



Building
businesses for
the greater good

INTEGRATED REPORT 2021



ABOUT THE COVER

Ayala continues its great tradition of building businesses in industries that are undergoing critical economic and social transformation. Through creative, transformative, and sustainable business models, we constantly look to develop value over the long term, remain flexible to adjust to changing circumstances, and align our strategic agenda with the broader development needs of society. This strong commitment to building businesses for the greater good have stood us in good stead throughout the years, defined Ayala as a successful multi-business group, and ensured our continuity and relevance throughout the years.

With its pioneering large-scale, integrated, and sustainable estates, Ayala Land is transforming spaces to foster growth for communities and enterprises. BPI is reinventing financial services through new banking technologies, enabling the progress of individuals, businesses, MSMEs, and microentrepreneurs. To uplift everyday life, Globe is bringing connectivity to millions of Filipinos nationwide, providing access to digital solutions to enterprises and making finance accessible for all. In support of the global economy's goal of a greener future, ACEN is at the forefront of the transition to clean energy in the region. As the pandemic exposed the gaps in the health system, AC Health is working towards improving the access and quality of healthcare for Filipinos. With logistics a critical component of trade and commerce, AC Logistics aims to address the broader challenges the country is facing in food security, access to goods, and environmental preservation.

The delta symbols in this cover represent how Ayala is in a permanent state of transformation, constantly evolving to enable inclusivity and progress, and empowering the greater good to create lasting and meaningful impact.



ABOUT THIS INTEGRATED REPORT

The 2021 Ayala Integrated Report (IR) provides a comprehensive view of the way we integrate our values into our business. It demonstrates how we live up to our purpose of creating meaningful impacts on the economy, the environment, and the communities we affect.

This IR is a testament to Ayala's long-term commitment to sustainability. We are proud of our climate ambition, signifying Ayala Corporation's commitment to net-zero greenhouse gas emissions by 2050. This initiative will further weave sustainability into our businesses and include our stakeholders in shaping relevant outcomes.

Our Value Creation section opens with the sustainability journey map, which shows the factors that define our shared values and how they work together to engage our stakeholders. This section shares our disclosures on environmental, social, and governance (ESG) matters to illustrate how our non-financial management strategy complements the financial strategy and underscores our commitment to be a responsible organization across all levels.

We continue to report on our performance against the Ayala Sustainability Blueprint as we rise to the challenge of Bridging the Filipino to 2030. This Blueprint is our guide to contribute meaningfully to the UN Sustainable Development Goals. Our ESG and SDG disclosures exemplify how the Ayala Group's bold leadership and shared vision enables us to shape a better and more sustainable world for our stakeholders.

We continue to review and align our Sustainability Reporting Framework with emerging issues and the evolving interests of stakeholders through our materiality assessment process. An in-depth look at Ayala Corporation's performance determines whether we have made meaningful and inclusive contributions on the economic, social, and environmental landscapes of the country.

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

FEEDBACK

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

You may email 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

REPORTING SCOPE

This integrated report provides detailed information on the consolidated financial, economic, environmental, social, and governance performance of the parent and across our business units from January 1 to December 31, 2021. Notes and further explanations accompany the text and tables of our performance indicators when necessary. The report includes relevant disclosures on business development from our unlisted subsidiaries and affiliates.

REPORTING STANDARDS

Our report is a harmonization of various frameworks and standards. We follow the Global Reporting Initiatives (GRI) Standards and Sustainability Accounting Standards Board (SASB). We also highlight our progress against the Task Force on Climate-Related Financial Disclosures (TCFD) which we began in 2019.

Moreover, as a founding member of the Global Compact Network Philippines, we further align with UNGC's 10 Principles.

We also disclose our progress against the targets we have set to the SDGs that are in our Ayala Sustainability Blueprint.

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.

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. The group-wide assurance process was done in two phases, which included interviews with executives and 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.

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

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

The disclosures on the TCFD recommendations can be found on [pages 74-78](#).

More information about our audit process is found on [pages 153-155](#). For Management Discussion and Analysis of Financial Condition and Results of Operation, go to [pages 228-232](#).

The full Independent Assurance Statement is on [pages 242-245](#).



STATEMENT FROM THE BOARD

The Board ensures the integrity of this report and confirms that all disclosures on the company's performance and impact are presented fairly, following the frameworks that the organization adheres to in Integrated Reporting. The Board provided high-level supervision to the teams responsible in the production of this report. The teams are composed of skilled internal parties who devoted their expertise and efforts to guarantee that the disclosures in the report and the Ayala story follow the related standards and are presented in a fair manner.

Ayala engaged external assurance parties, SyCip Gorres Velayo & Co. and DNV, to validate the financial and environment, social, and governance disclosures. This is to further ensure accuracy, objectivity, and overall report quality. The report was prepared under the supervision of the Chief Finance, Risk, and Sustainability Officer, Alberto M. de Larrazabal.

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 statement in the report.

The Board unanimously approved this report on 10 March 2022, and authorized its release on 13 April 2022.

Jaime Augusto Zobel De Ayala
Chairman

Cezar P. Consing
Chairman, Sustainability Committee
and Non-Executive Director

Fernando Zobel De Ayala
President & CEO

Alberto M. de Larrazabal
Chief Finance, Risk, & Sustainability Officer

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, the effects of the COVID-19 pandemic, and the ongoing conflict in Eastern Europe.

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



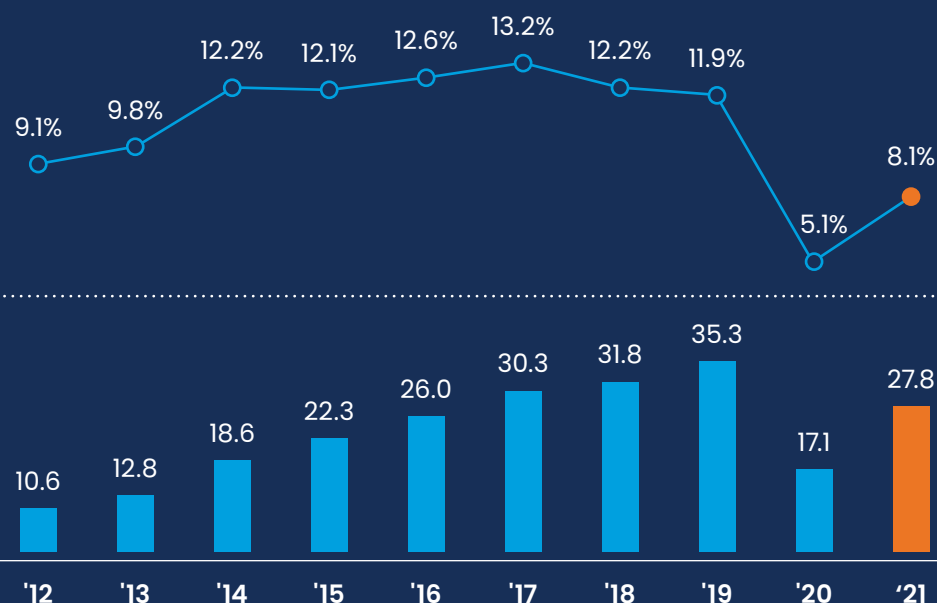
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AYALA AT A GLANCE

Financial

RETURN ON COMMON EQUITY



NET INCOME (in billion pesos)



11.4%
10-Year net income CAGR

10.6%
10-Year Average Return
on Common Equity

5.6%
10-Year Total Shareholder
Return CAGR

₱1.74 T
10-year group CAPEX

₱216.2 B
10-year parent CAPEX

₱484.2 B
10-year group taxes paid

₱255.8 B
End-2021 revenues

₱1.3 T
End-2021 total assets

₱90.5 B
End-2021 cash and
cash equivalents

6.7%
Loan-to-Value Ratio
End-2021

₱42.58
End-2021 Earnings
Per Share

ESG

ENVIRONMENTAL



30%
Increase in renewable energy
consumption across the group



42%
Decrease in residual
wastes reaching landfills



Completed
Project Design Document of
Project Kasibulan which follows
the UN REDD+ framework.



38,000
Tonnes of waste recycled

SOCIAL



117.9 k
Total jobs generated
throughout the Ayala group



91%
Sustainable
Engagement Score



12%
Increase in total
jobs generated



99%
Participation in the bi-annual
Employee Engagement Survey

GOVERNANCE



**Ayala
Sustainability
Committee**
Created in 2021



CEO Succession Plan
Mr. Fernando Zobel de Ayala assumed
the position of CEO in 2021 from
Mr. Jaime Augusto Zobel de Ayala



OUR 2021 MILESTONES

LEGENDS: **E** Environmental **S** Social **G** Governance **F** Financial

QUARTER 1 JAN - FEB - MAR



ACEN

Concludes its stock rights offering with the listing of 2.2 billion common shares at the Philippine Stock Exchange, raising ₱5.4 billion. **F**

AYALA LAND

Achieves 100% carbon neutrality for its malls, offices, hotels, and resorts, subject to third party verification in 2022. **E**

AC HEALTH

Completes the acquisition of a majority stake in the QualiMed Health Network. **F**

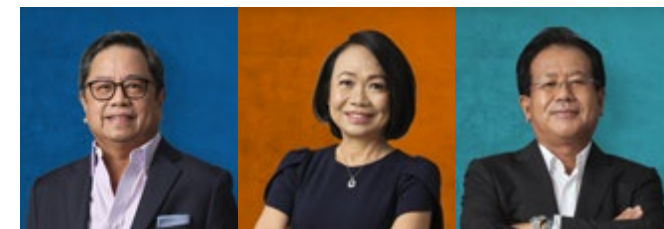


QUARTER 2 APR - MAY - JUN



AYALA

- Announces leadership transition, with Jaime Augusto Zobel de Ayala to focus in his role as Chairman and Fernando Zobel de Ayala to become President and CEO. **G**
- Ayala's CEO formally lays out the company's Three-Point Strategic Agenda for 2023. **E S F**
- Created a Sustainability Committee that reports to the Board, headed by Cezar P. Consing. **G**



► AC, Ayala Land, BPI, Globe, AC Energy, Manila Water, and Integrated Micro-electronics sign the statements of support to the Task Force on Climate-related Financial Disclosures. **E G**



QUARTER 3 JUL - AUG - SEP



AYALA LAND

Marks its 30th anniversary as listed company at the Philippine Stock Exchange. **E S G F**

ACEN

ACEN becomes a constituent of the PSEi. **F**

BPI

- Launches its five-point strategy centered on passion for the customer as its five-year roadmap. **E S F**
- Announces its goal to halt coal plant financing by 2032. **E**



QUARTER 4 OCT - NOV - DEC



AYALA

- Ayala commits to achieve net-zero greenhouse gas emissions by 2050. **E**
- Ayala signs a US\$100 million social bond with the International Finance Corporation for its healthcare investments. **S F**

GLOBE

- Mynt achieves double unicorn status with the US\$300 million infusion from Warburg Pincus, bringing its valuation to over US\$2 billion. **F**
- GCash reaches positive EBITDA for the year and profitability three years ahead of target, with gross transaction value exceeding target to ₱3.8 trillion. **F**

ACEN

GIC completes acquisition of a 17.5% stake in ACEN. **F**

AC HEALTH

- First shipment of Molnupiravir in Southeast Asia, an oral anti-viral treatment for mild COVID-19, arrives through MedEthix, AC Health's pharmaceutical importers and distributor. **S**
- Supports the national vaccination program, administering 649,000 COVID-19 vaccination doses by year-end. **S**

AC LOGISTICS

Signs an Investment Agreement to acquire a 60% stake in the AIR21 Group. **F**



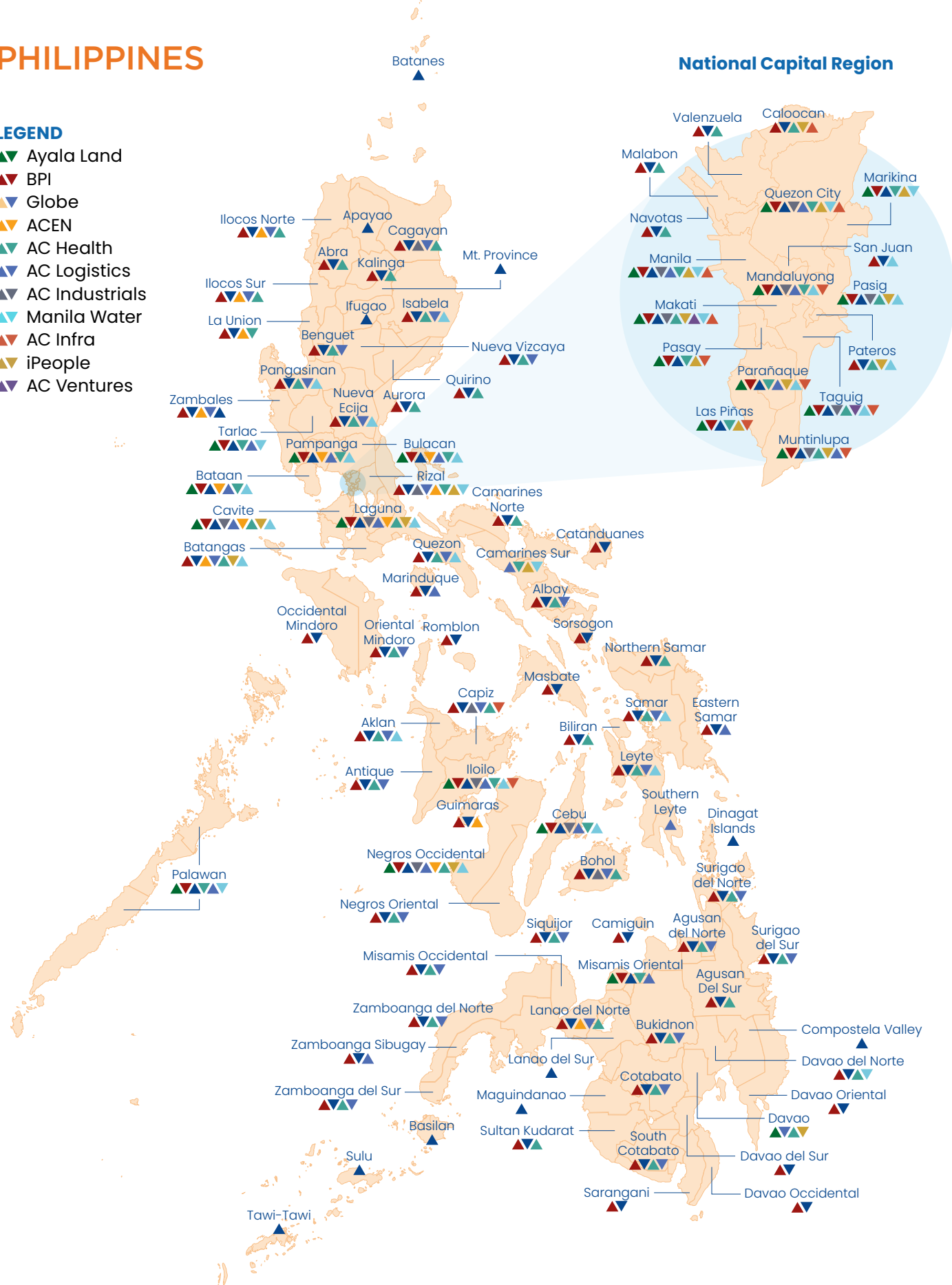
GEOGRAPHIC PRESENCE

PHILIPPINES

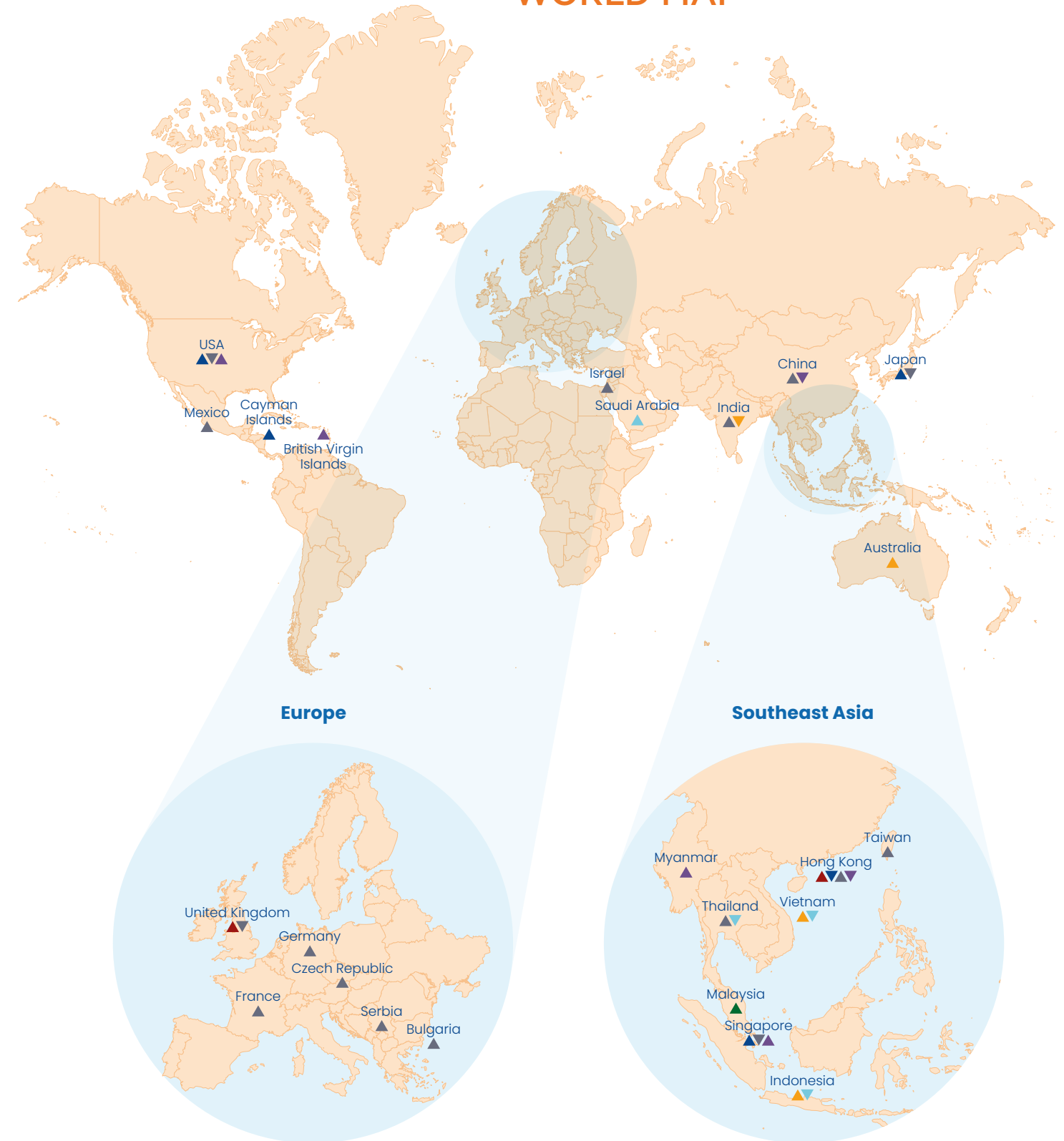
LEGEND

- ▲ Ayala Land
- ▲ BPI
- ▲ Globe
- ▲ ACEN
- ▲ AC Health
- ▲ AC Logistics
- ▲ AC Industrials
- ▲ Manila Water
- ▲ AC Infra
- ▲ iPeople
- ▲ AC Ventures

National Capital Region



WORLD MAP





OUR PORTFOLIO



Our portfolio consists of diversified businesses across three pillars—core value drivers, emerging businesses, and portfolio investments. Our core value drivers are established franchises that have captured a strong momentum in the Philippine economy over the past decade.

We have emerging businesses in healthcare and logistics where we intend to create a more meaningful presence to take advantage of the promising potential in these spaces. Finally, our portfolio investments enable us to participate in a variety of growing industries.

The diversified nature of our portfolio has positioned us fairly well to withstand the effects of the pandemic.”

Fernando Zobel de Ayala
President and CEO

Core Value Drivers



AyalaLand 46.3%¹

Leading property developer in the country with solid track record of developing large-scale, mixed-use, and sustainable estates across over 12,000 hectares of landbank

Market cap ~US\$10 billion²

¹ Ownership as of February 2022

² Market cap as of March 2022

³ AC's effective ownership of ACEN post restructuring (post follow-on offering and post international asset infusion)



BPI 48.5%¹

Among the top three banks in the country with established leadership in new banking technology and sustainable financing

Market cap ~US\$8.7 billion²



Globe 30.8%¹

Digital platform with market leadership in telecommunications and fintech and major interest in digital marketing solutions, venture capital funding, entertainment, and virtual healthcare

Market cap ~US\$6.6 billion²



ACEN 64.7%³

One of the fastest growing energy companies in the region and at the forefront of energy transition towards a low-carbon economy

Market cap ~US\$6.5 billion²

Emerging Businesses



Ecosystem of pharma, clinics and hospitals, and digital health platforms with the goal of bringing accessible and quality healthcare to Filipinos.



Technology enabled logistics provider moving towards an integrated and full-suite platform aimed to cater all segments across its value chain





Who We Are



Founded in 1834, Ayala Corporation is one of the largest conglomerates in the Philippines with interest in real estate, banking, digital solutions and telecommunications, power, healthcare, logistics, water, industrial technologies, education, infrastructure, and technology ventures.

Its unique portfolio of businesses provides various engines for growth and value creation. The positive domestic environment experienced over the past decade has served as a catalyst for the group to unlock opportunities and incubate new businesses. This enabled Ayala to create a diversified portfolio over time, inclusive of cyclical and defensive businesses, which allow the company to operate through constantly changing macroeconomic and socio-political environments.



As Ayala Land's pioneer master planned development, Makati CBD features areas where work, living, leisure, and entertainment converge to form the ultimate urban experience.

Core Value Drivers



Ayala Land Inc. is the largest property developer in the Philippines with more than 12,000 hectares of land bank and a solid track record in developing large-scale, integrated, mixed-use, and sustainable estates.

With 47 estates across the country, Ayala Land hosts its diversified portfolio of complementary businesses: development of residential, office, commercial, and industrial properties for sale, commercial leasing through shopping centers, offices, hotels, resorts, factory buildings, warehouses, co-living, and co-working spaces, and services such as construction, property management, retail energy supply, airlines, and strategic investments.

Following the success of the Makati Central Business District, Ayala Alabang, Cebu Park District, Bonifacio Global City, and NUVALLI, Ayala Land pioneers sustainability standards and practices in all of its developments and acts with integrity, foresight, and prudence as a responsible corporate citizen.

Focused on the vision of "enhancing land and enriching lives for more people," Ayala Land continuously strives to deliver quality products and services that result in long-term value for our stakeholders.



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. For over 170 years, 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. BPI is focused on leveraging digital technology to provide clients outstanding customer journeys anchored on trust and best digital offerings. We are united in our commitment to support our customers, employees and communities towards a sustainable future.

Our 19,181 employees serve over 8.6 million customers through our digital platforms and the 1,176 branches of BPI, BPI Family Savings Bank and BPI Direct Banko.



Globe Telecom, Inc. is a leading digital platform in the Philippines, with major interests in telecommunications, financial technology, digital marketing solutions, venture capital funding for startups, entertainment, and virtual healthcare. 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.

Globe is supported by over 8,200 employees and nearly 1.0 million AutoloadMax (AMAX) retailers, distributors, and business partners nationwide. The company currently has 86.8 million mobile subscribers (including fully mobile broadband), and 3.7 million Home Broadband customers. Globe keeps Filipinos connected through its tie-up with 781 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.



ACEN is the energy platform of the Ayala group. Following the completion of the asset infusions from parent AC Energy and Infrastructure Corporation (AC Energy), the company has 3,751 MW in total pro forma attributable capacity as of end-March 2022. Close to 3,300 MW or 87 percent, is from renewable energy sources, mostly in solar and wind technologies, with some geothermal and battery storage assets. As of the first quarter of 2022, 63 percent of ACEN's assets are already operating, while 37 percent are under construction.

In the Philippines, ACEN currently has ~1,500 MW of pro forma attributable capacity as of March 2022*. Over two-thirds of this, or ~1,000 MW is in RE. Outside its home country, ACEN has one of the largest international portfolios of any major listed Filipino power platform with ~2,300 MW in pro forma total attributable capacity, 100 percent from renewable sources.

ACEN's robust capacity platform puts it in a strong position to reach its 5,000 MW renewable energy target by 2025 even earlier, towards its vision of becoming the largest listed renewables platform in Southeast Asia.

*Includes 137 MW in recently announced acquisitions of UPC Renewables Philippines and UPC-AC Renewables Australia approved by the Board on 18 Oct 2021, subject to regulatory approvals and 410MW from the recently announced transaction with Super Energy, subject to conditions precedent.



Emerging Businesses



AC Health is the portfolio company of the Ayala group for its healthcare investments. It aims to address the unmet need for accessible and quality healthcare for all Filipinos through an integrated and seamless ecosystem of services across the continuum of care.

AC Health has a portfolio of assets in hospitals and clinics, retail pharma and pharma distribution, and digital health. It has four general hospitals and one ambulatory surgical center under the Qualimed brand, over 60 multispecialty clinics under the Healthway brand, and over 700 Generika drugstores nationwide. It also has a digital platform, HealthNow, in partnership with Globe's 917 Ventures. In 2023, AC Health will open the Healthway Cancer Care Center, the first standalone cancer hospital in the Philippines.



AC Logistics aims to provide end-to-end logistics services to cater to all customers across the value chain. The company's foray into the space began in 2017 with Entrego, our last mile delivery arm.

During the pandemic, we saw an increased adaption to the online lifestyle, which underscored the importance of expanding our capabilities in the industry.

In November 2021, the company signed an Investment Agreement to acquire 60% of the AIR21 group, giving AC Logistics immediate presence across the supply chain. In addition, we entered cold chain logistics through a joint venture with Glacier Megafridge.

Portfolio Investments



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 and mobility, financial services, and micropayments sectors.

Our portfolio mostly consists of projects operating under a government concession. These are in the toll road, rail, and payments spaces. We continue to improve on efficiencies while providing reliable service for hundreds of thousands of commuters and motorists every day.



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. Besides overseeing AG Holdings, AC Ventures holds various investments including stakes in Zalora Philippines, Mynt, Cartera, and the Yoma Group.

Portfolio Investments



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 also maintains linkages to major automotive manufacturers through its German engineering and design firm MT-C-CON, while Merlin Solar's flexible solar panels represent a unique proposition in the renewable energy field.



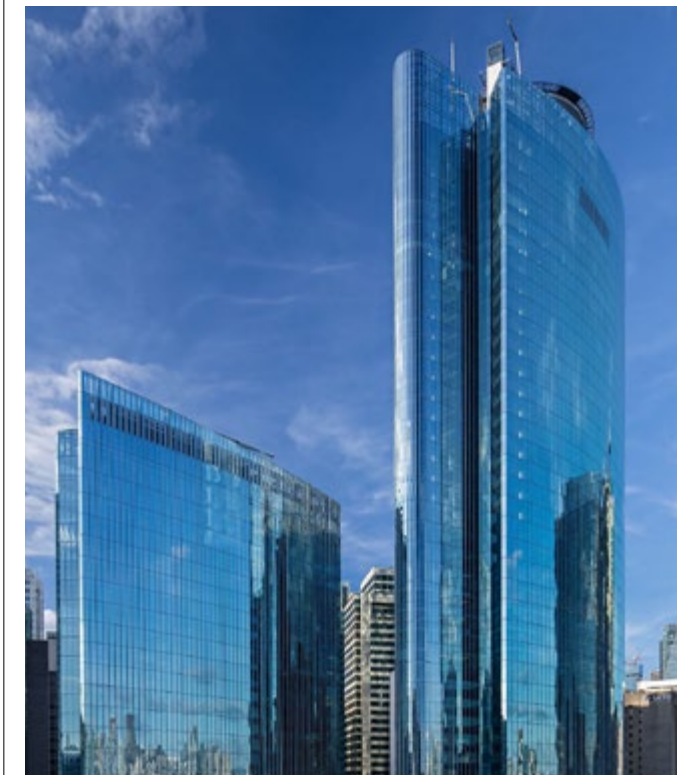
Manila Water is an operator and business builder of water, wastewater, and related assets across the Philippines and in Southeast Asia with over two decades of operational experience. This expertise is leveraged to provide access to water and sanitation services in a way that considers key impacts on the environment and advocates responsible practices at every stage of its operations.

Manila Water's portfolio includes the East Zone Concession that services to over seven million people in the eastern Metro Manila. Manila Water Philippine Ventures, which has operations in key cities outside the East Zone. Internationally, Manila Water Asia Pacific was established to take advantage of new opportunities and partnerships in the ASEAN region.



Following the merger between AC Education and iPeople in May 2019, iPeople became the listed holding company for Ayala's investments in education. The merger, in partnership with the Yuchengco Group of Companies, brought together 7 schools with 54,000 students in diverse socioeconomic 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 mission is to transform lives and society by innovating Philippine education and research. We seek to achieve this through proprietary student value-add programs, continuous upskilling of our teachers, strong industry partnerships, and new technology-enabled delivery methods.



Ayala Triangle Tower 2, one of the newest structures to arise in the Makati Central Business District, is Ayala's future headquarters.



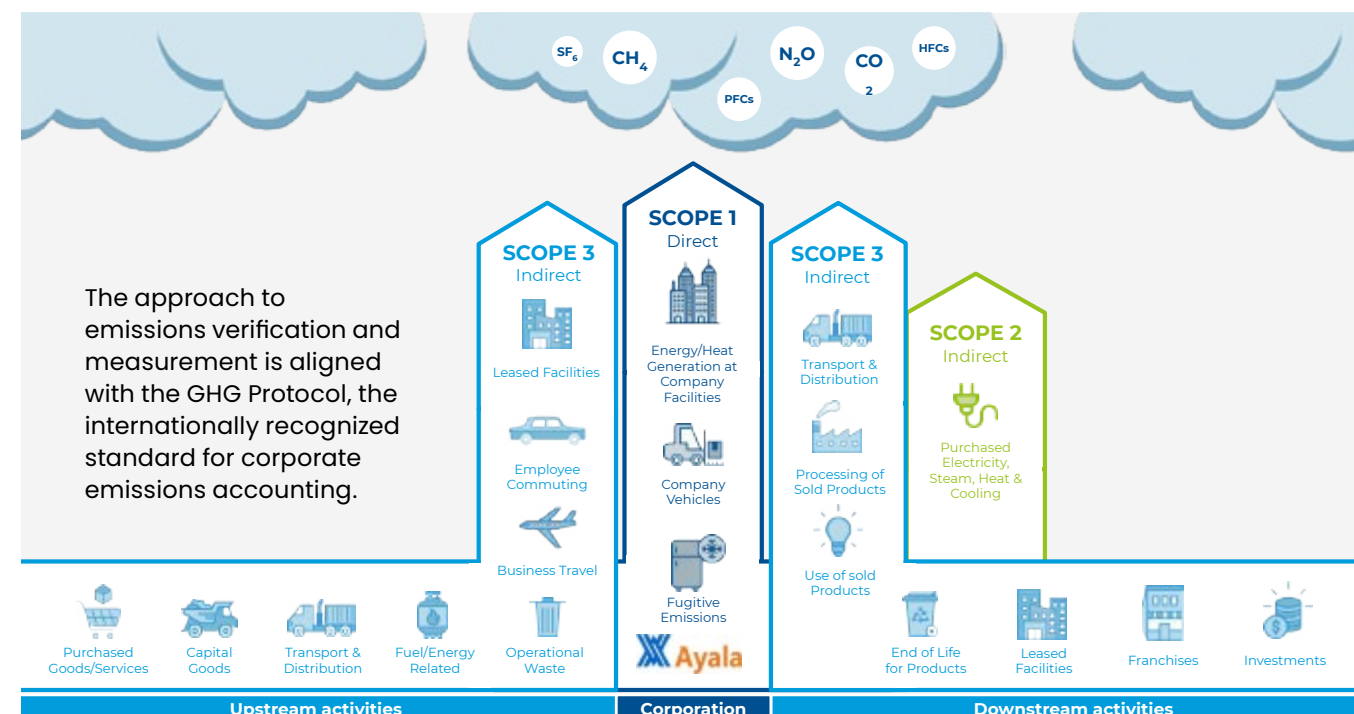
OUR CLIMATE AMBITION

At the recently concluded UN Climate Change Conference, almost 200 countries agreed to limit the rise in global temperatures to 1.5°C. This reiterated the need for mitigation, adaptation, climate financing, and collaboration to slow the effects of industry on climate change, with the intention of eventually reversing them.

The Philippines, through its own nationally determined contribution, laid out ways for the government to encourage investments in businesses, technologies, and infrastructure that reduce emissions or help make the economy more resilient to the effects of climate change. While the country has yet to set a net-zero target, it has committed to reducing emissions by 75 percent below business as usual by 2030.

Ayala's Road to Net-Zero Greenhouse Gas Emissions by 2050

Last October 21, 2021, Ayala Corporation committed to achieve net-zero greenhouse gas (GHG) emissions by 2050. Ayala aligns its business strategy with the Paris Agreement's goal of limiting global warming to 1.5°C compared to pre-industrial levels. As such, Ayala commits to set targets aligned with science that cover direct emissions from owned or controlled sources (Scope 1), indirect emissions from generation of purchased electricity (Scope 2), and relevant indirect emissions that occur in its value chain (Scope 3). We anticipate that Scope 3 emissions will make up a majority of Ayala's GHG footprint. While Scope 3 emissions may be complex to address, Ayala adheres to net-zero best practice and focuses on understanding and addressing the relevant emissions in its value chain.



Graphic by South Pole



Ayala Corporation announced its commitment to achieve net zero greenhouse gas emissions by 2050 during the group's Integrated Corporate Governance, Risk Management, and Sustainability Summit held last October 21, 2021.

To develop a net-zero roadmap, Ayala partners with South Pole, a leading project developer and global climate solutions provider, that works with private organizations and governments worldwide. Through the engagement with South Pole, Ayala Corporation and its core businesses, Ayala Land, BPI, ACEN, and Globe, completed their individual climate action gap analysis in December 2021. The exercise highlighted strengths, identified areas for improvement, and surfaced possible quick wins in the near and medium-term for Ayala and its core businesses.

We are in the process of accounting for the full GHG emissions footprint for the four core business units. Once the full footprint is available, each of the core businesses will develop a roadmap with the appropriate emission reduction strategies to address their Scope 1, Scope 2, and material Scope 3 emissions. We shall then identify interim and long-term science-based targets for each of the core business units.

The rest of our portfolio is expected to follow the same process, beginning with a climate action gap analysis within 2022. We are looking forward to completing the full Ayala Group Climate Ambition Roadmap by the end of 2023.

Our ambition to achieve net-zero greenhouse gas emissions by 2050 follows the Ayala group's commitment to the Taskforce on Climate-related Financial Disclosures (TCFD). In 2019, Ayala Corporation and its core business units became signatories to the TCFD and are currently working to implement the framework's 11 recommended disclosures. We have engaged Aon Risk Consultants to determine the actual and potential impacts of climate-related risk and opportunities on our businesses, strategy, and financial planning. The physical and transition-risk study will be completed in 2022. From there, we shall take concrete steps towards mitigating these risks, adapting our processes, and innovating the way we do business to ensure greater sustainability moving forward. The net-zero roadmap will enable Ayala to satisfy key TCFD disclosure requirements around the strategy and metrics and targets pillars. For more on how we approach TCFD, see [page 74](#)

Accelerating climate action through our commitment to net-zero greenhouse gas emissions by 2050 is a critical part of Ayala's sustainability journey. As our concrete contribution to the well-being of future Filipinos, it positions Ayala as a leader, catalyst, and partner for net-zero transition in the Philippines.

For our Environmental performance, go to [page 104](#)



OUR LEADERSHIP

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MESSAGE OF THE CHAIRMAN

Fellow Shareholders,

More than two years since the global health and economic crisis instigated severe and unrelenting disruption to the world, we have seen how people and institutions have swiftly adjusted, recalibrated, and collaborated more openly as the world transitions into the endemic phase.

Encouraging economic indicators signal a path to recovery

The global economy saw a recovery in 2021 from a sharp contraction in 2020. Similarly, in the Philippines, multi-sector inoculation efforts and the ability of both enterprises and consumers to pivot against the disruption mitigated the impact of the lockdowns. The gradually improving economic indicators have been encouraging with imports, a barometer of domestic demand, has started to recover. The private sector is resuming its investments and our government is continuing a policy of aggressive spending. Overseas remittances remained resilient, while employment recovered significantly since the pandemic began. With these developments, we saw the domestic economy gradually recovering, expanding 5.6 percent in 2021 from a 9.6 percent contraction in 2020.

For 2022, while the upward trajectory for the domestic environment is expected to continue, we are mindful of the impact of the ongoing geopolitical conflict in Europe on the country's overall recovery.

From reacting to the crisis to galvanizing our competitive advantage

The fundamental shifts taking place since the pandemic have created a need for economic adjustment. The Ayala group has had to realign its strategic focus and develop new opportunities to galvanize our competitive advantage and adjust to the changing economic landscape.

Beyond responding to the crisis and navigating through the economic disruption, the Ayala group has overweighted its attention on existing assets and capabilities that have thrived during the pandemic and renewed its efforts on new and emerging opportunities that can drive transformative, sustainable, and long-term growth.

Over the past two years, we have seen five structural changes define consumer behavior and the overall business environment. These, in turn, have created shifting expectations from stakeholder groups, which have redefined our strategic initiatives across our businesses:

Beyond responding to the crisis and navigating through the economic disruption, the Ayala group has overweighted its attention on existing assets and capabilities that have thrived during the pandemic and renewed its efforts on new and emerging opportunities that can drive transformative, sustainable, and long-term growth.

1. The exit from hard lockdowns will boost consumer confidence and pave the way for a cyclical recovery.
2. The massive acceleration of digital adoption across different touchpoints has become ingrained in many Filipino consumers and will continue to change consumer behavior.
3. The systemic and global nature of climate change, inequality, and health issues have bolstered a heightened focus on businesses to adapt to green growth and a sustainable development strategy.
4. Experiences from the pandemic provided the impetus to build a robust and resilient healthcare system.
5. The surge in e-commerce during the pandemic disrupted supply chain models, unleashing a need for capacity expansion in logistics as a piece of critical infrastructure needed to support economic recovery.

Let me expand on each of these points.

1. The exit from hard lockdowns will boost consumer confidence and pave the way for a cyclical recovery.

The declining infection rate of COVID-19 and the easing of mobility to the least restrictive status combined with significant vaccination coverage has led us to expect a rebound in consumer spending. This will, in turn, drive businesses to resume investment spending to address pent-up demand.

While Ayala Land and BPI are vulnerable to economic cycles, they are well-positioned for a strong rebound as economic activity accelerates. Real estate and banking are expected to benefit from reignited consumer confidence and the resumption of discretionary and big-ticket purchases. Ayala Land and BPI are prepared for this resurgence and have planned for higher capital and investment spending for 2021 to capture the cyclical recovery.





2. The massive acceleration of digital adoption across different touchpoints has become ingrained in many Filipinos and will continue to change consumer behavior.

Connectivity became the lifeblood of Filipino consumers since the start of the pandemic. Many of them have adjusted to digital living and have quickly transitioned how they work, study, play, and access basic services such as financial services and healthcare.

The pioneering efforts of Globe and BPI in digital transformation have cemented their competitive advantage as the pandemic catapulted digital finance to ubiquity almost overnight. Globe has been able to build up GCash to reach significant scale and financial sustainability. At the same time, Globe is transforming itself into a digital solutions platform by providing products and services beyond traditional telecom services to address the evolving needs of consumers and enterprises.

Meanwhile, BPI is building on its significant lead in its digital channels and wider reach from open banking. With the robust digital engagement it has achieved over the past two years, BPI is accelerating its technology investments for 2022.

3. The systemic and global nature of climate change, inequality, and health issues have bolstered a heightened focus on businesses to adapt to green growth and a sustainable development strategy.

The pandemic has provided us with a preview of how a systemic occurrence can disrupt an interconnected world. This has reinforced the urgency of tackling risks that are systemic and global in nature, particularly the need to prepare for the



The pandemic has provided us with a preview of how a systemic occurrence can disrupt an interconnected world. This has reinforced the urgency of tackling risks that are systemic and global in nature, particularly the need to prepare for the effects of climate change, inequality, and health issues.

effects of climate change, inequality, and health issues. In particular, COP26 has pushed the energy transition agenda from fossil fuels to renewable technologies and made it front and center of the corporate agenda. This has prompted a stronger demand for governments and businesses to adapt to green growth and develop sincere sustainable development strategies.

In response, governments, including ASEAN economies like Vietnam, the Philippines, and Indonesia are making a big push towards renewables with enabling policies and regulations.

This structural shift, coupled with the advent of new technologies around energy conversion and storage from renewable sources, provided the enabling environment for ACEN to accelerate its renewable investments and be at the forefront of energy transition in the region. Since its inception in 2011, ACEN has become one of the fastest growing renewable energy platforms in Southeast Asia and a core driver of Ayala's earnings and value.

4. Experiences from the pandemic provided the impetus to build a robust and resilient healthcare system.

Notwithstanding the recovery we have started to see, the country will still have to continue to manage the effects of the health crisis and prime itself to develop post-pandemic healthcare systems. The unprecedented level of health awareness from the pandemic is expected to boost healthcare expenditures in the country. We see this as an opportunity for greater private sector participation to help augment the capacity and efficiencies of our health system.

Since the beginning of the pandemic, AC Health has been able to pivot and provide significant assistance to government in implementing its COVID response. It has helped provide isolation, testing, and treatment facilities, and has actively participated in the national vaccination program. In addition, with its presence in key components of the healthcare ecosystem, AC Health is helping fill the gaps to uplift the quality and access to healthcare for Filipinos.

5. The surge in e-commerce during the pandemic disrupted supply chain models, unleashing a need for capacity expansion in logistics as a piece of critical infrastructure needed to support economic recovery.

The rise of the digital economy, taking place at a time of mobility restrictions, exposed challenges across supply chain models. Even with the lifting of hard lockdowns, e-commerce has sustained its strong momentum, driving greater demand for efficient and reliable logistics solutions.

The country's logistics sector is historically fragmented, with challenges around efficiencies and cost that put a strain on both enterprises and consumers. Now, more than ever, transportation connectivity and the efficient flow of goods and services have become vital to the country's economic recovery and long-term sustainable growth. As critical infrastructure, it is imperative that the country builds a strong logistics network that is at par with our ASEAN peers.

We are excited to participate in the development of this industry through AC Logistics, which is building a portfolio of end-to-end logistics solutions to serve a growing demand across a variety of sectors.



AC Health set up COVIDShield in support of the government's pandemic response. The vaccination program administered 649,000 doses by the end of 2021.



ACEN is at the forefront of just energy transition towards a low-carbon economy.

We promote the pursuit of delicate balance between growth and sustainability

As we continue to grow our businesses in today's fast-changing environment, Ayala remains keenly aware of the need to embed sustainability and shared value creation into our strategy. Being present across multiple sectors of society, Ayala's growth during these past years has also put into focus the progressive impact we need to make on our communities. It is in this light that we remain committed to our sustainability blueprint, anchored on the objectives of the United Nation's Sustainable Development Goals. Recognizing that this push should begin within the company, we aspire to inculcate a culture of accountability, transparency, and responsibility at Ayala to promote the pursuit of this delicate balance between growth and sustainability.

In addition, we remain committed to supporting the UN Global Compact and its 10 Principles on human rights, labor, environment, and anti-corruption. Further, we support the 10-in-10 Business Ambition spearheaded by the Global Compact Network Philippines, which provides a framework focused on SME recovery and resilience in time for the conclusion of the Global Goals by 2030.

Greater diversity with evolving board composition

We always strive to achieve sufficient diversity of thinking across our board representation and have worked to create a proper

combination of knowledge, experience, and expertise to guide management. With an increasing demand for companies to adhere to new ESG standards, we understand the need to always focus on revisiting our board composition and allowing transitions to take place at appropriate moments.

I would like to make a special mention of our outgoing members of the Board, Mr. Antonio Jose Periquet and Mr. Keiichi Matsunaga. Mr. Periquet has served on the board as an independent director since 2010 and was a member of our Finance and Audit Committees. He also served as chairman of our Risk Management and Related Party Transactions as well as Corporate Governance and Nomination Committees. I would like to take this opportunity to thank Mr. Periquet during this period of transition for his strong engagement and invaluable insights across the many discussions and decision-making processes we have had on the Board. He has always spoken his mind and was comfortable challenging conventional wisdom using his many years of experience across a variety of industries. We are the better organization for his independent engagement.

Mr. Matsunaga has been on the board since 2017 and was a member of the Executive, Audit, Personnel and Compensation, Risk Management and Related-Party Transaction, Corporate Governance and Nomination, and Sustainability Committees. I would like to thank Mr. Matsunaga for sharing his experience, time, and wise counsel all



The pandemic accelerated e-commerce growth, which has proportionately reflected Entrego's increased volume.

these years. He has also constantly worked to expand our business relations in the Philippines and across Asia. He has also been an excellent business ambassador for Japan, a country who we value as a partner to the Philippines. We would also like to acknowledge our institutional relationship with Mitsubishi Corporation, which has provided strong support to Ayala over the past 48 years.

As we work these transitions, we are pleased to announce the nomination of two distinguished individuals as independent directors: Mr. Cesar Purisima, who served as Finance Secretary and Chairman and Country Managing Partner of the Philippines' largest professional services firm, SGV & Co, and Ms. Chua Sock Koong, Senior Advisor at Singapore Telecommunications, Asia's leading communications technology group, after having served as its Group Chief Executive Officer for 13 years. Ms. Chua also serves on the board and holds advisory roles in various institutions of the Singapore government. We believe Mr. Purisima and Ms. Chua will provide immense value and complement the existing expertise and strengths of our current Directors. We look forward to welcoming them to our Board.

The Road Ahead

As we look to 2022 with guarded optimism, we are excited by the many opportunities that continue to appear for the group. Despite the headwinds of the past two years, the Ayala group remains fundamentally strong and poised to build on the momentum in the country's recovery. I look forward to the continued partnership of our shareholders and all our stakeholders as we steer our institution to remain a progressive force in the economic and social development of our country.

Finally, I would like to thank our Board of Directors for its guidance, our leadership and management teams across the Ayala group for their deep commitment and engagement across many fronts, our business partners, and all our customers for their continued trust and support.

JAIME AUGUSTO ZOBEL DE AYALA
Chairman



REPORT OF THE PRESIDENT

Fellow Shareholders,

The encouraging macroeconomic indicators in 2021 demonstrate how government, businesses, and consumers have adapted to the disruption arising from the pandemic. Despite the extended period of lockdowns resulting from surges in infections as a new coronavirus variant would arise, our economy managed to achieve decent growth, resulting in an overall improvement in the business environment.

At Ayala, our diversified portfolio provides a natural mechanism to mitigate the adverse impact and capitalize on opportunities arising from the global health and economic crisis. Combined with a strong balance sheet and ample funding capacity, our portfolio has allowed us to ride out the unprecedented challenges of the crisis, adjust to the evolving landscape, and prime ourselves for economic recovery.

We continued to do our part to help revitalize the country's economic activity. In 2021, we augmented our investment program across the Ayala group, deploying ₱228 billion in combined capital expenditure and investments, 36 percent higher than the previous year. A significant portion of this amount was directed towards the capacity expansion of Ayala Land, Globe, ACEN, as well as the investments made at the Ayala parent level.

FINANCIAL PERFORMANCE

We have seen most of our businesses performing better in our second year into the pandemic. Ayala Land, BPI, Globe, and ACEN continued to be the core drivers of our earnings.

While Ayala Land and BPI were the most vulnerable to the extended period of hard lockdowns, both businesses adapted to the evolving environment. Despite limited mobility, Ayala Land was able to capture the fairly resilient demand in its residential business and stable office leasing segment. BPI, on the other hand, normalized its loan loss provisions as asset quality improved. In addition, it continued to leverage its digital leadership in banking, rapidly growing its digital ecosystem.

Meanwhile, being well-positioned to unlock the value from the heightened focus on digitalization and decarbonization, Globe and ACEN sustained their stable performance during the year, leveling out the challenges in Ayala Land and BPI which are highly sensitive to mobility restrictions. Further, gains from various initiatives we executed, including the strategic partnership with the Razon group in Manila Water, the divestment of one of our thermal assets, and the entry of a new investor in Mynt, supported our profitability in 2021.

All these drove the 62 percent expansion in our net income to ₱27.8 billion in 2021.

THREE-POINT STRATEGIC AGENDA FOR 2023

In 2021, we mapped out a three-point strategic agenda for 2023 as we viewed the disruption in the business environment as an opportune time to strengthen and recalibrate our portfolio and reposition ourselves for a post-pandemic economic recovery.

Our portfolio consists of diversified businesses across three pillars—core value drivers, emerging businesses, and portfolio



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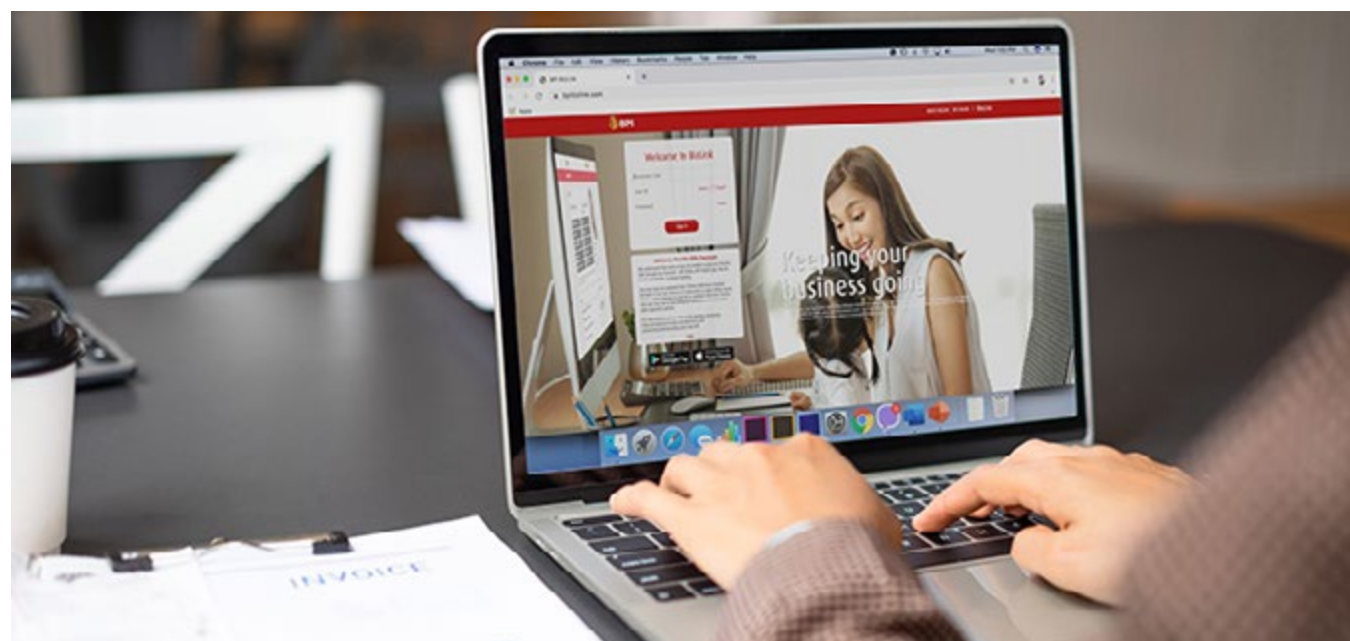
investments. Our core value drivers Ayala Land, BPI, Globe, and ACEN are established franchises that have captured the strong momentum in the Philippine economy over the past decade. We have emerging businesses in healthcare and logistics where we intend to create a more meaningful presence to take advantage of the promising potential in these spaces. Finally, our portfolio investments—Manila Water, AC Industrials, AC Infrastructure, iPeople, and AC Ventures—enable us to participate in a variety of growing industries. The diversified nature of our portfolio has positioned us well to withstand the effects of the pandemic.

However, with the changes in the business landscape, we are taking a close look at these investments to create a portfolio that can deliver sustainable value and impact in the medium and long term.

Through 2023, we have committed to:

- 1 Support the continued expansion of our core value drivers Ayala Land, BPI, Globe, and ACEN, which we believe are well-positioned to take advantage of the fundamental shifts prompted by the pandemic
- 2 Scale up our emerging businesses AC Health and AC Logistics to create new sources of growth and value
- 3 Sharpen our portfolio with an increased focus on value realization to fund future investments and strengthen our balance sheet, targeting to raise US\$1 billion in proceeds by 2023.





BPI has rapidly grown its digital engagement, with 20% in active user growth.

Let me expand on each of these points:

1 Support the continued expansion of our core value drivers Ayala Land, BPI, Globe, and ACEN, which we believe are well-positioned to take advantage of the fundamental shifts prompted by the pandemic.

The past two years have pushed megatrends such as digitalization and decarbonization to the spotlight and are redefining the banking, telco, and power industries.

Digitalization

BPI and Globe are benefitting from the accelerated digital adoption across many consumer touchpoints, establishing their leadership in digital finance in the country. BPI has rapidly grown the share of transactions towards online platforms as it strengthens its digital leadership in banking. It is introducing seven digital banking platforms designed to serve particular segments such as retail, corporate, microfinance, securities trading, SMEs, high net worth individuals, and

the broad market. Four of the seven platforms are operational, while three will be launched within 2022.

The bank has rapidly grown its digital engagement and propensity, with 58 percent of its client base enrolled in its digital platforms and 20 percent in active user growth. With an expanded digital client base, enhancements in the platforms, and new products and partners, fees generated from digital transactions grew 30 percent. Digital customers generate more than twice the revenue of a non-digital customer across deposits, credit cards, loans, and other bank products such as investments and insurance.

Globe, on the other hand, continues to harness GCash as the number one finance app in the Philippines and is now part of the daily routines of many Filipinos. In 2021, its registered users nearly doubled to 55 million. Its gross transaction value more than tripled from its 2020 level to ₱3.8 trillion, exceeding its outlook of ₱3 trillion. In addition, GCash has made significant headways in financial



The past two years have pushed megatrends such as digitalization and decarbonization to the spotlight and are redefining the banking, telco, and power industries.

services across savings, lending, investments, and insurance products. With the scale it continues to build, GCash has reached positive full-year EBITDA and achieved profitability three years ahead of target.

The massive success of GCash has clearly shown Globe's ability to seize opportunities in adjacent spaces where it can leverage the assets and expertise of its core telco business and transform itself into a digital solutions group. Aside from fintech, it has a growing portfolio of assets in healthtech, e-commerce, and adtech under its corporate builder 917Ventures and corporate venture capital arm Kickstart, which are well-positioned to serve the needs of both the B2C and B2B segments.

On the core telco business, Globe continues with its aggressive network build to keep up with strong demand and further boost the internet quality and coverage in the country. It has earmarked ₱89 billion in capital spending for 2022.

Synergies in digital finance

With both digital platforms poised to serve a huge unbanked population and contribute to the country's financial inclusion agenda, we are deepening the synergies between GCash and BPI. BPI is ramping up its presence in GCash, with an array of its financial products now present in the platform.

Decarbonization

Meanwhile, ACEN is at the forefront of energy transition by pivoting its generation

portfolio towards 100 percent renewable energy and spinning off all its thermal capacity by 2025. Its subsidiary ACE Enexor was designated as the energy transition platform, which will entail transitioning thermal assets into cleaner technologies. ACEN currently has a total of 3,300 megawatts of renewables capacity. This is expected to reach over 4,000 megawatts in 2022. As it aspires to be the largest listed renewables platform in Southeast Asia, ACEN expects to reach its goal of assembling 5,000 megawatts of renewables capacity earlier than its 2025 timeline.

In addition, a first in the ASEAN region, ACEN is adopting a framework called the Energy Transition Mechanism or ETM for the early retirement and transition of SLTEC by 2040 or 15 years ahead of its technical life. ETM is an innovative model which uses low-cost and long-term funding to accelerate the retirement of coal plants and develop renewable energy to replace them.

Within the first half of 2022, ACEN will launch a new growth strategy and targets for 2030.

Beneficiaries of the reopening of the economy

While Ayala Land and BPI have been adversely affected by the pandemic, they are also well-positioned for a strong rebound as hard lockdowns are lifted, and economic activity fully resumes.

In Ayala Land, despite the challenges from mobility restrictions, it saw sustained demand in its residential segment throughout the



pandemic. For 2022, Ayala Land sees an overall improvement in demand, albeit still below pre-pandemic levels.

It is targeting to launch four new estates located in Cavite, Batangas, Bulacan, and ₱100 billion worth of residential projects. In commercial leasing, with the reduction of quarantine measures to the lowest level, Ayala Land expects improved mobility to drive higher foot traffic and tenant sales to its malls. In hotels and resorts, it is preparing for higher occupancy and patronage from business travelers and a return of in-person events. The relaxed flight restrictions are also expected to attract more local and foreign tourists to its resorts. In offices, we foresee stable operations to continue given their prime locations, driven by BPO and headquarter tenants. We also expect overall occupancy to improve as the workforce increasingly returns onsite.

With the improved health situation and favorable prospects for recovery, Ayala Land is budgeting ₱90 billion in capital expenditures this year. Around half is allocated to the residential business, with the rest to estate development, land acquisition, and commercial leasing operations.

In BPI, the bank views 2022 to be a recovery year. It anticipates elevated global and domestic inflation, which will lead to higher interest rates. It estimates that the Bangko Sentral ng Pilipinas will raise interest rates successively within the year. With higher interest rates expected to take place in the second semester, BPI sees an expansion in net interest margin of 15 to 20 basis points. We expect the bank's loan growth to improve from the 5 percent posted in 2021 to around 7 percent to 10 percent in 2022. This will be driven by strong growth across credit card and personal loans, microfinance, and corporate loans. On non-performing loans, BPI expects benign formation from the current 2.5 percent to a maximum of 3 percent NPL ratio.

Overall, BPI estimates earnings growth this year of mid-teens, driven by higher revenues and lower provisions. This is despite an increase in operational expenses as the bank ramps up its technology spending.

While we are priming ourselves for the reopening of the economy, we are mindful of the impact of the Russia-Ukraine conflict on domestic economic recovery. In particular, we are carefully monitoring how the surge in oil prices will affect domestic interest rates, inflation, and global supply chains.

2 Scale up our emerging businesses AC Health and AC Logistics to create new sources of growth and value.

We are also building on our long-held tradition of business-building to create new legs of growth from which we can derive future sources of earnings and value, while applying a disciplined approach towards capital allocation.

We aim to establish a significant presence in healthcare and logistics, two industries that are undergoing critical transformation. Both industries are highly fragmented, making them ripe for potential industry consolidation. In particular, the pandemic has exposed the massive underinvestment in the country's healthcare system, the reason we entered this space. AC Health is scaling up its portfolio to take advantage of the momentum taking place around the healthcare ecosystem. We have allocated around ₱12 billion in AC Health since 2015 to assemble a portfolio of assets in primary care and multispecialty clinics, hospitals, retail pharmacy, pharma distribution, and telehealth. AC Health is also constructing the country's first specialty cancer hospital, which is set to open in 2023. We are now focusing on execution and on ensuring that the business achieves the desired scale and profitability. We expect

AC Health to reach profitability by 2022, and nearly ₱1 billion pesos in net income by 2025.

In logistics, the sector has always played a key role in the country's trade and economy. More than ever, the pandemic has exposed the massive underinvestment in the country's logistics sector. We intend to be an active participant in addressing these challenges.

