financial services to the underbanked and underserved, significantly increasing the number of SEMEs reached in 2020.

With the accelerated efforts of BanKo, it obtained 16 percent of the market share in less than three years and is now the second biggest microfinance bank in the Philippines. It is now present in more communities with over 300 branches located across 71 provinces and has released ₱11 billion in loans, serving 96,000 active borrowers. Notably, the primary product of the bank called NegosyoKo loan has helped microentrepreneurs across different categories. This type of microloan has assisted individuals from wholesale and retail trading in market stalls and sari-sari stores, manual services, food services, manufacturing, and agriculture. To fully support SEMEs, the bank also offers InsuranceKo with BPI/MS as the insurer. This is a personal micro insurance product that helps protect entrepreneurs from unexpected detrimental events.

Another product that BanKo provides is called PondoKo, an interest-bearing savings account with no maintaining balance. Through this, customers can conveniently conduct transactions such as Buy Load, Send Money, Pay Bills, and Pay Loan via BanKo Mobile. The PondoKo Savings Account is now accessible through both Google Play and Apple Store.

BPI also continues to help businesses that help mitigate the effects of climate change or contribute to the global goals through its Structured Finance Division (SFC) loans and Sustainable Energy Financing (SEF) loans. Moreover, particular loans were disbursed for projects related to sustainable energy, agri-business, affordable housing, infrastructure development, mass transportation, nutrition, health, and wellness especially for medical equipment, education, and water and sanitation systems

BanKo is a trusted partner of self-employed microentrepreneurs (SEMES).

Currently, BPI is at 5 percent of its 2030 target. BPI focuses on building the digital infrastructure and systems needed to achieve its 2030 target of serving the underbanked Filipinos. Financial inclusion strategies in the past few years have yielded positive results, and BPI aims to scale these further to meet its commitment of reaching 25 percent of the underbanked population by 2030.

The economic ramifications of the pandemic have led to jobs lost and increased poverty,creating a greater need for our financing services. We will continue to expand our banking services, maintain targets in responsible growth and innovation, and contribute to shared goals in decent work and economic growth.

145,848
Number of SEMEs reached
72% increase compared to last year's 85,000

₱7.8 B
SEF Total 2020 disbursed loans

₱18 B
Cumulative microfinance loans disbursed
62% increase compared to last year's ₱11,130,000,00

₱16.5 B
SFD 2020 disbursed loans

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

2030 TARGET
To lead the country's digital transformation by significantly increasing access to information and communications technology for consumers and businesses, providing universal and affordable internet access in the Philippines for 90 percent of the population

GLOBE

Out of a 110.3 million Filipino population, 73.91 million Filipinos use the internet, with internet penetration in the country pegged at 67.01 percent.[1] A reliable internet connection is now considered a requirement to productivity due to COVID-19, presenting tremendous opportunities for the telecommunications industry.

The pandemic generated a global demand for internet connectivity as digital platforms provided safer alternatives to physical and onsite business transactions, work, education, and traditional modes of communication. Globe Telecom stands by its commitment to providing internet access to Filipinos and expanding access to innovative digital solutions by increasing investments in infrastructure and offering a wide range of digital platforms that have become necessary under a new normal.

INVESTMENTS IN INFRASTRUCTURE

Globe is close to its 2030 target and continues to respond to the demand for increased internet connectivity by investing ₱60.3 billion in capex in 2020, an increase of 18 percent compared to 2019. Majority of the capex (86 percent) went to data-related requirements to meet the growing data demands of Filipinos. As of 2020, Globe has over 76 million mobile customers and close to 4 million broadband customers nationwide.

Globe Telecom fully expects to push capex spending to record levels in 2021 to execute an aggressive roll-out strategy to build on 2020 accomplishments in modernizing the network and making internet connectivity increasingly accessible across the country. Despite the pandemic, Globe Telecom built new cell sites, upgraded sites to Fourth Generation/Long-Term Evolution technology (4G/LTE), fast-tracked fiberization, and expanded 5G technology and availability to more Filipino homes nationwide.

Globe's unrelenting efforts in enhancing digital connections have been validated by increased mobile consistency scores. Independent analytics firm Ookla® reported increases in the company's overall Consistency Score and regional Consistency Score.

IMPROVING DIGITAL PLATFORMS

The COVID-19 pandemic accelerated the shift to a digital landscape, opening up online business opportunities and increasing the use of Globe Telecom's mobile wallet GCash. This invited a fresh capital infusion of over US$175 million to spur the growth of financial inclusion and digitization of payments and financial services in the Philippines.

With entrepreneurs moving their business online, **GCash retail and social partner merchants jumped 700 percent, from 75,000 in 2019 to 600,000 in 2020**. GCash proved critical during the pandemic, as it offered essential services that ensured the safety and security of financial transactions despite COVID-19. Aside from making payments, GCash users can buy load, get insured, save money, borrow money, buy game credits, and even play games. The holistic app also facilitated fundraising through GCash for Good, where GCash users donated more than ₱40 million to assist those affected by COVID-19 and typhoons near the end of 2020.

GLOBE'S COVID-19 RESPONSE

While COVID-19 created serious impacts on business operations, Globe showed its commitment to serve the Filipino people by continuing to support the needs of customers in the new normal. Globe introduced GlobeOne, Globe At Home, and TM apps, and digital assistants on Facebook Messenger. These helped customers save time and effort with answers to most frequently asked questions. In the event that customers want to speak to a Globe representative, customers can report their concerns to GlobeOne or Globe At Home apps, or the hotline's interactive menu.

Globe launched the School Bus WiFi program in October 2020, a new, bigger vision of Globe's KonekTayo WiFi that aims to provide fast, reliable, and low-cost home internet connectivity in underserved markets. Globe distributed 289,000 SIM cards to public school students and teachers in Manila where they could use the KonekTayo WiFi service for free for the first hour. The School Bus WiFi campaign supports school bus operators who lost their livelihood due to the pandemic. The project allows students or people who work from home to avail of the KonekTayo WiFi service for as low as ₱15 a day.

Globe collaborated with Microsoft to maximize digital education through Microsoft Office 365 solutions. This provided educational institutions with stable, reliable, and secure platforms to maximize digital learning through the health crisis.

In partnership with New Good Feeling Mindstrong, an organization that provides free counseling and psychotheraphy services, Globe provides access to HOPELINE, the 24/7 suicide prevention and crisis support desk. HOPELINE can also be found under AC Health's HealthNow app, under the Urgent Help button on the welcome page.

Globe's efforts inspite of the pandemic continued to enhance customer experience, thereby supporting the Filipino digital lifestyle.

Globe's network investments likewise prove its strong support of SDGs, particularly UN SDG 9, which highlights the roles of infrastructure and innovation as crucial drivers of economic growth and development.

Globe offers an array of products and services for different market segments.

[1] According to Digital 2021: The Philippines, a report from Hootsuite and We are Social retrieved from https://datareportal.com/reports/digital-2021-philippines

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

2030 TARGET

To upgrade infrastructure to make them sustainable, with increased resource efficiency and greater adoption of clean and environmentally sound technologies and industrial processes with 36,135 tons CO2 equivalent avoided

AC INFRASTRUCTURE

The Philippines is the thirteenth most populated country in the world. As an archipelago of 7,107 islands, with more than 110 million people, the lack of infrastructure has always challenged the transport and logistics sector of the country. With the government's infusion of ₱682.3 billion into infrastructure development in 2020, the Philippines is projected to improve transport and close the infrastructure gap in the coming years.

This is seen to ease the flow of people, goods, and services in the country as it strives for a productive economy, especially as it deals with the effects of the pandemic.

AC Infra invests in strategic projects to meet the growing infrastructure needs in areas of mass transportation, logistics, and urban mobility primarily through public-private partnerships. AC Infra continued to set milestones towards its target while supporting efforts to address the impacts of the COVD-19 to society and the economy.

2020 was a year of significant growth and learning for **Entrego**, AC Infra's logistics company. The COVID-19 crisis has challenged businesses to an extent that has never been seen before by any industry, and the company positioned itself a key enabler for bridging entrepreneurs with the consumers. With more people turning to online shopping due to pandemic restrictions, Entrego was able to capitalize on the growing demand from big e-commerce websites while also providing logistics infrastructure to fledging micro, small and medium enterprises, community-based businesses, and environmental initiatives.

Entrego tapped into the corporate social responsibility field as well, helping AC Infra's RecoveREADS project by delivering educational kits to students, and supported Ayala Foundation's Project Pananagutan by delivering care packages to no work-no pay talents of partner companies as well as frontliners and partner communities. Entrego also delivered relief packages to TODA members of Southville 3, in partnership with Lawson, MCX, and the Southville 3 Youth Council.

This year, it also began to chart its GHG emissions, and will have a full baseline of data ready for 2021. Monitoring their emissions shall help shape policies to reduce the company's environmental impacts and contribute to the attainment of SDG 13 on Climate Action.

Disruptions in mobility caused by the limitations imposed by the IATF affected business operations. **LRMC** took this opportunity to set-up systems that will ensure safety of the riding public once the lockdown was lifted. This downtime also afforded them the opportunity to improve customer service, apply preventive and corrective maintenance works on all their train units, upgrade their signaling system, and launch the Bayad Center Payment System as an added payment option for the safety of their customers during the pandemic. Construction of the LRT-1 Cavite Extension is in full swing, applying world class technology to the much-awaited project. For the first phase of the project, a total of 203 pi-girders, chief horizontal support in a structure, will be installed using an above-ground launcher, and is able to install a pi-girder every 1-2 days until January 2022.

The first of its kind in the Philippines, this engineering method allows for more efficiency resulting in quicker implementation and minimal impact on ground-level traffic. The other pi-girders are expected to be installed on-ground using straddle carriers and cranes.

AF Payments, the company behind the Beep card, offers a contactless payment platform called beepTM which can be used for rail, bus, retail, and tollway transactions. The company continues to work closely with the Department of Transportation (DOTr) and public transport operators to improve cashless transactions for jeepneys and buses to promote the safety and well-being of the riding public especially during the pandemic.

AC Infra remains committed to meeting the infrastructure needs of the Philippines in a safe, sustainable and efficient way.

AC Infra will move forward with programs to ensure resource efficiency in its transportation and logistics systems and promote urban mobility for a cleaner and safer environment.

Entrego enabled entrepreneurs at the height of the pandemic.

LRMC

116	96.11	50.97M
Light rail vehicles	Average train cycle time in minutes	Riders served

beepTM

6.64 M	5.3 M	2.88 M
Card rail transactions	Single journey card transactions	Bus fare transactions

11 SUSTAINABLE CITIES AND COMMUNITIES

2030 TARGET
To enhance inclusive and sustainable urbanization by increasing sevenfold the number of launched affordable housing units

AYALA LAND

According to the International Labor Organization (ILO) the construction sector accounted for around 7.7 per cent of global employment with projections for 2020 indicating that it would contribute to 13.4 per cent of global GDP prior to the pandemic.[1] The current crisis has impacted the local construction sector with the number of constructions in the fourth quarter of 2020 registering at a total of 31,026, indicating an annual decline of 20.9 percent.[2] If examined by type of construction, residential buildings still accounted for 70.6 percent of the total. More needs to be done, however, to address the affordable housing needs of lower income groups in the country.

Figures from the Subdivision and Housing Developers Association (SHDA) put the current national housing backlog at 4 million, and most of the shortfall applies to affordable and socialized housing.[3] Affordable housing enables lower income group populations with a greater sense of economic security and stability. Ayala has a strategic position to build inclusive, quality, and affordable communities through its property development arm, Ayala Land.

Despite the difficulties posed by pandemic, Ayala Land remains steadfast in its commitment to filling the gap for value-for-money residential units. Ayala Land retained its target of increasing sevenfold the number of launched affordable housing units in Amaia and Bellavita from 2018 levels. In 2020, the company produced 1,619 units, achieving 8 percent of the 2030 target. While fewer units were launched this year, there will be a considerable increase in launched units year on year after the pandemic. To ensure that they are on-track for their 2030 target, Ayala Land has updated its 2021 to 2025 pipeline, and estimates a 5 percent growth year on year from 2026 to 2030.

Furthermore, Ayala Land continues to support sustainable urbanization aligning its developments to meet the requirements of their four focus areas: **site resilience, pedestrian and public transit connectivity, eco-efficiency, and local economic development**. These focus areas are aligned with the UN Sustainable Development Goals, the six capitals of the <IR> framework, GRI and SASB standards, and TCFD recommendations. This framework also serves as a general guide to the Ayala Land's development activities and operations, not only to mitigate sustainability risks but also to provide greater value to the business, environment, and society.

ABOVE AND BEYOND

Ayala Land also continues to contribute to other Sustainable Development Goals. In the area of biodiversity, Anvaya and El Nido recorded 66 International Union for Conservation of Nature (IUCN) Red List Species, an increase from 57 in 2019. Awareness of biodiversity value in host communities contribute to their protection and attainment of SDG 15 on Life on Land.

In the area of climate change, Ayala Land achieved 91 percent carbon neutrality for commercial properties; used renewable energy for energy needs of 63 percent of total mall and office gross leasable area (GLA); and provided 47 percent renewable energy for the energy mix for commercial properties.

Ayala Land also implements the circularity approach, where used or discarded products serve as raw materials for new products or materials. The company repurposed 28 tonnes of plastics, equivalent to 2.8 million PET bottles, in Ayala Land and Ayala Group properties, following acceptable quality standards.

Ayala Land continues to deliver on its promise to enhance inclusive and sustainable urbanization, and is on track to providing access to reasonably-priced residential units built by 2030.

Ayala Land aims to be a leader for constructing sustainable infrastructures in the Philippines, ultimately contributing to the goal of building sustainable communities and responsible urban development.

Site Resilience:

787
Hectares Total Recorded Green Space for 2020

Eco-Efficiency

10
LEED-Certified Buildings in Ayala Land Commercial Portfolio

Local Economic Development

Prioritize local hiring and give opportunities for homegrown businesses

Pedestrian Mobility and Transit Connectivity

22
P2P Bus Routes in ALI Malls and Estates

13
Rationalized Public Utility Bus Routes in ALI Malls and Estates

1,619
Value for money residential units launched

66
IUCN red list species

3
critically endangered

12
Endangered

20
Near threatened

31
Vulnerable

[1] Source: https://www.ilo.org/sector/Resources/publications/WCMS_767303/lang--en/index.htm
[2] Source: https://psa.gov.ph/content/construction-statistics-approved-building-permits-fourth-quarter-2020
[3] Source: https://oxfordbusinessgroup.com/analysis/back-basics-affordable-housing-priority

7 AFFORDABLE AND CLEAN ENERGY

2030 TARGET
To increase its renewable energy portfolio to 5 GW in the Philippines and in foreign markets

AC ENERGY

In 2020, quarantine and lockdown measures due to the pandemic led to disruptions in the economy and large scale closures of industries. This created huge drops in energy demand. Of the country's three main island groups, Luzon experienced the biggest load drop, with demand falling by almost 40 percent to 4,516 megawatts (MW) in March 2020 and a further drop to 4,289 MW in April. According to the Department of Energy, electricity demand fell by 30 percent in Luzon, 17 percent in the Visayas, and 25 percent in Mindanao.[1]

As a result, grid operators looked for ways to adjust to the dramatic decline in power demand. This also raised questions on the future of energy, and the volume and type of power that is best suited for the future. According to the Institute for Energy Economics and Financial Analysis, the government now has an opportunity to redesign the energy market and explore low-cost technologies to drive down power costs. Revisiting green strategies provide the potential to end dependence on imported fossil fuels and reduce long-term power costs.[2]

USHERING IN A LOW CARBON FUTURE

This opportunity borne out of crisis bodes well for companies such as AC Energy (ACEN), the Ayala Group's energy platform, which is moving closer towards its goal of contributing to a low carbon future by increasing renewable energy sources in local and foreign markets.

In 2020, AC Energy worked towards enhancing its renewable energy portfolio. Under ACEN, renewable energy capacity is pegged at ~490 MW, with ~1,400 MW in international markets. In terms of attributable output, 41 percent of the group's attributable generation came from renewable sources.

ACEN has also embarked on new local and international renewable energy projects. In the Philippines, the 120 MW Alaminos and 60 MW Palauig solar farms are expected to be operational by mid-2021. In the international front, ACEN started construction of more than 340 MW of solar and wind projects in Vietnam. It also commenced projects with ~690 MW of solar capacity in Australia and India.

[1] Bloomberg. 2020. Manila Electric Halves Spending as Lockdown Weakens Power Demand. Retrieved from https://www.bloomberg.com/news/articles/2020-04-27/manila-electric-halves-spending-as-lockdown-weakens-power-demand

[2] Institute for Energy Economics. 2020. Philippines Power Sector Can Reach Resilience by 2021. Retrieved from https://ieefa.org/wp-content/uploads/2020/06/Philippines-Power-Sector-Can-Reach-Resilience-by-2021_June-2020.pdf

In early 2020, AC Energy Philippines announced the investment of an affiliate of GIC Private Limited (GIC), Arran Investment Pte Ltd, in ACEN valued at ₱20 billion. This infusion will enable ACEN to move faster towards its target of being one of Southeast Asia's top renewables platforms.

AC ENERGY'S ENVIRONMENTAL & SOCIAL POLICY

Going beyond environmental management and social development, AC Energy strengthened its commitment to sustainability and social responsibility through the publication of its Environment, Social and Governance (ESG) Policy. The company launched its first green bond offering, and with it, the development of the development of its Environment and Social Management System.

Through the ESG Policy, AC Energy aligns itself with the United Nations Framework Convention on Climate Change and the Paris Agreement. It also solidifies the company's commitment to the UN SDG's by protecting the environment and creating value for the communities in its areas of operation.

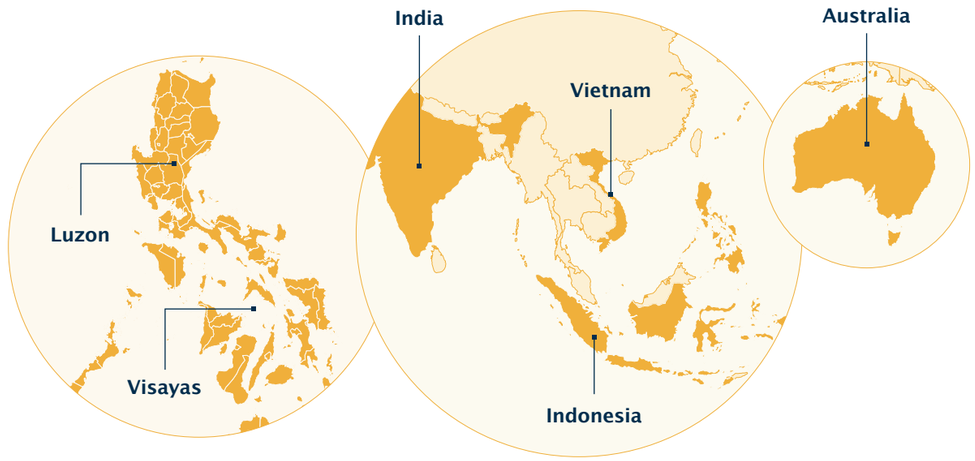
The policy also underscores AC Energy's intention to achieve a low carbon portfolio by 2030 by taking measures to prevent, minimize, and control its direct greenhouse gas emissions by scaling up renewable energy investments, leveraging new technologies, and limiting thermal energy production.

Driven by its commitment to a low-carbon future and corporate responsibility, AC Energy's rapid growth in the power generation sector shall propel it towards achieving renewable energy portfolio of 5 GW by 2025.

AC Energy's efforts to diversify into renewable energy will also future-proof its portfolio as the world transitions into a low-carbon future.

2,005 GWH
Attributable renewable energy generated

SCALING UP RENEWABLE ENERGY



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

2030 TARGET
To enable the first Philippine- manufactured, commercially viable, and market-accepted electric vehicle, resulting in reduced emissions. For AC Automotive to promote low emission vehicles, ensuring that each brand offers a minimum of one model not fully dependent on a combustion engine powertrain. Globally and on the manufacturing side, for IMI to promote inclusive and sustainable industrialization by demonstrating manufacturing value add of US$1 billion across all developing countries where it has operations

AC INDUSTRIALS

As public awareness on carbon emissions and their impact on the environment grows, so does the consumer's interest in electric vehicles (EV). The Department of Trade and Industry is projecting that EV's will account for 21 percent of total vehicles on the road in the Philippines by 2030, with plans of becoming the third auto manufacturing hub in the ASEAN, and a global manufacturing hub for low-cost transportation and commercial vehicles.[1]

With these innovations and sustainable mobility-based technologies in the horizon, Ayala is well-positioned to participate in the manufacturing segment through AC Industrials. AC Industrials is Ayala Corporation's holding company for current and future investments in industrial technology and is built on the collective strengths of Integrated Micro-Electronics, Inc. (IMI), a globally leading manufacturing solutions provider, and AC Motors, one of the country's largest multi-brand vehicle distribution and dealership groups.

Despite economic uncertainties brought on by the pandemic, the Ayala Group believes that the manufacturing sector will accelerate recovery with significant investments in digitization and a pivot to changing global demands.

IMI continues to deliver emerging technologies for automotive, smart energy, and connectivity solutions in 22 plants across the globe.

During the onset of the COVID-19 pandemic, IMI shifted its focus and resources to manufacture components for essential and critical products in the fight against the virus. This pivot not only allowed IMI to resume some level of operations, but it also helps with the overall efforts to address the pandemic. Through STI Ltd, IMI was able to respond to the United Kingdom's call to aid in the manufacturing of life-saving medical equipment through the Ventilator Challenge program, creating the UCL Ventura Flow Generator, a non-invasive ventilatory treatment for moderate to severe COVID-19 patients. It is the first breathing aid solution manufactured in the Philippines. IMI and STI Ltd are working on a low-cost ventilator system for use in the Philippines and other developing countries.

IMI's Laguna facility produced up to 2 million disposable three-ply face masks per month. The company also created solar-powered hands-free sanitizing booths, which have been rolled out in various AC Industrials sites.

IMI's current manufacturing value is at US$409 million. The company is investing in data engineering and expanding real-time analytics capability to provide more value to customers and reduce overall operating costs.

Merlin Solar, a member of the AC Industrials group and a solar panel manufacturer, delivered an integrated solar and remote operations monitoring solution to commercial transportation, first responder, motor coach, and transit vehicle fleets. By partnering with Optio3, Merlin Solar is helping vehicle fleets reduce fuel consumption by gallons per day per truck, reducing tons of CO2, and keeping trucks rolling at the highest levels of fleet availability. This is especially important for the pandemic, which has increased the demands on food delivery fleets, ambulance fleets, and last mile delivery vehicles for e-commerce.

AC Motors' six vehicle brands carry more than 30 models that are not fully dependent on a combustion engine powertrain. The entry of these models into the Philippines is highly dependent on the incentivizing national framework for new energy vehicles and the consequent unlocking of market demand. Such a framework would allow AC Motors to offer these vehicles that could potentially represent up to 25 percent of total product lineup. Currently, AC Motors is utilizing virtual showrooms, online sales platforms, and mobile after sales to satisfy consumer demand.

The AC Motors - KTM joint venture factory in Laguna has manufactured over 20,000 motorcycles, mostly for export to China. Domestically, there was a 60-percent growth in Philippine KTM sales in the second half of 2020 due to the increased demand for personal transportation.

These efforts to create a globally competitive manufacturing sector can diversify and strengthen the country's economic base and hasten economic recovery. Synergies in inclusive and sustainable industrialization can bring the country to a more productive and crisis-ready future.

Ayala will collaborate with global leaders to integrate resource efficiency in the manufacturing and transportation sector and fulfill its promise to commercialize Philippine-made low emission vehicles.

IMI continued its operations while strictly following protocols on COVID–19.

RESPONSIBLE GROWTH & INNOVATION

7
9
12
13

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

2030 TARGET
To achieve an ambitious material footprint that demonstrates sustainable management and efficient use of natural resources

AYALA CORPORATION

According to the UNEP, there is currently 150 million tons of plastic in the ocean. This number is growing by an average 8 million tonnes per year, resulting in US$13 billion in damage to marine ecosystems.

Responsible consumption and resource efficiency have become increasingly important as Ayala develops ways to proactively contribute to sustainable development. We do so by taking a deeper look at how best we can make use of our natural resources in a manner that transforms choices, lifestyles, workspaces, communities, and in turn, the larger environment.

This begins from an understanding of how our business operations impact the health of the ecosystems we operate in, by measuring enterprise-wide waste through annual reporting. The long-term goal is to develop practices and processes aimed at systematically reducing solid waste generated by our businesses from reaching local landfills and the ocean.

In 2020, we looked at gaps and interventions as we prepare the waste reduction roadmap for the Ayala group. The ongoing waste management initiatives of our business units are as follows:

On Paper:
- Globe saved approximately 700 tonnes of paper from more than 40 million customers who have availed of paperless billing, saving nearly 19,000 trees.
- BPI saved approximately 31.5 million pages of paper from the migration of the BPI and BFSB into the eSOA program, saving nearly 4,000 trees.

29 M
Metric Tonnes of repurposed plastic through Ayala Land

20,000 KG
of paper saved by BPI and BFSB from the migration into the eSOA program

1.6M KG
of non-hazardous waste recycled by IMI

781,410 KG
of paper saved through the almost 49 million accounts subscribed to Globe's paperless billing

On Plastic:
- Globe has banned single-use plastics within its headquarters, and launched an intensive employee education campaign on the impact of plastics in the environment
- Ayala Land partnered with Green Antz Builders for recycling plastics into eco products such as eco pavers and eco bricks which are currently being used in select developments following acceptable quality standards. These plastics are from their operations, as well as from customers who bring their clean and dry plastics to pick-up points.

On E-Waste
- Globe has recycled over 300,000 kilos of electronic waste from its operations, employees, partners, and customers.

On Non-Hazardous Waste
- IMI has recycled over 1.6 million kilograms of non-hazardous waste from its global operations.

On Flyash
- AC Energy's thermal plants recycled 83 percent of its coal ash through partnerships with cement manufacturing companies.

These and other waste reduction strategies not only prove that the organization is environmentally responsible, but also demonstrate how the group is more resource efficient by potentially turning waste into savings and viable income streams in the future. A reduction in waste through improved circularity can, in the long run, cut greenhouse gas emissions, manage risk, and reduce pollution, therefore adding more value to the organization.

By exploring the implementation of internationally recognized waste certification standards, Ayala is looking at adapting a whole-of-system approach that changes how materials are consumed by the organization, thereby reducing waste in its own operations.

To successfully implement such a program, we understand that building a waste management ecosystem that can effectively integrate and enhance emerging and current programs within the group is necessary. In 2020, Ayala started to identify partner organizations in establishing this solid waste management ecosystem. We are likewise carefully studying metrices that will enable us to achieve a significant reduction in enterprise-wide waste generation by 2030.

Responsible consumption and production means being accountable for reporting and dealing with the by-products of operations. Ayala keeps track of the waste it generates and thus controls the safe and responsible processing of waste with minimal impact on the environment and community.

Ayala Land's waste management efforts include turning plastic into eco-bricks that are used in their selected site developments.

13 CLIMATE ACTION

2030 TARGET
To strengthen resilience and adaptive capacity to climate-related hazards to natural disasters across all its sites resulting in minimal casualties

AYALA CORPORATION

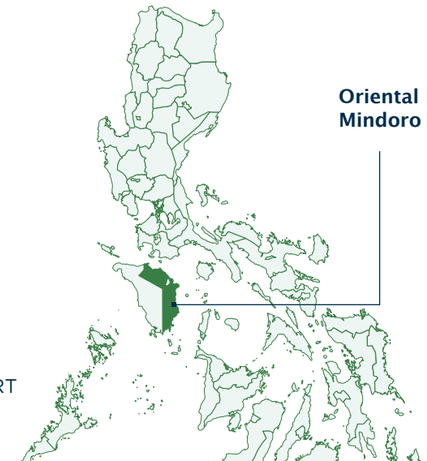
The Philippines has approximately 7.2M hectares of natural forest remaining, which are home to more than 50,000 species of plants and animals, half of which cannot be found anywhere else in the world. Protecting and restoring forests can deliver up to 30% of the climate solution by 2030, and curb growing biodiversity and nature loss.[1] In response, Ayala embarked on a groupwide forest and biodiversity conservation program to preserve and enhance the remaining high value forests in Oriental Mindoro through Project Kasibulan.

HARNESSING NATURE-BASED CLIMATE SOLUTIONS

Oriental Mindoro has some of the densest, and most biologically diverse ecosystems in the country. In the past decade, increasing populations and human activity have threatened the ecological balance of the island, as many communities rely heavily on the forest for their resources. The same forest is also under threat from land conversion for plantations and roads, weak monitoring strategies, and deforestation which contribute to forest loss and degradation in the island.

Project Kasibulan focuses on Oriental Mindoro because of its high biodiversity concentration. It is also considered by many as one of the key "food baskets" for Luzon. Despite these opportunities, the island's forest cover and biodiversity continues to be threatened by unsustainable human practices and the effects of climate change. It is for this reason that Project Kasibulan is working with local communities and the indigenous people of Oriental Mindoro to ensure the long-term protection and survival of the forest and the biodiversity found therein. These include the rare, threatened, or endemic flora and fauna, threatened habitats, ecosystem services, sacred and ritual sites, as well as the natural resources utilized by the local communities and the indigenous people.

With a project area estimated to cover more than 32,000 hectares, this is slated to be the first project of its scale and impact in the Philippines. Project Kasibulan aims to ensure that the remaining high value forests within the project area continue to host and secure populations of threatened species and ensure their resilience from the increasing threats posed by development and the impacts of a changing climate.



A HOTSPOT FOR BIODIVERSITY

The Technical Team was able to record a total of 437 species in the island of Mindoro during the survey period. This includes 73 birds, 18 mammals, 12 amphibians, 12 reptiles, and 322 plants. For faunal species, 11 are classified as globally and nationally threatened. For plants, 31 are classified as threatened according to the IUCN and the DENR.

STRENGTHENING COMMUNITY SUPPORT

The Project will be working with indigenous communities in Oriental Mindoro. As such, special care and attention was placed on ensuring compliance with the Indigenous Peoples' Rights Act (IPRA) in dealing with the tribal communities. Anchored on a strong anti-discrimination assurance policy, stakeholders are invited voluntarily regardless of gender, race, religion or any other basis. Independent indigenous peoples' rights lawyers consulted heavily with the team and accompanied them in community gatherings to ensure that the IPRA was followed, with full coordination of the national agencies and local government units tasked with communities' care.

Whenever necessary, the project continues to conduct learning sessions with the communities to ensure that the stakeholders understand their rights and responsibilities as collaborators in the project. Great care is taken when explaining the potential costs, risks, and gains to the relevant communities and stakeholders. Regular dialogue with the project's Social Team and indigenous peoples' rights experts during the pandemic was critical in maintaining project momentum throughout 2020. This ensured sustained community support for the project despite the challenges posed by the rolling lockdowns in the country.

Virtual Kasibulan: Environmental Action Lives On

As a testament to its commitment towards reforestation and environmental action, Ayala continued its efforts on Project Kasibulan despite the effects of the pandemic in 2020. The reforestation program was continued virtually, in partnership with locals in Pagudpud, Ilocos who planted on behalf of the volunteers. A total of 146 online sign-ups resulting in 85 on-the-day volunteers participated in the program. Virtual Kasibulan extended its impact by encouraging volunteers to make a small donation via GCash for the reforestation efforts of Bambuhay in the Ipo Dam Watershed in Norzagaray, Bulacan. Donations by the volunteers were matched by Ayala Corporation so that together, we can continue to protect the environment despite current circumstances.

A total of 528 assorted fruit-bearing trees were planted in Pagudpud. The volunteer and Ayala Corporation donations were able to provide an additional 822 seedlings for planting within the Ipo Dam Watershed Area.

Ayala understands the impact of climate change has on local ecosystems and the communities that rely on them. Actions need to be taken to address the effects of carbon emissions on local and global ecosystems, hence Ayala's initiatives are design to conserve and proliferation of the country's biological riches.

437 Species

73 Birds

18 Mammals

12 Amphibians

12 Reptiles

322 Plants

651 Indigenous community representatives have participated in information and education sessions for Project Kasibulan

Ayala Foundation | 60 YEARS OF NATION BUILDING

Volunteers distribute EduCare kits containing hygiene supplies and materials to help students cope with distance learning.

Founded in 1961, Ayala Foundation is the social development arm of the Ayala group. As an advocate of community development, it aims to enrich the lives of Filipinos through programs centered on education, sustainable livelihood, and love of country. As a part of the Ayala group, the foundation works closely with its sister Ayala organizations as well as various program communities across the country, acting as a catalyst for inclusion for the many beneficiaries that it supports.

Ayala Foundation's initiatives in 2020 reached at least 1.1 million individuals as it broadened its scope by adopting an "omnichannel" approach in interacting with its stakeholders. By being present onsite, offsite, and online, the foundation was able to serve 46 percent more Filipinos than it did the previous year despite the many obstacles that the COVID-19 health crisis presented.

A cornerstone initiative in the challenging year, Ayala Foundation alongside other members of the Ayala group spearheaded Project Pananagutan, which aimed to provide much needed support for marginalized families severely affected by the health crisis. Pananagutan aided at least 54,000 families or 270,000 individuals in Metro Manila and nearby provinces through the systematic distribution of grocery vouchers. The program also aided at least 8,800 health professionals and community front-liners through donations of various personal protective equipments.

The foundation likewise mobilized ₱91 million in eight provinces and 14 municipalities to help victims of other natural calamities including the Taal Volcano eruption and the major typhoons. Towards the fourth quarter, the response initiatives for these had reached at least 34,000 families or 170,000 individuals.

As part of Ayala Foundation's push for better education, Brigada ng Ayala, which garnered considerable engagement within the group, served stakeholders adjusting to the demands of the "new normal". Implemented through the Ayala Community for Social Impact, Brigada ng Ayala deployed ₱181 million through cash and in-kind donations in the form of Ayala-branded EduCare packs or hygiene kits, learners' kits, home Wi-Fi, data load, wash facilities, and literature. Set to officially conclude in June 2021, the program served 258 schools, 5,649 teachers, and 21,123 students nationwide at the end of 2020.

Existing educational platforms CENTEX, the CENTEX Training Institute, ProFuturo, the Buklod Bahayan Daycare Center, and scholarship programs collectively served at least 5,400 students and 684 teachers nationwide, helping them adjust to the demands of blended learning through online training and mentoring.

On the digital front, the education program <code/it> was expanded to three new areas, with Microsoft, Alveo Land, and Ortigas Land as private sector partners. Under <code/it>, Ayala Foundation served 84 public elementary schools and 977 teachers, ultimately reaching over 200,000 students.

Ayala Foundation also adjusted based on the needs of its program communities during the pandemic. As part of its goal to champion sustainable livelihood, the BuyANI project distributed food packs to vulnerable communities as it supported products and services of local farmers, food producers, and other partners. Funded by Macquarie Group Foundation and Shang Wack-Wack Properties, BuyANI provided relief assistance for 61,014 individuals in at least 15 locations nationwide.

Despite being closed for renovation, the Ayala Museum was able to reach an unprecedented number of audiences of over a million individuals through creative programming that maximized the use of the online space. Alongside Ayala Foundation's adoption of an omnichannel approach, Ayala Museum is gearing up for reopening in the second half of 2021.

Makati Development Corp. deployed its in-house medical team to provide free check-ups to the Taal Volcano eruption evacuees in Batangas.

Public support or donations reached ₱264 million, 23 percent higher than target and 8 percent above the 2019 figure. Despite the global recession, the endowment fund generated gains of ₱73 million and an ROI of 3.8 percent versus a benchmark return of 2.8 percent. The endowment fund value of ₱2.03 billion at year end was 4 percent lower than 2019.

"We aim to enrich the lives of Filipinos through programs centered on education, sustainable livelihood, and love of country."

Project BuyANI provided over 60,000 individuals with sustenance sourced from local farmers and community partners.

Globe provides continuous data and telecommunications access to its customers by making sure its network infrastructure is properly working, especially during the pandemic.

BUSINESS REVIEW

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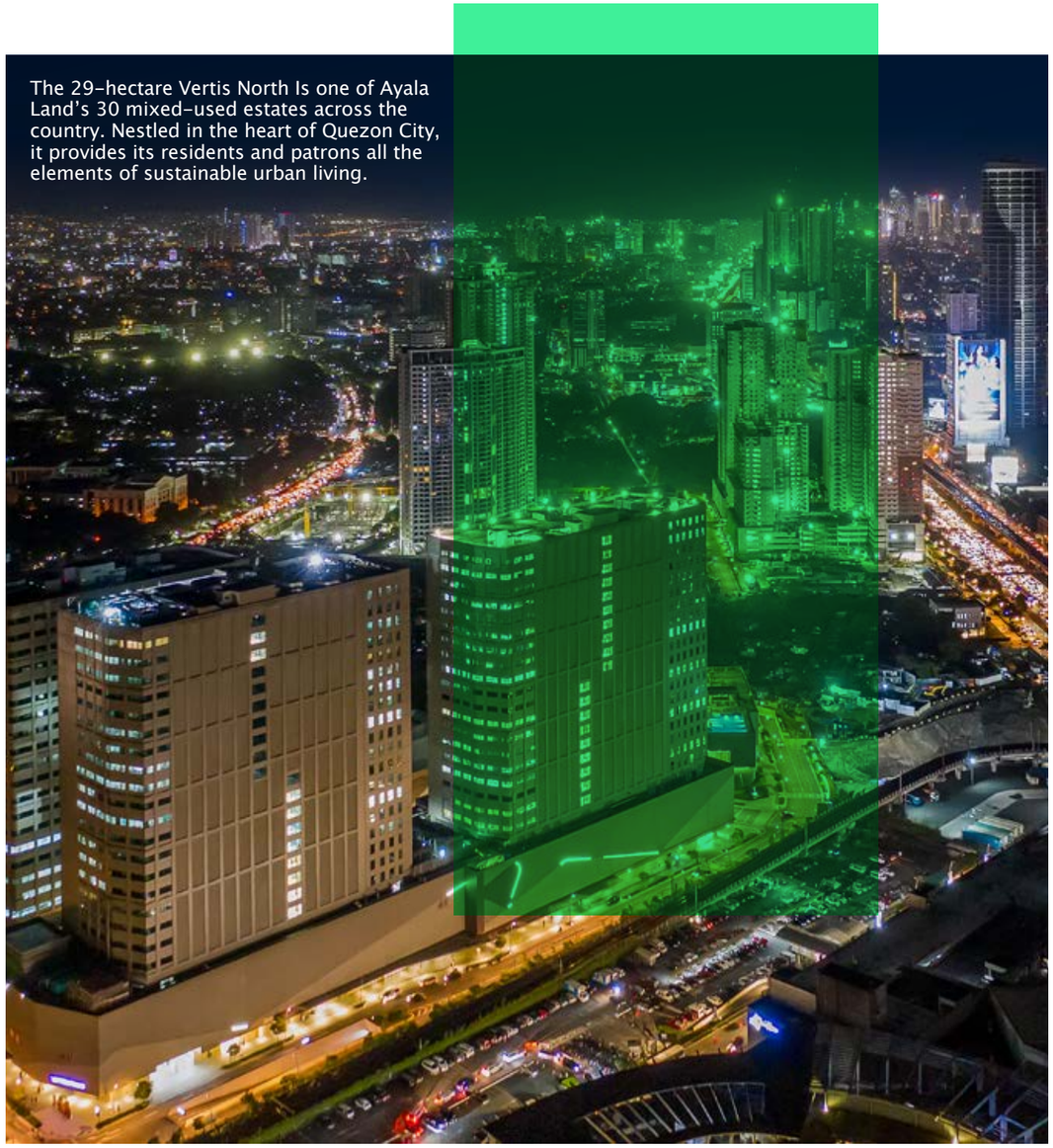


The 29-hectare Vertis North Is one of Ayala Land's 30 mixed-used estates across the country. Nestled in the heart of Quezon City, it provides its residents and patrons all the elements of sustainable urban living.

Indeed, the year 2020 was unlike any other. When our country went into enhanced community quarantine (ECQ) on March 17, 2020, overnight, majority of our businesses were forced to scale back operations. We quickly shifted our mindset from one of growth – a plan we have been executing since the aftermath of the 2008 Global Financial Crisis – to one of stability, strength, and solidarity."

Bernard Vincent O. Dy
President and CEO, Ayala Land Inc.

AyalaLand

WHO WE ARE

Ayala Land is the largest property developer in the Philippines, with a solid track record of developing large-scale, integrated, mixed-use, sustainable estates that are now thriving economic centers in their respective regions.

Following the success of the Makati Central Business District, Ayala Alabang, Cebu Park District, Bonifacio Global City, and Nuvali, it continues to increase its footprint by building estates that reach and benefit more people.

With 12,483 hectares of landbank, 30 estates, and a presence in 57 growth centers across the country, Ayala Land offers a balanced and complementary mix of residential developments, shopping centers, offices, hotels and resorts, and other businesses. Construction and property management services are led by its subsidiaries, Makati Development Corporation and Ayala Property Management Corporation, respectively.

It pioneers standards and practices in all its developments that reflect the value the company places on sustainability. As a responsible corporate citizen, Ayala Land acts with integrity, foresight, and prudence.

Focused on its vision of "enhancing land and enriching lives for more people," it empowers its employees to deliver quality products and services and build long-term value for its shareholders.

MARKET OUTLOOK

COVID-19 severely impacted the Philippine economy and the property sector. The lockdowns constrained mobility and economic activity, resulting in the GDP contracting by 9.5% in 2020. However, remittances from overseas Filipinos were resilient at US$29.9 billion. Gross international reserves reached an all-time high of US$110 billion, equivalent to 12 months' worth of imports, supported by a strong Philippine peso, which appreciated by 5% to ₱48.03 to US$1. In light of these, Ayala Land is cautiously optimistic about the prospects of recovery, which is largely dependent on the continued reopening of the economy and the success of the ongoing vaccination rollout in the country.

Ayala Land is preparing for a V-shaped recovery, which may take two to three years before reverting to pre-pandemic growth levels. For 2021, it has budgeted ₱88 billion in capital expenditures and is ready to launch ₱100-billion worth of residential products given continuing demand. It continues to be positive about the long-term prospects of the economy and the real estate sector with fundamental growth drivers still in place.

CAPITALS

Natural
Land bank strategically located in key growth centers for immediate and long-term development

Intellectual
Unique master-planning process integrating product lines to create sustainable and vibrant communities and fosters urban development

Manufactured
Wide range of products that caters to all markets and segments of the property sector

Social
Quality of products and services that upholds strict sustainability and corporate governance practices for its customers and stakeholders

Human
A decentralized structure empowers its people and provides the flexibility to execute its strategy in a fast and efficient manner

Financial
Strong balance sheet to support growth plans and prudent fiscal policy to maintain the strength of its financial position

Apulit, in Taytay Bay in North-eastern Palawan, is an Eco-Adventure Island Resort that offers exciting activities to its guests.

HOW WE CREATE VALUE

Estate Development
Develops estates that host its property development and commercial leasing products.

Property Development
Offers residential, office for sale, and commercial and industrial lots across various segments through five brands: AyalaLand Premier, Alveo, Avida, Amaia, and Bellavita.

Commercial Leasing
Develops and operates malls, offices, hotels and resorts, and emerging leasing formats.

Construction and Property Management
Owns its construction and property management companies, Makati Development Corporation and Ayala Property Management Corporation, to ensure quality throughout the entire project life.

Strategic Investments
Ayala Land holds investments that complement its core business: AREIT, Inc., AyalaLand Logistics Holdings, Corp., Cebu Holdings, Inc., Ortigas Land Corp., MCT Bhd., and other ventures.

BUSINESS REVIEW

Estate Development

Ayala Land launched South Coast City in 2020 bringing its total estates to 30 across the country. Located in the Cebu South Road Properties in Cebu City, South Coast City is a 26.3-hectare estate developed through a partnership of Ayala Land, its listed subsidiary Cebu Holdings, Inc., and SM Prime Holdings. The waterside mixed-use estate will have an entertainment and sports arena, a convention center, a one hectare park, a commercial center, and other facilities.

The Makati Central Business District launched a number initiatives as a response to the crisis. Bike lanes were installed on its main roads to allow safe mobility. A passenger queueing system was implemented at various points along Ayala Avenue to ensure social distancing. Assistance was likewise provided to Makati Medical Center in setting up a COVID-19 treatment center.

In BGC, several projects were undertaken to support mobility given the lack of public transportation. 15 kilometers of bike lanes were completed in June, resulting in a ten-fold increase in cyclists in the estate. To support business recovery, BGC implemented curbside pick-up points near malls, and extended outdoor dining.fairs in open spaces.

In NUVALI, QualiMed Sta. Rosa has been converted into a COVID-19 referral hospital. It now has a triage holding area, biosafety level two laboratory, and expanded ICU beds exclusively for COVID-19 patients.

Property Development

The property development business, composed of the sale of residential units and house-and-lots, office units, and commercial and industrial lots contributed ₱57.9 billion in revenues despite the pandemic. Adapting to the new normal, residential brands generated ₱13.6 billion of sales from digital selling channels, 17% of total sales reservations. Property Development contributed 67% of real estate revenues.

Residential
Revenues from the sale of residential lots and units and MCT Bhd's operations declined 44% to ₱47.8 billion.

Commercial and Industrial Lots for Sale
Slower take-up and limited inventory weighed on commercial and industrial lot revenues, down 42% to ₱6.6 billion. The launch of South Coast City in Cebu will add 11 commercial lots in fresh inventory.

Office for Sale
Revenues from the sale of office units was severely impacted by the pandemic, declining 72% to ₱3.5 billion. No new projects were launched in 2020, in line with Ayala Land's financial sustainability initiatives. Limited inventory coupled with slower completion of projects led to the segment's lower contribution.

Commercial Leasing

The commercial leasing segment,composed of shopping centers, offices for lease, hotels and resorts, and emerging leasing formats, likewise faced a difficult year because of the health crisis. Ayala Land made enhancements to digital platforms and introduced new product offerings in response to this. The segment's total revenues reached ₱21.9 billion, 44% lower than the previous year, accounting for 25% of real estate revenues.

Besides open spaces and parks, BGC also has many art pieces that contribute to its overall ambiance.

57
growth centers

12,483
hectares of landbank

30
Estates

67%
Percent of Ayala Land's real estate revenues

The Vermosa Sports Hub in Cavite is a state-of-the-art sports facility envisioned to be the premier training ground of amateur and professional athletes.

2.1M sqm
Total mall GLA

1.2M sqm
Total office GLA

Shopping Centers
Ayala Malls provided rent condonation and subsidy to its merchants throughout the quarantine period. Total support extended amounted to ₱6.2 billion by year-end. To protect mall patrons, health and safety measures were strictly implemented in accordance with government protocols.

Ayala Malls also focused on various digital initiatives in response to the new operating landscape. Z!ng, its digital concierge and loyalty app, was further enhanced to include a virtual mall with 61 merchants and an eGift Marketplace. It also rolled out the AyalaMalls Neighborhood Assistant, a personal shopper service for mall patrons. Other initiatives introduced were Live Online Shopping at Pasyal TV and DriveBuy, a curbside pick-up facility for callers and online shoppers.

In 2020, Ayala Malls recorded revenues of ₱9.1 billion, 59% lower mainly due to restricted operations. As of end-2020, total malls gross leasable area stood at 2.12 million square meters.

Offices
The office leasing business remained resilient on the back of sustained BPO and headquarter-type operations. It generated total rental revenues of ₱9.4 billion, only 3% lower than last year's due to the pre-termination of contract from POGO tenants. Overall occupancy was healthy at 88%.

Despite restrictions on construction, Ayala Land Offices completed two new office buildings, namely BGC Corporate Center 2 with 27,000 sqm and Central Block Corporate Center 2 with 39,000 sqm of GLA. These increased total office portfolio to 1.23 million sqm of GLA at year-end, making ALO the largest office developer nationwide.

Hotels and Resorts
The hotels and resorts business posted revenues of ₱3.4 billion in 2020, 56% lower than the previous year as quarantines and travel bans weighed heavily on occupancy, rates, and operations.

As a response, the hotels group pivoted to offer lodging for quarantine requirements of returning overseas Filipinos. It also launched "Food-To-Go," a food take-out service. On the other hand, the resorts group launched travel bubbles in El Nido for local tourists. There were 41 travel bubbles with no COVID-19 cases at year-end.

A total of 345 new hotel rooms were delivered in the first half with the opening of Seda Central Bloc in Cebu, expansion of Seda BGC, and additional rooms at Seda Ayala North Exchange in Makati. Total hotel and resort rooms stood at 4,030 by the end of 2020.

Emerging Leasing Formats
Listed subsidiary AyalaLand Logistics Holdings Corporation established the ALogis brand for its industrial leasing business. Alogis offers standard factory buildings, catering to locators in need of ready-built industrial facilities. It added 32,000 sqm of warehouse GLA in Laguna Technopark and Alviera Industrial Park, expanding ALLHC's total warehousing GLA to 207,000 sqm.

STRATEGY	DESCRIPTION	2020 PERFORMANCE	2021 PRIORITIES
5-point Action Plan			
	Financial Sustainability	Improved FY 2020 net debt to 0.74x and lowered capex to ₱64 billion from original target of ₱100B	**V-shaped recovery in the next 2-3 years** ▪ ₱88 billion capital expenditure budget ▪ ₱100 billion residential projects launch target ▪ Launch various products across residential brands ▪ Address malls consumer needs ▪ Grow offices in pace with demand ▪ Maintain cashflow breakeven for hotels and resorts ▪ Expand warehouses and industrial foot print
	Protecting the Workforce	Granted access to healthcare and enabled work from home arrangements	
	Serving our customers	5,000 APMC personnel on site across 253 managed properties Maximized digital platforms across all businesses	
	Helping the community	Total ₱7.2 billion financial support and constructed COVID-19 facilities and swabbing booths	
	Thinking ahead to recover	Prepared the organization for reintegration	

THE VALUE WE CREATE

Environment
Upholds Philippine biodiversity and ecosystems within and adjacent to its land bank.
- 12,483 hectares of land bank
- 586 hectares of carbon forests
- Planted 25,415 new native trees across 24 hectares of carbon forests
- 66 IUCN red-list species protected

Communities
Provides spaces that are site resilient, pedestrian-friendly, public transport-connected, and eco-efficient, uplifting standards of Filipinos.
- **787 hectares** of permeable green space
- **1 estates** added in 2020
- **30** total estates
- **20 P2P routes** near or within Ayala Land developments

Employees, Construction Workers, Suppliers, Service Providers, and Consultants
Contributes to local employment, skills development, aand career growth.
- **6,133** total work force
- **26,907** support staff
- **184,431** training hours

Investors, Analysts, Creditors
Provides consistent growth in shareholder returns, ensures long-term value for investors, and fulfills credit obligations.
- **₱8.7B** net income
- **0.74** net D/E ratio
- **4.7%** average cost of debt

Property Buyers, Residents, Shoppers, Mall locators, Office Tenants, Tourists and General Public
It provides homes and venues for business and leisure that support the community and spur economic growth.
- **6,635** completed and turned-over residential units
- two offices opened adding **66,000 sqm GLA**
- **345** hotel and resort keys added

Learn about our SDG initiatives on **p.141**

Learn more about Ayala Land in our **2020 Integrated Report**

Select BPI branches remained open throughout the quarantine to provide basic banking services.

In October 2020, the prestigious international financial publication Euromoney, named BPI as the "Best Bank in the Philippines", citing the bank's multi-year digital transformation journey and the success of our investment banking unit. Euromoney ran a quote that "BPI is a port in a storm—and right now, we are in a storm." Indeed, ours is a bank built to withstand crises. We had a good year in what was a very bad year."

Cezar P. Consing
President and CEO, Bank of the Philippine Islands

BPI

WHO WE ARE

As the first bank in the Philippines and in Southeast Asia, Bank of the Philippine Islands has established a history of client trust, financial strength, and innovation. Since 1851, our business, products, and services have created sustainable value and played a significant role in every Filipino's daily life, as well as in the country's growing economy.

A fully diversified universal bank and a recognized leader in the banking industry, BPI offers a diverse range of products and services in consumer and corporate banking as well as in asset management, payments, insurance, investment banking, foreign exchange, leasing, and securities distribution. We continue to enhance our digital infrastructure for a truly digital banking experience in the future, where our clients of all segments, including corporate, consumer, or small, medium and micro-entrepreneurs, can have better, more convenient, and secure access to our services.

We continue to build the bank's digital infrastructure and introduce innovations that make banking easier for an increasingly digital population: phone banking, internet banking, and mobile banking.

Our network consists of 1,173 BPI, BPI Family Savings Bank, BPI Direct BanKo branches and branch-lite units nationwide. We have a client base of about 8.6 million being served by a 19,952-strong employee workforce.

MARKET OUTLOOK

The COVID-19 pandemic, which compelled the Philippines to impose restrictions on mobility, resulted to a 9.5% economic contraction in 2020, the worst since the 1980s debt moratorium.

With the economy slowly reopening, local demand will most likely improve although a full recovery is not expected in 2021. The lack of foot traffic in malls and other public areas continues to dampen the demand for goods and services that involve human contact, while the decline in household income amid the pandemic has forced consumers to tighten their belts. However, e-commerce and the widespread use of delivery services are expected to cushion the decline in consumer spending.

The availability of a vaccine in the second half of 2021 may accelerate the recovery of the economy. We expect a 6.8% growth rate in 2021. However, the possibility of a second wave and government underspending may possibly pull down growth in 2021.

We see upside risks that could keep inflation above 4% in the coming months. The distribution of vaccines may lift global demand and push oil prices higher, while supply constraints in the meat sector will likely continue owing to the impact of the African Swine Fever. Inflation risk along with the steepening of the US Treasury yield curve and additional borrowing from the government may exert upward pressure on interest rates.

With the economy slowly reopening, we expect imports to recover. Risk to this outlook includes below-target public sector spending. With businesses still struggling, the lack of fiscal support and public construction may stall recovery and dampen the demand for capital goods.

CAPITALS

Financial
Strong balance sheet and continued growth and optimization of deposit franchise and loan book

- ₱2.2 trillion in total assets
- ₱279.8 billion in total capital

Human
Energized, enabled, and engaged employees with diverse talents

- ₱48.4 million on local trainings for employees

Natural
Efficient use of resources through environmental management systems to minimize our impact on the environment

- 119,291 gigajoules electricity consumption
- 252,975 cubic meters water consumption

Manufactured and Intellectual
Reliable, secure, and expanding network of delivery infrastructure in both traditional and digital platforms

- 1,173 branches and branch lite units across the country
- 2,707 ATMs and CAMs across the country
- 99.69% uptime for new BPI Online and Mobile App
- Established BPI Sustainable Funding Framework

Social and Relationship
Beacon of stability and credibility upon which trust is built and sustained among our clients and global banking partners

- 169 years of providing quality service and trusted advice
- 139 international remittance partners
- BPI Credo and Core Values

HOW WE CREATE VALUE

Digital Channels
BPI's goal is to become the client's "Everyday Bank". BPI aims to build its digital capability to provide a secure, intuitive, digital experience across digital platforms, compliant with banking standards, policies, and global best practices.

Retail Clients
BPI provides easy, convenient and better access to financial products and services, making it easier for more Filipinos to save, borrow and invest.

Business Banking
In addition to providing access to financing, BPI offers tailor-fit solutions to SMEs to better manage their cash flows, raise capital, and increase their economic potential.

Corporate Banking
BPI caters to corporations and middle market clients, through deposit taking and servicing, loan facilities, leasing, trade, cash management and investment banking services.

BPI's ATMs and CAMs nationwide remained open with ample cash to service clients.

BanKo
BPI promotes financial inclusion and wellness to self-employed micro-entrepreneurs through its subsidiary, BPI Direct BanKo, Inc.

Global Markets
Global Markets optimizes BPI resources through portfolio management, position-taking and trading. In addition, Global Markets provides timely updates, tailor-fit financial advisory and treasury solutions to clients.

BUSINESS REVIEW

BPI posted a net income of ₱21.4 billion in 2020, a 25.7% decline from 2019. Fourth quarter net income was ₱4.2 billion, a 37.4% decrease from the previous year.

The decline in net earnings was a result of the ₱28 billion in provisions for loan losses, five times higher than the amount set aside in 2019, as the economic slowdown led to an increase in non-performing loans.

NPL ratio was 2.68%, with NPL Coverage ratio at 115.2%.

Total Revenues increased 10.5% to ₱101.9 billion. Net interest income grew 10.2% to ₱72.3 billion, a result of a 5.8% expansion in average asset base supported by a 14-basis point expansion in net interest margin to 3.49%. Non-Interest Income climbed to ₱29.7 billion, up 11.1% on higher securities trading gains. Fee income fell 5% to ₱19.5 billion. Total Operating Expenses amounted to ₱48.2 billion, almost flat from the previous year. Cost-to-income ratio stood at 47.2%, an improvement from the 52.4% recorded in the prior year.

Total loans as of December 31, 2020 was ₱1.4 trillion, a 4.6% decline year-on-year, primarily as a result of a slowdown in corporate lending. Notably, the mortgage and microfinance loan segments posted a growth of 6.6% and 6.9%, respectively. Total deposits increased to ₱1.7 trillion, up 1.2% year-on-year, as CASA growth of 16.6% offset a 33.2% reduction in time deposits. The bank's CASA Ratio was 79.6%, while the loan-to-deposit Ratio was 82.0%.

Total assets stood at ₱2.2 trillion at year-end, 1.3% higher year-on-year. Total Equity increased to ₱279.8 billion, translating into a common equity tier 1 ratio of 16.2% and a capital adequacy ratio of 17.1%, both well above regulatory requirements. Return on equity was 7.7%, while return on assets was 0.98%.

The bank ended the year with all three major international credit rating agencies reaffirming its credit ratings: S&P at BBB+ which is two notches above investment grade (same as the Philippine Sovereign), Moody's at Baa2 which is one notch above investment grade, and Fitch at BBB- which is investment grade.

₱21.4 B
Net income

₱28 B
in provisions

2.68 %
NPL ratio

₱72.3 B
Net interest income
10.2% increase

₱29.7 B
Non-Interest Income
11.1% increase

16.6 %
CASA growth

₱2.2 T
Total assets as of year-end
1.3% increase

BPI has over 1,100 branches between its full-fledged sites and branch lite units

STRATEGY	2020 PERFORMANCE	2021 PRIORITIES
Achieve asset growth in high-margin businesses		
Continued focus on SME, consumer, and microfinance lending	SME Loans: ₱60 billion Consumer Loans: ₱281.5 billion Microfinance Loans: ₱4.6 billion	Growth in SME, consumer, and microfinance lending to continue through the use of traditional channels and digital assets
Strengthen funding franchise		
Grow deposits and improve CASA ratio	Deposits growth rate: 1.2% CASA ratio: 79.6%	Deposit growth at the same or faster pace than industry
Rationalizing distribution channels		
Rebalance traditional and digital channels	New bank branches: 2 New BanKo branches: 4	Existing bank branches; rationalize, optimize, and consolidate New BanKo branches: 5-6
Increase digital platform active users		
Increase active users of digital banking platforms for retail and business clients	**Active users:** Online/Mobile banking: 2.7 million Bizlink: 23,100	Online/Mobile banking: 24% growth Bizlink: 67% growth

The pandemic strengthened BPI's view to rationalize, consolidate, and optimize its branch network, and re-evaluate its branch operating model.

BPI employees exercise vigilance in the time of COVID-19, employing face masks, social distancing, physical barriers, and intensive cleaning.

THE VALUE WE CREATE

Clients and communities

- A community that has access to the formal financial system to promote sustainable development.
- 8.6 million total clients
- ₱1.41 trillion in net customer loans
- 2.7 million unique active users of BPI Online and Mobile App

Financial Inclusion

- ₱18 billion microfinance loans disbursed through BanKo to date
- 1,686 financial education trainings conducted

Financing Sustainable Development

- ₱199.9 billion disbursed in 2020 towards projects identified to contribute to the UN Sustainable Development Goals
- ₱21.5 billion raised through COVID Action Response Bond Issuance

Supporting Nation Building

- ₱189 billion loans disbursed to SMEs through Business Banking to date
- Over 111,000 SME clients served

Employees

- A workplace that fosters learning and development, career advancement, and sustainable engagement.
- ₱17.8 billion total payments to employees
- 2.4 million total training hours provided to employees or an average of 120 trainings hours provided per employee

Government and Regulators

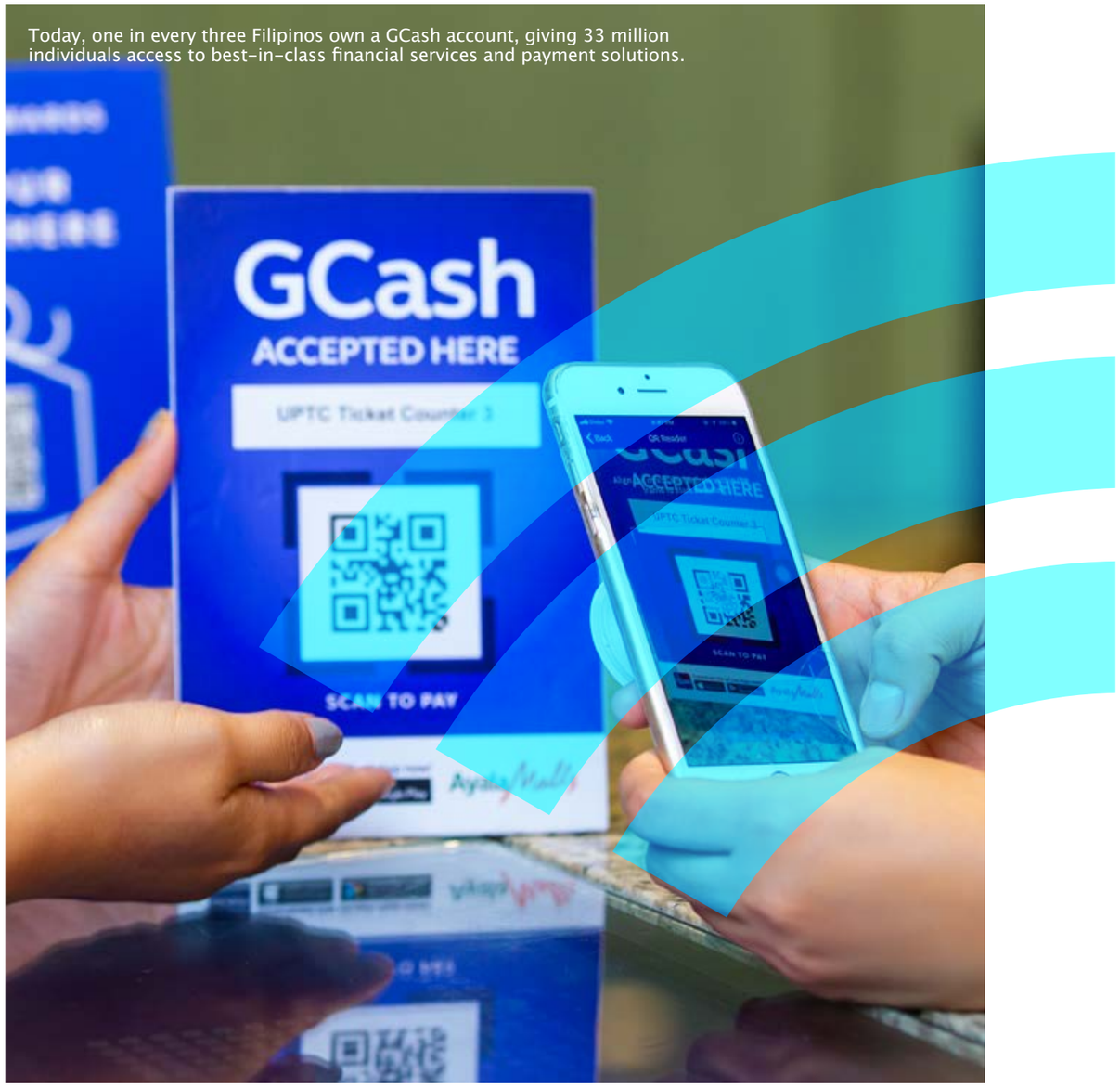
- Robust support to government's capital raising activities through government securities distribution, payment of taxes, facilitating remittances, and compliance with regulations.
- ₱21.1 billion in total payments to government
- ₱62 billion total capital raised for the government
- 21% share in remittance market

Investors

- Delivery of superior shareholder returns in a manner that is transparent and equitable.
- ₱101.9 billion in total revenues, 10.5% increase from 2019
- ₱20.2 billion in total payments to providers of capital (dividends and interest payments)

Learn about our SDG initiatives on **p.135**

Learn more about BPI in our **2020 Integrated Report**



Today, one in every three Filipinos own a GCash account, giving 33 million individuals access to best-in-class financial services and payment solutions.

2020 was an unprecedented year of challenges for the business as we faced economic headwinds stemming from a global pandemic. During this turbulent time, Globe remains resilient, reinventing the customer experience to provide best-in-class service. Guided by our purpose and vision, we remain steadfast in our efforts to drive economic recovery and rebuild the nation."

Ernest Lawrence L. Cu
President and CEO, Globe Telecom

Globe

WHO WE ARE

Globe Telecom, Inc. is a leading full-service telecommunications company in the Philippines and is listed in the Philippine Stock Exchange under ticker symbol GLO. The company serves the telecommunications and technology needs of consumers and businesses across an entire suite of products and services including mobile, fixed, broadband, data connectivity, internet, and managed services. It has major interests in financial technology, digital marketing solutions, venture capital funding for startups, and virtual healthcare.

Supported by over 8,300 employees and over 1.1 million retailers, distributors, and business partners nationwide, the company currently has 76.6 million mobile subscribers, both prepaid and postpaid, and 3.8 million home broadband customers. Globe keeps Filipinos connected through its tie-up with 780 roaming partners in 237 calling destinations worldwide.

Its principals are Ayala Corporation and Singapore Telecom, both acknowledged industry leaders in the country and in the region.

In 2019, Globe became a signatory to the United Nations Global Compact, committing to implement universal sustainability principles.

MARKET OUTLOOK

The Philippine telecommunications industry has seen a shift in recent years with the advent of data and the Internet of things changing customer behavior and the way telecommunications firms operate. Hastening this is the COVID-19 pandemic which has caused consumer to rely more heavily on digital channels to enable working, learning, conducting businesses, and entertaining from home. As such, telecommunication companies have had to reposition themselves to remain relevant to match the evolving consumer digital habits in the new normal.

For a highly penetrated mobile market such as the Philippines, the prevalence of affordable data plans and smart devices is further driving the demand for data. Using social media, watching online videos, listening to music streaming services, and playing games are the top activities for Filipinos on the Internet.

The fixed line industry is also seeing an increasing demand for data. At home, smart televisions and gaming consoles are enabling the consumption of bandwidth-intensive multimedia content. Meanwhile beyond connectivity, corporate and enterprise clients are looking to service providers including telcos, for assistance in enabling their digital transformation.

On competition, the industry may experience changing market dynamics with the entry of the third mobile player. Likewise, with the increasing demand among addressable households for high-speed broadband service, Globe and the incumbent operators will fast track the rollout of fiber-to-the-home service.

Lastly, on the regulatory front, the government continues to review existing laws and policies, aligning them with international norms. This has led to zero interconnection fees for mobile calls and texts and new rules governing prepaid load expiry and mobile number implementation, which is set for 2021.

CAPITALS

Financial
Driven by continued mobile data revenue growth, strong consolidated service revenues and earnings; continued investment in network expansion to monetize rising data traffic

Intellectual
Engaging with local and global partners to provide best-in-class network service, IT enablement, and content offers

Social and Relationship
Putting customer centricity and nation-building at the core of business decisions

Human
Developing a people-centered Organization

Manufactured
Fast-tracking telco infrastructure build and diversifying systems to enable customers' multiple touchpoints and superior experience

Transactions are made easier by GCash's use of QR Codes for fast and contactless payment.

HOW WE CREATE VALUE

Accelerate network roll out
Deliver on our commitment to provide the best network experience.

Serve our New Customers
Know customers deeply to enrich digital lives and businesses

Expand our ecosystem
Create value through relevant services and solutions for Filipino consumers and businesses beyond connectivity.

Purpose-Driven Organization
Empower a high-performing workforce, focused on our vision for the nation.

₱18.6 B
Net income

₱146.4 B
Consolidated service revenues

BUSINESS REVIEW

Globe ended the year with total consolidated service revenues of ₱146.4 billion, a moderate 2% decline from last year. The COVID-19 pandemic impacted revenues across all businesses except for Home Broadband which sustained its double-digit growth.

For the Mobile business, revenues slid by 7% to ₱103.1 billion mainly due to the negative effects of the country's quarantine restrictions.

Mobile revenues improved in the second half of the year with higher prepaid top-up levels and postpaid subscriber acquisitions as the country resumed business activity.

From a product view, mobile data revenues posted close to ₱72 billion from ₱71.4 billion last year as mobile data traffic soared by 48% year-on-year. Meanwhile, mobile voice and mobile SMS revenues declined by 16% and 29%, respectively as more people stayed at home.

Buoyed by the robust demand for fast and reliable internet, the Home Broadband business enjoyed a banner year, posting a 23% year-on-year increase in revenues. Total home broadband subscriber base now stands at 3.8 million, up 88% from 2019.

Corporate Data's full year 2020 revenues posted a 3% decline to ₱12.5 billion due to the slowdown in revenues from domestic and international services.

Net income ended at ₱18.6 billion from ₱22.3 billion last year due to the reduction in topline and higher non-operating expenses mainly from a ₱4.2 billion one-time impairment loss as partly offset by the gain of ₱2.4 billion, mostly from the deemed sale of investment in Mynt and loan revaluation.

As a testament to Globe's commitment to provide internet access to all Filipinos, the company invested ₱60.3 billion in CAPEX in 2020, surpassing last year's record level by 18%.

Despite the continuing impact of the COVID-19 pandemic, Globe built almost 1,300 new cell site towers, up from 1,100 the previous year. Also, the aggressive modernization of its existing network infrastructure resulted in 11,529 site upgrades to 4G/LTE this year, 14% higher than in 2019. Moreover, Globe deployed 5G sites around the Philippines, making 5G available in 1,045 areas in the country. These network improvements enhanced the customer experience and the Filipino digital lifestyle and addressed the challenges of the new normal.

Globe has also entered into an agreement to acquire all of the assets of US-based Cloud Consulting Companies Cascadeo Corporation and Cascadeo Partners for US$4 million. Globe's vast resource pool and extensive reach in the Philippine market combined with Cascadeo's expertise in cloud-based products and services will result in an upgraded cloud-based product and service offering.

On the mobile money front, GCash led the shift towards digital adoption in the country, allowing safe and convenient transactions amidst the pandemic. GCash ended 2020 with over 33 million users; almost one in three Filipinos now owns a GCash account. In addition, active users have grown by 3.7x the pre-pandemic level. GCash is also now the number one finance app in the country based on App Annie surveys. It also breached ₱1 trillion in gross transaction value in December 2020. Given the increase in user base, GCash has commenced monetization initiatives, resulting in revenues at 4x of the previous year. GCash likewise introduced several initiatives in 2020 as it aims to be a lifestyle app. This includes GInsure, where medical coverage for Dengue and COVID-19 is available, and GLife, where users can interact with their favorite brands via mini-programs embedded inside the app. With GLife, GCash can effectively help businesses create their digital presence without them having to build their own app.

GCash also completed its fund-raising initiative bannered by the investments from existing shareholders and Bow Wave at a post-money valuation of close to US$1 billion.

23%
Increase in Home Broadband revenues

88%
Increase in Home Broadband subscriber base

₱60.3 B
Capital Expenditures in 2020

GCASH

over
33 M
or 1 out of every 3 Filipinos have a GCash account

#1
finance app in the country based on App Annie surveys

Despite the pandemic, Globe's unprecedented network rollout will intensify further in 2021 as it remains focused on customer satisfaction.

STRATEGY	2020 PERFORMANCE	2021 PRIORITIES
Accelerate network rollout		
Deliver on our commitment to provide the best network experience	▪ CAPEX of ₱60.3 billion ▪ As of end December 2020, Globe was able to build close to 1,300 new cell sites or cell towers ▪ Upgraded 11,529 sites to 4G/LTE ▪ Deployed 5G sites around the Philippines, making 5G available in 1,045 areas ▪ +275% FTTH rollout in 2020 vs. 2019 ▪ Mobile data traffic of 2,517 petabytes in 2020 vs. 1,699 petabytes in 2019 ▪ Home Prepaid Wifi data traffic of 545 petabytes vs. 115 petabytes in 2019 ▪ 3.8 million home broadband customers as of end of 2020 ▪ 76.6 million mobile subscribers as of end of 2020	▪ Committing to CAPEX of ₱70 billion ▪ Bring internet services to more Filipino households through wireless home broadband, Fiber, 5G, and constantly improve overall network experience
Serve our New Customer		
Know customers deeply to enrich digital lives and businesses	▪ Deployed Go WiFi and Community WiFi to enhance/expand the experience of Globe mobile and broadband customers ▪ GlobeOne app allows subscribers to manage, track, and control multiple Globe accounts ▪ Globe At Home app allows subscribers to manage their prepaid or postpaid broadband accounts (exclusive for broadband subscribers only)	▪ Continue deployment of Go WiFi and Community WiFi ▪ Continue to forge partnerships and create innovative content-driven experiences ▪ Continue to enable the Filipino digital life according to the new and emerging customer needs ▪ Improve customer experience via hyper-targeted Rewards; provide personalized rewards ▪ Constantly improve how Globe communicates to its customers through digital sales and care channels ▪ Use of multiple and integrated channels (omni-channel) that create cohesive and personalized customer experience ▪ Create delightful customer experiences across complementing digital and traditional channels that cohesively serve customer needs

STRATEGY	2020 PERFORMANCE	2021 PRIORITIES
Expand our Digital Ecosystem		
Create value through relevant services and solutions for Filipino consumers and businesses beyond connectivity	▪ Enabled MSMEs with relevant business solutions ▪ Cloud adoption and Cyber Security solutions for Enterprise customers ▪ Over 1.1 million AMAX retailers ▪ GCash is the #1 Finance App with 33M registered users; over ₱1 trillion gross transaction value	▪ Empower the local economy in its digital transformation ▪ Enable small business owners to offer more products and services to stimulate the e-commerce industry and the digital economy ▪ Continue to develop products that are relevant to the Filipino beyond telco, and leverage the entire Globe ecosystem of portfolio companies and services
Purpose-Driven Organization		
Empower a high-performing workforce, focused on our vision for the nation	▪ 8,339 regular employees (54% male and 46% female) ▪ 93% Sustainable Engagement score in 2020 ▪ Purpose Survey Indicators ▪ Role and Work contribution to Globe Purpose: 92 in 2020 vs 91 in 2019 ▪ Personal purpose contribution to Globe Purpose: 92 in 2020 vs 88 in 2019 ▪ Over ₱27M Employee donation drives for COVID initiatives through #OneGlobeVsCOVID fundraising campaign ▪ Zero fatality rate and zero man-hours lost due to work-related accidents ▪ Transition towards building an enterprise-wide Simple, Digital, Agile organization.	▪ Create a high-performing organization through a purpose-driven workforce with a culture of empowerment, collaboration and innovation ▪ Pioneer the transformation of the service delivery engine to Simple, Digital, Agile for faster time to market, efficient delivery, effective cost management, and better collaboration ▪ Continuing organizational focus on customer-centricity ▪ Enabling an agile organization through agile competency-building and ways of working ▪ Empowering leadership with a focus on clarity, collaboration, and succession planning ▪ Perpetuating the Circle of Happiness through Purpose, Globe Values, and overall Organizational Health ▪ Valuing People and together, ensuring sustainability

THE VALUE WE CREATE

Customers

We enable our customers with the power of choice as they embrace a digital lifestyle and we enable MSMEs and large enterprises with relevant business solutions.

Shareholders

We commit to a sustainable, consistent and competitive dividend distribution.

Employees

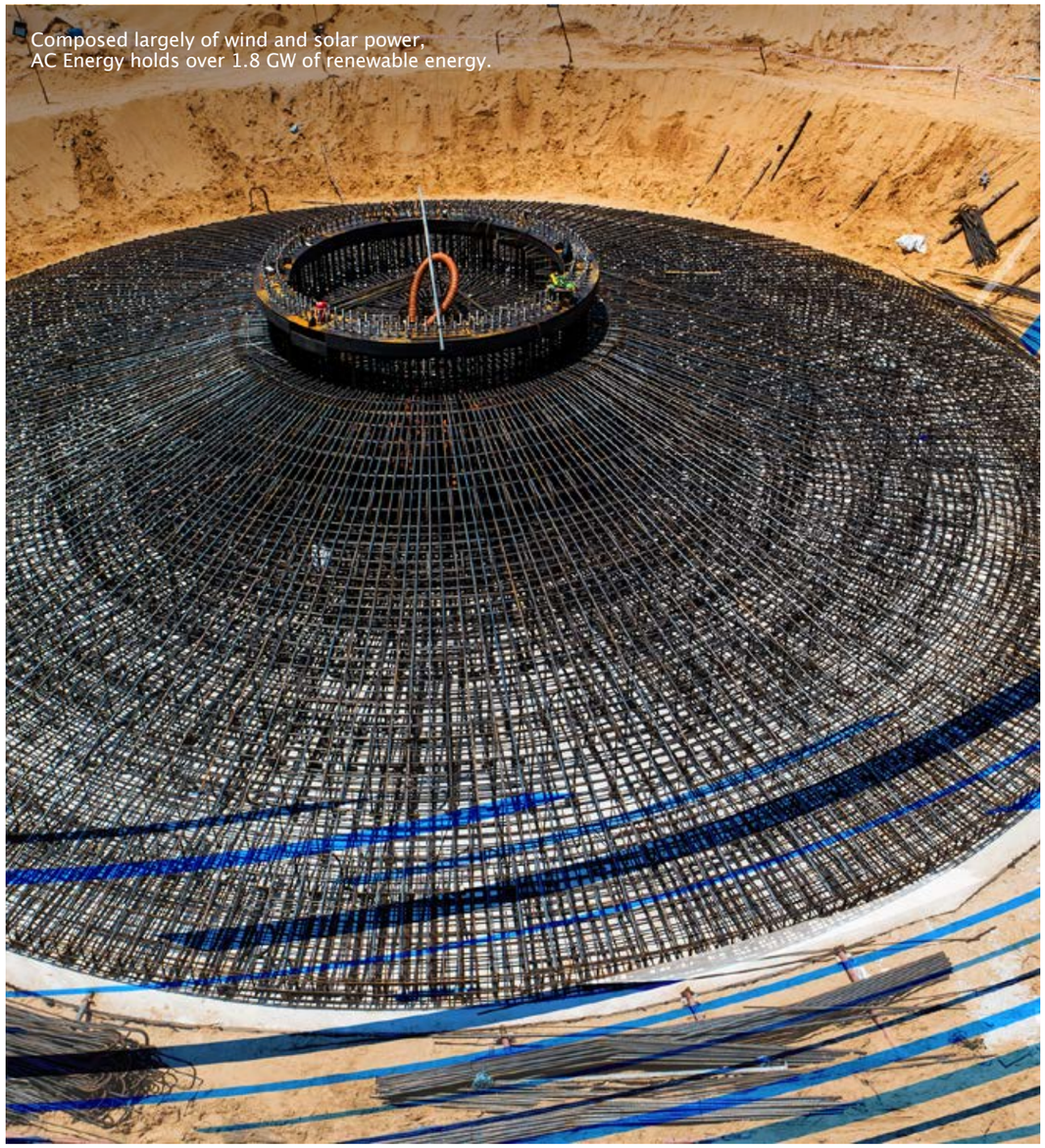
We empower our employees to champion our purpose to create a Globe of good.