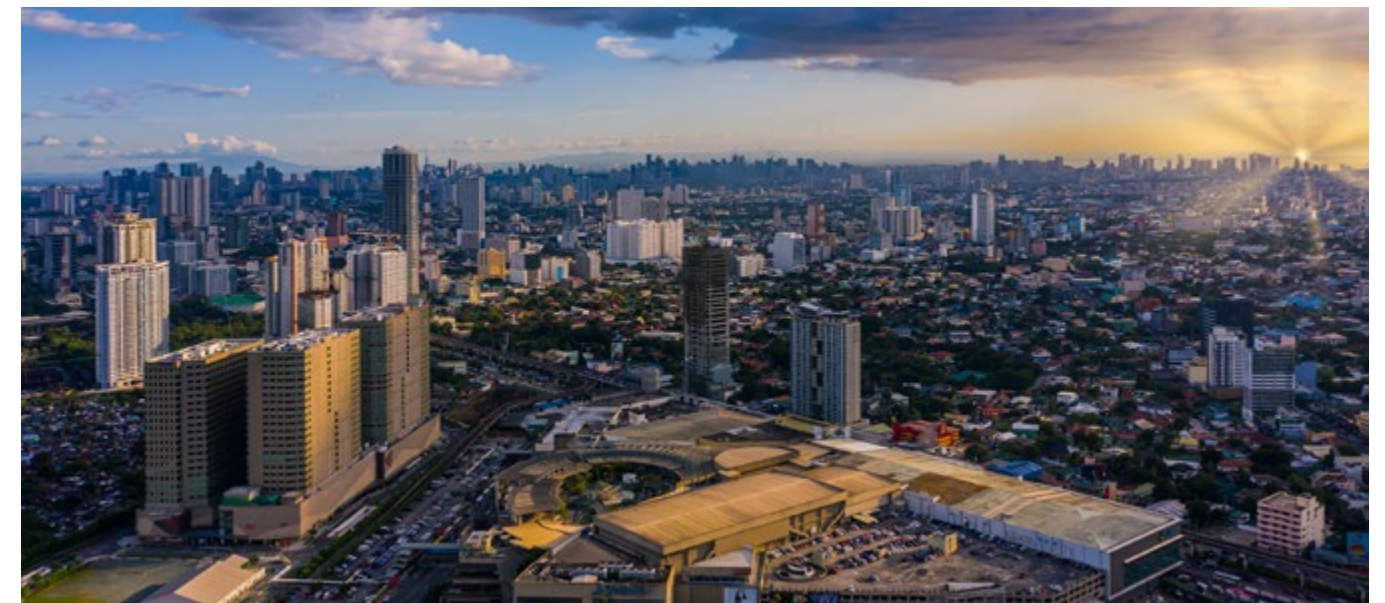
We have formed AC Logistics as Ayala's vehicle for developing and managing an end-to-end platform that has the capability to service the supply chain requirements for industries in growth markets.

In November 2021, we signed an investment agreement to acquire a 60 percent interest in the AIR21 Group for ₱6 billion. Among the top five logistics companies in the country, AIR21 has eight platforms engaged in a broad range of logistics services, including express door-to-door service, international and domestic freight forwarding, warehousing, and waste logistics management. This opportunity will allow AC Logistics to have an immediate presence and end-

to-end capability from a company with a strong brand and track record, solid market position, and revenue and income generating assets. We are awaiting regulatory approvals and completion of conditions precedents on the acquisition, with financial close expected by the first half of 2022.

Another initiative is in cold chain storage. AC Logistics forged a joint venture partnership with Glacier Megafridge, one of the largest integrated cold chain storage providers in the country, for the development of a cold storage facility in Cagayan De Oro City. The city is a trade hub of Northern Mindanao where large FMCG companies are also located. Construction of the facility is ongoing, with commercial operations expected to start by yearend.

These platforms complement our last mile delivery unit Entrego, which experienced accelerated growth from the rise of the digital economy. Entrego has gained a foothold serving major e-commerce players in the country and has ramped up significantly over the two past years.



Vertis North is Ayala Land's central business and lifestyle district in the northern part of Metro Manila.



3 Sharpen our portfolio with an increased focus on value realization to fund future investments and strengthen our balance sheet, targeting to raise US\$1 billion in proceeds by 2023.

We have a renewed focus on sharpening our portfolio, taking into account the changes in the business landscape. We are working towards achieving a robust and agile portfolio that can deliver optimal returns across its components. In particular, we have an increased emphasis on value realization to fund future investments and further strengthen our balance sheet. Since 2021, we have been exercising varying forms of value realization across the portfolio, with a target to raise US\$1 billion in proceeds by 2023. This is being executed through a combination of strategic partnerships and divestments of assets that are no longer strategic to our portfolio or do not meet the desired scale and profitability. As of March 2022, we have realized 61 percent or around US\$614 million from the transactions we have executed in ACEN through the sale of secondary shares to GIC and the follow-on offering and from

Manila Water through the sale of secondary shares to the Razon group. We have also executed a property-for-share swap with Ayala Land, which involved transferring five of our assets to Ayala Land in exchange of its primary common shares. Further, we have started the divestment of some of our passive investments in AC Ventures, which is an ongoing exercise. More recently, we divested our entire stake in the Muntinlupa-Cavite Expressway Project to the Villar group.

To realize the remainder of our target, we are working on divesting our remaining thermal assets, our interest in the LRT 1, and some of our non-core businesses.

We have so far reinvested around US\$360 million of the value realization proceeds into value-accretive opportunities. Since last year, we have been taking advantage of attractive valuations to buy back Ayala and Ayala Land shares. Going forward, proceeds will be redeployed to fund other investments and pay down debt. We hope to improve our gearing level and evaluate our dividend payout in step with the growth of our businesses.



GCash is the number one finance app in the country with 55 million users.

CLIMATE AMBITION ROADMAP

In October 2021, the Ayala group announced its commitment to achieve net-zero greenhouse gas emissions by 2050. We engaged South Pole, a leading project developer and global climate solutions provider that works with private organizations and governments worldwide.

Together with South Pole, we are assessing and quantifying the emissions across our business units spanning the three scopes: direct emissions, indirect emissions from generation of purchased electricity, and all other indirect emissions across the value chain. Subsequently, we will develop a roadmap with targets aligned with science towards our net-zero ambition. We expect to complete the roadmap by the end of 2022. We will regularly update our stakeholder community as we execute on key milestones in this long-term ambition.



We have a renewed focus on sharpening our portfolio, taking into account the changes in the business landscape. We are working towards achieving a robust and agile portfolio that can deliver optimal returns across its components.

2022 OUTLOOK AND INVESTMENT PROGRAM

With the improving macroeconomic fundamentals, de-escalation of quarantine measures to the lowest status, and high rate of inoculation, we are hopeful that 2022 will be the start of our country's recovery. The Ayala group aims to continue its investment programs and for 2022, we have allocated up to ₱285 billion in combined capital expenditure and investments to execute on the growth initiatives across our businesses. A significant portion of this amount was earmarked to support the growth initiatives of Ayala Land, Globe, and ACEN. At the parent level, our planned investments amount to up to ₱24 billion, which we have allocated for our emerging businesses as well as opportunities for buyback and other potential investments.

We are, however, mindful of the current geopolitical risk and its impact on our domestic economy, our recovery, and investment programs.

GOING FORWARD

As we continue to execute on this new growth strategy for Ayala, I would like to thank our Board of Directors for its guidance and strong engagement across our many endeavors, our management and employees for their extraordinary commitment, and our shareholders and all our stakeholders for their continued trust and support to the institution.

FERNANDO ZOBEL DE AYALA
President and CEO

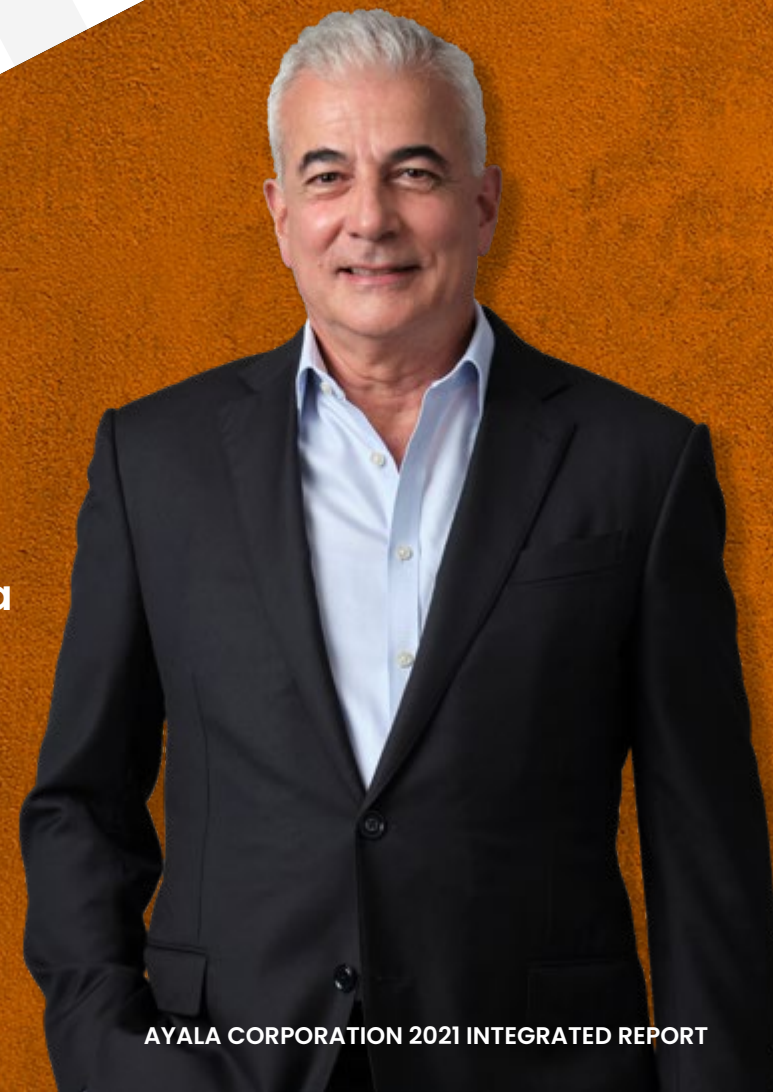




Jaime Augusto Zobel de Ayala
Chairman

BOARD OF DIRECTORS

Fernando Zobel de Ayala
President and CEO



Delfin L. Lazaro
Non-Executive Director



Keiichi Matsunaga
Non-Executive Director



Cezar P. Consing
Non-Executive Director



Antonio Jose U. Periquet
Lead Independent Director



Rizalina G. Mantaring
Independent Director





Jaime Augusto Zobel de Ayala

Filipino, 62

Non-Executive Director, Chairman

Date of Appointment

Director of Ayala Corporation since May 1987

Length of Service (as of 31 December 2021)

34 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
- ▶ Chief Executive Officer of Ayala Corporation from April 2006 – April 2021

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. and AC Energy Corporation (formerly AC Energy Philippines, Inc.)

Other Non-Listed Companies

– within Ayala Group:

- ▶ Chairman of AC Industrial Technology Holdings, Inc., AC Infrastructure Holdings Corporation, and Asiacom Philippines, Inc.
- ▶ Co-Chairman of Ayala Foundation, Inc.
- ▶ Director of AC Ventures Holdings Corp., Alabang Commercial Corporation, AC Energy and Infrastructure Corporation (formerly AC Energy, Inc.), Ayala Healthcare Holdings, Inc., Light Rail Manila Holdings Inc., and AG Holdings Ltd.

Other Publicly-Listed Company

– outside Ayala Group:

- ▶ Director of Temasek Holdings (Private) Limited (Singapore)

Other Non-Listed Companies/Organization

– 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 Governors of the Asian Institute of Management, the Advisory Board of Asia Global Institute (University of Hong Kong), and of various advisory boards of Harvard University, including the Global Advisory Council, Asia Center Advisory Committee, HBS Board of Dean's Advisors, and HBS Asia-Pacific Advisory Board
- ▶ Member of the Board of Singapore Management University and Chairman of the SMU International Advisory Council in the Philippines
- ▶ Member of the Asia Business Council, Asean Business Club Advisory Council, Leapfrog Investment Global Leadership Council, The Council for Inclusive Capitalism, and World Wildlife Philippines National Advisory Council.
- ▶ Co-Vice Chairman of the Makati Business Club, Chairman of Endeavor Philippines, and Trustee Emeritus of Eisenhower Fellowships

Fernando Zobel de Ayala

Filipino, 61

Executive Director, Vice Chairman,
President and Chief Executive Officer

Date of Appointment

Director of Ayala Corporation since May 1994

Length of Service (as of 31 December 2021)

27 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 – April 2021
- ▶ President and Chief Executive Officer since April 2021

Present Directorship(s)/Position(s)

Other Publicly Listed Companies

– within Ayala Group:

- ▶ Chairman of Ayala Land, Inc. and AC Energy Corporation (formerly AC Energy Philippines, Inc.)
- ▶ Director of Bank of the Philippine Islands, Globe Telecom, Inc., Manila Water Company, 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., Lontide Holdings, Inc., AC Energy and Infrastructure Corporation (formerly AC Energy, Inc.), Ayala Healthcare Holdings, Inc., Alabang Commercial Corporation, Accendo Commercial Corp., BPI Foundation, and Hero Foundation, Inc.
- ▶ Co-Chairman of Ayala Foundation, 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 AG Holdings Ltd., AC Infrastructure Holdings Corporation, Altaraza Development Corporation, Asiacom Philippines, Inc., and BPI Asset Management and Trust Corp

Other Non-Listed Companies/Organization

– outside Ayala Group:

- ▶ Director of Manila Peninsula
- ▶ Member of the Board of INSEAD Business School and Georgetown University
- ▶ Member of the Board of Trustees of Asia Philanthropy Circle, Asia Society, Caritas Manila, Pilipinas Shell Foundation, and the National Museum
- ▶ Member of the International Advisory Board of Tikehau Capital, the International Council of the Metropolitan Museum, and Habitat for Humanity International's Asia-Pacific Development Council
- ▶ Co-Chair of the Asia Pacific Acquisitions Committee of the Tate Museum
- ▶ Member of the Chief Executives Organization

Delfin L. Lazaro

Filipino, 75

Non-Executive Director

Date of Appointment

Director of Ayala Corporation since January 2007

Length of Service (as of 31 December 2021)

15 years

Academic/Professional Qualification

- ▶ B.S. in 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. and Globe Telecom, Inc.
- ▶ Independent Adviser to the Board of Directors of Ayala Land, Inc.
- ▶ Member of the Bank of the Philippine Islands Advisory Council

Other Publicly Listed Company

– outside Ayala Group:

- ▶ Independent Director of Monde Nissin Corporation

Other Non-Listed Companies

– within Ayala Group:

- ▶ Chairman and President of A.C.S.T. Business Holdings, Inc. and AYC Holdings, Inc.
- ▶ Vice Chairman and President of Asiacom Philippines, Inc.
- ▶ Director of AC Industrial Technology Holdings, Inc., AC International Finance, Ltd., and Purefoods International Limited

Other Non-Listed Companies/Organization

– outside Ayala Group:

- ▶ Chairman of Atlas Fertilizer & Chemicals Inc.
- ▶ Director of Probe Productions, Inc.



Keiichi Matsunaga *Japanese, 57*
Non-Executive Director

Date of Appointment

Director of Ayala Corporation since April 2017

Length of Service (as of 31 December 2021)

5 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 Publicly Listed Companies:

- ▶ Nil

Other Non-Listed Companies

– within Ayala Group:

- ▶ Director of Portico Land Corp.

Other Non-Listed Companies/Organization

– 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 (JCCIP)
- ▶ Director of Century City Development II Corporation (CCDC II), Isuzu Philippines Corporation, Kepco Ilijan Corporation, Tanza Properties I, Inc, Tanza Properties II, Inc., Tanza Properties III, Inc., and The Japanese Association Manila, Inc. (JAMI)

Cezar P. Consing *Filipino, 62*
Non-Executive Director

Date of Appointment

Director of Ayala Corporation since December 2020

Length of Service (as of 31 December 2021)

1 year

Academic/Professional Qualification

- ▶ A.B. Economics (Accelerated Program) (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, member of Ayala Group Management Committee and President and CEO of BPI from 2013 – April 2021
- ▶ Independent Director of Jollibee Foods Corporation (2000 to 2021), CIMB Group Holdings (2006 to 2013), First Gen Corporation (2005 to 2013), and National Reinsurance Corporation (2014 to 2019; Chairman – 2018 to 2019)
- ▶ 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 Companies

– within Ayala Group:

- ▶ Director of the Bank of the Philippine Islands, Globe Telecom, Inc., and AC Energy Corporation

Other Publicly Listed Companies

– outside Ayala Group:

- ▶ Director of Yoma Strategic Holdings Ltd. (Singapore)
- ▶ Director of First Myanmar Investment Public Company Limited (Myanmar)

Other Non-Listed Companies/Organization – within Ayala Group:

- ▶ Director of various BPI subsidiaries

Other Non-Listed Companies/Organization

– outside Ayala Group:

- ▶ Chairman of Philippine Dealing System Holdings and its three operating subsidiaries
- ▶ Director of Filgifts.com, US-Philippines Society, and Philippine-American Educational Foundation
- ▶ Trustee of Manila Golf Club Foundation, College of St. Benilde, and La Salle Greenhills
- ▶ Member of the Trilateral Commission

Antonio Jose U. Periquet *Filipino, 60*
Lead Independent Director

Date of Appointment

Director of Ayala Corporation since September 2010

Length of Service (as of 31 December 2021)

- ▶ 11 years
- ▶ 10 years as Independent Director (reckoned from 2012, in compliance with SEC Memorandum Circular No. 19, Series of 2016)
- ▶ 1 year as Lead Independent Director

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 Companies

– within Ayala Group:

- ▶ Member of the Board of Advisers of the Bank of the Philippine Islands

Other Publicly Listed Companies

– outside Ayala Group:

- ▶ Independent Director of DMCI Holdings Corporation, Max's Group of Companies, Philippine Seven Corporation, Semirara Mining and Power Corporation, and Universal Robina Corporation
- ▶ Member of the Board of Advisers of ABS-CBN Corporation

Other Non-Listed Companies/Organization

– outside Ayala Group:

- ▶ Chairman and CEO of AB Capital & Investment Corporation and Chairman of Campden Hill Group, Inc.
- ▶ 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, 62*
Independent Director

Date of Appointment

Director of Ayala Corporation since April 2020

Length of Service (as of 31 December 2021)

2 years

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 Companies

– 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/Organization

– 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



With a strong tone from the top and guided by the best interest of the company, its shareholders and other stakeholders, Ayala's Board of Directors ensures adherence to the core principles of fairness, responsibility, accountability, and transparency.

The Board's roles and responsibilities are formalized in its Charter found in the company website. As in previous years, in 2021, the Board:

- ▶ Reviewed and affirmed the appropriateness of Ayala's vision and mission statements
- ▶ Reviewed and approved Ayala's corporate strategy and performance objectives, and monitored and oversaw their implementation
- ▶ Reviewed and ensured the adequacy of Ayala's internal control mechanisms and risk management process
- ▶ Reviewed and assured the proper implementation of the Code of Conduct and Ethics

- ▶ Reviewed and affirmed the true and fair representation of the annual financial statements for fiscal year 2020

In the exercise of its active oversight over management, the Board regularly meets with the Ayala Group Management Committee to discuss strategic issues.

BOARD COMPOSITION

Ayala's Board is composed of directors with the right combination of background, skills, and experience that meets the needs of the company and is aligned with the company's strategic directions. The Corporate Governance and Nomination Committee determines the qualifications of nominees to the Board based on established criteria aligned with the company's needs, strategic direction, By-Laws and regulatory requirements. The company may make use of professional search firms or external sources of candidates to search for qualified individuals to serve in the company's Board.

BOARD SKILLS MATRIX

Directors as of December 31, 2021

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	34	27	15	5	10*	2	1
Age							
Years	62	61	75	57	60	62	62

* Reckoned from 2012, in compliance with SEC Memorandum Circular No. 9. Series of 2011

Board Diversity Policy

In determining the right composition of the Board, Ayala places value on diversity of business experience, background, age, and gender. With respect to gender, the Board has set out a target to have at least 30 percent or two female directors by 2025. Ms. Rizalina G. Mantaring was elected as Ayala's first female director in 2020 and was re-elected in 2021.

Ayala is set to meet this target with the nomination of Ms. Chua Sock Koong for election in the 2022 annual stockholders' meeting, three years ahead of its timeline.

CHAIRMAN AND VICE CHAIRMAN

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

The Chairman leads the Board in performing its oversight function and ensures the effectiveness of the Board. The Board Charter available on the company's website provides more information on the responsibilities of the Chairman. In the absence of the Chairman, the Vice Chairman automatically assumes the role of Acting Chairman.

LEAD INDEPENDENT DIRECTOR

As the Chairman of Ayala is not an independent director, a lead independent director was appointed in line with recognized best corporate governance practices. As stated in the Board's Charter, it is the lead independent director's role, among others, to:

- ▶ Act as intermediary between the Chairman and the other Directors, when the need arises
- ▶ Convene and lead the periodic meetings of the non-executive directors (NEDs) and independent directors (IDs) with the external auditor and heads of the internal audit, compliance and risk management, as needed
- ▶ Contribute to the performance evaluation of the Chairman

In 2021, Mr. Antonio Jose U. Periquet was the

Board's Lead Independent Director.

NON-EXECUTIVE DIRECTORS AND INDEPENDENT DIRECTORS

Ayala's Board is composed almost entirely of NEDs and IDs who ensure the continuing soundness, effectiveness and adequacy of the company's internal controls as well as promote an atmosphere of independence and objectivity in the boardroom.

In compliance with SEC recommendations, Ayala prescribes a term limit of nine years for its IDs. However, as merited by his active participation, expert insights and proven track record in exercising independent and objective judgment, Mr. Periquet was duly elected by the stockholders during the 2021 annual stockholders' meeting for his tenth and last year as independent director.

Under the chairmanship of Mr. Periquet as the lead independent director, the company's NEDs and IDs had a meeting without the executive director present on 10 December 2021. The Chief Finance Officer and Chief Audit Executive were invited as resource persons and the discussion focused on performance assessment of newer business units and status of long-standing audit issues.

BOARD PERFORMANCE

Ayala prepares the calendar of activities for the Board and Committees, including the schedule of board meetings before the start of each financial year. For each fiscal year, the Board meets at least six times. The Corporate Secretary ensures that meeting materials, including the agenda of the meeting, are made available to the directors at least five working days before the scheduled meeting. The meeting agenda usually covers a discussion on the company and the group's operations and financial performance, relevant updates on business, current trends and developments and the regulatory environment. Objective discussion on all agenda items is encouraged.

All of Ayala's directors ensure that sufficient



attention is given to their roles and responsibilities as evidenced by their complete attendance in all board and committee meetings as well as in the 2021 annual stockholders' meeting. Meeting and attendance details are shown on the table below.

BOARD AND BOARD COMMITTEE MEMBERSHIP AND ATTENDANCE

Stockholders, Board, and Board Committee meetings for the year ended December 31, 2021

Details	Membership & Attendance									
	Stockholder & Board			Board Committee						
Meeting	AS	BOD ¹	NED & ID	EC ²	FC	CGNC	AC	RMRPTC	PCC	SC
No. of Meetings	1	6	1		11	4	4	5	3	2
Jaime Augusto Zobel de Ayala Non-Executive Director	C 1/1	C 6/6	M 1/1	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 3/3	
Keiichi Matsunaga³ Non-Executive Director	- 1/1	M 6/6	M 1/1	M		M 4/4	M 4/4	M 1/1	M 3/3	M 2/2
Cezar P. Consing³ Non-Executive Director	- 1/1	M 1/1	M 1/1		M 11/11			M 4/4		C 2/2
Antonio Jose U. Periquet Lead Independent Director	- 1/1	M 6/6	C 1/1	-	M 11/11	C 4/4	M 4/4	C 5/5	-	
Rizalina G. Mantaring Independent Director	- 1/1	M 6/6	M 1/1		-	M 4/4	C 4/4	M 5/5	C 3/3	M 2/2

¹ In 2021 and during the incumbency of the director

² The actions of the Executive Committee were taken via digital/electronic means

³ Mr. Cezar P. Consing replaced Mr. Keiichi Matsunaga as member of the Risk Management and Related Party Transactions Committee effective April 23, 2021.

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

Performance Assessment

A formal assessment of the Board, its Committees, the individual members and the CEO is conducted annually to evaluate the effectiveness of the company's board and governance practices and to determine areas for improvement. Every three years, an independent consultant is appointed to

assist in the Board evaluation process. Aon plc facilitated the 2020 board evaluation exercise.

In 2021, the directors accomplished a self-assessment questionnaire designed to gather data on board effectiveness, committee effectiveness, individual effectiveness and President/CEO effectiveness. The

questionnaire covered the following areas: (1) Board Composition, (2) Board Roles and Functions, (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) Director Development and Management, (8) Risk Management and Internal Control, and (9) Corporate Governance Practices related to Strategy, Policy, Risk, Oversight, and Accountability. The results of the assessment were reported by the Chief Compliance Officer to the Board in the meeting immediately following the completion of the assessment process.

TRAINING OF DIRECTORS

Ayala recognizes the importance of continuous director development and encourages directors to assess their training and developmental needs. An annual budget is allotted for training and professional development programs. The Chief Compliance Officer coordinates with the directors on the training requirements and ensures that each director has completed the necessary training for the year.

A training policy is in place requiring all directors to attend annually at least a four-hour training on corporate governance. The policy also requires all new directors to undergo 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 matters necessary for the effective performance of their duties and responsibilities.

In line with the training policy, Ayala annually conducts, in partnership with the Institute of Corporate Directors (ICD), an Integrated Corporate Governance, Risk Management and Sustainability Summit that serves as a continuing education program for the directors, CEOs and senior management across the group. The 2021 Summit was held virtually on October 21, 2021 with the theme "The Board's Agenda: A Pathway to Recovery through ESG". The Summit's theme and sessions focused on key environmental, social and governance factors in forging the path towards recovery and long-term sustainability.

Attendance to the 2021 Summit and corporate governance trainings administered by ICD constituted compliance of the company's directors and senior management with the SEC requirement for an annual corporate governance training. ICD has been Ayala's partner for the past eight years in advancing its advocacy to promote professional directorship aligned with global principles. We discuss the 2021 Summit further on page 85.

DIRECTOR REMUNERATION

As ensured by the Personnel and Compensation Committee, the remuneration of directors is consistent with the company's culture, strategy, and control environment, and aligned with the long-term interests of the company and its stakeholders. Directors' remuneration or any change thereto is approved by stockholders during the annual stockholders' meeting.

Executive Directors Remuneration

Ayala's executive director, Mr. Fernando Zobel de Ayala, who is the company's President and CEO, does not receive the fixed retainer fee for directors nor any remuneration for attending Board and Committee meetings.



Non-Executive and Independent Directors Remuneration

Ayala pays director fees only to the company's NEDs and IDs. The current fee structure for the NEDs and IDs is as follows:

Fee Structure	Retainer Fee	For Board	For Committees
Non-Executive and Independent Directors	₱3 million per annum	₱0.2 million per meeting attended	₱0.1 million per meeting attended

In 2021, the following NEDs and IDs received gross remuneration as follows:

Meeting Fees				
Non-Executive and Independent Directors	Retainer Fee	Board Meetings	Committee Meetings*	Gross Remuneration
Jaime Augusto Zobel de Ayala**	3,000,000.00	800,000.00	600,000.00	4,400,000.00
Cezar P. Consing**	3,000,000.00	800,000.00	1,200,000.00	5,000,000.00
Delfin L. Lazaro	3,000,000.00	1,200,000.00	1,500,000.00	5,700,000.00
Rizalina G. Mantaring	3,000,000.00	1,200,000.00	1,900,000.00	6,100,000.00
Antonio Jose U. Periquet	3,000,000.00	1,200,000.00	2,500,000.00	6,700,000.00
Keiichi Matsunaga	3,000,000.00	1,200,000.00	1,500,000.00	5,700,000.00
Total	18,000,000.00	6,400,000.00	9,200,000.00	33,600,000.00

*Included per diem of ₱100 thousand for Non-Executive Directors Meeting

**Payment to Messrs. Zobel de Ayala and Consing commenced on April 23, 2021 when they were elected as Non-Executive Directors

Aside from the foregoing, NEDs and IDs do not receive compensation for services provided as a director. They are not entitled to stock options and performance bonuses from the company.

BOARD COMMITTEES

Board committees with specified delegated functions were constituted to allow the Board to optimally perform its functions. Duly approved committee charters define the functions of each committee and are available on the company's website. The table on Board and Board Committee Membership and Attendance provides the composition and attendance details of each committee.

Executive Committee

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

Refer to the Executive Committee report on [page 234](#) for the highlights of its 2021 activities.

Finance Committee

The Finance Committee has the duty of overseeing the company's financial policy and strategy, including capital structure, dividend policy, and capital allocation decisions.

Refer to the Finance Committee report on [page 236](#) for the highlights of its 2021 activities.

Corporate Governance and Nomination Committee

The Corporate Governance and Nomination Committee is tasked with annually reviewing the structure, size and composition of the Board to ensure the appropriate mix of directors and the proper implementation of the company's corporate governance policies and practices.

Refer to the Corporate Governance and Nomination Committee report on [page 237](#) for the highlights of its 2021 activities.

Audit Committee

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

Refer to the Audit Committee report on [pages 238 to 239](#) for the highlights of its 2021 activities.

Risk Management and Related Party Transactions Committee

The Risk Management and Related Party Transactions Committee ensures that management maintains a sound enterprise risk management framework and internal control system and reviews all material RPTs for endorsement to the Board to ensure that the RPTs 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 240](#) for the highlights of its 2021 activities.

Personnel and Compensation Committee

The Personnel and Compensation Committee is responsible for establishing a formal and transparent procedure for fixing the remuneration packages of corporate officers and directors and ensures that compensation is aligned with the long-term interests of the company and its stakeholders while remaining competitive against the market.

Refer to the Personnel and Compensation Committee report on [page 241](#) for the highlights of its 2021 activities.

Sustainability Committee

The Sustainability Committee was newly constituted in 2021 and supports the Board in fulfilling the Board's oversight responsibilities in relation to Ayala's commitment to and efforts regarding sustainable development and integration of ESG matters in the formulation of Ayala's strategies.

For more information on the Sustainability Committee, refer to [page 143](#) and to their report on [page 235](#).



AYALA GROUP MANAGEMENT COMMITTEE

1 Jaime Augusto Zobel de Ayala
Advisor to the
Management Committee

2 Fernando Zobel de Ayala
President and Chief
Executive Officer

3 John Eric T. Francia
Managing Director,
President and CEO,
AC Energy Corporation, and
Chairman of ACE Enexor, Inc.

4 Ruel T. Maranan
Managing Director, President,
Ayala Foundation, Inc.

5 Bernard Vincent O. Dy
Senior Managing Director,
President and CEO,
Ayala Land, Inc.

6 Alfredo I. Ayala
Managing Director, Chief
Operating Officer, iPeople, Inc.

7 Arthur R. Tan
Senior Managing Director ,
President and CEO,
AC Industrial Technology
Holdings, Inc. and
CEO, Integrated Micro-
Electronics, Inc.

8 John Philip S. Orbeta¹
Managing Director,
Chief Human Resources
Officer and Group Head,
Corporate Resources

9 Jose Teodoro K. Limcaoco²
Senior Managing Director,
President and CEO, Bank of
the Philippine Islands

10 Solomon M. Hermosura
Managing Director, Chief
Legal Officer, Corporate
Secretary, Chief Compliance
Officer, Data Protection
Officer, and Group Head,
Corporate Governance

**11 Jose Rene Gregory
D. Almendras**
Senior Managing Director,
President and CEO,
AC Infrastructure
Holdings Corporation, and
Group Head, Public Affairs

12 Ernest Lawrence L. Cu
President and CEO,
Globe Telecom, Inc.

13 Paolo Maximo F. Borromeo
Managing Director, President
and CEO, Ayala Healthcare
Holdings, Inc. and Group Head,
Corporate Strategy
and Development

14 Alberto M. de Larrazabal³
Ayala Chief Finance, Risk, and
Sustainability Officer and
Finance Group Head

15 Francisco Romero Milan⁴
Chair of the Ayala Group HR
Council and Strategic Adviser
for Human Resources

¹ Chief Human Resources Officer and Group Head Corporate Resources until October 2021 | ² Ayala Chief Finance Officer, Chief Risk Officer, Chief Sustainability Officer and Group Head, Finance until April 2021 | ³ Starting April 2021 | ⁴ Effective October 2021



The President and CEO works with Management Committees as he leads Ayala in navigating and reinventing its various businesses. Business performance, strategic and operational information, and issues critical to the long-term viability of the company and the Group are among the matters discussed in the regular meetings of the committees. The open flow of communication in committee discussions guarantees that decisions are always in the best interest of the company, the Group and its stakeholders. Recommendations of the management-level committees are presented and thoroughly discussed with the relevant Board-level committees for subsequent endorsement to the Board for ratification.

AYALA GROUP MANAGEMENT COMMITTEE

The Ayala Group Management Committee is composed of the President and CEO, the Ayala Corporation Group Heads, the CEOs of the Ayala group companies, and the Chair of the Ayala Group HR Council and Strategic Adviser for Human Resources. The Committee oversees the group strategic plan and prioritizes the alignment of individual business unit priorities to the group-wide direction. Regular meetings are held to discuss group-wide concerns and events, possible areas

of synergy and collaboration, and business performance review. The full profiles of the Ayala Group Management Committee members can be found on [pages 268 to 272](#).

AYALA CORPORATION MANAGEMENT COMMITTEE

The Ayala Corporation Management Committee includes the President and CEO, 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.

INVESTMENT COMMITTEE

The Investment Committee (IC) is composed of the President and CEO, and key members of the company's senior management. The IC serves as the technical working group of the Ayala Corporation Management Committee (ManCom) and provides recommendations on portfolio strategy for the group, working in collaboration with the Group CEOs and the Finance and Strategy & Development Groups. The IC's portfolio and capital allocation recommendations are presented to the ManCom and Ayala management team. These will be subsequently presented to the appropriate Board Committee and to the Board.

KAAKAY

#BrigadangAyalaKaakay is a concrete example of how Ayala companies come together for the Greater Good.

This 12-week food distribution program in select locations across Metro Manila targets over 10,000 families. Each family receives a weekly supply of rice, fresh vegetables, canned goods, and bread that will cover four square meals for a family of five. The food distribution is scheduled every week from November 2021 to February 2022.

Kaakay runs an inclusive eco-system of on-ground implementing partners like Virlanie Foundation, Caritas Manila, National Council for Social Development, and host barangays, while boosting the recovery and growth of local businesses by sourcing goods from rice farmers in Isabela (covering Regions 2 & 3), and vegetables from Benguet and CAR-based farmers. In addition, the bread included for food packs is produced fresh by a group of urban poor mothers who trained under TESDA's community-based bread-baking project through Virlanie Foundation.



FERNANDO ZOBEL DE AYALA "Kaakay brings together Ayala's business units, partners, and suppliers to support 10,000 primary income earners and their families."

#AyalaForTheGreaterGood



TG LIMCAOCO "Kaakay buys fresh vegetables and rice from local farmers in the provinces which directly goes to affected families in Metro Manila."



PAOLO BORROMEO "We are inspired by the stories of resilience we heard from our beneficiaries today. We are very happy that we were able to augment their needs through this program."



RENE ALMENDRAS "We hope to support breadwinners who now have less than P200 pesos a day to survive on, and they are forced to stretch that to support a family of five. We want to help them rebound by being their kaakay."



BOBBY DY "We are grateful as well for this opportunity to help our fellow Filipinos. As the economy rebounds and businesses bounce back this 2022, let's help everyone bounce back."



RUEL MARANAN "Kaakay provides us a wonderful opportunity to assist families through supplemental feeding. We hope we are able to help thousands of Filipino families in a practical and meaningful way."



ART TAN "It's easy to lose hope when one gets retrenched or loses a loved one during the pandemic. In these times, all we really need is a Kaakay, somebody to offer a hand and open opportunities."



ERIC FRANCIA "The stories of our beneficiaries affirm our decision to launch Kaakay. I am inspired by their resourcefulness and creativity, making use of available resources in the area to earn extra."



ERNEST CU "Kaakay is a good program to alleviate hunger and provide livelihood opportunities. It's also great to expose our employees and executives to these kinds of programs so they are sensitized to the needs of the community, and continue to drive adoption of products that really serve these communities."



OUR VALUE CREATION

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CREATING SHARED VALUE

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

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.

SUSTAINABILITY BLUEPRINT PRINCIPLES

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

OUR PROMISE

Reinventing businesses, Transforming communities

OUR PURPOSE

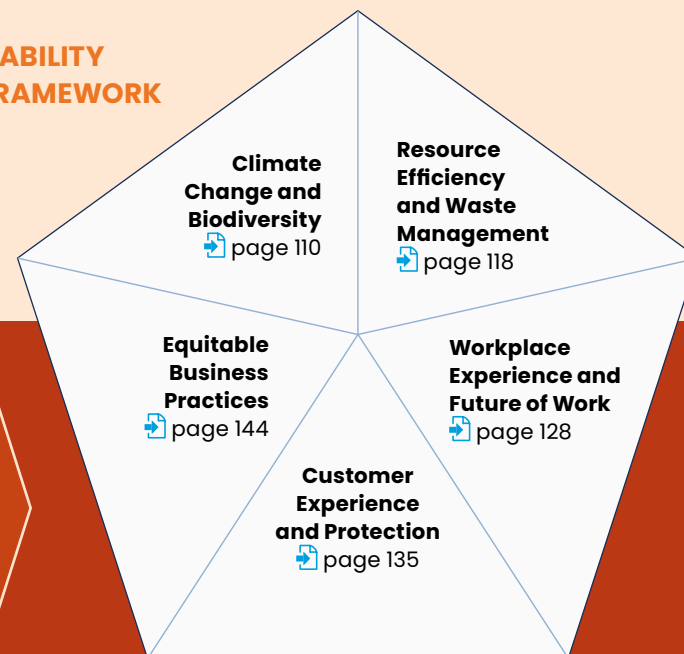
To improve lives through resilient businesses and risk-calculated investments that have a meaningful and lasting impact on the country's economic and social landscape

KEY DRIVERS

- ▶ Micro and Macro Economics
- ▶ Megatrends
- ▶ Leading Sustainability Practices

MATERIALITY AND SUSTAINABILITY REPORTING FRAMEWORK

page 100



RISK MANAGEMENT

page 74
The risk management initiatives for the year centered on supporting our commitment to the TCFD recommendations and understanding how macro trends and material ESG themes shaped the evolving risk landscape.

Sustainability Blueprint Bridging the Filipino to 2030

Maximizing relevance and impact through focus page 158



GLOBAL STANDARDS



GLOBAL PARTNERSHIPS

page 142

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



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



Led by the Vatican, Jaime Augusto Zobel de Ayala participates in this movement of CEOs as a Steward and works to promote sustainability and inclusivity globally.



BRIDGING THE FILIPINO TO 2030

2021 – 2023

2024 – 2025

2026 – 2030

Partner of Choice
in inclusive, sustainable,
and resilient growth

Maintaining Market Leadership
for greater impact on the
economic landscape

Espouse Innovative Solutions
for sustainable development

Creator and Enabler
for future-ready communities

Sustained Business Trajectory
to improve lives, develop
enduring value

Adhere to Sustainable Practices
in conducting business activities

Promise / Purpose Fulfilled
to champion the Filipino
global citizen

Long-Term Profitability
that transforms industries
and creates employment

Become a Regional Leader
in championing sustainable growth



**ACCESS &
INCLUSIVITY**



**PRODUCTIVITY &
COMPETITIVENESS**



**RESPONSIBLE GROWTH
& INNOVATION**

Business Model page 66

CAPITALS



HOW WE CREATE VALUE (BUSINESS ACTIVITIES)

Financial Management Strategy

- ▶ Strategic Business Development
- ▶ Capital Allocation
- ▶ Portfolio Management
- ▶ Balance Sheet Management

Non-Financial Management Strategy

- ▶ Human Resource Development
- ▶ Corporate Governance
- ▶ Stakeholder Management
- ▶ Risk Management
- ▶ Brand Management

VISION PILLARS



**See how we created value
in 2021 on page 67**

OUTLOOK

- ▶ Reopening of the Philippine Economy
- ▶ Resilient Consumer Class
- ▶ Accelerated Digital Transformation
- ▶ Shift Towards Sustainable Technologies and Business Models
- ▶ Greater Multi-Sectoral Collaboration
- ▶ Heightened Geopolitical Uncertainty

MANAGED RISKS

Fundamental Risks

- ▶ Epidemic and Pandemic
- ▶ Political and Regulatory
- ▶ Information Security and Cyber
- ▶ Climate Change
- ▶ Talent
- ▶ Brand and Reputation
- ▶ Business Resiliency
- ▶ Governance and Controls

Other Key Risks

- ▶ Portfolio Management
- ▶ Competitiveness, Innovation and Synergy
- ▶ Technology
- ▶ Partnerships and Alliances
- ▶ Markets and Liquidity



STRATEGY

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

The 2023 Three-Point Strategic Agenda

In 2021, we laid out a three-point strategic agenda to strengthen and recalibrate our portfolio and position ourselves for economic recovery.

- 1 Support the continued expansion of our core value drivers Ayala Land, BPI, Globe, and ACEN, which we believe are well-positioned to take advantage of the fundamental shifts prompted by the pandemic.
- 2 Scale up our emerging businesses AC Health and AC Logistics to create new sources of growth and value.
- 3 Sharpen our portfolio with an increased focus on value realization to fund future investments and strengthen our balance sheet, targeting to raise US\$1 billion in proceeds by 2023.

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 and achieve optimal returns in the long term. Finally, our active **balance sheet management** allows us to stay nimble, and drives our capacity to grow. These are done in the context of key

global, regional, and local trends that will impact markets, sectors, and businesses in which we choose to invest and operate.

We remain committed to ensuring that we give value to our stakeholders through constant corporate governance, and management of our environmental and social impacts. Our approach is aimed at continuous improvement for our people and the communities we serve. Our business leadership for almost two centuries is driven by our rigor and discipline, keeping us focused on our vision to be the most relevant, innovative, and enduring business group in the Philippines.

Financial

Our Vision Pillars will lead us to achieve our three-point strategic agenda.

Learn more on [page 72](#)



Focused Execution



Capital Investment



Unparalleled Customer Experience



Leadership In Sustainability

STRATEGIC BUSINESS DEVELOPMENT 1 3

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. This process determines capital allocation decisions.

All investment proposals that progress beyond the business unit or the Corporate Strategy group and the Finance group are presented to the Investment Committee composed of Ayala's key senior officers and other senior group executives invited 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 proposed investment is approved, it is then endorsed to the Finance Committee of the Board.

CAPITAL ALLOCATION 3

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 for 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 1 3

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 to study our existing assets set against the current macroeconomic backdrop, regular deep dives on specific business units, and an assessment of performance against annual targets. This process provides Investment Committee a platform to determine whether to increase or hold capital allocation or realize value from certain investments. Beyond equity capital, Ayala provides critical support to businesses where necessary, including deploying key talents and corporate infrastructure for sustainability, audit, risk management, legal, strategy, and corporate finance functions.



BALANCE SHEET MANAGEMENT 3

The continued prudence and active management of our balance sheet helped cushion the impact of the ongoing pandemic especially that it has become long and drawn out. With the coordinated effort of government and private organizations on the vaccination front, we continue to hope for a strong recovery moving forward and have tailored our balance sheet and financial management strategy to ride on this growth momentum. Our strategy involves the diversification of our funding sources in the loan and capital markets and a sharper focus on liability and financial risk management. These initiatives are in anticipation of broad-based recovery and rising interest rates.

We continue to ensure that our balance sheet remains strong with significant debt capacity and a well spread-out maturity profile that gives us the flexibility to fund growth opportunities. This is augmented by optimal foreign exchange and interest rate exposure management and diversified funding sources to manage our liquidity requirements. Dividends from Ayala's portfolio of core businesses also augments our capacity to service operating expenses, interest obligations, and dividends obligations. Our diversified portfolio of businesses also play a key role in mitigating portfolio risk.

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 helps the Investment Committee in deciding on whether to recycle capital by selling assets to prune our debt levels or take on additional debt to buy undervalued assets during period of uncertainties. The value realization initiatives Ayala executed in 2021 helped fund new investments including our buyback of AC and ALI shares. Our pipeline of value realization initiatives will further strengthen our balance sheet and financial positions.

At the end of 2021, our loan to value ratio decreased to 6.7 percent from 9.2 percent in 2020. The improvement can be attributed to the significant increase of the market values of our assets.

We are comfortable with our loan to value ratio, which indicates that for every ₱6.70 of debt we carry, we have ₱100 of assets behind it. The ratio 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 was at ₱135.2 billion, while our net debt ended at ₱115 billion. We continue to maintain a high cash position of ₱20.2 billion which not only gives us comfort during challenging times, but also enables us to act quickly on growth opportunities and fund our capital expenditure requirements. At the parent level, net debt to equity ratio stood at 0.90 to 1.

At the end of 2021, our blended cost of borrowings improved to 4.3 percent per annum from 4.5 percent per annum in the previous year. The refinancing of some of our higher interest loans and bonds optimized our financing costs in a rising interest rate environment. We actively managed our obligations and ensured that we mitigate 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. We also adopted hedge accounting to support our currency risk management initiatives. 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

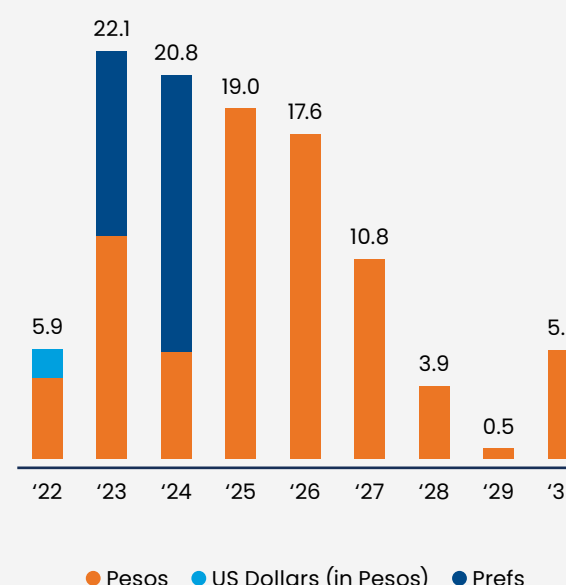
to floating rate mix of 87.6/12.4 reflects our strategy of capitalizing on lower interest rates and puts Ayala in a favorable position in a rising rate environment. This is a conscientious move on our part, anticipating a change in monetary policy and the gradual transition from Libor which may affect our floating rate obligations. Philippine Peso obligations are 58.9 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 sound financial management practices allow us flexibility in our investment decisions. Our strategy with regards to financing is to raise debt opportunistically in the public markets and rely on strong and transparent banking relationships in the loan markets.

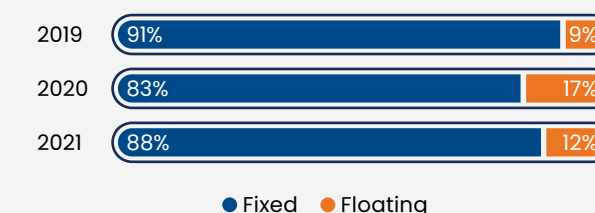
Lastly, our strong credit is shown in our capital raising activities and supported by continued wide access to bank loans even during the pandemic. In May 2021, we successfully raised

₱10.0 billion in fixed rate bonds, marking the first tranche of our ₱30.0 Billion Debt Securities Program. Ayala successfully priced the issuance at the tightest side of the range given high investor interest. In September, we tapped the international bond markets with the issuance of US\$400.0 million fixed-for-life senior perpetual securities priced at coupon rate of 3.9 percent. The offering was met strongly by the market, being 4.4 times oversubscribed despite being the lowest yielding unrated perpetual fixed-for-life notes ever in Asia. Finally, in November, we signed the agreement for a US\$100 million Social Bond and launched the first social bond for AC Health through a private placement that helped broaden our funding sources in the capital markets. Our diversified financing sources allows access to a unique and dependable funding base in times of market stress and offers the flexibility to take advantage of the expected Philippine recovery. We maintain ample cash and maintain high level of credit facilities from both local and foreign banks to ensure we have available sources of funds to finance new investment opportunities.

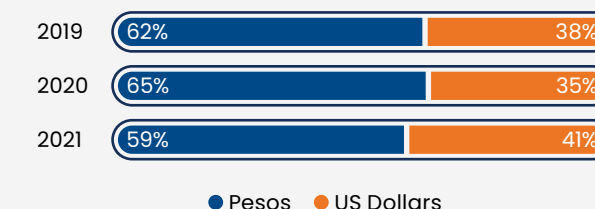
Debt Maturity Profile in Million Pesos



Fixed/Floating Rate Debt Mix¹



Currency Mix of Debt¹



¹Percentage of Total Parent Debt including Debt Guaranteed by Parent



Share Price Performance

2021 continued to be a challenging year for the Philippines as the COVID-19 pandemic widened its spread. Quarantine measures throughout the year fluctuated with the rise and fall of daily infections, affecting the flow of mobility, business operations, and social activity. Despite the volatility, enterprises and individuals alike grew more accustomed to such circumstances, resulting in a generally more stable and predictable economic environment over the year. This was helped in large part by an improvement in vaccination rates when the government's inoculation program kicked off in March. By the end of the year, over half of the Philippine population was vaccinated. This resulted in better business confidence and was reflected in GDP growth which hit 5.6 percent for the year, reversing from a 9.6 percent decline in 2020.

Throughout the year, Ayala's share price and Philippine stock market moved with the ebb and flow of daily COVID infections, reaching twin troughs in May and August when surges were worst, and peaks early and late in the year when cases were at their lowest.

From the start of the year all the way through May, Ayala saw its share price steadily drop as infections post-holidays climbed steadily. By March when the increase in infections grew more evident, Metro Manila was placed under the stricter enhanced community quarantine, two steps higher from the general community quarantine it was under. This further dragged on Ayala's share price, causing it to dip below the ₱700/share mark at its lowest point. Although the government's inoculation program begun during this same period, vaccine procurement was inadequate and the focus was instead put on the slow pace of orders coming in, thus impacting sentiment.

Come May, vaccinations in the country finally ramped up while the daily infection count began to subside. This led to a sharp but short-lived recovery in both Ayala and the market that spanned for about two months. By then, share price had reverted to where it was during the start of the year. Over the course of July though, the spread of COVID infections steepened once again, this time multiplying even faster than it did in May as the Delta variant made its way through the country. As a result, Ayala's price hit its third quarter trough in August at ₱707/share. By the end of the month, the same events that resulted a recovery late in May – improved vaccination rates and, eventually, fewer daily case counts – instigated another rally in the market. This time, the upturn spanned up until November with Ayala reaching as high as ₱908/share. Throughout this period, Ayala's share price was able to stay above its pre-COVID levels. While the Omicron variant put a halt to this climb with resulting infections even worse than that of the Delta variant's, businesses and individuals were far more prepared to deal with the Omicron surge. This resulted in significantly improved responses from the government and companies, and a relatively muted impact on consumer confidence.

Despite the volatility faced throughout the year, the result was flat performances for the Philippine Stock Exchange Index and Ayala, both recording just a 0.2 percent and 0.4 percent gain throughout 2021, respectively. After ending 2020 at ₱827/share, Ayala finished at ₱831/share in 2021.

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 2021, we declared total dividends per common share of ₱6.92, at par with the dividends

distributed last 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.

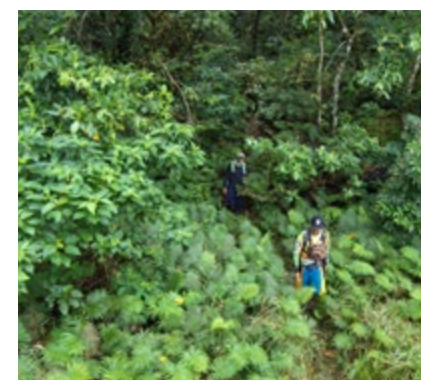
Our financial strategy help us to remain sustainable and resilient, ensuring that we maintain relevance even in turbulent business and social climates.



Non-Financial

We continued to forge our non-financial strategies in 2021. In the **environmental** front, we took a bold commitment to turn our 2050 net-zero pledge into a net-zero plan. This is laid out with strong **social** and **governance** commitments that will create opportunities for us to innovate and collaborate with value-chain partners in order to remain a key player in the industry, and contribute more to society.

For how we put to action our non-financial strategies, go to:



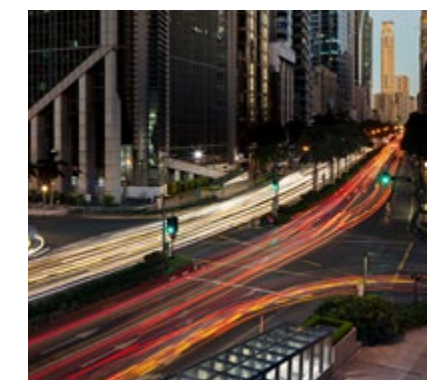
ENVIRONMENTAL

page 104



SOCIAL

page 124



GOVERNANCE

page 138



BUSINESS MODEL

VALUE WE DRAW FROM

WHAT WE DO page 60

VALUE WE CREATED



Financial Capital

Strong financial position including:

- ▶ Reliable operational cash flow
- ▶ Robust capital allocation process supported by reliable access to debt at competitive rates



Intellectual Capital

- ▶ Deep expertise of the Philippine ecosystem and key industries
- ▶ Comprehensive approach to value creation linking long-term returns with environmental, social, and governance impact
- ▶ Corporate culture focused on innovation and lifelong learning



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, academic institutions, and other relevant entities
- ▶ Strong, trusted Ayala brand

FINANCIAL MANAGEMENT STRATEGY

Strategic Business Development

- ▶ We continue to explore new sectors, geographies, and partnerships and develop new business models to generate new sources of 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 currency and interest rate debt 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

Our diversified portfolio supported financial performance and allowed us to deliver value to our stakeholders amid the ongoing crisis.

- ▶ Consolidated Net Income of ₱27.8 billion (up 62% from 2020)
- ▶ ROCE of 8.1% (from 5.1% in 2020)
- ▶ Executed transactions amounting to US\$614 million (61%) of the US\$1 billion value realization target by 2023
- ▶ Loan to value ratio of 6.7% (from 9.2% in 2020)
- ▶ Blended cost of debt of 4.3% (from 4.5% in 2020)

As a Group, we have been able to continuously demonstrate our ability to raise capital across various initiatives, as investors continue to place their trust in the Ayala brand.

- ▶ AC and subsidiary ACEN successfully issued fixed-for-life bonds, raising US\$400 million at 3.9% and US\$400 million at 4.0%, respectively
- ▶ ACEN successfully conducted various fundraising exercises, including a stock rights offering, follow-on offering, and adjacent sale of secondary shares of ACEN to GIC
- ▶ Issued a social bond for AC Health through a private placement with IFC amounting to US\$100 at 2.993%

We maintained leadership and strengthened expertise in our businesses:

- ▶ Ayala Land in large-scale mixed-use and sustainable estates
- ▶ BPI as among the top three banks in the country with leadership in new banking technology and sustainable financing
- ▶ Globe as a digital platform with leadership in telecommunications and fintech and major interest in various digital solutions
- ▶ ACEN as one of the fastest growing energy companies in the region and at the forefront of energy transition towards a low-carbon economy

- ▶ A competent workforce of more than 85,000 direct employees across our businesses
- ▶ Deep bench for leadership positions across the group

- ▶ 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

- ▶ 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 Philippine government to jointly address and manage the impact of COVID-19

- ▶ 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 launched Project Kaakay, a feeding and livelihood program aiming to support 10,000 families across Metro Manila
- ▶ The group is 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 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 in order to remain well-positioned to leverage and mitigate the impact of these factors.




DESCRIPTION

HOW OUR STRATEGY ADDRESSES THIS

CAPITALS

Reopening of the Philippine Economy

The COVID-19 pandemic disrupted nearly every aspect of businesses and of people's lives. In the Philippines, recurring lockdowns were imposed throughout 2020-21 to curb the spread of the virus. With the Philippine population now largely vaccinated, and with measures in place to allow the reopening of businesses, schools, and other institutions, we expect economic activity and growth to ramp up. Economic indicators have improved, with GDP growth of 5.6% and loan growth of 5.4%. While we recognize that some uncertainty remains, organizations nimble enough to adapt to changes will thrive.

Businesses in the Ayala Group are well-positioned to capture growth from the reopening of the economy. Our strong  financial position, owing to our healthy balance sheet, ensures we have the ability to take advantage of market opportunities as they arise by deploying capital investments to cater to  continuing demand. Should there be a resurgence in COVID-19 cases, or if other situations result in restricted mobility, we are likewise prepared with flexible scenario-based plans to continue to serve our customers, to maintain the interests of investors, and to ensure the health and safety of our employees and partners. 



Financial






Intellectual



Human

The 2023 Three-Point Strategic Agenda

-  Support the continued expansion of our core value drivers
-  Scale up our healthcare and logistics businesses to create new sources of growth and value
-  Sharpen our portfolio with an increased focus on value realization

Resilient Consumer Class

Alongside the economy reopening, we expect the gradual return of stronger consumer spending. 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 improves 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 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 – BPI, renewing  its focus on its consumer and SME segments, Ayala Land providing a broad array of residential option, and AC Health catering to the broad base of Filipino's healthcare needs. We keep an eye on changes in customer needs and behaviors, and are beginning to explore innovative business models to complement our presence in traditional services.



Intellectual



Social and Relationship

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 meet 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 enter traditional industries, and as traditional players begin to make significant investments to upgrade their own capabilities.

 We keep empowering our business units to embark on their own digital transformation journeys. As we explore new ways to integrate digital tools into our businesses, we place greater emphasis on those that allow us to serve our customers better, and help reduce costs and frictions within the organization. Many recently-implemented digital solutions are expected to remain for the long-term. Furthermore, we maintain our support for investments in new ecosystems – such as GCash for financial payments and AC Logistics for logistics – as well as build the necessary core capabilities within the organization, such as data analytics, to fuel growth. 



Financial



Intellectual



Human



Focus on Decarbonization and Shift to Sustainable Business Models F E S G

We believe that to create sustainable and long-term value, private enterprises must continue to strive for deeper engagement with society to address our current environmental, social, and governance (ESG) issues. To address these issues, and heed the 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.

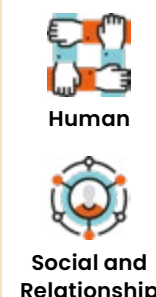
2 We are increasingly deliberate about our contributions to the United Nations Sustainable Development Goals (SDG), which we first outlined in our Sustainability Blueprint: Bridging the Filipino to 2030. In addition to our SDG commitments, Ayala is committed to achieving Net-Zero Greenhouse Gas Emissions (GHG) by 2050, and alongside this, to measuring and improving our ESG risk and impact. Each business unit has committed to actionable and measurable sustainability initiatives, and we continue to incorporate sustainability in the performance metrics for our leaders.



Greater Multi-Sectoral Collaboration S G

Greater collaboration between the private, government, non-government, and academic institutions is more crucial than ever to unlock innovative and effective solutions to today's challenges. The flexibility and speed that a collaborative ecosystem can provide is critical to achieving our shared goals of a more sustainable and inclusive society. Building on the deeper foundation of cooperation, the silver lining of the COVID-19 pandemic, we expect these partnerships to flourish across administrations as the country promotes economic recovery set against a backdrop of new risks to growth.

1 Ayala Corporation, and the broader
2 Ayala Group, proactively helps address the health, social, and economic needs of the country in line with our commitment to national development. Across different industries, we actively engage existing and potential partners to jointly address emerging issues. 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.