Business partners and suppliers

We provide opportunities to our suppliers and business partners within our supply chain.

Learn about our SDG initiatives on **p.137**

Learn more about Globe in our **2020 Integrated Report**


Composed largely of wind and solar power, AC Energy holds over 1.8 GW of renewable energy.

The events of the past year emphasized the urgent need for sustainable development. Across the globe, renewable energy is now seen as the main driver of the green-led recovery, and sustainability has increasingly become a top priority for top companies. The demand for renewable energy continues to accelerate, and we view this as a significant opportunity as AC Energy scales up its renewables business in the Philippines and around the region."

John Eric T. Francia
AC Energy President and CEO

AC Energy
An Ayala Company

WHO WE ARE

Ayala Corporation established AC Energy, Inc. as its energy platform, one of the fastest-growing renewable energy companies in the region and one of the Ayala group's core businesses.

In 2017, AC Energy, Inc. began to expand beyond the Philippines and focused on scaling its renewable investments. The company also strengthened its development and operational capabilities through the acquisition of Bronzeoak Clean Energy, a leading renewable energy developer in the country, and PHINMA Energy, one of the pioneers in the Philippine power industry. Afterwards, the Ayala group restructured and announced that it will be consolidating its energy, water, infrastructure, and logistics businesses into the company which was renamed to AC Energy and Infrastructure Corporation. Meanwhile, PHINMA Energy was reconstituted as AC Energy Corporation.

In 2019, ACEIC infused its Philippine energy assets into ACEN through an asset for share swap. With this infusion, ACEN's portfolio will grow to approximately 2,400 MW of attributable capacity, of which 77% will be from renewable sources. ACEN is in an excellent position to realize its aspiration to become the largest listed renewables platform in Southeast Asia with the goal of 5 GW of renewables capacity by 2025.

MARKET OUTLOOK

The COVID-19 pandemic was an unexpected disruption, undermining the ASEAN regional target to achieve 23% renewables share in total energy supply by 2025. In the Philippines, the pandemic brought one of the longest and strictest lockdowns, causing power demand to drop by around 20% year-on-year, though it recovered fully by the second half of the year.

Critical government support brought a positive outlook for the renewables sector. In September, the DOE announced its plan to launch the Renewable Portfolio Standards, which brought in more than 13,000 MW of solar project applications. Demand is also expected to be driven up by the Total Electrification Program which targets a 100% electrification rate by 2022. A green energy auction initially set at 2,000 MW has also been scheduled for June 2021, which would facilitate supply contracting by qualified suppliers with eligible customers in a competitive process.

The country is expected to grow power consumption annually by 4.6% within the next decade while power capacity will increase by a net capacity of approximately 8 GW according to Fitch Solutions.

Meanwhile in Vietnam the growth of energy demand slowed to 2% at the height of the pandemic from around 10%. However, mid to long-term growth is expected rebound to 8% to 10% on the back of strong government support on economic trade and investment. At the same time, the country aims to double its use of renewable energy and slash carbon emissions by 15% by 2030.

Against COVID-19, Vietnam is forging ahead on its renewable energy goals. In April, the Vietnam government released the second Feed-in-Tariff scheme for solar projects, sustaining the solar energy revolution in the country.

CAPITALS

Financial
Over US$2 billion of invested and committed equity in renewable and thermal energy

Manufactured
Portfolio of power generating plants: 1,034 MW in the Philippines under ACEN (100% basis), ~1,400 MW offshore, and 710 MW of legacy coal assets

Natural
Harnesses solar, wind and thermal energy for power generation

47% of ACEN's 1,034 MW portfolio is renewable

100% of the ~1,400 MW offshore capacity is renewable

Social and Relationship
Together with the Ayala group, launched a series of social investment and support initiatives, raising over ₱64 million to fund COVID-19 relief operations

The Mui Ne Wind Farm is AC Energy's first wind power project in Vietnam.

HOW WE CREATE VALUE

Development Platform
Established a strong network of partners and development platforms in scalable markets across the region with the Philippines, Vietnam, Indonesia, India, Australia, and Myanmar as key markets.

Green Bond Leadership
- Total outstanding Green Bonds: US$ 983 million
- % Deployed as of end of 2020: 74%
- Renewable energy capacity funded by Green Bonds: 2,473 MW (gross)

Power Generation
Generated 4,847 GWh of attributable output of which 41% was from renewable sources.

Job Creation
Generated ~7,000 jobs for its head office, power plants and within its host communities in the Philippines and across the region.

BUSINESS REVIEW

AC Energy remained resilient, backed by its diversified energy portfolio and strong balance sheet. The company contributed ₱6.2 billion[1] of net income in 2020, reflecting its strong performance despite the pandemic. This, however, was a decline from ₱25 billion in the prior year, which included gains from its partial divestment in AA Thermal.

Equity earnings from the listed company, ACEN, increased to ₱2.8 billion from almost break even in the previous year on the back of higher operating and contracted capacity and improved plant availability. ACEN now accounts for almost half of AC Energy's net income.

Equity earnings from international assets increased by 68% to ₱2.5 billion, supported by full-year operations of the company's solar assets in Vietnam.

[1] Y2020 NIAT differs vs. the reported NIAT of ACEIC due to cut-off adjustments taken up at AC consolidated FS. Along with other cut-off adjustments, the net effect to consolidated NIAT is less than 1 percent.

Sustainable Transformation
In 2020, AC Energy further expanded its geographical reach and is now present in Vietnam, Indonesia, Australia, and India. The Philippines remains to be the company's core market.

ACEN has more than 1,304 MW of attributable capacity in the Philippines, a 2.6x growth from its 400 MW capacity upon acquisition, with around almost half coming from renewable energy. AC Energy continues to scale up its renewable energy portfolio offshore and currently owns approximately 1,400 MW of attributable capacity in the region.

In Vietnam, the government has been making a serious push for renewables with a compelling Feed-In Tariff program that resulted in over 4 GW of solar in just two years. AC Energy is well-positioned to address the attractive growth opportunities in the country and has made significant solar and wind investments totaling to more than 600 MW in capacity.

Another key market is Australia. AC Energy formed a joint venture with UPC Renewables in 2018 and established an extensive renewable energy pipeline amounting to over 2,400 MW. The joint venture also established UPC-AC Energy Solar in India and currently holds over 450 MW of solar projects under construction and in the pipeline. India's clean energy expansion program has set an ambitious target of 175 GW renewables capacity by 2022.

In Indonesia, AC Energy's wind and geothermal assets with an attributable capacity of over 180 MW continue to contribute to its net income.

To realize its 2025 vision, ACEN will grow its balance sheet through its latest set of capital raising initiatives. In January 2021, ACEN completed its stock rights offering, raising ₱5.4 billion. By March, the private placement of Singapore sovereign wealth fund, GIC Private Limited, completed a ₱12 billion investment into ACEN. The company also announced plans to conduct a follow-on offering in 2021.

Leading the Region's Sustainable Transformation
The Asia Pacific is at the early stage of the energy transition as solar and wind account for less than 10% of output. The upside is massive as demand continues to grow and coal plants are shut down over time.

Aside from the Philippines, AC Energy is now present in Vietnam, Indonesia, Australia, and India.

AC Energy is in an excellent position to capture these opportunities. Through its strong network of partners and banking relationships and its highly motivated, dynamic, and agile team that has consistently surpassed expectations, AC Energy is well on track to realize its aspiration to become the largest listed renewables platform in Southeast Asia.

AC Energy and Sustainability
The Philippines was cited as a regional leader in sustainable finance with the third most investments in the region in the green bond market according to the Climate Bonds Initiative. AC Energy was cited as the largest issuer in the Philippines in 2020 with four tranches of green bonds outstanding, ranging from US$75 million to US$400 million.

The green bonds further strengthen AC Energy's liquidity and enable it to continue scaling up its renewable investments despite the challenging environment. In July, AC Energy successfully launched a US$60 million tap on its senior Green Bonds due 2024 via private placement. By November, AC Energy issued US$300 million in perpetual green bonds on the Singapore Exchange. Its sustainability frame is built on three areas: Low carbon portfolio by 2030, environment protection, and community investment.

AC Energy has started to develop targets and measures to help drive its sustainability agenda across the organization and business partners.

STRATEGY	2020 PERFORMANCE	2021 PRIORITIES
Energy Transition		
▪ Growing the renewables portfolio complemented by peaking plants in the short to medium term and battery storage over the medium to long term. ▪ Provide the most affordable, reliable, and sustainable energy	▪ Increased renewable energy capacity — ~490 MW of renewables under ACEN and ~1,400 MW internationally — Among the largest renewable portfolios in Southeast Asia ▪ Largest issuer of green bonds in the Philippines in 2020 — Deployed >70% of net proceeds as of end 2020 — Launched a US$60 million tap on its senior Green Bonds due 2024 — Issued US$300 million in perpetual green bonds in SGX	▪ Capital raising activities to fund investments in renewables: — ACEN stock rights offering — Investment of Singapore sovereign wealth fund, GIC Private Limited — ACEN follow-on offering ▪ Infusion of international assets into ACEN ▪ Completion of projects under construction in the Philippines, Vietnam, and India ▪ First tranche of GNPower Kauswagan asset divestment
Expand in high growth regional markets		
▪ Renewable energy growth in key markets with attractive ratings and ambitious climate policies. ▪ The Philippines will continue to be the company's core market. ▪ Aim to be the largest listed renewables platform in Southeast Asia	▪ Established ~1,400 MW of attributable capacity offshore — Construction of > 340 MW of solar and wind projects in Vietnam — Commencement of 521 MW of solar capacity in Australia and 170 MW of solar capacity in India ▪ Philippine projects ramp up: — 120 MW Alaminos and 60 MW Palauig solar farms to be operational by mid-2021 — 150 MW Ingrid power plant in Rizal to be operational within the year — 2 x 20MWh Alaminos battery energy storage system targeted for completion within the year — Renewable energy laboratory in Bataan to be operational by June 2021	▪ Philippines, Vietnam, and Australia remain as key markets ▪ Establish a meaningful presence in India ▪ Continue to search for markets aligned with our strategy
Leverage strategic partnerships to complement internal development capabilities		
Established network of strong industry partners and banking relationships	▪ Expanded the UPC Renewables partnership with two wind projects in Vietnam, two solar projects India, and a new project in Australia ▪ Started the Quang Binh wind project with AMI Renewables in Vietnam ▪ Expanded the Ninh Thuan solar project in partnership with the BIM Group. ▪ Expanded the Mui Ne wind farm in partnership with The Blue Circle ▪ ACEN entered into a JV with Axia Power Holdings Philippines for the 150 MW Ingrid power plant project in Rizal	▪ Continue to grow local partners and local talents ▪ Continue to grow banking relationships

As AC Energy scales up its renewables business, it also ensures its power plants are operating at top efficiency.

THE VALUE WE CREATE

Investors and Shareholders

- Net income contribution of ₱6.2 billion[1] in 2020 reflects the company's strong performance despite the pandemic.
- ACEN's stock price tripled in 2020 with market capitalization growing more than sixfold to ₱110.5 billion.

Customers

- Serves the power requirements of 310 MW wholesale customer contracts and 270 MW of retail customers in the Philippines and provides energy solution products that allow customers to offset their carbon footprint while maintaining affordability and reliability.
- International plants also power the requirements of distribution utilities in Indonesia and Vietnam.
- Generated 4,847 GWh of energy to supply the grid and its customers

The Environment

- ~490 MW of renewables capacity under ACEN (47% of portfolio)
- ~1,400 MW of renewables capacity in International (100% of portfolio)
- 1,666,885.23 MT CO_2e of attributable greenhouse emissions avoided
- 910 hectares of forestlands protected or restored
- AC Energy aims to divest all meaningful exposure to coal by 2030

Communities

Invested over ₱127.8 million towards its partner host communities, uplifting close to 35,994 individuals, 40,609 households, and 437 organizations through its community initiatives.

[1] Y2020 NIAT differs vs. the reported NIAT of ACEIC due to cut-off adjustments taken up at AC consolidated FS. Along with other cut-off adjustments, the net effect to consolidated NIAT is less than 1 percent.

Learn about our SDG initiatives on **p.143**

Learn more about AC Energy in our **2020 Integrated Report**

Manila Water maintained operations throughout ECQ, observing a higher billed volume trend bolstered by the company's ability to service its concession's water needs.

Amidst the COVID-19 pandemic, Manila Water remains steadfast in ensuring the sustainable provision of water and wastewater services to its customers. We are grateful to the entire Manila Water team whose commitment to our service mission remained strong despite the challenges of the ongoing health crisis."

Jose Rene Gregory D. Almendras
CEO, Manila Water

MANILA WATER
CARE IN EVERY DROP

WHO WE ARE

Manila Water is an operator and business builder of water, wastewater, and related assets across the Philippines and in Southeast Asia. The company has over two decades of operational experience in the water and wastewater space. This expertise is leveraged to provide access to water and sanitation services in an environmentally sustainable manner by advocating responsible practices at every stage of its operations.

Manila Water's portfolio includes the East Zone Concession housed under the Parent Company, which provides water and wastewater services to over seven million people in the eastern part of Metro Manila. Manila Water's vehicle for domestic businesses outside the East Zone is Manila Water Philippine Ventures, which has operations in key cities across the country. Internationally, Manila Water Asia Pacific was established to take advantage of new opportunities and partnerships in the ASEAN region. Lastly, Manila Water Total Solutions serves as an incubator of new business opportunities across the water value chain driven by business and technological innovation.

MARKET OUTLOOK

Amid the COVID-19 pandemic, the challenge for water providers was to maintain a high level of service despite prevailing limitations. As such, Manila Water took immediate action to safeguard the welfare of its employees, customers, and stakeholders. At the same time, the company focused on business sustainability, prudently managing its financial resources to maintain service continuity, operational resiliency, and timely project implementation.

Learning from the 2019 water crisis, the East Zone Concession's focus in ensuring water supply stability resulted in 97% water supply availability in 2020. To maintain this standard, Manila Water will continue to pursue more water security and sustainability projects moving forward. Equally important are Manila Water's sewer and sanitation services. Over the next two years, Manila Water will further ramp up water and wastewater infrastructure projects in accordance with the Service Improvement Plan approved during the 2018 Rate Rebasing. The company is likewise preparing for the upcoming 2023 Rate Rebasing – an important exercise that will bridge the concession's accomplishments and objectives with its service obligation targets in 2037.

Amidst the COVID-19 pandemic, Manila Water recognizes the need to fast track its digitization initiatives to increase efficiency, facilitate added convenience for customers, and minimize operational disruptions. As such, the company maximized its existing digital platforms, increasing usage and integration while maintaining information security. Furthermore, Manila Water introduced new digital platforms to increase ease of use, accessibility, and operational efficiency. To date, Manila Water continues to develop and strengthen its digital infrastructure to adapt to the new realities.

CAPITALS

Financial
Availability and management of the company's own and borrowed funds. Through the combined use of capital inputs, such as share capital, cash reserves and borrowings, the Company can fund infrastructure projects and sustain service delivery

Manufactured
Manila Water's property, plant and equipment includes well-managed dams and impounding reservoirs, deepwells, water treatment facilities, pumping stations and reservoirs, water distribution and sewer networks and wastewater treatment facilities

Human
Exponential value is created for and on behalf of Manila Water and the country through its most critical asset: People. In addition to this, human capital includes the Company's suppliers, contractors, consultants and service providers

Social and Relationship
Positive stakeholder relations with external and internal stakeholders

Natural
Water abstracted from rivers, dams and aquifers covered by water rights or allocations

Intellectual
Collective expertise and process know-how on water treatment, non-revenue water reduction, wastewater treatment, and environmental services

Manila Water is committed to its service mission to the millions of customers in the operating areas.

HOW WE CREATE VALUE

Water Utility Operations
Manila Water provides water treatment, water distribution, sewerage and sanitation services to a broad range of residential, semi-business, commercial and industrial customers across the Philippines and Southeast Asia.

Bulk Water Supply
Manila Water delivers bulk water through Metropolitan Cebu District Water, Tagum Water Company , and Saigon Water Corporation in Vietnam.

Total Solutions
Manila Water Total Solutions focuses on developing and scaling after-the-meter services with special focus on real estate developers and creating and launching business model innovations.

BUSINESS REVIEW

Manila Water's net income decreased 18% to ₱4.5 billion in 2020 as business performance was dampened by the impact of the COVID-19 pandemic and the recognition of additional estimates for probable losses.

Parent Company (East Zone Concession)
The Parent Company's revenue in 2020 was relatively flat at ₱17.1 billion despite the 3% growth in billed volume. This is due to the shift in customer mix brought about by the COVID-19 pandemic. Specifically, revenue mix shifted 8 percentage points in favor of the residential segment as businesses ceased operations and more people were confined to their homes during the quarantine period.

Despite the impact of the quarantine restrictions, the East Zone Concession continued to provide reliable water distribution services. Manila Water worked with various stakeholders to ensure optimal raw water allocation and dam levels, sustained the 24/7 operation of supply and distribution facilities, and carefully monitored water availability levels to ensure sufficient water supply.

To alleviate the economic impact of the pandemic to the East Zone customers, Manila Water extended its due dates for water bills, resulting in a ₱259 million increase in Expected Credit Losses. Despite these challenges, the company registered an 18% decrease in costs and expenses, driven by prudent cost management measures.

Net income of Manila Water's Parent Company declined 7 percent in 2020 to ₱4.7 billion.

Manila Water continued to improve its facilities despite the pandemic, investing ₱12.1 billion in capital expenditures in the year.

Manila Water Philippine Ventures
Manila Water Philippine Ventures supports the improvement of local communities' quality of life with its 23 operating subsidiaries implementing water and environmental projects across the country. MWPV focuses on developing strong partnerships with local governments and key players in the property sector with its core domestic operating subsidiaries namely, Boracay Water, Clark Water, Laguna Water, and Estate Water.

On a consolidated MWPV level, revenues declined by 10% to ₱4.2 billion. The 4% growth in water and wastewater revenues was offset by the 70% decline in Estate Water's supervision fees due partly to a change accounting treatment, while further weighed down by project delays brought about by COVID-19. MWPV's growth was attributable to the 9% increase in billed volume mostly coming from the full year operations of new operating subsidiaries and the higher effective tariff of Laguna Water.

₱17.1 B
Revenue of MWC Parent Company

18%
Decrease in MWC Parent Company's costs and expenses

₱4.7 B
MWC Parent Company
7% decline

9%
Increase in billed volume on a consolidated MWPV level

Employees ensured around the clock water availability at a minimum of 7 psi.

Laguna Water's billed volume increased by two percent to 44.9 mcm in 2020 on the back of increased consumption by the residential segment, but this was partially offset by the lower consumption of commercial and industrial accounts due to the restrictions brought about by COVID-19. Meanwhile, with the tourism and manufacturing sectors severely affected by the pandemic, Boracay Water and Clark Water's billed volume declined by 33% and 7% respectively. Lastly, Estate Water's billed volume was flat versus the previous year at 10.5 mcm in 2020.

MWPV posted a net loss in 2020 amounting to ₱480 million.

Manila Water Asia Pacific
Manila Water's presence in the ASEAN region is spearheaded by Manila Water Asia Pacific. With market presence in Vietnam, Thailand, and Indonesia, MWAP leverages the experience gained from the East Zone to explore opportunities in the region.

On a consolidated MWAP level, equity share in net income of associates decreased by 67% to ₱214 million. This was mainly due to the finalization of the purchase price allocation of the investment in East Water which was acquired in 2018.

Manila Water inked a Management, Operations and Maintenance Contract with Saudi Arabia's state-run water agency, the National Water Company in partnership with French water distributor Saur Group and Saudi's Miahona Company. The seven-year agreement covers the implementation of enabling projects and the management of the water and wastewater facilities and systems of the North West Cluster served by National Water Company.

MWAP's consolidated net loss ended at ₱371 million in 2020.

Manila Water Total Solutions
Manila Water Total Solutions focuses on vertical expansion across the Water Value Chain through the creation of innovative products and services such as the provision of a distribution network and technical services, integrated used water services, and packaged purified water under the Healthy Family brand.

MWTS continues to face challenges in its operations even as it takes the necessary steps to reallocate and further optimize its resources.

For Healthy Family, bottle sales declined by 56% to 2.5 million bottles from 5.7 million bottles in the same period last year. Despite initiatives to push for cost efficiency, Healthy Family ended the year with a net loss of ₱63 million.

On August 26, 2020, the Company announced the closure of its Healthy Family Business Division due to said division's recurring losses and inability to financially sustain business operations.

For the Environmental Services segment, the slowdown in projects caused a significant drag on profitability, resulting to a net loss of ₱16 million. This is likewise the case for the Pipelaying segment, wherein delays in the implementation of its remaining projects have driven down performance to a net loss of around ₱11 million.

These developments led to MWTS posting a net loss of ₱109 million for the year.

STRATEGY	2020 PERFORMANCE	2021 PRIORITIES
Advocate for water security and sustainability		
▪ Ensure the completion of water system projects and interim water sources ▪ Ensure 24/7 water availability	▪ Disbursed over ₱7 billion for water security, service accessibility and continuity projects in the East zone ▪ 97% 24/7 Water availability in the East Zone	▪ Continue infrastructure build-up for water security and sustainability ▪ Sustain 24/7water availability for all customers ▪ Reduce NRW to 2019 levels
Advocate for Environmental Sustainability through committed wastewater service obligations		
▪ Expand the capacity and coverage of wastewater services across the Enterprise ▪ Ensure completion of wastewater system and sanitation projects ▪ Efficient utilization of existing wastewater treatment plants	▪ Disbursed about ₱1.5 billion for environmental sustainability projects in the East Zone ▪ Treated 74.1 mcm of wastewater enterprise-wide	Increase wastewater services coverage through completion of ongoing system projects and expansion of coverage of existing wastewater treatment plants

THE VALUE WE CREATE

Financial
- ₱4.5 billion net income
- ₱12.1 billion total capital spent on acquisitions, developments and capital improvements for water and wastewater across the Philippine operations and Manila Water Asia Pacific.

Manufactured
- 1,240 mcm potable water supplied
- 74.1 mcm wastewater treated

Human
Average Training Hours:
- Rank & File: 5.8
  Middle Management: 19.8
  Senior Management: 19.1
- Male: 14.3
  Female: 19.2
- New Hires: 189

Intellectual
- 1 deal closed
- In the Middle East for the Management, Operations and Maintenance of water and wastewater facilities

Natural
- 9,515 hectares of protected watershed across the Philippines
- 12,613 tonnes of organic pollution load (as BOD) diverted from water bodies

Social and Relationship
- 95% Customer Satisfaction
- 189 new vendors engaged

Learn about our SDG initiatives on **p.131**

Learn more about Manila Water in our **2020 Integrated Report**

IMI has manufacturing sites in 10 countries around the world, with its newest facility in Serbia.

COVID-19 weighed on AC Industrials in 2020, as it did with many other participants in the global, interconnected economy. While we expect the effects of the pandemic to persist into 2021, we are confident that our efforts over the last year to strengthen our businesses' fundamentals have fortified them against uncertainty in the medium-term while preparing them to capitalize on post-pandemic recovery and transformation."

Arthur R. Tan
Group President and CEO, AC Industrials

AC Industrials

WHO WE ARE

AC Industrial Technology Holdings Inc. is Ayala's industrial technologies arm, managing a primarily mobility-oriented portfolio composed of both operating units and investments in emerging high potential technologies. The company is founded on its dual core of Integrated Micro-Electronics, Inc., a Philippine electronics manufacturing services pioneer and now a globally leading manufacturing and technology solutions partner, and AC Motors, one of the country's largest multi-brand vehicle distribution and dealership groups. AC Industrials operates in eleven countries around the world with its primary markets in North America, Europe, and Asia.

Through AC Industrials, Ayala envisions growing its presence in the global industrial technologies space by capitalizing on opportunities opened by disruptive technological shifts, changing industry landscapes, and evolving end-user demand.

MARKET OUTLOOK

Navigating a business landscape upended by the COVID-19 pandemic was the most significant challenge for AC Industrials since the group's inception in 2016. Around the globe and in AC Industrials' key markets, national lockdowns imposed to halt the spread of the disease disrupted supply chains, hindered manufacturing operations, and cratered demand.

The worldwide automotive industry, already challenged in 2019, faced further difficulties across its value chain. International travel, a lifeblood of the global economy, ground to a halt, dragging the wider aerospace industry. As a global business that operates in openly competitive markets, AC Industrials was disproportionately affected by these external factors vis-à-vis other Ayala subsidiaries.

On the domestic front, the Philippine automotive industry was similarly tested, with lockdowns impacting dealership operations across the country for extended periods of time. These restrictions, complicated further by weak consumer sentiment and reduced financing appetite from the banking community, resulted in 248,050 units sold in 2020 nationwide, a 40% drop from 2019. Prior to the pandemic, the automotive sector had grown by a compounded annual growth rate of 12% from 2009 to 2019.

In 2021, AC Industrials expects COVID-19 to continue to impact operations, especially in the first half of the year. Key markets such as the Philippines, Germany, the United Kingdom, and the United States remain under varying degrees of restriction until vaccines are substantially rolled out. Nevertheless, the global EMS sector, for example, is still expected to grow by a post-pandemic CAGR of five percent from 2020 to 2026. Meanwhile, the global automotive sector is projected to grow seven to nine percent up to 2022 while we see the Philippine auto market expanding by 12% through 2025, as it recovers from the steep downturn in 2020.

CAPITALS

Financial
Balance sheet that can be readily deployed to capture opportunities

Human
Over 18,500 employees and executives who deliver operational excellence, customer satisfaction, and value-adding technical expertise

Manufactured
38 manufacturing and engineering sites around the world with over 130 surface-mount technology production lines and 432,000 square meters of manufacturing space

Majority stake in the KTM production plant in Laguna and management of over 100 dealerships nationwide across five automotive and two motorcycle brands

Intellectual
Emerging suite of proprietary technologies and intellectual property for the benefit of our customers and partners

Social and Relationship
Operations that adhere to Ayala's standards of sustainability and good governance and good, lasting relationships with partners and customers

Since its pivot towards distribution in 2013, AC Motors now carries three automotive and two motorcycle brands in the Philippines.

HOW WE CREATE VALUE

Portfolio Management
Actively managed portfolio to drive high impact synergy opportunities across the group and a management team that can provide a broad range of corporate functions such as strategic planning, governance, resource allocation, and financial management.

Global Manufacturing Services
Delivery of full manufacturing solutions to customers, partners, and own portfolio of companies.

Emerging Technologies Development
Acquisition and commercialization of key technologies to enhance and protect competitive position

Vehicle Distribution And Retail
Partnerships with multiple OEM brands to competitively source and distribute a broad, complementary, and integrated selection of vehicles for a wide range of Philippine automotive customers.

BUSINESS REVIEW

COVID-19 took its toll on all AC Industrials business units, with the group incurring a net loss of ₱1.8 billion in the face of plant shutdowns, slow demand, and dealership closures.

Integrated Micro-Electronics Inc. was first to feel the effects of the pandemic, with its facilities in China shutting down as lockdowns were implemented at the start of 2020. Its plants in other operating regions soon followed as forced closures or workforce restrictions were imposed in the remainder of the first half of the year. However, IMI was also quick to recover once health and safety measures were put in place to prevent transmission of the virus. Alongside healthy recovery in manufacturing demand, its facilities were able to return to full capacity by the third quarter of the year. On the back of a strong second half of the year, IMI was able to close 2020 with revenues of US$1.1 billion, declining only nine percent from 2019. By streamlining the group's operating structure and focusing on manufacturing efficiency, net losses were minimized to US$3.5 million, an improvement from 2019's net loss of US$7.8 million.

IMI's core subsidiaries, Via Optronics and STI, Ltd., posted combined revenues of US$269 million, an increase of nine percent from the previous year. Slowdowns in VIA's and STI's traditional automotive and aerospace and defense markets were offset by increased participation in the medical sector which saw significant growth in 2020.

AC Motors, AC Industrials' Philippine vehicle distribution and retail arm, recorded a net loss of ₱886 million on lower sales volumes across four of its five automobile brands – Honda, Isuzu, Kia, and Volkswagen. An already soft local automotive industry at the start of 2020 was worsened by lockdowns which shuttered dealerships for several months. By the fourth quarter, signs of a recovery were in place with volumes already averaging 70% of pre-pandemic levels. The group also took the opportunity to sizably rationalize its resources and assets, and re-focus its transformation initiatives to put AC Motors in the best position to accelerate and take advantage of the industry's global transition.

AC Motors' motorcycle business also saw a decline in 2020, though an increase in exports of KTM units to China meant that manufacturing sales dropped by only nine percent from 2019. Domestic sales had also normalized by the fourth quarter of the year, with average sales already exceeding pre-pandemic volumes. Another bright spot in 2020 and beyond was the addition of the Swedish Husqvarna brand, another member of the KTM family, with several models already being assembled on the KTM production line in Laguna for delivery in 2021.

AC Industrials' startup investments continued to develop and mature in 2020. MT-C-CON mitigated the impact of the pandemic on auto industry demand by resource rationalization and improving gross margins. Merlin Solar, on the other hand, doubled its revenues from the previous year. The San Jose, California-based firm continues to strengthen its pipeline through developing relationships with channel partners. Merlin has also rationalized its manufacturing operations in both the United States and the Philippines.

IMI designs and manufactures power modules, a key component for electric vehicles, as well as power generation and storage applications.

$1.1 B
Revenue of IMI

$269 M
Combined revenues of Via Optronics and STI

STRATEGY	2020 PERFORMANCE	2021 PRIORITIES
Legacy, larger-scale operations		
Strengthen and optimize Ayala's at-scale operations in electronics manufacturing and automotive distribution & retail.	▪ IMI was able to rebound strongly in the second half, posting a 39% increase in revenues over the first half. IMI's core business recorded revenues of US$868 million, 14% below 2019. ▪ While AC Motors' Honda and Isuzu dealers retained their leadership of their respective brands' networks, retail sales dropped to 32% and 29% from 2019, respectively. Honda Cars Philippines' plant closure in February and retrenchment costs also led to equity losses for AC Industrials. ▪ Volkswagen's dealer network remained challenged throughout 2020, with retail sales seeing a 68% drop versus 2019.	▪ IMI will continue diversification into the industrial and aerospace and defense segments to reduce reliance on the automotive sector. ▪ Continue to rationalize the AC Motors' dealer network and physical assets to improve profitability and resource utilization. ▪ Augment Volkswagen's product lineup with competitive offerings in growth segments.
New growth operations		
Scale up recently acquired businesses that boost and complement the larger-scale operating units.	▪ STI's opportunistic entry into the medical sector allowed it to increase revenues in 2020 although the impact of the pandemic was evident in the aerospace sector. ▪ While Kia nationwide sales fell by 58% overall to 2,129 units, average monthly sales in the fourth quarter rose to pre-pandemic levels. ▪ KTM manufactured over 6,500 units, nine percent lower versus 2019. Swedish motorcycle brand Husqvarna was also added to the group's portfolio, with selected models being manufactured on KTM's Laguna production line for 2021 sales. ▪ Maxus saw a 151% increase in retail sales in 2020, supported by the launch of two new models— the T60 pick-up and G50 MPV.	▪ Continue scale-up of STI's operations and drive synergies with IMI when available. ▪ Kia will launch several new models in 2021 and continue its network expansion efforts as it pursues its goal of becoming one of the Philippines' top volume brands. ▪ Continue to augment KTM's dealer network and support the launch of the Husqvarna brand. Expand KTM's manufacturing capacity to support planned sales push. ▪ Maxus will launch an additional model in a key market segment while strengthening dealer network and continuing brand-building efforts.
High-tech investments		
Provide financial and strategic support to unlock the potential of our investments in high potential technologies.	▪ MT-C-CON improved synergies with VIA, booking key auto projects. The group improved gross margins and lower losses over 2019 through resource rationalization and other initiatives. ▪ Merlin Solar started to gain market traction and developed relationships with several channel partners, resulting in a doubling of revenue vs 2019. Manufacturing operations in San Jose and the Philippines were also rationalized.	▪ MT-C-CON aims to deepen cooperation with VIA and IMI for possible new OEM projects while expanding into non-auto segments such as green energy, aerospace and medical. At the same time, old customers are being reactivated to boost revenue. ▪ MT-C-CON is continuously working on the modernization of facilities and optimization of resources. ▪ Merlin is focused on further driving sales growth and maintaining a healthy revenue pipeline. Developing a new grid technology to further improve cost and increase profitability is a priority.

KTM's manufacturing facility in Sta. Rosa, Laguna, in operation since 2017 as a joint venture between AC Industrials and KTM AG, now produces a variety of KTM and Husqvarna models for the Philippine market and for export to Southeast Asia and China.

THE VALUE WE CREATE

Investor and Shareholders

Shareholder returns that are diversified
- IMI group consolidated revenues of US$1.1 billion.
- AC Motors consolidated revenue of ₱13 billion.
- MT-C-CON group revenues of €31 million
- Merlin Solar revenues of US$5.8 million

Government and Policy Makers
- Quality manufacturing operating markets, in support of government thrusts to promote the sector as a pillar of national development.
- Prioritizing the Philippines while utilizing key frameworks to generate value throughout economic and regulatory cycles.

Customers
- Products, services, and solutions that exceed customer requirements and global quality standards
- Focus on acquisition of capabilities and experience in emerging technologies

Employees

Opportunities to build meaningful, long-term careers

Partners

Long-term strategic partners are treated fairly and can reap consistent returns

Learn about our SDG initiatives on **p.145**

Learn more about IMI in our **2020 Integrated Report**

Our PPP projects continue to improve on established efficiencies and provide reliable service for hundreds of thousands of commuters and motorists daily.

We find that there remain opportunities for growth and expansion despite the challenges confronting us. The circumstances we all faced in 2020 bolstered our conviction in investing in the logistics sector which we started in 2018. Logistics, more than ever, is a critical component of trade, particularly with the acceleration of e-commerce. We are very excited to continue to support this industry and find ways to improve and redefine practices with the use of new technology and best practices."

Jose Rene Gregory D. Almendras
President and CEO, AC Infrastructure

AC Infra
An Ayala Company

WHO WE ARE

AC Infra improves the movement of people, goods, and services in an efficient, safe, innovative, and sustainable manner. We develop and invest in businesses to address urgent infrastructure needs in the mass transportation, mobility, logistics, and financial services sectors. Our portfolio consists of projects operating under a government concession and investments in logistics.

Our PPP projects in the toll road, rail, and payments sectors continue to improve on established efficiencies and provide reliable service for hundreds of thousands of commuters and motorists daily. AC Infra entered logistics and fulfilment services in 2018 with the launch of Entrego and intends to expand its portfolio in this sector in the coming years.

Our ability to steward and lead projects from its development, implementation, operations, and maintenance is our key advantage. As a wholly owned subsidiary of Ayala, we build on Ayala's reputation and track record of excellence in developing and sustainably managing large scale projects.

MARKET OUTLOOK

The COVID-19 pandemic accelerated the growth of the e-commerce industry and underscored the need for an integrated, efficient, and reliable logistics network across the country. Online shopping behavior is expected to continue growing even when quarantine restrictions are relaxed. Expansion of warehousing facilities and transportation network capacities are needed to support the anticipated volume growth in the next few years.

Alongside the shift to online purchasing is a growing need and preference for contactless, convenient, and secure payment modes. Current financial infrastructure systems require an upgrade and new platforms must be developed to enable secure transactions across multiple financial channels.

The evolving infrastructure needs of these industries and the opportunities emerging in logistics and financial solutions has become increasingly intertwined – both areas are what AC Infrastructure is well-suited to address. The company intends to invest in high-yielding, scalable, and high-growth businesses to expand the capabilities and range of services offered by its logistics and financial infrastructure businesses.

Partnerships within and outside the Ayala group allows the company to improve operating efficiencies and build on the performance of its existing and emerging businesses.

With billions of pesos lost each day due to poor infrastructure, investments in long term solutions are urgently needed to cut the cost of doing business, attract more investments, enhance productivity outside urban areas, and enable the Philippines to recover from current economic setbacks.

CAPITALS

Financial
A strong balance sheet and strategic capex investments funded by Ayala Corporation

Manufactured
Continued improvement in the operating efficiencies of LRT–1, MCX, and beepTM

Human
An innovative, collaborative, and agile organization with a wide range of skills and experiences

Intellectual
Extensive project management capability and track record in preparing successful PPP project proposals for toll road, rail, and financial technology

Social and Relationship
Wide spectrum of local and foreign partners with complementary knowledge and expertise. Mutually supportive partnerships with project stakeholders

Entrego's logistics capabilities and facilities played a vital role in delivering food packs at the height of the quarantine.

HOW WE CREATE VALUE

We invest in businesses that improve movement of people, goods, and services in an efficient, safe, secure, innovative, and sustainable manner.

Project Development
We look for scalable and high-growth opportunities in the mass transportation, toll road, logistics, and financial services sectors.

We forge partnerships and synergies within the Ayala group to grow existing and future business.

Implementation and Business Start-Up
Our team manages the implementation of projects and executes plans in a timely and cost-efficient manner.

Efficient Operations
Our business units ensure plans are executed in a precise manner and processes are efficient to consistently meet desired key performance indicators.

Talent and Leadership Development
Our talents have opportunities to grow through challenging assignments, personalized learning programs, and rewards.

BUSINESS REVIEW

Entrego Fulfilment Solutions, Inc.
Entrego is AC Infrastructure's first investment in the logistics industry. The company provides last-mile delivery, contract logistics, warehousing, and domestic freight forwarding services for a range of B2B and B2C clients.

The growth of e-commerce spurred by the Covid-19 pandemic benefited Entrego significantly in 2020. Despite limited operations for the months of March to May due to the nationwide Enhanced Community Quarantine, Entrego's courier and express parcel deliveries quickly grew from June to December as more consumers purchased products online and more businesses introduced online retail channels.

Full year 2020 CEP volume increased by 70.3% from 2019. Entrego ended 2020 with revenues of ₱1.9 billion, 62% higher from 2019 and 10x greater since starting in 2018.

The company is focused on sustaining its growth trajectory in 2021 by further improving on operational efficiencies and strengthening its service offerings to broaden its client base.

Light Rail Manila Corporation
Since assuming operations and maintenance functions in 2015, Light Rail Manila Corporation has invested ₱11.6 billion for the rehabilitation, restoration, and upgrade of LRT line 1, resulting in a more comfortable, safer, and reliable commute for its 450,000 average daily passengers before the COVID-19 pandemic.

With 116 working light rail vehicles at present (from 77 in 2015), LRMC provided the public with more trips per day, expanded operating hours, and shortened headway from a 5-minute average interval in 2015 to the current 3.5-minute average. Various renovation, re-layout, and accessibility improvement works have likewise been implemented to improve passenger safety and operational efficiency. In 2020, LRT-1 operations were suspended for three months when Metro Manila was placed under ECQ. During this period, preventive and corrective maintenance works for the line were undertaken to ensure improved service when operations resume.

LRT-1 resumed operations on June 1, 2020 under the General Community Quarantine period at 12% allowed passenger capacity. This was increased to 30% in October 2020 in support of the gradual reopening of the country's economy. LRMC strictly observes and implements above-minimum health and safety measures to ensure passenger and employee safety on a continuing basis.

The pandemic also accelerated the company's plans on digitalization and innovation. LRMC's Automated Train Operations Management Systems enabled the company to efficiently manage its resources. This led to more scheduled trips, shorter queuing time, and faster rides.

LRMC also introduced two new features for its ikotMNL mobile app to address the pressing needs of the commuters: 1) contact tracing via Bluetooth LE technology, and 2) integration with Sakay.ph app for better planning and commute directions

Project completion for LRMC's Cavite Extension project reached 48% by end of 2020. With an investment of ₱13.2 billion , the project will add eight new stations to the existing line. LRMC welcome the arrival of the new Generation 4 train sets in January 2021 and is preparing to utilize it on the existing line.