- 1** Support the continued expansion of our core value drivers
- 2** Scale up our healthcare and logistics businesses to create new sources of growth and value
- 3** Sharpen our portfolio with an increased focus on value realization

Heightened Geopolitical Uncertainty F

The ongoing conflict in Eastern Europe added new price pressures to global energy prices that have been soaring amid a rapid rebound in post-pandemic oil demand. Effects of the resulting rise of commodity prices worldwide reach the Philippines through supply chain disruptions and rising inflation.

While we expect continued volatility in commodity prices, our various business units are working to hedge exposures and limit the financial impact through initiatives such as long-term contracting of raw materials. Together with our business units, we are focused on **3** maintaining a healthy balance sheet to weather looming economic headwinds. We continue to monitor the evolving situation and the resulting impact to input costs, foreign exchange rates, inflation, and overall macroeconomic sentiment and are prepared to recalibrate our plans accordingly.



Ayala conducts its annual CEO Offsite to discuss how to continue bringing the Ayala Group forward and ahead.



OUR VISION PILLARS

Four pillars guide our decisions on **business development**, **capital allocation**, **portfolio management**, and **balance sheet management**. These pillars represent our commitment to focused execution amid a crucial period of recovery, delivering on capital investment to support broad economic growth while still maintaining a strong capital position, transforming our businesses to deliver an unparalleled customer experience, and continued leadership in sustainability.

Underpinning our 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.

Management decisions and new initiatives of the holding company are anchored on the following three-point strategic agenda to achieve focus and scale:

- ▶ Continued expansion of our core value drivers – Ayala Land, BPI, Globe, and AC Energy – including delivery of strong financial performance and continued market leadership **1**
- ▶ Building scale in our emerging health and logistics businesses while addressing critical needs of the country **2**
- ▶ Sharpen our portfolio with an increased focus on value realization to fund future investments and further strengthen our balance sheet, targeting to raise US\$1 billion in proceeds by 2023

In addition to the above strategic agenda, we aim for recovery of financial performance to pre-COVID levels by 2023. **3**

The 2023 Three-Point Strategic Agenda

- 1** Support the continued expansion of our core value drivers
- 2** Scale up our healthcare and logistics businesses to create new sources of growth and value
- 3** Sharpen our portfolio with an increased focus on value realization



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 **3**
- ▶ Active management of our debt and cashflows, alongside ongoing value realization initiatives, to ensure that our balance sheet remains strong enough to support recovery and fuel concentric ventures **3**



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





Recovery is most meaningful when it is inclusive, so we carry on addressing gaps in environmental, social, economic, and governance frameworks. We continue to invest in our employees and partnerships as critical pieces of what enable businesses and society as a whole to thrive.

- ▶ Development of a roadmap and appropriate metrics towards the achievement of Net-Zero Greenhouse Gas Emissions by 2050, as aligned with the Science Based Targets initiatives (SBTi)
- ▶ Continued progress towards our 2030 Ayala Sustainability Blueprint, which is aligned with the UN Sustainable Development Goals (SDGs) Framework
- ▶ Set to achieve target of having at least two female directors (or 30% of board composition) with the nomination of Ms. Chua Sock Koong for election in the 2022 annual stockholders' meeting, three years ahead of timeline
- ▶ Solidify the Ayala brand as employer of choice in the Philippines and across the region, through continued support and meaningful opportunities to our employees, and by 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

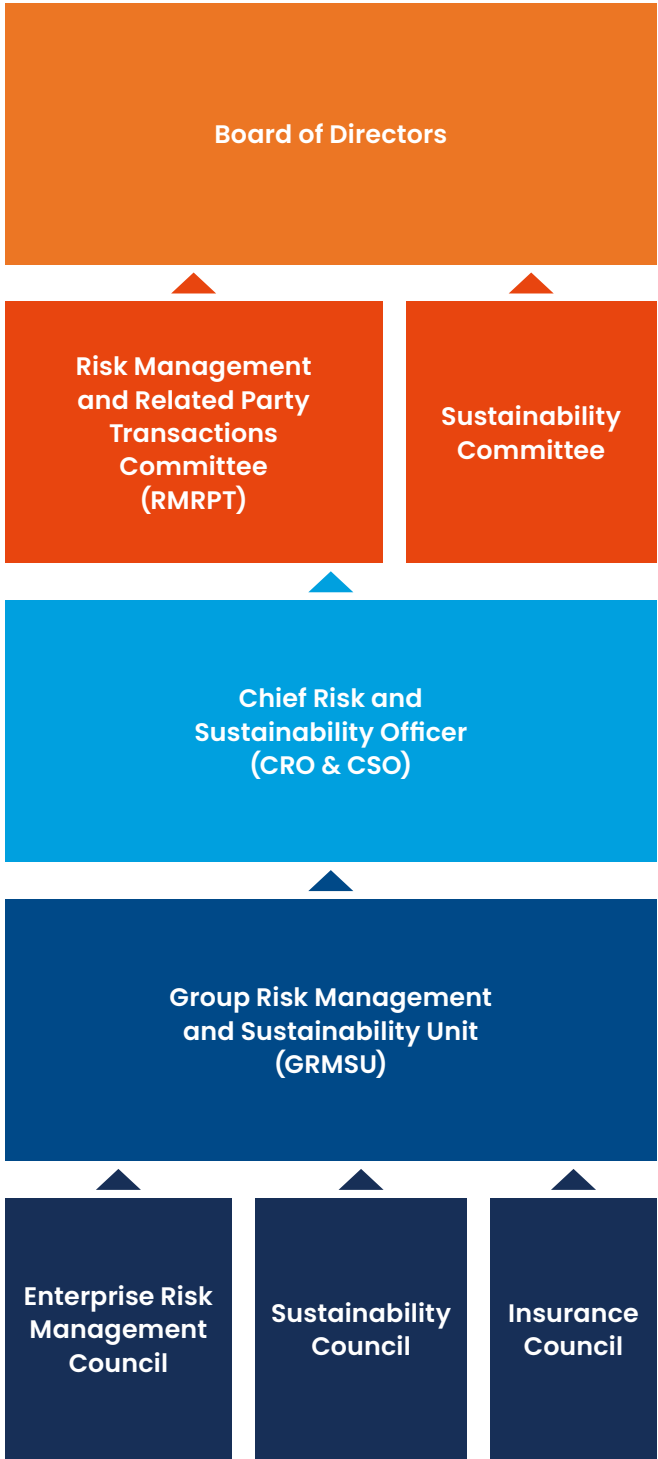
TCFD Roadmap

Pillars	2021 Goals and Achievements	2022 Goals	2023 Vision
 GOVERNANCE	<p>COMPLETED Become a TCFD signatory</p> <p>COMPLETED Monitor and report progress on climate-related risks and other ESG risks and opportunities to the RMRPT Committee</p> <p>COMPLETED Provide continuous education on climate-related risks and other ESG risks and opportunities to the Board and relevant levels of the organization</p>	<ul style="list-style-type: none"> ▶ Report the results of the ongoing climate scenario analysis to the management and RMRPT Committee, and explain its potential financial implications to the group ▶ Conduct an ESG workshop for the Board of Directors, as a result of their self-assessment activity 	ESG-Competent Board
 STRATEGY	<p>ONGOING Undertake climate-related scenario analysis to determine and understand climate-related risks and opportunities that could have a material financial impact on the parent company and its business units</p> <p>DEFERRED TO 2022</p>	<ul style="list-style-type: none"> ▶ Continuous collaboration between the parent company and the business units on monitoring climate-related risks and opportunities ▶ Collaborate with the Corporate Strategy and Finance Groups to integrate climate-related risks and opportunities in our business operations, strategy, and financial planning 	Effective ESG and Climate Strategy
 RISK MANAGEMENT	<p>ONGOING Refine and integrate climate-related risk management into our current risk management framework</p> <p>DEFERRED TO 2022</p>	<ul style="list-style-type: none"> ▶ 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 ▶ Transition to COSO ERM framework for identifying and assessing ESG risks 	Robust Climate and ESG Risk Management Process
 METRICS AND TARGETS	<p>ONGOING Conduct Scope 3 screening in preparation for setting science-based targets</p>	<ul style="list-style-type: none"> ▶ Engage and guide the Sustainability Council in the development and implementation of SMART ESG Targets with relevant metrics 	SMART ESG Targets with relevant metrics



**GOVERNANCE**
Enhanced Climate Risk Governance Structure

Disclose the organization’s governance around climate-related risks and opportunities.




The **Board of Directors** leads the governance and ensures proper implementation of internal control mechanisms and risk management process.

The **RMRPT Committee** oversees the identification, assessment and management of risks, including climate-related risks and opportunities, while the **Sustainability Committee** monitors the progress of the company’s strategy and plans to address environmental, social and governance issues, including climate change.

The **CRO** is the highest management-level position mandated to lead the identification, assessment and management of climate-related risks and opportunities. In his concurrent role as the **CSO**, he ensures that sustainability programs are implemented to address ESG concerns.

The **GRMSU** provides support to the CRO/CSO in the identification, assessment and management of climate-related risks and opportunities, as well as in the implementation of sustainability programs.

The **Councils** are composed of risk, sustainability, and insurance officers who share best practices. They continuously work together on process improvements and deliver on groupwide initiatives.

**STRATEGY**
Climate Risk Advisory

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy and financial planning.

OBJECTIVES OF CLIMATE RISK ADVISORY PROJECT
We have engaged Aon Risk Consultants, Inc. (“Aon”) in **quantifying and evaluating present-day and future risk of natural hazards** that may affect the assets of Ayala Corporation and its business units. Through its collaboration with The Climate Service (TCS), the study will utilize the TCS Climonomics analytics platform in **providing climate change property vulnerability profiling** for all covered properties. With multiple climate scenarios covering present day to the year 2100, insights from the platform will **help businesses manage climate risks and build resilience**.


DELIVERABLES FROM THE PROJECT
☒ **High-level physical risks analysis** in decadal terms covering two climate scenarios

CLIMATE SCENARIOS	CLIMATE PERILS
▶ RCP 8.5 the Earth gets warmer by around 4.3°C and GHG emissions rise steadily to 2100	▶ Wildfire ▶ Temperature extremes ▶ Tropical cyclones ▶ Drought
▶ RCP 4.5 the Earth gets warmer by around 2.4°C and GHG emissions slowly decline to 2100	▶ Coastal flooding ▶ Severe connective storms ▶ Riverine flood

☒ **Qualitative transition risks analysis** per entity

For our views on climate, see **Our Climate Ambition** on [page 7](#)

Note: Representative concentration pathways (RCPs) are scenarios representing different emissions projection under basic, plausible economic and social assumptions, issued by the Intergovernmental Panel of Climate Change (IPCC). Each RCP has a corresponding projected rise in global average temperature by 2100 and emissions trend to 2100.

**RISK MANAGEMENT**
Climate Change as a Risk Driver

Disclose how the organization identifies, assesses and manages climate-related risks.

Climate-related Risks Identification
In our 2021 risk assessment, climate change emerged as a strong driver of other business risks. We identified, assessed, and continue to manage our different climate-related risks.

For the results, see [page 80](#).

ERM Policy Updates
While we work on our transition to COSO ERM, we have updated our ERM policy to reflect the roles of the Board, key officers and risk management team in the identification, assessment and management of climate-related risks and opportunities.



METRICS AND TARGETS

Net-Zero Strategy Development

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities.

The Project Approach, covering the short- and medium-term:



Scope 1 and 2

1. Validate Scope 1 and 2 emissions and set targets
2. Build strategy around attaining their Scope 1 and 2 targets
3. Disclose targets and strategy required

Scope 3

1. Understand Scope 3
2. Determine material emissions
3. Collect data
4. Consolidate and validate data
5. Set targets around Scope 3

- 1 The overarching goal of achieving net-zero for Ayala Corporation will be based on a **structured approach** to assess its subsidiaries.

- 2 Ayala is working with South Pole to **establish the required assessment framework** to include the other subsidiaries over the next months.



Enables the group to have an accurate view of emissions and a tangible roadmap for reducing them in line with the net-zero by 2050 ambition.

Annual Risk Assessment

Our risk assessment exercise **focused on macro trends**, including the COVID-19 pandemic, **and material ESG themes**, and how these have impacted our business strategy and risk exposures. This was also the first risk assessment exercise attended by the CEOs of our different business units.

Refreshed AC Risk Universe

Our risk universe remains at **13 risk categories**, amidst some additions and consolidation of categories. **Two new risks were added** to the list – climate change, and epidemic and pandemic. Innovation and Technology risk was decoupled, resulting to another new risk category, Technology Risk. Meanwhile, Competitiveness, Innovation and Synergy were combined in one category, while Funding and Capital Markets risks were consolidated into Markets and Liquidity risk.

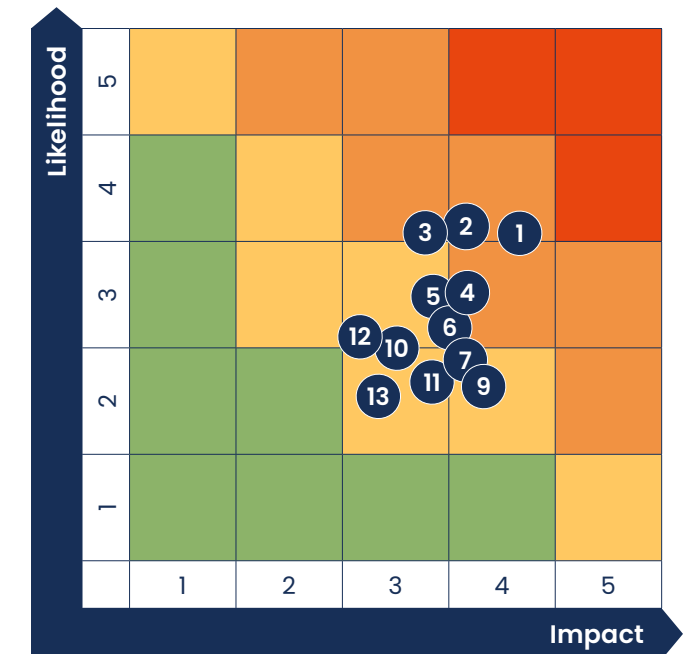
Failure to prepare for another pandemic may result in significant financial losses and adverse long-term impact on people's lives.

Failure to prepare for physical and transition risk impacts of climate change may result in significant financial losses and inability to execute and achieve business objectives.

Failure to innovate according to the needs of the customers may result in our businesses' loss of relevance.

The inability to manage the adverse impact of market factors and insufficient funding may impact our financial viability and strategy execution.

Failure to develop, acquire, maximize and integrate technology assets may result in the inability to continue business operations.



2021 Risk Prioritization Results		RANKING	
RISK CATEGORY		2021	2020
Epidemic and Pandemic		1	
Political and Regulatory		2	1
Information Security and Cyber		3	3
Climate Change		4	
Competitiveness, Innovation and Synergy		5	5 ^a
Talent		6	12
Brand and Reputation		7	2
Portfolio Management		7	4
Markets and Liquidity		9	6 ^b
Business Resiliency		10	7
Governance and Controls		11	13
Technology		12	8 ^c
Partnerships and Alliances		13	9

^a 2020 Ranking for Competition Risk

^b 2020 Ranking for Capital Markets Risk

^c 2020 Ranking for Innovation and Technology Risk



Climate Change as a Risk Driver of Business Risks

KEY INSIGHTS

- 1 **ESG disclosures are becoming more relevant to Ayala** as various external stakeholders seek perspective on how ESG issues are being addressed at the corporate-level
- 2 Ayala is looking at **incorporating the reduction of GHG emissions into existing KPIs** to support the achievement of its climate ambition

Below is an articulation of how climate change affects conventional business risks. Following the categorization of TCFD, we indicated which business risks are impacted by physical and transition risks of climate change.

● Business Resiliency

- ▶ Tighten business continuity and recovery measures
- ▶ Prepare for stronger typhoons, longer drought periods, and worse flooding

● Operational

- ▶ Business and community disruption due to weak infrastructure not able to withstand the physical impacts of climate change

● Innovation and Technology

- ▶ Business models must evolve and be agile enough to adapt to changes brought about by climate change
- ▶ Leverage technology for increased automation and more streamlined processes

● Political and Regulatory

- ▶ Governments may enforce policies that promote and provide incentives for lower GHG emissions
- ▶ Litigations may arise due to climate inaction and disregard for environment-friendly practices

● Portfolio Management

- ▶ Revenue-generating capacity of businesses may be affected if products and services are susceptible to climate change
- ▶ Businesses may be rendered irrelevant when not able to shift to environment-friendly practices

● Markets and Liquidity

- ▶ Difficulties in sourcing funds if companies fail to meet investor expectations on climate action
- ▶ Challenges in shifting to sustainable and green financing

● Brand and Reputation

- ▶ Climate inaction or continued contribution to GHG emissions may lead to customer boycotts or brand apathy
- ▶ Brand value may be diminished if unable to deliver targets on climate ambition

● Partnerships and Alliances

- ▶ Brand erosion among stakeholders due to misaligned partnerships and alliances
- ▶ Companies must exercise caution in forging partnerships and alliances to ensure non-association with non-climate-friendly organizations

● Physical risks ● Transition risks

Workplace Experience and Future of Work as a Risk Driver of Business Risks

KEY INSIGHTS

- 1 **Occupational health and safety and employee engagement** are still major concerns due to the shifts caused by the COVID-19 pandemic
- 2 Focus on **remote working arrangements** and how it impacts **organizational culture**
- 3 **Forced labor and child labor** are not primary areas of concern, as due diligence and control measures related to these issues are already in place

Similar to climate change, Workplace Experience and Future of Work is another material ESG theme that shapes the context of business risks.

Talent

- ▶ Flexible work arrangements pose challenges to organizational culture
- ▶ Reskill or upskill employees so they can better adapt to the changing business environment

Operational

- ▶ Business disruption and poor operational performance due to inadequate preparation for the future of work
- ▶ Investing in safety protocols and holistic wellness programs to ensure the physical and mental health of employees during unprecedented times

Brand and Reputation

Negative corporate reputation due to failure to adopt fair trade business practices and to provide equitable employment opportunities

Political and Regulatory

Penalties due to non-compliance or weak adherence to occupational health and safety regulations

Governance and Controls

Negative impacts on employer attractiveness due to lack of policies on human rights, non-discrimination, forced labor, and child labor

Partnerships and Alliances

Companies must exercise caution in forging partnerships and alliances to ensure aligned policies on child labor, forced labor, and human rights



Top 5 Risks

Status and Mitigation Plans

CAPITALS		
1 EPIDEMIC AND PANDEMIC RISK NEW		
Risk definition Failure to prepare for another pandemic may result in significant financial losses and an inability to execute and achieve business objectives	Implications for value creation <ul style="list-style-type: none"> Significant business disruption Reputational issues Employee health issues or loss of lives 	Financial Human Social and Relationship
Risk drivers <ul style="list-style-type: none"> Increase in global travel and integration Changes in land use and greater exploitation of natural environment Knowledge gap Absence of monitoring, timely detection, quarantine and isolation procedures Availability of basic care 	Mitigating controls <ul style="list-style-type: none"> Current investment in AC Health Document learning experiences from the ongoing pandemic 	
2 POLITICAL AND REGULATORY RISK ↓		
Risk definition Inability to anticipate changes in the political and regulatory landscape may result in the inability to protect profitability and brand value	Implications for value creation <ul style="list-style-type: none"> Misalignment of business models due to changes in regulations Reputational damage due to non-compliance Loss of franchise, license, or goodwill Financial losses caused by penalties and fines 	Financial Intellectual Human Social and Relationship
Risk drivers <ul style="list-style-type: none"> Declaration of a national state of emergency and other forms of social unrest Constitutional crisis Failure of elections Shifts in regulations due to climate change (e.g., incentives for renewable energy users, carbon taxes) 	Mitigating controls <ul style="list-style-type: none"> Maintain relationships with regulators and government agencies Enhance collaborative projects with the government and the public Continuously monitor latest tax and business regulations 	
3 INFORMATION SECURITY AND CYBER RISK —		
Risk definition Failure to ensure strong and adequate information security controls to safeguard confidentiality, integrity, and availability of critical information may result in financial losses and damaged reputation	Implications for value creation <ul style="list-style-type: none"> Reputational damage from breach of privacy and weakness of data protection policies System downtime and potential leakage of critical information Criminal prosecution and fines 	Financial Intellectual Human Social and Relationship
Risk drivers <ul style="list-style-type: none"> Cybercriminals capitalizing on newfound digital and remote working behaviors Lack of technical depth Outdated information security controls and practices Weak IT infrastructure Damage to IT infrastructure and applications Disjointed IT systems and technologies Lack of user awareness on evolving threats 	Mitigating controls <ul style="list-style-type: none"> Strengthen IT infrastructure to support increased usage of digital platforms and to combat information and cyber security threats Continuously monitor network activities Continuously train and educate employees on cyber security 	

CAPITALS		
4 CLIMATE CHANGE NEW		
Risk definition Failure to prepare for physical and transition impacts brought about by climate change may result in significant financial losses and inability to execute and achieve business objectives	Implications for value creation <ul style="list-style-type: none"> Loss of lives Project suspension or delayed business recovery Outdated production technology Litigations or fines for non-compliance or unfriendly climate practices Reputational damage 	Financial Human Social and Relationship
Risk drivers <ul style="list-style-type: none"> Anthropogenic activities caused by uncontrolled consumption Industrialization and fossil fuel use Deforestation and forest degradation Change in market and talent preferences towards climate change contributions Investors' perceptions in terms of climate-related programs and initiatives Government regulations on carbon taxation 	Mitigating controls <ul style="list-style-type: none"> Pledged commitment to net-zero emissions by 2050 Develop nature-based solutions for the protection and sustainable management of ecosystems Continuously promote climate change awareness through enhanced communication and engagement strategies Conduct scenario analysis to assess climate change impact to businesses 	
5 COMPETITIVENESS, INNOVATION, AND SYNERGY NEW		
Risk definition Failure to innovate according to the needs of our customers may result in loss of relevance	Implications for value creation <ul style="list-style-type: none"> Erosion of market share Loss of competitive advantage Reputational damage Inability to achieve targeted dividends Inability to achieve targeted SDGs 	Financial Intellectual Human Social and Relationship
Risk drivers <ul style="list-style-type: none"> Volatile competitive environment Slow adaptation to trends and emerging technologies Expanding or shifting customer needs and preferences Inability to understand customers intimately Lack of innovation mindset and culture Sector disruption due to a new entrant or emerging player 	Mitigating controls <ul style="list-style-type: none"> Continuously monitor industry-specific trends and innovation techniques Enhance collaborative efforts among business units to gain intelligence on customers, subject to data privacy bilateral agreements Conduct sessions with key customers and best-in-class partners from other industries to understand their own definition of customer experience and satisfaction 	



Risk Financing Strategy

OPTIMIZING OUR INSURANCE PORTFOLIO

Learning from the disruption caused by the COVID-19 pandemic, Ayala maintained its risk financing strategy that focuses on changing the mindset of risk owners from procurement to long-term and holistic program, embedding continuous improvement in operational risk management, and building a culture of safety across the group. We focused on what we have accomplished, delivered on what worked, and improved our processes where we can.

Overview

In 2021, property and casualty markets started to taper off from significant increases in premium rates due to global losses in recent years. While some insurers had recouped, others were still struggling to get to profitability, thus raising prices for their capacity. In addition, Ayala's assets are located in geography prone to natural catastrophes. These two scenarios situated the initial estimates for our property insurance program within a 30-percent rate increase.

Actions Taken

- Improved underwriting information through natural catastrophe modeling, risk engineering surveys, business interruption studies, valuations, and supply chain studies, among others. These were completed in late 2020 and in early 2021 and provided to the markets before the roadshow.

- Started the renewal process earlier than usual through a virtual insurance roadshow, where we added a segment on ESG and underscored our progress on our adoption of the TCFD recommendations
- Held stewardship meetings with key carriers

Results

- Significantly improved rate, one-percent reduction in rates against an initial estimated 30-percent rate increase, with a 10-percent increase in total insurable values
- The program maintained its risk management bursary that will finance risk management activities and studies for the group

Emerging Risks

Global upward trend on cyber claims and losses fast-tracked the launch of Ayala's cyber insurance programs. In 2021, we closed cyber insurance programs for two of our core business units, BPI and Globe. We grouped the remaining business units according to their exposures, conducted workshops, and collected underwriting information. We are targeting to place the cyber insurance programs by the second quarter of 2022. This initiative dovetails with the Group's Cybersecurity Transformation Journey, which was greenlit in December 2021.

Risk Financing Strategy Roadmap

This roadmap details our journey on risk financing. We will continue to explore alternative risk financing strategies, such as captive and parametric solutions.

	Insurance Portfolio Optimization	Risk Correlation	Self-Insured Risk Valuation
2016	► Property Damage ► Political Violence	► Risk engineering surveys (yearly)	
2017	► Motor ► Directors & Officers Liability	► Natural catastrophe modelling (every 2 years)	
2018	► Public and Products Liability		
2019	► Fine Arts ► Group Travel	► Asset Valuation ► Blast and Threat Assessments	► Determine feasibility and viability of a captive
2020	► Cyber	► BCMS	
2021	► Professional Liability ► Comprehensive Crime	► Risk Tolerance (every 3 years)	
2022			► Protective Cell Captive Implementation
2023	► Review all insurable risks and programs available	► Continuous risk and process improvements	► Captive Implementation
2024	► Parametric Solutions		
2025			

Integrated Corporate Governance, Risk Management, and Sustainability Summit

A PATHWAY TO RECOVERY THROUGH ESG

At Ayala, ESG underpins everything we do and strengthens the resilience of our companies and communities. Our annual Integrated Corporate Governance, Risk Management, and Sustainability Summit held on October 21, 2021, put the spotlight on key environmental, social, and governance factors crucial to forging the path towards financial recovery and long-term sustainability.

Insights were drawn through meaningful discussions with thought leaders and ESG experts. Amid our complex new reality, ESG is shaping the way organizations address demands from different stakeholders and meet expectations for heightened social engagement and corporate citizenship.

During his keynote address, aptly titled "ESG as a Pathway to Recovery," President and CEO Fernando Zobel de Ayala announced: **"As Ayala's concrete contribution to the well-being of future generations of Filipinos, we are announcing our commitment to achieve net-zero greenhouse gas emissions by 2050. We are aligning ourselves with the global movement for climate action as our**

way to help secure our country's future from the threats brought by climate change. We believe that we have the capabilities and collective will to make this happen."

Ayala's announcement of its net-zero GHG ambition came ahead of the 26th United Nations Climate Change Conference of the Parties (COP26), where signatories to the Paris Agreement reported on their progress since 2015. In April 2021, the Philippines submitted its first nationally determined contribution to the Paris Agreement, committing to a projected GHG emission reduction and avoidance target of 75 percent by 2030.

We believe accelerating climate action is vital to our sustainability and resilience. Despite the challenges of COVID-19, global companies are moving towards net-zero emission. Capital has been flowing towards sustainable investments, as a growing number of investors and lenders walk away from carbon-intensive sectors. While our net-zero ambition entails risks and costs, we see it as a long-term investment for future generations, making Ayala a catalyst and partner for net-zero transition in the Philippines.



The annual Integrated Governance, Risk Management, and Sustainability Summit presents a collaboration of individuals from global organizations, working for a better future.



STAKEHOLDER ENGAGEMENT

We embrace a stakeholder-inclusive approach to value creation. We consider the influence our stakeholders have on our business decision-making process. As such, we constantly involve, consult, and collaborate with them as we strive to articulate the value we endeavor to create through our various communication and engagement platforms. By understanding the needs and meeting the expectations of our different stakeholders, we strengthen trust and confidence in our organization.

Investors and Shareholders

Responsibility of: Investor Relations

Equitable Business Practices [page 144](#)

HOW WE ENGAGE

Regular Channels of Engagement

- ▶ One-on-one meetings/teleconferences
- ▶ Investor Conferences
- ▶ Deal and non-deal roadshows
- ▶ Bespoke Ayala group corporate access days
- ▶ Email correspondences
- ▶ Quarterly results briefings
- ▶ PSE/PDEX disclosures
- ▶ Company website
- ▶ Integrated Report
- ▶ Annual stockholders' meeting
- ▶ Bespoke IR Summit

Covid-19 Initiatives

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 restrictions to mobility. This ensured accessibility of management to investors and analysts through online investor conferences and non-deal roadshows hosted by sell side.

The team also shifted its operations virtually, conducting the Annual Stockholders' Meeting in a full virtual format and publishing the annual Integrated Report through a remote work set up within the deadline prescribed by regulators.

KEY CONCERNS RAISED

Lack of clarity on strategy

OUR STRATEGIC RESPONSE

Ayala launched a three-point strategic agenda for 2023 before the investor community and capital market to demonstrate its efforts to ride out the crisis, adjust to the evolving landscape, and prime itself for a post-pandemic environment. The strategic agenda outlines Ayala's sharper approach on its portfolio, focusing on the four core businesses, two emerging businesses, and value realization initiatives to be carried out through a combination of strategic partnerships and divestments of some of the non-core assets.

The strategic agenda was well-received by investors and analysts. Ayala provides regular updates on the progress of the strategic agenda.

Post-COVID19 economic reopening

Throughout the extended period of lockdowns that delayed the reopening of the country's economy, we regularly met investors and analysts to provide perspectives on the health and economic situation, and how these would impact the performance, operations, and plans of our businesses.



ANNUAL STOCKHOLDERS' MEETING

APRIL 23, 2021

ANSWERING
THE NATION'S
CALL FOR
HUMANITY



Ayala conducted its 2021 Annual Stockholders' Meeting via virtual conference on April 23, 2021.

Government Agencies and Regulators

Responsibility of: Governance and Public Policy

Equitable Business Practices [page 144](#)

HOW WE ENGAGE

Regular Channels of Engagement

- ▶ Policy dialogues, consultations and meetings, and legislative hearings
- ▶ Regular reportorial requirements and other official correspondence
- ▶ Briefings, forums and conferences (mostly online)
- ▶ Annual audits
- ▶ Formal proceedings
- ▶ Membership in committees organized by the government

Special Activities or Initiatives

Distributed copies of the Liveable City Playbook on e-government, basic services, resilience, mobility and financing to government officials and employees to enhance local competitiveness and strengthen local government units' capacity to provide public goods and services to citizens.

Covid-19 Initiatives

Participated and contributed in policy discussions and drew up policy recommendations to IATF, which were adopted as policies to ensure safe opening of the economy while protecting people's health.

KEY CONCERNS RAISED

Request for private sector support to government initiatives/ programs/policies

OUR STRATEGIC RESPONSE

- ▶ Submission of position paper on requested topic such as health, education, pandemic response, economic recovery, public-private sector collaboration, among others.
- ▶ Organizing/co-organizing events that promote public and private sector collaboration
- ▶ Participation in and/or expression of support to government initiatives/ programs/policies
- ▶ Sponsorship

Completion/clarification of compliance requirements

Correspondence with relevant government agencies



Employees

Responsibility of: Strategic Human Resources

Workplace and Future of Work  page 128

HOW WE ENGAGE

Regular Channels of Engagement

- ▶ Virtual meetings
- ▶ Focus group discussions
- ▶ Pulse checks and employee engagement surveys
- ▶ Mental health and wellness surveys
- ▶ e-Learning platforms and webinars
- ▶ New partnerships with universities, platforms, and content providers

Engagement Strategy

Professional development

- ▶ Virtual training sessions
- ▶ Support to earn degree earning programs

Holistic Growth

- ▶ Flexible work arrangements
- ▶ Online Engagement activities
- ▶ Regular physical and mental health assessments

Compensation and benefits

- ▶ Budget coverage for niche/technical upskilling requirements
- ▶ Study loans with below-the-market interest rates and study leaves
- ▶ Provision for additional amount for COVID-19-related cases should employees' expense go beyond current HMO limit/coverage; and access to loan should any of their family members get hospitalized

Covid-19 initiatives

- ▶ Crisis and Disaster Team and Occupational Safety and Health Office deployment
- ▶ Implementation of the four Phased Work Arrangement Framework
- ▶ COVID 19 3Ps response plan: provided a playbook on who to contact in case anyone gets infected or exposed to the COVID-19 virus; gave collaboration tools for employees to safely deliver outputs; and sent COVID care kits to employees' homes
- ▶ Company clinic doctors and partner doctors, including psychologists, available for free teleconsultation
- ▶ Chatbot ACE (Assistant for Crises and Emergencies) for the Occupational and Safety Health Officer to manage reports of employees or family members who were ill or got exposed to the virus; and note living circumstances, including means of transportation to and from the workplace of employees and outsource partners
- ▶ Makati testing centers set up as soon as Rapid Antibody Test kits were available, where employees went prior to reporting for work
- ▶ End-to-end process and support: HMO coverage, quarantine spaces (in Sta. Rosa, Laguna), hospitals under AC Health
- ▶ Signages, proper lay-out of the work spaces, and compliance to safety protocols in offices for those who needed to go to there
- ▶ Ayala Vaccine and Immunization Program (AVIP)/COVIDshield vaccinated employees (100%), and outsource partners, including family members, relatives and other household members; annual vaccination program for flu, pneumonia and other vaccines
- ▶ Promotion of employee physical wellness through e-engagement activities
- ▶ Existing hospitalization benefit plus an additional ₱300 thousand for COVID-19-related cases should employees' expense go beyond their current HMO limit/coverage; access to loan if any of their immediate family member is hospitalized due to COVID-19
- ▶ Creation of a project team and appointment of a Mental Health Officer to provide support on mental wellness; partnership with Ateneo Center for Organization Research and Development (CORD) and Mind You to provide access to preventive therapy and counseling; opening more slots for teleconsultations with psychologists
- ▶ Institutionalization of practices that encourage being mindful of others' needs and unique situations, and set boundaries between remote work and personal lives: self-care and journaling workshops; three-hour weekly focus time to give employees breathing space; Make it EC (Effective Collaboration); reducing time spent in virtual meetings; keeping evenings, rest days, and leaves free by unplugging from work

KEY CONCERNS RAISED

Stress, work-life balance: recent mental wellness survey yielded a neutral resilience level among our employees

Low rate of participation or completion for certain programs

Some technical or niche skills are not covered by regular program offerings; challenges in finding the time to participate in learning programs

Access to support for degree earning programs

Addressing talent and skills gap; actively developing new pools of talents purposively

OUR STRATEGIC RESPONSE

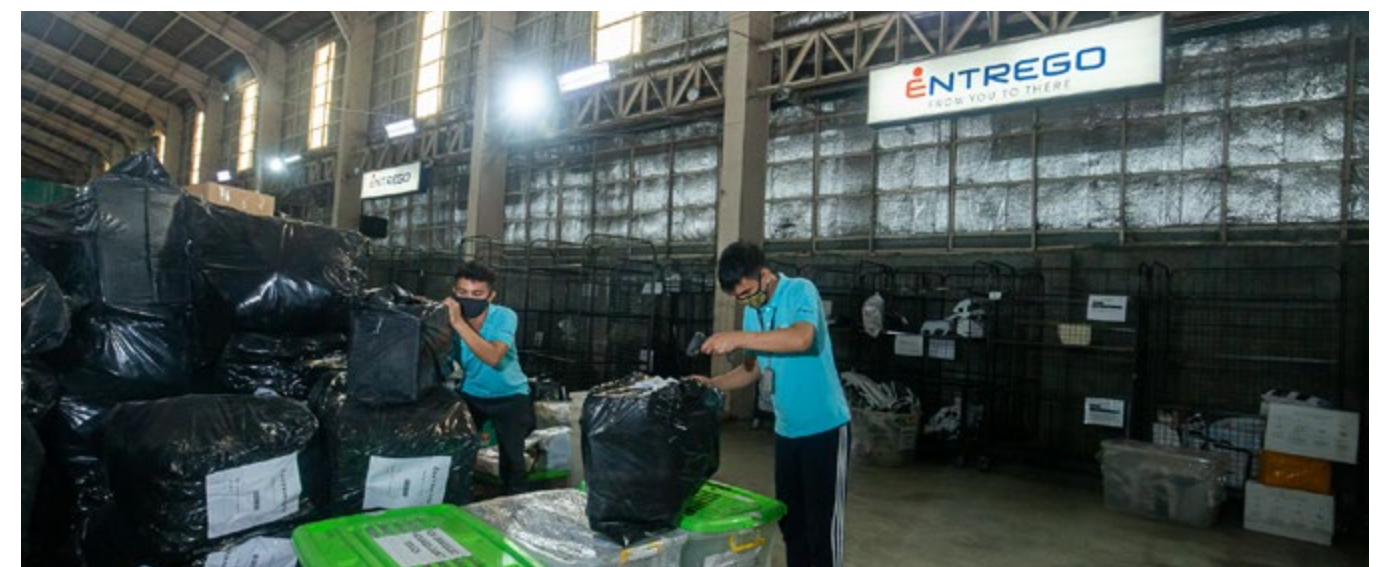
- ▶ Streamlining of processes to ensure there is sufficient staff to handle the workload; anticipating heavy workload periods; scheduling meetings in advance to discuss upcoming work and projected timelines for completion; and involving employees in decisions regarding the best use of resources
- ▶ Flexible work arrangement: observing core hours; shifting to output-driven mindset
- ▶ Ayala employees collectively spent about 1,000 hours on wellness learning programs on mindfulness, psychological first aid, and building resilience

Ayala engages with these stakeholders directly to work with them in evaluating learning providers, and in exploring other options that meet their upskilling requirements, as well as in allocating budget to cover corresponding expenses

Ayala provides different modalities of learning for diverse learners; we have onboarded online self-paced learning platforms that can help employees upskill anytime while still maintaining our synchronous learning programs

Ayala provides study loans with below-the-market interest rates and study leaves for those interested to pursue degree-earning programs in foreign or local institutions. We have partnered with top global institutions (i.e., Harvard, INSEAD) and research experts to ensure high-quality programs for our stakeholders. For example, the Ayala Leadership Acceleration Program (LEAP), co-developed by Harvard Business Publishing, participated in by leaders across the different business units of Ayala, gives opportunities for leaders to access recent leadership thinking direct from the experts, and network with other leaders across the group, and be exposed to different operational challenges of different industries. We have also partnered with Coursera and Emeritus which give our stakeholders access to content from universities and leading experts.

The team has collaborated with the functional leaders to achieve a learning agenda that is important to Ayala. This collaboration includes co-developing or sourcing appropriate courses such as data privacy, cybersecurity, and anti-money laundering programs.



Ayala employees are well-trained to handle the complexities of the work they do.



Bank Counterparties and Creditors

Responsibility of: Treasury

Equitable Business Practices [page 144](#)

HOW WE ENGAGE

Regular Channels of Engagement

- ▶ Meetings and video conference calls
- ▶ Formal correspondence and email
- ▶ Economic briefings
- ▶ Roadshow Presentations

Special Activities or Initiatives

- ▶ International credit investor engagement through a deal roadshow for the US-Dollar Fixed-for-Life bond issuance
- ▶ Access to quarterly analyst's briefings and annual stockholders' meeting
- ▶ Creditors conduct regular briefings to the company on relevant topics such as financing alternatives, economic and market outlook, and alternative benchmark rates in light of the phasing out of LIBOR rates at the end of 2021
- ▶ Regular communication with creditors on financing requirements, market, and credit updates
- ▶ Knowledge sharing on innovative solutions on operations management, leveraging new technologies

Covid-19 Initiatives

Ayala Corporation and Ayala Land were the first issuers to utilize the E-Securities Issue Portal (E-sip), which allowed the online registration and processing of documents. This also paved the way for the digitalization of the capital markets. This facilitated submission of documents for capital market issuances given the current work- from-home setup.

KEY CONCERNS RAISED

Resilience of the Company

Financing plans

Balance sheet levels

OUR STRATEGIC RESPONSE

We maintained our strong credit reputation, optimized our financing, and engaged with creditors throughout the COVID-19 pandemic

Diversified financing remained one of our top priorities in 2021. Our issuances are opportunistic in nature. The capital markets were a funding option given liquidity in the market and ability to capture long-term rates at favorable levels despite an expected rise in interest rates.

Sustained balance sheet strength, high cash levels, and availability of credit facilities to finance growth opportunities

Insurers

Responsibility of: Group Risk Management and Sustainability

HOW WE ENGAGE

Regular Channels of Engagement

- ▶ Regular cadence meetings with our risk advisor for updates on market trends and new risks
- ▶ Regular meetings and discussion with various stakeholders on new insurance products
- ▶ Risk studies specific to business units, including risk engineering surveys, business interruption studies, and natural catastrophe modeling, among others.

Special Activities or Initiatives

- ▶ **Insurance roadshows** highlighting our focus on risk management, and our sustainability milestones. This resulted in increased support from new insurers as well as competitive proposals from existing partners on various programs being optimized for the Ayala Group
- ▶ **Insurance stewardship meetings** mid-(policy) year to get updates from major insurance partners on new trends and targets, providing us a better understanding of what we need to plan for the following year.

Covid-19 Initiatives

During the roadshows, special focus was made on how we are doing, and planning to move forward from the impact of COVID 19.

KEY CONCERNS RAISED

Our resilience in managing COVID-19 related challenges

Coal-related energy investment risks

ESG issues

OUR STRATEGIC RESPONSE

We provided information on our response to the pandemic, being both optimistic and transparent with our plans

We provided updates on ACEN's energy transition journey

We always present the company's ESG targets, activities, and achievements, underscoring the support we get from top management as well as from our subsidiaries in terms of meeting our commitments.



Business Partners and Affiliates

Responsibility of: Strategy Equitable Business Practices page 144

HOW WE ENGAGE

Regular Channels of Engagement

- ▶ Dialogues and meetings (typically Board and Executive Committee level)
- ▶ Communication with project partners
- ▶ Due diligence for possible investments and partners

Special Activities or Initiatives

In 2021, we continued to support strategic partners such as Yoma and Mitsubishi by exchanging best practices, and extending assistance where possible during the pandemic. We also continued to support various group-wide initiatives to support Ayala Corporation's broader ecosystem of partners, vendors, and suppliers.

Our chairman was invited to be part of the Council for Inclusive Capitalism as one of its stewards. We continuously engage with our counterparts in the Council for future joint initiatives; and constantly communicate our progress on our inclusivity commitments. Locally, we support the Philippine Business Groups' Covenant for Shared Prosperity through dialogue with partner business associations. Work continues in developing collaborative, tangible initiatives in pursuit of the Covenant's goals.

Covid-19 Initiatives

Throughout the year, we supported management in key dialogues between public and private sector representatives, providing thought leadership amid uncertainty due to the COVID-19 pandemic. Through representation of our management, these initiatives promoted greater and more frequent collaboration between the public and private sectors, as well as with the academe.

KEY CONCERNS RAISED

Management and governance (i.e., succession plans, compensation, diversity)

Financial Performance (i.e., balance sheet, recovery from impact of COVID-19)

Financial Outlook and Risks

OUR STRATEGIC RESPONSE

Transparency and timeliness of disclosures and reporting, strong governance processes upheld within the holding company

Working with various teams within AC and the Ayala Group to ensure that the company is able to deliver strong financial performance

Regular engagements (dialogues, meetings, etc.) conducted with partners and experts to shape our outlook, and develop informed views and targets

Suppliers

Responsibility of: Strategic Human Resources Equitable Business Practices page 144

HOW WE ENGAGE

Regular Channels of Engagement

- ▶ Coordination meetings
- ▶ Bid openings
- ▶ Negotiation

Covid-19 Initiatives

Assisted employees in procuring mask, vitamins and medicines during the pandemic.

KEY CONCERNS RAISED

Payment coordination: some invoices received were not original copies so there was a delay in processing

OUR STRATEGIC RESPONSE

Remind delivery teams to submit the original invoices

Media

Responsibility of: Brand and Reputation Management Equitable Business Practices page 144

HOW WE ENGAGE

Regular Channels of Engagement

- ▶ Press briefings and conferences
- ▶ Planned or scheduled media events/ social gatherings and meetings
- ▶ Interviews with key officers

- ▶ Invitation to company events
- ▶ Regular company updates through corporate websites, emails, phone calls, social media, etc.

Special Activities or Initiatives

- ▶ Annual Group-wide media appreciation night

KEY CONCERNS RAISED

Error in published/landed reports

OUR STRATEGIC RESPONSE

Correct misinformation by calling the reporter or editor to request re-posting of corrected information

Industry Associations

Some departments are members of various industry associations Equitable Business Practices page 144

HOW WE ENGAGE

Regular Channels of Engagement

- ▶ Membership
- ▶ Special events such as conferences, forums
- ▶ Webinar/online
- ▶ Face to face meetings

Covid-19 Initiatives

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

Continuing support and long-term relationship on key stakeholders

For speaking engagements, they request presence and content contribution

OUR STRATEGIC RESPONSE

Sponsorship requests go through an evaluation which includes an assessment on the alignment of interest

Anticipated delays in the implementation of projects due to movement restrictions



Communities

Responsibility of: Ayala Foundation Inc.

Equitable Business Practices page 144

HOW WE ENGAGE

Regular Channels of Engagement

- ▶ Collaborative interventions, training, learning action cells sessions for teachers
- ▶ Online engagement, meetings, dialogues, coordination through phone calls, messenger audio/video calls
- ▶ Signing of Memorandum of Agreements, partnership agreements, and issuance of Certificate of Donations

Special Activities or Initiatives

- ▶ Continuous mentoring on management and resolving production issues through social media group chats to maintain open communication with all partners, including the community
- ▶ Presence in special celebrations despite limited number of farm visits.
- ▶ Virtual coordination meetings with key DepEd stakeholders initiated by the AFI Education team to keep DepEd stakeholders engaged while waiting for the delivery of their respective ProFuturo suitcases

Covid-19 Initiatives

- ▶ We conducted COVID-19 awareness sessions in partnership with MDC Greens, which encouraged farm workers to get vaccinated.
- ▶ Sariwani, AFI's partner coop's brand for vegetables and other products, put up a donation page in 2020, which raised more than ₱100,000 for Buyani in 2021. Funds collected were used to buy rice, eggs, and vegetables delivered to some 14,000 individuals in communities affected by mobility restrictions due to covid-19.
- ▶ Teachers were kept updated on the ongoing activities of AFI Education to sustain their engagement on the project through various means such as the "Kwento ng Kagitingan" series, training, among others.

KEY CONCERNS RAISED

Lack of financial means to support their families during pandemic, causing farmers to find alternate jobs

Covid-19 surges that limits face to face intervention

Too many positions they want us take, too little time plus limited resources

OUR STRATEGIC RESPONSE

AFI supported the cooperative by providing salaries for three 15-day pay periods, which jumpstarted IKAC's operations, enabling most farmers to go back to their regular work in the farm.

Anticipated delays in the implementation of projects due to movement restrictions

Prioritize and make known to them our limitations in order to manage expectations. Educate stakeholders on our organizational culture (highly collaborative but with clear guidelines, systems and processes).

Customers

Customer Experience and Protection page 135

BUSINESS UNIT KEY CONCERNS RAISED

OUR STRATEGIC RESPONSE

Ayala Land

Customer engagement and satisfaction amid the pandemic

Digital client-engagement tools: Buyer's Portal, Digital Sales and Marketing, Virtual Tours and Showrooms, Online Appointment System

Customer health and safety

Adherence to health and safety protocols

Facilities and property management

Deployed stay-in workers to ensure continued operations despite the lockdowns

BPI

Clients disclose their personal information/ OTP to fraudsters

- ▶ Met with clients with disputed transactions related to fraud and help educate them. We assisted in formulating spiels to clients advising them we can provide assistance should they want to make a report to NBI or file cases against the perpetrators.
- ▶ We requested concerned business units to post customer awareness materials on phishing, vishing and smishing in the bank's website.
- ▶ Active involvement in the discussions with cybercrime and concerned business units to help mitigate or avoid fraudulent cases.

Addressing client concerns promptly

- ▶ Customer feedback forms available at all branches
- ▶ Ensured that BPI and its business units' contact information are provided in marketing materials, email replies and other correspondences.
- ▶ Continued enhancement of the BPI Customer Assistance Program so feedback from customers and potential customers are well handled in alignment with the Bank's consumer protection policies.

Undispensed ATM withdrawal

- ▶ Periodic maintenance of machines and replacement of older machines to address hardware concerns
- ▶ Regular coordination with partner suppliers to ensure reliable and secure access to the network

Globe

Digitalization: As quarantine restrictions continued in 2021 due to a surge in COVID-19 cases, customer demand for a reliable network continued to increase, especially for families who work and study from home.

- ▶ 1.4 million lines, surpassing 2021 target
- ▶ Built 1,407 cell sites, which includes both 4G/LTE
- ▶ Expanded 5G outdoor coverage network through installation of over 2,000 5G sites nationwide (96% of NCR and 84% of VisMin key cities)

As demand for connectivity increased, more customers were in need of immediate support for their issues and concerns.

- ▶ Globe leveraged the use of digital channels and technologies (i.e., mobile apps, Viber communities, self-service IVR, chatbot and online shop) to attend to customers faster. This was complemented by an agent-assisted outbound support to resolve complex concerns. Agent-assisted calls remain available to senior citizens and other customers in need of utmost care.
- ▶ Overall Net Promoter Score (NPS) hit its highest in 6 years, peaking at 38 points, above the APAC telco benchmark of 30. Contact Center NPS registered at 55.1 compared to 11.9 in 2020.

Online Safety

- ▶ Globe blocked a total of 1.15 billion scam and spam messages, around 7,000 mobile numbers linked to scammers, and 2,000 unofficial social media accounts and phishing sites last year, as we vowed to further boost customer protection amid increased activity online under the pandemic.
- ▶ The company continues to regularly provide its customers with relevant information about fraud, cybersecurity, and data privacy to boost awareness and help protect themselves against these threats.
- ▶ We stepped up efforts to help the government to stop online sexual abuse and exploitation of children through strategic partnerships.
- ▶ Globe's Digital Thumbprint Program runs education programs on online safety for the youth, teachers, and parents.

Keeping up-to-date on critical information during lockdowns

- ▶ Globe gave free access to emergency numbers and government hotlines using any Globe mobile and landline numbers.



ACEN	Inability to operate on pre-pandemic basis resulting to lower electricity consumption (schools, retail)	<ul style="list-style-type: none"> ▶ Provided a contract that doesn't penalize customers due to reduced volume: actual consumption was the basis of the bill and no imposition of minimum energy quantity
	Collection risk for some customers with cash flow concern due to pandemic	<ul style="list-style-type: none"> ▶ Closely monitored our collections and provide relief to customers by approving customer's requests to waive incurred interests and penalties
	Timely submission and compliance of switching requirements to ensure successful switching of accounts despite logistics concerns and unavailability of signatories due to pandemic	<ul style="list-style-type: none"> ▶ Assigned a dedicated team to handle the switching process and provide necessary assistance to customers, taking care of the logistics in routing documents for signature and notarization.
	Providing continuous engagement activities for customers	<ul style="list-style-type: none"> ▶ Switched to mostly virtual activities
	Impact of Typhoon Odette on some of our customers in Visayas such as interrupted operations, significant damage in property and welfare of their employees	<ul style="list-style-type: none"> ▶ Immediately reached out to all affected customers and provided donations in kind (bottled water and grocery items). ▶ Closely monitored restoration of connection

AC Health	Misinformation regarding COVID-19 vaccines	AC Health continued to be a key knowledge resource for COVID-19, hosting webinars and publishing social cards on vaccine FAQs via its Facebook page
	Meeting healthcare demands despite mobility limitations and rise in COVID-19 cases in healthcare facilities	<ul style="list-style-type: none"> ▶ Healthway Clinics remained operational especially for non-COVID cases. Together with QualiMed, they offered more home-based services (i.e. diagnostics, testing, home care management). ▶ IE Medica/MedEthix and Generika Drugstore ensured access to COVID and non-COVIDS medicines and supplies. Generika and HealthNow also offered medicine delivery services through their platforms. ▶ HealthNow mobile app offered an integrated health platform, allowing users access to teleconsultation services, and order medicines for delivery. It reached 795,000 registrations and retained 55,000 monthly active users.
	Demand for COVID-19 vaccines and boosters	Leveraging AC Health's full ecosystem, the team launched its own COVID-19 vaccination program, COVIDShield, which administered over 640,000 doses of vaccine for key partners within and outside of the Ayala Group across 30+ sites nationwide in 2021.
	Access to COVID-19 diagnostics, treatment, and in-patient care	<ul style="list-style-type: none"> ▶ At the onset of the pandemic, AC Health led a consortium to invest in and scale up national RT-PCR testing capacity through 5 accredited labs that can process up to 4,000 tests daily. AC Health continued to offer the PCR testing services through Healthway and QualiMed sites. ▶ MedEthix expanded its portfolio, including being the first to bring into the country Molnupiravir, an oral antiviral treatment for COVID-19. This was made accessible to patients through Healthway, QualiMed and HealthNow. ▶ QualiMed hospitals served as COVID-19 referral centers, catering to demand for in-patient care, and dedicating over half of total bed capacity to COVID cases.

iPeople	Surges in COVID cases in the latter part of 2021 (when in person classes had started)	Encouraged vaccination and boosters for students and employees; reiterated policies on minimum public health standards
	Mental health concerns of students and employees during the pandemic	Increased accessibility to online counselling for students and employees; increased number of academic coaches and advisers made available to students for academic concerns
	Lack of participation of students and employees in institutional activities	Increased online activities
	Health insurance	Students who will participate in limited face to face classes required to register with Philhealth or given other insurance options; employees' company insurance already cover COVID but only up to the maximum insurance benefit limit which varies per school

AC Motors	Regaining customer confidence to visit dealerships during the pandemic	<ul style="list-style-type: none"> ▶ Launched health protection activities inside the dealerships ▶ Implemented safety protocols for sale and after-sale transactions ▶ Offered home servicing as an option, following all health provisions by the dealer and only upon customer's consent and cited conditions ▶ Implemented scheduled home test drives/sales calls ▶ Health checks of all associates, visiting customers and guests ▶ Home delivery of brand-new units ▶ Used digital tools, such as chat bots, to engage customers prior to showroom visits ▶ Implemented scheduled test-drives to allow for vehicle sanitations ▶ Units in the showroom are sanitized regularly ▶ Only sales executives assigned in the showrooms were allowed to work onsite to minimize foot traffic in the dealership
	Ensuring physical distancing and safe waiting at customer lounges	<ul style="list-style-type: none"> ▶ Placed markers in all dealerships and distributors facilities ▶ Limited customer lounge occupancy ▶ Ensured service efficiency at every customer touchpoint and work flow
	Delayed new unit availability and delivery	<ul style="list-style-type: none"> ▶ Constant sales team (for distributors) and sales executive/consultants (for dealers) engagement with customers regarding unit availability and timeliness of unit releases as well as completeness of document processing ▶ Continued distributor engagement with OEM partners to align on production limitations/issues and also for OEM partners to understand local demand/ need for certain models ▶ Encouraged customers to settle their payments through bank transfers for their convenience
	Delayed parts availability, delayed service unit delivery	<ul style="list-style-type: none"> ▶ Launched online channels such as The Mechanics by AC Motors, AC Motors online store, AC Motors online financing; video solutions like VentaVid for customer prospecting/virtual test drive/virtual new unit vehicle presentation; activated home service/offsite service for individual/corporate customers) ▶ Reinforced quality inspection to prevent recurring back jobs



IMI	Component shortage, supply chain disruptions	Worked with customers and suppliers on mitigation strategies and cost sharing
	Recruitment and retention – loss of talent ability to hire based on skill requirements	Alignment to industry standard compensation and benefits
	ESG and Climate Action / Green Energy initiatives of customers	IMI alignment with customer programs and initiatives on carbon neutrality and NetZero ambition; and with AC and consultants to refine IMI ESG strategy
Zalora	Increase in fraudulent transactions	Created a verification process to screen transactions based on identified fraud trends, suspected email, name and address syntax
	Surge of customer contacts due to delays	<ul style="list-style-type: none"> Partnered with First Mile third party logistics to ensure all orders are delivered following FIFO (First In-First Out) methodology. Sent out proactive communications via email and SMS to customers re delays Created an escalation process in partnership with Entrego to expedite the delivery of aged parcels in hubs with low OTD (On Time Delivery) % to improve overall delivery experience. Like First mile delays, we activated proactive communications via email and SMS in addition to regular transactional communications sent to customers.
	Marketplace seller cancellations	Partnered with Marketplace Operations, identified seller outliers and established a clear line of communication for escalation to ensure that all customers concerns are addressed, particularly for cancellations due to sellers' capacity to fulfill orders in relation to COVID 19 cases and government restrictions
	Delivery lead time management	Enabled proactive communications strategy via SMS on top of the regular transactional emails to update customers real-time on order delivery
	Pricey marketplace shipping fees	Launched dynamic shipping fees based on item weight/size to effectively set customer expectations
MWC	Spread of virus from customers to employees, and vice-versa	<ul style="list-style-type: none"> Minimized risk by reducing physical interaction in business areas and physical payment facilities, and adoption of QR Codes for contact tracing Launched a one-stop customer portal for bill inquiry, payments, and more through My Manila Water App (MMWA)
	Lack of capability to pay water bills due to financial distress caused by the pandemic	<ul style="list-style-type: none"> Suspension of disconnection Provided flexible payment solutions
	Service disruptions	Regular posting of planned/unplanned activities to social media

Nature as a Stakeholder

Climate Change and Biodiversity page 110

Nature is a key stakeholder for almost all organizations. The natural world provides raw materials and life-sustaining ecosystem services we need to survive. Nature, however, is declining at an unprecedented rate. If our natural ecosystems are degraded or collapse entirely, more than half of the global economic value generation will be adversely affected.

At Ayala, we acknowledge that nature loss must be addressed purposively and systematically. Aligned with the WBCSD's Global Goal for Nature, we look forward to working with experts, policymakers, investors, innovators, and consumers to translate this goal into practical and actionable steps for companies from all sectors.

We ensure that our businesses operate sustainably through the responsible management of their impacts to nature and the environment.

We have initiatives such as **Project Kasibulan's Mindoro Forest and Biodiversity Conservation Program** page 116), a groupwide forest and biodiversity conservation program to preserve and enhance the remaining high value forests in Oriental Mindoro. Project Kasibulan is an example of a nature-based solution which protects and sustainably manages natural ecosystems to lower concentrations of greenhouse gases in the atmosphere. The program simultaneously addresses climate change, supports local communities, and conserves one of the most the biologically diverse ecosystems in the Philippines.



Oriental Mindoro is a key biodiversity hotspot for the Philippines. It has some of the densest and most diverse ecosystems and is considered as a major food basket for Luzon.



Businesses cannot survive in communities rife with inequity and in a degraded environment. Ignoring the challenges faced by the world today threatens our ability to create long-term value and jeopardizes enterprises, markets and entire societies."

Jaime Augusto Zobel de Ayala
Chairman



MATERIALITY

Gaining Focus in 2021

After a successful integration of various elements and metrics in 2020, Ayala' Sustainability Reporting Framework gained focus in 2021 to maximize our relevance and impact. It continues to feature a blend of metrics on which our disclosures are based, with emphasis on how we in Ayala go beyond mere compliance in creating shared value and being a responsible organization.

Where possible, we intentionally track both our financial and ESG performance. We continue to align with global standards and frameworks in our disclosures of ESG items, as well as uphold the Ayala Sustainability Blueprint, which was based on the UN Sustainable Development Goals.



Connects financial and ESG aspects, and explains how a company creates value through the following capitals:

1. Financial
2. Manufactured
3. Human
4. Social and Relationships
5. Intellectual
6. Natural



As a founding member of the Global Compact Network Philippines, our report also discloses how we remain true in adhering to UNGC's 10 principles.



Our 2020 Governance disclosures were cited by TCFD in their **Good Practice Handbook**.



Our 2020 report won **Silver in Asia's Best Integrated Report Category** during the Asia Sustainability Reporting Awards.



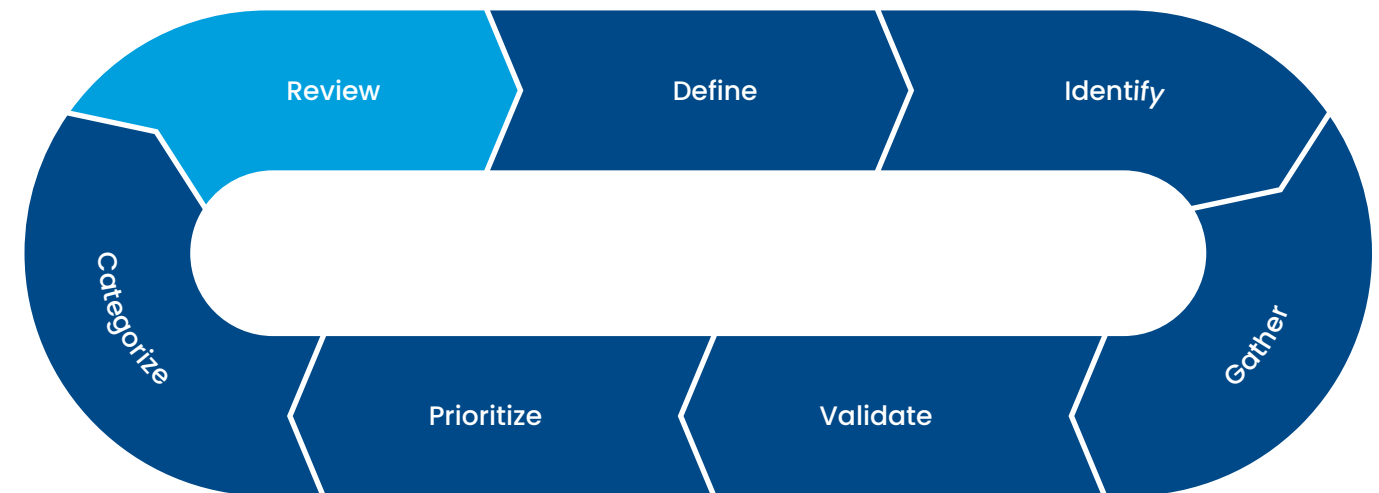
Recommends disclosures on climate-related financial risks and opportunities; primarily used by investors, lenders, and insurers



Focuses on the company's ESG performance and impact; and lists interrelated items that are both universal and topic-specific for a company's materiality



Highlights pre-selected, industry-specific, material topics that are prioritized by investors



OUR MATERIALITY PROCESS

Our sustainability framework was the 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 our material topics:

1. It is common among the majority of the Ayala companies
2. It has a significant impact on 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, an in-depth look at the different reporting standards, evaluation of reviews by the World Business Council for Sustainable Development (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 of the interconnectivity of the material topics and disclosures.

This resulted in five thematic areas:

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

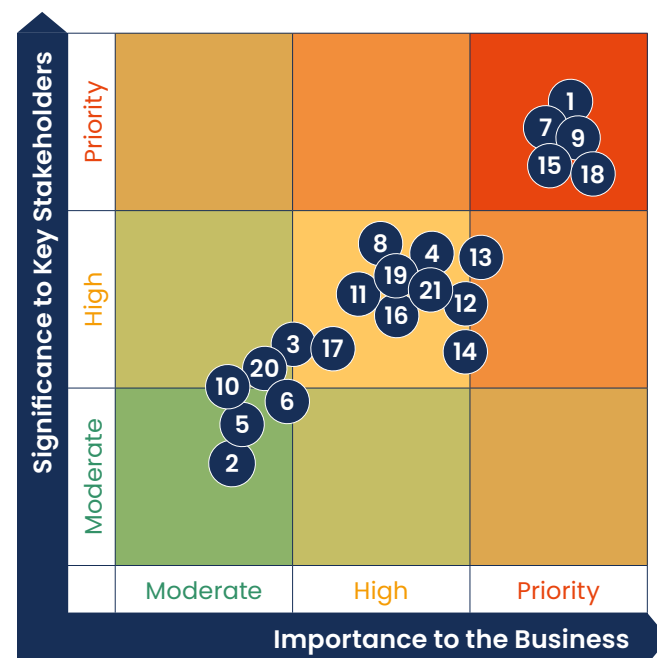
Our **review** for the year showed that the five thematic areas and their related indicators continue to be relevant across the group. We conducted roadshows with every business unit where we tackled the trends in their industry, changes in their business operations, and the important matters for them and their key stakeholders.



Due to the decrease of the investment of Ayala in Manila Water Company, these two indicators are no longer part of Ayala's materiality:

- ▶ Water distribution network efficiency
- ▶ Wastewater management

Since Ayala joined the World Business Council for Sustainable Development (WBCSD), their annual feedback on our report became a significant component of our review process. Inputs from our latest feedback session with WBCSD as well as from our roadshows helped refine our materiality framework where focus areas are now highlighted per theme. After much deliberation, the heat map shows the level of importance of the material indicators for both our key stakeholders and the business. Indicators that fall in the priority zone are then the primary focus of our materiality themes.



See the Ayala 2021 Sustainability Reporting Framework on the next right page for the materiality themes, indicators and each of its focus areas.

As Ayala firmed up its 2050 Net-Zero commitment, **GHG Emissions** became the focus for **Climate Change and Biodiversity**. Globally, stakeholders are keeping an eye on GHG Emissions, holding companies accountable, ensuring that they lower their negative environmental impacts. We take the lead in reshaping the agenda for Philippine business, declaring our climate commitment with a clear plan on how to follow it through.

The second thematic area's focus on **Waste and Hazardous Materials Management** is related to Ayala's drive to lower negative environmental impact. Climate change has accelerated our need to find measures to reduce and manage the waste we create, especially since waste management has been a pressing issue in urban centers where we operate.

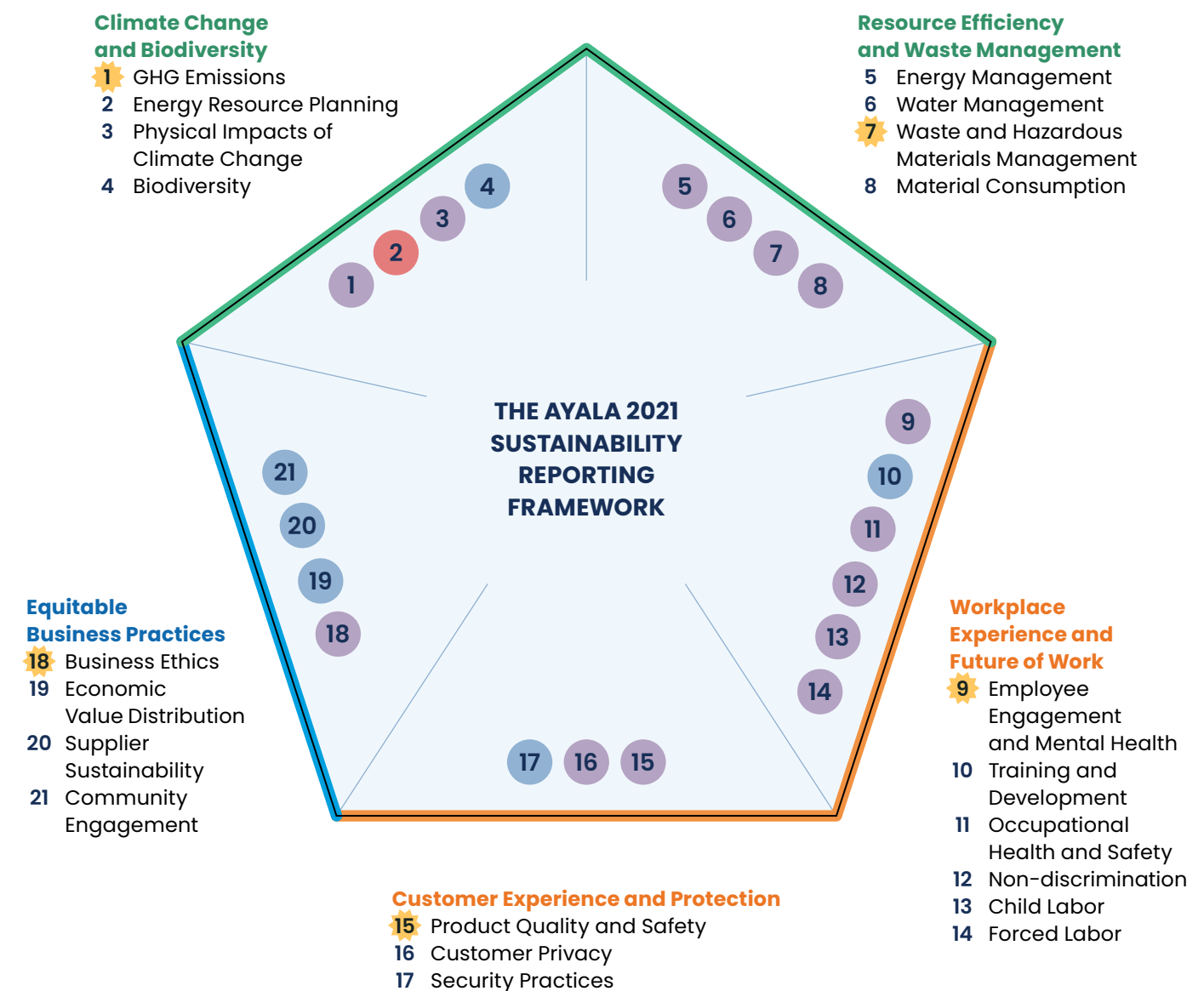
On **Workplace Experience and Future of Work**, the highest demand of key stakeholders is on **employee engagement and mental health**—two areas that have become increasingly important especially during the pandemic. We at Ayala recognize that employees are our primary customers whose well-being at work is part of our responsibility.

The fourth thematic area's focus turned out to be **Product Quality and Safety**. Both the key stakeholders and companies recognize that product quality and safety is of high importance to any organization.

The final theme, **Equitable Business Practice**, gives more focus on a governance related indicator—**Business Ethics**. Our stakeholders expect that Ayala Corporation will continue to exercise strong corporate governance, and hold all its business units to the same standard.

LEGENDS:

- Environmental Social Governance Focus Area
- GRI + SASB GRI SASB





ENVIRONMENTAL



110
CLIMATE
CHANGE



115
BIODIVERSITY



118
RESOURCE
EFFICIENCY



121
WASTE
MANAGEMENT





Highlights

30%

Increase in renewable energy consumption across the group

42%

Decrease in residual wastes reaching landfills

Completed

Project Design Document of Project Kasibulan which follows the UN REDD+ framework.

38,000

Tonnes of waste recycled

Indicators

- 1 GHG emissions
- 2 Energy resource planning
- 3 Physical impacts of climate change
- 4 Biodiversity
- 5 Energy management
- 6 Water management
- 7 Waste and hazardous materials management
- 8 Material consumption

We embed sustainability into our processes as we answer the call for comprehensive action to address the complex intergenerational and international climate change issue.

As the Philippines commits to a 75 percent below-business-as-usual emission reduction by 2030, Ayala Corporation aspires to achieve net-zero greenhouse gas emissions, and shall align its targets with global and national outlooks.

Goals

Ayala Corporation committed to net-zero greenhouse gas emissions by 2050. We concluded a climate action gap analysis towards the end of 2021, and have recently started a comprehensive greenhouse gas footprint validation and accounting exercise for our four core business units. This shall translate to better management of our emissions. We have partnered with South Pole to help us chart our climate journey.

We are closely monitoring the progress of the Taskforce on Nature-related Financial Disclosures (TNFD), the first integrated

approach to integrating nature-related risk and opportunity analysis into corporate and financial decision-making.

We are reducing our resource use by adopting environment-friendly technologies, promoting the efficient use of materials, and utilizing renewable sources of energy whenever possible. We also focus on proper waste management strategies that can significantly impact our emissions and incur savings for our different businesses.

Finally, understanding the physical impacts of climate change allows us to grow a strong and climate-resilient business portfolio.

How We Manage Our Impact

POLICIES

- ▶ Biodiversity and Management of Greenhouse Gas Emissions Policy
- ▶ Energy, Water and Waste Management Policy

For more information on our policies, visit: ayala.com/sustainability

RESPONSIBILITY

Board of Directors, Management Teams and Operational Teams of all Business Units

STAKEHOLDERS AND PARTNERSHIPS [page 99](#)

Nature as Stakeholder

PERFORMANCE [page 252](#)

RELEVANT SDGs [page 158](#)



2021 Performance Overview

Climate Change	5.3 M Tonnes Co ₂ e GHG emissions per equity share
Biodiversity	~6,500 Hectares of forests and mangrove ecosystems protected (Ayala Land, BPI, Globe, and ACEN)
Resource Efficiency	113 M Liters of fuel consumption
	2,067 GWh total electricity consumption
	921.8 M Cubic meters of water consumption

Waste Management	56,900 Tonnes non-hazardous waste generated
	3,000 Tonnes of hazardous waste generated



AC Energy's Alaminos Solar Farm in Laguna supplies renewable energy to customers seeking to reduce Scope 2 GHG emissions



Ayala's Climate Ambition Roadmap

2050 Net Zero

2021

2022

2023



OCT
Net-Zero Commitment
Ayala announced its commitment to achieve net-zero greenhouse gas emissions by 2050



OCT
Project Engagement
Ayala partnered with South Pole to account for its emissions and develop a roadmap for its net-zero ambition



NOV
Climate Action Gap Analysis for Ayala Corp and the Core BU's
Determined the core units' points of strength and areas of improvement



MAR - AUG
GHG Footprint Accounting for Core BU's
Review and refine Ayala's Scope 1, Scope 2 and Scope 3 emissions



APR - AUG
Intervention Assessment for Core BU's
Identify and prioritize emission reduction interventions for core units based on emission hotspots



JUL - DEC
Target Setting for Core BU's
Determine short, medium, and long-term targets aligned with science for the core units



AUG - DEC
Net-Zero Roadmap Development for Core BU's
Develop a roadmap for core units to implement emission reduction interventions over time



Climate Action Gap Analysis to Net-Zero Roadmap Development for the rest of the portfolio
Determine the points of strength for portfolio investments and areas of improvement which will follow the same workstreams as the core BU's



Completion of the Ayala Group Net-Zero Roadmap
Ayala finalizes its net-zero roadmap and prepares for implementation of emission reduction interventions to 2050

Photo caption: The forests of Oriental, Mindoro are the home of Ayala Corporation's flagship REDD+ program. REDD+ stands for efforts to reduce emissions from deforestation and forest degradation.



Climate Change

Ayala recognizes the urgency of corporate climate action. Turning pledges to plans is key in upholding principles that value the environment as core to our sustained growth and contribution to building a better future for society.

As a response, we are committed to achieving net-zero greenhouse gas emissions across the company and in our various business units. With South Pole, we have undertaken a structured approach in assessing our subsidiaries, focusing on our four core business units: Ayala Land, BPI, AC Energy, and Globe.

In the next 12 months, we will:

- 1 Develop a detailed GHG footprint that includes all Scope 3 emissions from the value chain
- 2 Assess potential emission reduction activities and strategies to help us prioritize and budget for these interventions across our core business units
- 3 Establish interim targets aligned with a 1.5°C pathway across the core business units

Aligning ourselves with the global movement for climate action ensures that the Philippines' contribution makes a greater impact globally and locally, and through corporate action, we can secure the country's future from the threats brought about by climate change.

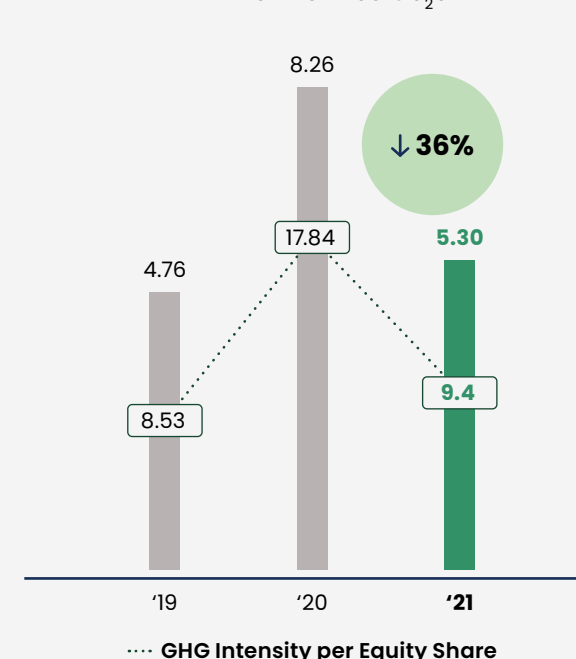
GHG Emissions per Equity Share in Million Tonnes Co₂e

TOTAL	5.3	↓ 36% decrease
Scope 1 Direct GHG Emissions Generated	4.9 92% of total	↓ 38% decrease The reduced coal usage was due to prolonged outages in 2021 and forced outages for safety, part replacement, and maintenance concerns.
Scope 2 Indirect GHG Emissions through Purchased Grid Electricity	0.3 6% of total	↓ 10% decrease While there is an increase in total electricity consumption, the observed increase in renewable energy source contributed to avoided GHG emissions.
Scope 3 Emissions from Value Chain	0.1 2% of total	↑ 38% increase The increase in Scope 3 emissions is attributed to the increased use of outsource vehicles for operations.

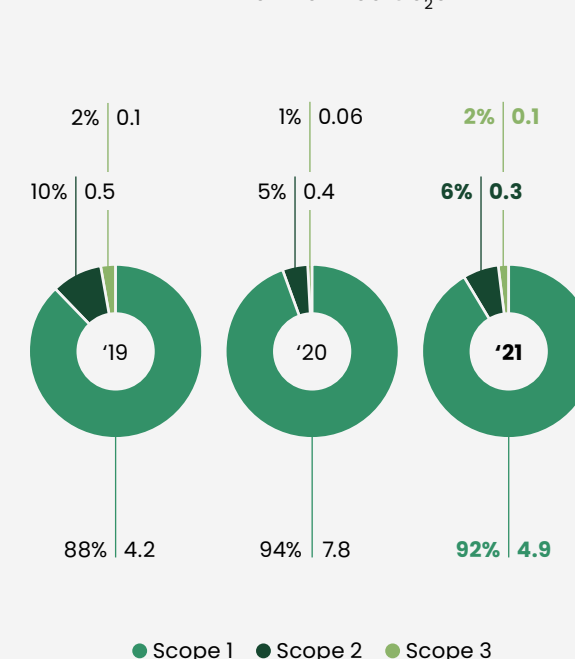
GHG Intensity per Equity Share in Tonnes Co₂e per million pesos

TOTAL	9.4	↓ 48% decrease
Scope 1 Direct GHG Emissions Generated	8.6 92% of total	↓ 49% decrease The reduced coal usage and increase in total revenue contributed to the total decrease in Scope 1 intensity.
Scope 2 Indirect GHG Emissions through Purchased Grid Electricity	0.6 6% of total	↓ 27% decrease The decrease in total emissions from electricity consumption together with the increase in total revenue resulted to the decrease in Scope 2 intensity.
Scope 3 Emissions from Value Chain	0.2 2% of total	↑ 13% increase The increase in use of outsourced vehicles and increase in total revenue resulted to an increase in Scope 3 intensity.

Total Emissions per Equity Share in Million Tonnes Co₂e



GHG Emissions by Scope in Million Tonnes Co₂e





Energy Resource Planning

The focus on climate change is driving the transition to a low-carbon economy.

In 2021, amid the lifting of lockdown and quarantine measures, Ayala companies increased their consumption of renewable energy. While **Ayala Land's total energy consumption rose by 7 percent, renewable energy constituted 37 percent of its energy mix, as efforts to shift properties to renewable energy sources continued under its carbon neutrality program.** This represents a **10-percent increase in RE consumption compared to 2020 levels.**

Ayala Land's commitment to energy efficiency is also reflected across its different projects. Its subsidiary APMC, the biggest property management company in the Philippines, applied for an ISO 50001 certification on energy management systems and received its certification on August 12, 2021. Ayala Land invested in more efficient equipment and made operational adjustments to reduce its environmental footprint and generate savings for the company and its tenants.



AC Energy's North Luzon Renewables supplies renewable energy to customers committed to reducing their Scope 2 emissions.

Globe, whose Scope 1 emissions are largely from the fuel consumption of its generator sets and vehicle fleet, **deployed over 8,500 green solutions** in its cell sites. These green solutions are more environmentally friendly alternatives to traditional diesel generator sets for backup power. These solutions include lithium-ion batteries, free-cooling systems, direct-current generators, and fuel cell systems that significantly reduce reliance on fossil fuels.

In 2021, Globe also **shifted 13 of its high energy utilization sites to renewable energy.** These include the Globe Tower and several of its corporate facilities and data centers. This shift was made possible by the Department of Energy's Retail Competition and Open Access (RCOA) program, which allows company facilities with a monthly average peak demand of 500 KW and above to choose their energy suppliers. Furthermore, **Globe increased its renewable energy purchase by 339 percent** in 2021, strengthening its commitment to further reduce its carbon footprint by shifting to greener sources of energy.

As we move forward with our commitment, Ayala Land, BPI, Globe, and ACEN will develop emissions reduction targets for Scopes 1, 2, and 3. In 2022, our four core business units will undertake an emissions reduction prioritization exercise that will identify reduction opportunities in the short, medium, and long term.

Physical Impacts of Climate Change

As more attention is given to climate change and the resulting rise in global temperatures, we are beginning to understand and anticipate the frequency of more intense weather events in certain regions and locations.

At Ayala, we are cognizant of climate change and its physical impacts on our businesses and assets. The physical effects of climate change are now more evident across our different business activities—from our value proposition to our property locations, staffing, and supply chains. As such, it is important for our businesses to understand their changing risk profiles as they strive to maintain resilience in an increasingly warming planet.

This 2021, we endeavored to better understand the natural hazards and climate change risks related to our various assets. To do so, we partnered with Aon Risk Consultants to identify, rate, and interpret the natural hazards and climate risks related to our assets.

Along with our business units, we intend to complete our climate-related physical risk study by the end of 2022.

For additional details please refer to the TCFD session on [page 74](#)



Understanding the physical impacts of climate change results in the implementation of measures that increase the resiliency of our man-made and natural assets.



Climate Change Initiatives by our Business Units

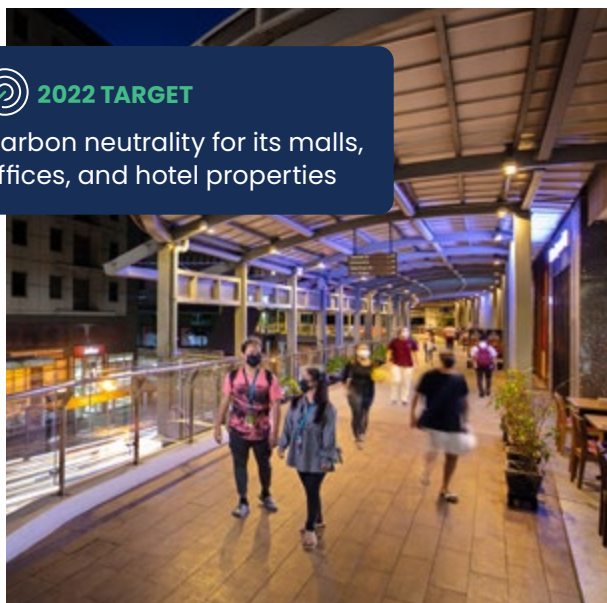
AYALA LAND

- **Reduced and neutralized Scope 1 and 2 emissions** by 100 percent, enabling the company to achieve carbon neutrality status a year ahead of its goal
- **Shifted 8 buildings to renewable energy**, bringing the total to 65 buildings run on renewable energy sources, which represents 85 percent of ALI's total GLA
- **Decreased net emissions** by 200,605 tCO₂e
- **Planted 56,510 native trees** across 31 hectares of ALI's carbon forests, bringing the total to 160,000 native trees planted in ALI's carbon sinks since 2018. As a result, the company's total carbon stock reached an estimated 8,224 tCO₂e in 2020.



2022 TARGET

Carbon neutrality for its malls, offices, and hotel properties



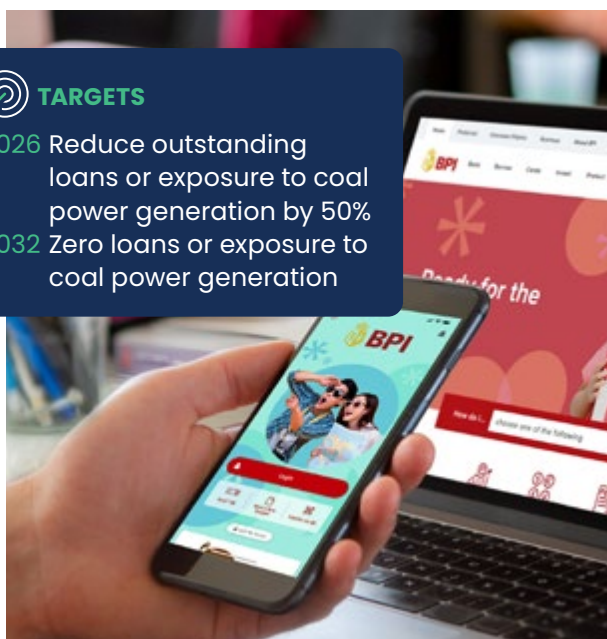
BPI

- Declared commitment to stop financing greenfield coal power generation, with the goal to reduce outstanding loans or exposure to coal power generation by 50 percent by 2026, and to zero by 2032
- Expanded its Environmental Risk Assessment (ERA) to include employee residences, offices, and machines, as well as collaterals and assets of corporate, SME, and retail clients
- Secured Board approval of the Environmental and Social Risk Management System (ESRMS) general policy, which created an Environmental and Social Risk Management (ESRM) Team within the Risk Management Office



TARGETS

- 2026 Reduce outstanding loans or exposure to coal power generation by 50%
- 2032 Zero loans or exposure to coal power generation



GLOBE

- **Deployed over 8,500 green network solutions** in cell sites to replace diesel generator sets as backup power
- **Shifted 13 high-energy utilization sites**, such as the Globe Tower and several corporate facilities and data centers, **to renewable energy**



2023 TARGET

Establish science-based targets to operationalize climate ambitions



Biodiversity

Climate change concerns have dominated ESG thinking, but awareness on nature risk is fast catching on. According to the World Economic Forum, more than half or \$44 trillion of global economic value generation is moderately or highly dependent on nature. Despite this, nature faces the challenges of mass extinction rates and increased pressure on land, water, oceans, climate, and biodiversity to meet the demands of a rapidly growing population. About 25% of our assessed plant and animal species are threatened by human actions, with a million species facing extinction, many within decades.

The Task Force on Nature-related Financial Disclosures (TNFD)

Ayala Corporation is monitoring the development of the first nature-related risk-management and disclosure framework from the Task Force on Nature-related Financial Disclosures (TNFD). The TNFD framework signals an important step by the market to tackle the risk of nature-loss to the global economy through incorporating nature-related risk and opportunity analysis into corporate and financial decision-making.

We continue to study the progress of the TNFD framework and look forward to adapting the framework for managing nature risks within the Ayala Group upon the release of its final recommendations in late 2023.



The Rofous Paradise-Flycatcher (*Terpsiphone cinnamomea*) is among the bird species to be protected by Project Kasibulan in Oriental Mindoro.



Ayala Corporation's Project Kasibulan: The Mindoro Forest and Biodiversity Conservation Program

Our country 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 these forests can deliver up to 30% of the global climate solution by 2030, and curb growing biodiversity and nature loss in the Philippines. To help curb growing biodiversity and nature loss, Ayala embarked on Project Kasibulan, a group-wide forest and biodiversity conservation program aimed at preserving and enhancing the remaining high conservation value forests in Oriental Mindoro.

Estimated to cover over 32,000 hectares and with a project lifetime of 30 years, Project Kasibulan is slated to be the first project of its scale and impact in the Philippines.

In 2021, the project was able to meet several milestones, first of which was the completion of the carbon stock assessment of its project accounting area. This resulted in the substantial completion of the Project Design Document following stringent the Verified Carbon Standard requirements of VERRA.



Through payment for ecosystem services arrangements, Project Kasibulan intends to lessen the unsustainable use of natural resources.

Additionally, Climate, Community & Biodiversity (CCB) Standards will be applied to Project Kasibulan. The CCB Standards promote excellence and innovation from the earliest stages of project design and development through implementation, ensuring the full participation of stakeholders, respect of customary and statutory rights including free, prior, and informed consent and demonstrate net positive climate, community, and biodiversity benefits.

Project Kasibulan continues to work with local governments, communities, and the indigenous people of Oriental Mindoro to ensure the long-term protection and survival of its forests and their biodiversity. The program considers the economic needs of the communities that depend on the forest for resources and livelihood and shall implement a payment for ecosystem services (PES) arrangement to decrease the unsustainable use of natural resources in Oriental Mindoro. PES will be adopted as one of the long-term sustainable interventions in the area following the UNFCCC's framework for Reducing Emissions from Deforestation and Degradation (REDD+).

In doing all of these, Project Kasibulan fosters both climate mitigation and adaptation, biodiversity conservation, and sustainable development in Oriental Mindoro.



Project Kasibulan works with local stakeholders to ensure the long-term protection and survival of the forests of Puerto Galera and San Teodoro, Oriental Mindoro.

Biodiversity Initiatives by our Business Units

AYALA LAND

- **Devoted 880 hectares to green spaces** in 22 urban estates, including 46 parks in established estates and 16 parks in emerging estates
- **Planted an additional 1,349 native trees** in its developments, bringing the total number of native trees recorded in its estates and residential projects to 105,291
- **Protects 66 IUCN red-list species** in El Nido and Anvaya

GLOBE

- **Reforested 159 hectares of land through GForest** and its partners. GForest now has over **8 million users** and has contributed to the conservation of forests in the Ipo watershed and the highlands of Zambales, among other areas nationwide.

ACEN

Biodiversity Conservation

- **Protects close to 800 hectares of forest and shoreline** in its renewable energy plants in Northern Luzon.

- **Conducts bi-annual biodiversity monitoring activities** within the wind farm in Barangay Caparispisan, Pagudpud, with support from the surrounding communities
- **Monitors the distribution, density, and behavior** of two conservation flagship species: the **Northern Luzon Giant Cloud Rat** (*Phloeomys pallidus*), and the **Philippine Duck** (*Anas luzonica*), in North Luzon Renewables; both species classified by the IUCN as vulnerable
- **Observed a continuous increase in nesting and hatching rates** over the past year in both our Pagudpud and Bangui wind farms.
- **Initiates regular training and information campaigns** with local communities and stakeholders

Social Forestry

- **Supports integrated social forestry farmers** inside the North Luzon Renewables wind farm
- **Planted 12,614 seedlings** of assorted fruit and forest trees within the windfarm and in partnership with local farmers

The more we discuss climate change, the clearer we see how it is intrinsically linked to biodiversity. Ayala Corporation is proactively exploring solutions that demonstrate our commitment to addressing both. This will allow us to meet our Climate Ambition and address nature and biodiversity loss through the emerging frameworks such as the Taskforce on Climate-related Financial Disclosures and the Taskforce on Nature-based Financial Disclosures.

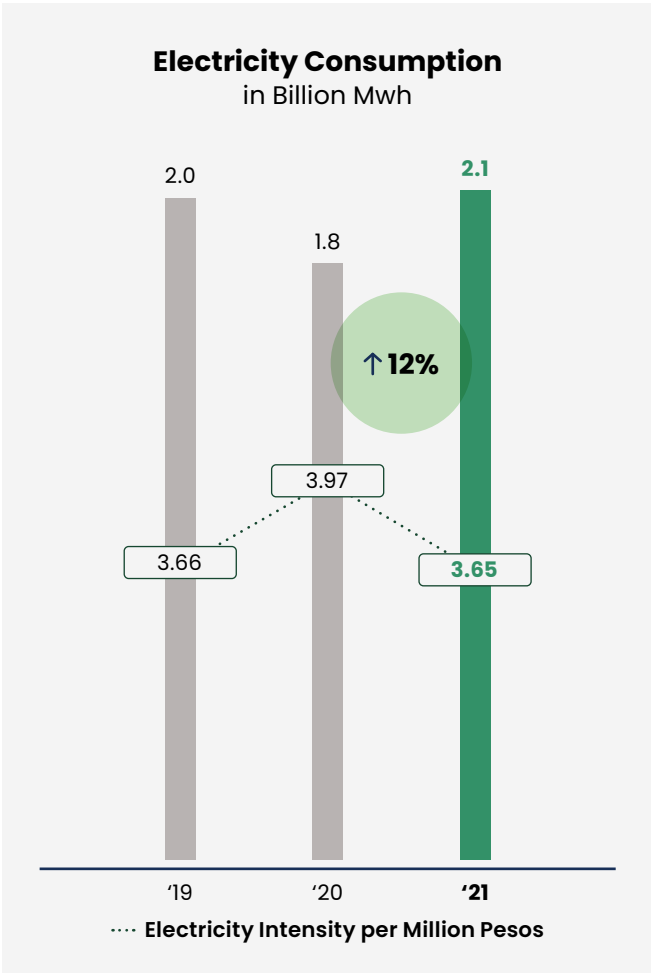
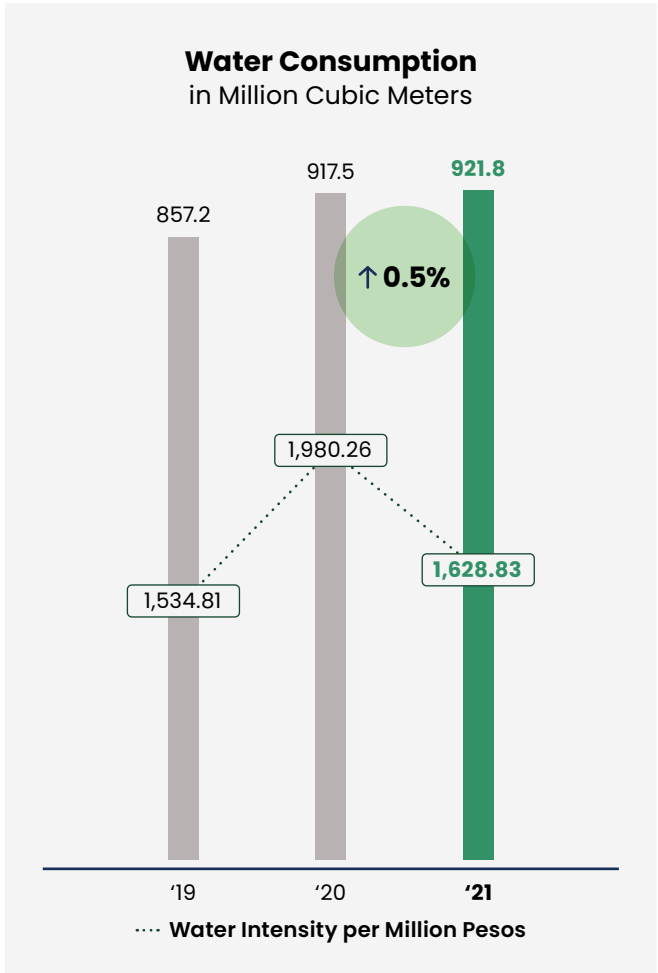


Resource Efficiency

Ayala recognizes the significant consumption of renewable and non-renewable resources involved in its many business activities, especially with the continuously growing demand for products and services. In becoming more aware of the scale of our material footprint, we are diligently tracking our materials consumption with an eye toward making it more efficient across several business units. We have adopted practices of reduction, recycling, and recovery, and have developed ongoing programs for these. We strive to become more efficient in the materials we use and to make more sustainable procurement choices as we move forward.



AC Energy actively recycles wastes from its solar farm operations by establishing an Eco-Hub in their Alaminos, Laguna site.

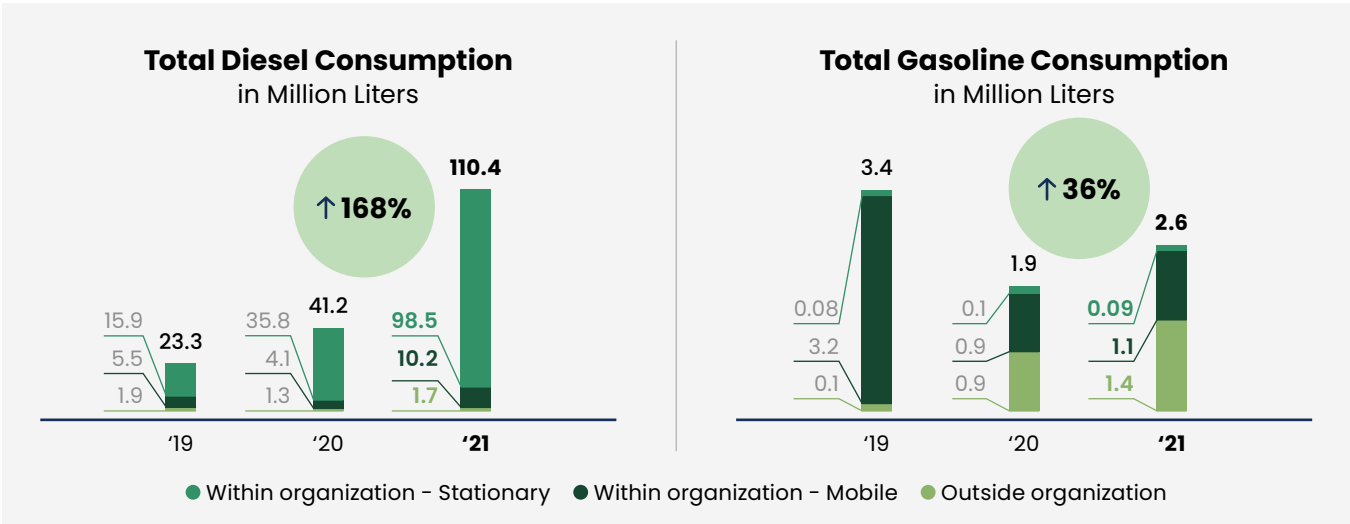


Diesel Consumption in Million Liters

TOTAL CONSUMPTION		110.5	↑ 168% increase	The increase in fuel consumption is attributed to the return to normal business operations and mobility.
Within Organization	Stationary (e.g. generator sets)	98.5	↑ 175% increase	
	Mobile (e.g., vehicles, transportation)	10.2	↑ 146% increase	
Outside Organization	Mobile (e.g., vehicles, transportation)	1.8	↑ 34% increase	

Gasoline Consumption in Million Liters

TOTAL CONSUMPTION		2.6	↑ 36% increase	The increase in fuel consumption is attributed to the return to normal business operations and mobility.
Within Organization	Stationary (e.g. generator sets)	0.1	↓ 22% decrease	
	Mobile (e.g., vehicles, transportation)	1.1	↑ 19% increase	
Outside Organization	Mobile (e.g., vehicles, transportation)	1.4	↑ 53% increase	





Resource Efficiency Initiatives by our Business Units

BPI

- Switched 51 percent of all air conditioning units in its branches to inverter technology
- Enrolled around 9 million BPI and BFB credit accounts to the Electronic Statement of Account (eSOA) program
- Saved approximately 36 million sheets of paper or the equivalent of around 4300 trees because of the eSOA program

IMI

- Optimized water use in operations through the reuse of treated water, recovery of excess water, reuse and/or recycling water through reverse osmosis, and replacement of aging main water piping supply
- Reuses ferrous and non-ferrous metals, electronics, scrap, solvents, and metal oxides

AC MOTORS

- Reconfigured and consolidated two or more brands in one facility to optimize resource efficiency (e.g., the Alabang dealership with Honda, Isuzu, Kia, and Maxus showrooms, service workshops, and shared body repair facility)
- Defined metrics to track environmental impact in order to set targets for waste reduction, water and electricity consumption, and GHG emissions
- Adopted clean and green technologies such as the air conditioning recovery machines in the Honda and Isuzu workshops which ensure that no hydrofluorocarbon (HFC) gases will be released into the atmosphere



BPI completed the switch to LED lights for all its branches in the Philippines.



In 2021, AC Motors optimized its facilities with resource efficiency in mind.

Waste Management

Acknowledging our responsibility in ensuring proper waste management, 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.

Ayala's policy on waste management encourages the observation of proper protocols in the transport, treatment, storage, and disposal of hazardous waste. We promote the responsible management of waste and adopting "redesign, reduce, reuse, re-earth (compost), and recycle" processes in our businesses, wherever applicable.

Though not always understood as a frontline issue for climate change mitigation, we understand that sound waste management practices can contribute to an organization's GHG reduction plans.

For the Ayala Group, increased awareness around waste management by our business units resulted in a 42% decrease in residual wastes due to the intensification of waste reduction activities and composting. This is an important development as landfills have significant environmental impacts.

Ayala Land reduces and avoids waste from reaching landfills by segregating waste at the property level and by reusing waste through recycling and reprocessing activities.

In 2021, all its Metro Manila malls set up their plastic collection booths to enable mall guests to contribute their clean and dry plastics on a regular basis. As a result, collected plastics increased by 11 tonnes or 23% compared with previous year.



Waste management has critical climate and greenhouse gas emission implications, making it a critical aspect of a groupwide GHG reduction strategy aligned with our Climate Ambition.

For waste utilization, Ayala Land invested in further research and development for plastics to be used in construction projects.

Ayala Land continues its efforts on composting food and landscape waste across its different properties.

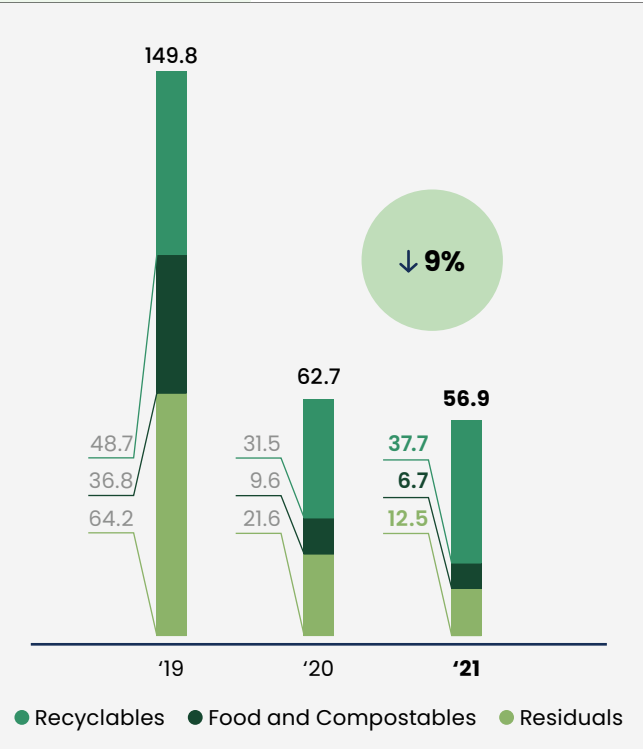
We also recorded approximately 38,000 tonnes of recycled waste from across the group, comprising 66.3 percent of the total non-hazardous waste generated for 2021. IMI Philippines recycled 215 tonnes of recycled and recovered plastic waste in its facilities. IMI Philippines recycled 215 tonnes of plastic waste in its facilities. IMI continues the recycling, recovery, and treatment of all wastes to zero-out waste disposal to municipal landfills.

Through its Climate Ambition Project, Ayala Corporation is working towards a group-wide waste reduction program which will be aligned with greenhouse gas emissions strategies. We are studying the reduction of waste generated in our operations as among the key pillars for managing our Scope 3 emissions.



Non-Hazardous Waste Generated
in Thousand Tonnes

56.9 **↓ 9% decrease**
IMI Philippines: Recycled 215 tonnes of recycled and recovered plastic waste in its facilities.

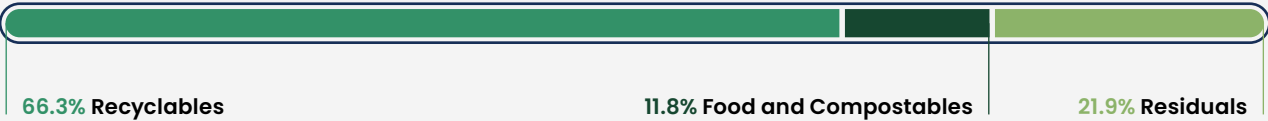


Hazardous Waste Generated
in Thousand Tonnes

3.0 **↓ 28% decrease**
AC Energy: Improved disaster prevention strategies to increase environmental safety and avoid incidents such as oil spills



Composition of Non-Hazardous Waste



Waste Management Initiatives
by our Business Units

AYALA LAND

- Set-up collection booths in its Metro Manila malls resulting in **133 tonnes of plastic collected** since 2019
- **Reprocessed 75 tonnes of plastic** into construction material inputs for Ayala Land developments
- **Generated 87,000 square meters of concrete** with ready-mix concrete with plastic inputs
- **Recycled 46 percent or 28 tonnes** of all its generated e-waste

BPI

- Collected **860 kilograms** of recyclable waste

GLOBE

- **Recycled 1,400 tonnes of e-waste** in partnership with over 80 corporations, organizations, LGUs, and schools
- **Established over 120 e-waste drop-off points nationwide**, with free door-to-door hauling of bulky or multiple e-wastes
- Established a community-based Treatment, Storage, and Disposal facility to help informal pickers to properly handle e-waste and protect them from environmental and health hazards



Ayala Land converts clean and dry plastics into ecopavers for use in its developments such as the Lio Estate in El Nido, Palawan.



Globe's E-Waste Zero campaign focuses on responsible disposal and recycling of electronic waste, one of the fastest-growing waste streams in the Philippines today.

Resource efficiency and waste management are key in achieving our ambition of net-zero greenhouse gas emissions by 2050. Understanding our resource consumption and waste generation patterns will allow us to design long-term interventions that can substantially reduce our GHG emissions and optimize our material footprint.



SOCIAL



128 WORKPLACE EXPERIENCE AND FUTURE OF WORK

- 129 Inclusive Workplace
- 130 Compensation and Benefits
- 130 Training and Development
- 131 Championing Employee Rights
- 131 Employee Engagement
- 133 Occupational Health and Safety (OHS)



135 CUSTOMER EXPERIENCE AND PROTECTION

- 135 Product Quality and Safety
- 137 Customer Privacy
- 137 Security Practices for Customer Safety



Highlights


117.9 k

Total jobs generated throughout the Ayala group


91%

Sustainable Engagement Score


12%

Increase in total jobs generated


99%

Participation in the bi-annual Employee Engagement Survey

Indicators

- 9 Employee Engagement and Mental Health
- 10 Training and Development
- 11 Occupational Health and Safety
- 12 Non-discrimination
- 13 Child Labor
- 14 Forced Labor
- 15 Product Quality and Safety
- 16 Customer Privacy
- 17 Security Practices

Ayala Corporation engages and cares for our partners in creating meaningful impacts in our to our employees, customers, and overall, in our society. We continue to encourage diversity among our ranks, from the management down, hiring based on competence and experience regardless of gender, sexual orientation, ethnicity, color, religion, age, marital status, disability, economic status, or political affiliation.

Our compensation and benefits packages are some of the most competitive among employers, and we endeavor to make our employees feel supported in ways beyond their salaries.

What began as programs to help them cope with the effects of the pandemic has evolved into regular avenues of support addressing their health—physical, mental, and social. Ayala Corporation provided some relief from the stresses of the pandemic. We have continued all these efforts to aid their survival and growth, with learning and development courses and other activities.

Strict observance of health and safety protocols show how much we value our employee and customer wellbeing. Strict observance of health and safety protocols show how much we value our employee and customer wellbeing – and this extends to their data privacy. Among our priorities is also customer satisfaction wherein we monitor the ratings to gain insights on how best to maintain or improve our products and services.

How We Manage Our Impact

POLICIES

- Recruitment, Compensation and Retrenchment Policy
- Employee Development and Industrial Relations Policy
- Occupational Health and Safety, and Hazards Management Policy
- Policy on Child Labor and Forced or Compulsory Labor

For more information on our policies, visit: ayala.com/sustainability

RESPONSIBILITY

Board, Management Teams, Operational Teams and Human Resources Teams

STAKEHOLDER ENGAGEMENT

- Employees [page 92](#)
- Customers [page 95](#)

PERFORMANCE [page 262](#)

RELEVANT SDGs [page 158](#)



2021 Performance Overview

Inclusive Workplace

85.4k

Direct hires

11.8k

New hires

1 : 1.33

Male to female ratio

Training and Advancement

2.4 M

Total training hours



Ayala remained actively engaged across business activities and initiatives.



Workplace Experience and the Future of Work

Ayala Corporation generated a total of 117,851 jobs, a 12-percent increase from 104,841 in 2020. This signifies operations across the group are picking up and companies are beginning to accelerate after the disruption due to the pandemic.

Among our total direct hires of 85,428 are 60,150 permanent and 25,719 temporary employees. Temporary employees increased by 126 percent from 2020 due to expanded operations of Ayala Land and AC Health.

Meanwhile, total new hires increased by 18 percent from 10,105 in 2020 to 11,898 in 2021. Indirect hires decreased by 30 percent as companies across the group continued to have low levels of support.

Attrition rate was at -5 percent, a marginal increase of 2 percent from 2020 levels, which suggests some difficulty in filling our vacant positions.

Employee Statistics in thousands

117.9 Total jobs generated	↑ 12% increase
85.4 Direct hires	↑ 25% increase
60.2 Permanent employees	↓ 3% decrease
25.7 Temporary employees	↑ 126% increase
11.9 New hires	↑ 18% increase
-5% Attrition rate	↑ 2% increase

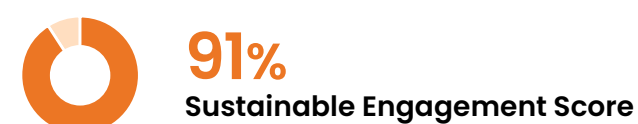


A conducive workplace is a priority of Ayala for its workforce.

Employee Engagement

From May 24 to June 4, 2021, we administered the Ayala Engage 2021 questionnaire. This focused on five key metrics designed to measure what key actions can be taken to make Ayala Corporation a better place to work in.

2021 Ayala Group Sustainable Engagement Participation Rate and Results:



There were 41,190 participants out of 41,722 invited Ayala group employees. This amounts to 98.7% attendance, with participants employed in 76 participating companies under 10 cluster group companies.

3 points higher than the Global High-performing Norm

4 points higher than the Philippine National Norm

Ayala Corporation's **highest engagement result** in four cycles

The five key metrics are:

- 1 Execution excellence
- 2 Customer focus
- 3 Empowerment and accountability
- 4 Sustainable engagement
- 5 Retention

Nine of the 76 questions centered on three specific aspects: Engage, Enable, and Energy. These questions determined the level of each employee's participation and involvement in the company. We used the Willis Towers Tool to segment the participants into four categories, with the corresponding percentages:

59%
Highly engaged

They fully agreed to all nine questions under Engage, Enable, and Energy.

25%
Unsupported

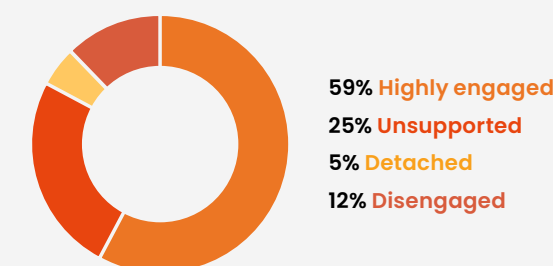
These are employees who are traditionally engaged but lack enablement, energy, or both for complete engagement. They need support in terms of work tools, team assistance, or changes in the work environment. These are our quick wins.

5%
Detached

These are team members who are energized, enabled, or both, but lack a sense of traditional engagement in the company.

12%
Disengaged

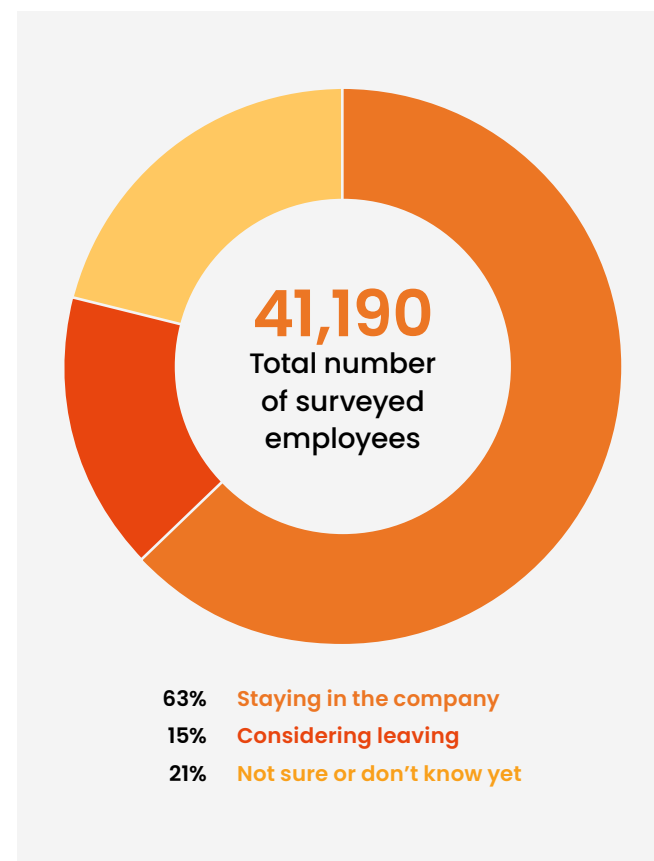
These are team members who have less favorable scores in the three aspects of Sustainable Engagement.



Notably, the highly engaged members increased by 18 percent since the 2019 result. The detached and disengaged employees also declined from 34 percent total to 17 percent.



To the question: "At the present time, are you seriously considering leaving this company?" Around 26,000 or 63 percent of employees confirmed they were staying in the company. Around 15 percent replied they were thinking of leaving. Some 21 percent said they were not sure or they did not know yet at the time of the survey.



Inclusive Workplace

Female employees are at about 34,000 while male employees are at about 26,000, resulting in a **male-to-female ratio of 1:1.33**.

Employees aged 30 to 50 comprise 58 percent of direct hires, signifying that there are more people across the organization who are at a phase in their lives when they are establishing their careers and/or building a family.

All companies comply with allocation of parental leaves (maternal, paternal, and solo-parent leaves). On maternity leaves, 58 percent of those who availed have returned to the company and continue to be employed 12 months after. This shows that Ayala supports women in their journey to motherhood as they continue to fulfill their career goals.

Across the group, **5 percent of women are in the Senior Management team**, and it is the company's vision to increase this number.

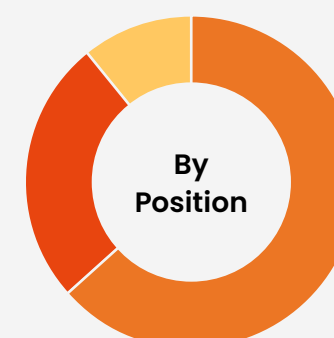
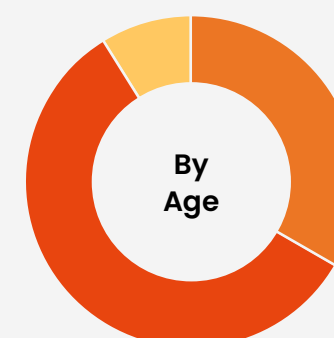
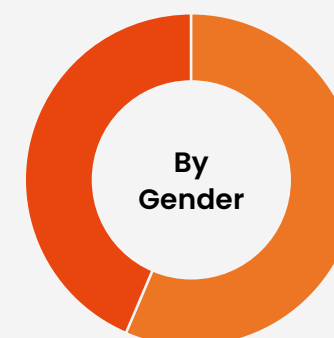
Persons with disabilities are welcomed in our workforce. Currently, select Ayala companies track their PWD employees. However, the group aims to monitor this closely starting the next reporting cycle.

Ayala's policy on **Recruitment, Compensation, and Retrenchment** also emphasizes that we ensure inclusivity and non-discrimination. All applicants are given fair treatment and opportunities based on their skills, qualification, and experience. For employees, their potential contribution to the company's growth is also considered. We do not condone discrimination in any form, whether it is in gender, sexual orientation, ethnicity, color, religion, age, marital status, disability, economic status, or political affiliation.

To further understand how we can promote **Diversity and Equality** across the group, Ayala joined WBCSD's Business Commission to Tackle Inequality (BCTI), where Ayala's President and CEO, Fernando Zobel de Ayala, is a Commissioner. This is an initiative by WBCSD with the view of mobilizing the global business community to jointly work on addressing different types of inequality.

Our membership in BCTI is one of our partnerships that helps us align our goals and strategies with a global perspective. Read more on [page 142](#).

2021 Employee Demographics



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 2021, 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 April 16 to 22, 2021.

Training and Development

Throughout 2021, Ayala continued to push for professional development across its workforce in accordance with its Employee Development and Industrial Relations Policy.

Various programs were offered fairly to employees to help them:

- ▶ Develop their technical skills
- ▶ Improve functional knowledge
- ▶ Strengthen soft skills
- ▶ Overview of updates on legal topics like Data Privacy
- ▶ Explore areas of personal interest

Internal and external learning opportunities were opened to employees across the group. iPeople, the education arm of Ayala, supports more than 300 employees in their post-graduate studies for professional development. IMI continues to provide learning materials through its IMI University, its bespoke e-learning platform.



Globe has also invested millions for its employees' learning and development, and strengthened its Globe University. It is also an e-learning platform that provides its employees with a wide range of courses to support professional development.

Ayala Corporation continued to offer Degreed and Coursera, another learning platform that offers a variety of courses that employees can take anytime, anywhere, at their own pace.

Total training hours reached a total of 2.4 million across the group and averaged at 40.25 hours or about 5 days of full training per person. Majority of the total training hours provided were for the rank-and-file employees. Ayala further ensures that Senior Management continues their knowledge and skills improvement, and a part of this is through their participation in Ayala Summits.

2.4 M
Total training hours

40.3
Average training hours

One of the annual key summits in the Ayala Group is the Integrated Corporate Governance, Risk Management, and Sustainability Summit. Attendance earns executives four hours-worth of credit by the SEC.

Called "The Board's Agenda: A Pathway to Recovery through ESG" is discussed further in our Risk Management section on [page 85](#).

It is in the same event that Ayala Corporation's President and CEO, Fernando Zobel de Ayala, publicly declared Ayala's commitment to Net-Zero: GHG Emissions, solidifying Ayala's aim to contribute positively to the environment.

Championing Employee Rights

We acknowledge the critical role we play in ensuring that as a responsible employer, our workforce is accorded the respect it deserves. Our reporting framework reflects our commitment to the Global Compact Network Philippines, and upholding the 10 UNGC principles on Human Rights, Labor, Environment, and Anti-corruption.

Ayala continues to uphold the employees' right to freedom of association and collective bargaining. This includes processes in settling disputes amicably and the opportunity for employees to express their right to receive economic value that is commensurate with their contribution to the company.

The following companies have labor unions:

Company	# of Labor Unions	% of Employees Covered by CBA
ALI	1	4%
BPI	25	75%
Globe	1	3%
MWC	1	12%
iPeople (Mapua only)	2	27%

Ayala strictly enforces its policy on Child Labor and Forced or Compulsory Labor. There were no incidents of child and forced labor reported across the group.

Occupational Health and Safety

The onset of the pandemic showed the importance of mental health to Ayala employees, with people juggling their home responsibilities with work while coping with the loss of social interaction. Bosses became aware of this predicament, and Ayala Corporation intensified its efforts in supporting employees' wellbeing.

What began as a response to pandemic-related stress evolved into company-wide mental health support. Through various employee surveys, our business units continued to check their employees' mental health status. Ayala continued to support its workforce, ensuring that while profits are still needed during the pandemic, employee wellbeing is not sacrificed.

Through the Learning and Development unit, a series of self-help materials were shared to employees on topics like:

- ▶ How to manage stress levels
- ▶ How to meaningfully engage online
- ▶ How to do digital decluttering
- ▶ Self-care
- ▶ Establishing mental health support

Mental Health Support

Across the group, HR teams conducted virtual activities such as town halls, kapihan sessions, special occasion celebrations, and other mini-activities to engage employees outside of work to provide a breather and contribute to a positive mental health.