Muntinlupa Cavite Expressway
Average annual daily traffic at the Muntinlupa-Cavite Expressway for 2020 was at 26,387 vehicles. While the pandemic caused a decrease in vehicular traffic, the number is expected to grow steadily as the economy reopens and more establishments and lifestyle centers rise in the vicinity of the four-kilometer toll road.

Light Rail Manila Corp. has shortened the average train interval to 3.5 minutes from 5 minutes in 2015.

AF Payments, Inc.
AF Payments, Inc. expanded its network of transport partners and solutions beyond the rail market segment, supporting the national direction of encouraging cashless payments across different industries. In 2020, the beep™ system was deployed in the EDSA Busway to upgrade the fare collection process to a safer, more reliable system based on contactless cards and QR technology.

AF Payments, Inc. developed a QR ticketing system that allows passengers to use QR codes on mobile phones and on paper as transport tickets. BPI launched a QR Ticket sales function in its mobile banking application and passengers can expect an even more convenient contactless commute with the addition of new beep™ QR ticket issuers such as GCash and PayMaya.

AF Payments, Inc. also enabled loading of beep™ cards from mobile wallets and mobile banking applications by installing Stored Value Updaters in all LRT1, LRT2, and MRT3 stations and 65 new Card Loading kiosks.

STRATEGY	2020 PERFORMANCE	2021 PRIORITIES
Ensure high levels of efficiency for operating companies under government concessions		
Deliver consistent level of service and continue to exceed key performance indicators for operating toll, rail, and payment companies	**Muntinlupa Cavite Expressway** ▪ Average daily traffic at 26,387 vehicles **Light Rail Manila Corporation** ▪ 116 functioning Light Rail Vehicles (LRVs) at the end of 2020 (from an initial 77 in 2015). ▪ 186,000 average daily ridership ▪ Maintained average headway at 3.5 minutes between trains ▪ Cavite Extension project at 48% progress by end 2020 **AF Payments Inc.** ▪ Increased number of activated AFCS non-rail units (buses, jeepneys) from 699 to 1733 (+148% vs 2019) ▪ Secured 130 bus and jeepney contracts including EDSA Carousel and connecting routes ▪ Completed 60% of the LRT2 East Extension Project	**Muntinlupa Cavite Expressway** ▪ Annual average daily traffic to recover to pre-COVID level and improve RFID toll collection experience. **Light Rail Manila Corporation** ▪ Ensure health safety protocols and government capacity guidelines are observed. ▪ Complete installation of new signaling system for the entire fleet/ legacy trains ▪ Continuous construction of the LRT-1 Cavite Extension project **AF Payments, Inc.** ▪ Increase network of transport operators on the beep™ fare collection system. ▪ Onboard new partners for beep™ QR Ticket system and increase utilization ▪ Implement a robust cashless system for EDSA Busway
Expand portfolio of infrastructure related businesses		
Develop end to end logistics supply chain portfolio with planned market entry into contract logistics and freight forwarding.	**Entrego** ▪ CEP deliveries increased by 70.3% from 2019. ▪ Number of clients tripled during pandemic as more retailers/brands are selling online	▪ Improve operating efficiencies ▪ Introduce contactless and "payment on delivery" options ▪ Onboard contract logistics clients
Identify opportunities to support growth of evolving and disruptive business models	Commenced operations of MCX E-Commerce Center Financial Infrastructure ▪ Pilot tested Transakto with Entrego and BPI	Expand portfolio of partner fund sources (banks), logistics providers, and merchants

The infrastructure needs of the logistics and financial solutions industries have become increasingly intertwined—both areas are what AC Infrastructure is well-suited to address.

THE VALUE WE CREATE

Movement of People

- Travel time is reduced for motorists and train passengers.
- An average of 35,624 motorists use the Muntinlupa Cavite Expressway daily, saving them valuable travel time to and from the South Luzon Expressway.
- Light Rail Manila Corporation gives its daily passengers a safe, reliable, fast, and inexpensive mode of transport to reach many areas in Metro Manila. With an average headway of 3.5 minutes between trains, LRT 1 transports more people per trip compared to other public transportation modes.
- Continuous construction of the LRT-1 Cavite Extension project

Movement of Goods

Entrego facilitates deliveries of parcels nationwide, supporting the growth of B2C clients from a broad range of industries.

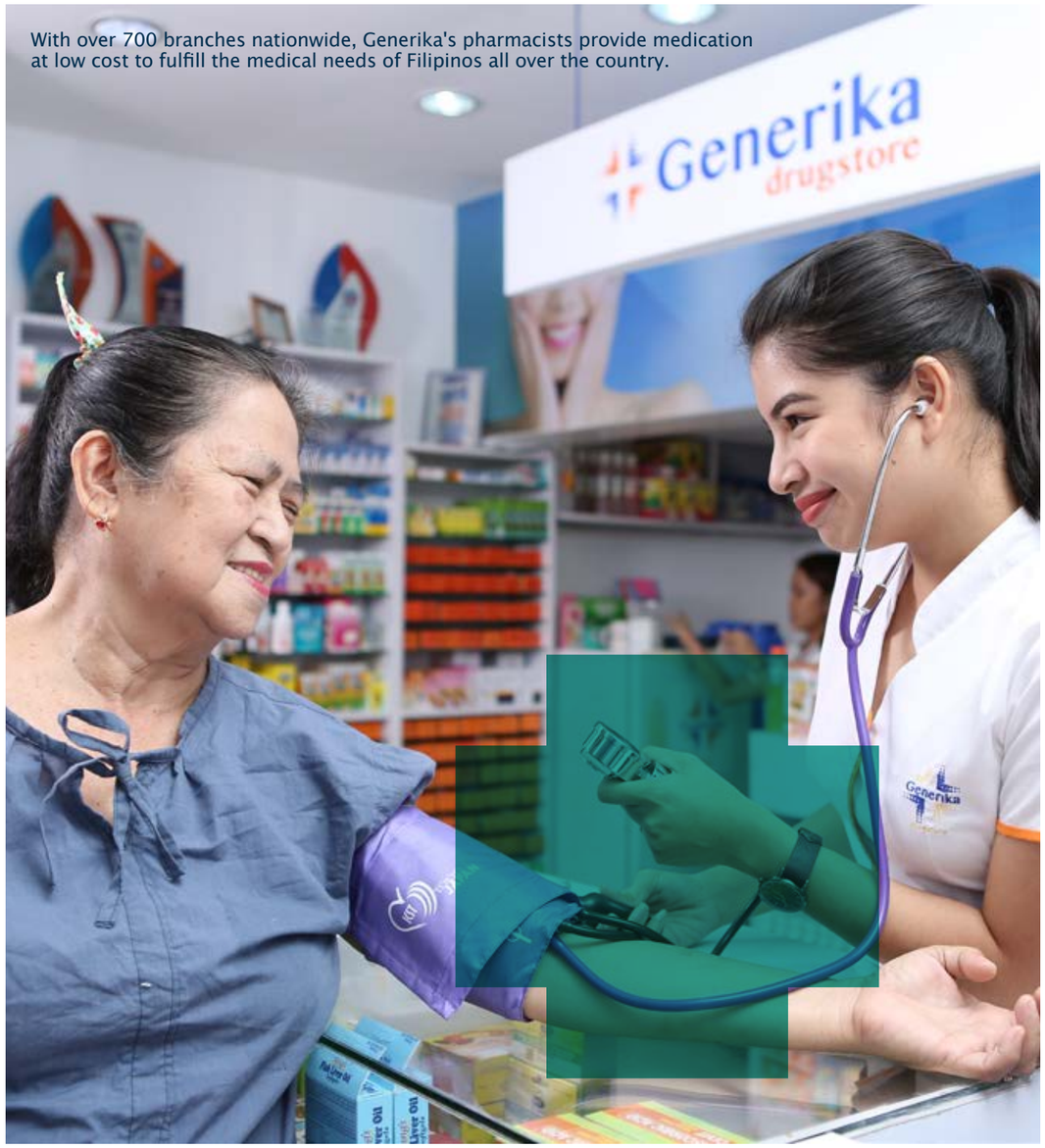
Movement of Services

AF Payments' beep card pioneered cashless transactions for the public transportation sector, helping operators adapt to the pandemic and providing partners with 99.9% reporting accuracy.

National Development

Our country can grow at a faster pace when infrastructure moves people, goods, and services reliably and efficiently. Continued improvements in operations and maintenance are translated into benefits in the form of better quality of life and service to citizens.

Learn about our SDG initiatives on **p.139**



With over 700 branches nationwide, Generika's pharmacists provide medication at low cost to fulfill the medical needs of Filipinos all over the country.

Amidst a challenging year, we remain positive about the recovery and transformation of healthcare. The pandemic highlighted the importance of AC Health's ecosystem approach and emphasized the need for collaboration between government, private sector, and communities towards our vision of improving healthcare. In this path towards recovery, we reaffirm our commitment in helping build the new normal in healthcare for Filipinos while leveraging the strength of our network, our partners, and most importantly, our people."

Paolo Maximo F. Borromeo
President and CEO, AC Health

AC Health
An Ayala Company

WHO WE ARE

AC Health is the portfolio company of the Ayala group for its healthcare investments. It aims to address the unmet need for accessible, affordable, and quality healthcare for all Filipinos by building, investing, and connecting various businesses into an integrated and seamless ecosystem of services across the continuum of care. AC Health proactively invests across three pillars of healthcare: Pharma, Clinics and Hospitals, and Digital Health.

AC Health's investments in pharma aim to establish a supply chain and drug retail network that deliver a wider range of quality, affordable medicine to more Filipinos. This includes Generika Drugstore, a pioneer in generic retail pharmacies established in 2003 which has grown into a chain of over 700 branches nationwide. Meanwhile, its importer and distributor arm, IE Medica and MedEthix, have become key industry players and have established their presence across various therapeutic areas.

AC Health offers patients an integrated care delivery network across primary, specialty, and multi-specialty platforms through its clinics and hospitals pillar. This includes the recently expanded Healthway network, now the country's largest chain of retail clinics. Towards the end of 2020, AC Health also announced its partnership with Cancer Treatment Services International, a Varian company, for its specialty cancer hospital to be built in Taguig by 2023. AC Health also acquired a controlling stake of the QualiMed Health Network, expanding its network with four general hospitals, more than 85 outpatient clinics, and about 80 corporate clinics.

AC Health also continues to build and invest in health technology solutions through Vigos. Launched in 2018, Vigos' portfolio of in-house solutions includes healthcare superapp HealthNow, a joint project with Globe's 917Ventures that acts as a comprehensive digital platform for online consultations, medicine order and delivery, and diagnostics-booking.

MARKET OUTLOOK

While the healthcare industry will continue to be challenged in the short run, recovery will be slow and steady, hinged largely on the ability to regain patient confidence to continue looking after non-COVID healthcare issues. The disruption in healthcare has impacted industries differently.

Pharma showed strong growth in the beginning of the pandemic due to customer's stockpiling behavior for daily essentials. However, this growth slowed towards the latter part of the year, and the pharma industry ended up contracting. Digital health also showed promising growth due to the increase in demand, favorable regulatory policies, and greater acceptance from both patients and providers. Clinics and hospitals, however, were challenged due to the manpower shortages and 60-70% decrease in patient foot traffic at the start of the pandemic. However, as quarantine restrictions loosened by the end of 2020, patient volume picked up and is expected to slowly recover in 2021.

These trends present potential areas of growth moving forward. These include: increased demand for preventive healthcare, acceleration of health technology initiatives, emergence of new outpatient models, and strengthened private-public partnerships.

Amidst all of this, AC Health, remains in a unique position to ride on these key trends with its expanded ecosystem of end-to-end services and platforms for all patients and customers.

CAPITALS

Financial
Strategic capital allocation from the parent company, Ayala, to support its expansion plan and 2025 vision

Manufactured
Network of 700+ Generika drugstores nationwide, and 100+ clinics under the Healthway brand (Healthway Family, Healthway Multispecialty, and Healthway Corporate Clinics)

Intellectual
1. Products and services
2. Brands
3. Technology and analytics

Human
Pool of medical, non-medical, and health IT professionals, which includes employees from AC Health, 900+ employees from Generika, and 950+ employees from Healthway

Social and Relationship
Affiliation with Ayala brand, franchisees and strong relationships with business and external partners, which include key national government and regulatory agencies T3 (Test-Trace-Treat), local government units, healthcare professional organizations, and the academe

Generika provides Filipinos with much needed medical supplies at affordable prices especially as health protocols are heightened throughout the country.

HOW WE CREATE VALUE

Asset Performance
AC Health aims to continue growing, expanding, and integrating its network of drugstores, clinics, and hospitals with Generika, Healthway and most recently, QualiMed.

It is also developing its own health technology solutions through Vigos. AC Health is also investing in the specialty care space, starting with oncology.

Portoflio Building and Business Development
AC Health's vision is to build an integrated healthcare ecosystem of services across the entire continuum of care for all Filipinos.

Synergies
AC Health drives synergies within its portfolio and across the Ayala group, to improve efficiency and ensure integration.

The group will prioritize synergies in pharma supply chain, corporate health, clinical programs, data integration, and diagnostics.

BUSINESS REVIEW

AC Health continues to establish its presence as a key player in the Philippine healthcare industry, with its dynamic response against COVID-19 over the past year, and continued transformation in the pharma, clinics, and health technology spaces, alongside recent investments into hospitals and specialty care. It has also differentiated itself in the industry with its advocacy of improving healthcare for all through its ecosystem.

With the outbreak of the COVID-19 pandemic, AC Health's priority was to remain responsive to local healthcare needs. By March, when COVID-19 was declared as a global pandemic and the first local case was diagnosed, AC Health served as a key knowledge resource for the country's response against the health crisis, working closely with both the government and the private sector. More concretely, AC Health leveraged its own ecosystem of services by extending frontline care by maintaining operations at its drugstores, clinics, and online platforms. In the pharma space, AC Health's priority was to ensure a continuous supply of medicine and personal protective equipment for its medical professionals and customers. Medicine pick-up and delivery services were also launched to improve accessibility. Operations also continued across the Healthway clinic network to help decongest overburdened hospitals, see non-COVID-19 patients, and triage suspected cases. In the digital health space, AC Health launched an integrated digital health platform connecting patients with various providers through HealthNow.

In addition to these, AC Health supported the government's overall priority to ramp up testing and treatment capabilities for the country. The Ayala group, led by AC Health, worked in partnership with several of the Philippines' biggest conglomerates to build BSL-2 laboratories in all four QualiMed hospitals. This consortium was formed as part of the Ayala Group's initiative to augment the country's testing capacity by 5,500 RT-PCR tests per day, in support of the DOH's and the IATF's Project T3. On treatment, AC Health also worked with QualiMed to expand and upgrade its Laguna and Bulacan facilities into COVID-19 referral hospitals. To date, the QualiMed network has triaged nearly 40,000 suspected COVID-19 cases and admitted over 500 confirmed cases. Moving towards vaccines in the latter part of the year, AC Health also supported the DOH and the IATF in the development of the country's vaccine strategy and secured an initial batch of doses for the Ayala group through a tripartite agreement.

Overall, AC Health remains committed in executing in its vision of providing affordable, accessible, quality healthcare for all Filipinos, and will continue to work alongside partners from both public and private sectors, and the academe, who share in this vision.

AC Health's clinics and branches adhere to strict health and safety measures to ensure the well-being of clients, customers, and employees alike.

Nearly
500,000
Patients triaged by QualiMed Hospitals and Healthway clinics

Nearly
150,000
Tests conducted by the RT-PCR Lab Network

Over
86,000
app installs on HealthNow

Healthway has the Philippines' largest network of clinics with over 100 cities across its various formats.

STRATEGY	2020 PERFORMANCE	2021 PRIORITIES
Establish leadership in the pharma space		
Strengthen medicine supply chain and expand medicine portfolio	▪ Secured supply of medicines, personal protective equipment and other essential supplies for healthcare professionals and customers ▪ Continued operations to service needs of non-COVID-19 patients ▪ Enhanced accessibility to products by offering medicine pick-up & delivery services, piloting an e-commerce platform, and partnering with Zalora Pharmacy and HealthNow	▪ Work towards building a strong and integrated pharma supply chain ▪ Enhance presence in the digital space as an additional platform to access medicines and supplies
Be the largest integrated care delivery network in the country across primary, specialty and multi-specialty platforms		
AC Health's care delivery network has expanded to include multiple formats and patient touch points	Integrated its clinic network portfolio into one Healthway brand and making it the largest network of clinics in the country with over 100 clinics across primary, multi-specialty and corporate formats	▪ Focus on network integration including patient referrals, and back-end operations ▪ Continue "new normal" services like drive-by specimen collection and on-site vaccinations
Invest in health technology solutions that enable synergies across AC Health		
▪ Invest in healthcare technology solutions to improve efficiency, integration, and reach ▪ Build portfolio of in-house health technology solutions ▪ Invest in high potential health technology partners	Launched healthcare superapp HealthNow, a comprehensive digital platform for on-demand and scheduled teleconsultations, online medicine ordering and delivery, and diagnostic-booking. This is in collaboration with 917Ventures, a wholly owned corporate incubator of Globe	▪ Continue promoting HealthNow as an alternative access point for connecting healthcare providers with patients ▪ Roll-out features such as diagnostic and in-clinic booking system for healthcare partners, as well as curated healthcare experiences for patients with specific conditions
Build the AC Health Portfolio		
Build a healthcare ecosystem across the continuum of care	▪ Announced partnership with Cancer Treatment Services International (CTSI), a Varian company, to develop and operate the first cancer specialty hospital in the country to be located in Taguig City ▪ Announced acquisition of controlling stake of the QualiMed network with its 4 hospitals in Laguna, Bulacan, Iloilo and Batangas, as well as a range of clinics and an ambulatory surgical center	▪ Continue to explore other opportunistic investments in pharma, hospitals and financing ▪ Begin construction and lay the foundation for the organization of specialty cancer hospital ▪ Implement transition plan and integration for QualiMed Health Network into AC Health ecosystem ▪ Create value through pharma synergies, integrated clinical programs, digital integration, and centralized diagnostics

Throughout the COVID-19 pandemic, Healthway Family and Multispecialty clinics remained open to provide extended frontline care for several patients and their families.

THE VALUE WE CREATE

Business Partners

Through AC Health's integrated and innovative network, partners can leverage shared resources and collectively make quality healthcare more accessible to more patients.

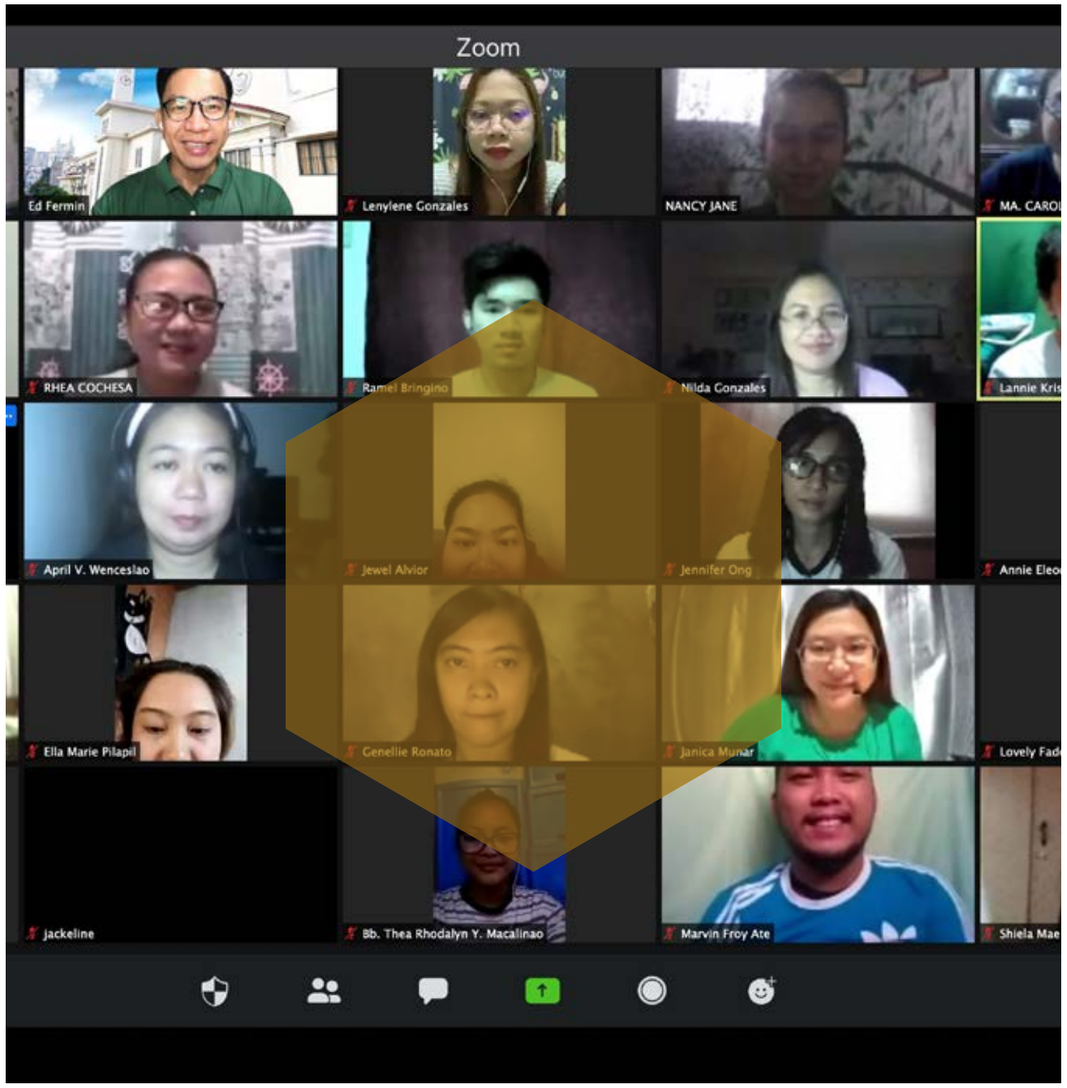
Healthcare Industry

AC Health promotes a multi-sectoral and collaborative approach in addressing healthcare challenges so that the shared vision of improving everyone's health will be more attainable. Through its subsidiaries and investee companies, AC Health also provides opportunities for a comprehensive range of healthcare professionals.

Customers and Patients

- Generika Drugstore has been providing greater access to affordable, quality generic medicines, with up to 85 percent savings compared to branded counterparts.
- IE Medica and MedEthix hold over 400 Certificates of Product Registration, supplying their customers medicines across 18 therapeutic areas.
- The expanded Healthway network of clinics has served over 2.2 million patients for Healthway Multi-Specialty and 670,000 patients for Healthway Family Clinics as of end-2020. In 2021, the clinics also screened more than 160,000 suspected cases. Healthway Medical has also consistently been voted as the Most Trusted Brand for multi-specialty clinics.
- Meanwhile, HealthNow has had 86,000 installations with 45,000 users and 340+ doctors in the platform, and 7,000 transactions as of end-December 2020.

Learn about our SDG initiatives on **p.126**



National Teachers College was selected as one of the top awardees of 2020 Ayala Innovation Excellence Awards for its fully distance learning graduate teacher education program.

Despite the many daunting challenges brought about by the pandemic, our member schools successfully shifted to distance learning and transformed their operations in order for their services to be provided beyond the school campus. We continue to commit to delivering quality and accessible education to as many as possible, regardless of the challenges the country faces.

National Teachers College's Graduate School Distance Education fully online program has demonstrated significant impact, with 98% of its learners reporting high learning efficacy and real world relevance."

Alfredo I. Ayala
COO, iPeople, Inc.

iPEOPLE

WHO WE ARE

Following the merger between AC Education and iPeople in May 2019, iPeople has become the listed holding company for Ayala's investments in education, in partnership with the Yuchengco Group of Companies. The merger brought together seven schools in diverse socio-economic and geographic market segments across the nation, including the National Capital Region, the Calabarzon region, the Bicol region, and Mindanao.

iPeople aims to empower Filipino families by delivering accessible, quality education that enables significantly improved employability for our high school and college graduates. iPeople's vision is to innovate education and research towards leading-edge outcomes for its students achieved through proprietary student value-add programs, systematic teacher training, professional management operations, and strong industry partnerships.

APEC Schools
Started in 2013 with one school site and 130 students, APEC has scaled up to become the largest chain of high schools in Mega Manila with 23 branches. APEC offers Junior and Senior High School with an innovative and progressive approach to both learning and employability at an affordable price point.

University of Nueva Caceres
In 2015, AC Education acquired UNC, the oldest university in Bicol, founded in 1948. Providing basic and higher education, it is the largest private university in the region.

National Teachers College
In 2018, AC Education acquired NTC. Founded over 90 years ago, NTC is the pioneering private institution for teacher education in the country. It serves students from Kinder up to the Doctorate Level.

Mapúa University
Founded in 1925, Mapúa is one of the country's leading engineering and technical universities. It is a world ranked QS-4 star university, was granted Autonomous status by the Commission of Higher Education in 2019, and is the school with the most CHED Centers of Excellence in engineering. Mapúa serves students in senior high school, college, and graduate school levels, with programs covering engineering and architecture, computer and information science, business, arts and sciences, and media studies.

Malayan Colleges Laguna
Founded in 2006, MCL is the best board exam performing private higher education institution in the CALABARZON Region. Known for its STEM programs, MCL is a QS-3 Star school that has senior high up to undergraduate degree levels. It was granted Autonomous status by CHED in 2019, making it the youngest school to achieve this level of accreditation.

Malayan Colleges Mindanao
MCM in Davao City is the youngest member of the Mapúa schools. Opened in 2018, the college offers undergraduate programs in arts and sciences, business, computer and information science, engineering and architecture, and senior high school.

Malayan High School of Science
MHSS is a private junior high school focused on preparing its students for STEM programs and is well-known for winning interscholastic science competitions in the country.

Mapúa University recently opened its Makati extension campus as the CBD's newest higher education campus. Its 5,114-square-meter facility is equipped with modern technological features, and has been designed with comprehensive sustainability features.

MARKET OUTLOOK

The coronavirus and economic crises forced 2.6 million K-12 students out of school in 2020. Approximately 50% of private K-12 students either dropped out or transferred to public schools.

In Higher Education, a survey of private schools indicates a 20% to 30% drop in enrollment.

The pandemic also forced schools to accelerate their digital transformation strategy to survive. Educational institutions have implemented full distance learning through multiple modes: synchronous, asynchronous, and modular learning. As a result of the shift, spending in training, tech infrastructure and digital tools increased. As of April 2021, there is still no indication when face-to-face classes will resume.

The government continues to develop policies and programs to aid the sector and its primary stakeholders such as the students and employees. In the middle of 2020, Landbank launched a student loan program where students can borrow up to ₱300,000 to pay for tuition fees. The government also gave cash assistance to over 50,000 students in December.

These government measures will only have a minimal impact, however, and we expect 2021 to be another very challenging year due to the continuing health and economic impacts of COVID.

CAPITALS

Financial
Strong principals in Ayala and the Yuchengco Group who can provide capital to support increase in capacity, transform facilities, integrate technology, and strengthen human capital

Intellectual
Modern and outcomes-based curricula with strong emphasis on English and Tech mastery, critical thinking, and employability.

Tertiary schools have curricula with focus on applied research

In-house program designed in collaboration with the industry aimed at accelerating student development

Manufactured
Facilities, technologies, and classrooms aimed at providing quality and accessible education

Human
Faculty and staff who are competent, nurturing, and progressive

Social and relationship
Strong relationships with all stakeholders

iPeople has successfully completed 12 batches of the Professional Employment Program Program in NTC and UNC, and 3 batches of APEC's Accelerated Career Experience Program, providing employment and bridging opportunities to approximately 12,000 students since inception.

HOW WE CREATE VALUE

Modern and relevant content and curriculum

Integrated experiential education for employment model

Meaningful employer partnerships

Comprehensive career placement services

Intensive engagement with students

Enhanced student enrollment growth through:
- Quality student and graduate outcomes
- Improved student retention
- Strong brands
- Upgraded sales and marketing initiatives

Emphasis on talent development, faculty retooling and upskilling

Continuous leadership development programs

National Teachers College continues to strengthen its student retention efforts through its Alagang NTC initiative, which aims to enhance students' engagement and learning capacity.

₱3 B
Revenues

₱242 M
Net income

BUSINESS REVIEW

iPeople schools were less impacted by COVID-19, relative to the overall education sector, due to their comparatively smooth transition to distance learning. Its tertiary schools' enrollment decreased by 5%, and its standalone high schools' enrollment decreased by 30% in SY 2020-21.

On a calendar year basis, iPeople's revenues were flat at ₱3 billion while net income reduced by 12% to ₱242 million.

iPeople schools demonstrated their capability to adjust their learning modalities in innovative ways including:

- Mapúa launched Mapúa Digital Academics, a state-of-the-art platform for delivering learning
- APEC Schools launched APEC Agile, its blended learning program, and APEC Flex, a homeschooling program
- NTC won the Ayala Innovation Awards for its fully distance learning graduate teacher education program

In 2021, iPeople will continue to leverage its ability to adapt to the fast-changing environment in order to thrive amidst the challenges presented by the "new normal."

STRATEGY	2020 PERFORMANCE	2021 PRIORITIES
Implement a hybrid model of distance and onsite learning		
Each school runs engaging programs for both distance and partial face-to-face learning while core transactions can be done offsite shifting to the new normal	Each school was able to run its programs and key operations fully offsite	Improve student experience while ensuring outcomes are met
Improve learning outcomes		
Learning outcomes measured by: ▪ Students' performance in exams ▪ Employability ▪ External quality assurance and recognition	▪ NTC won the Ayala Innovation Awards for its fully distance learning graduate teacher education program ▪ In a post-implementation survey, 98% of NTC's distance program participants reported a positive experience. ▪ Mapúa and MCL received a QS-4 and QS3 star ranking, respectively. (*Note: There were no board and college entrance exams in 2020 due to the pandemic*)	▪ Lay the groundwork to achieve higher accreditations for our higher educational institutions ▪ Ensure employability programs transition in the new normal
Deploy synergies across the IPO system to improve student value proposition and efficiency		
Leverage schools' strengths and shareholders	▪ Cross-upskilling between educational and operational teams ▪ Group-wide implementation of new strategy, digital content, and tools	▪ Expand industry immersion opportunities for students ▪ Continue to identify areas for synergy and innovation across schools

THE VALUE WE CREATE

Students and parents	Teachers and employees	Companies	Contribution to SDG 4 on education
▪ We cater to multiple markets across the full range of socio-economic classes ▪ Student access to quality private education with linkages to potential employment	Learning and development programs with opportunities to pursue graduate studies	Organizations have access to a pool of high-quality human capital	We provide quality education to approximately 50,000 students

Learn about our SDG initiatives on **p.129**

Zalora's new e-fulfilment center near the Muntinlupa Cavite Expressway rotunda provides faster movement of items using a 5-level conveyor system that supports the management of 1.7 million items.

2020 was a year filled with uncertainty for much of the country and the rest of the world. In 2020, we remained steadfast in our efforts on helping develop our tech businesses. Furthermore, we have pushed our e-commerce and fintech ventures to grow in terms of market share, optimize operations and manage costs, especially in light of the pandemic."

Jose Teodoro K. Limcaoco
President and CEO, AC Ventures

AC Ventures

An Ayala Company

WHO WE ARE

AC Ventures is Ayala's platform for peeking into new technologies and business models that are relevant to the group. It aims to be an enabler by investing in adjacent businesses that are complementary to Ayala's existing business units and a pathfinder by investing in new sectors, emerging trends, and innovative businesses. Through AC Ventures, Ayala intends to embrace disruptive technologies and business models as it endeavors to grow its existing businesses and explore new verticals. In 2020, AC Ventures together with various Ayala group business units, launched a US$180 million fund called Ayala Corporation Technology Innovation Venture Fund or ACTIVE Fund. The fund is managed by Globe's corporate incubator, Kickstart Ventures.

AC Ventures holds a 44.7% stake in Zalora Philippines, the largest fashion and lifestyle ecommerce platform in the country as well as a 5.9% stake in Mynt, a fintech venture with Globe and Ant Financial that operates the fast-rising digital wallet GCash. In 2019, AC Ventures in partnership with BPI and the Indivara Group of Indonesia invested in fintech platform Cartera Exchange.

Further, AC Ventures oversees Ayala's offshore investments through AG Holdings. Over the past several years, AG Holdings has served Ayala's vehicle for its investments in the US and Asia as well as its interests in private equity and real estate funds, property co-investments, and technology business ventures. In 2019, Ayala made its first significant foray into Myanmar through AG Holdings, investing US$237.5 million for a 20% stake in diversified conglomerate Yoma group.

MARKET OUTLOOK

The ASEAN region holds tremendous potential in reaping the benefits of this digital shift, with a young and tech-savvy population boosted by improving economic fundamentals. According to a 2020 study by Google and Temasek, Internet usage in South East Asia continues to grow, with 40 million new users in 2020. COVID-19 has ushered in an era of "massive digital adoption" with eight out of 10 Southeast Asians viewing the Internet and technology as very helpful amidst the pandemic. The study also forecasts that the Internet sector will remain resilient and is poised to grow to over US$300 billion in gross market value by 2025.

The same study cites that the internet economy in the Philippines has a lot of upside among the six largest ASEAN economies. It is expected to grow to US$25 billion by 2025. The country continues to have the second largest internet user base of 68 million users in Southeast Asia. However, challenges such as the speed and affordability of internet access and the insufficient adoption of digital payment solutions continue to persist.

Lastly, Myanmar has moved to liberalize its economy and catch up with its ASEAN counterparts. Myanmar's underpenetrated market is the second fastest growing in the region, with GDP growth of over six percent over the last three years. With its unique geographic location between India and China, Myanmar incentivizes the construction of multiple infrastructure projects and Special Economic Zones. Its government's broad liberalization initiatives have also opened several key sectors to foreign investment, with real estate alone acquiring over US$4 billion in foreign investments since 2012 when Myanmar transitioned to a democratic rule.

However, on February 1, 2021, following a general election where Aung San Suu Kyi, State Counsellor of Myanmar, won by a landslide, the military seized control of the parliament on claims of election fraud. A one-year state of emergency was announced where the military will take over the affairs of the country, pledging a new election after while it operates in the meantime in the bounds of law.

Protestors took the streets of Yangoon, calling for the release of Suu Kyi and the legitimacy of the previous elections.

The ongoing protests has led to the arrest of over 2,000 individuals and a death toll of more 300 people as of the time of this writing. The political tension has affected many parts of the country's economy such as supply chains that have been affected by boycotts of workers, banks with intermittent operations leading to disruptions in payrolls, and agriculture that has seen farmers struggling to move their crops to the market. Moreover, the incident has prompted sanctions from other nations, particularly the western world, putting further stress on foreign investments into Myanmar.

CAPITALS

Financial Capital
- Capital / investments

Intellectual
- Proprietary software systems
- Brand
- Innovative mindset
- Tech-grounded business models

Manufactured
- Logistics infrastructure
- Real estate development
- Payments systems
- Industrial facilities

Human
- Zalora: 353 employees
- Mynt: 746 employees

Social and Relationship
- Affiliation with Ayala brand
- Loyal active customer base
- Partnership with retailers, agents, and suppliers
- Investor and other professional networks

GCash serves as a safe payment channel that eliminates person-to-person contact and money handling in physical transactions.

HOW WE CREATE VALUE

Pathfinder
Explore new disruptive trends, businesses, and relationships

Enabler
Enable adjacencies and synergies that complement the strategies of current businesses

BUSINESS REVIEW

AG Holdings

In Asia, AG Holdings has committed a total of US$30 million in varied funds that would serve as windows to disruptive technologies, evolving trends, and new markets. These include AG Holdings' investments in Alibaba's New Retail Strategic Opportunities Fund, an investor in traditional brick-and-mortar retail businesses in China, Arbor Ventures Funds I and II, global fintech-focused venture capital funds, Ikhlas Capital, which focuses on investments in sectors that are expected to benefit from ASEAN megatrends such as consumer, financial services, transportation and logistics, and Indies Pelago, a private equity fund investing in mid- to late-stage pre-IPO tech companies in Southeast Asia.

AG Holdings also continues to hold its investments in various private equity and venture capital funds, the largest of which is with ARCH Capital, a real estate-focused fund with projects in Hong Kong, Macau, China, Taiwan, Australia, Thailand, Vietnam, and the Philippines. In 2020, AG Holding's investment in the ARCH Funds received US$3.2 million in distributions. ARCH Funds I and II are in the late stage of the funds' life and are currently in the process of exiting its remaining investments in Macau and China, while ARCH Funds III and IV are in the value creation stage for capital deployed.

Zalora Philippines

In 2020, Zalora Philippines' net merchandise value, the value of goods traded through its platform net of discounts and returns, continued to trend upward. Despite the disruptions brought about by COVID-19, NMV still grew over 31% year-on-year as a result of a strong rebound in consumer demand in the second half of 2020 supported by the introduction of top brands such as H&M and new segments, specifically, essentials, home living, and kids. During the year, Zalora Philippines through Entrego, finished construction of a new state-of-the-art e-fulfillment center. The new facility is set to centralize Zalora Philippines' operations and double overall productivity.

Mynt

Mynt is been well-positioned to assist millions of Filipinos to cope the pandemic, providing ease and convenience. The lockdowns and social distancing measures highlighted the value proposition of GCash to a wider user base, generating great momentum for adoption and further expansion. The app has been the top Finance App currently throughout 2020 according to AppAnnie, surpassing competition in the Philippine mobile wallet space while recording a 3.6x year-on-year increase in engaged monthly transacting users. By the end of the year, the GCash ecosystem had grown with over 120,000 accepting merchants, over 33,000 cash-in agents, enabling transaction growth to cash-in, buy load, transfer cash to and from bank accounts and wallets via the Instapay facility, pay monthly bills, save money at good rates, borrow money, buy insurance, and invest in funds.

2020 was also a banner year for fundraising. Mynt raised over US$175 million of fresh capital in the year, both from its existing shareholders Globe and Ant Financial, as well as new investor ASP Philippines LP, a limited partnership fund managed by investment firm Bow Wave Capital Management. The fundraise places Mynt to near-unicorn status, earning a post-money valuation of close to US$1 billion. Proceeds will be used

31%
Growth in Zalora's NMV

3.6x
Increase in GCash's engaged monthly transacting users

$175M
Fresh capital raise by Mynt in 2020

to further spur the growth of the business, thereby contributing to the digitization of the economy and the financial inclusion of more and more Filipinos, especially in the post-pandemic world.

Cartera
In July 2019, AC Ventures invested in a 25.5% stake in Cartera, another fintech venture in partnership with BPI and the Indivara Group, one of the largest technology investment holding companies in Indonesia. Cartera aims to provide a digital payment and loyalty exchange platform which integrates various payment systems, including e-wallets, credit cards, and banks. The Cartera platform will have the capability to allow for interoperability between different payment ecosystems, which would promote a more extensive adoption of digital payments in the country.

ACTIVE Fund
AC Ventures committed to invest US$100 million out of the US$180 million in the Ayala group's newest venture capital fund, ACTIVE Fund. In partnership with Kickstart Ventures, ACTIVE Fund will invest globally in tech and traditional areas such as data and analytics, artificial intelligence, cloud computing, real estate, retail, and water. Through the ACTIVE Fund, the Ayala group hopes to build on an ecosystem that can provide visibility into these emerging trends and gear up its businesses for the future. In 2020, the ACTIVE Fund deployed US$5 million in capital across three new deals that present compelling visions for the future of entrepreneurship, education, and point-to-point laser communication.

Yoma Group
Founded by Serge Pun in 1962, the Yoma group operates over 30 different subsidiaries with operations primarily in Myanmar and is listed in the Singapore Stock Exchange. The US$237.5 million investment of Ayala supports its strategy to pursue international expansion opportunistically, particularly in markets and sectors where it can bring its strengths and expertise. Myanmar is an underpenetrated frontier market with a promising economic growth story, supported by its government's broad liberalization initiatives. As a diversified conglomerate in Myanmar with overlapping interests in real estate, power, financial services, automotive, and healthcare, the Yoma group will serve as Ayala's platform for strategic investments in the country.

In relation to the events that transpired in Myanmar on February 1, 2021, some of the Yoma group's businesses were disrupted because of power and telecommunications networks going offline momentarily. Some of the group's operations such as Wave Money were disrupted intermittently due to the outages in the infrastructure but remains in operation today. Its restaurants such as KFC and YKKO continue to be open on limited capacity albeit due to COVID-19 restrictions. Construction activities for its real estate projects likewise continued save for Yoma Central, which is located in the city center, to avoid congregation of large masses of people during this time.

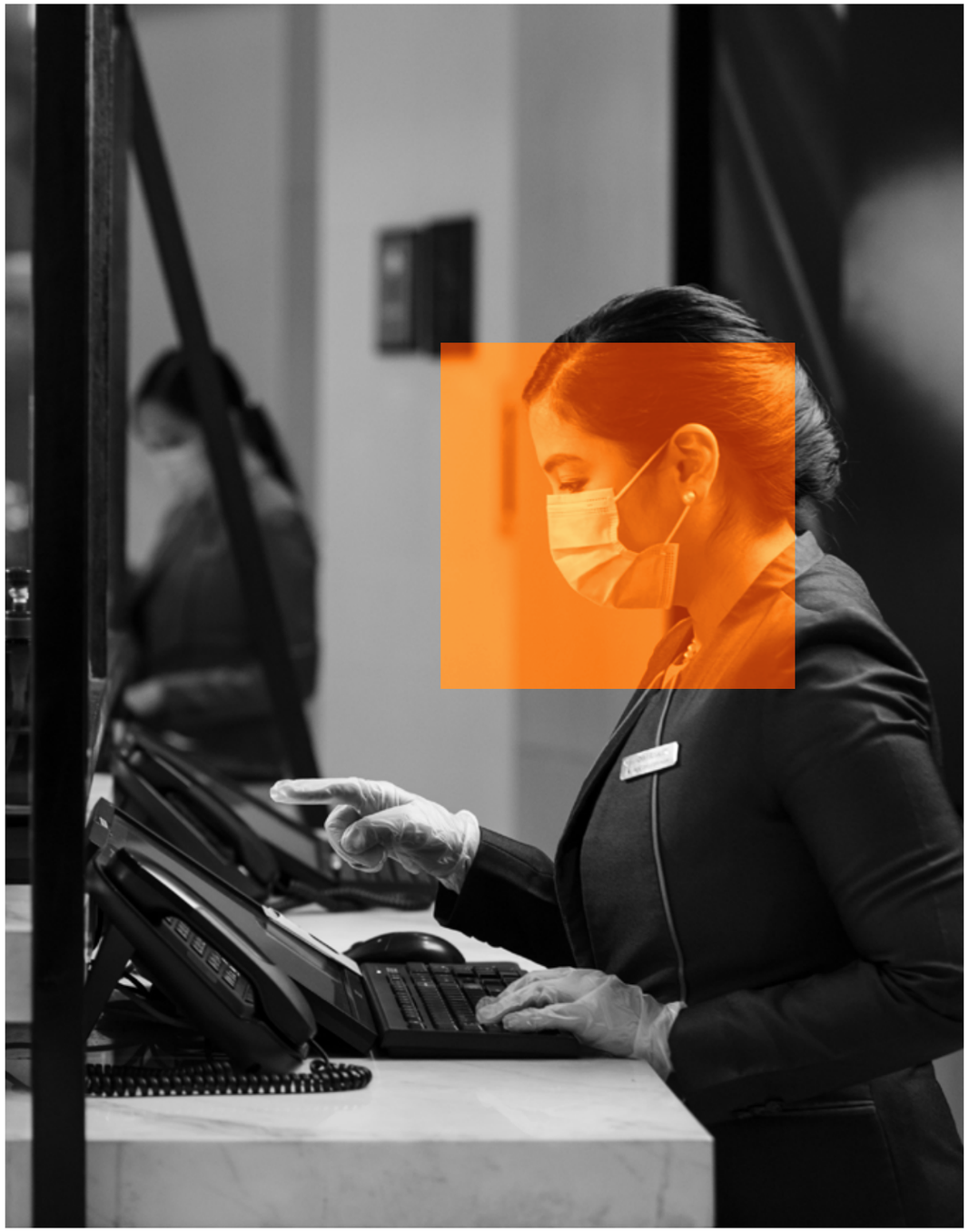
$100 M
committed out of the US$180 million in the Ayala group's newest venture capital fund, ACTIVE Fund

STRATEGY	2020 PERFORMANCE	2021 PRIORITIES
Enable new opportunities for the Ayala group		
Invest in adjacent business that complement the group's portfolio	▪ Launched and deployed first investments in the ACTIVE Fund ▪ Gained exposure in Myanmar's emerging economy through the Yoma investment	▪ Consider co-investment opportunities alongside the ACTIVE Fund ▪ Engage and strengthen relationship with the Yoma group to realize synergies and identify co-investment opportunities
Gear up tech businesses for scale and profitability		
Support tech investees to attain sustainable and profitable growth	▪ Reached positive margin after direct cost in Zalora ▪ Significantly grew active user base of GCash and onboarded a new strategic investor in Mynt ▪ Launched the Cartera joint venture with BPI and Indivara	Forge partnerships with the wider Ayala group through the Cartera platform and accomplish budget and operational ambitions for Zalora and Mynt
Strengthen AG Holdings' offshore investments		
Manage offshore investments to maximize gains for Ayala	Existing investments generated value and returns	Strengthen existing relationships with partners and remain open for pockets of co-investment opportunities

THE VALUE WE CREATE

- Develop synergies within the Ayala group
- Grow Ayala's portfolio of businesses and enter into new ventures, technologies, and sectors
- Explore innovative trends and business models that could transform the Ayala group's various businesses

Zalora expanded its offerings during the pandemic to better cater to the needs of customers. It introduced other product line, such as Essentials, which brought in numerous brands in 2020.



Ayala Land's hotels operate with the strictest health measures in place to ensure the safety and peace of mind of its valued guests.

GOVERNANCE

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GOVERNANCE:
TONE FROM THE TOP – KEY DRIVER IN COVID-19 PANDEMIC RESPONSE

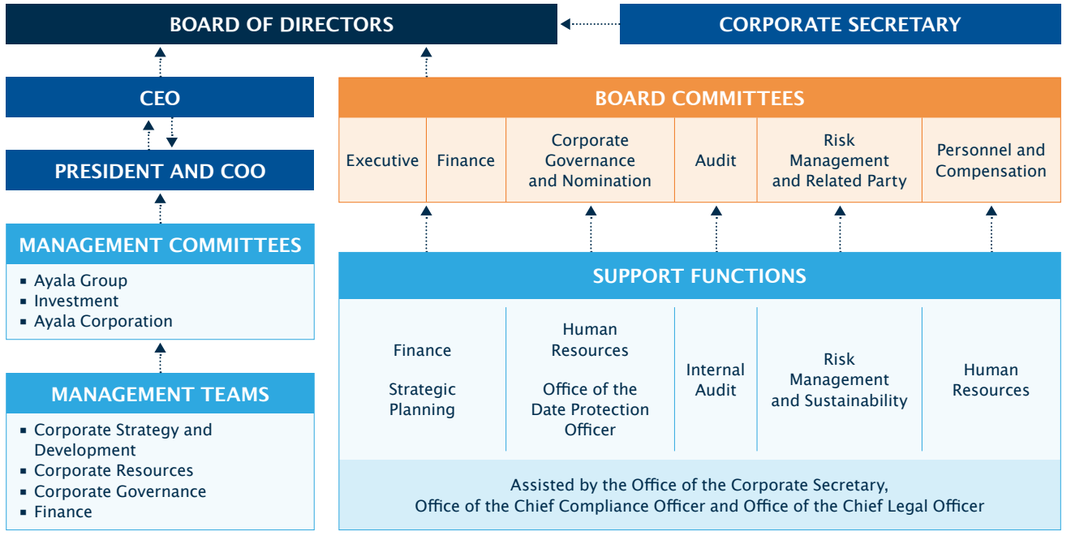
The pandemic has revealed the vulnerabilities in our institutions as well as the opportunities to improve the way our businesses serve our communities. In this light, the Ayala Group renews its commitment to the highest standards of Corporate Governance and will continue doing its part in helping the Filipino overcome this crisis.

Jaime Augusto Zobel de Ayala at the 2019 ASEAN Corporate Governance Scorecard Awards

A strong corporate governance culture and framework is a central pillar of Ayala's operations and provides a catalyst for the achievement of its strategic goals. As a staunch advocate of corporate governance, Ayala continues its strong commitment in upholding and embodying the principles of transparency, integrity, accountability, fairness and professionalism in all its activities, as particularly evident in the company's response to the unprecedented circumstances of the COVID-19 pandemic.

Ayala's corporate governance system encapsulates both internal and external mechanisms. With a competent and effective Board and Board Committees setting the tone from the top and an empowered, professional and responsible Management and Management Committees providing support to the Board, the company's strong core values have become intrinsic in how the company does its business and treats it stakeholders. This together with sound policies and effective risk management process and internal controls system have set the foundation for a robust corporate governance system at par with regional and global standards.

Key Components of Ayala's Governance System



The company's governance system safeguards the right of the stockholders to vote and participate in stockholders' meetings. The Committee of Inspectors of Proxies and Ballots, composed of non-directors, is created by the board to uphold the integrity of the process for validation of proxies and tabulation of votes for stockholders' meetings.

Mindful of the dynamic business and regulatory landscape and Ayala's responsibility and accountability to its stockholders and other stakeholders, the company's governance structures, systems and procedures are continually reviewed, evaluated and improved. Compliance with regulatory requirements and international standards coupled with strong, effective and adequate enterprise risk management and internal control systems enable the company to foster its long-term growth and sustainability.

Ayala's corporate governance practices and initiatives have garnered multiple recognitions for the company, both in the Philippines and in the ASEAN region. For more details on awards, please refer to page 237.

Compliance with the Corporate Governance Code

Ayala is compliant with the Code of Corporate Governance for Publicly-Listed Companies set forth by the Securities and Exchange Commission (SEC), except for the following deviations:

DEVIATIONS FROM THE CODE	EXPLANATION
Corporate Secretary and Compliance Officer are not separate individuals	The dual role does not retract from the effective performance of either function due to the strong team supporting the Corporate Secretary and Compliance Officer. In fact, the combined Corporate Secretary and Chief Compliance Officer is able to assist the Board better in the performance of its functions and in ensuring compliance with laws, regulations and good corporate governance practices.
The Board does not have at least three independent directors	The resignation of Mr. Xavier P. Loinaz due to health reasons has decreased the number of independent directors in the board to two. This also affected the composition of the Corporate Governance and Nomination (CGN) Committee. This does not, however, reduce the independence of the Board as a whole and the CGN Committee since all directors have proven track records of maintaining impartiality and objectivity in all Board and Committee discussions and deliberations.
Corporate Governance and Nomination Committee is not composed entirely of independent directors	
Chairman of the Audit and Risk Management and Related Party Transactions Committees serve as Chairman of other Committees	The reduction in the number of independent directors constrained the remaining independent directors, Mr. Antonio Jose U. Periquet and Ms. Rizalina G. Mantaring, to serve as Chairman in two Committees each effective December 2020. Given Mr. Periquet and Ms. Mantaring's breadth of experience and expertise, it is expected that minimal issues will be encountered in handling the workload and responsibilities of the concurrent positions, particularly with adequate assistance from the units providing support functions to their Committees.
Non-executive director serving in more than five publicly-listed companies	Mr. Antonio Jose U. Periquet serves in the board of more than five publicly-listed companies. As monitored and assessed by the Office of the Compliance Officer, this has not affected his commitment and effectivity as an independent director of the company. In 2020, Mr. Periquet had a perfect attendance in all board and applicable committee meetings where he actively participated and provided valuable insights.
Chairman of the Board and Chief Executive Officer are not different individuals	Mr. Jaime Augusto Zobel de Ayala is the company's Chairman of the Board and Chief Executive Officer. The company provides a clear definition and delineation of the responsibilities and accountabilities of the two positions allowing Mr. Zobel de Ayala to compartmentalize and effectively perform each function. The company has also designated a lead independent director to avoid conflict between the Board and the Chairman and to ensure independence in board discussions. Nevertheless, the company has announced that Mr. Zobel de Ayala will be stepping down as Chief Executive Officer after the 2021 Annual Stockholders' Meeting.
Executive remuneration not disclosed on an individual basis	Remuneration of the top five highest-paid officers is disclosed in aggregate as balance must be struck between full disclosure and the protection and privacy of the individual officers.

Supporting this compliance is an attestation from the company's Chief Executive Officer, Chief Compliance Officer, and Chief Audit Executive that the Ayala's system of internal controls, risk management, compliance, and governance processes are designed adequately and continue to operate effectively for the year 2020. The Attestation is available on the company website.

BOARD OF DIRECTORS AND MANAGEMENT

Roles and Responsibilities

The Board and management work hand in hand in fostering a culture of good corporate governance throughout the organization. They have equal responsibility of guaranteeing that adequate mechanisms and structures for good governance are established and implemented effectively.

Board of Directors

The Board has the overall responsibility for overseeing all the affairs of the corporation and for adhering to the best practices of corporate governance to foster the long-term success of the corporation. It acts on behalf of the company and are held accountable by the shareholders.

A more thorough discussion on the board of directors can be found on pages 37 to 48.

Management

Management is responsible and accountable to the Board of Directors for the operations of the company and its performance. They define the company's business objectives and goals in concrete term and execute board-approved strategies for achieving these targets. In addition, they provide the Board with updates on the implementation of the company's strategy and regularly and timely report on the affairs of the company and on any issues concerning the company's strategy, risk management, and regulatory compliance.

Chief Executive Officer and President/Chief Operating Officer
The CEO and the President/COO work together in synergy. Each has clearly defined responsibilities and accountabilities that ensure a strategic division of leadership functions:

- The CEO takes the lead on company strategy, visioning, and developing business partnerships.
- The President/COO is responsible for daily operations, new business initiatives, corporate policies, and resource allocation.

The CEO and President/COO coordinate closely with each other in all functions and critical issues. They are supported by management committees composed of key executives who meet regularly to discuss business performance and issues critical to the operations and growth of the company, and to facilitate the flow of strategic and operational information among the company's decision-makers.

Corporate Secretary, Chief Compliance Officer and Chief Legal Officer
The company's Corporate Secretary, Chief Compliance Officer and Chief Legal Officer is Atty. Solomon M. Hermosura. He is legally trained and knowledgeable on legal and regulatory requirements. To ensure that he keeps abreast on recent and relevant developments, he attends executive development programs, participates as resource speaker in various public fora and is a part-time professor of graduating law students. He has also attended various corporate governance fora, including Ayala's Integrated Corporate Governance, Risk Management and Sustainability Summit and the Securities Investors Association Singapore (SIAS) Corporate Governance Digital Symposium 2020.

As Corporate Secretary, included in his functions are: assisting the Chairman in preparing the Board meeting agenda, maintaining Board minutes and records, facilitating the training of directors, and providing directors with updates on relevant statutory and regulatory changes. The appointment and removal of the Corporate Secretary is subject to the approval of the Board.

As Chief Compliance Officer, his functions include: identification and management of compliance risks; ensuring the company's adherence to sound corporate governance best practices; monitoring, reviewing, evaluating and ensuring compliance by the corporation, its officers and directors with the Code of Corporate Governance for Publicly-Listed Companies, and relevant laws, rules and regulations, as well as governance issuances of regulatory agencies; reporting to the Board any violation and recommending the imposition of appropriate disciplinary action; ensuring the integrity and accuracy of all documentary submissions to regulators; and facilitating the yearly performance assessment of the Board, Board Committees and individual members of the Board.

As Chief Legal Officer, he supports the Board, CEO and senior leadership team, acting as advisor on a range of issues and strategies to minimize legal risks, and on legal matters and protocols that relate to their roles and the company's operations.

INTERNAL GOVERNANCE MECHANISMS

Accountability and Audit

External Auditors
The Audit Committee has the primary responsibility to recommend the appointment and removal of the external auditor. The external auditors are directly accountable to the Audit Committee in helping ensure the integrity of the company's financial statements and financial reporting process. Their responsibility is to assess and provide an opinion on the conformity of the audited financial statements with Philippine Financial Reporting Standards and the overall quality of the financial reporting process. The Audit Committee oversees the work of the external auditors and ensures that they have unrestricted access to records, properties, and personnel to enable performance of the required audit.

During the Annual Stockholders' Meeting last April 24, 2020, the shareholders re-appointed Sycip Gorres Velayo & Co. (SGV & Co.) as the company's external auditor for the year 2020, with Lucy L. Chan as the lead engagement partner.

The Committee met with the external auditors without the presence of the management team to discuss any issues or concern. To ensure that the external auditor maintains the highest level of independence from the company, both in fact and appearance, the Audit Committee approved all audit, audit-related, and permitted non-audit services rendered by the external auditor. Non-audit services expressly prohibited by regulations of the SEC were awarded to other audit firms to ensure that the company's external auditor carries out its work in an objective manner.

Total fees billed by SGV & Co. for the years ended December 31, 2020 and 2019 amounted to ₱14.02 million and ₱13.17 million, respectively, inclusive of VAT. The Audit Committee reviewed the nature of non-audit services rendered by SGV & Co. and the corresponding fees and concluded that these are not in conflict with their function as the company's external auditor. The breakdown of the fees for 2020 and 2019 are shown below:

EXTERNAL AUDITOR FEES	AMOUNT IN MILLIONS OF PESOS	
	2020	2019
Audit and Audit–Related Fees	₱11.77	₱13.05
Non–Audit Fees	2.25	.12
GRAND TOTAL	**14.02**	**13.17**

Audit and Audit-Related Fees include the audit of Ayala's annual financial statements and the mid-year review of financial statements in connection with the statutory and regulatory filings or engagements for the years ended 2020 and 2019. These also include assurance services that are reasonably related to the performance of the audit or review of Ayala's financial statements pursuant to the regulatory requirements. Non-Audit Fees include special projects / consulting services. There were no disagreements with the company's external auditor on any matter of accounting principles or practices, financial statement disclosures, or auditing scope or procedures.

Internal Auditors
Internal Audit supports the Audit Committee in the effective discharge of its oversight role and responsibility. The Chief Audit Executive, Catherine H. Ang, reports functionally to the

Audit Committee of the Board of Directors, and administratively to the President and Chief Operating Officer or his designate. The activities of Internal Audit are governed by a separate Internal Audit Charter approved by the Audit Committee and the Board.

Internal Audit adopts a risk-based audit approach in developing its annual work plan, which is reassessed quarterly to consider emerging risks. The Audit Committee reviews and approves the annual work plan and all deviations therefrom and ensures that internal audit examinations cover the evaluation of adequacy and effectiveness of controls encompassing the company's governance, operations, and information systems; reliability and integrity of financial and operational information; safeguarding of assets; and compliance with laws, rules, and regulations. The Committee also ensures that audit resources are adequate and reasonably allocated to the areas of highest risk, including the effectiveness of the internal audit function. During the year, the Committee regularly met with the Chief Audit Executive without the presence of management to discuss any issues or concern.

To strengthen corporate governance, Ayala's Internal Audit adopted portfolio-based subsidiary oversight to standardize the implementation of good practices and ensure that critical issues are monitored and addressed across the Ayala group.

As of 2020, the audit team has an average of 14.4 years audit experience and an average of 5.3 years tenure in the Ayala group. The audit team has the following certifications and professional affiliations: certified public accountants, certified internal auditors, certified fraud examiner, certified information systems auditor, certified foreign exchange professional, crisis communication planner; certified in ISO 9001, ISO 22301, ISO 27001, IT Infrastructure Library, COBIT 5 (F), Internal Control (CICA), and Global Innovation Management Institute Level 1; a member of the Financial Executives of the Philippines; and a Fellow of the Institute of Corporate Directors. All the internal auditors are also members of The Institute of Internal Auditors Philippines and adopt the International Professional Practices Framework promulgated by The Institute of Internal Auditors, Inc.

The internal audit activities conform with the International Standards for the Professional Practice of Internal Auditing and are continuously evaluated through an independent Quality Assessment Review

Ayala's Internal Audit also collaborates with the internal audit functions of the subsidiaries and affiliates to promote sharing of resources, knowledge, tools, and best practices through the Ayala Group Internal Auditors' Network (AGIAN). Established in 1999, the AGIAN continues to perform activities that strengthen synergy within the group resulting to an effective teamwork environment, exchanges of good practices and ideas, and improved skills of internal auditors.

Despite the work-from-home set-up, the group successfully conducted in November 26 and 27, 2020 the first virtual AGIAN Conference, with the theme "Evolving in the New Normal" focusing on learning sessions about remote auditing, cybersecurity, fraud in the digital landscape, personal resilience and Audit Committee expectations in response to COVID-19 crisis and the evolving ways to doing business.

Technical sessions were also held to provide the members with the knowledge, tools and required auditing skills to enable them to perform their responsibilities. Since 2018, AGIAN has partnered with The Institute of Internal Auditors Philippines to accredit the quarterly AGIAN trainings for Continuing Professional Development (CPD) for renewal of licenses and certifications. In 2020, two AGIAN trainings were provided to the group internal auditors which were accredited by the Board of Accountancy (BOA) for CPD credits. This is in addition to the continuing training and development programs, from specific job skills to long-term professional development provided by the respective companies of the group to their employees.

Disclosure and Transparency

Accurate and Timely Disclosures

Full disclosure and transparency are tenets highly valued by Ayala. Focus is given on providing quality, accurate, and timely disclosures to regulators, the investing public and other stakeholders. Ayala strives to promptly disclose all material and market sensitive information that may affect the public's investment decisions, including information on the results of its operations and financial performance. Procedures for internal reporting are established to ensure consistency and accuracy in the information disclosed. Policies and procedures are also in place to ensure the company's compliance with disclosure requirements under the rules and regulations of the SEC, Philippine Stock Exchange (PSE), and Philippine Dealing and Exchange Corporation (PDEx).

For better dissemination of information, Ayala engages with investors, analysts, and media through meetings and quarterly briefings, where the senior management discusses the results of the company's operations with investment and financial analysts. More details on management's discussion and analysis of financial condition and results of operations are available on pages 241 to 246.

All relevant disclosures were filed in a timely manner with the SEC, PSE, and PDEx. All the 2020 filings and relevant information were provided ahead of time, with details as follows:

- On April 8, 2020, the Annual Report (SEC Form 17-A), together with the consolidated audited financial statements for 2018, was submitted to the SEC, within 120 days after year-end.
- On February 24, 2020, the Notice of the Annual Stockholders' Meeting with a detailed explanation of the Agenda items was released to the SEC and PSE, 60 days ahead of the scheduled annual meeting on April 24, 2020. The Notice was amended on March 27, 2020 to inform stockholders of the conduct of a virtual meeting due to the government imposed enhanced community quarantine, 28 days before the scheduled annual meeting.
- On March 24, 2020, the audited financial statements as contained in the Definitive Information Statement were submitted to the SEC and PSE, 31 days before the Annual Stockholders' Meeting.
- Interim or quarterly financial statements and results of operations were submitted to the regulators within 45 days from the end of the financial period.

This information, past annual and integrated reports, and this integrated report and the consolidated audited financial statements are disseminated to shareholders through the company's website at www.ayala.com and through media and analysts' briefings.

Ownership Structure

As of December 31, 2020, Ayala's outstanding common shares were held as follows:

	OUTSTANDING COMMON SHARES	% OWNERSHIP
Mermac, Inc.	296.6 million	47.28
PCD Nominee Corporation (Non–Filipino)*	153.1 million	24.40
PCD Nominee Corporation (Filipino)*	116.9 million	18.63
Mitsubishi Corporation	37.8 million	6.02
Others	23.0 million	3.67
TOTAL	**627.4 million**	**100**

*Out of the 270.0 million common shares registered under the name of PCD Nominee Corporation, 53.5 million are for the account of Deutsche Bank Manila, 35.7 million are for the account of Hongkong Shanghai Banking Corporation, and 32.3 million are for the account of Citibank N.A., which are 8.53%, 5.69% and 5.15%, respectively, of the total shares.

	OUTSTANDING COMMON SHARES	% FOREIGN OWNED
Common Shares	627.4 million	--
Voting Preferred Shares	200.0 million	--
TOTAL VOTING SHARES	**827.4million**	**25.88%**
Preferred B Shares Series 1 Shares	20.0 million	--
Preferred B Shares Series 2 Shares	30.0 million	--
TOTAL OUTSTANDING SHARES	**877.4 MILLION**	**24.42%.**

There were no cross or pyramid shareholdings.

2020 DISCLOSURES
In 2020, the company filed, among others, unstructured disclosures, clarifications on news articles and structured reports involving the following:

Unstructured Disclosures
1. Attendance of Directors in Meetings of the Board of Directors in 2019
2. Issuance of new shares under Employee Stock Option Plan
3. Ayala's partnership with Razon-led infrastructure company in Manila Water
4. Executive Committee's approval on the grant of proxy rights by Philwater to Trident Water over Manila Water Preferred Shares
5. Clarification on the effectivity of the Shareholders Agreement between Ayala and Trident Water
6. Detailed Notice and Agenda of the 2020 Stockholders' Meeting
7. Amendments to the Board Charter and Corporate Governance Manual of the Corporation
8. 2019 Financial and Operating Results
9. Impact on business operations and measures being undertaken by Ayala in connection with the COVID-19 pandemic
10. Revised Detailed Notice and Agenda of the 2020 Stockholders' Meeting
11. 2020 Definitive Information Statement
12. Executive Committee's approval of the consolidation of Ayala's energy, water, and infrastructure business
13. Pre- and post- consolidation structure of Ayala's energy, water, and infrastructure business
14. Results of the Annual Meeting of Stockholders and Organizational Meeting of the Board of Directors
15. Revised Corporate Governance Manual
16. 2020 ESOWN Grant
17. UAC Energy's tender offer for Infigen Energy
18. AC Energy's issuance of bond via private placement
19. Update on NAIA redevelopment project
20. UAC Energy secured material interest of 19.9% in Infigen Energy
21. First-half 2020 Financial and Operating Results
22. Philippine Competition Commission's approval of Trident Water's 25% stake acquisition in Manila Water
23. Resignation of Independent Director
24. Board approval of AC Energy of items in relation to the proposed investment of GIC Private Limited
25. Third Quarter 2020 Financial and Operating Results
26. AC Energy's tender offer of its US$400,000,000 senior fixed-for-life green undated notes and issuance of new notes
27. Securities and Exchange Commission's approval of the change in name of AC Energy, Inc. to AC Energy and Infrastructure Corporation
28. AC Energy's issuance of US$300 million perpetual, non-call 5-year, 5.1% fixed-for-life green bond
29. Results on AC Energy's Tender Offer for the undated notes
30. Securities and Exchange Commission's approval of the Amended By-Laws of the Corporation
31. Election of a new director and lead independent director
32. Changes in the composition of the Board Committees
33. Setting of the 2021 Stockholders' Meeting and Related Matters
34. Ayala Corporation's Succession Plan for the Group's Chief Finance Officer
35. Ayala Corporation's Leadership Transition
36. Buying of own issued shares from the market under the Share Buyback Program
37. Notice of Analysts' Briefing
38. Declaration of Cash Dividends to outstanding common shares

Clarification of News Reports
1. AC Energy, Vietnam firm to expand wind project
2. Ayala to fully abandon coal investments by 2030
3. Ayala dismisses rumors on buying into ABS-CBN
4. AC Energy buys into Infigen
5. AC Energy investing in new wind power plant in Vietnam
6. Iberdrola tops Ayala bid for Australia's Infigen
7. Ayala affiliate, Spanish rival boost takeover bids for Australian firm
8. AC Energy builds largest wind farm in Vietnam at 210MW
9. Ayala building US$68-M solar farm in India
10. AC Energy to develop 2nd solar farm in India

Structured Reports submitted to SEC, PSE, and PDEx
1. Top 100 Stockholders Report
2. Public Ownership Reports
3. Statement of Changes in Beneficial Ownership of Securities of directors and officers
4. General Information Sheet
5. Definitive Information Statement
6. Quarterly Financial Reports
7. Annual Report

Financial and Non-Financial Reports
Ensuring the integrity of the company's consolidated financial and non-financial disclosures is a duty of the Board Directors. The financial statements comply with the Philippine Financial Reporting Standards, with significant accounting judgments and estimates also disclosed. Non-financial information was prepared in line with the guiding principles and content elements of the Integrated Reporting framework and referred to the Global Reporting Initiative (GRI) Standards to report the sustainability performance.

The Integrated Report provides a more thorough and comprehensive disclosure on both financial and non-financial performance indicators to help shareholders understand the company's various businesses and their impact on the company's overall value creation. Refer to pages 241 to 246 and 99 to 150 for the financial and non-financial performance indicators, respectively.

Related Party Transactions
Ayala has put in place a policy for dealing with related party transactions (RPTs) that is aligned with regulatory requirements, ensuring that all RPTs are at arm's length, fair, and will inure to the best interest of the company and all its shareholders. RPTs are transactions involving a transfer of resources, services or obligations between the company and a related party as defined in the policy, regardless of whether a price is charged. The Risk Management and Related Party Transactions Committee reviews and the Board approves all RPTs recognized as material under the policy. The RPT policy can be found in the company's website.

RPTs are discussed and quantified in the Notes to the Consolidated Financial Statements under Related Party Transactions. The Consolidated Financial Statements are also made available on the company's website.

No RPTs classified as financial assistance to entities other than wholly-owned subsidiaries were entered into in 2020. There were also no cases of noncompliance with the laws, rules, and regulations pertaining to significant or material RPTs in the past three years.

Code of Conduct and Ethics

The Code of Conduct and Ethics serves as a guide to all directors, officers, and employees on the right conduct and set standards expected of them in executing their roles and responsibilities. The Board acts as the overall governing body and ensures the adherence of all directors, officers, and employees of the company to the Code.

It is expected that all of the company's directors, officers and employees avoid conflicts of interest situations or impropriety. Full disclosure of all relevant facts are required from those who have personal or pecuniary interest on any related party transaction to ensure that actual or potential conflicts of interest are reported and brought to the attention of management. Enforcement and monitoring of compliance with the Code as well as imposition of sanctions for violations thereof fall under the responsibility of management.

It is the policy of Ayala that all directors, officers, and employees shall conduct business in accordance with Philippine Laws and regulations, including Anti-Money Laundering Law. In case of doubt concerning the legality of any matter, employees shall consult with the Corporate Governance Officer and Chief Legal Officer. Any suspected criminal violations will be reported to the appropriate authorities and non-criminal violations will be investigated and addressed as appropriate.

Anti-Corruption Policy
Ayala is steadfast in abiding by the highest ethical standards in doing its business. A zero-tolerance policy is adopted towards fraud, corruption, bribery in any form, and all unethical practices, coupled with a firm commitment to full compliance with all relevant laws and standards. The anti-corruption policy contained in the Code of Conduct and Ethics guides all directors, officers, and employees on how to conduct business in a fair, ethical, and legal manner. Strict observance of the policy is mandated in all their transactions and dealings with customers, suppliers and business partners of the company as well as with the government.

In the interest of protecting the integrity of its employees and business interests, the company has also established guidelines for dealing with gifts and gratuities. Seeking undue financial and material advantage from any transaction is strictly prohibited. Any offer or gift of value given to directors, officers, and employees, or their immediate family, with a view to get favors or to influence business recommendations are immediately reported to the appropriate reporting level. Likewise, directors, officers, and employees are prohibited from accepting gifts or invitations of any form, except when it meets the criteria set by the company. The policy also applies for an indirect offer or bribe that is made through another person.

Insider Trading Policy

Ayala has a well-defined policy against insider trading of company securities and non-disclosure of material non-public information to any person until the information is disseminated to the public and two full trading days had lapsed from the disclosure thereof to give the market time to absorb the information. The policy encompasses compliance with disclosure rules and prevention of the unlawful practice of using confidential information to one's own benefit.

Trading Blackout

All company directors, officers, consultants, and employees, including their immediate family members living in the same household, who may have knowledge of material non-public information about the company are strictly prohibited from trading in Ayala's shares during the trading blackout period. A certification on compliance with the prohibition against trading is required to be submitted annually.

The blackout period commences from five trading days before and two trading days after the disclosure of quarterly and annual financial results for structured disclosures. While for non-structured disclosures, the blackout period is two trading days after the disclosure of any material information other than quarterly and financial results.

Notices of trading blackouts were regularly disseminated and issued to all personnel via e-mail. Compliance was strictly enforced during these trading blackout periods.

There have been no violations of the company's insider trading and trading blackout policies in the past three years.

Reporting of Transactions

In accordance with Ayala's established and implemented guidelines on reporting trades, all directors and officers from Managing Directors and above, Comptroller, Chief Audit Executive, Chief Risk Officer, Treasurer, Chief Compliance Officer, Corporate Secretary, and Assistant Corporate Secretary must report to the company all acquisitions or disposals, or any changes in their shareholdings in the company within three business days from the transaction date. All other officers and employees must submit to the Chief Compliance Officer a quarterly report on their trades of company securities.

The trades of directors and officers in 2020 is shown in the table on Changes in Shareholdings.

Ayala conducts a mental health seminar for its employees.

Changes in Shareholdings

Reported trades in Ayala Securities of the directors and officers in 2020:

	SECURITY	BALANCE AS OF DECEMBER 31, 2019	ACQUIRED	DISPOSED OF	BALANCE AS OF DECEMBER 31, 2020
DIRECTORS					
Jaime Augusto Zobel de Ayala	Common	392,806	240,916	–	633,722
	Preferred B Series 1	20,000	–	–	20,000
	Voting Preferred	543,802	–	–	543,802
Fernando Zobel de Ayala	Common	392,264	224,112	–	616,376
	Voting Preferred	554,983	–	–	554,983
Keiichi Matsunaga	Common	1	–	–	1
Delfin L. Lazaro	Common	41,129	41,425	–	82,554
	Voting Preferred	258,297	–	–	258,297
Cezar P. Consing*	Common	107,926	96,454	–	204,380
Xavier P. Loinaz*	Common	126,614	–	–	126,614
	Voting Preferred	65,517	–	–	65,517
Antonio Jose U. Periquet	Common	1,200	–	–	1,200
Ramon R. Del Rosario, Jr.**	Common	1	–	–	1
Rizalina G. Mantaring**	Common	57,970	–	100	57,870
	Voting Preferred	3,604	–	–	3,604
OFFICERS					
Jose Rene Gregory D. Almendras	Common	112,488	146,618	–	259,106
Catherine H. Ang	Common	25,773	9,572	–	35,345
	Voting Preferred Shares	5,290	–	–	5,290
	Preferred B Series 2	2,000	–	–	2,000
Alfredo I. Ayala	Common	174,777	144,309	26,500	292,586
Estelito C. Biacora	Common	2,712	7,945		10,657
Paolo Maximo F. Borromeo	Common	65,311	36,716		102,027
Josephine G. de Asis	Common	26,984	11,560		38,544
Bernard Vincent O. Dy	Common	21,681	27,758		49,439
Ernest L. Cu***	Common	133,502	94,126		227,628
John Eric T. Francia	Common	120,224	35,459	34,600	121,083
Solomon M. Hermosura	Common	121,960	62,308	6,000	178,268
	Voting Preferred Shares	53,583			53,583
Jose Teodoro K. Limcaoco	Common	302,068	102,821		404,889
Ruel T. Maranan	Common	21,671	13,423		35,094
John Philip S. Orbeta	Common	607,667	195,316	61,260	741,723
Arthur R. Tan	Common	359,743	59,439		419,182
Dodjie D. Lagazo	Common	–	–	–	–
Joanne M. Lim	Common	–	–	–	–
TOTAL		**4,723,548**	**1,550,277**	**128,460**	**6,145,365**

*Mr. Cezar P. Consing was elected to the Board on December 3, 2020 to replace Mr. Xavier P. Loinaz
**Ms. Rizalina G. Mantaring replaced Mr. Ramon R. Del Rosario, Jr. as Independent Director on April 24, 2020
***Not a reportable officer of Ayala but a member of the Ayala Group Management Committee

Whistleblower Policy

Ayala adopted a whistleblower policy as a tool to advocate and enhance transparency and integrity in its business. Directors, officers, employees, and all suppliers, business partners, contractors and subcontractors, and other third parties are encouraged to report any perceived wrongdoing or malpractice involving the company or its personnel. The reporting must be in good faith and in return, the whistleblower will have utmost confidence on fair treatment and protection from reprisal, harassment, disciplinary action, or victimization for whistleblowing.

In the interest of safeguarding the whistleblower and guaranteeing the integrity and confidentiality of the report, Ayala has implemented an outsourced receipt and processing of whistleblower reports to Punongbayan and Araullo through the reporting channel https://proactivehotline.grantthorntonsolutions.ph/report/ayala-corporation. The website allows anonymous reporting and is accessible anytime and anywhere via internet. Status of all reports are trackable with available monthly reports.

Other reporting channels available to the whistleblower are by submitting a written report directly to the Office of the Chief Compliance Officer, or by e-mail to whistleblower@ayala.com, or through a face-to-face meeting with any member of the established Disclosure Committee composed of one representative each from the Office of the Chief Legal Officer, Strategic Human Resources, Internal Audit, and Group Risk Management.

There is a set investigation process for reported violations of company policies, rules and regulations and all reports are given confidential treatment and discussed with the Audit Committee, which monitors the resolution and closure of all reports.

In 2020, Ayala did not receive any whistleblower report through its reporting channels.

Data Privacy Policy

As part of its continuing commitment to uphold the data privacy of all stakeholders, Ayala's Data Privacy Office headed by the Data Protection Officer, Atty. Solomon M. Hermosura, works closely with all the business units to regularly review the physical, technical and organizational measures adopted by the company for the protection of personal data. This is to ensure the integrity, confidentiality and availability of the personal data that the company collects and processes, and protect these against natural and human dangers, such as accidental loss or destruction, unauthorized access, fraudulent misuse, and unlawful alteration.

In 2020, the company: (1) adopted its Data Privacy Manual to establish policies and guidelines to ensure the proper processing of personal data, (2) executed data protection agreements with relevant third parties, (3) crafted the appropriate privacy terms and conditions for various initiatives and programs of the company and the Ayala Group involving processing of personal data, (4) completed self-assessment of compliance with APEC Cross-border Privacy Rules, (5) conducted capacity building activities for employees, and (6) initiated new projects to increase the organization's awareness of and improve compliance with the requirements of the Data Privacy Act of 2012, its Implementing Rules and Regulations, and other relevant issuances of the National Privacy Commission.

Ayala had one data breach during the year which involved contact details provided by employees, and was duly reported to the National Privacy Commission. Due process was followed in notifying affected data subjects and in implementing remedial measures.

Inquiries or concerns regarding data privacy and/or data subjects' rights may be submitted to the Data Protection Office through acdataprivacy@ayala.com.

Stakeholder Relations

Stockholder Meeting and Voting Procedures
In spite of the unprecedent circumstances brought about by the COVID-19 pandemic, the company was able to distribute the notice of meeting at least 28 days before the Annual Stockholders' Meeting (ASM) by adopting SEC-allowed alternative modes of distributing the notice and other meeting materials. The notice contains the agenda and a detailed explanation on the same, the allowed means of participation and voting, and sets the date, time, and place for validating proxies, which must be done at least five business days prior to the ASM.

Members of Ayala's senior management participates in Ayala Young Leaders Congress, one of Ayala Foundation's flagship programs.

Each outstanding common and voting preferred shares of stock entitles the registered holder to one vote. Non-controlling or minority stockholders were given the right to nominate candidates for the board of directors and to propose items for inclusion in the meeting agenda.

Rising to the challenge of the pandemic, the company held its first virtual ASM. The company endeavored to make the shareholder experience as similar as possible to an in-person meeting, encouraging active shareholder participation through attendance by remote communication, voting *in absentia* using the enhanced electronic Voting *in Absentia* & Shareholder (VIASH) System, voting though proxy forms assigning the Chairman as proxy, and sending their questions and comments through the company's established communication channels. Shareholders who notified the corporation of their participation in the meeting by remote communication were included in the determination of quorum as well as those who voted *in absentia*, either electronically or through proxy.