We provided mental health support to our employees and partnered with Mind You to provide preventive therapy and counseling

session opportunities to employees who seek help. This initiative supplements the service offered by our resident psychologists, who are available for consultations every 2nd and 4th Friday of the month.

Some resources are specific to certain business units. Globe provides support through its HOPELINE, which offers free mental health support, 24 hours a day, 7 days a week. ACEN also established an online counseling and psychological well-being hotline and channel, which are available for its employees.

Flexible Work Arrangements

Ayala Corporation also remained enforcing work-where-effective, acknowledging that giving the employees the option to work where they feel safest is beneficial throughout this pandemic.

Employee Engagement Roadshows

To determine how to improve our employee engagement, we conducted roadshows across the Ayala group. We discovered that some direct supervisors in their respective business units intentionally attended learning sessions, seeking guidance from HR on learning sources, and constantly checking if they were being effective managers, and were positively contributing to their co-workers' mental health.

Wellness Activities

Throughout the year, Ayala provided online wellness activities, such as yoga sessions, mindfulness webinars, and other sessions that encourage physical activities, which employees can do while working from home. Ayala always ensures that its employees are in a safe, conducive, and rewarding workspaces to motivate them as they achieve their professional goals.



SAFETY IN LABOR-INTENSIVE SECTORS

Business units in labor-intensive sectors such as Ayala Land, Globe, IMI, AC Energy, AC Infra, and Manila Water regularly monitor their Occupational Health and Safety statistics.

With pandemic health risks, business units that needed employees onsite continued to make structural changes to increase employee protection.

Ayala Group continued to institute basic sanitary and disinfecting measures in its work areas, and this was enforced across the group. All companies continued to roll out their vaccination programs under the Ayala Vaccine and Immunization Program (AVIP), implemented by AC Health.

IMI, Ayala's manufacturing arm, strictly enforces Covid-19 prevention initiatives. This includes a shuttle service and antigen/RT-PCR testing for its employees. For its skeletal force, they continued to apply a stay-in program where employees who lodge for free in the work premises for a specified amount of time.

Beyond COVID-19 prevention measures, ACEI recently established its HSSE policy to standardize safety practices across all sites.

As for Globe, it maintains compliance with the local workplace health and safety regulations and even received enterprise-wide certification on ISO 45001:2018. Its Employees and Safety and Health, and Environment (SHE) Committee remains diligent in monitoring unsafe acts and conditions across company premises.

Company	Total number of non-disabling injuries for employees	Total number of disabling injuries for employees	Total number of fatalities (employees)	Safe man-hours (employees)
Ayala Land	208	11	0	108,295,600.00
Globe	0	0	0	16,452,192.00
IMI	42	5	0	32,257,898.00
AC Energy	26	0	0	6,268,189.00
AC Infra	22	1	1	4,240,172.74
Manila Water	22	0	0	48,297,811.00

In caring for our employees, we at Ayala go beyond the minimum requirements, ensuring they receive the optimum support needed to attain their professional aspirations and their personal goals.

We aim to set a social target as we explore social frameworks best suited for our diverse workforce.



Customer Experience and Protection

Product Quality and Safety

Ayala Corporation's various business units measure their performance using product and service quality and determine customer satisfaction ratings. Below are the 3-year results:

Company	Metric	2019	2020	2021
Ayala Land	CSAT	89	95	95
Globe	Net Promoter Score	27	*	32.4
Manila Water	Service Complaints Resolution	99	97	98
	Billing Complaints Resolution	98	93	98
IMI Philippines	CSAT	4.6	4.52	4.55
AC Motors (Honda)	CSAT (sales)	96	96	98
	CSAT (services)	93	94	97
AC Motors (Isuzu)	CSAT (sales)	90	91	98
	CSAT (services)	89	89	93
AC Motors (Volkswagen)	CSAT (sales)	85	94	98
	CSAT (services)	88	81	95
AC Infra (LRMC)	Customer Complaint Resolution Rate	100	100	100

* No aggregated score available, please refer to the Ayala 2020 Integrated Report (page 116) for the breakdown

AYALA LAND

For 2021, Ayala Land has increased their operations significantly, with the aim of meeting their timelines for their projects. In all their development projects, they continued to follow the various standards and guidelines in building and maintaining their properties. Sales representatives of various properties have become more present both online and in person.

BPI

BPI introduced technological improvements to their customer feedback database to give clients a better monitoring experience of their outstanding concerns and financial records. Moreover, Customer Assistance Officers (CAO) went through specialized training on hard and soft skills to be able to serve their customers better, especially in addressing concerns.

GLOBE

Globe continues to expand its digital infrastructure, adopting the best practices of ISO 26000 to help its units operate in a more sustainable manner. Gcash continues to make financial transactions easier for its users. Meanwhile, 917 Ventures pushed forth the partnership of Globe and Puregold and launched the PureGo app, enabling customers to conduct grocery shopping with same-day delivery. Moreover, Globe continues its campaign to fight online child pornography and have partnered with organizations such as the Canadian Centre for Child Protection, the Internet Watch Foundation, and #SaferkidsPH.

**AC HEALTH**

AC Health ensures that it strictly follows safety protocols for its employees across all their operations.

- **Healthway** – This business unit has become the partner of choice of many organizations for setting up COVID Vaccination sites for Ayala employees and external clients. They also extended manpower support to LGUs for their vaccination efforts. To further raise awareness on health and safety, especially related to COVID-19, they cascaded videos and other materials across social media channels. They also offered free health education to corporations and communities through Wellness on Web. To further intensify efforts, it launched a new location for PCR Testing at the Dela Rosa Carpark.
- **Generika** – This business now has incorporated provisions in its Trade Supply Agreement and Distribution Agreement. It stipulates a set minimum, acceptable shelf life of products accepted by the distribution centers, both for regular items and house brands. They also instituted that product recalls be reported within 72 hours and ensured that products are pulled out from the stores within 7 days of the product recall.

IMI

IMI ensures product quality right from sourcing their raw materials up to distribution. An important factor is their 3TG metal raw materials are sustainably sourced and are not related to rebel groups in Congo and adjoining countries in any way. Moreover, they conduct regular assurance exercises with their suppliers. They also strictly adhere to quality processed and conduct thorough quality checks of their products.

AC MOTORS

AC Motors reinforced their Quality inspection initiatives which resulted in fewer recurring back jobs on vehicles they handle, forming Quality Check teams and specific quality projects to address service quality efficiency issues. Moreover, they have become more proactive in ensuring that customers get

preventive maintenance (PM) for their vehicles. They greatly utilize HondaTXT and IsuzuTXT to provide service updates and PM reminders across their client base.

iPEOPLE

The education arm pursued to improve its mechanisms for online classes. Despite the challenges they faced because of the pandemic, one of its IPO schools, Mapua University, is listed for a third consecutive year as one of the five Philippine universities in the 2021 Times Higher Education (THE) Impact Rankings. It is the only global performance ranking that assess universities against the UN SDGs. The rankings also highlight an institution's strength in terms of research, outreach, and stewardship.

Mapua University is also among the 14 Philippine Universities included in the Quacquarelli Symonds (QS) Asia University Rankings. It is an independent research and analysis firm in London that assesses the strength of universities based on academic reputation, and employer reputation. They have been part of the list for two years in a row.

AC INFRA

AC Infra's Light Rail Motor Corporation installed UVC in all their trains, plus hepa filters and carbon filters in select trains. These initiatives aim to further ensure the safety and protection of the passengers from the pandemic. Their overall initiatives paved the way for them to be awarded the Stevie Award and the Safety Seal for Depot and Stations in Pasay-Baclaran, EDSA, Libertad, and Gil Puyat.

MANILA WATER

Manila Water continues to provide safe and potable water. Water availability—especially during the summer season—is a major concern of their customers. To help manage expectations and reassure customers, Manila Water announces scheduled water interruptions as needed. They also directly coordinate with customers when needed and ensure that they resolve complaints as fast as possible.

Wastewater services were continued throughout 2021. To effectively facilitate this, Manila Water coordinated with barangays and posted schedules in social media. They also provided regular project updates to community leaders.

Customer Privacy

Ayala puts prime importance on the fundamental right to privacy of its customers. To ensure that businesses across the group are mindful of the Data Privacy Act, various training programs on this subject are annually conducted for all employees.

AYALA LAND

In Ayala Land, their Data Privacy compliance is partnered with cyber security training programs. With their increased dependency on technology, their push for digitalization, and the large volume of personal data they handle, it is imperative that they strengthen their safekeeping measures to further protect their clients from cyber attacks and data breaches.

BPI

In BPI, all branches follow strict protocols in ensuring the privacy of their clients. The company abides by the Data Privacy Act of 2021 (DPA) and the National Privacy Commission (NPC). The bank's Data Privacy Office (DPO) plays an important role in ensuring that data privacy requirements are met across the organization. Moreover, to strengthen awareness across their employee base, data privacy lectures are already included in their onboarding program for new employees and officership programs.

GLOBE

Globe, being in the telecom industry, has fortified their Data Privacy efforts and despite being at high risk for breaches and cyber attacks, it has zero substantiated complaints for 2021. Globe ensures its workforce is equipped with foundational training on data privacy and information security. They also conduct regular vulnerability scans in their systems and penetration tests in their key critical platforms. Moreover, their Privacy Policy adheres to the Group Special Mobile Association (GSMA) Privacy Principles where the use of children's information is only done in appropriate circumstances and are according to applicable laws. Globe has also partnered with National Privacy Commission (NPC) for its Kabataang Digital Program where they teach data privacy to the youth. They have also partnered with CANVAS in creating a children's privacy book that also aims to teach data privacy.

Security Practices for Customer Safety

In efforts to protect customers from the effects of COVID-19, organizations across the group have, at the minimum, ensured that they implement all safety protocols and disinfection requirements.

The companies also established significant enhancements to allow for productive and meaningful customer experience while minimizing contact and risk of COVID-19 transmission.

We are committed to a holistic approach to improving customer experience, ensuring data privacy protection and addressing health safety concerns.



GOVERNANCE



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Highlights



Ayala Sustainability Committee
Created in 2021



CEO Succession Plan
Mr. Fernando Zobel de Ayala assumed the position of CEO in 2021 from Mr. Jaime Augusto Zobel de Ayala



Business Commission to Tackle Inequality
Ayala Corporation's President and CEO became a Commissioner.



CFO Network of WBCSD
Ayala Corporation's Chief Finance Officer became an official member.

Indicators

- 20 Business Ethics
- 21 Economic Value Distribution
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- 23 Community Engagement

Ayala Corporation has established itself as a strong corporate leader anchored on a robust culture that readily adapts to the needs of a dynamic business and regulatory landscape. Committed to the principles of transparency, integrity, fairness, accountability, and professionalism, the company embeds good governance in its strategic vision and goals, which resonates in Ayala's engagement with its shareholders and stakeholders.

The synergy between the Board and Management allows for the establishment and implementation of effective policies and appropriate processes supported by reliable mechanisms. Ever evolving, Ayala pushes the boundaries as it strives to continuously improve on its governance practices emboldened by an independent and transformational board and supported by a highly competent management team led by Ayala's Chief Executive Officer and President.

This is an exciting time for institutions, individuals, and dare I say, countries. But it is not easy; it requires a different mindset. It comes with a whole new way of looking at things, and we will have to reinvent ourselves."

Jaime Augusto Zobel de Ayala
at the 2021 Integrated Corporate Governance, Risk Management and Sustainability Summit

Goals

Ayala Corporation will continue our practice of transparent and timely reporting of our required disclosures.

In line with our board diversity policy, a board refresh is expected in the 2022 annual stockholders' meeting with the nomination of Mr. Cesar V. Purisima and Ms. Chua Sock Koong. Their experience makes them eminently qualified to be elected and can widen our leadership's perspective.

How We Manage Our Impact

INTERNAL GOVERNANCE MECHANISMS

- ▶ Accountability and Audit (External and Internal)
- ▶ Disclosure and Transparency

POLICIES

- ▶ Board Diversity
- ▶ Term Limit for Independent Directors
- ▶ Multiple Board Seats
- ▶ Code of Conduct and Ethics
- ▶ Related Party Transactions
- ▶ Whistleblower
- ▶ Procurement Policy

For more information on our policies, visit:
ayala.com/sustainability

RESPONSIBILITY

Board, Management Teams, Operational Teams, Governance, and Legal

STAKEHOLDERS AND PARTNERSHIPS [page 86](#)

Investor and Shareholders, Government Agencies and Shareholders, Bank Counterparties and Creditors, Communities

PERFORMANCE

- ▶ Economic performance [page 260](#)
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RELEVANT SDGs [page 158](#)



2021 Performance Overview

+50%

of Ayala Companies spend their procurement budgets on local suppliers

~23,500

Food packs for families distributed by the Ayala Group through #BrigadangAyala

₱509.9 M

Economic Value Generated
Groupwide

₱252.7 M

Economic Value Generated
Parent Company Level



SUSTAINABILITY COMMITTEE

Within the Board of Directors is the Sustainability Committee, which Ayala Corporation created to uphold higher levels of governance. The committee reports to the board.

With an eye on inclusivity, the Committee is composed of two male and one female members, who are: Cezar P. Consing – Chairman, Keiichi Matsunaga – Member, and Rizalina Mantaring – Member.

Their primary responsibility is to oversee the sustainability direction, strategies, and programs across the group—ensuring that they are aligned to the company's profitability while keeping the balance with governance and environmental and social initiatives.

In 2021, its maiden year, the Committee held two meetings. It aims to increase this number given the increase in ESG initiatives across the group.

GLOBAL PARTNERSHIPS

Ayala Corporation is privileged to be a member of global organizations for sustainability.

Global Compact Network Philippines

We are a founding member of the Global Compact Network Philippines and more recently, Ayala Corporation has been elected as the Chairperson for 2022 and 2023.

World Business Council for Sustainable Development (WBCSD)

We are also the only Filipino corporation in WBCSD. The organization's programs for business transformation helps us determine where we are in the journey towards integrating sustainability into our businesses and how we can lead the way for other organizations.

Business Commission to Tackle Inequality

To further promote Diversity and Equality, Ayala joined WBCSD's Business Commission to Tackle Inequality (BCTI), where Ayala's

President and CEO, Fernando Zobel de Ayala, is a Commissioner. The commission aims to accelerate business action on the same level of climate and nature action.

CFO Network Membership

Ayala Corporation's Chief Finance, Risk, and Sustainability Officer Mr. Alberto M. de Larrazabal has officially become a member of the CFO Network of the World Business Council for Sustainable Development (WBCSD). The network composed of CFOs from companies around the globe aims to shape the financial dialogue, making it more inclusive and changing the system to put ESG at the core of businesses.

With the engagement of CFOs, it is expected that the transition to a financial system that is more sustainable could be reached faster. The group evaluates standardization, investor engagement, leadership, and integration.

Ayala at the Council for Inclusive Capitalism

The Vatican recently formed the Council for Inclusive Capitalism, an initiative that aims to help economies become more inclusive and purposeful. Chairman Jaime Augusto Zobel de Ayala became one of the Stewards at the council.

The Vatican's project aligns with Ayala's vision of creating value that is relevant, innovative, and enduring for all its stakeholders. Inclusive Capitalism's approach is geared towards **equality of opportunity, equitable outcomes, fairness across generations, and fairness in society.**

Ayala, through Mr. Jaime Augusto Zobel de Ayala as a steering committee member, joined the council in February 2021. It is a global movement of business and civil society leaders, including leaders of major faiths. The council believes that making capitalism inclusive, with its benefits more widely and equitable distributed, is both a moral and market imperative.

BOARD SUSTAINABILITY SELF-ASSESSMENT SURVEY RESULTS

The Sustainability Committee recommended that Ayala Corporation's Board of Directors take the Board Sustainability Self-Assessment Survey developed by WBCSD, which they undertook in addition to their annual self-assessment survey.

The WBCSD categorizes sustainability self-assessment results into three general levels: **starting the journey** towards sustainability, **progressing** on this journey, and lastly, **leading** this journey. Overall, the board members assessed themselves to be progressing in the journey towards more embedded sustainability.

The survey questions are divided among the five pillars below:

Business Model and Purpose

The answers here suggest that the Board considers the impact of ESG matters on the business model and how they can be combined with the corporate purpose. They believe that the company as a whole sometimes exceeds expectations, and at other times meets them but does not take leadership.

Risk Management

For risk management, the Board view varies the formal embedding of ESG risks and opportunities to the company's risk management process. The variation lies between ESG-related risks being fully embedded and sometimes considered. The Board likewise varies on the depth of involvement, ranging from board being informed, being consulted, actively participating, and being held accountable.

Engagement with Management

The Board likewise has varied experience in terms of discussing ESG-related risks and opportunities with management, from discussions at every board meeting to at least once a year. The Board also needs to agree on setting ESG-related objectives for management and on including ESG performance as a variable for executive pay and compensation.

Engagement with Stakeholders

In engaging stakeholders, some directors see the Board as directly engaged them, while others say that the Board goes through management to engage, and some others say that the Board is informed through management's engagement.

Non-financial Disclosures

Some members believe that the Board plays an active role in ensuring the consistency of non-financial disclosures and actions, while others say that the Board does not play an active role and leaves it to the management. Only some Board members see the link between ESG and financial implications.

The survey revealed that the Board is at the PROGRESSING level, signifying that ESG is given relevance across the group. This is in terms of considering the business model and the risks and opportunities, overseeing management, and engaging with stakeholders. This overall result of the 2021 self-assessment revealed a willingness to take more steps forward.

For 2022, the next step will be for the Board Directors to undergo a workshop that will help them progress further in terms of weaving sustainability more into the company's overall governance and responsibilities. This can thus be used as a guide to decision making.



Equitable Business Practices

Business Ethics

CODE OF CONDUCT AND ETHICS

Ayala has in place a Code of Conduct and Ethics that guides all directors, officers, and employees on the right conduct, and sets standards expected of them as they navigate their roles and responsibilities. The Board oversees and ensures the compliance of all directors, officers, and employees with the Code.

Management is responsible for the enforcement and monitoring of compliance with the Code as well as imposition of sanctions for violations thereof. An annual refresher course is given to all directors, officers and employees, who are all required to annually attest to their compliance with the Code of Conduct and Ethics.

Ayala requires that all directors, officers, and employees conduct business in accordance with Philippine Laws and regulations, including the 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.

Conflict of Interest Policy

The Code of Conduct and Ethics contains the conflicts of interest provisions requiring full disclosure of relevant facts and of any personal or pecuniary interests that could lead to a potential conflict of interest situation. It is expected that all of the company's directors, officers and employees avoid conflicts of interest situations or impropriety.

In the interest of abiding by the highest ethical standards in doing its business, seeking undue financial and material advantage from any transaction is strictly forbidden. The company has also established guidelines for dealing with gifts and gratuities, prohibiting directors, officers and employees from accepting gifts or invitations of any form, unless it meets the criteria set by the company. 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 decisions are immediately reported to the appropriate reporting level.

Anti-Corruption Policy

Ayala adopts a zero-tolerance policy towards all unethical practices, including fraud, corruption, and bribery in any form, direct or indirect. 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 transactions and dealing with customers, suppliers and business partners of the company as well as with the government.

Insider Trading Policy

Ayala has a well-defined Insider Trading Policy that was updated in 2021 to include provisions on stricter reporting and monitoring as well as provisions against short swing transactions. The policy covers all incumbent directors, officers, employees, consultants, advisers of Ayala and members of their immediate families who are living in the same household, who have knowledge of material information about the company that is not disclosed or generally available to the public. The provisions of 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, employees and advisers, including their immediate family members living in the same household, who may have knowledge of material nonpublic 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 insider trading is required to be submitted annually.

For structured disclosures, the blackout period commences from five trading days before and two trading days after the disclosure of quarterly and annual financial results. The blackout period is two trading days after the disclosure of any material information other than quarterly and financial results for non-structured disclosures.

The Office of the Compliance Officer disseminates notices of trading blackouts via electronic mail and strictly enforces the trading blackout periods.

The company has 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, the 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.

A schedule showing the changes in shareholdings of the directors and officers in 2021 is shown on [page 233](#).

OTHER COMPANY POLICIES

Related Party Transactions Policy

To ensure that all related party transactions (RPTs) are at arm's length, fair, and will inure to the best interest of the company and all its shareholders, Ayala has a Related Party Transaction Policy that is regularly reviewed and aligned with regulatory requirements. As defined in the policy, RPTs are transactions involving a transfer of resources, services or obligations between the company and a related party, 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 its policy. The RPT policy can be found on 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 made available on the company's website.

In 2021, there were no RPTs classified as financial assistance to entities other than wholly-owned subsidiaries. There were also no cases of noncompliance with the laws, rules, and regulations pertaining to significant or material RPTs in the past three years.



Whistleblower Policy

Aligned with Ayala's policy for transparency and integrity in its business, it has a Whistleblowing Policy that encourages directors, officers, employees, suppliers, business partners, contractors, subcontractors, and other third parties to report any perceived wrongdoing or malpractice involving the company or its employees. The reporting must be done in good faith and the whistleblower is guaranteed fair treatment and protection from reprisal, harassment, disciplinary action, or victimization for whistleblowing.

Integrity and confidentiality of the report is safeguarded through an outsourced receipt and processing of whistleblower reports to Punongbayan and Araullo through the reporting channel <https://proactivehotline.grantthorntonsolutions.ph/report/ayala-corporation>, which allows anonymous reporting. This reporting channel is accessible anytime and anywhere via the internet. Status of all reports are trackable with available monthly reports.

Other reporting channels available to the whistleblower are (1) Ayala's website; (2) face-to-face meetings; (3) E-mail to whistleblower@ayala.com.ph; (4) Mail; (5) Telephone; and (6) Fax. The details on the address, telephone and fax numbers are available on the company website.

An established investigation process is followed 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 2021, there were no whistleblowing reports received for Ayala Corporation.

DATA PRIVACY

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 security 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 in order to uphold and protect the rights and interests of the data subjects.

In 2021, the company:

1. conducted continuous gap assessment, legal review, and monitoring of its processing activities;
2. developed data sharing frameworks to enable greater synergies with its subsidiaries, affiliates and partners;
3. crafted appropriate privacy terms and conditions for initiatives and programs of the company and the Ayala Group;
4. conducted extensive privacy impact assessments on programs, projects and processes to aid in effective privacy risk management;
5. initiated communications and modes of interaction among the Ayala Group's data privacy champions (i.e., Data Protection Officers, Compliance Officers for Privacy, and data privacy advocates) to help build a data privacy culture; and
6. organized a group-wide privacy training 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 (NPC).

The company also amended its registration with the NPC last year.

Inquiries or concerns regarding data privacy and/or data subjects' rights may be submitted to the Data Protection Officer through acdataprivacy@ayala.com.ph.

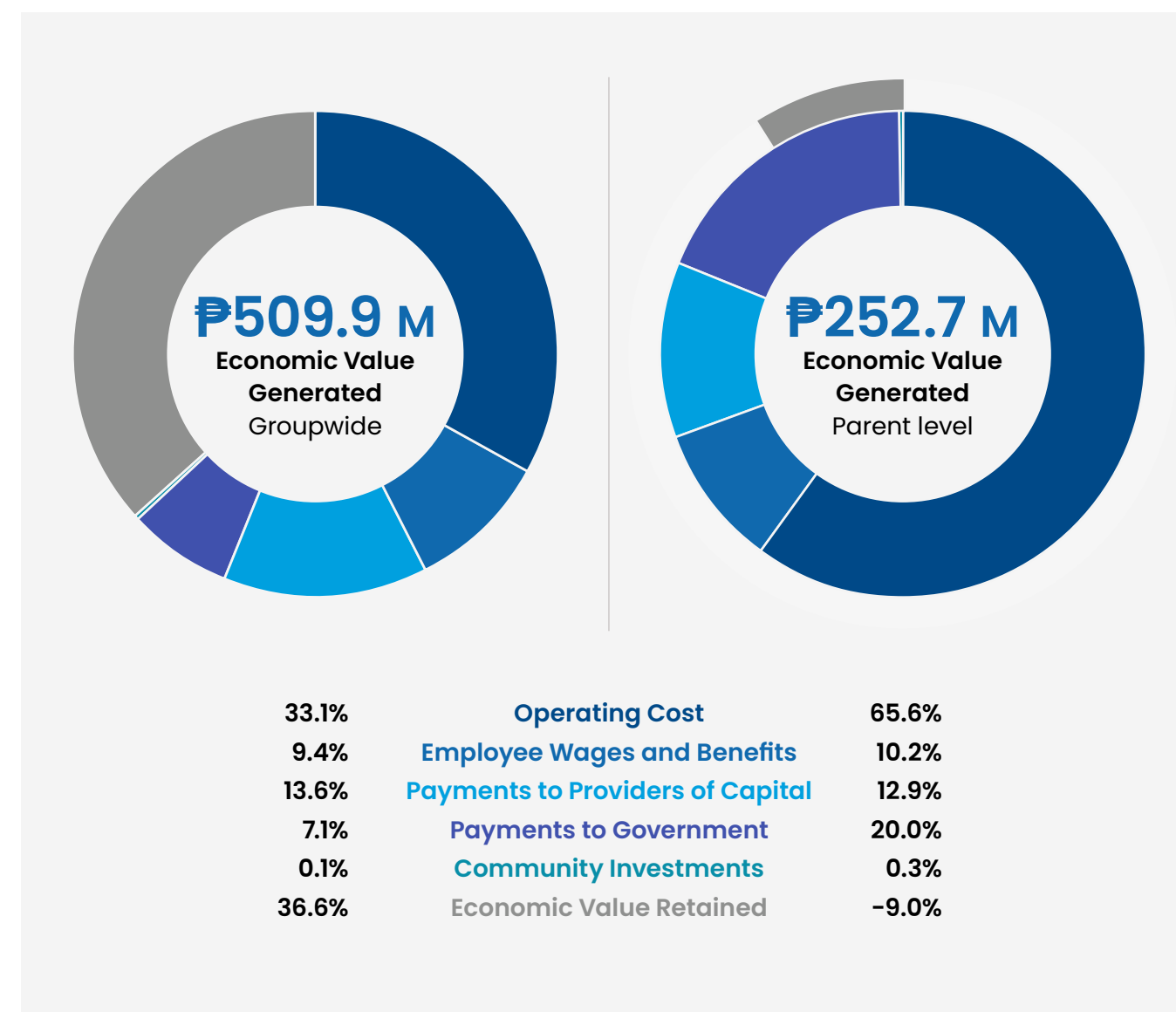
Equitable Value Distribution

Ayala's Economic Value Generated increased by 10 percent in 2021, with more and more of its business units pushing to return to pre-pandemic operation levels. The group generated a total of ₱509,918.94 million.

At the parent company level, Economic Value Generated was at ₱252,732.12 million—an increase of about 17 percent from 2020.

Keeping true to its commitment of creating shared value and prosperity for its stakeholders and partners, distributes its economic value generated as follows:

- ▶ Operating Costs
- ▶ Employee Wages and Benefits
- ▶ Payments to Providers of Capital
- ▶ Payments to Government
- ▶ Community Taxes





Sustainable Procurement Practices

In keeping with our increased focus on sustainability, the majority of Ayala companies procure from local sources to support local economic growth, spending beyond 50 percent of their procurement budgets on local providers.

Each business unit maintains its own supply chain policy that is anchored on Ayala's Procurement Policy, which emphasizes that procurement activities must be conducted with integrity and in fairness. The policy is further highlighting Ayala's commitment to human rights and that it only considers suppliers who are compliant with the same. Ayala does not condone child labor or force labor across its supply chain.

Our business units conduct their independent supplier accreditation processes aligned with their respective policy. Suppliers are evaluated based on their legitimacy, professional background, competence, financial capability, and history of quality service.

A few Ayala companies, such as **Ayala Land** and **IMI**, continue to include sustainability performance as part of their criteria in their accreditation process.

IMI maintains a rigorous supplier accreditation process and strictly ensures that they partner with organizations, which adhere to global sustainability standards, like the Responsible Business Alliance (RBA) Code of Conduct. Moreover, they ensure that their material consumption is through responsible sourcing and not related at the slightest with rebel groups of the Democratic Republic of Congo and related countries.

AC Motors, the vehicle distribution arm of Ayala, is in the process of adding electric vehicles in their portfolio through their Global OEM partnerships. This is in line with their aspiration to help reduce carbon emissions while partaking in the EV ecosystem. This goal of AC Motors also contributes to Ayala's Net-Zero: GHG Emissions commitment by 2050.

As part of the Net-Zero: GHG Emissions Commitment of Ayala by 2050, the group is undergoing a rigorous process to ensure that Scope 3 emissions—which include suppliers—are properly and deliberately covered in the upcoming disclosures. This will be critical in ensuring and monitoring the achievement of the targets set in the commitment.

more than
50%
of Ayala companies' procurement budgets are spent on local providers



Supporting the growth of the local economy is important in the Ayala Group.

Community Engagement

Ayala continues to foster the spirit of volunteerism and giving in its workforce. Despite the ongoing pandemic, companies across the group initiated their respective programs and aimed to help alleviate challenges in the communities they serve.

When the Taal Volcano alert was raised, **BPI Foundation** immediately partnered with Ayala Foundation in distributing relief packs to communities directly affected by the volcano. They also did the same for communities affected by Typhoons Maring and Odette. The foundation also partnered with BAYO Foundation and Ramon Aboitiz Foundation to provide Personal Protective Equipment (PPE) and meals to frontliners in select areas. Lastly, they reached out to indigent communities in Trece Martires, Cavite, and provided Christmas packs to some groups.

AC Health's CSR activities raised health awareness and encouraged people in various communities and sectors to have a checkup. They provided free UnliCheQ Cards for LGUs in Manila, Taguig, Valenzuela, and Muntinlupa. They provided free checkup caravans for the Philippine National Police. They also went online and gave free health education via FB Live sessions on topics like Rainy Season Disease Awareness, Chronic Care Management, and Primary Care Education. Lastly, they gave free sessions on wellness to their corporate accounts encouraging participants to visit clinics and meet their doctors.

Entrego gave Covid-related support by setting up 11 community pantries for its employees and delivery partners from its seven NCR hubs. They extended this by giving food packs to 500 families from Brgy. Poblacion, Muntinlupa—a neighborhood near Entrego's E-commerce center.

In partnership with Ayala Foundation, **IMI** employees raised donations worth ₱50,000, and the funds were used to donate fresh produce to the Hospicio de San Jose, a shelter for orphans, homeless, and elderly who battled Covid-19 infections. IMI also provided food packs to 200 frontliners from nine clinics in an effort to support them at the height of the pandemic.



Ayala helps the victims of Typhoon Odette



AC Motors supported communities affected by Typhoon Odette, raising a total of ₱82,600 used to serve 100 food packs and give financial aid to their affected associates. They partnered with IPC to bring relief goods to Visayas, while AC Motors dealers opened their branches for associates who needed water and electricity.

Some business units conducted environmental CSR activities. For example, **AC Infra's** LRMCC conducted the Baliatar Creek Cleanup and Tree Planting at Ipo Watershed. They gathered around 138 volunteers for the cleanup. With 13 volunteers for the tree planting, they were able to plant 800 trees, which could potentially absorb 16,800kg CO₂e annually.

Meanwhile, Entrego, another business unit of AC Infra, conducted two tree planting activities with 164 employee volunteers. They were able to plant a total of 1,500 trees in Laguna Quezon Land Grant Site (Sierra Madre) and in the ALI Carbon Forest.

One of the biggest volunteerism programs across the group in 2020 is Brigadang Ayala Kaakay, which continued in 2021. Employees from different backgrounds volunteered to help in the food distribution efforts in select locations across Metro Manila. This initiative targets more than 10,000 families. **Manila Water** continued its various CSR programs, promoting health and wellness in their service areas. These programs are:

Programs	Number of Beneficiaries
WASH in Pandemic	921,079
Lingap	45,756
Agapay	193,069
Ahon Sanitasyon	190
Health in our Hands	34,447
Tubig para sa barangay	219,056

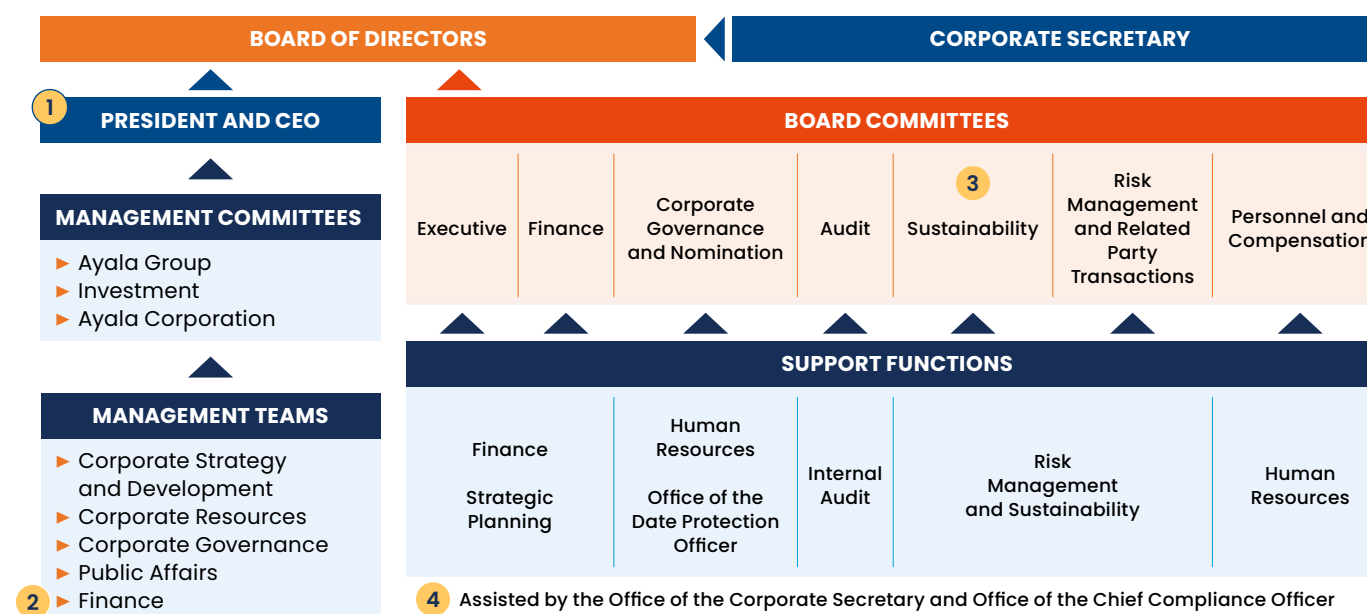


Ayala helps the Filipino people in various ways like in healthcare.

Ayala continues to uphold good governance, with the belief that it is imperative to a company's growth. We give what is due to our various stakeholders and comply with all rules and regulations.

Corporate Governance

Key Components of Ayala's Governance System



LEADERSHIP AND BOARD CHANGES

2021 was a year of transformation for Ayala's governance structure, beginning with the **stepping down of Mr. Jaime Augusto Zobel de Ayala as the Chief Executive Officer** of the Corporation and the assumption by Mr. Fernando Zobel de Ayala of the Chief Executive Officer position.

Another key management change is the appointment of Mr. Alberto M. de Larrazabal as the **new CFO, CRO and CSO** in lieu of Mr. Jose Teodoro K. Limcaoco.

Highlighting its commitment to sustainability, the **Sustainability Committee was created**. Ever mindful of its responsibilities and accountability to its stockholders and stakeholders, the company ensures improvements attuned to the dynamic business and regulatory landscape where it operates to foster Ayala's long-term growth and sustainability.

CORPORATE SECRETARY AND CHIEF COMPLIANCE OFFICER

Atty. Solomon M. Hermosura plays two different roles in Ayala's governance systems, heading the offices of the **Corporate Secretary**, and the **Compliance Officer**.

As Corporate Secretary, Atty. Hermosura assists in the effective conduct of Board meetings, including assisting the Chairman in preparing the meeting agenda, and maintaining Board minutes and records.

As Chief Compliance Officer, he ensures Ayala's adherence with relevant laws, rules and regulations, and best corporate governance practices, and facilitates the yearly performance assessment of the Board, Board Committees, and the individual directors.



In both capacities, Atty. Hermosura keeps abreast of relevant legal and regulatory developments by attending executive development programs, participating 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.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In 2021 Ayala is compliant with the Code of Corporate Governance for Publicly-Listed Companies set forth by the Securities and Exchange Commission (SEC), except for some deviations with explanations provided below.

Deviations from the Code	Explanation
Corporate Secretary and Compliance Officer are not separate individuals	The combined role does not affect the effective performance of either function due to the strong team supporting the Corporate Secretary and Chief Compliance Officer and the complementary nature of the two roles. The combined Corporate Secretary and Compliance Officer duly and optimally assisted the Board in performing its responsibilities and in ensuring Ayala's compliance with laws, regulations and good corporate governance practices.
The Board does not have at least three independent directors	The Board is compliant with the legal and regulatory requirement of having two independent directors in its Board. Of the five remaining directors, four are non-executive directors. All of the directors have proven track records of maintaining independence, 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	Mr. Antonio Jose U. Periquet and Ms. Rizalina G. Mantaring serve as Chair in two Committees each. Given Mr. Periquet and Ms. Mantaring's breadth of experience and expertise, they experienced no issues 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, his commitment and effectiveness as an independent director of the company is not affected by his other directorships. In 2021, Mr. Periquet attended all board and applicable committee meetings where he actively participated and provided valuable insights.
Independent director serving for a term of more than nine years	As disclosed in the 2021 Definitive Information Statement, Mr. Antonio Jose U. Periquet has served the recommended nine-year term for independent directors (reckoned from 2012). His continued nomination was endorsed in view of his proven track record in exercising independent and objective judgment and his invaluable contributions in board discussions. Mr. Periquet was duly elected by Ayala's stockholders' during 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 Ayala's system of internal controls, risk management, compliance, and governance processes are designed adequately and continue to operate effectively for the year 2021. The Attestation is available on the company website.

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. Annually, it assesses the independence, adequacy of resources, professional qualifications and competence 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. The Audit Committee also had an executive session with the external auditors in 2021 without the presence of the management team to discuss any issues or concerns.

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 to be performed by the external auditors of the company were awarded to other audit firms to ensure that the company's external auditor carries out its work in an objective manner.

During the Annual Stockholders' Meeting last April 23, 2021, the shareholders re-appointed Sycip Gorres Velayo & Co. (SGV & Co.) as the company's external auditor for the calendar year 2021, with Lucy L. Chan as the lead engagement partner.

Total fees billed by SGV & Co. for the years ended December 31, 2021 and 2020 amounted to ₱16.68 million and ₱14.02 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 2021 and 2020 are shown below:

External Auditor Fees in Millions of Pesos

	2021	2020
Audit and Audit-Related Fees	₱16.55	₱11.77
Non-Audit Fees	0.13	2.25
GRAND TOTAL	₱16.68	₱14.02

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 2021 and 2020. 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. The non-audit fees include one-time, recurring, and non-recurring projects or 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 Executive Officer or his designated representative. 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, or more frequently, as needed, to consider the changing risk landscape, including emerging risks. The Audit Committee reviews and approves the annual work plan and all changes to the approved audit work plan.

Moreover, the Committee ensures that internal audit examinations cover the evaluation of adequacy and effectiveness of controls encompassing the following:

- ▶ the company's governance, operations, and information systems;
- ▶ the reliability and integrity of financial and operational information; and
- ▶ the 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 concerns.

To strengthen corporate governance, Ayala's Internal Audit adopted portfolio-based subsidiary oversight. The goals are to:

- ▶ standardize the implementation of good practices across the Ayala Group;
- ▶ ensure that critical issues are monitored and addressed at the business unit level; and
- ▶ to give the appropriate focus and level of discussion to the digitization of processes, operational and financial controls, regulatory compliance, and information security and cybersecurity risks.

As of 2021, the audit team has an average of 15.4 years audit experience and an average of 6.3 years tenure in the Ayala group. The audit team has the following professional certifications:

- ▶ certified public accountants
- ▶ certified internal auditors
- ▶ certified fraud examiner
- ▶ certified information systems auditor
- ▶ certified foreign exchange professional
- ▶ crisis communication planner
- ▶ ISO 9001
- ▶ ISO 27001
- ▶ IT Infrastructure Library
- ▶ COBIT 5 (F)
- ▶ Internal Control (CICA)
- ▶ Global Innovation Management Institute Level I

All the internal auditors are members of The Institute of Internal Auditors Philippines (IIAP) and adopt the International Professional Practices Framework promulgated by The Institute of Internal Auditors, Inc. The Chief Audit Executive is also a member of the Financial Executives of the Philippines and a fellow of the Institute of Corporate Directors.

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, conducted every five years.

The Ayala Group Internal Auditors' Network (AGIAN)

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 AGIAN. Established in 1999, the network continues to deliver activities that strengthen synergy within the group resulting in an effective teamwork environment and audit coverage of risks, exchanges of good practices and ideas, and improved skills of internal auditors.

In December 2021, the group successfully conducted the AGIAN Annual Conference with the theme "Harnessing Opportunities and Powering Essentials," focusing on learning sessions about strengthening the partnership between the Audit Committee and Internal Audit, incorporating sustainability reporting in the audit plan, and cybersecurity and data

privacy in the expanded work environment. The event was capped by a site visit to AC Energy's solar farm in Alaminos, Laguna, to reinforce the importance of sustainability and the role of internal audit in supporting the initiatives of the Ayala Group towards net-zero carbon emission by 2050.

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 IIAP to accredit the AGIAN programs for Continuing Professional Development (CPD) for renewal of licenses and certifications. In 2021, three AGIAN programs were provided to the group internal auditors, in addition to the continuing training and development programs, from specific job skills to long-term professional development provided by the employees' respective business units.

DISCLOSURE AND TRANSPARENCY

Accurate and Timely Disclosures

Committed to full disclosure and transparency, Ayala ensures quality, accurate and timely disclosures to the regulators, the investing public, and other stakeholders. To ensure consistency and accuracy in the reports and compliance with the disclosure requirements under the rules and regulations of the SEC, Philippine Stock Exchange (PSE), and Philippine Dealing and Exchange Corporation (PDEX), internal policies and procedures are in place and periodically reviewed.

All relevant disclosures, including material and market sensitive information that may affect the public's investment decisions, are timely disclosed with the SEC, PSE, and PDEX, with details as follows for the 2021 filings:

- ▶ On April 14, 2021, the Annual Report (SEC Form 17-A), together with the consolidated audited financial statements for 2020, was submitted to the SEC, within 120 days after year-end.

- ▶ On February 19, 2021, the Notice of the Annual Stockholders' Meeting with a detailed explanation of the Agenda items was released to the SEC and PSE, 63 days ahead of the scheduled annual meeting on April 23, 2021.
- ▶ On March 25, 2021, the audited financial statements as contained in the Definitive Information Statement were submitted to the SEC and PSE. It was approved for distribution on March 26, 2021, 28 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, 2021, Ayala's total outstanding common shares were held as follows:

	Outstanding Common Shares	% Ownership
Mermac, Inc.	296.6 million	47.87
PCD Nominee Corporation (Non-Filipino)*	138.0 million	22.26
PCD Nominee Corporation (Filipino)*	124.0 million	20.02
Mitsubishi Corporation	37.8 million	6.09
Others	23.3 million	3.76
TOTAL	619.7 million	100

*Out of the 262.0 million common shares registered under the name of PCD Nominee Corporation, 34.1 million are for the account of Deutsche Bank Manila, and 32.4 million are for the account of Hongkong Shanghai Banking Corporation, which are 5.50% and 5.22%, respectively, of the total shares.

	Outstanding Common Shares	% Ownership
Common Shares	619.7 million	-
Voting Preferred Shares	200.0 million	-
TOTAL VOTING SHARES	819.7 million	24.28
Preferred B Shares Series 1 Shares	20.0 million	-
Preferred B Shares Series 2 Shares	30.0 million	-
TOTAL OUTSTANDING SHARES	869.7 million	22.91

There were no cross or pyramid shareholdings.

2021 Disclosures

In addition to required structured disclosures, Ayala Corporation also files relevant unstructured disclosures and clarifications of new articles.

Unstructured Disclosures

- Board Meeting Attendance of Directors in 2020
- Trainings on Corporate Governance of Directors and Officers in 2020
- Notice of Holding the Annual Stockholders' Meeting in Virtual Format
- Detailed Notice and Agenda of the 2021 Annual Stockholders' Meeting
- Notices of Analysts' Briefings
- Results of the Regular Meetings of the Board of Directors
- Results of the Annual Stockholders' Meeting and Organizational Board Meeting
- GIC Private Limited's ₱20 billion investment in AC Energy Philippines
- UPC\AC Renewables Australia's New England Solar Farm Stage 1 Financial Close
- AC Energy's partner to take over Kauswagan coal plant
- Funding for AC Energy's 100 MW Solar Farm in India
- Subscription of Primary Shares of AC Energy Corporation by Arran Investment Pte. Ltd, an affiliate of GIC Private
- AC Energy and Infrastructure, Inc.'s Tender Offer Launch
- Results of the tender offer of the US\$400 million 5.65% undated notes guaranteed by AC Energy and Infrastructure Corporation
- Execution of Philwater Holdings Company, Inc. and Trident Water Company Holdings, Inc. of a Share Purchase Agreement on Manila Water Shares
- Execution of a Shareholders' Agreement with Philwater and AC Energy and Infrastructure Corporation, and Trident for a strategic partnership in Manila Water
- Acquisition by Healthway Philippines, Inc. of interest in Mercado General Hospital, Inc.
- Ayala's sequential profit growth in 4Q
- Granting by Philippine Rating Services Corporation of the highest issue credit rating of PRS Aaa to Ayala Corporation's Fixed Rate Bonds

- Redemption of AC's ₱10 Billion 6.80% Fixed Rate Multiple Put Bonds due 2021
- Receipt of Permit to Sell from the Securities and Exchange Commission for the First Tranche under its Debt Securities Program
- Notice of Completion of Offer of Corporate Bonds
- Announcement of new notes offering and tender offer by AYC Finance Limited
- Pricing of AYC Finance Limited's US\$400 million Senior Fixed-for-Life Perpetual Notes
- Buy-back of common shares by an institutional investor pursuant to the Company's share buyback program
- AYC Finance Limited's Signing of Social Bond with the International Finance Corporation
- Revised Corporate Governance Manual
- Additional Issuance of Common Shares
- Results of 2021 ESOWN Grant
- Financial and Operational Results
- Reassignment of the Corporation's Chief Human Resource Officer
- Incorporation of AC Logistics Holdings Corporation
- Ayala's Commitment to Net-Zero Greenhouse Gas Emissions by 2050
- AC Logistics' investments in Air21
- Update on Ayala Corporation's disclosure to acquire a 20% stake in Yoma Strategic Holdings, Inc. and another 20% stake in First Myanmar Investment Public Co. Ltd.

Clarification of News Articles

- Ayala cautiously optimistic, allocates ₱182 billion for 2021 capex
- Ayala Corp. names chief of investment committee
- SEC greenlights Ayala Corp.'s ₱30 billion debt program
- AC Motors eyes ₱50 billion in annual revenue by 2025

Structured Reports submitted to SEC, PSE, and PDEx

- Top 100 Stockholders Report
- Public Ownership Reports
- Statement of Changes in Beneficial Ownership of Securities of directors and officers

- General Information Sheet
- Definitive Information Statement
- Quarterly Financial Reports
- Annual Report
- Integrated Annual Corporate Governance Report (I-ACGR)

STOCKHOLDER MEETING AND VOTING PROCEDURES

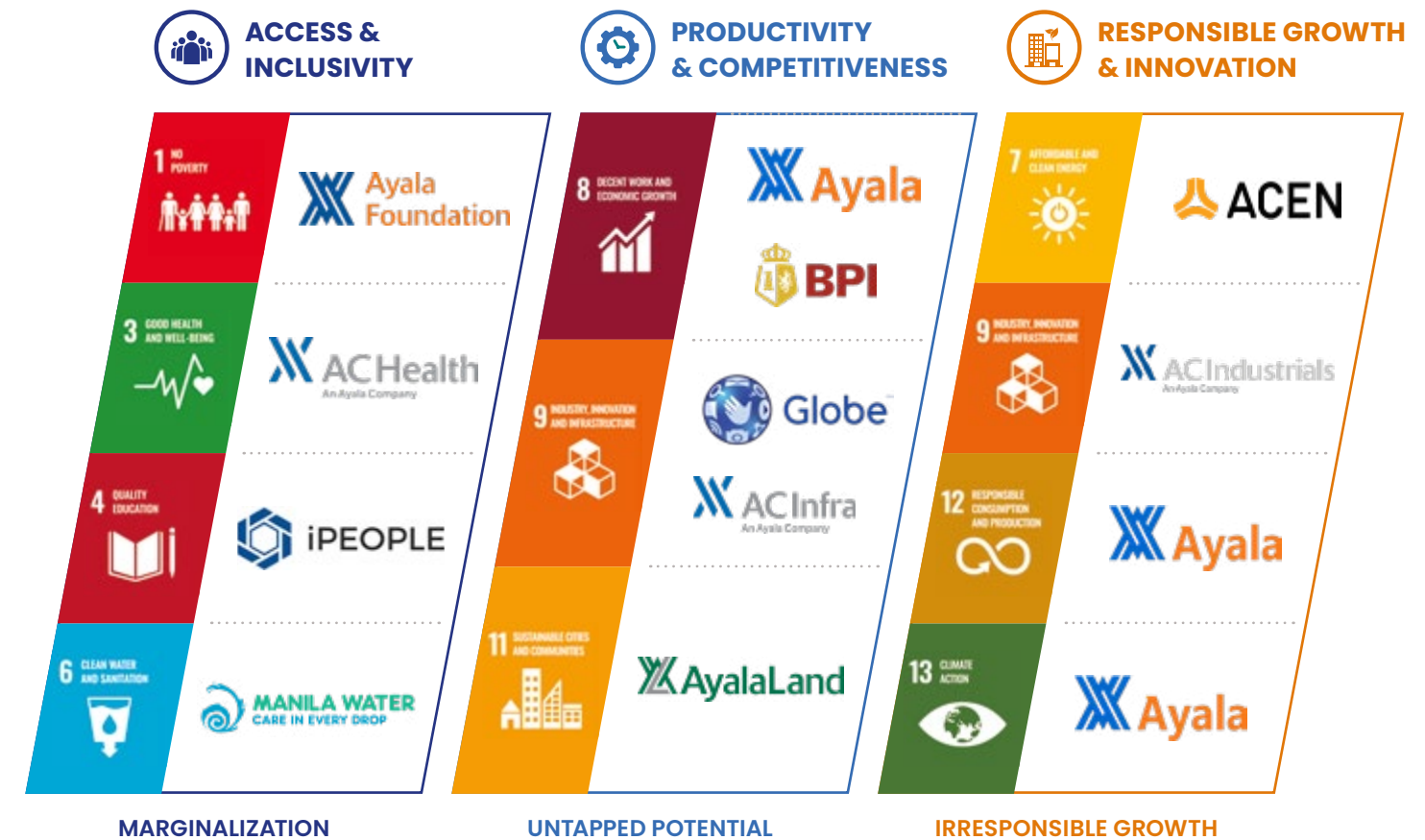
The company's governance system safeguards the right of the stockholders to vote and participate in the stockholders' meeting. Ayala's second fully virtual annual stockholders' meeting was held on April 23, 2021. Active stockholders' participation was encouraged through attendance by remote communication, voting *in absentia* using the electronic Voting *in Absentia* & Shareholder (VIASH) System, voting through proxy forms assigning the Chairman as proxy, and sending their questions and comments to the company's established communication channels.

The notice of meeting was distributed at least 28 days before the annual stockholders' meeting by adopting the SEC-allowed alternative modes of distributing the notice and other meeting materials. The notice contained the date and time of the meeting, a detailed agenda, 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 annual shareholders' meeting. The Committee of Inspectors of Proxies and Ballots, composed of non-directors and constituted by the board, and the independent validation conducted by the Internal Audit and SGV, uphold the integrity of the process for validation of proxies and tabulation of votes for shareholders' meetings.

Each outstanding common and voting preferred shares of stock entitles the registered holder to one vote. Non-controlling or minority shareholders were given the right to nominate candidates for the board of directors and to propose items for inclusion in the meeting agenda.



AYALA SUSTAINABILITY BLUEPRINT



Our commitment to improving lives of Filipinos is clearly defined by the pathways of **access and inclusivity**, **productivity and competitiveness**, **responsible growth and innovation**.

We align our aspiration to address societal gaps with the UN Sustainable Development Goals, with the Blueprint serving as our primary guide in ensuring we hit our milestones in our drive to contribute meaningfully to the Global Goals. Guided by the Blueprint, we value potential, reinvent businesses, and transform communities.

The Blueprint exemplifies the bold leadership and the shared vision of the Ayala Group, positioning ourselves as the partner of choice in inclusive, sustainable, and resilient growth. Through our businesses, we ensure that every Filipino has access to the necessary

infrastructure, technology, social services, and innovative solutions to help improve their lives, with the hope of uplifting vulnerable sectors of our society.

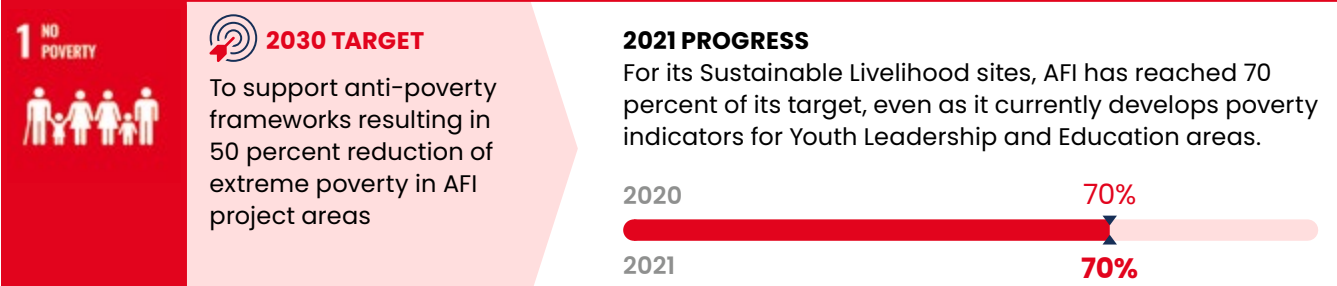
With this Integrated Report, we recognize our champions, our different business units, and their respective SDG targets as we continue to address the prevailing challenges of marginalization, untapped potential, and irresponsible growth. Guided by the Blueprint, our champions review each of their strategies and targets every two to three years to ensure their relevance against the evolving needs, fast-changing innovations, and complex situations of today's world.

Building on our market leadership, nurturing businesses that comprise a diverse and resilient portfolio, and cultivating a risk-aware culture will further drive our growth towards a future-proof Ayala Corporation.



Access & Inclusivity

AYALA FOUNDATION, INC.

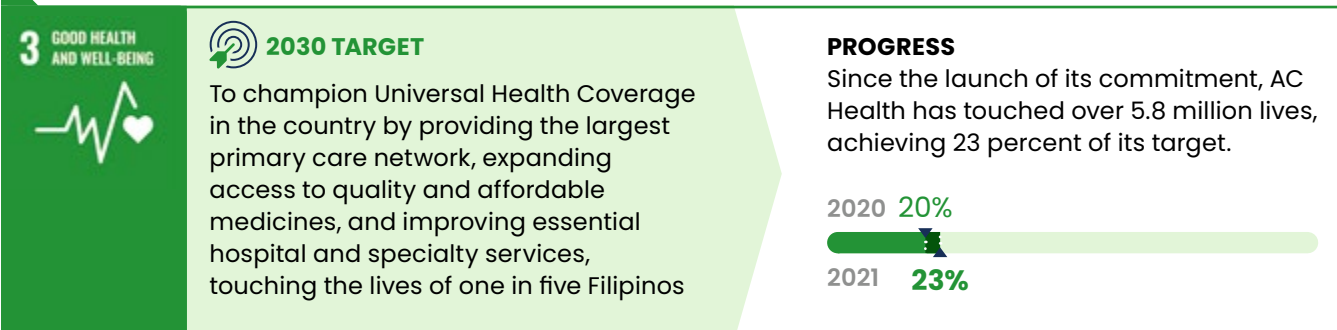


Health centers in Mindoro supported by AFI gave free consultations and health counseling, free medicines and vitamins, vaccine orientations and health sessions to **1,654 indigenous peoples**.

Some **200 students** in AFI-supported daycare centers benefitted from feeding programs and access to educational toys and supplies. Online learning was facilitated with the availability of gadgets. Teachers received training and allowances for online learning and teaching. Parents also took part in vaccination drives, and validation of beneficiaries for Covid-19 pandemic relief distribution.

Tablets for online learning and teaching, and internet load allowances were provided to **3,382 students** and **1,863 teachers** in CENTEX and ProFuturo Schools, which enabled them to take part in virtual field trips, podcast enrichment sessions, an after-hour violin virtual summer camp, arts and dance sessions; and mentoring sessions, module writeshops, and continuing education for teachers. Even parents had webinars on parenting in the time of pandemic, financial mindfulness, COVID vaccine orientation, and mentoring for small enterprise development. A total of **273 scholars** also received free tuition fee grants.

AC HEALTH



To better align with changes in its portfolio, considering the after-effects of the COVID-19 pandemic, AC Health revisits its target for 2030, and continues to expand its facilities and investments in digital health, pharmaceuticals, clinics, hospitals, and other partnerships.

iPEOPLE

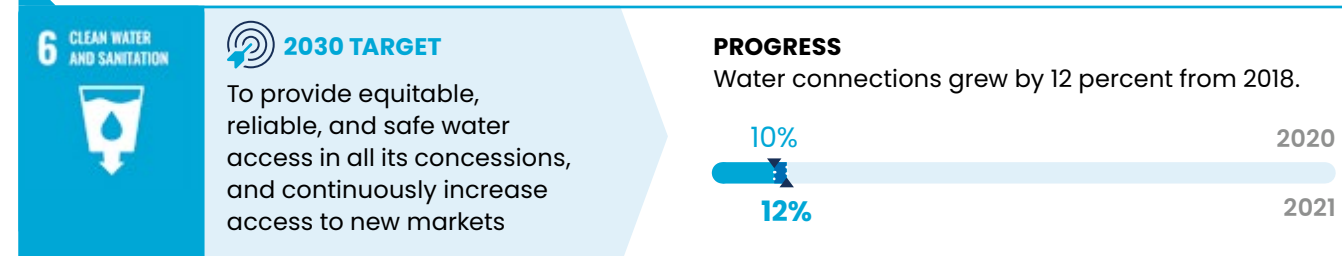


One of the IPO schools, **Mapua University**, is among the five Philippine universities included in this year's **Times Higher Education (THE) Impact Rankings**, the only global performance tables that assess universities against the UN SDGs. Mapua University is also among the 14 Philippine universities included in the 2022 Quacquarelli Symonds (QS) Asia University Rankings, with a rank of #501-550.



Mapua University is among the 5 Philippine universities included in this year's Times Higher Education Impact Rankings, the only global performance tables that assess universities against the UN SDGs

MANILA WATER



Manila Water continued to increase access as it expanded to Calbayog (2019) and Tanauan (2020), and expanded to new markets.



One of Manila Water's key sources of water, the Angat Dam supplies 98 percent of Metro Manila's water needs.

Productivity and Competitiveness

SDG 1 SDG 3 SDG 4 SDG 6 SDG 8 SDG 9 SDG 11 SDG 7 SDG 9 SDG 12 SDG 13

AYALA CORPORATION

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

PROGRESS

Ayala has already reached its target for 2030 of giving remuneration that is 10–20 percent above the industry average, and continues to improve its processes and programs to ensure employee engagement and productivity.



BPI

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)

PROGRESS

Focusing on onboarding clients through the digital infrastructure we set up in 2019 to increase our reach among the underbanked population, BPI has reached 7 percent of its 2030 target.



GLOBE TELECOM

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

PROGRESS

As of end-December 2021, Globe logged over 1.62 million devices in its 5G network, reaching 96 percent of NCR and 84 percent of key VisMin cities in terms of 5G coverage. Globe has also reached: 86.8 million mobile subscribers; 3.7 million total home broadband subscribers; 4.5 million merchants and social sellers.



Globe Network closed 2021 with substantial improvements across all Ookla metrics, maintaining a mobile consistency score in NCR, at par with global benchmarks, and its 5G data traffic zoomed 27 times. Globe topped the Method Research 2021 Mobile Operators Survey as the Philippines' favorite telco brand.

AC INFRA

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 tonnes CO2 equivalent avoided

PROGRESS

Logistics ventures are currently establishing baselines and mechanisms to account for GHG emissions avoided, and implementing technological improvements to achieve target efficiencies with lower carbon footprint.



Disclosure of AC Infra is highly qualitative

AC Infra continues to invest in financial infrastructure and upgrade its technologies across different businesses to reduce carbon emissions by 2030. Its toll road project has adapted to the market's demand for cashless payments. Its rail business served 35 million riders in 2021.



The MCX is Ayala Corporation's first toll road project, awarded in 2011 under the government's Public-Private Partnership program.

AYALA LAND

11 SUSTAINABLE CITIES AND COMMUNITIES



2030 TARGET

To enhance inclusive and sustainable urbanization by increasing sevenfold the number of launched affordable housing units

PROGRESS

Ayala Land launched a total of 3,632 Amaia and Bellavita units in 2021, more than double the number in 2020, reaching 18 percent of the 2030 target.



Ayala Land, through its Amaia and Bellavita properties, continues to serve the mass market, enabling more Filipinos to own a home.

Responsible Growth and Innovation

AC ENERGY



2030¹ TARGET

To increase its renewable energy portfolio to 5,000 MW in the Philippines and in foreign markets.

¹ AC Energy's target is to achieve 5,000 MW by 2025.

PROGRESS

ACEN's pro forma attributable renewable energy capacity reached ~3,300 MW*, two thirds its 5,000 MW target.

**This includes the impact of recently announced transactions with UPC and Northwind shareholders approved by the Board in Oct 2021, subject to regulatory approvals*



AC INDUSTRIALS



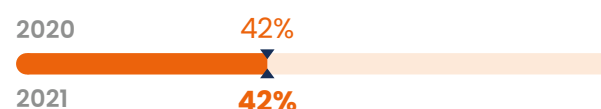
2030 TARGET

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.

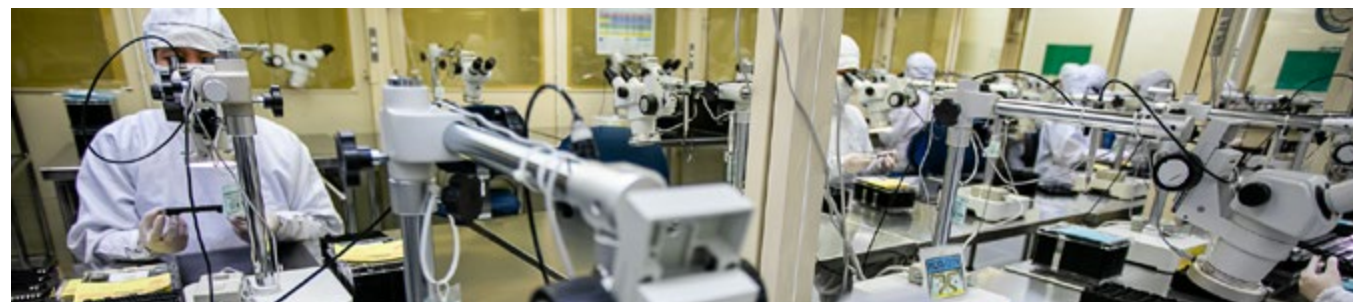
PROGRESS

IMI continues to deliver emerging technologies for automotive, smart energy, and connectivity solutions in 22 plants across the globe. Its current manufacturing value is at US\$419 million, setting it on the road to achieve its 2030 target.

The AC Motors-KTM joint venture factory in Laguna has manufactured over 30,000 motorcycles since inauguration in 2017, mostly for export to China. Domestically, there was a 52-percent growth in Philippine KTM sales in 2021, driven by introduction of new models and normalization of two-wheel demand.



Disclosure of AC Motors is highly qualitative



IMI caters to diverse industries and markets with strong exposure to high growth markets such as the automotive and industrial segments

AYALA CORPORATION



2030 TARGET

To achieve an ambitious material footprint that demonstrates sustainable management and efficient use of natural resources.

PROGRESS

Ayala Corporation is working towards developing a group-wide waste reduction program aligned with its strategies for reducing greenhouse gas emissions.

2020

2021

Disclosure of AC is highly qualitative at present

AYALA CORPORATION

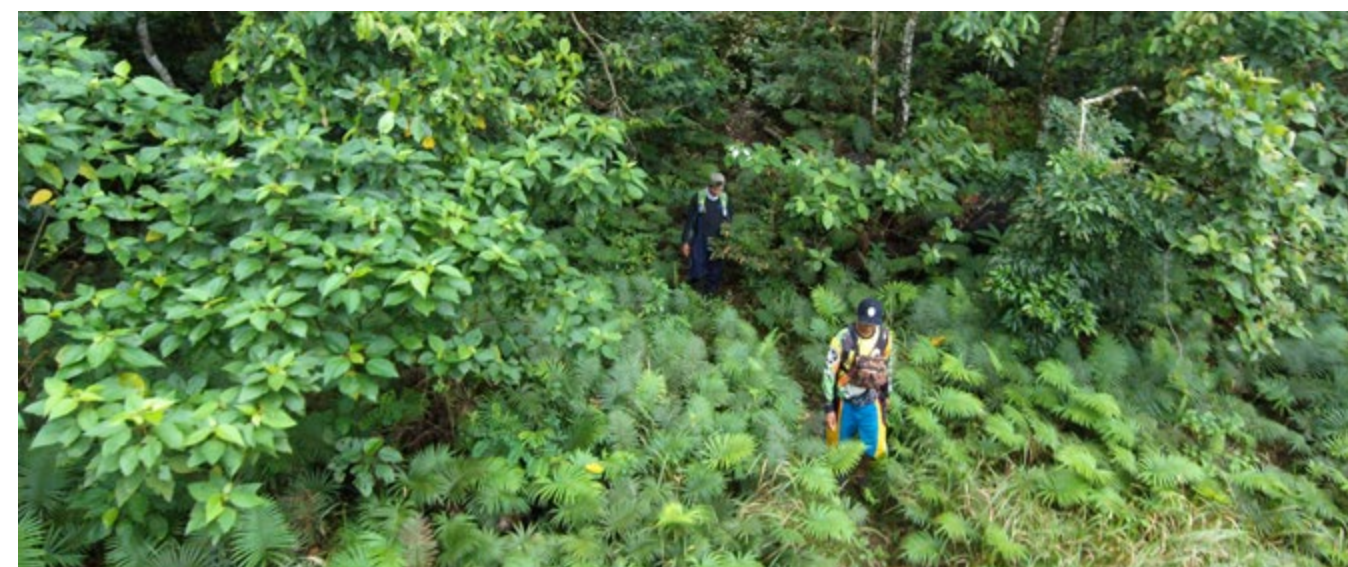
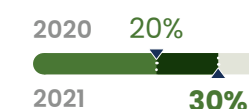


2030 TARGET

To strengthen resilience and adaptive capacity to climate-related hazards to natural disasters across all its sites resulting in minimal casualties.

PROGRESS

In October 2021, Ayala Corp. announced its commitment to achieve net-zero greenhouse gas emissions by 2050. We partnered with leading global climate solutions provider South Pole to account for our emissions and develop a roadmap for our net-zero ambition.



Project Kasibulan is working with the indigenous people of Oriental Mindoro to ensure the long-term protection and survival of its forest and the biodiversity found therein.



AYALA FOUNDATION, INC.

Immediately after the onslaught of Typhoon Odette the Ayala group came together to provide food relief for affected communities, reaching at least 26,000 families.

In 2021, Ayala Foundation celebrated its 60th year by focusing on key deliverables—an expanded beneficiary base, a stronger “omnichannel” approach, and a renewed commitment to serving as the Ayala group’s social development arm. The foundation synthesized its programs under three key thematic areas—Education, Sustainable Livelihood, and Love of Country. This allowed the organization to be more closely aligned with the needs of its stakeholders and focus on interventions that make a stronger impact in the lives of people in the conglomerate, communities, and country.

Even in the midst of the pandemic and a string of natural disasters, Ayala Foundation reached 8.1 million beneficiaries, 258 percent higher than the 2021 target of 3.1 million. This was achieved through the implementation

of programs on-ground, off-site, and online. Shared purpose also gave the foundation numerous opportunities to collaborate with the different business units of the Ayala group on programs and special projects serving communities across the country.

An Ayala-wide program where Ayala Foundation played a major role was the reintroduction of #BrigadangAyala. As the Ayala group’s umbrella campaign for various social development and corporate social responsibility initiatives across the group, #BrigadangAyala consolidated efforts such as disaster relief and response, assistance for public education, championing of social enterprises, and public health advocacy. #BrigadangAyala is part of the group’s “Ayala for the Greater Good” brand-building efforts.

Under #BrigadangAyala, Ayala Foundation took the lead in two high-impact programs supported by the entire conglomerate—#BrigadangAyala Kaakay and #BrigadangAyala Typhoon Odette Relief.

Launched in the fourth quarter of the year, #BrigadangAyala Kaakay was a 12-week food distribution initiative for families experiencing hunger and job loss as a result of the extended lockdowns. Backed by the whole Ayala group and with Ayala Foundation serving as the implementation lead, #BrigadangAyala Kaakay served 10,000 families by providing them rice, canned goods, fresh vegetables, and bread on a weekly basis. When the project ends in March 2022, #BrigadangAyala will begin its livelihood phase as a sustaining initiative.

The onslaught of Typhoon Odette, also in the last quarter of 2021, brought the Ayala group together to make an impact on families severely affected by the typhoon. Collectively, relief distribution under #BrigadangAyala Typhoon Odette allowed the Ayala group to deliver food assistance for 26,346 families—roughly 131,000 individuals—from at least nine provinces by January 2022.

The Ayala Community for Social Impact also served as a collaborative platform where the Ayala group could share best practices with one another while opening up avenues for working together in the areas of Education Livelihood, Innovation, Disaster Risk Reduction and Management, Environment, and Love of Country.

The much-awaited reopening of the newly renovated Ayala Museum and Filipinas Heritage Library was held in December, a fitting way to cap the 60th anniversary of Ayala Foundation. The re-energized spaces stayed close to the foundation’s idea of an “omnichannel” museum and library, allowing for the seamless integration of onsite exhibitions and services with dynamic offsite and online offerings. The reopening featured five inaugural exhibitions, a refreshed museum

shop, a more inviting library space, and innovative digital features and programming.

Public support or donations reached ₱519 million, ₱379 million above target. This was achieved by stepping up programs that aligned with the needs of both the beneficiaries and funders. Through these specific efforts, we were able to raise ₱447 million from the Ayala group, representing 86 percent of the funds raised by yearend. A total of ₱9 million was also collected through public fund-raising efforts.

The Ayala Foundation’s endowment fund reached ₱2.2 billion, with net gains of ₱220 million. These gains represent an ROI of 11.4 percent—the highest in at least 10 years.

In 2022, the foundation is focusing on strengthening programs under three thematic areas—Education, Sustainable Livelihood, and Love of Country. Under Education, there will be greater focus on teacher training to benefit learners and address learning poverty; under Sustainable Livelihood, interventions will zero in on increasing economic opportunities for vulnerable sectors through community enterprises; and under Love of Country, programs will intensify the promotion of nationalism while also addressing community needs in times of disaster.

26,346

Families who received food assistance under #BrigadangAyala Typhoon Odette Relief (roughly 131,000 individuals from at least nine provinces)

₱519 M

Public support or donations reached, ₱379 million above target

₱447 M

Amount raised from Ayala Group, representing 86% of the funds raised by yearend

₱2.2 B

Amount of Ayala Foundation’s endowment fund, with net gains of ₱220 million



BUSINESS REVIEW

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Core Value Driver

Ayala Land

Pioneer in developing large-scale mixed-use and sustainable estates

Performance Highlights

12,483 hectares

Land bank

30

Ayala Land estates

57

Growth centers

Photo caption: Ayala Land has significant presence across residential, mall, and office developments in the Makati central business district.

Outlook and Strategy

OUTLOOK

With reduced COVID cases, high vaccination rates, and improved mobility, Ayala Land is optimistic that the country is on course for full resurgence and positioned to accelerate recovery. Local consumption remains strong, accounting for more than 70% of Gross Domestic Product, and the nation's favorable demographics, a growing middle income, and a young working-class will support growth over the medium to long term. Industry experts project that by 2030, the Philippines' middle-income population will grow by 37.5 million – making it the fourth largest in the world.

COVID-19 was initially thought to bring permanent disruption to Ayala Land's business lines. However, based on how things have progressed, most of its major businesses will remain relevant post-pandemic. Some will even benefit from the changes in consumer preferences, while a few businesses will require a higher level of reinvention, with changes that need to be implemented quickly. New opportunities have also been crystallized, which will be pursued aggressively. Nevertheless, the pace of recovery will vary per business line, which is estimated to take two to three years.

With its geographical presence across the Philippines, high-quality product offerings, a diversified portfolio, unmatched institutional capability, and a dynamic organization, Ayala Land has a solid platform in place for recovery and growth.

STRATEGY / ACTION

Launch an optimal mix of horizontal and vertical projects for sale

Balance amount of launches depending on market demand

Stabilize operations of challenged commercial leasing businesses

Improve mall and hotels and resorts operations by minimizing cash outflows and maintaining offices market share

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

How We Create Value

The Value We Create BUSINESS REVIEW



People flock to the newly renovated Greenbelt 3, which has a new facade and a fresh set of restaurants

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, and hotels and resorts.

Construction and Property Management

Owens 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

STRATEGY

- ▶ Launch an optimal mix of horizontal and vertical projects for sale
- ▶ Stabilize operations of challenged commercial leasing businesses

2021 ACHIEVEMENTS

Property Buyers, Residents, Shoppers, Mall locators, Office Tenants, Tourists and General Public
Provides homes and venues for business and leisure that support the community and spur economic growth.

- ▶ 8,591 completed and turned-over residential units
- ▶ Two offices opened adding 94,000 sqm GLA

Investors, Analysts, Creditors

Provides consistent growth in shareholder returns, ensures long-term value for investors, and fulfills credit obligations.

- ▶ ₱12.2 billion net income
- ▶ 0.77 net D/E ratio
- ▶ 4.4% average cost of debt

2021 FINANCIAL PERFORMANCE

- ▶ Property development revenues ended at ₱75.9 billion, 14% higher from the previous year.
- ▶ Revenues from the sale of residential lots and units totaled ₱57.1 billion, 19% higher vs 2020.
- ▶ Launched 22 property development projects amounting to ₱75.3 billion worth of product
- ▶ Sales reservations ended at ₱92.2, 13% higher vs 2020.
- ▶ Commercial leasing revenues down 5% to ₱20.6 billion in 2021. Fourth quarter, revenues grew 47% to ₱6.4 billion, as mall foot fall and resort travel bubbles increased.
- ▶ Shopping center revenues declined 13% to ₱7.9 billion.
- ▶ Average 2021 mall operating GLA reached 67% with foot traffic at 38% of pre-COVID levels. December foot traffic averaged 85% of pre-COVID levels.
- ▶ Total malls GLA stood at 2.12 million sq. meters as of end-2021.
- ▶ Revenues from office leasing grew 5% to ₱9.9 billion.
- ▶ Total Ayala Land Offices 2021 GLA ended at 1.32 million square meters with an occupancy of 85% for its existing buildings.
- ▶ Offices – Opened 2 new offices and added 94,000 sqm of GLA for a total of 1.32 million sqm.
- ▶ Total hotels and resorts revenues registered at ₱2.8 billion, a 12% decline from last year, as operations were limited during the second and third quarters of 2021.
- ▶ Hotels and Resorts – Operated hotels as quarantine facilities and hosted 120 travel bubbles at the resorts.

2022 PRIORITIES

- ▶ Adopt a balanced approach in product introductions and launch ₱100 billion worth of inventory equally split between horizontal and vertical offerings.
- ▶ Reinvent mall spaces and capture opportunities in tourism with the reopening of international and domestic travel



Nuvali is strategically located in the cities of Sta. Rosa, Calamba, and the Municipality of Cabuyao in Laguna, within the CALABARZON growth corridor.

Estate Development

The pandemic and imminent risks from climate change highlighted the value of estates – living or working within an integrated mixed-use development where necessities were within reach, providing safety and resilience to businesses and communities. Amid the intermittent lockdowns in 2021, the Taal Volcano eruption, and typhoon Odette, the estates were safeguarded, and transformations were introduced to keep the community vibrant and support businesses. In Makati CBD, initiatives were taken to activate open spaces, support estate locators, and community gatherings. The Makati Street Meet was introduced to allow restaurants and food merchants to set up outdoor dining facilities.

Bonifacio Global City, in coordination with the local government of Taguig City, rolled out projects to combat the spread of COVID-19. Taguig City's first ever Drive-By Testing Facility was opened in BGC, providing a safer testing site for the community.

Responsible and Safe Biking was championed at Nuvali, with the launch of the Bike Smart

program, which instituted guidelines for the biking community to make Nuvali a model bikeable city and promote a positive biking community culture. The program was also launched in Arca South and Vermosa during the year.

Residential

With sustained property demand, Ayala Land launched 22 residential projects. 48 percent of the launch value was from lots and house and lot packages—a substantial increase from 26 percent before the pandemic, in response to a higher market preference for living in less dense environments. Take-up from horizontal products alone jumped 36 percent to ₱41.5 billion, led by horizontal developments in Southern Luzon by AyalaLand Premier and Alveo.

The residential business group maximized its digital assets to augment lower selling mobility and provide a safe contactless turnover option to buyers. ₱20.2 billion of the reservation sales originated through digital means, equivalent to 22 percent of total, while 65 percent of turnovers were done virtually.



Within the one kilometer Bonifacio High Street is Bonifacio High Street Central that houses multiple blocks of retail outlets, restaurants, and offices.

Shopping Centers

Notwithstanding the reinstitution of stricter mobility restrictions during the year, Ayala Malls kept its operations open to the public, providing access to essential goods and services. Rent condonation and subsidies totaling ₱7.2 billion were granted to merchants during community quarantines in 2021. Stringent health and safety protocols were enforced to ensure the welfare of all mall patrons. Moreover, Ayala Malls supported the national vaccination program, with 17 malls serving as vaccination sites across the country.

To adapt to the changing business environment, Ayala Malls introduced strategic shifts to its operations. On the ground, open spaces were maximized for outdoor dining use, while adhering to social distancing requirements. On the digital front, the Z!ng app gained traction and reached 80 thousand members. Its extended offerings, Z!ngShops and Z!ngEats, hosted 122 merchants. Z!ngMall, the e-commerce platform of Ayala Malls, will be launched in 2022.

Offices

BPO and traditional companies maintained operations despite most employees working from home and offshore gaming tenants closing business. With continuing interest from

business locators, Ayala Land Offices signed over 210,000 square meters of new leases and renewals, and handed over 33,000 square meters of newly-built office spaces to tenants.

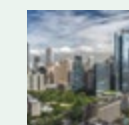
ALO continued to deliver world-class buildings amid the prolonged pandemic and construction restrictions. It completed two new office buildings, Ayala Triangle Gardens Tower 2 at the corner of Paseo de Roxas and Makati Avenue, with a GLA of 63,000 square meters, and the first tower of One Ayala offices, at the corner of Ayala Avenue and EDSA, with 31,000 square meters.

Hotels and Resorts

Ayala Land Hotels and Resorts continued to provide safe accommodations to returning overseas Filipinos for their mandatory quarantine requirements, as well as the Travel Bubble program for domestic tourists. Undeterred by the pandemic, AHR bagged 61 awards and citations for the year.

As part of its digitalization initiatives, a Contactless check-in system was piloted in Seda BGC, Vertis North, Nuvali and Seda Residences Makati providing a safe and convenient alternative to hotel guests. It also began the development of its own online travel agency and booking engine platform so that guests and patrons can book their reservations to Seda hotels and El Nido Resorts directly.

The easing of travel restrictions in the fourth quarter allowed more travel bubbles to be hosted, partially cushioning lower occupancy during the first nine months of the year. For the year, a total of 120 travel bubbles were conducted at El Nido and Lio Resorts. AHR ended 2021 with 4,030 hotel and resort rooms.



Learn more about Ayala Land in our **2021 Integrated Report**

Core Value Driver

BPI

Leadership in new banking technology
and sustainable financing

Performance Highlights

₱23.9 B

Net income recorded in 2021,
an 11.5% increase year on year

2.49%

Robust NPL ratio with
NPL cover of 136.1%

+20%

Growth in active
digital users

Photo caption: BPI aims to deliver outstanding customer journeys through its digital client engagement platforms.

Outlook and Strategy

OUTLOOK

The Philippine economy expanded by 5.6% in 2021 after contracting by 9.6% in 2020. Economic activity rebounded amid easing restrictions and improving mobility. The availability of vaccines and treatments contributed to the recovery of consumer confidence as well.

Household consumption rose by 4.2% in 2021 as e-commerce continued to expand. The continuous inflow of remittances and the decline in unemployment rate have also provided a boost in consumer spending. On the other hand, investment spending continues to lag the 2019 level but managed to rebound by 19% in 2021. The private sector has been conservative with its capital expenditures amid the uncertainties of the pandemic and the upcoming elections.

If the growth momentum is sustained, economic output will likely return to pre-pandemic levels by the third quarter of 2022. A full-year growth of 6.5 to 7.5% is expected in 2022.

Inflation was faster in 2021 at 3.9% compared to 2.4% in 2020 (base year 2018) amid supply constraints and improving demand. Average inflation in 2022 is expected to settle near the 4% target of the BSP due to existing and emerging inflationary pressures such as higher oil and electricity prices. Furthermore, global supply chain issues may increase the cost of imported products. As a result, the BSP may need to adjust its policy rate, to avoid the de-anchoring of inflationary expectations as the policy rate has remained below inflation for nearly two years. Aside from this, an adjustment may be needed as a response to the rate hikes of the Federal Reserve. Expectations of tighter dollar liquidity in the coming months might exert pressure on the Peso and the BSP's dollar reserves if the policy rate is kept at 2.0%.

Meanwhile, government borrowing is another factor that could push interest rates higher in 2022. With government revenues still lagging behind expenditures, the budget deficit will likely remain substantial.

STRATEGY

Achieve asset growth in high-margin businesses
Continued focus on SME, consumer, and microfinance lending

Strengthen funding franchise
Grow deposits and improve CASA ratio

Branch optimization
Strategically expand branch network

Increase digital platform active users
Increase active users of online banking platforms for retail and business clients

Capitals



Financial

Strong balance sheet and continued growth and optimization of deposit franchise and loan book



Manufactured and Intellectual

Reliable, secure, and expanding network of delivery infrastructure in both traditional and digital platforms



Human

Energized, enabled, and engaged employees with diverse talents



Social and Relationship

Beacon of stability and credibility upon which trust is built and sustained among our clients and global banking partners



Natural

Efficient use of resources through environmental management systems to minimize our impact on the environment

How We Create Value

Vision

Building a better Philippines – one family, one community at a time

Mission

We are your trusted financial adviser, nurturing your future, and making life easier

Business Operations

- Corporate Banking
- Business Banking
- Consumer Banking
- Asset Management
- Microfinance
- Global Markets
- Enterprise Services

BPI Sustainability Strategies

Responsible Banking

- Financing Sustainable Development
- Financial Inclusion
- Supporting Nation Building

Responsible Operations

- Environmental Sustainability
- Social Responsibility

Corporate Governance and Risk Management

Profitability

In 2021, BPI realized a net income of ₱23.9 billion, higher by 11.5 percent against 2020. The aggressive provisioning undertaken by the Bank in 2020 allowed for the recognition of significantly lower provisions in 2021 which drove the increase in earnings, in addition to the record fee income.

The Bank's comprehensive income increased to ₱21.3 billion, largely due to the net income recorded for the year, increases in actuarial gains on retirement plan, and remeasurement of liabilities.

The Value We Create BUSINESS REVIEW

STRATEGY	2021 ACHIEVEMENTS		2021 FINANCIAL PERFORMANCE	2022 PRIORITIES
Achieve asset growth in high-margin business	Delivery of superior shareholder returns in a manner that is transparent and equitable.		<ul style="list-style-type: none">▶ SME Loans: ₱59.8 billion▶ Consumer Loans: ₱308.7 billion▶ Microfinance Loans: ₱5.5 billion<ul style="list-style-type: none">▷ Cumulative loans disbursed: ₱27 billion	Growth to continue in 2022 led by Consumer Loans, notably credit card and personal loans
Strengthen funding franchise	<ul style="list-style-type: none">▶ A community of 8.6 million clients that has access to the formal financial system. Distributed ₱1.48 trillion in net customer loans Financial Inclusion <ul style="list-style-type: none">▶ ₱27 billion microfinance loans disbursed through Banko to date S▶ 58 financial education trainings conducted through BPI Foundation S	Financing Sustainable Development <ul style="list-style-type: none">▶ ₱600 billion outstanding loans towards industries identified to contribute to the UN Sustainable Development Goals Supporting Nation Building <ul style="list-style-type: none">▶ ₱312 billion loans disbursed to SMEs to date▶ ₱21.5 billion raised through COVID Action Response Bonds issuance	<ul style="list-style-type: none">▶ Deposits growth rate: 13.9%▶ CASA ratio: 77.0%	Growth to continue in 2022, primarily in CASA
Branch optimization	Employees <ul style="list-style-type: none">▶ A workplace that fosters learning and development, career advancement, and sustainable engagement.	<ul style="list-style-type: none">▶ ₱18.4 billion total payments to employees▶ 119,224 total training hours provided to employees	<ul style="list-style-type: none">▶ New bank branches: None▶ Branch Co-location: 56▶ New Banko branches: 3	<ul style="list-style-type: none">▶ Optimization of branch network to continue post-BPI and BFSB merger, and as transactions migrate to digital channels▶ New Banko branches: 13
Increase digital platform active users	3.2 million unique active users of BPI Online and Mobile App		<ul style="list-style-type: none">▶ Online Mobile Banking: 3.2 million▶ Bizlink/BizKo: 24,716 corporate clients	<ul style="list-style-type: none">▶ Online/Mobile Banking: 24% growth▶ Bizlink/Bizko Banking: 97% growth

Revenues

Total revenues declined by 4.2 percent to ₱97.4 billion. Net interest income stood at ₱69.6 billion, lower by 3.7 percent, as NIM contracted by 19 bps driven by lower yields across most loan portfolios and treasury assets. Non-interest income declined by 5.5 percent due to lower trading income but this was tempered by a 23.2 percent boost in fee income.

Expenses

Operating expenses were higher by 5.4 percent, driven by higher technology cost in line with the Bank's continued digitalization thrust. Compensation and fringe benefits also posted a 2.9 percent increase; occupancy and equipment-related expenses was up 9.6 percent; and other operating expenses were up 4.2 percent. This brought Cost-to-Income ratio to 52.1 percent compared to 47.2 percent in 2020.

Asset Quality

The bank booked provisions of ₱13.1 billion, 53.1 percent lower compared to last year. NPL ratio was at 2.49 percent, with NPL coverage ratio at 136.1 percent.

Assets

- Total Assets stood at ₱2.4 trillion, higher by 8.4 percent year-on-year, as total funding increased by 9.7 percent.
- Total loans ended at ₱1.48 trillion, a 4.9 percent increase year-on-year, with all segments posting growth.
- Treasury securities increased by 20.1 percent.
- Total deposits increased by 13.9 percent versus 2020. CASA and time deposit grew 10.3 percent and 28.2 percent, respectively. The bank's CASA Ratio was 77.0 percent, while the loan-to-deposit ratio was 75.5 percent. Other Borrowings declined by 37.5 percent due to the maturities of Peso and CHF bonds issued by BPI Parent and decline in short-term interbank borrowings.

Dividends

The bank paid ₱8.1 billion cash dividends or ₱1.80 per share to its shareholders in 2021. All three major international credit rating agencies reaffirmed their investment grade credit ratings for the Bank: S&P at BBB+, which is the same as the Philippine Sovereign, Moody's at Baa2, and Fitch at BBB-.



Learn more about BPI in our
2021 Integrated Report

Core Value Driver

Globe Telecom

Digital platform with market leadership
in telecommunications and fintech

Performance Highlights

₱23.7 B

Net income in 2021, up 27% with consolidated revenues reaching a record level of ₱151.5 billion

₱92.8 B

All-time high level of investments leading to 1,407 new cell sites built nationwide

55 MILLION

registered GCash users

Photo caption: Globe's record-high CAPEX of ₱92.8 billion in 2021 went mostly to strengthen its data-related services.

Outlook and Strategy

OUTLOOK

The Philippine telecommunications industry has seen a shift with the advent of data and the Internet of things changing customer behavior and the way telecommunications firms operate. Hastening this shift is the COVID-19 pandemic which has caused more consumers and businesses to rely more heavily on digital channels. As such, telecommunication companies also had to transform to address evolving consumer digital habits.

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.

The fixed line industry is also seeing an increasing demand for data as homes have become the focal point for work, school, business, and entertainment under the pandemic. Meanwhile, beyond connectivity, corporate and enterprise clients are looking to service providers, including telcos, for assistance in enabling their digital transformation.

On competition, notwithstanding the entry of the third mobile player, the industry's market dynamics remain. Likewise, with the increasing demand among addressable households for high-speed broadband service, Globe and other incumbent operators are fast tracking 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 domestic mobile calls and texts and new rules governing prepaid load expiry and mobile number portability, which was fully implemented in September of 2021.

STRATEGY

Serve the New Customer as One Globe Group
Elevate the Filipino customers' quality of life through digital enablement

Enable the Resurgence of Businesses as One Globe Group
Provide ICT solutions to help grow businesses and serve customers better

Deliver the best possible customer experience
Deliver best network experience

Drive long-term for Impact for the nation
Push for long-term sustainable development projects

Capitals



Financial

- ▶ Continued mobile data revenue growth
- ▶ Strong consolidated service revenues and earnings
- ▶ Continued investment in network expansion to monetize rising data traffic



Manufactured

Fast-tracking telco infrastructure build and diversifying systems to enable customers' multiple touchpoints and superior experience



Intellectual

Engaging with local and global partners to provide best-in-class network service, IT enablement and content offers



Human

Developing a people-centered organization



Social and Relationship

Putting customer centricity and nation-building at the core of business decisions

How We Create Value

The Value We Create BUSINESS REVIEW



Globe makes affordable, easy to use internet accessible to Pasiguenos via Globe GoWiFiPH and KonekTayo WiFi.

Serve our new customers as One Globe Group

Elevate the lives of the Filipino customers through digital enablement

Deliver the best possible customer experience

Deliver on our commitment to provide the best network experience

Enable the resurgence of business as One Globe Group

Create value through relevant services and solutions for Filipino customers and businesses beyond connectivity

Drive long-term impact for the nation

Create a Globe of Good and achieve sustainable development for all

STRATEGY

- ▶ Serve the New Customer as One Globe Group
- ▶ Enable the Resurgence of Businesses as One Globe Group
- ▶ Deliver the best possible customer experience
- ▶ Drive long-term for Impact for the nation

2021 ACHIEVEMENTS

- ▶ Enabled our customers' digital lifestyle by providing digital solutions relevant to their needs
- ▶ Provided relevant business solutions to our partners within our supply chain leveraging on our expanded ICT capabilities
- ▶ Invested in our IT Infrastructure and network coverage to continuously improve our capabilities and services
- ▶ Became the first Philippine publicly-listed company to commit to set science-based targets with the Science Based Target Initiative (SBTi) to reach net-zero greenhouse gas (GHG) emissions by 2050

2021 FINANCIAL PERFORMANCE

- ▶ Consolidated Service Revenues: Record level of ₱151.5 billion, up 4% driven by growth in Mobile Data, Home Broadband, and Corporate Data
- ▶ Mobile Data Revenues: 7% growth to ₱77.8 billion as mobile data traffic soared by 48% coming mostly from the prepaid brands. Mobile subscriber count grew by 13% to 86.8 million
- ▶ Home Broadband: Posted 10% increase in revenues with FTTH take up rising 208% and fiber revenues up 183%
- ▶ Corporate Data: Revenues up 12% on growth from domestic services and information and communication technology

2022 PRIORITIES

- ▶ Committing to CAPEX of ₱89 billion
- ▶ Bring internet services to more Filipino households through wireless home broadband, Fiber, 5G and constantly improve overall network experience
- ▶ Continue deployment of Go WiFi and Community WiFi
- ▶ Continue to forge partnerships and create innovative content-driven experiences
- ▶ Transform trade/distribution experience, beyond telco-products
- ▶ Transform end-to-end prepaid experience, to enable digital life
- ▶ 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
- ▶ Deliver seamless, frictionless, immersive, and consistent customer digital experience
- ▶ 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, through EC Pay
- ▶ 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 (SDA) 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

Network Infrastructure Investments

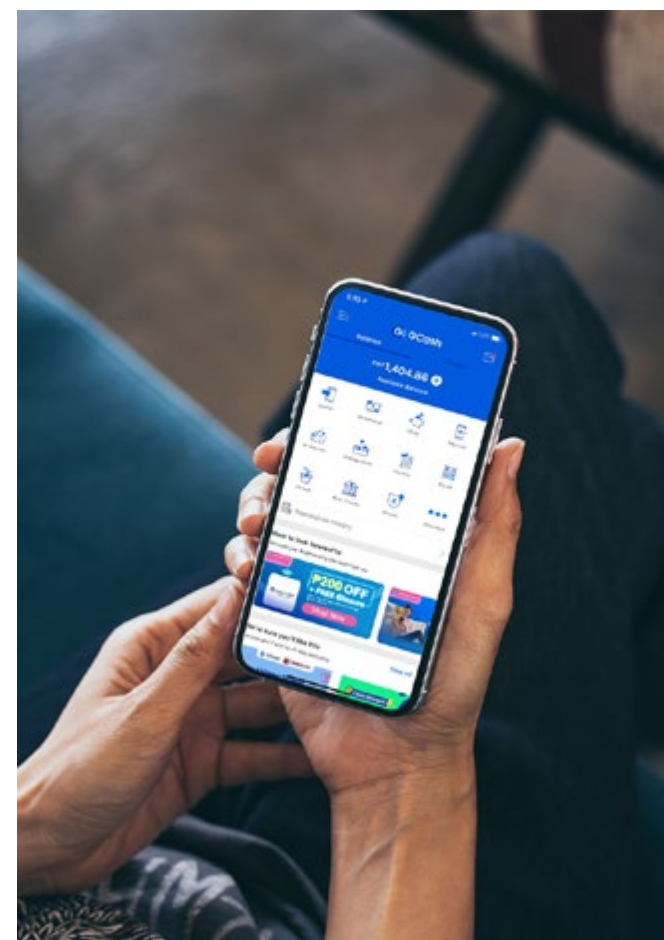
Globe invested an all-time high ₱92.8 billion in capital expenditure in 2021, 54 percent higher than a year ago. Globe built 1,407 new cell sites nationwide, including both 4G LTE and 5G, upgraded over 22,300 mobile sites, and installed over 2,000 5G outdoor sites and in building solutions. On the fixed line front, Globe installed over 1.4 million FTTH lines, even surpassing its revised target for the year. Globe also logged over 1.62 million devices in its 5G network, as it now reaches 96 percent of Metro Manila and 84 percent of key cities in Visayas and Mindanao in terms of 5G outdoor coverage.



A technician makes improvements to Globe's telecom assets.

Digital Solutions

Spurred by rapid consumer digital adoption, Globe is doubling down on its shift to become a digital solutions platform using the core telco business. The company currently offers several diverse high-growth enterprises in healthtech, fintech, adtech, and e-commerce, among others. On the mobile money front, GCash, the undisputed leader in fintech platform operated by Mynt, is committed to maintaining its status by introducing innovative products boosting its engagement with users. GCash ended 2021 with 55 million registered users, 4.5 million merchants and social sellers, 290 GLife merchant partners, and around 174,000 cash-in, cash-out agents. GCash also more than tripled its gross transactions handled to ₱3.8 trillion in 2021 from the record ₱1.2 trillion reported in 2020. GCash now reached positive full-year EBITDA and already achieved profitability three years ahead of its target. As of 2021, GCash is the only double unicorn in the Philippines.



GCash makes financial services accessible to millions of unbanked and underbanked Filipinos.

Portfolio Companies

Other portfolio companies under Globe's corporate builder 917Ventures include telehealth service platforms KonsultaMD and HealthNow. KonsultaMD is exhibiting strong growth with more than 140 percent revenue growth, reaching over one million members (+168 percent year on year) across 50,000 retail outlets nationwide. HealthNow on the other hand, has 800,000 customers, processing 15,000–20,000 medicine delivery orders daily. It is also the Ayala Group's technology partner in administering one million COVID-19 vaccinations. Also under 917Ventures is AdSpark, the award-winning and largest locally-based ad agency which generated over ₱1.2 billion revenue in 2021, higher by 32 percent from full-year 2020. In addition, RUSH, the leading loyalty solutions provider in the Philippines now has 3.8 million registered users, with 100 percent in revenue growth versus full-year 2020. Lastly, PureGo, the online grocery shopping platform which is now available in all cities in NCR, Cavite, Bulacan and Rizal, posted over 75 percent growth in sales in 2021.

140%

Revenue growth by KonsultaMD

₱1.2 B

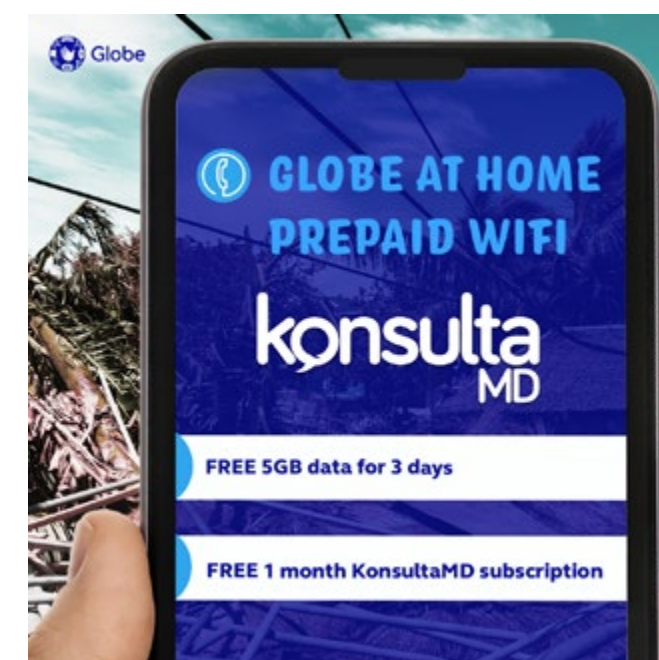
2021 revenue generated by AdSpark, award-winning and largest locally-based ad agency

75%

PureGo's 2021 sales growth

1 MILLION

COVID-19 vaccinations administered by HealthNow, Ayala Group's technology partner



Globe offers bundled promos featuring a free KonsultaMD subscription.



Learn more about Globe in our **2021 Integrated Report**

Core Value Driver

ACEN

Regional renewable energy player
at the forefront of energy transition

Performance Highlights

22%

Increase in consolidated
net income reaching ₱5.3
billion in 2021

4,633 GWh

Attributable output in 2021,
up 21% year on year from
newly-operational projects

\$1 B

Fresh capital raised
by ACEN in 2021 to fund its
renewable energy expansion

Photo caption: In Alaminos, Laguna, AC Energy's 120 MW solar plant and 40 MW energy storage is surrounded by Ayala Land, Inc.'s Carbon Forest, a woodland reserve that acts as a carbon trap and home to biodiversity.

Outlook and Strategy

OUTLOOK

While global energy demand continues to rise, myriad factors challenge thermal energy supply, which the world still depends on. These include virus uncertainty, supply chain disruptions, coal, oil, and gas restrictions, and the Russia-Ukraine conflict. As a result, governments worldwide have seen alternative sources of power, especially renewable, as critical to energy security. As a leading renewable player, ACEN stands to benefit from these trends with its aggressive renewable portfolio expansion toward its vision of becoming the largest listed renewable platform in Southeast Asia.

The Philippine government, through green policies such as the Green Energy Option Program, and Renewable Portfolio Standards, provides fertile ground for the development of renewables in the country. The implementation of GEOP, which allows end-users with an average peak demand of as low as 100 KW to directly source power from GEOP suppliers, will expand the customer base for renewable energy. In addition, RPS, which aims to achieve a 35% renewable share of generation output by 2030, ensures that a bigger portion of the country's ever-growing demand will be fulfilled by renewables. ACEN is therefore in a unique position to contribute to the nation's large renewable requirement as a result of RPS.

With favorable demand and renewable growth opportunities across ACEN's international markets, the company's offshore energy outlook remains optimistic. Vietnam, Australia, and India have all stated net-zero targets, with the first two by 2050 and the third by 2070, thereby necessitating renewable development.

STRATEGY

Energy Transition

Growing the renewables portfolio to support a low carbon economy by providing clean, affordable, and sustainable energy

Expand in high growth regional markets

Renewable energy expansion in key markets to become the largest listed renewables platform in Southeast Asia

Leverage strategic partnerships to complement internal development capabilities

Working with an established network of partners, strong industry partners, and banking relationships to accelerate growth

Capitals



Financial

Over ₱171 billion in total assets,
with market capitalization of
₱421.7 billion



Natural

Harnesses solar, wind,
and thermal energy for
power generation



Manufactured

ACEN's portfolio of power
generating plants has a proforma
attributable capacity of ~3,800
MW of which 87% is renewable.
Parent AC Energy has ~530 MW of
legacy coal assets



Social and Relationship

More than ₱230 million spent
on community investments
since 2019, reaching more
than 100,000 lives



Human

Over 700 employees, with
₱30 million spent on training
and development



Intellectual

ACEN continually develops
new projects in its pipeline,
with ₱145 million spent on
development of renewables,
and ₱63 million on automation
initiatives and IT infrastructure

How We Create Value

The Value We Create BUSINESS REVIEW



ACEN operates a 120MW solar plant in Alaminos, Laguna, one of the largest solar plants in the Philippines.

Energy Transition

ACEN supports the global energy transition by providing clean and sustainable power to the markets where it operates. We aim to have a 100% renewable generation portfolio by 2025, and become the largest listed renewables platform in Southeast Asia.

Power Generation

ACEN serves the power requirements of 310 MW wholesale and 313 MW retail customers in the Philippines, and provides energy solutions that allow customers to offset their carbon footprint while maintaining affordability and reliability. Our international plants also power the requirements of distribution utilities in Vietnam, Indonesia and India.

Development Platforms

We have established a strong network of partners that complement our in-house project development team. These development platforms allow us to explore various technologies, pursue new renewable energy projects, and expand our pipeline in scalable markets across the region.

STRATEGY	2021 ACHIEVEMENTS	2021 FINANCIAL PERFORMANCE	2022 PRIORITIES
Energy Transition	<ul style="list-style-type: none"> ▶ Infusion of all-renewable international assets of parent AC Energy into ACEN E ▶ ACEN net-zero commitment by 2050 E 	<p>Capital raising activities to fund investments in renewables:</p> <ul style="list-style-type: none"> ▶ ACEN stock rights offering and follow-on offering ▶ Investment of Singapore sovereign wealth fund, GIC Private Limited, through its affiliate, Arran Investment Pte. Ltd. ▶ Maiden green bond offering of ACEN, through its subsidiary ACEN Finance Limited, raising US\$400 million <p>Divestment of thermal assets: Signed agreements for the divestment of power barges and AC Energy's indirect ownership in the 4x135MW coal-fired power project in Kauswagan, Lanao del Norte</p>	<ul style="list-style-type: none"> ▶ Complete the 2 x 20MWh Alaminos battery energy storage system ▶ Pursue an Energy Transition Mechanism for the 244 MW SLTEC coal plant, to enable the early retirement of the plant ▶ Complete thermal asset infusion into ACE Enexor
Expand in high growth regional markets	<p>International developments:</p> <ul style="list-style-type: none"> ▶ Started construction of 521 MW of solar capacity in Australia ▶ Commenced operations for 170 MW of solar capacity in India ▶ Received FIT and started operations of 380 MW of wind plants in Vietnam <p>Philippine renewable projects ramp up:</p> <ul style="list-style-type: none"> ▶ Started operations for 120 MW Alaminos and 63 MW Palauig solar farms, and the 75 MW Ingrid power plant in Rizal ▶ Started construction on the 160 MW Pagudpud wind farm and the 284 MW San Marcelino solar farm 	<ul style="list-style-type: none"> ▶ 22% increase in its consolidated net income, reaching ₱5.3 billion ▶ Revenues increased by 27%, reaching ₱26.1 billion ▶ Attributable output hit 4,633 gigawatt-hours, up 21% resulting from ~700 MW in new operating capacity ▶ 23% rise in generation from renewable sources ▶ Inclusion in the PSEi and MSCI 	<ul style="list-style-type: none"> ▶ Acquire UPC Australia and UPC Philippines ▶ Construct a new 420 MW Masaya solar plant in India ▶ Continue to search for new markets and new partners ▶ Sign an agreement with Super Energy Corporation Public Company Limited, through its subsidiary, Super Energy Group (Hong Kong) Co., Limited, to form a strategic partnership to develop, own and operate renewable energy projects across ASEAN
Leverage strategic partnerships to complement internal development capabilities	<ul style="list-style-type: none"> ▶ Approved a joint venture with NEFIN Holding Limited to develop, construct, and operate rooftop solar projects across Asia ▶ Approved a joint venture with ib Vogt Singapore Pte Ltd for the development of solar projects in the Philippines with an initial target of 300MWdc of generating capacity 	<ul style="list-style-type: none"> ▶ Expanded the UPC Renewables partnership with the start of a new 521MW solar farm in Australia ▶ Started construction of the 72MW Arayat solar farm, a JV with Citicore 	<ul style="list-style-type: none"> ▶ Enter into a joint venture with CleanTech Renewable Energy 4 Corp. to develop, own, and operate a 133 MW solar farm and transmission line project located in Lal-lo, Cagayan ▶ Acquire 49% interest in the Vietnam solar platform of Super Energy Corporation



Located in South Central Vietnam, the Ninh Thuan wind farm is the second wind project in Vietnam utilizing GE Renewable Energy's Cypress turbines.

Renewable Energy Portfolio

Against the backdrop of its 5,000 MW target by 2025, ACEN achieved a pro forma attributable capacity of ~3,800 MW in both the Philippines and across the region as of end of March 2022¹ through several key greenfield projects and strategic acquisitions. Close to 90 percent of the company's portfolio is in renewables, among the highest in ASEAN.

In the Philippines, ACEN currently has ~1,500 MW of pro forma attributable capacity as of March 2022. Over two-thirds of this or ~1,000 MW is in renewables, mostly in solar and wind technologies, as well as some battery storage and geothermal assets. Close to 70 percent of the portfolio is already operational, with only ~30 percent under construction. In addition, ACEN is currently building ~484 MW of new wind and solar capacity, alongside a significant ~6,500 MW pipeline.

Vietnam is ACEN's largest market outside the Philippines accounting for 46 percent of ACEN's international portfolio as of March 2022. In November 2021, ACEN successfully secured the FIT for ~380 MW of wind power projects in Vietnam, augmenting ~270 MW of existing operating attributable solar capacity in the country. Recently, the company also announced the acquisition of a 49 percent stake in Solar NT, a subsidiary of SUPER Energy, with 837 MW of operating solar plants

in Vietnam. The acquisition is subject to satisfaction of agreed conditions precedent.

Australia is ACEN's second largest offshore market. In 2021, the Ayala energy platform broke ground on its first project on the continent: the 521 MW first phase of the 720 MW New England Solar Farm in Uralla, New South Wales, through joint venture company UPC\AC Renewables Australia. The announced acquisition of UPC-AU will give ACEN access to ~8,100 MW in pipeline projects and will allow ACEN to independently develop power projects outside the Philippines for the first time.

India accounts for over ~500 MW of ACEN's pro forma attributable portfolio as of March 2022. In 2021, the company commenced operations of two new plants in the country: the 140-MW Sitara Solar farm in Rajasthan, its first project in India, and the 70-MW Paryapt Solar in Gujarat. A third project, the 420-MW Masaya Solar Farm in Madhya Pradesh, ACEN's largest in the country, began construction in 2022.

Indonesia is ACEN's first market outside the Philippines, beginning with the acquisition of a stake in Salak and Darajat Geothermal in 2017 and the development of Sidrap Wind in 2018. Today, the company's attributable capacity in the archipelago is at ~200 MW.

¹This includes 154 MW from the recently announced acquisitions of UPC-AC Australia and UPC Philippines, approved by the Board on 18 Oct 2021, as well as a 50% stake in SUPER Energy PCL's Vietnam platform in 2022, subject to regulatory and shareholder approvals.



ACEN's second renewable energy project in Vietnam in partnership with AMI Renewables are the two solar plants located in the provinces of Khanh Hoa and Dak Lak.

Capital Raising

In 2021, ACEN raised close to US\$1 billion in fresh capital to fund its renewable energy expansion. ACEN was able to raise ₱28 billion from a stock rights offering in January, a private placement by Arran Investment, an affiliate of Singapore's GIC Private Limited, announced that same month, and a follow-on offering in May. Both ACEN's SRO and FOO were oversubscribed, reflecting strong investor confidence in the company. Finally, in September, ACEN, through wholly owned subsidiary ACEN Finance Limited, raised its maiden perpetual Green Bond worth US\$400 million, at a low 4 percent coupon rate, fixed-for-life.

Sustainability at ACEN

ACEN's commitment to ESG principles drives the company's operations. It has an E&S Policy, which aligns the business with the UN Framework on Climate Change and the Paris Agreement, as well as the UN Sustainable Development Goals.

In October 2021, ACEN committed to reach net-zero greenhouse gas emissions by 2050 or earlier. The company is also working to transition ACEN's generation portfolio to 100 percent renewables by 2025 across both Philippine and International platforms. To achieve this, ACEN intends to spin-off or divest all thermal capacity by 2025. In addition,

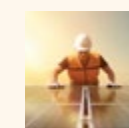
the company is working towards the early retirement and just transition of its sole coal facility by 2040, fifteen years earlier than the end of its technical life.

To achieve excellence in environmental management, ACEN continues to operate the Conservation Estate in Ilocos Norte, a 700 hectare forest protection program established in 2014. As of last year, ACEN has planted over 520,000 trees in the area, with the goal of planting one million by 2025. In addition, through an agro-forestry program designed by experts from U.P. Los Baños, and with various training workshops to build their skills, local residents learn sustainable farming techniques.

The Sustainability Hub in Alaminos, Laguna is another key environmental management project by ACEN. It contains the 120 MW Alaminos Solar farm, which also includes a 40 MW battery energy storage system, our first foray into battery storage solutions. The power facility is surrounded by the Ayala Land Carbon Forest, a tree nursery, a future eco-learning camp, and a plastic waste recycling facility that turns garbage into eco-bricks. The solar farm is the first solar storage hybrid in the Philippines, avoiding close to 150,000 tons of carbon dioxide.



The Mui Ne Wind Project site has a total expansion potential of up to 170 MW in one of the best wind resource areas in continental Vietnam.



Learn more about ACEN
in our **2021 Integrated Report**

Emerging Business

AC Health

Building an ecosystem of services
across the continuum of care

Performance Highlights

649,000 doses

COVID vaccines administered – includes ~6,000 booster doses across 20+ sites all over the country

2.5 M

Patients served nationwide through the Healthway clinic network and 90,000+ patients seen and triaged for COVID-19 across all four QualiMed referral hospitals

795,000+

registered users and 1,000+ doctors in the platform under the HealthNow platform

Photo caption: AC Health aided in the Philippine government's initiative to vaccinate Filipinos against COVID-19 by administering 649,000 doses throughout 2021.

Outlook and Strategy

OUTLOOK

The healthcare industry remained challenged during 2021, as the Philippine economy slowly opened back up. Lockdown protocols were tentative and varied as we experienced various spikes in cases. Notwithstanding, vaccine arrivals and roll-out programs from both the private and public sector took top priority, in a rush to achieve herd immunity.

Hospitals, clinics, and other healthcare facilities still experienced low footfall, but leaned on COVID testing to buoy operations. Diagnostics laboratories saw huge influxes in volume as the demand for at-home-testing surged. This benefited health technology as well, as consumers opted for a more convenient alternative to address their needs. We recognize that this trend will persist as online adoption continues to gain momentum.

Pharma distributors and outlets experienced a squeeze in the supply chain as frequent lockdowns disrupted operations. Demand however, remained strong as consumers looked to maintain an ample stock of medicine and supplements throughout the pandemic. There was also an emergence of antiviral drugs for treating COVID during the latter part of the year.

Amidst all of this, AC Health remains in a unique position to ride on these key trends with its expanded services for all patients and customers.

STRATEGY

Establish leadership in the pharma space

- ▶ Strengthen medicine supply chain and expand medicine portfolio

Strengthen the AC Health integrated care delivery network in the country

- ▶ Continue expansion to include multiple formats and patient touchpoints

Invest in health technology solutions that enable synergies across AC Health

- ▶ Improve efficiency, integration, and reach
- ▶ Build portfolio of in-house health technology solutions
- ▶ Invest in high potential health technology partners

Build the AC Health ecosystem across the continuum of care

Capitals



Financial

Strategic capital allocation from Ayala to support its expansion plan and 2025 vision



Human

Pool of medical, non-medical, and health IT professionals



Manufactured

700+ Generika drugstores nationwide, and 60+ clinics under the Healthway brand



Social and Relationship

Affiliation with Ayala brand, franchisees, and strong relationships with business and external partners



Intellectual

- ▶ Products and services
- ▶ Technology and analytics
- ▶ Brands

How We Create Value

The Value We Create BUSINESS REVIEW



The QualiMed Health Network is a healthcare chain, which operates using three facility formats: multispecialty clinics, stand-alone ambulatory or day surgery centers, and full-service general hospitals.

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.

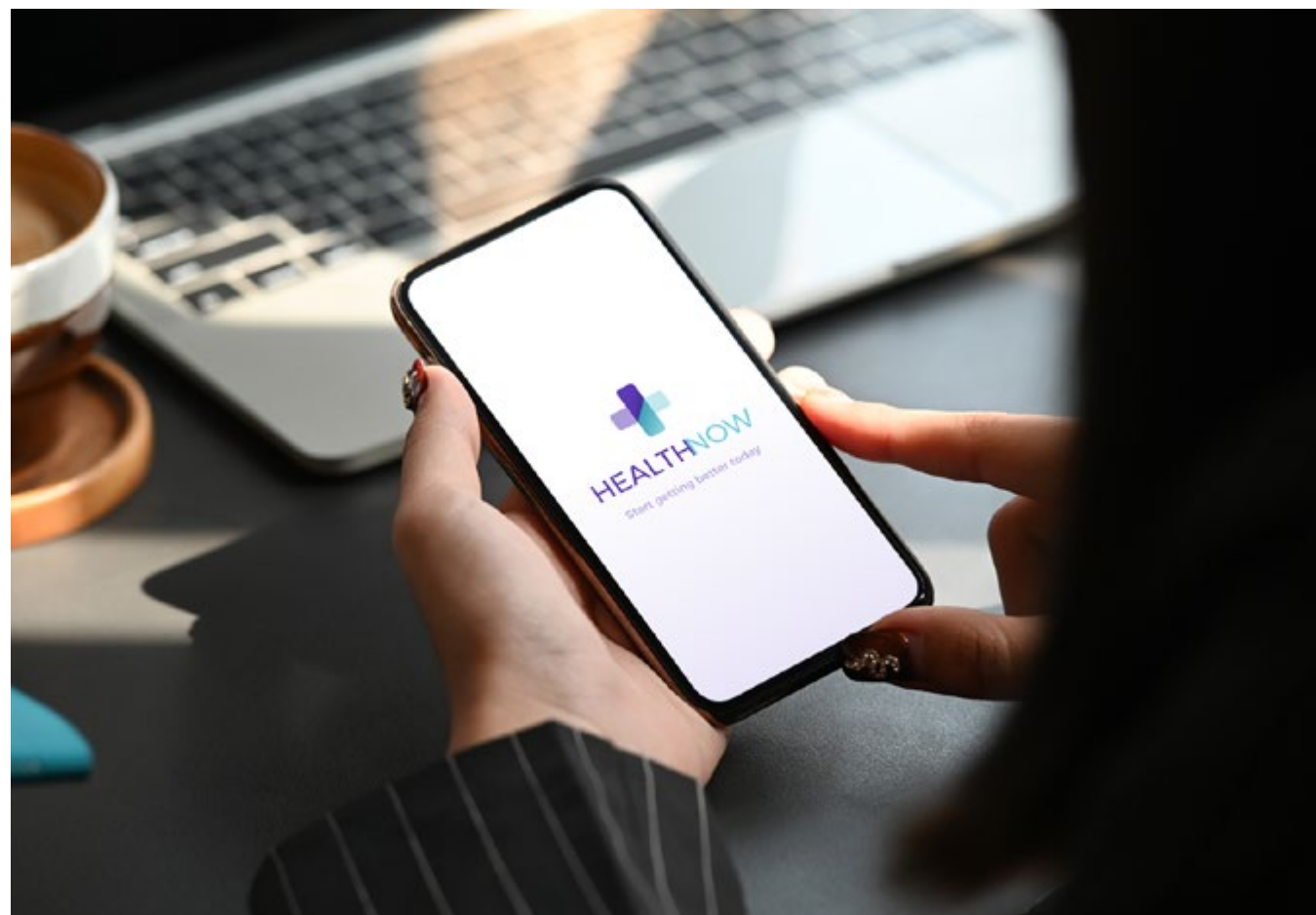
Portfolio Building and Business Development

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 prioritizes synergies in pharma supply chain, corporate health, clinical programs, data integration, and diagnostics.
- ▶ The biggest synergy initiative in 2021 was the COVIDShield vaccination program. Through this program, AC Health administered over 649,000 doses of COVID vaccines throughout the year, including over 6,000 booster doses.