Website
Information on the company's corporate governance initiatives, this Integrated Report, and all other relevant information are available on the company's website at www.ayala.com. As part of our stakeholder engagement, Ayala also maintains social media accounts at Facebook.com/AyalaCorporation and https://ph.linkedin.com/company/ayala-corporation.

Management Committee conducts a meeting at Ayala's Tower One Board Room.

REPORT OF THE EXECUTIVE COMMITTEE TO THE BOARD OF DIRECTORS

For the year ended 31 December 2020

The Executive Committee is empowered to exercise and perform delegated powers and duties, within the competence of the Board, in the intervening period between scheduled board meetings. Acting by majority vote of all its member, the Committee deliberated, reviewed and approved the following transactions:

- Release of Funds to AC Health for its Acquisition of Healthway;
- Grant of proxy vis-à-vis Manila Water Company, Inc. shares;
- Assignment of ₱14 Million Deposits in favor of RCBC;
- 2020 ASM-Related Matters (Amended Notice of the 2020 Annual Stockholders' Meeting and Internal Guidelines for Participation in Stockholders' Meetings by Remote Communication and Voting in Absentia under Extraordinary Circumstances);
- Funding for Project HEAL;
- Consolidation of the Corporation's Energy, Water and Infrastructure business under AC Energy and Infrastructure Corporation;
- Assignment of ₱14 Million Deposits in favor of BPI;
- Purchase of shares in Ayala Land, Inc.; and
- Extension of loan to Yoma Strategic Holdings, Ltd.

March 5, 2021.

JAIME AUGUSTO ZOBEL DE AYALA
Chairman

FERNANDO ZOBEL DE AYALA
Member

KEIICHI MATSUNAGA
Member

REPORT OF THE FINANCE COMMITTEE TO THE BOARD OF DIRECTORS

For the year ended 31 December 2020

The Finance Committee oversees the Corporation's financial policy and strategy, including capital structure, dividend policy, and capital allocation decisions. In 2020, the Committee convened seven (7) meetings and acted on and approved four (4) written resolutions by electronic mail. The Committee reviewed, discussed, evaluated, and endorsed for board approval the following:

- Discussed, deliberated on and approved the following:
  - Granting of proxy rights over approximately 2.7 billion voting preferred shares in Manila Water Company to Prime Metroline Holdings Inc. or its assignee subject to certain conditions;
  - Corporation's 3-year financing plans and ₱30.0 billion shelf registration;
  - Financing plans including new credit facilities and renewal of existing bank lines;
  - Continue credit ratings engagement with ratings agencies;
  - Updates on interest rate and foreign exchange risk management policies;
  - Corporation's financial review and dividend plan;
  - Additional capital allocation to Ayala Healthcare Holdings, Inc.;
  - Presentation of social bond financing and BPI credit facility;
  - Plan for AC Energy to integrate its international and onshore assets;
  - Increase in capital investment for Entrego;
  - AC Infrastructure's investments and foray into the logistics industry;
- Discussed updates on business units' indicators, treasury and economic outlook;
- Discussed updates on the Corporation and Ayala Group's liquidity and debt levels; and
- Conducted a portfolio review of the Corporation, its affiliates and associates.

February 26, 2021.

DELFIN L. LAZARO
Chairman

JAIME AUGUSTO ZOBEL DE AYALA
Member

FERNANDO ZOBEL DE AYALA
Member

ANTONIO JOSE U. PERIQUET
Member

REPORT OF THE CORPORATE GOVERNANCE AND NOMINATION COMMITTEE TO THE BOARD OF DIRECTORS

For the year ended 31 December 2020

The Corporate Governance and Nomination Committee is tasked with directing the implementation of good corporate governance principles and practices in the company. In line with this mandate, the Committee met six times and accomplished the following in 2020:

- Reviewed and endorsed for Board approval the proposed amendments to the Corporation's By-Laws, Board Charter, and Corporate Governance Manual;
- Reviewed the qualifications of all persons nominated to positions requiring appointment by the Board;
- Approved the final list of nominees for directors for election at the 2020 Annual Stockholders' Meeting after ensuring that all nominees to the Board have met all the qualifications and none of the disqualifications as set forth in the Corporation's By-Laws, Revised Manual of Corporate Governance and the rules of the SEC;
- Approved for endorsement to the Board the Data Privacy Manual of the Corporation;
- Discussed the results of the 2019 Board and Committee Performance Assessment facilitated by Aon plc; and
- Approved for endorsement to the Board the CEO and CFO Succession Plans as well as the election of a replacement director and the changes in the Board Committees and Lead Independent Directorship.

March 8, 2021.

RIZALINA G. MANTARING
Chairman[1]

ANTONIO JOSE U. PERIQUET
Member[2]

XAVIER P. LOINAZ
Member[3]

[1] Elected on April 24, 2020 and stepped down as Chairman on December 3, 2020
[2] Elected as Chairman on December 3, 2020
[3] Resigned effective on December 3, 2020

REPORT OF THE AUDIT COMMITTEE TO THE BOARD OF DIRECTORS

For the year ended 31 December 2020

The Board-approved Audit Committee Charter defines the duties and responsibilities of the Audit Committee. In accordance with the Charter, the Committee assists the Board of Directors in fulfilling its oversight responsibilities to the shareholders with respect to the:

- Integrity of the Company's financial statements and the financial reporting process;
- Appointment, remuneration, qualifications, independence and performance of the external auditors and the integrity of the audit process as a whole;
- Effectiveness of the system of internal control;
- Performance and leadership of the internal audit function; and
- Company's compliance with applicable legal and regulatory requirements.

In compliance with the Audit Committee Charter, we confirm that:

- All the Audit Committee members are non-executive directors, with majority being independent directors, including the Chairman;

- We had four (4) regular meetings and executive meetings with the internal auditors and external auditors;

- We recommended for approval of the Board and endorsement to the shareholders the reappointment of SGV & Co. as the Company's 2020 external auditors and the related audit fee;

- We reviewed and discussed the quarterly unaudited and the annual audited parent and consolidated financial statements of Ayala Corporation and Subsidiaries, including the Management's Discussion and Analysis of Financial Condition and Results of Operations and the significant impact of new accounting standards, with management, internal auditors and SGV & Co. These activities were performed in the following context:
  - Management has the primary responsibility for the financial statements and the financial reporting process; and
  - SGV & Co. is responsible for expressing an opinion on the conformity of the Ayala Corporation's audited parent and consolidated financial statements with the Philippine Financial Reporting Standards.

- We approved the overall scope and the respective audit plans of the Company's internal auditors and SGV & Co. We reviewed the adequacy of resources, the competencies of staff and the effectiveness of the auditors to execute the audit plans ensuring that resources are reasonably allocated to the areas of highest risks. We also discussed the results of their audits, their assessment of the Company's internal controls, and the overall quality of the financial reporting process including their management letter of comments;

- We evaluated the performance of the Chief Audit Executive and the effectiveness of the internal audit function, including compliance with the International Standards for the Professional Practice of Internal Auditing;

- We reviewed the reports and updates of the internal and external auditors ensuring that management is taking appropriate corrective actions in a timely manner, including addressing internal control and compliance issues. Based on the assurance provided by the internal audit as well as SGV & Co. as a result of their audit activities, the Committee assessed that the Company's system of internal controls, risk management, compliance, and governance processes are adequate;

- We reviewed and approved all audit, audit-related and non-audit services provided by SGV & Co. to Ayala Corporation and the related fees. We also assessed the compatibility of non-audit services with the auditors' independence to ensure that such services will not impair their independence;

- We conducted an annual assessment of our performance, in accordance with Securities and Exchange Commission guidelines, and confirmed that the Committee had satisfactorily performed its responsibilities based on the requirements of its Charter; and

- We reviewed the Audit Committee Charter and Internal Audit Charter to ensure that it is updated and aligned with regulatory requirements.

Based on the reviews and discussions undertaken, and subject to the limitations on our roles and responsibilities referred to above, the Audit Committee recommends to the Board of Directors that the audited financial statements be included in the Annual Report for the year ended December 31, 2020 for filing with the Securities and Exchange Commission and the Philippine Stock Exchange. We are also recommending the reappointment of SGV & Co. as Ayala Corporation's external auditors and the related audit fee for 2021 based on their performance and qualifications.

March 4, 2021.

RIZALINA G. MANTARING	ANTONIO JOSE U. PERIQUET[1]	KEIICHI MATSUNAGA
Chairman	**Member**	**Member**

[1] Mr. Antonio Jose U. Periquet was elected to be a member of the Audit Committee, replacing Mr. Xavier P. Loinaz, on December 3, 2020.

REPORT OF THE RISK MANAGEMENT AND RELATED PARTY TRANSACTIONS COMMITTEE TO THE BOARD OF DIRECTORS

For the year ended 31 December 2020

The Risk Management and Related Party Transactions Committee assists the board in fulfilling its oversight mandate with respect to risk governance and related party transactions. Its objectives are to ascertain that there exists a sound risk management framework and supporting infrastructure within the company, as well as to ensure that all related party transactions are pursued in the best interest of its shareholders.

The Committee held two meetings in 2020, during which, it:

- Reviewed management's adopted risk management framework and its ongoing programs to promote risk awareness within the company.
- Reviewed its Committee charter and risk governance policies, including those for enterprise-wide risk and related party transactions.
- Evaluated and recommended for approval proposed investments and leases involving related parties.
- Identified sources of downside risk and their possible effects on the company.
- Discussed the emergence of climate-related risks and opportunities and the company's approach in addressing it.

March 5, 2021.

ANTONIO JOSE U. PERIQUET
Chairman

RIZALINA G. MANTARING
Member

KEIICHI MATSUNAGA
Member

REPORT OF THE PERSONNEL AND COMPENSATION COMMITTEE TO THE BOARD OF DIRECTORS

For the year ended 31 December 2020

The Personnel and Compensation Committee is tasked with establishing a formal and transparent procedure for developing an executive remuneration policy and for determining the remuneration packages of corporate officers and directors, in a manner that is consistent with the company's culture, strategy, and control environment. The Committee is further mandated to ensure alignment of the remuneration policy and package with the long-term interests of the company and its stakeholders, while remaining competitive against the market.

The Committee met two times and accomplished the following:

- Reviewed and endorsed for Board approval the timing of salary increases and release of bonus of the employees, the 2020 merit increase budgets for managers and staff, and the 2019 performance bonus multiples for the executives, managers, and staff.
- Reviewed and endorsed for Board approval the 2020 Employee Stock Ownership Plan (ESOWN), and the deferral of payments due in 2020 for ESOWNs for 2009, 2012, 2014, 2017-2019.
- Reviewed and endorsed for Board approval the compensation actions for the Chief Executive Officer and Chief Operating Officer including their performance bonus for 2019, merit increase for 2020 and 2020 ESOWN award.

February 23, 2021.

RAMON R. DEL ROSARIO, JR.
Chairman[1]

DELFIN L. LAZARO
Member

KEIICHI MATSUNAGA
Member

[1] Mr. Del Rosario was Chairman of the Committee until April 24, 2020. Last meeting of the committee was on April 7, 2020.

AWARDS & RECOGNITIONS

DECEMBER 2019

2019 ASEAN CORPORATE GOVERNANCE SCORECARD AWARDS

- ASEAN Asset Class Publicly - Listed Company

FEBRUARY 2020

INTERNATIONAL BUSINESS AWARDS (STEVIE AWARDS)

5 major honors for its COVID-19 initiatives:
- **One Gold** for its Project Ugnayan website
- **Two Silvers** for its "Most Valuable Employer" and "Most Valuable Corporate Response" entries
- **Two Bronzes** for its "Tapat" and "Nandiyan Ka" corporate videos

MARCH 2020

FINANCEASIA ASIA'S BEST COMPANIES 2020

- **Best Managed Company** in the Philippines
- **Most Committed** to Social Causes
- **Best Corporate Governance**
- **Second Best** Environmental Stewardship

MAY 2020

ISS ESG CORPORATE ESG PERFORMANCE

- PRIME STATUS for ESG performance above sector-specific Prime threshold

2019 SILVER AWARD FOR BEST SDG REPORTING BY ASRA CSRWORKS

JUNE 2020

FTSE4GOOD

- Member of the FTSE4Good Index Series since 2016

OCTOBER 2020

ETHICAL BOARDROOM CORPORATE GOVERNANCE AWARDS 2019

- Holding company with the **Best Corporate Governance** in Asia and Australasia

NOVEMBER 2020

INCLUDED IN DJSI EMERGING MARKETS INDEX AND TOP SUSTAINABILITY ADVOCATE AWARD

- **Dow Jones Sustainability Indices** - First Philippine conglomerate in the DJSI Emerging Market Index
- **ACES Awards** - recognized among Top Sustainability Advocates

DECEMBER 2020

2020 PANATA AWARDS, COVID Initiative

- **Gawad Pandayon (Gold Award, Authenticity category)** - for Ayala Group of Companies' COVID-19 response entitled "Stronger together: How the Ayala Group helped Filipinos cope with the pandemic"
- **CDP Discloser 2020** - joins 9,600 companies demonstrating commitment to environmental transparency by disclosing through CDP in 2020

FEBRUARY 2021

2019 ACGS GOLDEN ARROW AWARDS

Ayala companies are awarded anew by the Institute of Corporate Directors at the recently held 2019 ACGS Golden Arrow Awards, which recognized the top-performing companies in the Philippines under the 2019 ASEAN Corporate Governance Scorecard.

Under the ACGS, publicly-listed companies that achieve a score of 80 points or higher are considered as top performing companies in the Philippines. Each ascending level is depicted by an increasing number of golden arrows.

AYALA COMPANIES RECOGNIZED AT 2019 ACGS GOLDEN ARROW AWARDS

Ayala	AAA	100-109 points
AyalaLand	AAAA	110-119 points
BPI	AA	90-99 points
CEBU HOLDINGS	AA	90-99 points
Globe	AAAA	110-119 points
imi	AA	90-99 points
MANILA WATER	AAA	100-109 points

AC Energy's employees ensure continuity of business operations to provide reliable electricity amid the pandemic.

ANNEXES

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

4Q20 VS 3Q20 HIGHLIGHTS

The further easing of quarantine and mobility restrictions sustained Ayala's quarter-on-quarter growth.

Isolating the provisions recognized by various business units during the period and a partial reversal of Manila Water's remeasurement loss booked in the previous year, Ayala's core net income grew 46 percent to ₱6.8 billion in the fourth quarter from the previous quarter primarily driven by:

- Ayala Land, which posted better performance on higher residential and leasing revenues as operations and construction activities progressed faster with the easing of mobility restrictions.
- Stronger results recorded by Manila Water and AC Industrials as well as the better valuation of AC Ventures international fund investments.

Meanwhile, Ayala's reported net income increased 69 percent on a quarter-on-quarter basis to ₱5.8 billion, including the effect of the partial reversal on Manila Water's remeasurement loss and other provisions.

FY20 VS FY19 HIGHLIGHTS

Excluding the divestment gains from education and power booked in 2019, the impact of the reclassification of Manila Water as asset held under PFRS 5 for both Y2019 and Y2020, and significant loan loss provisions for BPI, Ayala's core net income declined 16 percent to ₱26 billion in 2020 as the impact of mobility restrictions weighed down on its various business units.

In December 2019, Ayala recognized a remeasurement loss of ₱18.1 billion as a result of the reclassification of its investment in Manila Water as asset held under PFRS 5 (the accounting standard for assets held for sale). This accounting standard requires applying a fair market value accounting for Ayala's investment in Manila Water, if the completion of the divestment and or subsequent loss of voting control is expected to occur within one year from the date of the financial statement. It also requires the assets and liabilities of MWC to be presented as one line item in the consolidated balance sheet and P&L in 2019 as opposed to line by line consolidation in prior years.

Please see as summary table on the next page showing the effect of accounting for MWC investment under PFRS 5.

Its reported net income decreased 51 percent to ₱17.1 billion.

Ayala's businesses recorded lower net profits due to the effects of the pandemic on business operations.

- Ayala Land endured the severe impact of COVID-19 to it business operations in 2020 recording a 74 percent drop in net income to ₱8.7 billion.
- BPI's net income declined 26 percent to ₱21.4 billion on the back of ₱28 billion in loan loss provisions it booked in anticipation of an increase in NPL levels. The provision was 5x higher than the ₱5.6 billion allocated in the same period the previous year.
- Globe's net income contracted 16 percent to ₱18.6 billion driven by a moderate decline in gross service revenues, higher depreciation expenses from its continued network investments, and higher non-operating expenses.
- AC Energy recorded a net income of ₱6.2 billion,[1] a decline from its year-ago level of ₱25 billion, which included gains from the partial divestment of its thermal assets.
- AC Industrials narrowed its net loss to ₱1.8 billion in 2020 from ₱2.4 billion the previous year mainly due to improved results of IMI and MT Group as well as lower parent impairment provisions.

[1] Y2020 NIAT differs vs. the reported NIAT of ACEIC due to cut-off adjustments taken up at AC consolidated FS. Along with other cut-off adjustments, the net effect to consolidated NIAT is less than 1 percent.

	2020			
in million pesos	PRE – MWCI RECLASS	PFRS 5 RECLASS	FINAL	2019
Continuing Operations				
Revenues	213,658	(20,036)	**193,622**	**264,907**
Share of profit of associates & joint ventures	17,830	(214)	**17,616**	**22,344**
Interest & other income	35,965	(17,969)	**17,996**	**43,655**
	267,453	(38,219)	**229,234**	**330,906**
Cost of sales	151,479	(7,298)	**144,181**	**189,983**
General and administrative	38,809	(6,483)	**32,326**	**32,113**
Interest expense & other charges	41,147	(13,132)	**28,014**	**22,410**
Provision for income tax	6,748	(1,509)	**5,239**	**13,984**
	238,183	(28,422)	**209,761**	**258,490**
Net income from continuing operations	29,270	(9,797)	**19,473**	**72,416**
Operations segment under PFRS 5*		9,797	**9,797**	**(30,433)**
Net Income (NIAT)	29,270	–	**29,270**	**41,982**
NIAT – owners of Parent Co	17,142		**17,142**	**35,279**
NIAT– noncontrolling interests	12,129		**12,129**	**6,703**

*Year 2020 net income of ₱9.8 billion consists of: MWCI's reported NIAT of ₱4.4 billion less additional provisions of ₱1.6 billion (₱836 million AC share) booked in June 2020, add impact of reversal of remeasurement loss of ₱6.6 billion (₱3.4 billion AC share) booked in December 2020 and various consolidation adjustments of ₱415 million. Year 2019 net loss of (–) ₱30.4 billion consists of: reported NIAT of ₱5.5 billion less remeasurement loss of ₱35.2 billion (₱18.1 billion AC share) and other consolidation adjustments of (–) ₱690 million.

CONSOLIDATED SALES OF GOODS AND SERVICES

Sale of goods and rendering services posted a 27 percent decrease to ₱193.6 billion mainly because of the pandemic negatively affecting Ayala Land's construction progress, residential bookings, rental waivers, and occupancy rates as well as AC Industrial's revenues and operations.

The decrease was partially offset by partial recovery in Q3 2020 and higher revenues stemming from the consolidation of AC Energy Philippines into AC Energy and Generika and Healthway into AC Health. As a percentage of total revenue, this account is at 92 percent and 90 percent in December 31, 2020 and 2019, respectively.

REAL ESTATE

Ayala Land endured the severe impact of COVID-19 to its business operations in 2020 recording a 43 percent decline in revenues to ₱96.3 billion and a 74 percent drop in net income to ₱8.7 billion

Property development revenues were down 47 percent to ₱57.9 billion mainly due to limited construction activity resulting in lower bookings.

- Residential revenues dropped 47 percent to ₱47.8 billion.
- Office for sale revenues declined 72 percent to ₱3.5 billion.
- Commercial and industrial lots sales decreased 42 percent to ₱6.6 billion.

Residential sales reservations in 2020 reached ₱81.9 billion, 56 percent of the previous year's level, despite the limited selling activity during the quarantine period.

- Fourth quarter sales reservations, which reached 58 percent of pre-COVID levels, totaled to ₱21.1 billion as property demand was sustained on a quarter-on-quarter basis.

Commercial leasing revenues declined 44 percent to ₱21.9 billion because of restricted mall and hotel operations and closure of resorts.

- Shopping center leasing revenues went down 59 percent to ₱9.1 billion.
- Office leasing income was sustained at ₱9.4 billion from ₱9.7 billion
- Hotels and resorts revenues decreased 56 percent to ₱3.4 billion.

Capital expenditures reached ₱63.7 billion in 2020, and was mainly spent for the completion of residential and commercial leasing assets.

Ayala Land has earmarked ₱88 billion in capital expenditures and is prepared to launch ₱100 billion-worth of residential projects in 2021 as it prepares for a V-shaped recovery in the next two to three years.

WATER

Manila Water's net income decreased 18 percent to ₱4.5 billion in 2020 due to a one-off recognition for additional estimates for probable losses and lower contributions from domestic subsidiaries due to the impact of COVID-19. Excluding one-offs, core net income declined 22 percent to ₱5.8 billion.

- The parent company, which houses the East Zone Concession, saw net profits decline seven percent to ₱4.7 billion driven by the recognition of impairment loss in Manila Water Total Solutions, lower costs and expenses despite higher provisioning for estimated credit losses, and higher depreciation expenses.

Revenues slightly decreased two percent to ₱21.1 billion as improved billed volume in the East Zone was dragged by lower supervision fees from Estate Water.

EBITDA decreased six percent to ₱11.9 billion despite OPEX improvement as the recognition of net foreign exchange losses and provisions for probable losses weighed down on profitability.

EBITDA margin stood at 57 percent.

In December 2020, Manila Water's consortium with French water distributor Saur Group and Saudi's Miahona Company inked a seven-year agreement with the Kingdom of Saudi Arabia's state-run water agency National Water Company to manage the delivery of water and wastewater services, billing and collection, customer service, and the integration and transformation of its human capital in the North West Cluster served by NWC. This initiative is among the first of the country's plan to privatize its water infrastructure sector.

Last February 2021, Ayala, through its wholly owned subsidiary Philwater and the Razon group through Trident Water executed a share purchase agreement equivalent to the latter's acquisition of a 39.1 percent voting stake and 8.2 percent economic stake in Manila Water.

POWER

The AC Energy group generated a net income attributable to equity holders of AC Energy's Parent of ₱6.2 billion[1] in 2020, reflecting the group's strong performance despite the pandemic. This was a decline from ₱25 billion in the prior year, which included gains from its partial divestment in AA Thermal.

- Net income contribution from its listed subsidiary, AC Energy Corporation or ACEN, reversed to ₱2.8 billion from a net loss in the previous year on the back of higher contracted capacity and improved plant availability. ACEN now accounts for half of the group's net income.
- Equity earnings from international assets increased 68 percent to ₱2.5 billion, supported by full-year operations of the company's solar assets in Vietnam.
- Other income declined to ₱448 million because of the absence of significant divestment gains booked in the prior year. Other income in 2020 includes earnings from the legacy coal assets offset by bond interest expense and parent overhead.

The AC Energy group has expanded its geographical reach and currently operates in five markets, with the recent start of construction of its first project in Australia.

- ACEN has 990MW of attributable capacity in the Philippines, 45 percent of which are renewable. It aims to expand its portfolio with recently announced joint ventures with Solar Philippines and Citicore.

- The group has approximately 1,400MW of attributable capacity offshore, all of which are renewable.
  - AC Energy has more than 600MW of renewable energy capacity in Vietnam. The expansion of the Ninh Thuan solar project has recently started operations, adding 75MWdc of operating capacity to the portfolio.
  - Marking AC Energy's first investment in Australia, the group recently announced the start of construction of the first phase of the New England Solar Farm in Uralla, New South Wales, with 521.5MWdc of gross capacity.
  - Indonesia and India have 180MW and 170MW in attributable capacity, respectively.

In January 2021, ACEN completed its stock rights offering, bringing Ayala's effective stake in ACEN to 70 percent.

In February 2021, ACEN announced a follow-on offering at a price range of ₱6.00 to ₱8.20 per share and submitted a registration statement with the SEC for up to 2,430,248,617 common shares (primary and secondary shares with over-allotment).

INDUSTRIAL TECHNOLOGIES

AC Industrials narrowed its net loss to ₱1.8 billion in 2020 from ₱2.4 billion the previous year mainly due to improved results of IMI and MT Group as well as lower parent impairment provisions. Its Philippine automotive business remained challenged due to the negative effects of the health crisis.

IMI registered a net loss of US$3.5 million in 2020 compared to the US$7.8 million net loss it incurred in the same period the previous year. The improvement was mainly on the back of sound cost management including materials cost, factory overhead, and non-operating expenses.

- Revenues decreased nine percent to US$1.1 billion in 2020 but was trended up since the height of quarantine restrictions and surpassed pre-COVID levels in the fourth quarter. Topline increased 11 percent to US$347 million on a quarter-on-quarter basis.

- Gross profit margin improved by 30 basis points to 8.5 percent in 2020 due to lower materials cost leading to an appreciation of contribution margin. Quarter-on-quarter, it grew by 70 basis points to 10.3 percent.

AC Industrial's MT CCON narrowed its net loss to EUR10.2 million from EUR10.4 million in the same period the previous year on the back of margin improvement from cost optimization initiatives.

AC Motors incurred a net loss of ₱886 million as demand in the local automotive space softened due to the health crisis.

SHARE IN NET PROFITS OF ASSOCIATES AND JV

Share in net profits of associates and joint ventures declined 21 percent to ₱17.6 billion due to BPI's aggressive loan loss provisions, which was partially offset by higher net interest income and other fees. This was likewise driven by Globe's lower mobile revenues and higher depreciation and receivable provisions partially offset by an increase in home broadband demand and remeasurement gain in Mynt. As a percentage of total revenues, this account is at eight percent in December 31, 2020 and 2019.

BANKING

BPI's net income decreased 26 percent to ₱21.4 billion in 2020 due to the ₱28 billion in loan loss provisions it booked in anticipation of an increase in non-performing loans. The provision is 5x larger than the ₱5.6 billion allocated in the previous year.

Total revenues increased 10 percent to ₱101.9 billion because of net interest income and non-interest income growth.

- Net interest income was up 10 percent to ₱72.3 billion due to a 5.8 percent expansion in average asset base supported by a 14-basis point improvement in net interest margin, which stood at 3.49 percent.
- Non-interest income rose 11 percent to ₱29.7 billion on the back of higher securities trading gains albeit tempered by fee-based income.

[1] Y2020 NIAT differs vs. the reported NIAT of ACEIC due to cut-off adjustments taken up at AC consolidated FS. Along with other cut-off adjustments, the net effect to consolidated NIAT is less than 1 percent.

Total loans declined five percent to ₱1.4 trillion primarily on soft corporate lending despite higher mortgage and microfinance loan segments, up 6.6 percent and 6.9 percent, respectively.

Total deposits grew one percent to ₱1.7 trillion with CASA deposits expanding 17 percent.

- CASA ratio stood at 79.6 percent.
- Loan-to-deposit ratio ended at 82.0 percent.

NPL ratio and NPL coverage ratio stood at 2.68 percent and 115.2 percent, respectively.

Operating expenses slightly decreased 0.4 percent to ₱48.2 billion because of lower premises and various discretionary costs.

- Cost-to-income ratio stood at 47.2 percent, a 520-basis point improvement year on year.

Total assets grew one percent to ₱2.2 trillion. Total equity amounted to ₱279.8 billion.

- Common equity tier 1 ratio stood at 16.2 percent.
- Capital adequacy ratio stood at 17.1 percent.
- Return on assets was 0.98 percent.
- Return on equity was 7.7 percent.

BPI's early investments to bolster its digital infrastructure starting 2017, underscored by spending of at least seven percent of revenues per year, has benefitted from the surge in demand for remote banking amid the global health crisis. As of December 2020:

- Enrollments to its online/mobile platform grew 18 percent to 4.4 million from year ago levels.
- Active users increased 41 percent to 2.7 million users from year ago levels.
- Digital transactions in December accounted for 92 percent of total while branch transactions comprised only eight percent. These were 85 percent and 15 percent, respectively in the same period the previous year.

TELCO

Globe's net income declined 16 percent to ₱18.6 billion in 2020 due to lower EBITDA and higher depreciation charges and non-operating expenses.

- Higher non-operating expenses in the period was due to a one-time impairment loss amounting to ₱4.2 billion largely from the network change out covering the full sunset of the 3G assets and the existing copper infrastructure. This was partially offset by a ₱2.3 billion gain mostly from the deemed sale of Globe's investment in Mynt following a third-part infusion by Bow Wave and loan revaluation.

Globe's core net income, which excludes the impact of non-recurring charges and foreign exchange and mark-to-market changes, declined 13 percent to ₱19.5 billion.

Total service revenues dipped two percent to ₱146.4 billion on softness in the mobile segment as a result of quarantine restrictions. Total data revenues accounted for 76 percent of Globe's service revenues compared to the year-ago level of 71 percent.

Growth in demand for data was evident in the upward momentum of Globe's mobile and home categories despite the softening in corporate due to the prevailing work-from-home setup.

- Mobile data revenues increased one percent to ₱72 billion.
- Mobile data traffic jumped 48 percent to 2,517 petabytes.
- Home broadband revenues surged 23 percent to ₱26.8 billion.
- Home broadband subscriber base increased 88 percent to 3.8 million subscribers.
- Corporate data revenue declined by three percent to ₱12.5 billion.

Operating expenses including subsidies were flat at ₱73 billion.

EBITDA declined by three percent to ₱73.5 billion as a result of lower revenues, slightly dragging EBITDA margin to 50 percent from 51 percent the previous year.

GCash maintained its status as the country's number one finance app throughout 2020. It has reached record highs amidst the pandemic, with 33 million registered users or one in every three Filipinos. Additionally, it has seen a 3.7x increase in active users as gross transaction value exceeded the ₱1 trillion mark in December. Owing to its success, Mynt has attracted US$175 million in fresh investment capital from existing shareholders and Bow Wave in multiple tranches, with post-money valuation of the final tranches at close to US$1 billion.

Globe's CAPEX spend grew 18 percent to ₱60.3 billion, representing 41 percent of gross service revenues and 82 percent of EBITDA. The company has allocated ₱70 billion for 2021 capital expenditures.

Despite the impact of COVID-19, Globe accelerated its cell site buildout and upgrades, fiber-to-the-home deployments, and 5G coverage. Globe was able to build close to 1,300 new cell sites or towers compared to 1,100 in the previous year. Also, the aggressive modernization of its existing network infrastructure resulted in a total of 11,529 site upgrades to 4G/LTE this year, higher than the 10,135 in 2019. Moreover, Globe deployed 5G sites in Metro Manila and in select Visayas and Mindanao cities, making 5G available in 1,045 areas in the country. These network improvements enhanced Globe's customer experience and the Filipino digital lifestyle, addressing the challenges of the new normal.

COST AND EXPENSES

Cost of sales and services declined 24 percent to ₱144.2 billion, which was aligned with the decline in revenues. As a percentage of total costs and expenses, this account is an 82 percent and 86 percent December 31, 2020 and 2019, respectively.

BALANCE SHEET HIGHLIGHTS

Total assets rose five percent to ₱1.41 trillion from end-2019 level. Inventories increased 19 percent due to an increase in attributable to ALI's higher real estate inventories due to lower sales amid the pandemic. Assets under PFRS 5 increased 14 percent due to MWC's higher cash and cash equivalents and short-term investments coming from proceeds of loan availments, higher receivables resulting from credit extension of customer payment amid the pandemic and to the increase of property, plant and equipment, and service concession assets due to construction of additional facilities and concession fees. Cash and cash equivalents and short-term investments decreased 16 percent due to lower collections of subsidiaries, AC's and ALI's share buy-back programs, infusions to business units, new and additional investments such as the Yoma group and assets under AC Energy, and debt payments and dividend payout. These were partially offset by dividends to AC as well as loan availments of AC and proceeds of ALI on AREIT's IPO and IMI on VIA's IPO. These accounts comprise six percent and eight percent of total assets as of December 31, 2020 and 2019, respectively.

Total debt increased nine percent to ₱441.8 billion due to borrowings of Ayala Land for capital expenditures, buy-back of shares, and dividend payments, borrowings of AC Energy and AC Infra for operational expansion, and borrowings of parent for its investment in the Yoma group and FLL bond issuance. These were partially offset by the loan repayments of Ayala Land and IMI as well as AYC's forex translation difference of foreign loans.

- Parent level cash stood at ₱19.9 billion.
- Net debt stood at ₱104.7 billion.
- Parent[1] net debt-to-equity ratio stood at 80 percent.
- Group net debt-to-equity stood at 65 percent.

Loan-to-value ratio, the ratio of its parent net debt (excluding the fixed-for-life perpetuals which have no maturity) to the total value of its assets, was at 9.2 percent.

Parent blended cost of debt at 4.5 percent ending December 2020 with average remaining life of 17.4 years.

Consolidated capital expenditure reached ₱152 billion in 2020.

Parent-only CAPEX spending stood at ₱12.1 billion, which went mostly to the newer businesses of Ayala.

For 2021, Ayala has programmed approximately ₱196 billion in group CAPEX, of which ₱11.5 billion has been earmarked under the parent to support the emerging businesses in its portfolio.

[1] *Includes financing entities AYC and ACIFL*

DNV

Independent Assurance Statement

INTRODUCTION

DNV GL AS Philippines Branch ("DNV") has been commissioned by the management of Ayala Corporation ("Ayala Corp." or the "Company", SEC Identification Number: 34218) to undertake an independent assurance of the sustainability/non-financial disclosures in Ayala Corporation's 2020 Integrated Report (the "Report") in its printed format for the year ended 31st December 2020. The intended users of this Assurance Statement are the management of the Company.

We performed this assurance engagement using DNV's assurance methodology VeriSustain™[1], which is based on our professional experience, international assurance best practice including International Standard on Assurance Engagements (ISAE) 3000 Revised*, along with the Global Reporting Initiative's ("GRI's") Principles for Defining Report Content and Report Quality and the Sustainability Accounting Standards Board's ("SASB's") industry-specific Standards. The verification engagement was carried out from December 2020 to April 2021.

We understand that the reported financial data and related information are based on statutory disclosures and Audited Financial Statements#, which are subject to a separate independent statutory audit process. We did not review financial disclosures and data as they are not within the scope of our assurance engagement.

We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our assurance opinion related to assurance of non-financial sustainability disclosures in this Report. We are providing a 'limited level' of assurance based on DNV's VeriSustain and no external stakeholders were interviewed as part of this assurance engagement.

The engagement excludes the sustainability management, performance, and reporting practices of Ayala Corporation's suppliers, contractors, and any third-party mentioned in the Report. The Company's position statements, the statements for the management approach, and case studies and examples are excluded from the scope of our work.

RESPONSIBILITIES OF THE MANAGEMENT OF AYALA CORPORATION AND OF THE ASSURANCE PROVIDER

The Board of Ayala Corporation has sole responsibility for the preparation of the Report and is responsible for all information provided in the Report as well as the processes for collecting, analysing and reporting the information presented in the Report. Ayala Corporation has stated that this Report has been prepared based on the Guiding Principles and Content Elements of the International <IR> Framework (the "<IR> Framework") and has adopted general disclosures and selected topic-specific disclosures related to identified material topics from the GRI Standards 2016, selected GRI Standards (2018 and 2020) as well as the SASB Standards 2018, TCFD for climate-related financial disclosures, SDGs and the United Nations Global Compact (UNGC) principles.

DNV's assurance engagements are based on the assumption that the data and information provided by the Company to us as part of our review have been provided in good faith, true, and free from material misstatements. Because of the selected nature (sampling) and other inherent limitation of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected. DNV was not involved in the preparation of any statement or datum included in the Report except for this Assurance Statement. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

Our verification engagement included limited level of verification of sustainability performance disclosures for the identified material topics of Ayala Corporation as identified under the reporting boundary brought out in the Report in the section "About this Integrated Report" ie. covering entities over which Ayala Corporation has operational control or has seconded employees in operations. Our verification applies a ±5% uncertainty threshold towards errors and omissions for the performance data brought out in the Report.

BASIS OF OUR OPINION AND LIMITATIONS

We planned and performed our work to obtain the evidence considered necessary to provide a basis for our assurance opinion as part of the assurance engagement. We adopted a risk-based approach, i.e. we

[1] The VeriSustain protocol is available on dnv.com.
** Assurance Engagements other than Audits or Reviews of Historical Financial Information.*
 # Dated 9th March 2021

Project No.: PRJN–206440–2020–MSC–PHL

DNV

concentrated our verification efforts on the issues of high material relevance to Ayala Corporation and its key stakeholders. A multi-disciplinary team of sustainability and assurance specialists reviewed non-financial disclosures related to the Head Office at Makati City, and selected sites of Ayala Corporation (AC Health, AC Ventures, AC Industrials, AC Infrastructure, iPeople) in the Philippines, based on DNV's sampling plan. Due to the outbreak of the COVID-19 pandemic and associated travel restrictions, we carried out remote assessments as one-to-one discussions and onsite location assessments were not feasible. We undertook the following activities:

• Review of the non–financial sustainability disclosures in this Report;

• Review of approaches to materiality determination and review of outcomes of stakeholder engagement; DNV did not have any direct engagement with external stakeholders;

• Review of information provided to us by the Company on its reporting and management processes related to sustainability performance for the reporting year based on the framework adopted by Ayala Corporation

• Interviews with selected members of leadership team, and senior managers responsible for management of sustainability issues and review of selected evidence to support generic disclosures. We were free to choose interviewees and interviewed those with overall responsibility for the programmes to deliver the targets for medium- and long-term vision, mission and milestones;

• Performed desk review of selected sustainability parameters for sampled entities, and discussed findings and resolved with the Corporate Sustainability Team;

• Carried out remote assessments with teams at AC Health, AC Ventures, AC Industrials, AC Infrastructure, iPeople, to review the processes and systems for preparing site level sustainability data and implementation of sustainability strategy. We were free to choose the sites for remote assessment or verification;

• Review of supporting evidence for key claims and data disclosed in the Report. Our verification processes were prioritized based on risk-based approach, i.e. relevance of identified material topics and sustainability context of the business;

• Review of the processes for gathering and consolidating the performance data and, for a sample, checking the data consolidation at site and corporate levels.

The procedures performed in a limited assurance engagement vary in nature and are shorter in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained if a reasonable assurance engagement had been performed. During the assurance process, we did not come across limitations to the scope of the agreed assurance engagement.

OPINION AND OBSERVATIONS

On the basis of the assurance engagement undertaken, nothing has come to our attention to suggest that Ayala Corporation's 2020 Integrated Report does not properly describe the non-financial performance of identified material topics based on the Guiding Principles and Content Elements of the International <IR> Framework ("<IR> Framework"). Without affecting our assurance opinion, we also provide the following observations against the principles of VeriSustain:

Stakeholder Inclusiveness

The participation of stakeholders in developing and achieving an accountable and strategic response to Sustainability.

The Report has brought out key stakeholders (e.g. investors and shareholders, employees, government agencies and regulators, business partners and affiliates, bank counterparties and creditors, suppliers, customers, communities, media) to engage with, to build trust based on significant influence on Ayala Corporation's sustainability performance. The Process considers the influence that each stakeholder has in the range of businesses and overall decision-making processes. The Report also describes the engagement modes such as consulting, involving, or collaborating with each stakeholder considering based on the extent of influence and articulates the value Ayala Corporation seeks to deliver through various engagement platforms including Ayala's responses to the key concerns through various disclosures on strategies and value creation in the Report.
Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Stakeholder Inclusiveness.

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Materiality
The process of determining the issues that are most relevant to an organization and its stakeholders.

The Report describes the process adopted by Ayala Corporation in reviewing the material topic i.e. review of material topics considering rapidly shifting business, Environment Social and Governance (ESG) landscape, including review of its new Sustainability Reporting Framework in the context of emerging trends and urgent issues that affect its stakeholders. Further the Report states materiality is aligned to GRI Standards, SASB industry-specific topics and disclosures, the 10 Principles of the UN Global Compact, WBCSD programs and Ayala Sustainability Blueprint for business transformation and integrated Material topics to relevant Sustainable Development Goals (SDG's).
Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Materiality.