STRATEGY	2021 PERFORMANCE		2022 PRIORITIES
Establish leadership in the pharma space	<ul style="list-style-type: none"> ▶ Worked towards building a strong and integrated pharma supply chain ▶ Enhanced accessibility to products by offering medicine pick-up & delivery services, piloting an e-commerce platform with a nationwide reach through Generika 	<ul style="list-style-type: none"> ▶ MedEthix and JackPharma were first to bring in Molnupiravir, landmark oral antiviral for mild COVID-19 in SouthEast Asia, and made available across the network through QualiMed, Healthway, and HealthNow 	<ul style="list-style-type: none"> ▶ Enhance pharma cabinet in clinics, hospitals, and e-commerce platforms ▶ Strengthen supply chain and continue to procure relevant supplies and anti-COVID-19 medications ▶ Transition to COVID vaccinations in micro-sites such as clinics and drugstores
Strengthen the AC Health integrated care delivery network in the country across primary, specialty and multi-specialty platforms	<ul style="list-style-type: none"> ▶ Focused on network integration including patient referrals, and back-end operations 	<ul style="list-style-type: none"> ▶ Continued "new normal" services like drive-by specimen collection and on-site vaccinations ▶ Utilized network to roll-out COVID-19 vaccinations 	Continue to expand and enhance corporate health service offerings to key accounts
Invest in health technology solutions that enable synergies across AC Health	<ul style="list-style-type: none"> ▶ HealthNow saw 870,000+ installations with 795,000+ registered users and 1,000+ doctors in the platform, along with receiving over 500,000 transaction requests as of December 2021. 	<ul style="list-style-type: none"> ▶ Used HealthNow as the COVIDShield platform for booking and scheduling vaccinations conducted in Healthway and QualiMed sites, and served as the EMR system to record vaccinee data ▶ Offered unlimited consultations post COVID vaccination, fulfilled by Healthway and QualiMed physicians 	<ul style="list-style-type: none"> ▶ Continue promoting HealthNow as an alternative access point for connecting healthcare providers with patients ▶ Aim to get patients to fulfill most of their healthcare needs in-app
Build the AC Health ecosystem across the continuum of care	<ul style="list-style-type: none"> ▶ In 2021, the Healthway clinic network served over 2.5 million patients nationwide. Healthway also expanded its services to offer home care, COVID-19 testing, and COVID-19 vaccinations. ▶ Began construction of the first cancer specialty hospital in the country, located in Taguig City ▶ Implemented transition plan and integration for Qualimed Health Network into AC Health ecosystem 	<ul style="list-style-type: none"> ▶ Raised US\$100 million via the Philippines' first healthcare-focused social bond through a private placement by IFC. This marks the first social bond earmarked for healthcare in the country, and will help support AC Health's endeavors, including the construction of the Cancer Care Center. ▶ Awarded the grand winner among 28 other companies in the Service Excellence Company of the Year category of the 12th Asia CEO Awards for their continued commitment to improve access to healthcare as evidenced by the group's COVID-19 response initiatives. 	<ul style="list-style-type: none"> ▶ Continue to explore other opportunistic investments in pharma, hospitals and financing ▶ Create value through pharma synergies, integrated clinical programs, digital integration, and centralized diagnostics



HealthNow now has over 795,000 registered users with more than 1,000 doctors on the platform.

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 few years, and continued transformation in the pharma, clinics, health technology spaces, alongside recent investments into hospitals and specialty care. It has also differentiated itself in the industry through its ecosystem approach.

AC Health is focusing on scaling up its operations, with a target to achieve nearly ₱1 billion in net income by 2025. In 2021, QualiMed is pivoting from a COVID-19 referral hospital to high-value, high-growth clinical

specializations and expanding its corporate health solutions segment. Healthway will focus on growing its multispecialty clinics, which has likewise gained a niche in corporate health solutions. AC Health has been able to achieve cost efficiency with the rationalization of Healthway Family, its community-based clinics targeting the low-income segment, which has been greatly affected by the pandemic. In pharma, Generika will enhance its digital platform and expand its store network, while IE Medica and MedEthix posted strong growth and outperformed industry in 2021 boosted by the nephrology, cardiovascular, and alimentary, and metabolism therapeutic areas.

COVID-19 Response

AC Health continued to offer PCR testing in both Healthway and QualiMed sites. Concurrently, all four QualiMed hospitals continued to be COVID-19 referral hospitals, and flexibly adjusted their bed capacity to anticipate surges throughout the year. With the arrival of COVID-19 vaccines in the country, AC Health supported the government's priority to vaccinate its eligible population. To support this, AC Health leveraged its own ecosystem through its QualiMed hospitals, and by securing mega-sites through partnering with LGUs, Ayala Group business units, and even provincial hospitals. To have a single platform where patients can book and schedule their vaccinations, AC Health utilized HealthNow, which also served as the access point for post-care services.

To administer the vaccines, Healthway and QualiMed frontliners were deployed across the vaccination sites. AC Health ended the year with over 649,000 doses of COVID vaccines administered all over the country.

Pharma

Generika and HealthNow expanded both of their pharmaceutical cabinets and worked to make medicines more accessible through each of their platforms, effectively providing nationwide coverage for their medicine delivery services. MedEthix, AC Health's pharmaceutical importation and distribution unit, partnered with JackPharma to bring in an oral antiviral treatment for COVID-19, Molnupiravir, under a Compassionate Special Permit, and made it available to patients via Healthway, QualiMed, and HealthNow.



Generika Drugstore empowers Filipinos by providing them access to quality, affordable generic medicines.

Emerging Business

AC Logistics

Building a technology-enabled end-to-end logistics platform to cater to all segments of the supply chain

Performance Highlights

60% stake

Signed investment agreement for the acquisition of a 60% stake in the AIR21 Group

+8%

Entrego sustained its momentum, with revenues growing 8%

Joint venture

Signed with Glacier Megafridge for the development and operations of a cold chain facility in Cagayan De Oro

Photo caption: Entrego's automated sorter is capable of processing 10,000 parcels an hour.

Investment Case

Our journey in logistics started in 2017 with Entrego as a last mile delivery service provider. Our entry into the space was motivated largely by the rising trend of e-commerce, industry disruption with the entry of regional players, and an internal shift in focus away from regulated sectors.

The recent pandemic further underscored the importance of logistics as a critical component of trade and commerce. The supply chain disruptions highlighted the need for a robust and integrated logistics network in the country. E-commerce growth accelerated with both consumers and retailers shifting on-line where last mile delivery is a key component of the purchase cycle. Demand for healthcare and pharma logistics as well as food security became all the more critical.

These trends highlighted the imperative to scale up our presence in logistics. While Entrego expanded its services beyond e-commerce last mile delivery to include domestic freight forwarding, contract logistics and warehousing, there remain segments of the supply chain that can potentially be served with an expanded logistics platform. Our direction was to further augment our capabilities towards becoming an end-to-end logistics platform to be able to cater to customers' requirements across the value chain. The opportunity to expand emerged with the AIR21 group of companies, a well-established brand in the Philippine logistics industry.

The signing of the Investment Agreement for the acquisition of the AIR21 Group companies in November 2021 gives AC Logistics immediate presence and more comprehensive capability to serve all segments of the supply chain. Comprised of eight operating companies, the acquisition gives us a platform with a full range of logistics services including— domestic door-to-door express delivery, various types of warehousing services, transport, international and domestic freight forwarding, and reverse logistics for waste and management of hazardous and non-hazardous waste. At the time of writing, the acquisition is subject to the

fulfillment of certain conditions precedents and regulatory consents prior to financial close.

In parallel, AC Logistics also recently started its initial foray in cold chain logistics recognizing that food security and quality are of critical importance. In October 2021, we forged a joint venture partnership with Glacier Megafridge Inc. for the construction and operation of a cold storage facility in Cagayan De Oro as our initial venture in the space under GMAC Logitech Refrigeration and Corp. Glacier Megafridge is one of the largest integrated cold chain storage providers in the country while Cagayan De Oro is a trade hub of Northern Mindanao. Demand for cold storage is expected to grow driven by rising incomes, increasing propensity for eating out, growth in other regions, growth in meat and fish consumption, and population growth. The project is currently under construction and is expected to be complete in 2022.

As a portfolio we see Entrego, the AIR21 Group, and GMAC complementing each other. Each has specific expertise that can leverage off each other to provide robust service for customers. We hope that by bringing in appropriate technology to optimize existing capabilities, whether through digitization, automation, and better analytics, we will be able to contribute in redefining the service levels and alleviate the pain points across the supply chain. With this in mind, we believe our logistics portfolio can tap numerous synergies and opportunities to serve the Ayala group and likewise enable partnerships outside the group.

The fundamental shifts in the business environment at present has amplified the important role logistics has always played in the country's trade and economy. As we build out our portfolio, AC Logistics hopes to contribute in addressing not only the customer pain points in the logistics industry, but also the broader challenges our country is facing in the areas of food security and preservation, access to pharma and health care aids, environmental preservation, and access to goods.

Outlook and Strategy

OUTLOOK	STRATEGY
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.	Develop end-to-end logistics portfolio Build up Entrego's freight forwarding and contract logistics capabilities alongside growth in the courier express parcel business

The Value We Create BUSINESS REVIEW

STRATEGY	2021 ACHIEVEMENTS	2021 FINANCIAL PERFORMANCE	2022 PRIORITIES
Develop end-to-end logistics portfolio	<ul style="list-style-type: none">Freight forwarding volume up by 77%Improved contract logistics operations because of enhanced operating efficiencies and technology investments	<ul style="list-style-type: none">Entrego ended 2021 with revenues of ₱2 billion, 8% higher from 2020.Annual courier express parcel volume increased by 8%Number of clients tripled during pandemic as more retailers/brands are selling onlineContract logistics revenues up by 138.7%	<ul style="list-style-type: none">Grow base of MSME clientsImprove digital booking and tracking experience through myEntrego appExpand freight forwarding and contract logistics businesses and offer end-to-end solutionsImprove nationwide delivery network and efficiencies

Entrego

Courier express parcel volume increased by 8.3 percent from 2020 on sustained growth from standard CEP and major e-commerce clients. CEP delivery lead times were shortened and contactless payment-on-delivery options GCash and Transakto were introduced to meet increasing customer expectations on the last mile segment. The company recently launched the myEntrego app as part of its push to make booking and tracking services accessible directly to MSMEs and various online retailers.

Entrego continues to build up its Freight Forwarding and Contract Logistics businesses in line with its goal to provide end-to-end solutions to clients in various industries. 2021 freight forwarding volume grew by 77 percent from 2020 and is expected

to further expand as the company targets to service a wider set of B2B clients and leverages on its established land, sea, and air freight routes. On the other hand, revenues from contract logistics grew by 138.7 percent in 2021 because of improved operating efficiencies and technology investments. Entrego contract logistics provides warehousing and order fulfillment services for more than 20 major retail brands present in various e-commerce marketplace platforms and web stores.

The company expects to sustain its growth trajectory in 2022 amidst tighter competition by expanding its range of service offerings, improving its nationwide delivery network and efficiencies, and broadening its base of B2B and B2C clients focusing on MSMEs.



An Entrego employee organizes packages inside the warehouse.

Portfolio Investment

AC Industrials

Managing a portfolio of assets in emerging high-potential technologies

Performance Highlights

US\$1.3 B

IMI's revenues increased 15% in 2021

30%

Growth of AC Motors' sales across Honda, Isuzu, Volkswagen, Kia, and Maxus brands

82%

Growth in Merlin Solar's revenues

Photo caption: AC Industrials' IMI is shifting to higher-revenue systems and infrastructure such as electric vehicles and IOT

Outlook and Strategy

OUTLOOK

Many of AC Industrials' key markets began to recover in 2021, but challenges such as material shortages and supply chain issues lingered, while the emergence of new COVID-19 variants added a new layer of uncertainty.

After a sharp rebound in the latter half of 2020 and early 2021, the global automotive industry experienced several supply-related headwinds. Car manufacturers grappled with the global semiconductor shortage, which limited output and forced rebalancing of production towards higher-end models and electric vehicles. 67 million automobiles were sold worldwide in 2021 — a 4.5% increase over the previous year, though still below pre-pandemic volumes.

Despite the imposition of Safeguard Duties for a significant part of the year, and restrictions on mobility which followed spikes in COVID-19 cases in March and August, the Philippine automotive market grew significantly in 2021. A total of 293,369 vehicles were sold — 18% more than in 2020. The industry is anticipated to grow up to 10% annually over the next few years and return to pre-pandemic levels by 2024.

While COVID-19 is expected to continue impacting AC Industrials' operations throughout 2022, governments have become less willing to impose strict lockdowns and mobility restrictions, while increased vaccination rates have allowed for a gradual return to normalcy. Supported by these improved circumstances, the global EMS sector is expected to grow at a CAGR of 3.9% until 2027, while the global automotive industry is projected to grow by 4.5% annually over the same period, driven in part by increased proliferation of electric vehicles. Nevertheless, the challenges faced by the group over the past year, such as material and supply chain issues, will remain in the medium term, alongside the risk of the emergence of more disruptive strains of the virus.

STRATEGY

Larger scale operations

Strengthen and optimize Ayala's at-scale operations in electronics manufacturing and automotive distribution and retail

New growth operations

Scale up recently-acquired businesses that boost and complement the larger-scale operating units

High-tech investments

Provide financial and strategic support to unlock the potential of our investments in high potential technologies

Capitals



Social and Relationship

Operations that adhere to Ayala's standards of sustainability and good governance and good, lasting relationships with partners and customers



Intellectual

Emerging suite of proprietary technologies and intellectual property for the benefit of our customers and partners



Human

Over 16,000 employees and executives who deliver operational excellence, customer satisfaction, and value-adding technical expertise



Financial

Cash flow and credit lines to support business operations and capture of growth opportunities



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 124 dealerships nationwide across five automotive and two motorcycle brands

How We Create Value

The Value We Create BUSINESS REVIEW



The Maxus Alabang dealership was inaugurated in February 2021.

Portfolio Management

- ▶ Actively-managed portfolio to drive high impact synergy opportunities across the group.
- ▶ Management 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.

STRATEGY	2021 ACHIEVEMENTS	2021 FINANCIAL PERFORMANCE	2022 PRIORITIES
Larger scale operations	<ul style="list-style-type: none"> ▶ IMI was the 19th-largest EMS provider globally in terms of revenue, up two places from its 2020 ranking. ▶ AC Motors' Honda and Isuzu dealerships remained leaders within their brands' networks. ▶ Volkswagen successfully launched the T-Cross subcompact SUV and the Multivan Kombi. 	<ul style="list-style-type: none"> ▶ AC Industrials grew its topline significantly in 2021, but lingering supply chain challenges and COVID-related restrictions continued to weigh on profitability, with the group incurring a combined net loss of ₱1.3 billion. ▶ IMI's total revenues grew 15% due to recoveries in most market segments, with core business revenues increasing 16% to US\$1 billion. Rising material costs due to global supply chain issues drove IMI to incur a net loss of US\$10.6 million in 2021, wider than its US\$3.5 million loss in the previous year. ▶ AC Motors recorded a net loss of ₱397 million – 61% better than the previous year. ▶ Volkswagen sold 441 units in 2021, a 149% increase over 2020. 	<ul style="list-style-type: none"> ▶ IMI will shift its focus to higher-revenue box build systems and infrastructure such as electric vehicle, power module, IOT and camera components, reducing its dependence on low margin programs. ▶ AC Motors will continue to optimize its facilities and physical assets, converting sales and service outlets into multi-brand facilities where possible to improve profitability and resource utilization. ▶ Volkswagen will expand and revitalize its dealer network, while growing sales of its current lineup.
New growth operations	<ul style="list-style-type: none"> ▶ STI continues to improve business wins and increase its exposure in the medical industry. ▶ Kia introduced the new Sorento at the launch of the brand's new global corporate identity in November. ▶ Models from Husqvarna are now manufactured at KTM Asia Motorcycle Manufacturing, Inc. (KAMMI)'s Laguna plant; KTM AG increased its stake in KAMMI to 40% from 34%. ▶ Maxus launched two models in 2021 – the D60 compact SUV and D90 midsize SUV. 	<ul style="list-style-type: none"> ▶ Kia retail sales grew 76%, with 3,748 units sold. ▶ KAMMI manufactured over 12,000 units, a 69% increase over 2020. ▶ Maxus recorded 91% sales growth, with 235 units sold. ▶ Adventure Cycle Philippines, Inc. (ACPI), the distributor of KTM and Husqvarna motorcycles, recorded a 52% increase in unit sales vs. 2020. 	<ul style="list-style-type: none"> ▶ STI will continue to rationalize its headcount and operations and build up its sales pipeline to expedite profitability. ▶ Kia will expand and strengthen its dealer network throughout 2022 and launch new models in key and emerging segments as it continues its pursuit of its goal of becoming one of the top brands in the Philippines. ▶ With the factory expansion completed, KAMMI will start local production of new KTM models (new generation RC 200 and RC 390, 890 Duke R, KTM Enduro) and assembly of the KTM engine. ▶ ACPI will continue strengthening its dealer network and improve aftersales efficiency. ▶ Maxus will continue its brand building efforts while maximizing the potential of its current vehicle line-up.
High-tech investments	<ul style="list-style-type: none"> ▶ MT-C-CON continued to improve synergies with VIA; its sales pipeline has improved significantly, with a large portion of its revenues for 2022 already secured. ▶ Merlin Solar's rationalization of facilities continued, and investments in its next-generation grids were initiated. ▶ VIA Optronics is expanding its capacity to serve a major player in the electric vehicle space, and has made strategic investments to augment its suite of integrated solutions. 	<ul style="list-style-type: none"> ▶ IMI's subsidiaries posted combined revenues of US\$296 million, a 10% improvement over 2020. ▶ Merlin and MT-C-CON reduced their combined net loss by 29%. ▶ A recovering German automotive industry allowed MT-C-CON to grow revenues by 49%, with all business units posting strong performance. ▶ Merlin Solar almost doubled its 2020 revenue to US\$10.5 million, driven by its transport and mobile business units. 	<ul style="list-style-type: none"> ▶ MT-C-CON will focus on its core businesses and modernize its facilities. It will continue optimization of its manpower and production sites to speed up its return to profitability. ▶ Merlin Solar is focused on further driving sales growth and maintaining a healthy revenue pipeline. Transitioning to the new grid technology to further improve cost and increase profitability is a priority. ▶ VIA Optronics will make further investments as it scales up production for a major automotive customer.



Volkswagen's new T-Cross, with its performance, safety, and comfort features, is a compelling entry in the subcompact SUV segment

AC Motors

The automobile group increased sales across its Honda, Isuzu, Volkswagen, Kia, and Maxus brands by 30 percent, outpacing industry growth of 18 percent. This was supported by new model launches, as well as an expanded dealer network for AC Motors' distributor brands.

The motorcycle business also bounced back in 2021 with a 42 percent increase in units sold locally, boosted by the introduction of models from KTM's sister brand, Husqvarna. KTM Asia Motorcycle Manufacturing, AC Industrials' manufacturing joint venture with KTM AG, recorded a major milestone in 2021, producing

over 12,000 units – its highest-ever output since its inauguration in 2017. KAMMI also expanded its Laguna factory, adding production and assembly lines which will help establish the plant as a key regional hub for KTM in Southeast Asia.

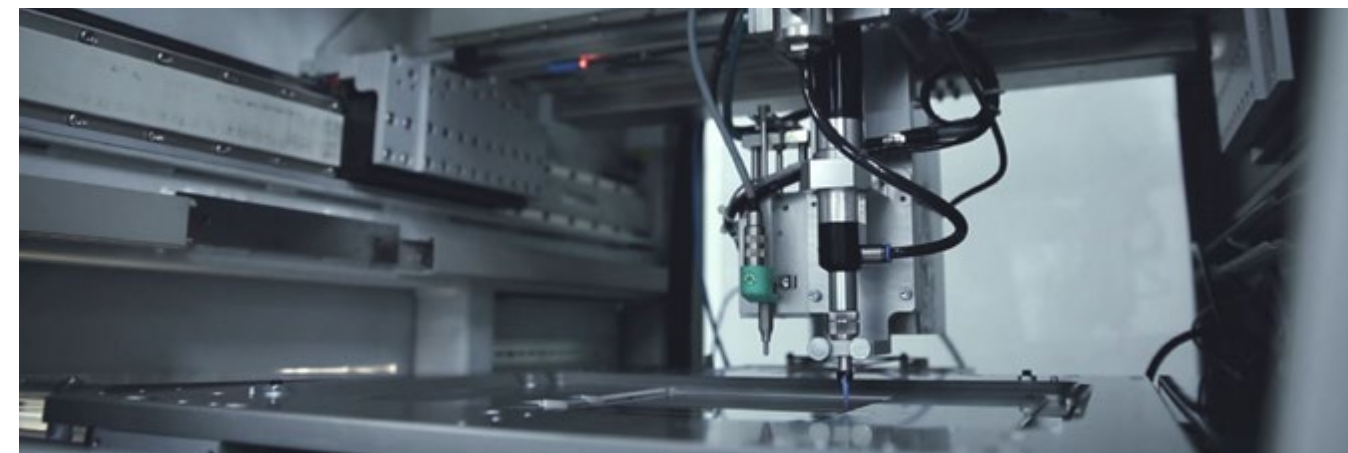
Strides were also made in rationalizing AC Motors' cost structure in 2021 through efforts such as repurposing dealerships into multi-brand facilities, automating and digitizing processes, and optimizing the organization. These efforts have set the group on the path towards returning to profitability in 2022.



The power module assembly, a key component for electric vehicles, is one of the products manufactured by IMI as it moves towards more complex box build solutions

Integrated Micro-Electronics Inc.

IMI's revenues increased significantly on the back of recoveries in its core automotive market segments, notably in its core automotive and industrial sectors. However, disruptions in the global supply chain for semiconductors continued to persist throughout 2021, leading to an increase in material costs. These challenges were exacerbated by the rising cost of international freight and logistics and resulting delays in fulfillment.



VIA Optronics' interactive display solutions are uniquely suited to automotive applications

AC Industrials' wholly-owned subsidiaries improved their performance in 2021, reducing their combined net loss by nearly 5 percent.



MT-C-CON's unique solutions enable simpler and more efficient manufacturing processes

MT-C-CON

A recovering German automotive industry allowed MT-C-CON to grow revenues by 49 percent, with all business units posting strong performance. It plans to achieve profitability within the next two years through modernizing its tool shop business to increase its inhouse capacity, and optimizing its current headcount and sites.

Merlin Solar

Merlin Solar continued its rapid growth, with its 2021 revenues 82 percent higher than the previous year, supported by its transportation and mobile business units. Merlin's blended contribution margin also turned positive despite facing higher raw material and freight costs throughout the year.

VIA Optronics

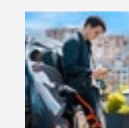
VIA Optronics continued to ramp up its automotive pipeline, booking a large order from a major electric vehicle manufacturer for its dashboard display assemblies. It also made strategic investments in Germaneers and Sigmasense as it continues to expand its suite of integrated solutions.

STI

STI's core aerospace and defense markets continued to be affected by the pandemic, though increased participation in the medical segment through ventilators and COVID testers have allowed the company to weather the challenging year.



The medical sector is rapidly becoming a major segment in STI's portfolio



Learn more about AC Industrials in our **2021 Integrated Report**

Portfolio Investment

iPeople

Empowering Filipino families by delivering accessible, quality education

Performance Highlights

₱3.4 B

11% growth in consolidated revenues

₱664 M

2.7x growth in net income

54,000 students

Total enrollment grew 4% and number of college freshmen increased by 43% in SY21-22

Photo caption: In preparing for the resumption of face-to-face classes, MCM conducted in February 2022 a Limited F2F Simulation wherein a select number of students participated in a live electronics class with their professor.

Outlook and Strategy

OUTLOOK

One of the key challenges in 2021 was the very significant impact of the second year of COVID on the Private Basic Education sector. Enrollment in SY 21-22 was down 39% vs SY 20-21 and 52% vs SY 19-20. Over 2 million children have dropped out of the sector since the onset of the pandemic, and either migrated to free public schools or dropped out of schooling completely.

Across both Basic and Higher Education, COVID health risks, community lockdowns, mobility restrictions, sharply reduced household incomes, limited connectivity, and mental health issues for students, families, and employees created a very difficult operating environment in 2021.

The outlook appears to be more positive for 2022, due to the roll out of vaccines nationwide, the ramp down of Omicron, the loosening of mobility and other restrictions, and the recovery of the economy. As a result, limited face to face classes are being rolled out in early 2022. However, the situation could reverse if a new variant emerges that cannot be contained by the current vaccines.

STRATEGY

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 off site seamlessly, as part of the shift to the new normal.

Improve learning outcomes

Learning outcomes are measured by:

- ▶ Students' performance in exams
- ▶ Employability
- ▶ External quality assurance and recognition

Deploy synergies across the IPO system to improve student value proposition and efficiency

Leverage schools' and shareholders' strengths

Capitals

**Financial**

Strong principals in the Ayala and Yuchengco Groups who can provide capital to support increases in capacity, transform facilities, integrate technology, and strengthen human capital.

**Social and Relationship**

Strong relationships with all stakeholders

**Manufactured**

Facilities, technologies, and classrooms aimed at providing quality and accessible education.

**Human**

Faculty and staff who are competent, nurturing, and progressive

**Intellectual**

- ▶ Progressive and outcomes-based curriculum 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

How We Create Value

The Value We Create BUSINESS REVIEW



MCL launched a blended learning set up as a response to the current needs of schooling.

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 program

STRATEGY

- ▶ Implement a hybrid model of distance and onsite learning
- ▶ Improve learning outcomes
- ▶ Deploy synergies across the IPO system to improve student value proposition and efficiency

2021 ACHIEVEMENTS

- ▶ Schools were able to improve student experience while ensuring outcomes are met.
- ▶ Mapúa obtained 100% passing rates in both the 2021 Psychometrician Board Examination and the Mechanical Engineering Correlation Course Performance.
- ▶ Malayan Colleges Laguna (MCL) achieved 100% passing rates in the Electrical Engineering Board Exam, IE Certification Exam, Marine Transportation and Marine Engineering Certification Exam.
- ▶ Successfully launched highly differentiated employer partnership programs involving 654 students (261% of target) **S**
- ▶ MCL became the second school in the Philippines to be certified/qualified for ISO21001 and was adjudged as 2021 Most Outstanding School in Laguna
- ▶ NTC was certified as one of a handful of learning service providers for National Educators Academy of the Philippines, DepEd's main vehicle for upskilling its nearly 1 million teachers, supervisors, and school leaders. **S**
- ▶ Expanded industry immersion opportunities for students
- ▶ Continued to identify areas for synergy and innovation across schools
- ▶ Organized first iPeople wide conference on Best Practices in Digital Education

2021 FINANCIAL PERFORMANCE

- ▶ Consolidated revenues grew 11% to ₱3.4 billion
- ▶ EBITDA grew by 54% to ₱1.2 billion
- ▶ Net Income more than doubled from ₱242 million to ₱664 million
- ▶ High school enrollment dropped 22% to 8,230, consistent with the experience of the private Basic Education sector in the Philippines
- ▶ College enrollment grew 11% to over 46,000, driven largely by a strong 43% growth in freshmen
- ▶ Total student enrollment grew by 4% to over 54,000

2022 PRIORITIES

- ▶ Continue to adapt to our rapidly changing environment while maintaining focus on constant innovation and continuous improvement in our students' learning experience.
- ▶ Adapt the implementation of our innovative blended learning models to the new limited face-to-face learning regulations.
- ▶ Maintain students' good performance in board examinations
- ▶ Continue achieving better employability results
- ▶ Work towards achieving higher accreditations for our schools
- ▶ Grow industry partnerships and student immersion programs
- ▶ Roll out more innovation projects, synergies, and research across the iPeople ecosystem focusing on Outcomes Based Education

2021 Focus Areas: Blended Learning Innovations and Student Experience

In 2021, iPeople responded to the continuing Learning Crisis by launching innovations in blended learning and focusing strongly on our students' learning experience. With established advanced instructional technology practices already in place, our schools introduced diverse new initiatives in the academically demanding digital learning space.

Mapúa's UOx (Ubiquitous Online Experience)

- Mapúa's most recent undertaking in digital education is the launching of Mapúa UOx. This is Mapúa's initiative in delivering fully online bachelor's degree and graduate programs through its very own platform Cardinal EDGE or Education in a Digital and Global Environment.
- The Mapúa UOx programs are facilitated through Mapúa's strong digital capabilities composed of powerful educational tools and vast and up-to-date online learning resources. This expands the reach of its education globally, bringing Mapúa closer to Filipinos everywhere.



That's a wrap! Mapúa students pose for a group picture after their goal setting and social skills coaching. Mapúa provides life coaches that act as advisers throughout students' academic lives.



MMDC provides students with their own pocket Wi-Fis as well as access to the Learning Hubs and Student Services to assist with all their connectivity needs. It gives students more control of their time and allows them to balance academics, hobbies, family life, and social life through flexible learning. This set-up also allows flexibility for the working adults who want to complete their college degrees.

MCL's Game-Changing Mapúa Malayan Digital College (MMDC)

In late 2021, MCL launched MMDC, an affordable digital-first offering that delivers cutting-edge online classes and offline experiences designed for the modern Filipino student.

MMDC incorporates a new learning model that directly answers students' wants and needs in the new normal, with these key features:

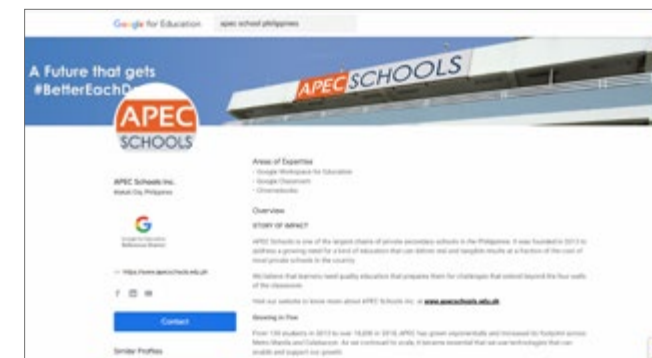
- Courses for Employability: focuses on areas that are in-demand by both students and industry
- Curriculum for the Real World: helps students develop not just technical skills but also soft skills

- Learning Hubs: provides modern collaboration spaces where students can meet, collaborate, participate in clubs, and more. MMDC's first two Learning Hubs will be located at Ayala Malls Cloverleaf in Quezon City and Ayala Malls Capitol Central in Bacolod City.

MMDC is offering a Pioneer Scholarship where the first 750 enrolled students will be granted partial tuition discounts.

APEC Schools: The Country's Only Google Reference School

APEC was awarded by Google as its first and only Reference School in the Philippines because of APEC's extensive utilization of Google Apps and Chromebooks. APEC now enjoys benefits such as testing new Google products before they hit the market, and early exposure to emerging best practices in the application of new technologies to education globally.

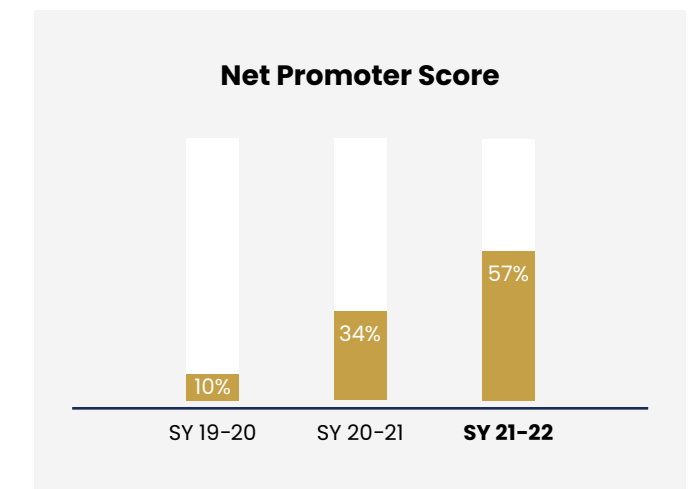


APEC Schools will continue to build upon the digital skills that teachers and students have gained from using Google for Education, to foster independent learning.

NTC's Focus on Student Experience Results in Significant Growth in Net Promoter Score

The many challenges of the pandemic necessitated an even greater focus on the learning experience of our students. NTC focused on two areas in particular:

- **Better Learning System:** The introduction of the cyclical semester in the undergraduate department helped its students manage their academic load better, thus enabling them to learn better.
- **Better Customer Service:** Regular and intensive dialogue with student leaders helped NTC to understand its customers much better, and to address their pain points. The exercise paved the way for NTC to launch its Student Action Center that addresses its clientele's concerns in a timelier and more effective manner.



Through a better learning system and better customer service, NTC's Net Promoter Score increased significantly over the last three years despite the many challenges posed by COVID.

Portfolio Investment

AC Infra

Developing and investing in businesses to address urgent infrastructure needs

Performance Highlights

2,392

Number of activated ACFS non-rail units, up 72% vs 2020

3.5 minutes

LRT-1 average interval period – LRM provided the public with more trips per day, expanded operating hours, and shortened headway

Photo caption: By the end of 2021, LRM has expanded its operations to 120 light rail vehicles that serve an average of 124,000 daily passengers.

Outlook and Strategy

OUTLOOK

With the COVID-19 pandemic came a shift to online purchasing and a growing need and preference for contactless, convenient, and secure payment modes. We recently launched Transakto, a joint venture with Euronet, to cater to the country's evolving needs specific to e-commerce sector.

Evolving infrastructure needs and the opportunities emerging in logistics and financial solutions has become increasingly intertwined – both areas AC Infrastructure is well-suited to address. The company intends to invest in high-yielding, scalable, and high-growth businesses to expand the services it offers.

Partnerships within and outside the Ayala group allow the company to improve operating efficiencies and build on the performance of its existing and emerging businesses.

STRATEGY/ACTION

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

Expand portfolio of infrastructure related businesses

Identify opportunities to support the growth of financial services infrastructure

Capitals



Financial

A strong balance sheet and strategic capex investments funded by Ayala Corporation



Human

An innovative, collaborative, and agile organization with a wide range of skills and experiences



Manufactured

Continued improvement in the operating efficiencies of LRT-1, MCX, and beep™



Social and Relationship

Wide spectrum of local and foreign partners with complementary knowledge and expertise. Mutually supportive partnerships with project stakeholders.



Intellectual

Extensive project management capability and track record in preparing successful PPP project proposals for toll road, rail, and financial technology

How We Create Value

The Value We Create BUSINESS REVIEW

Project Development

We look for scalable, high-growth opportunities in mass transportation, toll roads, logistics, and financial services and forge 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 precisely executed and processes are efficient.


Talent and Leadership Development

Our talents have opportunities to grow through challenging assignments, personalized learning programs, and rewards.

STRATEGY

- ▶ Ensure high levels of efficiency for operating companies under government concessions
- ▶ Expand portfolio of infrastructure related businesses

2021 ACHIEVEMENTS

- Light Rail Manila Corporation** 
- ▶ 120 functioning Light Rail Vehicles
 - 3.5 minutes average headway between trains
- Muntinlupa Cavite Expressway**
- Average daily traffic at 34,732 vehicles
- Light Rail Manila Corporation**
- Cavite Extension Phase 1 reached 68% progress by end of 2021
- AF Payments Inc.**
- ▶ Increased number of activated AFCS non-rail units from 1,733 to 2,392 (+72% vs 2020)
 - ▶ Increased number of devices sold from 1601 to 3,086 (+52% vs 2020)
 - ▶ Secured 130 bus and jeepney contracts
 - ▶ Completed 97% of the LRT2 East Extension Project
- Financial Services Infrastructure**
- Piloted Transakto payment gateway with Entrego and BPI

2021 PERFORMANCE

Movement of People

- ▶ Reduced travel time for motorists and train passengers.
- ▶ 34,732 daily MCX vehicle count
- ▶ At an average of 124,000 daily passengers by the end of 2021 with an average headway of 3.5 minutes between trains, LRT 1 transports more people per trip vs other public transportation modes.

National Development

- ▶ Continued improvements in operations and maintenance are translated into benefits in the form of better quality of life and service to citizens.

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.

2022 PRIORITIES

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

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 partner fund sources (banks), logistics providers, and merchants

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 120 working light rail vehicles at present, LRMV provided the public with more trips per day, expanded operating hours, and shortened headway to the current 3.5-minute average.

LRT-1 started operating at 70 percent capacity in November 2021 as covid restrictions were gradually lifted. It recorded a stable average daily ridership of 124,000 by the end of 2021. LRMV has also been awarded with the Safety Seal by the Pasay City local government highlighting the company's compliance with COVID-19 protocols.

The phase 1 of LRMV's Cavite Extension project reached 68 percent completion by end of 2021. With an investment of ₱13.2 billion, the project will add eight new stations to the existing line. LRMV received its 12th brand-new Generation 4 train set in October 2021 and is expecting to complete its 30 train sets comprising of 120 LRVs from Spain and Mexico in 2022.



Average annual daily traffic in MCX has reverted to pre-pandemic levels.

Muntinlupa Cavite Expressway

Volume of vehicular traffic is back up to pre-pandemic level. Average annual daily traffic was at 34,732 vehicles in 2021, 32 percent higher from 2020.

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 2021, beep™ launched its mobile app, making balance monitoring and reloading more convenient. AF Payments, Inc. will continue to improve customer experience and create more use cases for beep™.

AF Payments, Inc. also 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.

Portfolio Investment

AC Ventures

Embracing disruptive technologies
and business models

Performance Highlights

US\$43.8 M

Proceeds returned to Ayala from
value realization initiatives

US\$2 B

Mynt's valuation, achieving double
unicorn status in 2021

25%

Zalora NMV
growth in 2021

Photo caption: Zalora's new state-of-the art hub is strategically located along the Muntinlupa-Cavite Expressway

Outlook and Strategy

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 Southeast 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 amid 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.

Myanmar, however, continues to face political and economic challenges as the ramifications of the 2021 coup continue to be felt.

STRATEGY

Capitalize on opportunistic monetization initiatives in support of AC's value realization program
Realize value on existing portfolio investment

Enable new opportunities for the Ayala group
Invest in adjacent businesses that complement the group's portfolio

Gear up tech businesses for scale and profitability
Support tech investees to attain sustainable and profitable growth

Capitals



Manufactured

- ▶ Logistics infrastructure
- ▶ Real estate development
- ▶ Payments systems
- ▶ Industrial facilities



Human

- ▶ **Zalora:** 450 employees
- ▶ **Mynt:** 929 employees



Intellectual

- ▶ Proprietary software systems
- ▶ Tech-grounded business models
- ▶ Innovative mindset
- ▶ Brand



Financial

- ▶ Capital / investments



Social and Relationship

- ▶ Affiliation with Ayala brand
- ▶ Loyal active customer base
- ▶ Partnership with retailers, agents, and suppliers
- ▶ Investor and other professional networks

How We Create Value

The Value We Create BUSINESS REVIEW



Zalora expanded its portfolio to offer one of the largest brand and category selections in the Philippines e-commerce landscape.

Pathfinder

Explore new disruptive trends, businesses, and relationships

Enabler

Enable adjacencies and synergies that complement the strategies of current businesses

AC Ventures

In 2021, AC Ventures, together with Ayala Malls, acquired a 15 percent stake in Etaily, an e-commerce enabler that provides brands and merchants a one-stop omnichannel solution to help them sell virtually. In addition, AC Ventures also embarked on value realization initiatives and returned US\$43.8 million to AC by selling its existing portfolio investments in the Milestone Group, Arbor Ventures Funds I and II and Arch Capital Fund IV.

AG Holdings

In Asia, AG Holdings continues to hold investments in varied funds including Alibaba's New Retail Strategic Opportunities Fund, Ikhlal Capital, and Indies Pelago. AG Holdings' largest fund investment is with Arch Capital, a real estate-focused fund with projects in various countries in ASEAN. In 2021, AG Holding's received US\$27.4 million in distributions and divestment proceeds from the Arch Funds.

STRATEGY

- ▶ Capitalize on opportunistic monetization initiatives in support of Ayala's value realization program
- ▶ Enable new opportunities for the Ayala group
- ▶ Gear up tech businesses for scale and profitability

2021 ACHIEVEMENTS

- ▶ Returned US\$43.8 million to AC by selling existing portfolio investments in the Milestone Group, Arbor Ventures Funds I and II, Arch Capital Fund IV, and the Victoria Arbors investment in USA.
- ▶ Launched and deployed first investments in the ACTIVE Fund
- ▶ Launched the Cartera joint venture with BPI and Indivara

- ▶ Supported Yoma in navigating the local political and economic environment through balance sheet management, capital allocation, and cost management among others
- ▶ Reached positive margin after direct cost in Zalora
- ▶ Significantly grew active user base of GCash and onboarded a new strategic investor in Mynt

2021 FINANCIAL PERFORMANCE

- ▶ **AC Ventures:** Generated proceeds worth US\$43.8 million in value realization initiatives
- ▶ **Mynt:** Achieved profitability three years ahead of target, achieved double unicorn status
- ▶ **Zalora:** 25% growth in NMV, reached positive margin after direct cost

2022 PRIORITIES

- ▶ Consider divesting existing stakes in remaining portfolio investments.
- ▶ Explore other avenues for co-investment opportunities.
- ▶ Consider co-investment opportunities alongside the ACTIVE Fund
- ▶ Engage and strengthen relationship with the Yoma group to realize synergies
- ▶ Forge partnerships with the wider Ayala group through the Cartera platform and accomplish budget and operational ambitions for Zalora and Mynt



The fulfillment hub of Zalora is a 5-level facility able to support the management of 1.7 million items.

Zalora Philippines

In 2021, Zalora Philippines' net merchandise value, the value of goods traded through its platform net of discounts and returns, continued to trend upward. Despite the continued headwinds brought about by COVID-19, NMV still grew by 25 percent year-on-year as a result of more robust consumer spending amid a strong economic rebound in the fourth quarter of 2021. During the year, Zalora Philippines launched new channels for revenue creation and customer facing product features. To date, Zalora Philippines continues to offer one of the widest brand and category assortments in the country.

Cartera

AC Ventures owns a 25.5 percent 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. In 2021, Cartera, with BPI, inked a partnership to build a differentiated customer experience that encourages increased availment and usage of BPI's various products and services through incentives, rewards, and amplified communications.

ACTIVE Fund

AC Ventures committed to invest US\$100 million the Ayala group's venture capital fund, ACTIVE Fund. ACTIVE Fund invests globally in tech and traditional areas including data and analytics, artificial intelligence, and real estate. Through the ACTIVE Fund, the Ayala group hopes to build on an ecosystem that can provide visibility into these emerging trends. In 2021, the ACTIVE Fund deployed US\$11.25 million in capital across four new deals in the e-commerce, fintech, healthtech and logistics sectors. To date, the ACTIVE Fund has made a total of seven investments.

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. 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 spite of the recent political challenges in the country, Ayala's investment in the Yoma Group is anchored on the long-term growth potential of Myanmar.



Mynt's Gcash is the first Philippine fin tech to achieve a double unicorn valuation of US\$2 billion

Mynt

Mynt delivered another banner year in 2021, sustaining its momentum and focus on helping Filipinos stay resilient and connected through GCash, the number one finance app in the country. It has over 55.3 million registered users, equivalent to 70 percent of the Philippines' adult population.

Besides growing its investment platform, GInvest, 2021 also marked two financial milestones for Mynt. First, it proved its ability to scale and create a sustainable business by achieving positive EBITDA and profitability three years ahead of target, making Mynt one of the few fintechs in the world that is able to make money. Second, Mynt achieved duacorn status, the first tech unicorn in the Philippines, growing its valuation to US\$2 billion, as it secured over US\$300 million in its latest funding round.



AWARDS AND RECOGNITION

AYALA

FTSE4Good

Ayala Corporation has satisfied the requirements to become a constituent of the FTSE4Good Index Series, an index designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices.

Gold Quill Award of Merit

Ayala Group of Companies' holistic COVID-19 response received an Award of Merit from the 2021 Gold Quill Awards of the International Association of Business Communicators (IABC). Ayala is the only Philippine business group to be recognized in the awards' Response & Recovery Management and Communication category for assisting its ecosystem of employees, partners, customers, and the broader population in withstanding the impact of COVID-19.

Reuters Responsible Business Awards, Finalist

Reuters Events Responsible Business Awards are the world's leading Awards celebrating leadership in sustainable business. The Responsible Business Awards recognise those that are truly having an impact on business, society and the environment —delivering a new blueprint for business in the 21st Century.

CSR Works Asia Sustainability Reporting Awards, Silver in Asia's Best Integrated Report Category

The Asia Sustainability Reporting Awards (ASRA), now in the 7th year, is the most prestigious international recognition for sustainability reporting. ASRA identifies and honours exceptional sustainability reporting leaders and has become a powerful platform for sharing best practices, benchmarking, and peer learning.

25th Asia Insurance Industry Awards, Risk Manager of the Year for Vickie Tan The Asia Insurance Industry Awards is fully transparent with the judging process independently

audited. The Panel of Judges is made up of the leading lights in the industry representing a cross section of individuals including regional and international market leaders, association heads, and regulators.

Risk Management Institute of Australasia

Risk Leader of the Year, Asian Region for Vickie Tan

AYALA LAND

Asiamoney Outstanding Companies Poll

Most Outstanding Company in the Philippines (Real Estate Sector)

Euromoney Real Estate Survey

- ▶ #1 Developer – Residential Sector (Philippines)
- ▶ #1 Developer – Office/Business Sector (Philippines)

Frost and Sullivan Best Practices Award

Philippine Property Development Competitive Strategy Leadership Award

MSCI

Member of MSCI ESG Leaders Index

S&P Global

- ▶ Member of the 2021 Sustainability Year Book
- ▶ Member of the Dow Jones Sustainability Index

Carbon Disclosure Project

A-leadership Rating on Climate Change

PRSP Anvil Awards

Silver Anvil – ALI COVID-19 Response: Ayala Land Pays it Forward

IABC Quill Awards

- ▶ Award of Excellence – 2020 Integrated Report
- ▶ Award of Excellence – ALI COVID-19 response: Ayala Land Pays it Forward
- ▶ Award of Excellence – Corporate website

IBA Stevie Awards

- ▶ Grand Stevie: Organization of the Year
- ▶ Gold Winner: Health, Safety & Environment Program of the Year – Waste Management
- ▶ Gold Winner: Website – Real Estate – ALI Corporate website
- ▶ Bronze Winner: Cause & Green Event – Sustainability Webinars Carbon Forest
- ▶ Bronze Stevie: Employee Engagement Event – ALI Wellness Program
- ▶ Bronze Stevie: Employee Engagement Event: BUYanihan sa ALI

DHSUD Region 4A Gawad Parangal

- ▶ Most Outstanding Developer
- ▶ Gawad Real Estate

BPI

Institutional

- ▶ Best Sustainable Bank in the Philippines, FinanceAsia Country Awards 2021
- ▶ Merit Awards, #BPIcybersecuriTips, Communication Skills – Social Media Programs Category, The Philippine Quill Awards 2021
- ▶ Best SME Bank in the Philippines, Alpha Southeast Asia Awards and Global Finance Awards
- ▶ Best SME Bank in the Philippines, Global Finance Awards
- ▶ Regional Awards – Asia-Pacific, Outstanding Leadership in Resource Management – Bank, Global Finance Sustainable Finance Awards 2021
- ▶ Named one of the Best Companies to Work for in Asia, Business Media International's HR Asia Best Companies to Work for in Asia Awards 2021

GLOBE

3rd ASEAN PR Excellence Awards

Diamond – Best PR Campaign "Sa Rewards, Atin ang #GDayEveryday"

8th Edition of World Women Leadership Congress and CMO Global

Woman of Worth – Maria Yolanda C. Crisanto

18th Annual International Business Awards

- ▶ Gold Stevie Winner – Most Valuable Corporate Response
- ▶ Silver Stevie Winner – Achievement in Human Resources
- ▶ Silver Stevie Winner – Company of the Year, Telecommunications

Asia-Pacific Stevie® Awards

- ▶ Silver Stevie Winner – Saludo SMEs
- ▶ Silver Stevie Winner – Heroes for Heroes
- ▶ Silver Stevie Winner – AdSpark ThoughtSparkers: Guide to the Ever-changing Filipino
- ▶ Bronze Stevie Winner – Gift Local
- ▶ Bronze Stevie Winner – AdSpark ThoughtSparkers: Guide to the Ever-changing Filipino
- ▶ Bronze Stevie Winner – Lead-In 2020 (Online Event)
- ▶ Bronze Stevie Winner – Project Eagle 2020

Asia Corporate Excellence and Sustainability Awards (ACES)

- ▶ Asia's Best Workplace of the Year
- ▶ Industry Champion

Asia's Inaugural INSPIRE Tech Awards

- ▶ Best Use of Data for Customer Experience Excellence
- ▶ Best Use of Cloud to Increase Productivity

CIO75 ASEAN Awards

Carlo Malana, Awardee

International Finance Awards

- ▶ Best Telecommunications CEO – Ernest Cu
- ▶ Fastest Growing 5G Network Service Provider

Inaugural SAP Best Run Awards for Southeast Asia

Most Transformation Award – The Game Changer" – Globe Telecom



Frost & Sullivan Asia Pacific

Best Practices Awards

- ▶ Philippines Mobile Services Provider of the Year
- ▶ Philippines Mobile Data Service Provider of the Year
- ▶ Philippines Telecoms Service Provider of the Year

PR Awards Asia

Bronze – #OneGlobeVsCOVID Campaign

Stevie Awards for Great Employers

- ▶ Gold Stevie for Employer of the Year – Telecommunications
- ▶ Gold Stevie Winner – Achievement in Employee Engagement
- ▶ Silver Stevie Winner – Most Valuable HR Team

The Asset Triple A Infrastructure Awards

Telecom Deal of the Year

Tangrams Strategy and Effectiveness Awards

Gold – Star Wars-themed Campaign “Star Wars: The Rise of Skywalker”

The Method Research

PH Favorite Telecom Company

The Ethical Boardroom

Best Corporate Governance – Telecoms – Asia

Wireless Broadband Alliance Award

Best Wi-Fi Social Impact

Women to Watch Awards:

Celebrating the Torchbearers in the APAC MarComms Industry

Women to Watch Class of 2021, Maria Yolanda C. Crisanto

Zoom Partner Marketing Awards

Winner – APAC Innovation Rockstar

OTHER AWARDS

- ▶ The Asset Triple A Infrastructure Awards 2021 Renewable Energy of the Year – Wind (Indonesia) – PT UPC Sidrap Bayu Energi US\$114.47 million refinancing

- ▶ The Asset Triple A Infrastructure Awards 2021 Renewable Energy of the Year – Wind (Vietnam) – BT1 Windfarm Joint Stock Company US\$118.28 million project finance facility

ACEN

Green Bond Awards

- ▶ The Asset Country Awards 2021 Best issuer for sustainable finance – ACEN
- ▶ The Asset Country Awards 2021 Best Green Bond – ACEN – US\$400 million fixed-for-life green notes
- ▶ The Asset Country Awards 2021 Best M&A Deal – 20 billion pesos acquisition of 17.5% stake in ACEN

OTHER AWARDS

- ▶ The Asset Triple A Infrastructure Awards 2021 Renewable Energy of the Year – Wind (Indonesia) – PT UPC Sidrap Bayu Energi US\$114.47 million refinancing
- ▶ The Asset Triple A Infrastructure Awards 2021 Renewable Energy of the Year – Wind (Vietnam) – BT1 Windfarm Joint Stock Company US\$118.28 million project finance facility

AC HEALTH

AC Health was awarded Service Excellence Company of the Year at the 12th Asia CEO Awards

AC MOTORS

3rd ASEAN PR Excellence Awards

Diamond – Best PR Campaign “Sa Rewards, Atin ang #GDayEveryday”

8th Edition of World Women Leadership Congress and CMO Global

Woman of Worth – Maria Yolanda C. Crisanto

OTHER AWARDS

- ▶ KTM Quezon Avenue – won the 2021 KTM Dealer of the Year (Service).
- ▶ ISUZU AC Motors (IADI) Dealership Group – 2021 Dealer of the Year – Isuzu Pasig
- ▶ KIA Philippines – Champion – 2021 Global THL (Technical Hotline) Performance award for the KIA Philippines After Sales Team



The PT UPC Sidrap Bayu Energi wind farm's US\$114 million refinancing was awarded The Asset Triple A Infrastructure Awards 2021 Renewable Energy of the Year – Wind (Indonesia)



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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FY21 vs FY20 Highlights

Ayala Corporation's net profits grew 62 percent to ₱27.8 billion in 2021, primarily driven by realized income from the execution of strategic initiatives in the group, boosted by the improved performance of Ayala Land and BPI.

Ayala posted gains from executed transactions during the year, including the remeasurement of its stake in Manila Water following the sale of secondary shares to Trident Water, the sale of the Ayala group's stake in GNPowr Kauswagan, and the entry of a new investor in Mynt.

Ayala's businesses recorded higher net profits during the year:

- **Ayala Land's** net income grew 40 percent to ₱12.2 billion on the account of resilient operations, supported by relaxed quarantine restrictions in the fourth quarter of 2021.
- **BPI's** net income increased 12 percent to ₱23.9 billion because of lower loan loss provisions and record-high fee income.
- **Globe's** net income rose 27 percent to ₱23.7 billion from higher results from all data-related revenues, gain from the deemed sale of investment in Mynt, and the impact of the CREATE law. These offset the impairment costs from the network related damages caused by Typhoon Odette.

- **ACEN's** net income increased 22 percent to ₱5.3 billion as robust earnings from its international assets supported softness in Philippine operations.

Excluding gains and other one-offs, Ayala's core net income decreased 10 percent to ₱23.5 billion, mainly driven by weaker net interest income in BPI, higher depreciation expense in Globe, and reduced stake in ACEN following the completion of its capital market issuances and sale of secondary shares to GIC combined with higher financing cost taken up at the AC Energy parent level.

4Q21 vs 4Q20 Highlights

Ayala's net income grew 46 percent to ₱8.4 billion in the fourth quarter compared to the same period in the previous year, also driven by the abovementioned realized gains.

Consolidated Sales of Goods and Rendering of Services

Sale of goods and rendering services increased 17 percent to ₱225.6 billion mainly due to higher residential bookings, incremental project completion, and construction services in Ayala Land, better operation across all sites in IMI, higher vehicle sales in AC Motors on the back of looser quarantine restrictions, and higher revenues in AC Energy from the consolidation of Islasol and Sacasol, and the consolidation of Qualimed into AC Health.

Real Estate



- Total revenues increased 10 percent to ₱106.1 billion and its net income grew 40 percent to ₱12.2 billion on the account of resilient operations, supported by relaxed quarantine restrictions in the fourth quarter of 2021.
- Property development revenues were up 14 percent to ₱75.9 billion on continuing construction progress and higher bookings.
- Residential sales reservations in 2021 grew 13 percent to ₱92.2 billion largely from the strong demand for horizontal projects in Southern Luzon by Ayala Land Premier and ALVEO. Sales reservations from lot sales alone jumped 36 percent to ₱41.5 billion during the year.
 - Fourth quarter sales take-up posted a five percent growth to ₱22.1 billion compared to the same quarter in 2020.
 - Launched a total of 22 projects worth ₱75.3 billion, seven times more in 2020.
- Commercial leasing revenues declined five percent to ₱20.6 billion given limited operations most of the year.
 - Shopping center leasing revenues went down 13 percent to ₱7.9 billion. With improved mobility in the fourth quarter, revenues reached ₱3 billion, double the level generated in the same quarter a year ago.
 - Office leasing income grew five percent to ₱9.9 billion as BPO and HQ operations remained stable throughout the period.
 - Hotels and resorts revenues decreased 12 percent to ₱2.8 billion, improving from the first nine months as resort operations were able to host 35 travel bubbles in the fourth quarter, partially cushioning travel restrictions and lower hotel occupancy earlier in the year.
- Capital expenditures reached ₱64 billion in 2021, more than half of which went to the completion of its residential projects.

- The company has earmarked ₱90 billion in capital expenditures and is prepared to launch ₱100 billion-worth of residential projects in 2022.
- In January 2022, the Boards of Ayala Corporation and Ayala Land approved the property-for-share swap with each other and Mermac, Inc. Under the transaction, AC and Mermac will transfer five assets to ALI in exchange for 311,580,000 primary common shares at a value of ₱55.80 per share, as validated by a third-party fairness opinion. The acquisition further expands Ayala Land's land bank and commercial assets, which will create value for stakeholders.

Power



- Net income increased 22 percent to ₱5.3 billion as robust earnings from its international assets supported softness in Philippine operations.
- Equity earnings from international plants soared 51 percent to ₱4.9 billion, driven by operating capacity with the commencement of operations of new wind farms in Vietnam and solar farms in India.
- Earnings contribution from its Philippine plants decreased 17 percent to ₱3.1 billion as the start of operations of the Palauig and Alaminos solar farms was outweighed by increased cost of purchased power due to higher spot market prices. Without one-off retroactive feed-in tariff adjustment booked in 2020, earnings from the Philippine assets would have been flat.
- Attributable output increased 21 percent to 4.6 gigawatt hours, driven by higher operating capacity and increased dispatch of thermal plants.
 - Generation from international plants grew 24 percent because of additional capacity from new wind farms in Vietnam and solar farms in India.

- ▶ Output from Philippine plants was up 20 percent to 2.7 gigawatt hours due to improved utilization of peaking thermal plants, in addition to the start of operations of the Alaminos and Palauig solar farms.
- ▶ The company has 3,751 MW of attributable capacity in its portfolio (pro forma), of which 87 percent is renewable. 63 percent of the portfolio is already operating.
- ▶ In line with its aggressive portfolio expansion in the Philippines, Vietnam, India, and Australia, ACEN invested a total of ₱33.1 billion in capital expenditures in 2021.
 - ▶ With various projects and announced acquisitions slated in 2022, ACEN has earmarked a CAPEX budget of ₱55 billion this year.
- ▶ In February, ACEN, through its wholly owned subsidiary, AC Energy Vietnam, signed an agreement to acquire a 49 percent stake in Solar NT, which is owned by Thailand's Super Energy Corporation.
 - ▶ Upon completion of internal restructuring, Solar NT will fully own and operated 837 MW of solar projects in Vietnam.
 - ▶ The investment brings ACEN's attributable international capacity to more than 2,200 MW, of which more than 1,000 MW are in Vietnam.

Share in Net Profits of Associates and JV

Share in net profits of associates and joint ventures increased 33 percent to ₱23.4 billion due to higher revenues from home broadband and the lower tax expense from the impact of the CREATE law in Globe, lower loan loss provisions in BPI, higher equity in net earnings resulting from GNPD's liquidating damages in AC Energy, and better performance from associates and joint ventures of Ayala Land. This also includes share in net earnings of Manila Water from June to December 2021. As a percentage of total revenues, this account was nine percent and eight percent on December 31, 2021 and December 31, 2020, respectively.

Banking



- ▶ Net income increased 12 percent to ₱23.9 billion because of lower loan loss provisions and record-high fee income.
- ▶ Total revenues decreased four percent to ₱97.4 billion because of softer net interest income and non-interest income.
 - ▶ Net interest income was down four percent to ₱69.6 billion as net interest margin contracted by 19 basis points to 3.3 percent, driven by lower yields across most loan portfolios and treasury assets.
 - ▶ Non-interest income went down six percent to ₱27.8 billion on the back of lower trading income that was tempered by a 23 percent growth in fee income.
- ▶ Total loans rose five percent to ₱1.5 trillion primarily from higher mortgage, credit card, and microfinance loans.
- ▶ Total deposits grew 14 percent to ₱2 trillion with CASA and time deposits expanding 10 percent and 28 percent, respectively.
 - ▶ CASA ratio stood at 77 percent.
 - ▶ Loan-to-deposit ratio ended at 75.5 percent.
- ▶ NPL ratio stood at 2.49 percent and NPL coverage ratio settled at 136.1 percent. These improved by 19 basis points and 21 percentage points, respectively.
- ▶ Operating expenses increased five percent to ₱50.7 billion because of higher technology cost.
 - ▶ Cost-to-income ratio stood at 52.1 percent.
- ▶ Total assets grew eight percent to ₱2.4 trillion. Total equity amounted to ₱293.1 billion.
 - ▶ Indicative common equity tier 1 ratio stood at 15.8 percent.
 - ▶ Indicative capital adequacy ratio stood at 16.7 percent.
 - ▶ Return on assets was 1.1 percent.
 - ▶ Return on equity was 8.4 percent.

- ▶ In line with the increased demand for banking services in the digital space, BPI created its digital governance framework and launched its 7 Client Engagement Platforms in 2021 to better serve its clients across different segments.
 - ▶ On top of its four existing platforms Express Online, BPI Trade, BizLink, and Banko app, BPI is on track to launch BizKo for its SME partners. BizKo is tailored to the needs of SME clients providing them solutions for payments, payroll, invoicing, billing, and collection.
 - ▶ BPI is also working on the sixth and seventh installments of the framework, which are both slated to be launched in the second half of 2022. BPI will also launch its BPI Trade app within the year.