Responsiveness
The extent to which an organization responds to stakeholder issues.

The Report brings out the Company's responses to identified material topics, key challenges faced and significant issues including risks which have arisen during the reporting period through disclosures on Governance, Business Review, Business model, strategic responses to key stakeholders' concerns, to deliver shared values. Further the Report also brings out its non-financial performance related to its material topics through selected GRI Topic Specific Standards and SASB industry-specific Standards as Performance Indices and its linkages to Six Capitals of <IR> framework.
Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Responsiveness.

Reliability
The accuracy and comparability of information presented in the report, as well as the quality of underlying data management systems.

The majority of the performance disclosures verified through offsite verification, i.e. at the Head Office and sampled sites, and through desk reviews, were found to be fairly accurate, reliable, identifiable and traceable to the source. Considering the limited sampling, we did not detect any major errors related to data collection or aggregation. We also reviewed the calculations and related assumptions used for its suitability, taking into account the principle of Reliability. Some of the data inaccuracies identified during the verification process were found to be attributable to interpretation and aggregation errors. These identified errors were communicated, and the responses and corrections made to the reported data and information were reviewed.
Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Reliability.

Completeness
How much of all the information that has been identified as material to the organization and its stakeholders is reported.

The Report discloses the Company's non-financial disclosures based on the <IR> Framework and performance during the reporting period 2020 related to its material issues using appropriate GRI

Topic Specific Standards and Sustainability Accounting Standards Board (SASB) disclosures, for the identified boundary of operations in the sections Geographic Presence and Performance Indices of the Report and covers the Company's approaches to value creation during the reporting period.
Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Completeness.

Neutrality
The extent to which a report provides a balanced account of an organization's performance, delivered in a neutral tone.

The Report presents disclosures related to the Company's performance, challenges and concerns of stakeholders during the reporting period in a neutral, consistent and balanced manner, applying adequate consideration to not unduly influence stakeholders' opinion made based on the reported data and information.
Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Neutrality.

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DNV

Statement of Competence and Independence
DNV applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2015 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements. We have complied with the DNV Code of Conduct[2] during the assurance engagement and maintain independence wherever required by relevant ethical requirements.

This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of any statement or datum included in the Report except for this Assurance Statement. DNV maintains complete impartiality toward internal stakeholders interviewed during the assurance process.

DNV has provided assurance to Bank of the Philippine Islands, Ayala Land Inc., AC Energy Philippines, Inc, Manila Water Company Inc. and Globe Telecom, Inc. In our opinion, there is no conflict of interest in the assurance engagement provided to the business units of Ayala Group. DNV did not provide any services to Ayala Corporation in 2020 that could compromise the independence or impartiality of our work.

For and on behalf of DNV GL AS Philippines Branch

Soh, Mui Yan Digitally signed by Soh, Mui Yan Date: 2021.04.08 07:59:41 +08'00'

Mui Yan Soh

Lead Assessor
DNV Business Assurance
Singapore Pte. Ltd.

Mak, Heng Chwin Digitally signed by Mak, Heng Chwin Date: 2021.04.08 09:20:57 +08'00'

Heng Chwin Mak

Assurance Reviewer & Regional Manager APAC IME,
DNV Business Assurance Singapore Pte. Ltd.

08th April 2021, Manila, Philippines

DNV GL AS Philippines Branch is part of DNV – Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. www.dnv.com

2 The DNV Code of Conduct is available from the DNV website (www.dnv.com)

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MATERIALITY INDEX

MATERIALITY THEMES	MATERIAL TOPICS	RELEVANT UN SDG	UNGC PRINCIPLES
Climate change and biodiversity	*GHG emissions*	*SDG 9 and 13*	*Principles 7, 8 and 9*
	Energy resource planning	*SDG 7 and 13*	
	Physical impacts of climate change	*SDG 11 and 13*	
	Biodiversity	*SDG 14 and 15*	
Resource efficiency and waste management	*Energy management*	*SDG 9 and 13*	*Principles 7, 8 and 9*
	Water management	*SDG 6 and 15*	
	Water distribution network efficiency	*SDG 6*	

This Integrated Report has used and referenced relevant SASB Standards and GRI Standards in disclosing performance across material topics.

SASB ACCOUNTING METRICS		GRI STANDARDS DISCLOSURES	PAGE NUMBER OR RESPONSE
IF-EU-110a.1	(1) Gross global Scope 1 emissions, percentage covered under (2) emissions-limiting regulations, and (3) emissions-reporting regulations	305-1	262 to 263 101 to 102
TR-RA-110a.1 TR-AF-110a.1	Gross global Scope 1 emissions	305-1	262
FN-CB-410a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	103-2	135 to 136
IF-EU-000.D	Total electricity generated, percentage by major energy source, percentage in regulated markets		143 to 144 101 to 103
IF-EU-110a.3 TR-RA-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1emissions, emissions reduction targets, and an analysis of performance against those targets	103-2	101 to 103 149 to 150
IF-RE-450a.2	Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	103-2	71 to 82 103
IF-WU-450a.4	Description of efforts to identify and manage risks and opportunities related to the impact of climate change on distribution and wastewater infrastructure	103-2	131 to 132
		304-3	104 to 105 149 to 150
IF-RE-130a.2	(1) Total energy consumed by portfolio area with data coverage, (2) percentage grid electricity, and (3) percentage renewable, by property subsector	302-1	261
TC-TL-130a.1 IF-WU-130a.1 CG-MR-130a.1 HC-DY-130a.1 HC-DR-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	302-1	261
TR-RA-110a.3	Total fuel consumed, percentage renewable	302-1	260 - 262
TR-AF-110a.3	Fuel consumed by (1) road transport, percentage (a) natural gas and (b) renewable, and (2) air transport, percentage (a) alternative and (b) sustainable	302-1	260 - 262
IF-RE-130a.5	Description of how building energy management considerations are integrated into property investment analysis and operational strategy	103-2	103 141 to 142
IF-RE-410a.3	Discussion of approach to measuring, incentivizing, and improving sustainability impacts of tenants	103-2	260 to 262
IF-WU-000.B	Total water sourced, percentage by source type	303-3	259
IF-WU-440a.1	Total water sourced from regions with High or Extremely High Baseline Water Stress, percentage purchased from a third party	303-3	259
IF-RE-140a.2	(1) Total water withdrawn by portfolio area with data coverage and (2) percentage in regions with High or Extremely High Baseline Water Stress, by property subsector	303-3	259
IF-EU-140a.1 TC-ES-140a.1	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	303-3 and 303-5	259
IF-RE-140a.4	Description of water management risks and discussion of strategies and practices to mitigate those risks	303-1 103-2	131 to 132 180 to 184
IF-WU-440a.3	Discussion of strategies to manage risks associated with the quality and availability of water resources	303-1 103-2	131 to 132 180 to 184
IF-WU-140a.2	Volume of non-revenue real water losses		131 to 132

MATERIALITY THEMES	MATERIAL TOPICS	RELEVANT UN SDG	UNGC PRINCIPLES
	Wastewater management	*SDG 6*	
	Waste and hazardous materials management	*SDG 12*	
	Materials	*SDG 12*	
Workplace experience and future of work	*Employee engagement*	*SDG 8*	*Principles 1, 2, 3, 4, 5 and 6*
Workplace experience and future of work	*Training and education*	*SDG 8*	*Principles 1, 2, 3, 4, 5 and 6*
	Occupational health and safety	*SDG 8*	
	Non-discrimination	*SDG 8, 5 and 10*	
	Child labor	*SDG 8*	
	Forced labor	*SDG 8*	

	SASB ACCOUNTING METRICS	GRI STANDARDS DISCLOSURES	PAGE NUMBER OR RESPONSE
IF-WU-420a.2	Customer water savings from efficiency measures, by market		131 to 132 180 to 184
IF-WU-000.A	Number of: (1) residential, (2) commercial, and (3) industrial customers served, by service provided		131 to 132 180 to 184
IF-WU-000.C	Total water delivered to: (1) residential, (2) commercial, (3) industrial, and (4) all other customers		131 to 132 180 to 184
IF-WU-000.E	Length of (1) water mains and (2) sewer pipe		131 to 132 180 to 184
IF-WU-000.D	Average volume of wastewater treated per day, by (1) sanitary sewer, (2) stormwater, and (3) combined sewer		131 to 132 180 to 184
IF-WU-140b.2	Discussion of strategies to manage effluents of emerging concern	303-2 103-2	131 to 132 180 to 184
IF-EU-150a.1	Amount of coal combustion residuals (CCR) generated, percentage recycled	306-2	260 147 to 148
TC-TL-440a.1	(1) Materials recovered through take back programs, percentage of recovered materials that were (2) reused, (3) recycled, and (4) landfilled	306-2	257 - 259 108 to 109 147 to 148
TC-ES-150a.1	Amount of hazardous waste from manufacturing, percentage recycled	306-2	258 to 259 147 to 148
TC-ES-410a.1	Weight of end-of-life products and e-waste recovered, percentage recycled	306-2	108 to 109 258
HC-DY-150a.1	Total amount of medical waste, percentage (a) incinerated, (b) recycled or treated, and (c) landfilled	306-2	258
HC-DY-150a.2	Total amount of: (1) hazardous and (2) non- hazardous pharmaceutical waste, percentage (a) incinerated, (b) recycled or treated, and (c) landfilled	306-2	258
TC-ES-440a.1	Description of the management of risks associated with the use of critical materials	103-2	120
TC-ES-000.C TR-RA-000.E	Number of employees	102-7	110 266 to 269
TR-AF-000.C	Number of employees, number of truck drivers	102-7	110 266 to 269
CG-MR-310a.2	(1) Voluntary and (2) involuntary turnover rate for in-store employees	401-1	267
HC-DY-330a.1	(1) Voluntary and (2) involuntary turnover rate for: (a) physicians, (b) non-physician health care practitioners, and (c) all other employees	401-1	267
HC-DY-330a.2	Description of talent recruitment and retention efforts for health care practitioners	103-2	110 to 113 133 to 134
		404-1 and 404-2	111 269 to 270
IF-EU-320a.1 TR-RA-320a.1	(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR)	403-9	None
TC-ES-320a.1	(1) Total recordable incident rate (TRIR) and (2) near miss frequency rate (NMFR) for (a) direct employees and (b) contract employees	403-9	None
IF-EN-320a.1	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	403-9	None
CG-MR 330a.1	Percentage of gender and racial/ethnic group representation for (1) management and (2) all other employees	102-7	110 268 to 269
TC-SI-330a.3	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	102-7	110 268 to 269
		408-1	No cases filed against Ayala group for child labor and forced labor. 113
		409-1	

MATERIALITY THEMES	MATERIAL TOPICS	RELEVANT UN SDG	UNGC PRINCIPLES
Customer experience and protection	*Product and service quality and safety*	*SDG 3, 4, 6, 9, 11 and 12*	*Principles 1 and 2*
	Customer privacy	*SDG 9*	
	Security practices	*SDG 8*	
Equitable business practices	*Business ethics*	*SDG 16*	*Principles 1, 2 and 10*
	Economic value distribution	*SDG 8*	
	Supply chain sustainability	*SDG 12*	
	Community engagement	*SDG 1, 10 and 11*	

	SASB ACCOUNTING METRICS	GRI STANDARDS DISCLOSURES	PAGE NUMBER OR RESPONSE
FN-CB-240a.1	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development		135 to 136
TC-TL-550a.2	Discussion of systems to provide unimpeded service during service interruptions	103-2	137 to 138
TC-TL-000.A	Number of wireless subscribers		168
TC-TL-000.C	Number of broadband subscribers		168
IF-WU-240a.4	Discussion of impact of external factors on customer affordability of water, including the economic conditions of the service territory	103-2	131 to 132 180 to 184
IF-WU-250a.2	Discussion of strategies to manage drinking water contaminants of emerging concern	103-2	115 131 to 132 180 to 184
IF-EN-160a.2	Discussion of processes to assess and manage environmental risks associated with project design, siting, and construction	103-2	105 114 141 to 142
HC-DY-000.A	Number of (1) facilities and (2) beds, by type		126 to 128 198 to 202
HC-DR 250a.1	Description of efforts to reduce the occurrence of compromised drugs within the supply chain	103-2	115
HC-DR-000.A	Number of pharmacy locations		126 to 128 198 to 202
SV-ED-260a.1	Graduation rate		129 to 130
SV-ED-260a.3	Job placement rate		129 to 130
SV-ED-000.A	Number of students enrolled		129 to 130
TC-ES-000.A	Number of manufacturing facilities		145 to 146
TR-RA-000.A	Number of carloads transported		139 to 140
TC-SI-230a.1	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of users affected	418-1	117 227
FN-CB-230a.2	Description of approach to identifying and addressing data security risks	103-2	117 227
TC-TL-230a. 2TC-SI-230a.2	Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	103-2	117 227
TC-TL-220a.1	Description of policies and practices relating to behavioral advertising and customer privacy	103-2	117 227
HC-DY 230a.4 HC-DR 230a.1	Description of policies and practices to secure customers' protected health information (PHI) records and other personally identifiable information (PII)	103-2	117 227
SV-ED-230a.2	Description of policies and practices relating to collection, usage, and retention of student information	103-2	117 227
		401-1	117 227
		205-1	118 to 122 217 to 228
		201-1	118 to 119 264 to 265
		308-2 414-2	107 120
		413-1	121 to 122
FN-CB-240a.4	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	413-1	166

PERFORMANCE INDICES

MATERIALS & NON-HAZARDOUS WASTE

MATERIALS USED AND WEIGHT BY TYPE IN TONNES (301-1)

MATERIALS	2018	2019	2020
Consumed cement	277,718.0	249,660.0	169,612.4
Rebar/steel	171,756.0	196,031.0	89,042.0
TOTAL	**449,474.0**	**445,691.0**	**258,654.4**
Cement consumption intensity (Tonnes per million pesos revenue)*	0.5	0.4	0.4
Rebar consumption intensity (Tonnes per million pesos revenue)*	0.3	0.3	0.2

This table refers to the materials used by the Makati Development Corporation, Ayala Land's construction arm.

Decease in Materials used was due to the lower no of projects from around 280 to 140.

**Group-wide Economic Value Generated was used in the calculation of cement and rebar consumption intensity.*

NON-HAZARDOUS WASTE GENERATED IN TONNES (306-2)

	2018	2019	2020
Compostable and Food Waste	15,346.8	14,625.8	9,611.7
Recyclables	53,299.9	44,103.4	29,299.3
Residual	28,959.7	23,116.2	12,643.6
TOTAL	**97,606.4**	**81,845.3**	**51,554.6**
Waste productivity (Million pesos revenue per ton non-hazardous waste generated)*	5.3	6.8	9.0

This table refers to the non-hazardous wastes generated by Ayala companies (see reporting companies below)

**Group-wide Economic Value Generated was used in the calculation of Waste productivity.*

RECYCLABLES IN TONNES

COMPANY	2018	2019	2020
AC Health*	-	-	6.0
AC Infrastructure	41.3	37.8	20.3
Ayala Land	6,137.9	7,894.2	5,641.4
Globe	20.7	18.0	6.8
IMI Global	2,524.8	2,215.3	1,667.0
iPeople	11.2	202.1	18.9
Manila Water	44,564.0	33,736.0	21,938.8
TOTAL	**53,299.9**	**44,103.4**	**29,299.3**
Recyclable construction waste from Ayala Land	190,664.0	832,729.0	343,549.0

This table refers to the non-hazardous wastes generated by Ayala companies that can be recycled or re-used.

**Non-hazardous waste data of MedEthix and AIDE are not included in the data collection. For Generika, non-hazardous waste was estimated based on total accumulated headcount (outsourced maintenance personnel) x 200 grams of estimated waste handling.*

RESIDUALS IN TONNES

COMPANY	2018	2019	2020
AC Health*	315.0	29.0	8.1
AC Infrastructure	61.2	77.6	156.4
Ayala Land	25,866.9	20,948.4	10,186.0
Globe	150.9	153.6	85.5
IMI Global	478.8	770.1	913.7
iPeople	1.9	77.5	55.8
Manila Water	2,085.0	1,060.0	1,238.1
TOTAL	**28,959.7**	**23,116.2**	**12,643.6**
Residual construction waste from Ayala Land	608,452.0	397,874.0	541,595.0

This table refers to the non-hazardous wastes generated by Ayala companies which can no longer be recycled, reused or composted.

**Non-hazardous waste data of MedEthix and AIDE are not included in the data collection.*

COMPOSTABLE AND FOOD IN TONNES

	2018	2019	2020
Ayala Land	15,346.8	14,625.8	9,611.7

This table refers to the non-hazardous wastes generated by Ayala companies that can be composted, including food waste.

HAZARDOUS WASTE

HAZARDOUS WASTE GENERATED BY TYPE IN KG (306-4)

	2018	2019	2020
Busted Fluorescent Lamps	28,467.3	122,311.6	33,613.2
Chemical waste	131,029.7	135,145.1	76,671.6
Contaminated Waste	28,027.3	78,766.1	1,499,665.7
Electronic Wastes	573,749.8	720,389.3	511,481.0
Expired Medicines	231.6	5,341.5	13,727.4
Grease Waste	42,809.0	38,140.0	36,382.4
Medical Waste	3,452.2	602.0	13,555.0
Other Hazardous Wastes	391,243.2	482,100.4	351,510.8
Used Batteries	208,922.0	614,743.9	146,981.3
Used Oil	723,326.8	1,381,187.5	1,342,624.0
TOTAL	**2,131,259.0**	**3,578,727.3**	**4,026,212.2**

HAZARDOUS WASTE GENERATED BY COMPANY IN KG (306-4)

COMPANY	2018	2019	2020
AC Energy	416,832.8	1,136,900.7	2,468,268.2
AC Health	3,683.8	5,943.5	27,319.9
AC Infra	74,672.5	60,608.7	30,874.5
AC Motors	276,906.8	217,549.8	311,056.5
Ayala Land	109,129.9	336,609.6	164,900.6
Globe	449,779.6	795,161.0	344,857.5
IMI Global	732,324.3	970,395.8	543,099.1
iPeople	-	27,842.8	2,793.0
Manila Water	67,929.2	27,715.5	133,043.1
TOTAL	**2,131,259.0**	**3,578,727.3**	**4,026,212.2**

BUSTED FLUORESCENT LAMPS IN KG

COMPANY	2018	2019	2020
AC Energy	105.8	539.6	472.0
AC Health	-	-	37.6
AC Infra	3,730.5	4,169.5	1,535.5
Ayala Land*	16,000.0	114,000.0	30,000.0
Globe	-	1,150.7	-
IMI Global	1,182.0	1,893.6	1,348.6
Manila Water	7,449.0	558.2	219.5
TOTAL	**28,467.3**	**122,311.6**	**33,613.2**

*Ayala Land has additional pieces of compact fluorescent lightbulbs: 2018 - 84 additional pieces; 2019 - 86 additional pieces; and 2020 - 6 additional pieces. Compact fluorescent lightbulbs waste not measurable in tonnes were counted as pieces.

CHEMICAL WASTE IN KG

COMPANY	2018	2019	2020
IMI Global	130,796.6	106,965.2	73,878.6
iPeople	-	27,842.8	2,793.0
Manila Water	233.1	337.1	-
TOTAL	**131,029.7**	**135,145.1**	**76,671.6**

CONTAMINATED WASTES IN KG

	2018	2019	2020
AC Energy*	-	-	1,435,863.8
Ayala Land**	-	10,000.0	16,000.0
Globe	-	230.0	-
IMI Global**	27,795.3	66,774.1	47,550.1
Manila Water	232.0	1,762.0	251.8
TOTAL	**28,027.3**	**78,766.1**	**1,499,665.7**

**(Oil Contaminated Materials and Containers Previously Containing Toxic Chemical Substances)*

***(J201 Containers)*

ELECTRONIC WASTES IN KG

COMPANY	2018	2019	2020
AC Energy	625.0	1,681.0	5,172.5
AC Infra	58.0	-	-
AC Motors	0.1	-	18.2
Ayala Land	2,000.0	19,000.0	60,000.0
Globe	288,242.6	343,273.3	260,559.5
IMI Global	282,796.5	356,435.0	185,730.9
Manila Water	27.6	-	-
TOTAL	**573,749.8**	**720,389.3**	**511,481.0**

*Ayala Land has additional pieces of waste electrical and electronic equipment: 2018 - 4 additional pieces; 2019 - 0 additional pieces; and 2020 - 51 additional pieces. Waste electrical and electronic equipment not measurable in tonnes were counted as pieces.

EXPIRED MEDICINES IN KG

	2018	2019	2020
AC Health	231.6	5,341.5	13,727.4

GREASE WASTE IN KG

COMPANY	2018	2019	2020
AC Energy	-	-	200.0
Globe	6,067.0	898.0	-
IMI Global	30,367.0	29,522.0	32,132.4
Manila Water	6,375.0	7,720.0	4,050.0
TOTAL	**42,809.0**	**38,140.0**	**36,382.4**

MEDICAL WASTES	2018	2019	2020
AC Health	3,452.2	602.0	13,555.0

OTHER HAZARDOUS WASTES IN KG			
COMPANY	2018	2019	2020
AC Energy*	17,048.5	84,871.7	809.8
AC Infra	60,380.4	659.2	18,950.5
AC Motors**	31,619.0	501.0	22,155.3
IMI Global	237,193.0	395,657.2	189,378.0
Manila Water	45,002.3	411.3	120,217.2
TOTAL	**391,243.2**	**482,100.4**	**351,510.8**

**Other hazardous waste for AC Energy includes (Pathological/Infectious/Clinic Wastes, Special Waste, Water w/ Mercury Thiocyanate, and Mercury and Mercury Compounds)*

***AC Motor includes break fluid, other fluids, and unspecified hazardous waste. Break fluid and other fluids is 835.48 kg.*

USED BATTERIES IN KG	2018	2019	2020
AC Energy	4,436.5	10,573.1	5,596.6
AC Infra	474.1	1,568.5	8,006.5
AC Motors	34,585.2	53.0	13,534.7
Ayala Land*	12,000.0	150,000.0	34,000.0
Globe	150,720.0	448,269.0	78,846.0
IMI Global	4,659.0	1,043.5	3,549.7
Manila Water	2,047.2	3,236.8	3,447.7
TOTAL	**208,922.0**	**614,743.9**	**146,981.3**

*Ayala Land has additional pieces of used lead acid batteries: 2018 – 2,150 additional pieces; 2019 – 2,324 additional pieces; and 2020 – 43 additional pieces. Used lead acid batteries waste not measurable in tonnes were counted as pieces.

USED OIL IN KG	2018	2019	2020
AC Energy	394,617.0	1,039,235.3	1,020,153.5
AC Infra	10,029.5	54,211.5	2,382.0
AC Motors	210,702.5	216,995.8	275,348.3
Ayala Land	79,129.9	43,609.6	24,900.6
Globe	4,750.0	1,340.0	5,452.0
IMI Global	17,534.9	12,105.2	9,530.8
Manila Water	6,563.0	13,690.1	4,856.8
TOTAL	**723,326.8**	**1,381,187.5**	**1,342,624.0**

WATER

WATER CONSUMPTION FROM WATER UTILITIES IN CUBIC METERS (303-1)	2018	2019	2020
AC Energy	232,439.4	688,370.3	822,815.3
AC Health	125,734.4	374,201.4	88,483.1
AC Infra	80,938.5	69,599.2	54,292.4
AC Motors	73,594.1	66,578.3	58,094.9
AffinityX	525.9	597.5	322.1
Ayala Land	14,806,536.0	12,300,568.3	12,487,598.7
BPI	381,442.6	373,285.3	252,975.5
Globe	383,261.2	395,737.2	77,641.2
HCX	484.0	604.0	218.0
IMI Global	2,322,189.3	1,446,894.0	1,359,803.5
iPeople	79,148.3	141,027.4	258,313.8
TOTAL	**18,486,293.7**	**15,857,462.8**	**15,460,558.4**
Water Intensity (Cubic meters per million pesos revenue)*	35.8	28.3	33.4

This table refers to the water consumed by Ayala companies from utility providers.

Manila Water's consumption is reported under Water Abstraction from Natural Sources.

**Group-wide Economic Value Generated was used in the calculation of Water Intensity.*

WATER ABSTRACTION FROM NATURAL SOURCES IN MILLION CUBIC METERS (303-1)	2018	2019	2020
From ground water	85.1	93.0	110.0
From surface water	776.9	747.4	777.7
Bulk Water or Third Party Water	3.0	3.4	5.5
Groundwater	0.2	0.2	0.3
Surface Water	2.8	3.2	5.2
TOTAL	**865.0**	**843.8**	**893.2**
Percent abstracted from groundwater	10%	11%	12%
Percent abstracted from surface water	90%	89%	87%
Percent Bulk Water or Third Party Water	0%	0%	1

In 2020, Manila Water started the new classification of GRI:2018 303-3 to segregate bulk water or third-party water sources, classify if raw water is freshwater or other water, and if raw water comes from water-stressed areas. In 2020, all water withdrawn is freshwater and no water is withdrawn from

ENERGY

TOTAL ENERGY CONSUMED WITHIN THE ORGANIZATION IN GIGAJOULES (302-1)	2018	2019	2020
Diesel	932,897.3	2,461,395.7	1,528,606.2
Gasoline	151,216.1	196,577.1	40,880.1
Sub-bituminous coal (in millions)	67.9	54.1	89.1
Purchased Electricity	5,080,313.2	5,844,439.5	5,128,872.3
TOTAL ENERGY CONSUMPTION (IN MILLIONS)	**74.1**	**62.6**	**95.8**
Total Energy Intensity (Gigajoules/ million pesos revenue)*	143.6	111.8	206.8
Total Energy Productivity (million pesos revenue/ gigajoules)*	0.007	0.009	0.005

**Group-wide Economic Value Generated was used in the calculation of Total Energy Intensity and Total Energy Productivity.*

DIESEL CONSUMPTION IN LITERS	2018	2019	2020
AC Energy	2,762,126.8	43,665,929.0	19,403,698.9
AC Infra	72,835.9	120,747.2	87,042.5
AC Motors	181,840.0	139,921.1	95,532.0
Ayala Land	10,649,251.9	8,757,476.3	5,724,822.2
Globe*	9,371,930.5	10,864,543.9	12,919,895.8
IMI Global	113,400.3	129,815.2	181,511.3
iPeople	–	–	33,953.1
Manila Water	1,210,377.8	598,670.9	1,471,700.2
TOTAL	**24,361,763.1**	**64,277,103.5**	**39,918,155.9**

**Fuel consumed by outsourced vehicles are charged and reported under Globe.*

ENERGY CONSUMPTION FROM DIESEL IN GIGAJOULES	2018	2019	2020
AC Energy	105,771.5	1,672,121.5	743,035.7
AC Infra	2,789.1	4,623.8	3,333.2
AC Motors	6,963.3	5,358.1	3,658.3
Ayala Land	407,797.2	335,354.5	219,223.5
Globe	358,884.1	416,041.5	494,748.1
IMI Global	4,342.5	4,971.1	6,950.7
iPeople	–	–	1,300.2
Manila Water	46,349.6	22,925.2	56,356.6
TOTAL	**932,897.3**	**2,461,395.7**	**1,528,606.2**

GASOLINE CONSUMPTION IN LITERS	2018	2019	2020
AC Energy	15,407.3	1,964,091.3	37,393.6
AC Infra	2,917.7	6,674.8	5,093.9
AC Motors	140,521.7	103,179.2	60,617.3
Ayala Land	267,812.7	306,045.3	134,015.8
Globe	3,726,733.4	3,044,116.9	733,061.7
IMI Global	43,598.9	57,751.6	73,592.8
iPeople	–	–	7,466.8
Manila Water	165,953.7	189,858.0	128,245.6
TOTAL	**4,362,945.5**	**5,671,717.2**	**1,179,487.4**

ENERGY CONSUMPTION FROM GASOLINE IN GIGAJOULES	2018	2019	2020
AC Energy	534.0	68,073.8	1,296.0
AC Infra	101.1	231.3	176.5
AC Motors	4,870.4	3,576.1	2,100.9
Ayala Land	9,282.2	10,607.3	4,644.9
Globe	129,165.5	105,506.6	25,407.3
IMI Global	1,511.1	2,001.6	2,550.7
iPeople	–	–	258.8
Manila Water	5,751.8	6,580.3	4,444.9
TOTAL	**151,216.1**	**196,577.0**	**40,880.1**

COAL CONSUMPTION OF AC ENERGY'S THERMAL PLANTS IN TONNES	2018	2019	2020
GMCP	3,161,711.0	2,569,563.9	2,923,574.3
GNPK*	–	–	1,130,018.3
SLTEC	837,305.8	782,489.3	1,037,355.8
TOTAL	**3,999,016.8**	**3,352,053.2**	**5,090,948.4**

**GNPK Thermal Plant went online in 2020.*

ENERGY CONSUMPTION FROM COMBUSTION OF COAL BY AC ENERGY'S THERMAL PLANTS IN GIGAJOULES	2018	2019	2020
GMCP	52,947,077.7	44,647,858.3	55,255,554.7
GNPK	–	–	21,357,344.9
SLTEC	15,002,349.9	9,467,050.4	12,531,452.5
TOTAL	**67,949,427.6**	**54,114,908.7**	**89,144,352.1**

ENERGY CONSUMED FROM FUEL COMBUSTION IN GIGAJOULES (302-1)	2018	2019	2020
Diesel	932,897.3	2,461,395.7	1,528,606.2
Gasoline	151,216.1	196,577.0	40,880.1
Sub-bituminous coal	67,949,427.6	54,114,908.7	89,144,352.1
TOTAL DIRECT ENERGY CONSUMPTION	**69,033,541.0**	**56,772,881.4**	**90,713,838.3**
Total Fuel Intensity (Gigajoules/ million pesos revenue)	133.8	101.4	195.7

**Group-wide Economic Value Generated was used in the calculation of Total Fuel Intensity*

PURCHASED ELECTRICITY IN MILLION KILOWATT-HOURS	2018	2019	2020
AC Energy	3.3	24.6	16.8
AC Health	2.4	3.9	2.6
AC Infra	50.7	49.5	38.7
AC Motors	7.4	6.4	4.8
AffinityX	0.2	0.3	0.1
Ayala Land	367.4	406.9	320.6
BPI	50.1	46.3	33.1
Globe	484.4	602.6	590.6
HCX	0.1	0.1	0.5
IMI Global	174.1	162.8	143.9
iPeople	4.4	13.0	4.5
Manila Water	228.6	244.4	265.3
TOTAL PURCHASED ELECTRICITY (IN BILLIONS)	**1.4**	**1.5**	**1.4**
Electricity Intensity in MWh per million pesos revenue*	2.7	2.8	3.1

**Group-wide Economic Value Generated was used in the calculation of Electricity Intensity*

ELECTRICITY/ INDIRECT ENERGY IN GIGAJOULES	2018	2019	2020
AC Energy	11,787.7	88,686.2	60,512.4
AC Health	8,567.2	14,033.4	9,508.2
AC Infra	182,478.9	178,125.7	139,149.4
AC Motors	26,644.2	22,891.9	17,416.4
AffinityX	858.0	926.7	531.5
Ayala Land	1,322,685.1	1,464,918.4	1,166,894.5
BPI	180,227.9	166,538.9	119,290.8
Globe	1,743,918.1	2,169,180.7	2,125,997.2
HCX	411.2	370.9	194.1
IMI Global	626,618.5	586,144.0	518,003.7
iPeople	15,849.9	46,813.2	16,329.3
Manila Water	822,878.1	879,821.1	955,044.7
TOTAL ENERGY CONSUMPTION FROM PURCHASED ELECTRICITY IN GIGAJOULES	**4,942,925.1**	**5,618,451.3**	**5,128,872.3**

ENERGY CONSUMED OUTSIDE THE ORGANIZATION IN GIGA JOULES (302-2)	2018	2019	2020
AC Energy	12,829.5	9,002.5	-
AC Health	1,499.3	-	-
AC Infra	2,283.6	21,525.4	36,565.6
AC Motors	2,534.3	5,597.8	2,891.4
Ayala Land	1,469,410.3	1,602,580.5	-
BPI	13,607.8	-	-
IMI Global	25,708.1	30,640.4	34,596.8
Manila Water	23,016.2	17,236.1	14,858.2
TOTAL	**1,550,889.1**	**1,686,582.7**	**88,912.1**

ELECTRICITY CONSUMED OUTSIDE THE ORGANIZATION IN MILLION KILOWATT-HOURS	2018	2019	2020
Ayala Land	446.1	507.9	413.4

DIESEL CONSUMED OUTSIDE THE ORGANIZATION IN LITERS	2018	2019	2020
AC Energy*	310,244.4	214,681.2	-
AC Infra	39,154.0	-	151,743.0
AC Motors	64,160.1	71,169.6	47,499.4
Ayala Land	163,700.0	108,034.3	622,996.2
Globe	355,354.8	-	-
IMI Global	622,132.1	770,550.3	864,424.4
Manila Water	601,046.2	450,105.7	388,009.0
TOTAL	**2,155,791.6**	**1,614,541.2**	**2,074,672.0**

**Diesel Consumption outside of the organization data were not collected in 2020.*

GASOLINE CONSUMED OUTSIDE THE ORGANIZATION IN LITERS	2018	2019	2020
AC Energy*	27,386.7	22,550.0	-
AC Infra**	43,963.0	-	887,351.3
AC Motors	2,233.9	82,877.7	30,944.9
Ayala Land	65,841.2	16,244.0	-
IMI Global	63,473.0	32,700.3	43,134.3
TOTAL	**202,897.8**	**154,372.0**	**961,430.4**

**Gasoline Consumption outside of the organization data were not collected in 2020.*

***Gasoline consumption of the outsourced vehicles in Entrego were reported in 2020.*

EMISSIONS

TOTAL GHG EMISSIONS IN TONNES CO_2E SCOPE 1 DIRECT ENERGY EMISSIONS (305-1)	2018	2019	2020
AC Energy*	6,949,775.3	5,479,081.7	2,878,04.8
AC Health**	-	-	33.5
AC Infra	198.2	334.3	228.5
AC Motors	769.1	415.8	318.1
Ayala Land	31,388.0	66,602.9	44,667.1
Globe	36,167.2	36,574.2	38,757.9
IMI Global	402.9	406.7	503.4
iPeople**	-	-	95.0
Manila Water	3,620.5	4,623.7	4,197.6
AC Energy (renewables)	1,122,464.7	1,486,833.2	1,666,885.2
TOTAL	**7,022,321.2**	**5,588,039.3**	**2,966,849.0**
Scope 1 Intensity (tonnes CO_2e per million pesos revenue)***	13.6	10.0	6.4

GHG EMISSIONS BASED ON EQUITY IN TONNES CO_2E SCOPE 1 DIRECT ENERGY EMISSIONS (305-1)	2018	2019	2020
AC Energy	1,603,275.9	967,724.7	2,878,048.0
AC Health	-	-	33.5
AC Infra	69.4	334.3	228.5
AC Motors	769.1	415.8	318.1
Ayala Land	14,749.3	29,571.7	19,850.0
Globe	11,186.5	11,312.4	11,952.9
IMI Global	205.5	207.4	262.2
iPeople	-	-	31.8
Manila Water	1,860.9	2,376.6	2,157.6
AC Energy (renewables)	1,122,464.7	1,486,833.2	1,666,885.2
TOTAL	**1,632,116.5**	**1,012,019.1**	**2,912,882.7**
Scope 1 Intensity (tonnes CO_2e per million pesos revenue)****	5.6	3.3	13.5

As a holding company, Ayala Corporation's greenhouse gas emissions are reported based on equity ownership. By doing so, we are able to make informed investment decisions based on the carbon footprint of the assets we own.

Our Scope 1 emissions include the direct combustion of various diesel and gasoline among our companies' generator sets and company-owned vehicles, as well as, the combustion of coal in AC Energy's thermal plants.

Our Scope 1 emissions does not include emissions from refrigerants.

Standards used for the computations are based on the GHG Protocol Corporate Accouting and Reporting Standard. The gases reported include carbon dioxide, methane, and nitrous oxide.

**In 2020, in alignment to the restructuring of AC Energy - the consolidation approach implemented in the calculation of GHG emissions is based on equity.*
***In 2020, data on diesel and gasoline consumption was reported for iPeople and AC Health.*
****Avoided emissions calculated includes Philippine and International assets. Country-specific emission factors were used in the calculation.*
*****Group-wide Economic Value Generated was used in the calculation of Scope 1 Intensity.*
******Parent Company (Ayala Corporation) Economic Value Generated was used in the calculation of Scope 1 Intensity (equity).*

TOTAL GHG EMISSIONS IN TONNES CO_2E SCOPE 2 INDIRECT ENERGY EMISSIONS (305-2)			
	2018	2019	2020
AC Energy	765.5	16,218.4	9,362.4
AC Health	1,717.1	2,788.5	1,889.7
AC Infra	30,181.5	35,241.9	27,528.4
AC Motors	5,365.9	4,855.1	3,456.6
AffinityX	169.7	183.3	105.1
Ayala Land*	257,679.0	214,226.5	126,037.0
BPI	35,860.7	32,947.0	23,759.9
Globe	352,389.6	435,073.8	424,753.4
HCX	81.4	1,022.8	38.4
IMI Global	123,966.0	102,436.1	93,294.4
iPeople	3,135.6	9,324.8	3,230.5
Manila Water	164,014.3	173,750.6	180,872.3
TOTAL	**975,326.3**	**1,028,068.8**	**899,474.8**
Scope 2 Intensity (tonnes CO_2e per million pesos revenue)**	1.9	1.8	1.9

GHG EMISSIONS BASED ON EQUITY IN TONNES CO_2E SCOPE 2 INDIRECT ENERGY EMISSIONS (305-2)			
	2018	2019	2020
AC Energy	765.5	8,703.1	9,362.4
AC Health	1,717.1	2,788.5	1,889.7
AC Infra	30,181.5	12,585.5	27,528.4
AC Motors	5,365.9	4,855.1	3,456.6
AffinityX	169.7	183.3	105.1
Ayala Land*	113,845.4	95,116.6	56,010.8
BPI	17,435.5	16,012.2	11,523.5
Globe	108,994.1	134,568.3	130,994.0
HCX	81.4	1,022.8	38.4
IMI Global	63,222.7	52,242.4	48,606.4
iPeople	3,135.6	3,123.8	1,082.2
Manila Water	84,303.4	89,307.8	92,968.4
TOTAL	**429,217.8**	**420,509.4**	**383,566.0**
Scope 2 Intensity (tonnes CO_2e per million pesos revenue)**	1.5	1.4	1.8

Our Scope 2 emissions include the indirect energy emissions from the purchase of electricity from the national grid.

Location-based grid emission factors used for local facilities are based on the Department of Energy (Philippines). Factors used for global sites are based on the GHG Protocol Corporate Accounting and Reporting Standard. The gases reported include carbon dioxide, methane, and nitrous oxide.

**Market-based.*
***Group-wide Economic Value Generated was used in the calculation of Scope 1 Intensity.*
****Parent Company (Ayala Corporation) Economic Value Generated was used in the calculation of Scope 2 Intensity (equity).*

TOTAL GHG EMISSIONS IN TONNES CO2E SCOPE 3 OTHER INDIRECT ENERGY EMISSIONS (305-3)			
	2018	2019	2020
AC Energy*	12,040,202.9	6,129,392.9	1,271,436.0
AC Health**	104.9	-	-
AC Infra	153.0	336.1	1,952.9
AC Motors	177.0	305.3	159.1
Ayala Land	305,221.0	252,757.1	140,867.3
BPI***	952.9	-	-
IMI Global	1,790.7	1,721.9	1,943.5
Manila Water	1,610.8	1,488.1	1,117.2
TOTAL	**12,346,811.7**	**6,382,791.4**	**1,414,415.4**

GHG EMISSIONS BASED ON EQUITY IN TONNES CO2E SCOPE 3 OTHER INDIRECT ENERGY EMISSIONS (305-3)			
	2018	2019	2020
AC Energy*	2,452,032.1	547,464.9	1,271,436.1
AC Health**	104.9	-	-
AC Infra	153.0	203.3	1,952.9
AC Motors	177.0	305.3	159.1
Ayala Land	138,975.9	113,970.5	62,545.1
BPI***	463.3	-	-
IMI Global	913.3	878.2	1,012.5
Manila Water	828.0	764.9	574.2
TOTAL	**2,593,647.5**	**663,587.1**	**1,337,680.0**

Our Scope 3 emissions include the equivalent fuel combustion emissions of diesel and gasoline of outsourced and third-party vehicles, as well as, the equivalent fuel consumed in the transport of coal by AC Energy's thermal plants. This also covers the electricity consumption of tenants of Ayala Land properties.

Standards used for the computations are based on the GHG Protocol Corporate Accouting and Reporting Standard. The gases reported include carbon dioxide, methane, and nitrous oxide.

**2018 Emissions of AC Health is from the diesel consumption from outsourced fleet of MedGrocer. In 2020, MedGrocer is no longer included in the 2020 data.*

***In July 2018, the contract for armored vehicles changed from leased to outsourced, resulting to the shift of fuel management from BPI to the armored vehicles agency, taking it out of the Bank's reporting scope. Hence, Scope 3 of BPI is no longer calculated starting 2018.*

ECONOMIC PERFORMANCE (201-1)

ECONOMIC VALUE GENERATED			
	2018	2019	2020
AC Motors	23,156.3	27,413.2	10,471.0
iPeople	48.5	3,617.2	3,219.7
AC Energy	6,547.7	7,067.6	9,659.4
AC Health	34.4	39.0	196.9
AC Infra	22.8	50.8	124.1
Ayala Land	163,746.8	168,793.7	96,272.7
BPI	78,522.0	94,300.0	101,923.0
Globe	151,910.1	168,250.6	162,271.5
IMI	69,731.0	64,277.5	56,891.0
Manila Water	20,266.8	22,273.1	21,627.2
HCX	202.5	210.6	218.1
AffinityX	1,784.0	2,191.7	443.9
AC Ventures	-	(353.5)	196.9
TOTAL	**515,972.9**	**558,131.3**	**463,515.3**

EMPLOYEE WAGES AND BENEFITS			
	2018	2019	2020
AC Motors	671.3	639.3	681.7
iPeople	47.2	1,197.7	1,256.2
AC Energy	176.9	1,107.90	233.2
AC Health	38.5	56.5	118.4
AC Infra	28.6	38.1	96.0
Ayala Land	6,485.6	6,766.7	6,091.8
BPI	15,161.0	17,350.0	17,825.4
Globe	13,163.7	15,364.2	15,878.5
IMI	11,310.7	11,248.9	10,874.8
Manila Water	2,342.7	2,355.2	2,267.6
HCX	118.6	117.0	136.1
AffinityX	1,049.4	1,176.1	251.9
AC Ventures	-	-	-
TOTAL	**50,594.0**	**57,417.6**	**55,711.5**

OPERATING COSTS			
	2018	2019	2020
AC Motors	21,486.7	26,006.7	13,890.8
iPeople	50.9	1,546.4	667.2
AC Energy	3,194.8	3,994.6	3,348.0
AC Health	92.6	117.7	202.6
AC Infra	49.0	50.8	202.6
Ayala Land	93,611.7	83,453.0	-
BPI	16,106.0	17,240.0	15,355.6
Globe	38,852.6	36,961.7	35,419.2
IMI	56,722.3	52,705.5	45,654.4
Manila Water	5,211.6	7,078.4	5,342.0
HCX	87.8	73.8	94.2
AffinityX	594.6	850.5	33.6
AC Ventures	-	0.15	1.83
TOTAL	236,060.5	230,079.2	161,969.5

PAYMENTS TO PROVIDERS OF CAPITAL			
	2018	2019	2020
AC Motors	(60.8)	632.3	463.2
iPeople	-	200.2	240.0
AC Energy	165.7	2,249.1	1,187.9
AC Health	-	-	-
AC Infra	-	-	-
Ayala Land	17,079.9	19,921.30	16,752.4
BPI	27,761.0	35,650.0	20,211.7
Globe	19,274.0	19,920.8	21,744.3
IMI	519.6	907.7	841.7
Manila Water	3,792.9	4,325.4	2,585.8
HCX	-	0.2	(0.2)
AffinityX	40.7	43.2	21.5
AC Ventures	-	-	-
TOTAL	**68,573.0**	**83,850.1**	**64,048.3**

PAYMENTS TO GOVERNMENT	2018	2019	2020
AC Motors	261.21	311.68	226.21
iPeople	1.01	54.28	113.53
AC Energy	59.72	302.70	196.44
AC Health	6.32	0.70	39.27
AC Infra	4.44	7.92	5.36
Ayala Land	15,675.90	18,096.20	9,233.14
BPI	16,358.00	23,070.20	21,129.44
Globe	5,328.72	10,901.67	6,731.85
IMI	657.15	524.47	151.54
Manila Water	3,237.64	3,346.47	3,595.71
HCX	1.67	8.74	2.08
AffinityX	43.81	37.85	25.41
AC Ventures	–	0.03	0.25
TOTAL	**41,635.59**	**56,662.91**	**41,450.23**

PAYMENTS TO COMMUNITIES	2018	2019	2020
AC Motors	–	–	–
iPeople	0.03	275.24	224.34
AC Energy	4.15	2.53	4.98
AC Health	–	1.10	75.51
AC Infra	–	–	0.26
Ayala Land	76.10	53.50	57.63
BPI	24.00	110.00	90.26
Globe	77.83	66.93	51.23
IMI	0.66	0.10	0.24
Manila Water	44.27	21.03	21.32
HCX	0.02	–	0.10
AffinityX	–	–	–
AC Ventures	–	0.91	–
TOTAL	**227.06**	**531.34**	**525.87**

GROUP-WIDE ECONOMIC PERFORMANCE	2018	2019	2020
Economic Value Generated	515,972.87	560,157.49	463,515.31
Operating Cost	236,060.54	231,634.98	120,048.35
Employee wages and benefits	50,593.97	57,593.13	55,711.48
Payments to providers of capital	68,573.00	83,850.08	64,048.26
Payments to government	41,635.60	56,750.84	41,450.23
Community Investments	227.06	531.34	525.87
Economic Value Retained	118,882.70	129,797.12	139,809.9

PARENT COMPANY ECONOMIC PERFORMANCE	2018	2019	2020
Economic Value Generated	293,487.79	309,565.00	216,566.03
Operating Cost	189,661.58	187,297.05	134,482.48
Employee wages and benefits	23,786.59	28,694.33	26,096.09
Payments to providers of capital	24,719.56	31,366.00	32,355.78
Payments to government	60,866.93	71,026.44	62,060.54
Community Investments	565.30	547.60	835.09
Economic Value Retained	(6,112.17)	(9,366.42)	(39,263.94)

PERCENT OF DISTRIBUTED AMOUNTS FROM TOTAL ECONOMIC VALUE GENERATED GROUP-WIDE	2018	2019	2020
Operating Cost	45.8	41.4	34.9
Employee	9.8	10.3	12.0
Providers of Capital	13.3	15.0	13.8
Government	8.1	10.1	8.9
Community	0.0	0.1	0.1
Retained	23.0	23.2	30.2

PERCENT OF DISTRIBUTED AMOUNTS FROM TOTAL ECONOMIC VALUE GENERATED PARENT LEVEL	2018	2019	2020
Operating Cost	64.6	60.5	62.1
Employee	8.1	9.3	12.0
Providers of Capital	8.4	10.1	14.9
Government	20.7	22.9	28.7
Community	0.2	0.2	0.4
Retained	–2.1	–3.0	–18.2

EMPLOYEE ENGAGEMENT

DIRECT HIRES	2018	2019	2020
AC Motors	1,827	1,886	1,605
iPeople	1,610	2,721	2,491
AC Energy	572	885	1,363
AC Health	2,710	2,095	1,981
AC Infra	1,777	1,917	1,789
AFI	110	112	114
ALI	10,261	11,419	10,434
BPI	18,911	21,429	19,952
Globe	7,736	8,065	8,349
IMI	16,698	17,215	15,131
IMI with VIA sites	669	640	693
MWC	2,233	2,412	2,311
AffinityX	531	645	740
HCX	141	119	114
Ayala Corporation	154	160	166
AC Industrials	–	12	12
AC Ventures	–	1,089	1,104
TOTAL	**65,940**	**72,821**	**68,349**

2020 Headcount of VIA is only up to June of that year. We can only use numbers they have publicly disclosed before their IPO.

PERMANENT EMPLOYEES	2018	2019	2020
AC Motors	1,801	1,868	1,601
iPeople	901	1,502	2,046
AC Energy	550	864	1,320
AC Health	1,967	1,949	1,923
AC Infra	1,668	1,805	1,718
AFI	75	79	80
ALI	5,358	6,180	6,133
BPI	18,911	21,420	19,951
Globe	7,716	8,048	8,339
IMI	16,358	16,424	14,361
MWC	2,118	2,297	2,224
AffinityX	445	620	740
HCX	122	112	112
Ayala Corporation	152	156	165
AC Industrials	–	12	12
AC Ventures	–	1,077	1,099
TOTAL	**58,142**	**64,413**	**61,824**

TEMPORARY EMPLOYEES	2018	2019	2020
AC Motors	26	18	4
iPeople	709	1219	445
AC Energy	22	21	43
AC Health	743	146	58
AC Infra	109	112	71
AFI	35	33	34
ALI	4903	5239	4301
BPI	0	9	1
Globe	20	17	10
IMI	340	791	770
MWC	115	115	87
AffinityX	86	25	0
HCX	19	7	2
Ayala Corporation	2	4	1
AC Industrials	0	0	0
AC Ventures	0	12	5
TOTAL	**7,129**	**7,768**	**5,832**

SUPPORT STAFF	2018	2019	2020
AC Motors	295	575	596
iPeople	165	355	192
AC Energy	760	848	1,562
AC Health	210	24	148
AC Infra	4,076	3,625	2,962
AFI	51	51	28
ALI	49,466	39,145	22,606
BPI	2,725	2,636	4,545
Globe	4,025	3,425	2,644
IMI	1,395	1,108	1,250
MWC	660	196	388
AffinityX	–	–	–
HCX	10	5	4
Ayala Corporation	56	108	56
AC Industrials	–	–	–
AC Ventures	–	239	204
TOTAL	**63,894**	**52,340**	**37,185**

NEW EMPLOYEE HIRES	2018	2019	2020
AC Motors	470	651	211
iPeople	478	731	288
AC Energy	87	172	197
AC Health	931	1,142	869
AC Infra	260	301	258
AFI	31	28	18
ALI	1,109	1,326	403
BPI	3,649	4,575	914
Globe	1,220	927	826
IMI	6,773	8,528	5,130
MWC	432	635	368
AffinityX	124	312	250
HCX	59	42	23
Ayala Corporation	23	17	13
AC Industrials	–	8	1
AC Ventures	–	439	336
TOTAL	**15,646**	**19,834**	**10,105**

TOTAL JOBS GENERATED	2018	2019	2020
AC Motors	2,122	2,461	2,201
iPeople	1,775	3,076	2,683
AC Energy	1,332	1,733	2,925
AC Health	2,920	2,119	2,129
AC Infra	5,853	5,542	4,751
AFI	161	163	142
ALI	59,727	50,564	33,040
BPI	21,636	24,065	24,497
Globe	11,761	11,490	10,993
IMI	18,093	18,323	16,381
MWC	2,893	2,608	2,699
AffinityX	531	645	740
HCX	151	124	118
Ayala Corporation	210	268	222
AC Industrials	–	12	12
AC Ventures	–	1,328	1,308
TOTAL	**129,165**	**124,521**	**104,841**

EMPLOYEE TURNOVER (401-1)	2018	2019	2020
AC Motors	386	578	576
iPeople	417	558	488
AC Energy	47	81	101
AC Health	455	793	812
AC Infra	100	166	397
AFI	14	31	12
ALI	668	737	599
BPI	1,786	2,069	2,391
Globe	678	605	519
IMI	6,381	9,057	7,890
MWC	362	292	688
AffinityX	35	193	154
HCX	158	55	27
Ayala Corporation	18	12	12
AC Industrials	–	–	1
AC Ventures	–	248	451
TOTAL	**11,505**	**15,475**	**15,118**

PERMANENT EMPLOYEES BY GENDER	2018		2019		2020	
	Male	Female	Male	Female	Male	Female
AC Motors	1,070	731	1,113	755	948	653
iPeople	349	552	637	865	874	1,172
AC Energy	413	137	633	231	984	336
AC Health	590	1,377	605	1,344	565	1,358
AC Infra	1,101	567	1,160	645	1,078	640
AFI	25	50	26	53	24	56
ALI	2,571	2,787	2,985	3,195	2,963	3,170
BPI	6,037	12,874	7,019	14,401	6,604	13,347
Globe	4,143	3,573	4,298	3,750	4,530	3,809
IMI	6,899	9,459	6,590	9,538	5,671	8,690
MWC	1,351	767	1,578	834	1,443	781
AffinityX	229	216	309	311	387	353
HCX	53	69	48	64	45	67
Ayala Corporation	69	83	69	87	76	89
AC Industrials			7	5	7	5
AC Ventures			533	544	523	576
TOTAL	**24,900**	**33,242**	**27,610**	**36,622**	**26,722**	**35,102**

PERMANENT EMPLOYEES BY AGE	2018			2019			2020		
	Below 30 Years Old	30–50 Years Old	Over 50 Years Old	Below 30 Years Old	30–50 Years Old	Over 50 Years Old	Below 30 Years Old	30–50 Years Old	Over 50 Years Old
AC Motors	858	824	119	872	870	126	747	755	99
iPeople	370	401	130	420	763	319	815	907	324
AC Energy	156	350	44	244	491	129	385	779	156
AC Health	781	612	17	1,005	922	22	749	1,112	62
AC Infra	375	1,058	235	445	1,108	252	459	1,094	165
AFI	17	42	16	20	43	16	23	42	15
ALI	2,316	2,739	303	5	3,071	376	2,411	3,303	419
BPI	9,543	8,206	1,162	11,290	8,895	1,235	9,661	9,061	1,229
Globe	1,908	5,490	318	1,956	5,707	385	1,808	6,063	468
IMI	6,417	8,796	1,145	5,585	9,198	1,345	4,274	8,601	1,486
MWC	646	968	504	660	1,147	490	584	1,215	425
AffinityX	265	176	4	406	202	12	501	224	15
HCX	59	61	2	43	66	3	46	64	2
Ayala Corporation	17	84	51	17	83	56	14	98	53
AC Industrials	–	–	–	4	6	2	3	8	1
AC Ventures	–	–	–	536	537	4	511	575	13
TOTAL	**23,728**	**29,807**	**4,050**	**23,508**	**33,109**	**4,772**	**22,991**	**33,901**	**4,932**

PERMANENT EMPLOYEES BY POSITION

	2018			2019			2020		
	Rank and File	Middle Mngmt	Senior Mngmt	Rank and File	Middle Mngmt	Senior Mngmt	Rank and File	Middle Mngmt	Senior Mngmt
AC Motors	1,622	125	54	1,678	133	57	1,423	125	53
iPeople	712	167	24	1,207	241	54	1,660	316	70
AC Energy	264	242	44	326	466	72	717	530	73
AC Health	1,242	151	17	1,728	195	26	1,570	302	51
AC Infra	1,119	491	58	1,314	452	39	1,254	427	37
AFI	3	22	50	51	25	3	52	25	3
ALI	4,249	1,081	28	4,932	1,223	25	4,801	1,302	30
BPI	12,250	6,442	219	14,068	7,133	219	13,003	6,723	225
Globe	2,790	4,446	480	2,191	5,336	521	1,835	5,939	565
IMI	14,325	1,595	438	13,360	2,163	478	11,625	2,217	519
MWC	513	1,462	143	568	1,583	146	539	1,507	178
AffinityX	418	22	5	585	28	7	645	81	14
HCX	72	47	3	63	45	4	68	40	4
Ayala Corporation	58	70	24	61	72	23	68	73	24
AC Industrials	–	–	–	1	4	7	1	5	6
AC Ventures	–	–	–	733	287	57	723	312	64
TOTAL	**39,637**	**16,363**	**1,587**	**42,866**	**19,386**	**1,738**	**39,984**	**19,924**	**1,916**

TOTAL TRAINING HOURS (404-1)

	2018	2019	2020
AC Motors	49,979.00	48,470.00	52,662.10
iPeople	68,485.50	50,432.50	138,316.50
AC Energy	18,171.00	35,948.00	31,976.02
AC Health	10,682.00	59,750.03	268,734.00
AC Infra	43,754.50	945,953.25	19,356.66
AFI	1,504.50	1,678.00	2,764.50
ALI	134,683.30	204,755.00	184,431.00
BPI	277,679.00	881,226.00	2,396,634.70
Globe	193,203.00	416,370.00	240,011.00
IMI	935,969.00	1,149,003.73	850,721.92
MWC	45,006.50	42,476.70	37,049.00
AffinityX	53,173.00	9,895.63	20,544.00
HCX	1,701.00	6,620.00	2,299.00
Ayala Corporation	2,733.00	3,878.29	2,361.05
AC Industrials	–	60.50	31.00
AC Ventures	–	5,372.00	6,212.00
TOTAL	**1,836,724.3**	**3,861,889.6**	**4,254,104.5**

AVERAGE TRAINING HOURS (404-1)

	2018	2019	2020
AC Motors	27.75	25.95	32.89
iPeople	76.01	33.58	67.60
AC Energy	33.04	41.61	24.22
AC Health	5.43	30.66	139.75
AC Infra	26.23	524.07	11.27
AFI	20.06	21.24	34.56
ALI	25.14	33.13	30.07
BPI	14.68	41.14	120.13
Globe	25.04	51.74	28.78
IMI	57.22	69.96	59.24
MWC	21.25	18.49	16.66
AffinityX	119.49	15.96	27.76
HCX	13.94	59.11	20.53
Ayala Corporation	17.98	24.86	14.31
AC Industrials	–	5.04	2.58
AC Ventures	–	4.99	5.65
TOTAL	**31.59**	**59.96**	**68.81**

TOTAL TRAINING HOURS BY RANK (404-1)

	2018			2019			2020		
	Rank and File	Middle Mngmt	Senior Mngmt	Rank and File	Middle Mngmt	Senior Mngmt	Rank and File	Middle Mngmt	Senior Mngmt
AC Motors	46,946.0	2,082.0	951.0	43,965.5	3,040.5	1,464.0	48,933.1	2,895.0	834.0
iPeople	62,089.5	5,592.5	803.5	26,720.5	20,451.5	3,261.0	98,390.0	33,840.0	6,029.5
AC Energy	7,256.0	8,821.0	1,544.0	22,505.50	12,481.54	1,350.0	17,471.4	9,309.1	1,500.3
AC Health	7,710.0	1,188.0	1,784.0	56,538.0	2,612.0	600.0	231,239.0	21,915.0	–
AC Infra	17,788.0	25,204.0	517.5	711,367.00	232,240.3	2,346.0	12,212.2	6,380.4	894.6
AFI	857.0	452.5	195.0	899.0	611.0	168.0	1,645.50	880.00	2,525.50
ALI	105,314.0	29,057.3	312.0	154,125.0	50,429.0	201.0	101,371.0	35,895.0	340.0
BPI	206,047.0	70,680.0	952.0	468,676.0	404,092.0	8,458.0	905,969.0	1,474,626.0	16,040.0
Globe	57,440.0	128,959.0	6,196.0	123,984.0	281,246.0	11,140.0	41,623.0	188,173.0	10,215.0
IMI	787,277.0	134,714.0	14,266.0	1,030,155.6	101,428.3	17,646.6	746,643.5	85,443.8	18,533.8
MWC	3,123.0	35,862.5	6,021.0	5,722.0	33,991.7	2,763.0	3,549.0	29,983.0	3,517.0
AffinityX	52,725.0	362.0	86.0	9,840.0	48.4	7.3	19,048.0	1,314.0	–
HCX	819.0	851.0	32.0	3,863.5	2,453.5	303.0	1,110.0	953.0	238.0
Ayala Corporation	976.0	1,687.0	70.0	2,121.6	1,682.4	74.0	932.2	1,426.5	23.3
AC Industrials	–	–	–	11.50	–	49.0	–	31.0	–
AC Ventures	–	–	–	2,292.00	2,512.0	112.0	1,382.5	4,044.5	802.0
TOTAL (IN MILLIONS	**1.35**	**0.445**	**0.337**	**2.66**	**1.14**	**0.499**	**2.23**	**1.90**	**.614**

AVERAGE TRAINING HOURS BY RANK (404-1)

	2018			2019			2020		
	Rank and File	Middle Mngmt	Senior Mngmt	Rank and File	Middle Mngmt	Senior Mngmt	Rank and File	Middle Mngmt	Senior Mngmt
AC Motors	54.72	2.53	7.99	26.20	22.86	25.68	34.39	23.16	15.74
iPeople	167.81	13.95	6.18	22.14	84.86	60.39	59.27	107.09	86.14
AC Energy	46.51	25.20	35.09	69.04	26.78	18.75	24.37	17.56	20.55
AC Health	9.87	1.94	104.94	32.72	13.39	23.08	147.29	72.57	–
AC Infra	47.43	23.82	2.20	541.38	513.81	60.15	9.74	14.94	24.18
AFI	50.41	10.77	12.19	17.63	24.44	56.00	31.64	35.20	841.83
ALI	45.47	10.61	1.03	31.25	41.23	8.04	21.11	27.57	11.33
BPI	21.59	8.61	0.82	33.32	56.65	38.62	69.67	219.34	71.29
Globe	30.10	23.49	19.48	56.59	52.71	21.38	22.68	31.68	18.08
IMI	122.69	15.32	12.46	77.11	45.89	36.92	64.23	38.54	35.71
MWC	4.83	37.05	11.95	10.07	21.47	18.92	6.58	19.90	19.76
AffinityX	198.96	2.06	21.50	16.82	1.73	1.04	29.53	16.22	–
HCX	13.88	13.95	16.00	61.33	54.52	75.75	16.32	23.83	59.50
Ayala Corporation	57.41	20.08	1.37	34.78	23.37	3.23	13.71	19.54	0.97
AC Industrials	–	–	–	11.50	–	7.00	–	6.20	–
AC Ventures	–	–	–	3.13	8.75	1.96	1.91	12.96	12.53
TOTAL	**34.22**	**27.23**	**21.25**	**62.12**	**59.29**	**28.74**	**55.81**	**95.22**	**32.09**

AYALA GROUP MANAGEMENT COMMITTEE MEMBERS PROFILES

JOSE RENE GREGORY D. ALMENDRAS

Filipino, 60

Senior Managing Director

- Member of the Ayala Corporation Management Committee and the Ayala Group Management Committee since August 2016
- President and Chief Executive Officer of Manila Water Company, Inc. and AC Infrastructure Holdings Corporation

Academic/Professional Qualifications

- B.S. in Business Management from the Ateneo de Manila University in 1981
- Strategic Business Economics Program from University of Asia & the Pacific in 1999
- Former President of Manila Water Company, Inc.
- Former officer in Ayala Land, Inc.
- Secretary of Foreign Affairs for the Republic of the Philippines from March to June 2016
- Cabinet Secretary under the Office of the President from November 2012 to March 2016
- Secretary of the Department of Energy from July 2010 to October 2012
- Former CEO and President of City Savings Bank of the Aboitiz Group at the age of 37
- Spent 13 years with the Citibank group where he started as a management trainee

Other Present Directorship(s)/Position(s)

- Chairman of the Executive Committee of Manila Water Company, Inc.
- Director of AF Payments Inc., Light Rail Manila Holdings, Inc., MCX Tollway Inc., and AC Energy Corporation (formerly AC Energy Philippines, Inc.)

CEZAR P. CONSING

Filipino, 61

Senior Managing Director

- Member of the Ayala Group Management Committee since April 2013
- President and CEO of Bank of the Philippine Islands

Academic/Professional Qualifications

- A.B (Accelerated Program) Economics (Magna Cum Laude) from De La Salle University in 1979
- M.A. Applied Economics from the University of Michigan, Ann Arbor, in 1980
- Chairman of the National Reinsurance Corporation form 2018 – 2019
- Independent director of CIMB Group Holdings from 2006 – 2013 and First Gen Corporation from 2005 – 2013
- Worked for BPI's corporate planning and corporate banking divisions from 1980 – 1985
- Senior Managing Director J.P. Morgan & Co. in Hong Kong and Singapore from 1985 – 2004; co-head of the firm's investment banking business in Asia Pacific from 1997 – 2004; member of the firm's global investment banking management committee and its Asia Pacific management committee; President of J.P. Morgan Securities (Asia Pacific) Ltd. from 1999 – 2004
- Partner at The Rohatyn Group from 2004 – 2013, ran its Hong Kong office and its private investing business in Asia, and was a board director of its real estate, and energy and infrastructure private equity investing subsidiaries

Other Present Directorship(s)/Position(s)

- Executive Director of Ayala Corporation
- Independent Director of Jollibee Foods Corporation
- President of Bancnet, Inc.
- Chairman of Philippine Dealing Systems Holdings Corp.
- Chairman and President of the Bankers Association of the Philippines
- Director of Filgifts.com, The Rohatyn Group, Sqreem Technologies, Endeavor Philippines and US-Philippines Society
- Trustee of the Manila Golf Club Foundation, and a member of the Trilateral Commission

BERNARD VINCENT O. DY

Filipino, 57

Senior Managing Director

- Member of the Ayala Group Management Committee since April 2014
- President and Chief Executive Officer of Ayala Land, Inc.

Academic/Professional Qualifications

- Bachelor's Degree in Business Administration from the University of Notre Dame in 1985
- Master's Degree in Business Administration in 1989 and in International Relations in 1997, both at the University of Chicago
- Worked as Head of the Ayala Land, Inc.'s Residential Business, Commercial Business and Corporate Marketing and Sales

Other Present Directorship(s)/Position(s)

- Chairman of Cebu Holdings, Inc and Director of AyalaLand Logistics Holdings Corp., AREIT, Inc., and MCT Bhd of Malaysia
- Chairman of Ayala Property Management Corporation, Makati Development Corporation, Alveo Land Corp., Amaia Land Corporation, Bellavita Land Corporation, Altaraza Development Corporation, Ayagold Retailers, Inc., Station Square East Commercial Corporation, Aviana Development Corp., Cagayan De Oro Gateway Corp., BGSouth Properties, Inc., BGNorth Properties, Inc., BGWest Properties, Inc., Portico Land Corp., Philippine Integrated Energy Solutions, Inc., Avencosouth Corp., and Nuevocentro, Inc.
- Vice Chairman of Ayala Greenfield Development Corporation and Alviera Country Club, Inc.
- President of Bonifacio Land Corporation, Emerging City Holdings, Inc., Columbus Holdings, Inc., Berkshires Holdings, Inc., Fort Bonifacio Development Corporation, Aurora Properties Incorporated, Vesta Property Holdings, Inc., Ceci Realty Inc., Alabang Commercial Corporation and Accendo Commercial Corp.
- Director of Avida Land Corp., Amicassa Process Solutions, Inc., Whiteknight Holdings, Inc., AyalaLand Medical Facilities Leasing, Inc., Serendra, Inc., Alveo-Federal Land Communities, Inc., ALI Eton Property Development Corporation and AKL Properties, Inc.
- Member of Ayala Foundation, Inc. and Ayala Group Club, Inc.
- Director of the Junior Golf Foundation of the Philippines since 2010 and Vice Chairman since 2017

JOSE TEODORO K. LIMCAOCO

Filipino, 58

Senior Managing Director

- Member of Ayala Corporation Management Committee and the Ayala Group Management Committee since April 2015
- Chief Finance Officer, Chief Risk Officer, Chief Sustainability Officer, Finance Group Head

Academic/Professional Qualifications

- BS Mathematical Sciences (Honors Program) from Stanford University in 1984
- MBA (Finance and Investment Management) from the Wharton School of the University of Pennsylvania in 1988
- Former President of BPI Family Savings Bank and BPI Capital Corporation, Officer-in-Charge for Ayala Life Assurance, Inc. and Ayala Plans, Inc., Trustee and Treasurer of Ayala Foundation, Inc., President of myAyala.com, and CFO of Azalea Technology Investments, Inc.
- President of the Chamber of Thrift Banks from 2013 – 2015
- Held prior positions with JP Morgan & Co. and with BZW Asia

Other Present Directorship(s)/Position(s)

- Director of Bank of the Philippine Islands, Globe Telecom, Inc. and Integrated Micro-Electronics, Inc.
- Independent director of SSI Group, Inc.
- Chairman of AC Energy International, Inc. (formerly Presage Corporation), Darong Agricultural and Development Corporation and Zapfam Inc.

- Vice Chairman of Lagdigan Land Corporation
- President and CEO of AC Ventures Holding Corp., AYC Finance Limited, and AC International Finance Limited
- President of Liontide Holdings, Inc. and Philwater Holdings Company, Inc.
- Director of Ayala Hotels, Inc., AC Energy and Infrastructure Corporation (formerly AC Energy, Inc.), Ayala Healthcare Holdings, Inc., AC Infrastructure Holdings Corporation, Ayala Aviation Corporation, Asiacom Philippines, Inc., Ayala Group Legal, Michigan Holdings, Inc., AC Industrial Technology Holdings, Inc., A.C.S.T Business Holdings, Inc., Bestfull Holdings Limited, Purefoods International Limited, AYC Holdings Limited, AG Holdings Limited, Fine State Group Limited, AG Region Pte. Ltd., Ayala International Holdings Limited, Ayala International Pte. Ltd., Strong Group Limited, Total Jade Group Limited, VIP Infrastructure Holdings Pte. Ltd., AI North America, Inc., LICA Management Inc., and Just For Kids, Inc.
- Treasurer of Ayala Retirement Fund Holdings, Inc.

ARTHUR R. TAN

Filipino, 61

Senior Managing Director

- Member of the Ayala Group Management Committee since 2002
- Group President and Chief Executive Officer of AC Industrial Technology Holdings, Inc., President and Chief Executive Officer of Integrated Micro-Electronics, Inc. (IMI)

Academic/Professional Qualifications

- B.S. in Electronics Communications Engineering degree from Mapúa Institute of Technology in 1982
- Post-graduate programs at the University of Idaho, Singapore Institute of Management, IMD and Harvard Business School
- President of IMI from July 2001 to June 2016
- Managing Director for Asia Pacific Region/ Japan of American Microsystems Inc. from 1998 to 2001
- Northeast Area Sales Manager and Acting Design Center Manager of American Microsystems Inc. (Massachusetts, USA) from 1994 to 1998

Other Present Directorship(s)/Position(s)

- Chairman of the Board and Chief Executive Officer of PSi Technologies Inc. and Merlin Solar Technologies (Phils.), Inc.
- Chairman of the Board of Surface Technology International (STI), Ltd.
- President and Chief Executive Officer of Speedy-Tech Electronics Ltd.
- Chairman of the Advisory Board of Via Optronics GmbH and MT Technologies GmbH

ERNEST LAWRENCE L. CU

Filipino, 60

- Member of the Ayala Group Management Committee since January 2009
- President and Chief Executive Officer of Globe Telecom, Inc

Academic/Professional Qualifications

- BS Industrial Management Engineering from De La Salle University in 1982
- Master's Degree in Business Administration at the JL Kellogg Graduate School of Management at Northwestern University in 1984
- President and CEO of SPI Technologies, Inc. from 1997 – 2008

Other Present Directorship(s)/Position(s)

- Trustee of Ayala Foundation, Inc. and Hero Foundation, Inc.
- Director of various subsidiaries of Globe Telecom, Inc.

ALFREDO I. AYALA

Filipino, 59

Managing Director

- Member of the Ayala Group Management Committee since June 2006
- President and Chief Executive Officer of LiveIt Investments Limited and Chief Operating Officer of iPeople, Inc.

Academic/Professional Qualifications

- B.A. in Development Studies (Honors) and Economics from Brown University in 1982
- MBA from the Harvard Graduate School of Business Administration in 1987

Other Present Directorship(s)/Position(s)

- Director of Affinity Express Holdings, Ltd., and Azalea International Venture Partners Limited
- Chairman and President of AC College of Enterprise and Technology, Inc., National Teachers College, and LINC Institute
- Chairman of Affordable Private Education Center, Inc., Newbridge International Investments Limited and University of Nueva Caceres
- Vice Chairman and Vice President of Affinity Express Philippines, Inc.
- Trustee of Ayala Foundation, Inc and Philippine Business for Education (PBEd)

PAOLO MAXIMO F. BORROMEO

Filipino, 43

Managing Director

- Member of Ayala Corporation Management Committee and the Ayala Group Management Committee since September 2014
- Corporate Strategy and Development Group Head and President and Chief Executive Officer of Ayala Healthcare Holdings, Inc.

Academic/Professional Qualifications

- B.S. degree in Management Engineering from the Ateneo de Manila University
- Master's in Business Administration with honors from the Wharton School at the University of Pennsylvania
- Former Principal at Booz & Company, a global strategy consulting firm, based in San Francisco, California, USA

Other Present Directorship(s)/Position(s)

- President and Chief Executive Officer of Zapfam, Inc.
- Chairman of Healthway Philippines, Inc., I.E. Medica, Inc. and MedEthix, Inc.
- Vice Chairman of the Generika Group of Companies
- Director of AC Energy International, Inc., AC Ventures Holding Corp., AC Industrial Technology Holdings Inc., HCX Technology Partners, Inc., Ayala International Holdings Limited, AG Holdings Limited and LiveIt Investments Limited

JOHN ERIC T. FRANCIA

Filipino, 49

Managing Director

- Member of the Ayala Corporation Management Committee and the Ayala Group Management Committee since January 2009
- President and Chief Executive Officer of AC Energy Corporation (formerly AC Energy Philippines, Inc.) and Chairman and Chief Executive Officer of ACE Enexor, Inc.

Academic/Professional Qualifications

- BA in Humanities and Political Economy (magna cum laude) from the University of Asia & the Pacific in 1993
- Master's Degree in Management Studies (First Class Honors) at the University of Cambridge in the United Kingdom in 1995
- Former Corporate Strategy and Development Group Head of Ayala Corporation
- Former Senior consultant and member of the management team of Monitor Group, a strategy consulting firm based in Cambridge, Massachusetts, USA

Other Present Directorship(s)/Position(s)

- Director of AC Infrastructure Holdings Corporation, Ayala Healthcare Holdings, Inc., AC Ventures Holding Corp., Manila Water Company, Inc. and other various Ayala group companies.

SOLOMON M. HERMOSURA

Filipino, 58

Managing Director

- Member of the Ayala Corporation Management Committee since 2009 and the Ayala Group Management Committee since 2010
- Chief Legal Officer, Corporate Secretary, Chief Compliance Officer, Data Protection Officer and Corporate Governance Group Head

Academic/Professional Qualifications

- Bachelor of Laws (Valedictorian and top 3 in the 1986 Bar Examination) from San Beda College in 1986

Other Present Directorship(S)/Position(S)

- Chief Executive Officer of Ayala Group Legal
- Corporate Secretary and Group General Counsel of Ayala Land, Inc.

- Corporate Secretary of Globe Telecom, Inc., Manila Water Company, Inc., Integrated Micro-Electronics, Inc., AC Energy Corporation (formerly AC Energy Philippines, Inc.), AREIT, Inc. and Ayala Foundation, Inc.
- Corporate Secretary and a member of the Board of Directors of a number of companies in the Ayala group
- Member of the faculty of the College of Law of San Beda University

RUEL T. MARANAN

Filipino, 58

Managing Director

- President of Ayala Foundation, Inc.

Academic/Professional Qualifications

- AB Social Sciences degree from the Ateneo de Manila University
- Bachelor of Laws degree from the University of Santo Tomas
- Leadership Management Program from Harvard University
- Group Director of Manila Water Company, Inc. (MWC)'s Corporate Human Resources Group from 2004 to 2014

Other Present Directorship(S)/Position(S)

- Director of Asticom Technology, Inc. and People's Management of the Philippines Foundation
- Member of the Board of Advisers of Natasha Goulbourn Foundation
- Member of the board of representatives of CIFAL Philippines

JOHN PHILIP S. ORBETA

Filipino, 59

Managing Director

- Member of the Ayala Corporation Management Committee since May 2005 and the Ayala Group Management Committee since April 2009
- Chief Human Resources Officer, Group Head for Corporate Resources

Academic/Professional Qualifications

- A.B. Economics from the Ateneo de Manila University in 1982
- Former President and CEO of Ayala Automotive Holdings Corporation and Automobile Central Enterprise, Inc. (Philippine importer of Volkswagen)
- Former Chairman and CEO of Honda Cars Makati, Inc., Isuzu Automotive Dealership, Inc. and Iconic Dealership, Inc.
- Former Board Director of Honda Cars Cebu, Inc. and Isuzu Cebu, Inc.
- Former Vice President and Global Practice Director of the Human Capital Consulting Group at Watson Wyatt Worldwide (now Willis Towers Watson)
- Former Board Director of Watson Wyatt Worldwide

Other Present Directorship(S)/Position(S)

- Chairman of Ayala Aviation Corporation, Ayala Group HR Council, Ayala Group Corporate Security Council and Ayala Business Clubs
- Chairman and President of HCX Technology Partners, Inc.
- Vice Chairman, President and Chief Executive Officer of Ayala Group Club, Inc.
- Director of AC Energy Corporation (formerly AC Energy Philippines, Inc.), Ayala Group Legal, AC Industrial Technology Holdings, Inc., Ayala Foundation Inc., Ayala Healthcare Holdings, Inc., Ayala Retirement Fund Holdings, Inc., Generika Group of Companies, BPI Family Bank, Inc., ALFM Growth Fund, Inc., ALFM Money Market Fund, Inc., ALFM Peso Bond Fund, Inc., ALFM Dollar Bond Fund, Inc., ALFM Euro Bond Fund, Inc., ALFM Global Multi-Asset Income Fund, Inc., ALFM Retail Corporate Fixed Income Fund, Inc. and the Philippine Stock Index Fund Corporation

SENIOR LEADERSHIP

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Cezar Juan P. Consing
Bernard Vincent O. Dy
Jose Teodoro K. Limcaoco
Arthur R. Tan

MANAGING DIRECTOR
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Alfredo Antonio I. Ayala
Paolo Maximo F. Borromeo
Ma. Cecilia T. Cruzabra
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HIGHLIGHTS OF UNITY

While the pandemic exposed inadequacies in our healthcare system, it also showcased the sublime courage, skill and resourcefulness of our frontliners. Yes, the pandemic led to social dislocation as mobility restrictions cleared our highways of traffic and our malls from meet-ups. Yet technology and digital infrastructure ramped up to power industries, to multiply connections and dialogue by cutting travel time from one meeting to the next. And, for many, working from home restored connections with families we had previously seen less often than our workmates. Yes, the pandemic led to the worst economic contraction recorded in many parts of the world. In the Philippines, our economy declined by -9.5 percent. Yet the pandemic also showcased the best of our bayanihan spirit helping those who were challenged to help themselves"

Jaime Augusto Zobel de Ayala
Chairman and CEO

AYALA

AYALA LAND

BPI

GLOBE

AC ENERGY CORPORATION

MANILA WATER

IMI

CORPORATE INFORMATION

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For inquiries regarding dividend payments, change of address and account status, and lost or damage stock certificates, please write or call:

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FINANCIAL STATEMENTS

Ayala's 2020 Financial Statements are available for download on its website: www.ayala.com

COVER PHOTOGRAPHY

The cover photo shows Sister Leonida Collado of the Sisters of Charity of St. Ann during a relief distribution in Naujan, Oriental Mindoro. The area was one of the beneficiaries of Project Pananagutan, an employee volunteerism program of the Ayala group. The photography was done by Joemar Agbing of Ayala Foundation.

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