Telco



- ▶ Net income rose 27 percent to ₱23.7 billion from higher results from all data-related revenues, gain from the deemed sale of investment in Mynt, and the impact of the CREATE law. These offset the impairment costs stemming from Typhoon Odette.
 - ▶ Lower Non-operating expenses were mainly due to the gain of ₱4.3 billion from the deemed sale of investment in Mynt, partially offset by the impairment cost of ₱1.2 billion from the network related damages caused by Typhoon Odette. These also include the upside impact of the CREATE law and higher equity share in affiliates.
- ▶ The company's core net income, which excludes the impact of non-recurring charges and foreign exchange and mark-to-market changes, increased nine percent to ₱21.2 billion.
- ▶ Total service revenues grew four percent to ₱151.5 billion due to home broadband and corporate data from increased data consumption. Total data revenues accounted for 80 percent of Globe's service revenues compared to the year-ago level of 76 percent.
- ▶ Growth in demand for data was evident in the upward momentum of all data-related segments of Globe.
 - ▶ Mobile data revenues increased seven percent to ₱77.8 billion.
 - ▶ Mobile data traffic jumped 48 percent to 3,733 petabytes.
 - ▶ Home broadband revenues grew 10 percent to a record-high ₱29.4 billion.
 - ▶ Home broadband subscriber base stood at 3.7 million subscribers as fixed wired subscribers grew by 31 percent, leading to a 26 percent improvement in fixed wired revenues. Fixed wireless subscribers declined 11 percent as users shift out of the fixed wireless service to the more consistent and reliable wired service.
 - ▶ Corporate data revenues grew 12 percent to ₱14.2 billion mostly from growth from domestic services and information and communication technology.
- ▶ Operating expenses including subsidies increased five percent to ₱76.6 billion due to higher spending to support its aggressive upgrades and expenses related to restoration, repair, and services costs resulting from Typhoon Odette.
- ▶ EBITDA increased two percent to ₱74.9 billion due to topline improvement while EBITDA margin slightly contracted to 49 percent because of the impact of Typhoon Odette.
- ▶ Aligned with its thrust to expand its data businesses, Globe's CAPEX increased by 54 percent to an all-time high of ₱92.8 billion, representing 61 percent of gross service revenues and 124 percent of EBITDA. About 86 percent went to data-related requirements:
 - ▶ Built 1,407 new cell sites nationwide for both 4G LTE and 5G
 - ▶ Upgraded over 22,300 mobile sites
 - ▶ Expanded 5G coverage to over 2,000 sites
 - ▶ Rolled out 1.4 million FTTH lines on the home broadband front
- ▶ For 2022, Globe is earmarking ₱89 billion in CAPEX to continue its aggressive network expansion to boost internet quality and coverage in the country.

- ▶ Globe is moving towards becoming a digital solutions company, leveraging its core telco business to tap the shifting consumer landscape, which is being heavily influenced by digital adoption. Within its portfolio are high-growth enterprises in fintech, healthtech, adtech, and e-commerce among others.
- ▶ GCash reached positive full year EBITDA and profitability three years ahead of its target. It has 55 million registered users, which drove gross transaction value to increase three times to ₱3.8 trillion in 2021.
- ▶ In healthtech, HealthNow has 800,000 customers, processing 15,000 to 20,000 medicine delivery orders daily. KonsultaMD exhibited strong growth with more than a doubling of revenue, reaching over 1 million members across 50,000 retail outlets nationwide.
- ▶ AdSpark, the largest locally-based ad agency, grew its revenues 32 percent to ₱1.2 billion.
- ▶ RUSH, the leading loyalty solutions provider in the Philippines, doubled its revenue in 2021 and has 3.8 million registered users.

Cost and Expenses

- ▶ Cost of sales and services increased 22 percent to ₱175.9 billion, in line with higher sale of goods and rendering services. As a percentage of total costs and expenses, this account was 85 percent and 82 percent on December 31, 2021 and December 31, 2020, respectively.
- ▶ General and administrative expenses decreased six percent to ₱30.3 billion due to cost-saving measures across business units, lower overhead costs in **Ayala Land** and **AC Industrials** offset by higher taxes and licenses in **AC Energy**. As a percentage of total cost and expenses, this account was 15 percent and 18 percent on December 31, 2021 and December 31, 2020, respectively.

Balance Sheet Highlights

- ▶ Total assets decreased four percent to ₱1.35 trillion from end-2020 level mainly

- due to the 94 percent decrease of Assets under PFRS 5 to ₱12.4 billion because of the deconsolidation of Manila Water.
- ▶ Cash & cash equivalents and Short-term investments jointly increased two percent to ₱91.4 billion resulting from dividend collection, proceeds from the SRO, FOO, and issuance of shares to GIC in ACEN, inflows from bond issuances in **AC Energy**, AYCFI, and AC, net borrowings of AC and certain BUs, and sale of receivables by ALI. These were partially offset by capital infusions, purchase of **Ayala Land** shares, redemption of treasury shares by AC and ALI, dividend payout, and payment of trade payables and lower cash collections in certain business units.
- ▶ Noncurrent receivables increased 45 percent to ₱83.3 billion from higher accounts of **AC Energy** group.
- ▶ Investments in associates and joint ventures increased 15 percent to ₱294.1 billion due to retained investments in Manila Water, equity earnings partially offset by dividends from **BPI** and **Globe**, additional investments of **Ayala Land** and **AC Energy**, higher equity earnings from their investees, and restructuring of receivable to investment in BHL.
- ▶ Parent level cash stood at ₱20.2 billion.
- ▶ Net debt stood at ₱115 billion.
- ▶ Parent net debt-to-equity ratio stood at 90 percent.
- ▶ Consolidated net debt-to-equity stood at 68 percent.
- ▶ Loan-to-value ratio, the ratio of its parent net debt (excluding the fixed-for-life perpetuities which have no maturity) to the total value of its assets, was at 6.7 percent.
- ▶ Parent blended cost of debt at 4.3 percent ending December 2021, with average remaining life of 19.5 years.
- ▶ In 2021, the Ayala group's combined capital expenditure reached ₱228 billion and ₱18 billion at the parent level. Ayala parent capex was channeled mostly to the purchases of shares in **Ayala Land**.
- ▶ For 2022, Ayala has allocated ₱285 billion in group CAPEX, with ₱24 billion earmarked for Ayala parent to fund investment opportunities.

CHANGES IN SHAREHOLDINGS

Reported trades in Ayala Securities of the directors and officers in 2021:

	SECURITY	BALANCE AS OF DECEMBER 31, 2020	ACQUIRED	DISPOSED OF	BALANCE AS OF DECEMBER 31, 2021
Directors					
Jaime Augusto Zobel de Ayala	Common	633,722	151,312	-	785,034
	Preferred B Series 1	20,000	-	-	20,000
	Voting Preferred	543,802	-	-	543,802
Fernando Zobel de Ayala	Common	616,376	140,758	-	757,134
	Voting Preferred	554,983	-	-	554,983
Keiichi Matsunaga	Common	1	-	-	1
Delfin L. Lazaro	Common	82,554	-	-	82,554
	Voting Preferred	258,297	-	-	258,297
Cezar P. Consing	Common	204,380	7,966	-	212,346
Antonio Jose U. Periquet	Common	1,200	-	-	1,200
Rizalina G. Mantaring	Common	57,870	-	30	57,840
	Voting Preferred	3,604	-	-	3,604
Officers					
Jose Rene Gregory D. Almendras	Common	259,106	59,738	-	318,844
Catherine H. Ang	Common	35,345	4,268	-	39,613
	Voting Preferred Shares	5,290	-	-	5,290
	Preferred B Series 2	2,000	-	-	2,000
Alfredo I. Ayala	Common	292,586	-	56,810	235,776
Estelito C. Biacora	Common	10,657	3,526	-	14,183
Paolo Maximo F. Borromeo	Common	102,027	21,014	-	123,041
Ernest L. Cu*	Common	227,628	-	-	227,628
Josephine G. de Asis	Common	38,544	5,130	-	43,674
Alberto M. de Larrazabal**	Common	-	42,029	-	42,029
Bernard Vincent O. Dy	Common	49,439	-	-	49,439
John Eric T. Francia	Common	121,083	13,343	-	134,426
Solomon M. Hermosura	Common	178,268	28,839	-	207,107
	Voting Preferred Shares	53,583	-	-	53,583
Jose Teodoro K. Limcaoco	Common	404,889	34,341	30,110	409,120
Ruel T. Maranan	Common	35,094	-	-	35,094
John Philip S. Orbeta	Common	741,723	81,134	-	822,857
Arthur R. Tan	Common	419,182	-	-	419,182
Dodjie D. Lagazo***	Common	-	-	-	-
Joanne M. Lim***	Common	-	-	-	-
Rosario Carmela G. Austria***	Common	-	-	-	-
TOTAL		5,953,233	593,398	86,950	6,459,681

* Not a reportable officer of Ayala but a member of the Ayala Group Management Committee

**Mr. Alberto M. de Larrazabal become a member of the Management team on April 23, 2021

*** Mr. Dodjie D. Lagazo and Ms. Joanne M. Lim were reportable officers only until April 23, 2021. Ms. Rosario Carmela G. Austria become a reportable officer on April 23, 2021

Report of the Executive Committee to the Board of Directors

For the year ended 31 December 2021

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:

- ▶ Execution and finalization of terms of the Shareholders' Agreement vis-à-vis Manila Water Company, Inc.;
- ▶ Updating of authorized signatories for various transactions and approval of authorized representatives for SEC's Online Submission Tool (OST) platform;
- ▶ Approval of Preliminary Steps for MCX Divestment;
- ▶ Donation of land to the Hospice of St. Margaret of Corona, Inc.;
- ▶ Transfer of Manila Polo Club share;
- ▶ Additional capital investment into Entrego;
- ▶ Issuance by AYCFI of up to US\$500 million guaranteed undated notes; and
- ▶ Signing of Investment Agreement with Prime Asset-do-Ventures, Inc. for MCX Divestment.

March 10, 2022



JAIME AUGUSTO ZOBEL DE AYALA
Chairman



FERNANDO ZOBEL DE AYALA
Member



KEIICHI MATSUNAGA
Member

Report of the Sustainability Committee to the Board of Directors

For the year ended 31 December 2021

Formed in June 2021, the Sustainability Committee supports the Board of Directors in the latter's efforts to fully integrate both sustainability and environmental, social and governance (ESG) concerns in the formulation of the over-all objectives and strategies of Ayala Corporation. The Committee, working through the Board of Directors and Senior Management, and using the lenses of sustainability and ESG, is tasked with creating value for all shareholders, minimizing negative externalities, and enhancing the reputation of the company.

The Committee held two meetings in 2021. At these meetings it:

- ▶ Reviewed and approved the Sustainability Committee Charter.
- ▶ Engaged a director from a well-established global sustainability organization to brief its members on the responsibilities assumed and issues addressed by sustainability committees of enlightened, sophisticated companies.
- ▶ Conducted an ESG Awareness Survey with the company's board directors serving as respondents with the objective of enhancing the ESG competencies of the board.
- ▶ Discussed various and timely sustainability topics, including corporate reporting frameworks, various ESG rating systems, climate change initiatives and the Ayala Sustainability Blueprint.
- ▶ Discussed the progress of the various companies in the Ayala Group in terms of their adoption of the Task Force on Climate-Related Financial Disclosure Framework.
- ▶ Evaluated and endorsed to the Board the company's Climate Ambition Project, which has aimed to achieve net-zero greenhouse gas emissions by 2050.
- ▶ Further to the previous item, reviewed the Mindoro Forest and Biodiversity Conservation Program ("Project Kasibulan"), an Ayala group-wide initiative focused on achieving climate change mitigation, plant and wildlife conservation, and carbon sequestration.


March 10, 2022



CEZAR P. CONSING
Chairman



RIZALINA G. MANTARING
Member



KEIICHI MATSUNAGA
Member

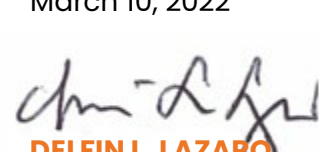
Report of the Finance Committee to the Board of Directors

For the year ended 31 December 2021

The Finance Committee oversees the Corporation's financial policy and strategy, including capital structure, dividend policy, and capital allocation decisions. In 2021, the Committee convened three (3) meetings and acted on and approved eight (8) written resolutions by electronic mail. The Committee reviewed, discussed, evaluated, and endorsed for board approval the following:

- ▶ Discussed, deliberated on and approved the following:
 - ▷ Execution and finalization of terms of the Shareholders' Agreement vis-à-vis Manila Water Company, Inc.;
 - ▷ Corporation's Issuance of Fixed Rate Philippine Peso Bond in the amount of up to ₱10 billion;
 - ▷ Disbursement of advanced payments of up to ₱1.1 billion for Covid-19 vaccines for Ayala group employees and dependents;
 - ▷ Revision of the Insider Trading Policy;
 - ▷ Guarantee of AYCFL's US\$100 million Social Bond and Social Bond financing framework;
 - ▷ Financing plans including new credit facilities, renewal and amendment of existing bank lines and maintaining a maximum borrowing limit;
 - ▷ Updates on interest rate and foreign exchange risk management;
 - ▷ Divestment of ownership interest in the Muntinlupa-Cavite Expressway ("MCX") Public-Private Partnership Project;
 - ▷ Equity Infusion to AC Logistics;
 - ▷ Additional capital infusion to AC Industrials;
 - ▷ Redemption by AYCFL of US\$262.2 million worth of redeemable preferred shares;
 - ▷ Allocation of 2021 general fund budget for the AC Investment Committee;
 - ▷ Additional capital investment for Entrego;
 - ▷ Issuance by AYCFL of up to US\$500 million guaranteed undated notes;
 - ▷ Signing of Investment Agreement with Prime Asset Ventures, Inc.;
 - ▷ Capital investment for data center;
 - ▷ Additional allocation of ₱10.0 billion for the Corporation's share buyback program; and
 - ▷ Presentation of AC Policy on Indebtedness and Guaranties of Investee Companies.
- ▶ Discussed business units' indicators, portfolio updates, treasury markets and economic outlook.
- ▶ Discussed updates on the Corporation and Ayala Group's liquidity and debt Levels.

March 10, 2022


DELFIN L. LAZARO
Chairman


JAIME AUGUSTO ZOBEL DE AYALA
Member


FERNANDO ZOBEL DE AYALA
Member


CEZAR P. CONSING
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 2021


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 acted on four (4) written resolutions by electronic mail and accomplished the following in 2021:

- ▶ Reviewed and endorsed for Board approval the Corporation's guidelines on accepting from stockholders proposals on agenda items for stockholders' meetings;
- ▶ Reviewed and endorsed for Board approval the Corporation's Revised Insider Trading Policy and Revised Corporate Governance Manual;
- ▶ Reviewed the qualifications of all persons nominated to positions requiring appointment by the Board; and
- ▶ Approved the final list of nominees for directors for election at the 2021 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.

March 10, 2022


ANTONIO JOSE U. PERIQUET
Chairman


RIZALINA G. MANTARING
Member


KEIICHI MATSUNAGA
Member

Report of the Audit Committee to the Board of Directors

For the year ended 31 December 2021

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 2021 external auditors and the related audit fee;
- ▶ We reviewed and approved 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 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 reviewed the Audit Committee Charter and Internal Audit Charter to ensure that it is updated and aligned with regulatory requirements;
- ▶ 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; and
- ▶ 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.

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, 2021 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 2022 based on their performance and qualifications.

March 10, 2022



RIZALINA G. MANTARING
Chairman



ANTONIO JOSE U. PERIQUET
Member



KEIICHI MATSUNAGA
Member

Report of the Risk Management and Related Party Transactions Committee to the Board of Directors

For the year ended 31 December 2021

The Risk Management and Related Party Transactions Committee assists the Board in fulfilling its oversight mandate with respect to risk management and related party transactions. The Committee ascertains that a sound risk management framework and the supporting infrastructure are in place within the company. The Committee also ensures that all related party transactions are pursued in the best interest of the Company's shareholders.

The Committee held five meetings, during which it:

- ▶ Reviewed the Committee's charter and the Company's policies on related party transactions and intercompany loans and guarantees.
- ▶ Reviewed and discussed with management the ongoing initiatives and programs that strengthen its risk culture, improve risk management practices, and equip risk owners to manage risks and explore opportunities.
- ▶ Evaluated and recommended for approval proposed investments, leases, and financial transactions involving related parties.
- ▶ Identified sources of downside risk within the group and their possible effects on the company.
- ▶ Discussed the global trends and climate-related regulatory risks and opportunities and their potential impact on the business operations of the group.

March 10, 2022



ANTONIO JOSE U. PERIQUET
Chairman



RIZALINA G. MANTARING
Member



CEZAR P. CONSING
Member

Report of the Personnel and Compensation Committee to the Board of Directors

For the year ended 31 December 2021

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.

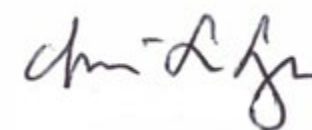
The Committee met three times and accomplished the following:

- ▶ Reviewed and endorsed for Board approval the timing of salary increases and release of bonus of the employees; the 2021 merit increase budgets for managers and staff; the 2020 performance bonus multiples for the executives, managers, and staff;
- ▶ Conducted an independent review of AC Energy Corporation's planned transition from the existing cash-based long-term incentive plan to a share-based investment incentive, and its proposed 2021 ESOWN plan;
- ▶ Reviewed and endorsed for Board approval the compensation actions for the Chief Executive Officer and Chief Operating Officer including their performance bonus for 2020, merit increase for 2021 and 2021 ESOWN award; and
- ▶ Reviewed and endorsed for Board approval the 2021 ESOWN plan.

March 10, 2022



RIZALINA G. MANTARING
Chairman



DELFIN L. LAZARO
Member



KEIICHI MATSUNAGA
Member

Independent Assurance Statement

Introduction

DNV AS Philippine Branch ('DNV') has been commissioned by the management of Ayala Corporation ('Ayala Corp', or 'the Company', Securities and Exchange Commission Identification Number: 34218) to undertake an independent assurance of the sustainability / non-financial disclosures in Ayala Corp's 2021 Integrated Report ('the Report') in its printed format for the year ended 31 December 2021. The intended users of this Assurance Statement are the management of the Company.

We performed a limited level of assurance 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 2021 to March 2022.

Scope and Boundary of Assurance

The scope of assurance included a review of sustainability related disclosures and performance data from Ayala Corp's operations in the Philippines.

Our assurance engagement included limited level of verification of sustainability performance disclosures for the identified material topics of Ayala Corp as detailed under the section 'Materiality Assessment Process' in the Report i.e., covering entities over which Ayala Corp 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.

Responsibilities of the Management of Ayala Corp and of the Assurance Provider

The Company's management has sole responsibility for the integrity of the Report and this responsibility includes designing, implementing and maintaining internal controls over collection, analysis, aggregation and preparation of data, fair presentation of the information, ensuring that data is free from material misstatement and maintaining the integrity of their website under digital domain. The Board has complete oversight and is responsible for the Company's sustainability reporting. Ayala Corp 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 as well as the SASB Standards 2018.

In performing our assurance work, DNV's responsibility is solely towards the Management of Ayala Corp in accordance with terms of reference agreed, however this assurance statement represents our independent opinion and is intended to inform the outcome of the assurance to the Company's stakeholders. DNV's responsibility is to form an independent conclusion. In doing so, we carried out the sampling procedures required for the evidence for a limited level of assurance based on VeriSustain i.e., DNV is responsible for planning and performing the engagement to obtain assurance about whether the selected information is free from material misstatement and meets the disclosure requirements.

Basis of Our Opinion

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 concentrated our verification efforts on the issues of high material relevance to Ayala Corp and its key stakeholders. A team of sustainability assurance specialists reviewed non-financial disclosures related to the Head Office at Makati City and selected operating companies of Ayala Corporation (AC Health, AC Ventures, AC Industrials, AC Infrastructure, iPeople) in the Philippines and consolidated annual numbers, based on DNV's sampling plan. Due to the COVID-19 pandemic and associated travel restrictions, we undertook remote audits in line with DNV's remote assessment methodology as site visits were not possible. We undertook the following activities:

- ▶ Review of the non-financial sustainability-related 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 Corp;
- ▶ Interviews with select 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 assessment on their head office and selected operating companies 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.

Opinion and Observations

On the basis of the assurance engagement undertaken, nothing has come to our attention to suggest that Ayala Corp's 2021 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, Shareholders, Government Agencies, Regulators, Bank Counterparties, Creditors, Insurers, Business Partners, Affiliates, Suppliers, Media, Industry Associations, Employees, Communities, Customers, Nature, etc.) whom Ayala Corp has engaged with, to enhance their sustainability performance. The Report also describes the engagement modes such as in-person meetings/debriefs, online engagements, dialogues, roadshows, memberships and other initiatives involving, and/or collaborating with each stakeholder group to identify the key concerns that are pertinent to them and subsequently address it through relevant disclosures 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.

Materiality

The process of determining the issues that are most relevant to an organization and its stakeholders.

The Report brings out Ayala Corp's process for identification of the Company's material matters through stakeholder engagements and analysis of different reporting standards (e.g. Integrated Report, Sustainability Accounting Statements Board, UN Global Compact, Task Force on Climate Disclosures, Global Reporting Initiative, etc.) and evaluation of reviews by World Business Council for Sustainable Development and ESG rating institutions. Thematic workshops units were conducted involving management representatives from the business units, and then validate the identified material topics before prioritization and categorization was done based on their strategic importance, impact on the value chain and interconnectivity.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Materiality.

¹ The VeriSustain protocol is available on www.dnv.com

* Assurance Engagements other than Audits or Reviews of Historical Financial Information.

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 The Report brings out the Company's responses to identified material topics, key challenges faced and significant issues which have arisen during the reporting period through disclosures on Governance, Business Review, 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.

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 operating 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, however our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems. 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 2021 related to its material issues using appropriate GRI Topic Specific Standards and SASB disclosures, for the identified boundary of operations 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.

Limitations

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, are true, and is 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. The engagement excludes the sustainability management, performance, and reporting practices of Ayala Corp's suppliers, contractors, and any third parties 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. We did not interview external stakeholders as part of this assurance engagement.

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.

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.

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 Conduct² 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 Ayala Land Inc., AREIT, AC Energy Corporation, the Bank of the Philippine Islands, 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 Corp in 2021 that could compromise the independence or impartiality of our work.

Purpose and Restriction on Distribution and Use

This report, including our conclusion has been prepared solely for the Company in accordance with the agreement between us. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our work or this report.

For and on behalf of DNV AS Philippine Branch


N Sathishkumar
Lead Verifier
Head, Sustainability Services
DNV Business Assurance
Singapore Pte. Ltd.



Percy Lakdawalla
Regional Manager – Asia Pacific
Supply Chain and Product Assurance
DNV Business Assurance
Singapore Pte. Ltd.



Thamizharasi Kaliaperumal
Assurance Reviewer
Sustainability Services
DNV Business Assurance
India Private Limited

12 April 2022, Manila, The Philippines.

DNV AS Philippine Branch is part of DNV, 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)

MATERIALITY INDEX

This Integrated Report has used and referenced relevant SASB Standards and GRI Standards in disclosing performance across material topics.

Materiality Themes	Material Topics	Relevant UN SDG	UNGC Principles	SASB Accounting Metrics		GRI Standards Disclosures	Page Number or Response
Climate change and biodiversity	GHG emissions	SDG 9 SDG 12 SDG 13	Principles 7, 8 and 9	IF-EU-110a.1	(1) Gross global Scope 1 emissions, percentage covered under (2) emissions-limiting regulations, and (3) emissions-reporting regulations	305-1	111, 259
				TR-RA-110a.1 TR-AF-110a.1	Gross global Scope 1 emissions	305-1	111, 259
	Energy resource planning	SDG 7 SDG 9 SDG 13		IF-EU-000.D	Total electricity generated, percentage by major energy source, percentage in regulated markets		112, 165, 187-191
				IF-EU-110a.3 TR-RA-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	103-2	20-21, 106-107, 108-109, 112
	Physical impacts of climate change	SDG 9 SDG 11 SDG 13		IF-RE-450a.2	Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	103-2	74, 113
				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	74-75, 161
	Biodiversity	SDG 14 SDG 15				304-3	99, 115-117, 165
Resource efficiency and waste management	Energy management	SDG 7 SDG 9 SDG 13	Principles 7, 8 and 9	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	112, 118-120, 253-258
				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	112, 118-120, 253-258
				TR-RA-110a.3	Total fuel consumed, percentage renewable	302-1	112, 118-120, 253-258
				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	112, 118-120, 253-258
				IF-RE-130a.5	Description of how building energy management considerations are integrated into property investment analysis and operational strategy	103-2	170-175
				IF-RE-410a.3	Discussion of approach to measuring, incentivizing, and improving sustainability impacts of tenants	103-2	112
	Water management	SDG 6 SDG 14		IF-WU-000.B	Total water sourced, percentage by source type	303-3	253

Materiality Themes	Material Topics	Relevant UN SDG	UNGC Principles	SASB Accounting Metrics		GRI Standards Disclosures	Page Number or Response
	Water distribution network efficiency	SDG 6		IF-RE-140a.4	Description of water management risks and discussion of strategies and practices to mitigate those risks	303-1 103-2	74-75, 113
				IF-WU-440a.3	Discussion of strategies to manage risks associated with the quality and availability of water resources	303-1 103-2	74-75, 113
	Waste and hazardous materials management	SDG 11 SDG 12		IF-EU-150a.1	Amount of coal combustion residuals (CCR) generated, percentage recycled	306-2	252
				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	121-123, 252
				TC-ES-150a.1	Amount of hazardous waste from manufacturing, percentage recycled	306-2	252
				TC-ES-410a.1	Weight of end-of-life products and e-waste recovered, percentage recycled	306-2	121-123, 252
				HC-DY-150a.1	Total amount of medical waste, percentage (a) incinerated, (b) recycled or treated, and (c) landfilled	306-2	252
				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	252
	Materials	SDG 11 SDG 12		TC-ES-440a.1	Description of the management of risks associated with the use of critical materials	103-2	138, 148
Workplace experience and future of work	Employee engagement	SDG 8	Principles 1, 2, 3, 4, 5 and 6	TC-ES-000.C TR-RA-000.E	Number of employees	102-7	126, 128, 262-265
				HC-DY-330a.1	(1) Voluntary and (2) involuntary attrition rate for: (a) physicians, (b) non-physician health care practitioners, and (c) all other employees	401-1	128, 264
				HC-DY-330a.2	Description of talent recruitment and retention efforts	103-2	129
	Training and education	SDG 8	Principles 1, 2, 3, 4, 5 and 6			404-1 and 404-2	130, 266-267
	Occupational health and safety	SDG 8		IF-EU-320a.1 TR-RA-320a.1	(1) Total recordable incident rate (TRIR) and (2) fatality rate	403-9	134
				TC-ES-320a.1	(1) Total recordable incident rate (TRIR) for (a) direct employees and (b) contract employees	403-9	134, 267
				IF-EN-320a.1	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	403-9	134, 267
	Non-discrimination	SDG 5 SDG 8 SDG 10		CG-MR 330a.1	Percentage of gender and racial/ethnic group representation for (1) management and (2) all other employees	102-7	127, 129, 266-267
				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	127, 129, 266-267

Materiality Themes	Material Topics	Relevant UN SDG	UNGC Principles	SASB Accounting Metrics		GRI Standards Disclosures	Page Number or Response
	Child labor	SDG 8SDG 16				408-1	81, 131, 148
	Forced labor	SDG 8SDG 16				409-1	81, 131, 148
Customer experience and protection	Product and service quality and safety	SDG 3SDG 4SDG 6SDG 7SDG 9SDG 11SDG 12	Principles 1 and 2	FN-CB-240a.1	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development		162, 176-179
				TC-TL-550a.2	Discussion of systems to provide unimpeded service during service interruptions	103-2	162, 176-179, 180-185
				TC-TL-000.A	Number of wireless subscribers		162, 180-185
				TC-TL-000.C	Number of broadband subscribers		162, 180-185
				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	161
				IF-EN-160a.2	Discussion of processes to assess and manage environmental risks associated with project design, siting, and construction	103-2	170-173
				HC-DY-000.A	Number of facilities		192-197
				HC-DR-000.A	Number of pharmacy locations		192-197
				SV-ED-260a.1	Graduation rate		208-213
				SV-ED-260a.3	Job placement rate		208-213
				SV-ED-000.A	Number of students enrolled		208-213
				TC-ES-000.A	Number of manufacturing facilities		202-207
				TR-RA-000.A	Number of carloads transported		214-217
	Customer privacy	SDG 16		FN-CB-230a.2	Description of approach to identifying and addressing data security risks	103-2	74-85
				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	74-85
				TC-TL-220a.1	Description of policies and practices relating to behavioral advertising and customer privacy	103-2	135
	Equitable business practices	Security practices	SDG 8SDG 9			401-1	135
		Business ethics	SDG 16	Principles 1, 2 and 10			205-1
Economic value distribution		SDG 1SDG 8SDG 10SDG 16SDG 17			201-1	147, 260-262	
Supply chain sustainability		SDG 9SDG 11SDG 12			308-2414-2	148	
					413-1	135	
Community engagement		SDG 1SDG 10SDG 11	FN-CB-240a.4		Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	413-1	149, 162, 176-179

PERFORMANCE INDICES

WASTES

Fly ash (ACEIC only) (in tonnes)			
	2019	2020	2021
Fly ash	-	109233.9	82196.8
Recycled (sold to cement plants)	-	90621.9	68251.0
% recycled	-	83%	83%

Batteries generated (in kg)			
	2019	2020	2021
ACEIC	10,573.1	5,596.6	12,113.4
AC Motors	53.0	13,534.7	13,049.2
AC Infra	1,568.5	8,006.5	4,657.0
ALI	150,000.0	34,000.0	32,354.3
Globe	448,269.0	78,846.0	105,515.0
IMI	1,043.5	3,549.7	860.4
MWC	3,236.8	3,447.7	-
TOTAL	464,690.8	9,044.3	168,549.3

E-waste generated (in kg)			
	2019	2020	2021
ACEIC	1,681.00	5172.45	7998.69
AC Motors	297.07	18.2	298
AC Infra	-	-	5
ALI	19,000.0	60,000.0	14078.9531
Globe	343,273.3	260,559.5	68580
IMI	356,435.01	185,730.9	269,036
TOTAL	358,413.08	5,172.45	359,996.60

Busted Fluorescent Lamps (in kg)			
	2019	2020	2021
ACEIC	539.6	472.0	107.5
AC Infra	4,169.5	1,535.5	736.8
ALI	11,4200.0	30,000.0	11,110.9
Globe	1,150.7	-	226.0
IMI	1,893.6	1,348.6	854.1
MWC	558.2	219.5	-
AC Health	-	37.6	146.6
TOTAL	122511.6	30691.5	13181.8

Infectious/Clinical Wastes (in kg)			
	2019	2020	2021
ACEIC	-	25	120
AC Motors	-	-	-
AC Infra	-	-	-
ALI	-	-	-
Globe	-	-	-
IMI	-	-	-
MWC	-	-	-
AC Health	602	13555	154102.6
TOTAL	602	13580.00	154222.6

Expired Medicines (in kg)			
	2019	2020	2021
AC Health	5,341.5	13,727.4	16,227.8

Grease Waste (in kg)			
	2019	2020	2021
ACEIC	-	200	
AC Infra	-		140.8
ALI	10	7,231	2,549
Globe	898		1,652
IMI	29,522	32,132.4	12,926
MWC	7,720	4,050	
TOTAL	8,628	43,613.40	17,267.8

Other Hazardous Wastes - Lump Of Others			
	2019	2020	2021
ACEIC	84,871.7	1,594.6	14,449.9
AC Motors	501.0	22,155.3	40,697.6
AC Infra	659.2	18,950.5	57,698.0
IMI	396,657.2	189,378.0	-
MWC	411.3	120,217.2	-
TOTAL	483,100.4	352,295.6	112,845.5

MATERIALS AND WATER

Material Consumption - ALI ONLY (in MT)			
	2019	2020	2021
Rebars/Steels	196,031.00	89,042.00	82,025.00
Cement	249,660.00	169,612.00	173,327.00

Water Consumption from Water Utilities in Cubic Meters (303-1)			
	2019	2020	2021
ACEIC	0	822815.3384	664880.212
AC Health	374201.35	88483.1	125329.7882
AC Infra	69599.2	54292.36	63174.96
AC Motors	66578.27	58094.87	65676.247
AC Ventures	597.5	322.1	117.5
AffinityX	10663870.25	12487598.7	13243658.1
AFI	373285.3	252975.4872	406180
ALI	395737.2	77641.17	0
AC HQ	1446893.98	1359803.5	1352230.93
BPI	141027.4461	258313.7562	35118.02
Globe	843637504.9	902029869.3	905832239.4
TOTAL	857169295.4	917490209.7	921788605.1

Water Withdrawal by Source MWC Only (in CubicMeters)			
	2019	2020	2021
Bulk-Ground water	193,574.0	274,846.0	341,357.0
Bulk-Surface water	4,439,449.0	5,084,743.2	4,683,808.7
Ground water	92,978,806.5	109,958,924.9	112,240,155.3
Surface water	746,025,675.4	786,711,355.3	788,566,918.4
TOTAL	843,637,504.9	902,029,869.3	905,832,239.4

FUEL AND ELECTRICITY

Diesel Consumption Within Organization (Mobile)						
	In Liters			In GJ		
	2019	2020	2021	2019	2020	2021
ACEIC	-			-	-	-
AC Health			39,051.15	-	-	1,507.37
AC Infra	14,935.33	32,410.65	212,448.74	576.50	1,251.05	8,200.52
AC Motors	-	93,591.43	124,748.82	-	3,612.63	4,815.30
ALI	3,043,240.00	2,202,581.68	7,836,981.47	117,469.06	85,019.65	302,507.48
Globe	1,729,880.31	1,266,376.01	1,395,464.37	66,773.38	48,882.11	53,864.92
IMI	90,810.18	75,975.21	74,852.87	3,505.27	2,932.64	2,889.32
iPeople	-	18,783.87	17,867.91	-	725.06	689.70
MWC	598,670.87	470,160.00	515,278.45	23,108.70	18,148.18	19,889.75
TOTAL	5,477,536.69	4,159,878.85	10,216,693.78	211,432.92	160,571.32	394,364.38

Diesel Consumption Outside Organization (Mobile)						
	In Liters			In GJ		
	2019	2020	2021	2019	2020	2021
ACEIC	-	-	-	-	-	-
AC Health	-	-	-	-	-	-
AC Infra	562,115.95	151,743.00	7.11	21,697.68	5,857.28	0.27
AC Motors	71,169.64	47,499.37	37,571.21	2,747.15	1,833.48	1,450.25
ALI	-	-	-	-	-	-
Globe	-	-	-	-	-	-
IMI	770,550.30	864,424.43	1,151,759.56	29,743.24	33,366.78	44,457.92
iPeople	-	-	-	-	-	-
MWC	450,105.71	245,580.00	567,899.20	17,374.08	9,479.39	21,920.91
TOTAL	1,853,941.60	1,309,246.80	1,757,237.08	71,562.15	50,536.93	67,829.35

Total Diesel Consumption Mobile (Total)						
	In Liters			In GJ		
	2019	2020	2021	2019	2020	2021
ACEIC	-	-	-	-	-	-
AC Health	-	-	39,051.15	-	-	1,507.37
AC Infra	577,051.28	184,153.65	212,455.85	22,274.18	7,108.33	8,200.80
AC Motors	-	141,090.80	162,320.03	-	5,446.10	6,265.55
ALI	3,043,240.00	2,202,581.68	7,836,981.47	117,469.06	85,019.65	302,507.48
Globe	1,729,880.31	1,266,376.01	1,395,464.37	66,773.38	48,882.11	53,864.92
IMI	861,360.48	940,399.64	1,226,612.43	33,248.51	36,299.43	47,347.24
iPeople	-	18,783.87	17,867.91	-	725.06	689.70
MWC	1,048,776.58	715,740.00	1,083,177.65	40,482.78	27,627.56	41,810.66
TOTAL	7,331,478.29	5,469,125.65	11,973,930.86	282,995.06	211,108.25	462,193.73

Diesel Consumption Stationary						
	In Liters			In GJ		
	2019	2020	2021	2019	2020	2021
ACEIC	-	19,403,698.93	77,250,818.69	-	748,982.78	2,981,881.60
AC Health			34,217.22	-	-	1,320.78
AC Infra	105,811.85	54,631.83	44,763.52	4,084.34	2,108.79	1,727.87
AC Motors	2,031.33	1,940.53	4,182.07	78.41	74.90	161.43
ALI	5,714,236.28	3,522,240.49	4,437,843.35	220,569.52	135,958.48	171,300.75
Globe	9,134,663.56	11,653,519.83	15,353,729.50	352,598.01	449,825.87	592,653.96
IMI	39,005.02	104,691.05	175,057.55	1,505.59	4,041.07	6,757.22
iPeople	-	15,169.20	5,285.80	-	585.53	204.03
MWC	965,783.47	1,001,550.00	1,176,110.39	37,279.24	38,659.83	45,397.86
TOTAL	15,961,531.51	35,757,441.86	98,482,008.09	616,115.12	1,380,237.26	3,801,405.51

TOTAL Diesel Consumption						
	In Liters			In GJ		
	2019	2020	2021	2019	2020	2021
ACEIC	-	19,403,698.93	77,250,818.69	-	748,982.78	2,981,881.60
AC Health	-	-	73,268.37	-	-	2,828.16
AC Infra	682,863.13	238,785.48	257,219.37	26,358.52	9,217.12	9,928.67
AC Motors	#VALUE!	143,031.33	166,502.10	#VALUE!	5,521.01	6,426.98
ALI	8,757,476.28	5,724,822.17	12,274,824.82	338,038.58	220,978.14	473,808.24
Globe	10,864,543.87	12,919,895.84	16,749,193.87	419,371.39	498,707.98	646,518.88
IMI	900,365.50	1,045,090.69	1,401,669.98	34,754.11	40,340.50	54,104.46
iPeople	-	33,953.07	23,153.71	-	1,310.59	893.73
MWC	2,014,560.05	1,717,290.00	2,259,288.04	77,762.02	66,287.39	87,208.52
TOTAL	23,293,009.80	41,226,567.51	110,455,938.95	899,110.18	1,591,345.51	4,263,599.24

Gasoline Consumption Within Organization (Mobile)						
	In Liters			In GJ		
	2019	2020	2021	2019	2020	2021
ACEIC				-	-	-
AC Health			445.96	-	-	15.25
AC Infra		302.00	69.00	-	10.33	2.36
AC Motors		60,617.26	89,418.19	-	2,073.11	3,058.10
ALI	4,389.00	5,586.20	12,398.00	150.10	191.05	424.01
Globe	2,973,395.71	681,667.32	792,033.24	101,690.13	23,313.02	27,087.54
IMI	57,751.63	30,458.55	43,656.44	1,975.11	1,041.68	1,493.05
iPeople	-	-	319.40	-	-	10.92
MWC	189,857.95	128,250.00	140,712.10	6,493.14	4,386.15	4,812.35
TOTAL	3,225,394.29	906,881.33	1,079,052.33	110,308.48	31,015.34	36,903.59

Gasoline Consumption outside Organization (Mobile)						
	In Liters			In GJ		
	2019	2020	2021	2019	2020	2021
ACEIC				-	-	-
AC Health				-	-	-
AC Infra		887351.26	1029097.03	-	30,347.41	35,195.12
AC Motors	82877.70316	30944.903	60657.16263	2,834.42	1,058.32	2,074.47
ALI				-	-	-
Globe				-	-	-
IMI	32700.3		318429.2306	1,118.35	-	10,890.28
iPeople				-	-	-
MWC				-	-	-
TOTAL	115578.0032	918296.163	1408183.423	3,952.77	31,405.73	48,159.87

Total Gasoline Consumption (Mobile)						
	In Liters			In GJ		
	2019	2020	2021	2019	2020	2021
ACEIC	-	-	-	-	-	-
AC Health	-	-	445.96	-	-	15.25
AC Infra	-	887,653.26	1,029,166.03	-	30,357.74	35,197.48
AC Motors	82,877.70	91,562.16	150,075.36	2,834.42	3,131.43	5,132.58
ALI	4,389.00	5,586.20	12,398.00	150.10	191.05	424.01
Globe	2,973,395.71	681,667.32	792,033.24	101,690.13	23,313.02	27,087.54
IMI	90,451.93	30,458.55	362,085.67	3,093.46	1,041.68	12,383.33
iPeople	-	-	319.40	-	-	10.92
MWC	189,857.95	128,250.00	140,712.10	6,493.14	4,386.15	4,812.35
TOTAL	3,340,972.29	1,825,177.50	2,487,235.76	114,261.25	62,421.07	85,063.46

Gasoline Consumption (Stationary)						
	In Liters			In GJ		
	2019	2020	2021	2019	2020	2021
ACEIC		37393.585	17936.605	-	1,278.86	613.43
AC Health				-	-	-
AC Infra	6674.84	4791.88	7146.7	228.28	163.88	244.42
AC Motors				-	-	-
ALI	4446	8068.871	3129	152.05	275.96	107.01
Globe	70721.2	51394.35	56986.34	2,418.67	1,757.69	1,948.93
IMI				-	-	-
iPeople		7466.79		-	255.36	-
MWC				-	-	-
TOTAL	81842.04	109115.476	85198.645	2,799.00	3,731.75	2,913.79

TOTAL Gasoline Consumption						
	In Liters			In GJ		
	2019	2020	2021	2019	2020	2021
ACEIC	-	37,393.59	17,936.61	-	1,278.86	613.43
AC Health	-	-	445.96	-	-	15.25
AC Infra	6,674.84	892,445.14	1,036,312.73	228.28	30,521.62	35,441.90
AC Motors	82,877.70	91,562.16	150,075.36	2,834.42	3,131.43	5,132.58
ALI	8,835.00	13,655.07	15,527.00	302.16	467.00	531.02
Globe	3,044,116.91	733,061.67	849,019.58	104,108.80	25,070.71	29,036.47
IMI	90,451.93	30,458.55	362,085.67	3,093.46	1,041.68	12,383.33
iPeople	-	7,466.79	319.40	-	255.36	10.92
MWC	189,857.95	128,250.00	140,712.10	6,493.14	4,386.15	4,812.35
TOTAL	3,422,814.33	1,934,292.97	2,572,434.40	117,060.25	66,152.82	87,977.26

Coal Consumption within Organization (AC Energy only)						
	In Tonnes			In GJ		
	2019	2020	2021	2019	2020	2021
ACEIC	3,352,053.20	5,090,948.36	3,875,261.91	54,114,908.70	89,144,352.10	67,857,240.94

Purchased Electricity/Indirect Energy (non-RE)						
	in Kwh			in GJ		
	2019	2020	2021	2019	2020	2021
ACEIC	24,600,000.00	16,809,002.67	17,592,200.89	88,560.0	60,512.4	63,331.9
AC Health	3,898,179.54	81,885.50	7,671,963.17	14,033.4	294.8	27,619.1
AC Infra	49,479,357.00	38,652,620.99	40,645,396.43	178,125.7	139,149.4	146,323.4
AC Motors	6,807,242.69	4,341,883.05	4,509,928.49	24,506.1	15,630.8	16,235.7
AffinityX	257,429.00	147,626.66	81,866.67	926.7	531.5	294.7
ALI	601,690,413.00	334,977,888.10	368,476,915.15	2,166,085.5	1,205,920.4	1,326,516.9
BPI	45,971,159.09	33,136,137.62	34,737,527.79	165,496.2	119,290.1	125,055.1
Globe	602,550,201.76	567,214,352.32	626,464,273.95	2,169,180.7	2,041,971.7	2,255,271.4
IMI	162,817,770.52	143,890,773.40	143,713,479.21	586,144.0	518,006.8	517,368.5
iPeople	13,003,678.93	4,535,915.83	2,900,627.21	46,813.2	16,329.3	10,442.3
MWC	244,579,671.57	275,036,821.79	270,634,891.45	880,486.8	990,132.6	974,285.6
TOTAL	1,755,655,103.11	1,418,824,907.94	1,517,429,070.41	6,320,358.4	5,107,769.7	5,462,744.7

Purchased Electricity/Indirect Energy (non-RE)						
	in Kwh			in GJ		
	2019	2020	2021	2019	2020	2021
ACEIC	0	0	0	-	-	-
AC Health	-	-	-	-	-	-
AC Infra	-	-	6389789	-	-	23,003.24
AC Motors	-	-	-	-	-	-
AffinityX	-	-	-	-	-	-
ALI	313,167,111.00	399,096,184.73	439,590,211.91	1,127,401.60	1,436,746.27	1,582,524.76
BPI				-	-	-
Globe	-	23,340,435.45	102,436,867.67	-	84,025.57	368,772.72
IMI	-	-	-	-	-	-
iPeople	-	-	-	-	-	-
MWC	286,094.66	285,079.73	1,292,360.14	1,029.94	1,026.29	4,652.50
TOTAL	313,453,205.66	422,721,699.91	549,709,228.72	1,128,431.54	1,521,798.12	1,978,953.22

Total Purchased Electricity/Indirect Energy (non-RE + RE)						
	in Kwh			in GJ		
	2019	2020	2021	2019	2020	2021
ACEIC	24,600,000.00	16,809,002.67	17,592,200.89	88,560.00	60,512.41	63,331.92
AC Health	3,898,179.54	81,885.50	7,671,963.17	14,033.45	294.79	27,619.07
AC Infra	49,479,357.00	38,652,620.99	47,035,185.43	178,125.69	139,149.44	169,326.67
AC Motors	6,807,242.69	4,341,883.05	4,509,928.49	24,506.07	15,630.78	16,235.74
AffinityX	257,429.00	147,626.66	81,866.67	926.74	531.46	294.72
ALI	914,857,524.00	734,074,072.83	808,067,127.06	3,293,487.09	2,642,666.66	2,909,041.66
BPI	45,971,159.09	33,136,137.62	34,737,527.79	165,496.17	119,290.10	125,055.10
Globe	602,550,201.76	590,554,787.77	728,901,141.62	2,169,180.73	2,125,997.24	2,624,044.11
IMI	162,817,770.52	143,890,773.40	143,713,479.21	586,143.97	518,006.78	517,368.53
iPeople	13,003,678.93	4,535,915.83	2,900,627.21	46,813.24	16,329.30	10,442.26
MWC	244,865,766.23	275,321,901.52	271,927,251.59	881,516.76	991,158.85	978,938.11
TOTAL	2,069,108,308.77	1,841,546,607.85	2,067,138,299.13	7,448,789.91	6,629,567.79	7,441,697.88

RE Composition			
	2019	2020	2021
ACEIC	-	-	-
AC Health	-	-	-
AC Infra	-	-	14%
AC Motors	-	-	-
AffinityX	-	-	-
ALI	34%	54%	54%
BPI	-	-	-
Globe	-	4%	14%
IMI	-	-	-
iPeople	-	-	-
MWC	0.12%	0.10%	0.48%
TOTAL	15%	23%	27%

GHG Emissions

Total in Tonnes CO ₂ e			
	2019	2020	2021
ACEIC	4,156,889.3	7,805,901.5	4,823,168.8
AC Health	2,776.3	58.3	5,671.8
AC Infra	37,097.7	30,243.2	27,495.1
AC Motors	5,849.1	3,701.6	4,014.3
AffinityX	183.3	105.1	58.3
ALI	237,446.0	111,470.1	141,304.6
BPI	15,879.2	11,523.5	12,074.6
Globe	145,165.5	137,532.3	155,414.2
HCX	73.4	38.4	70.5
IMI	61,789.4	54,897.6	46,060.4
iPeople	3,102.5	1,118.8	713.2
MWC	96,884.6	107,580.6	80,193.8
TOTAL	4,763,136.5	8,264,171.1	5,296,239.7

Scope 1 in Tonnes CO ₂ e			
	2019	2020	2021
ACEIC	4,138,442.2	7,778,654.2	4,804,235.5
AC Health	-	-	199.0
AC Infra	342.2	247.1	711.0
AC Motors	616.8	398.3	555.2
AffinityX	-	-	-
ALI	29,638.3	19,832.2	27,610.2
BPI	-	-	-
Globe	11,227.0	11,290.4	14,565.0
HCX	-	-	-
IMI	252.4	291.2	404.8
iPeople	-	36.6	21.2
MWC	2,400.0	2,198.1	1,891.2
TOTAL	4,182,918.8	7,812,948.1	4,850,193.2

Scope 2 in Tonnes CO ₂ e			
	2019	2020	2021
ACEIC	11,615.8	8,488.5	8,118.3
AC Health	2,776.3	58.3	5,472.8
AC Infra	35,239.2	27,528.4	24,396.8
AC Motors	4,848.1	3,103.4	3,217.0
AffinityX	183.3	105.1	58.3
ALI	95,330.8	48,723.0	31,103.5
BPI	15,879.2	11,523.5	12,074.6
Globe	133,938.6	126,241.9	140,849.2
HCX	73.4	38.4	70.5
IMI	60,414.5	53,391.6	43,652.1
iPeople	3,102.5	1,082.2	692.1
MWC	93,860.6	105,042.0	77,711.3
TOTAL	457,262.4	385,326.3	347,416.6

Scope 3 in Tonnes CO ₂ e			
	2019	2020	2021
ACEIC	6,831.3	18,758.8	10,815.0
AC Health	-	-	-
AC Infra	1,516.3	2,467.7	2,387.2
AC Motors	384.2	199.9	242.1
AffinityX	-	-	-
ALI	112,476.9	42,914.9	82,590.9
BPI	-	-	-
Globe	-	-	-
HCX	-	-	-
IMI	1,122.4	1,214.9	2,003.5
iPeople	-	-	-
MWC	624.1	340.5	591.3
TOTAL	122,955.3	65,896.7	98,629.9

GHG Intensity (Equity Based) (In Tonnes CO ₂ e Per Million Pesos)			
	2019	2020	2021
ACEIC	588.16	808.11	63.78
AC Health	71.19	0.30	0.61
AC Infra	730.27	243.70	7.54
AC Motors	0.21	0.35	0.20
AffinityX	0.08	0.24	4.06
ALI	1.41	1.16	1.33
BPI	0.17	0.11	0.12
Globe	0.86	0.85	1.03
HCX	0.35	0.18	0.34
IMI	0.96	0.96	0.59
iPeople	0.86	0.35	0.20
MWC	4.35	4.97	3.90
TOTAL	8.53	17.84	9.36

Scope 1 Intensity (Equity Based) (In Tonnes CO ₂ e Per Million Pesos)			
	2019	2020	2021
ACEIC	585.55	805.29	63.53
AC Health	-	-	0.02
AC Infra	6.74	1.99	0.20
AC Motors	0.02	0.04	0.03
AffinityX	-	-	-
ALI	0.18	0.21	0.26
BPI	-	-	-
Globe	0.07	0.07	0.10
HCX	-	-	-
IMI	0.00	0.01	0.01
iPeople	-	0.01	0.01
MWC	0.11	0.10	0.09
TOTAL	7.49	16.86	8.57

Scope 2 Intensity (Equity Based) (In Tonnes CO ₂ e Per Million Pesos)			
	2019	2020	2021
ACEIC	1.64	0.88	0.11
AC Health	71.19	0.30	0.59
AC Infra	693.69	221.82	6.69
AC Motors	0.18	0.30	0.16
AffinityX	0.08	0.24	4.06
ALI	0.56	0.51	0.29
BPI	0.17	0.11	0.12
Globe	0.80	0.78	0.93
HCX	0.35	0.18	0.34
IMI	0.94	0.94	0.56
iPeople	0.86	0.34	0.19
MWC	4.21	4.86	3.78
TOTAL	0.82	0.83	0.61

Scope 3 Intensity (Equity Based) (In Tonnes CO ₂ e Per Million Pesos)			
	2019	2020	2021
ACEIC	0.97	1.94	0.14
AC Health	-	-	-
AC Infra	29.85	19.88	0.65
AC Motors	0.01	0.02	0.01
AffinityX		-	-
ALI	0.67	0.45	0.78
BPI	-	-	-
Globe	-	-	-
HCX	-	-	-
IMI	0.02	0.02	0.03
iPeople	-	-	-
MWC	0.03	0.02	0.03
TOTAL	0.22	0.14	0.17

ECONOMIC PERFORMANCE (201-1)

Economic Value Generated			
	2019	2020	2021
AC Motors	27,413.2	10,471.0	19,772,364,130.0
iPeople	3,617.2	3,219.7	3,569,052,172.5
AC Energy	7,067.6	9,659.4	75,621,676,221.8
AC Health	39.0	196.9	128,860,520.0
AC Infra	50.8	124.1	161,461,306.2
Ayala Land	168,793.7	96,272.7	106,142,605,000.0
BPI	94,300.0	101,923.0	97,404,782,467.5
Globe	168,250.6	162,271.5	168,375,055,994.4
IMI	64,277.5	56,891.0	14,020,874,329.8
Manila Water	22,273.1	21,627.2	20,566,537,564.6
HCX	210.6	218.1	206,432,370.3
AffinityX	2,191.7	443.9	486,516,249.2
AC Ventures	1,642.8	196.9	3,394,730,478.3
TOTAL	560,127.5	463,515.3	509,850,948,804.4

Operating Costs			
	2019	2020	2021
AC Motors	26,006.7	13,890.8	18,412,175,115.7
iPeople	1,546.4	667.2	937,223,010.6
AC Energy	3,994.6	3,348.0	5,678,201,990.9
AC Health	117.7	202.6	52,281,087.2
AC Infra	50.8	202.6	92,652,512.2
Ayala Land	83,453.0	41,921.2	52,055,211,000.0
BPI	17,240.0	15,355.6	17,115,272,765.2
Globe	36,961.7	35,419.2	49,074,067,698.5
IMI	52,705.5	45,654.4	11,784,688,385.6
Manila Water	7,078.4	5,342.0	10,382,026,708.0
HCX	73.8	94.2	75,704,644.9
AffinityX	850.5	33.6	40,198,463.4
AC Ventures	1,556.0	1.8	3,264,319,059.8
TOTAL	231,635.0	162,133.3	168,964,022,441.9

Employee Wages and Benefits			
	2019	2020	2021
AC Motors	639.3	681.7	679,582,766.6
iPeople	1,197.7	1,256.2	1,238,960,729.3
AC Energy	1,107.9	233.2	265,667,293.9
AC Health	56.5	118.4	135,317,945.4
AC Infra	38.1	96.0	102,867,525.6
Ayala Land	6,766.7	6,091.8	3,896,056,000.0
BPI	17,350.0	17,825.4	18,419,403,686.5
Globe	15,364.2	15,878.5	18,138,053,892.8
IMI	11,248.9	10,874.8	2,129,911,217.3
Manila Water	2,355.2	2,267.6	2,484,165,542.9
HCX	117.0	136.1	127,270,363.7
AffinityX	1,176.1	251.8	265,035,444.7
AC Ventures	175.5	-	270,475,609.6
TOTAL	57,593.1	55,711.5	48,152,768,018.4

Payments to Providers of Capital			
	2019	2020	2021
AC Motors	632.3	463.2	406,588,603.5
iPeople	200.2	240.0	436,619,247.2
AC Energy	2,249.1	1,187.9	5,610,096,664.0
AC Health	-	-	33,375,490.0
AC Infra	-	-	-
Ayala Land	19,921.3	16,752.4	15,101,000,000.0
BPI	35,650.0	20,211.7	20,058,675,877.5
Globe	19,920.8	21,744.3	22,688,520,458.2
IMI	907.7	841.7	309,279,981.3
Manila Water	4,325.4	2,585.8	4,876,123,940.0
HCX	0.2	(0.2)	881,319.9
AffinityX	43.2	21.5	25,859,236.5
AC Ventures	-	-	-
TOTAL	83,850.1	64,048.3	69,547,020,818.2

Payments to Government			
	2019	2020	2021
AC Motors	311.7	226.2	175,167,109.9
iPeople	54.3	113.5	11,101,778.3
AC Energy	302.7	196.4	298,411,479.7
AC Health	0.7	39.3	52,895,216.3
AC Infra	7.9	5.4	24,482,014.0
Ayala Land	18,096.2	9,233.1	8,852,783,000.0
BPI	23,070.2	21,129.4	17,136,310,773.8
Globe	10,901.7	6,731.8	6,482,692,340.1
IMI	524.5	151.5	50,960,019.3
Manila Water	3,346.5	3,595.7	2,811,615,745.7
HCX	8.7	2.1	1,966,715.5
AffinityX	37.9	25.4	27,425,091.6
AC Ventures	18.4	0.3	60,758,896.1
TOTAL	56,681.3	41,450.2	35,986,570,180.3

Payments to Communities			
	2019	2020	2021
AC Motors	275.2	224.3	146,495,919.7
iPeople	2.5	5.0	2,926,527.2
AC Energy	1.1	75.5	2,638,679.7
AC Health	-	0.3	254,000.0
AC Infra	53.5	57.6	38,624,000.0
Ayala Land	110.0	90.3	330,117,888.6
BPI	66.9	51.2	47,090,411.2
Globe	0.1	0.2	2,001,328.8
IMI	21.0	21.3	20,095,710.4
Manila Water	-	0.1	-
HCX	-	-	-
AffinityX	0.9	-	-
AC Ventures	531.3	525.9	590,244,465.5
TOTAL	56,681.3	41,450.2	35,986,570,180.3

Percent of Distributed Amounts from Total Economic Value Generated Group-wide			
	2019	2020	2021
Operating Cost	41.4	35.0	33.1
Employee Wages and Benefits	10.3	12.0	9.4
Payments to Providers of Capital	15.0	13.8	13.6
Payments to Government	10.1	8.9	7.1
Community Investments	0.1	0.1	0.1
Economic Value Retained	23.2	30.2	36.6
TOTAL	100.0	100.0	100.0

Group-wide Economic Performance			
	2019	2020	2021
Economic Value Generated	560,157.5	463,515.3	509,850.9
Operating Cost	231,635.0	162,133.3	168,964.0
Employee Wages and Benefits	57,593.1	55,711.5	48,152.8
Payments to Providers of Capital	83,850.1	64,048.3	69,547.0
Payments to Government	56,750.8	41,450.2	35,986.6
Community Investments	531.3	525.9	590.2
Economic Value Retained	129,797.1	139,809.9	186,610.3
Parent Company Economic Performance			
	2019	2020	2021
Economic Value Generated	309,565.0	216,566.0	252,732.1
Operating Cost	187,297.1	134,482.5	165,909.4
Employee Wages and Benefits	28,694.3	26,096.1	25,861.1
Payments to Providers of Capital	31,366.0	32,355.8	32,638.0
Payments to Government	71,026.4	62,060.5	50,424.7
Community Investments	547.6	835.0	718.5
Economic Value Retained	(9,366.4)	(39,263.9)	(22,819.5)
Percent of Distributed Amounts from Total Economic Value Generated Parent Level			
	2019	2020	2021
Operating Cost	60.5	62.1	65.6
Employee Wages and Benefits	9.3	12.0	10.2
Payments to Providers of Capital	10.1	14.9	12.9
Payments to Government	22.9	28.7	20.0
Community Investments	0.2	0.4	0.3
Economic Value Retained	-3.0	-18.1	-9.0
TOTAL	100.0	100.0	100.0

EMPLOYEE ENGAGEMENT

Direct Hires			
	2019	2020	2021
AC Motors	1,886	1,605	1,425
iPeople	2,721	2,491	2,514
AC Energy	885	1,363	1,498
AC Health	2,095	1,981	3,160
AC Infra	1,917	1,789	1,873
AFI	112	114	107
ALI	11,419	10,434	30,120
BPI	21,429	19,952	18,753
Globe	8,065	8,349	8,285
IMI	17,215	15,131	13,634
IMI with VIA sites*	640	693	-
MWC	2,412	2,311	2,597
AffinityX	645	740	764
HCX	119	114	81
Ayala Corporation	160	166	151
AC Industrials	12	12	10
AC Ventures	1,089	1,104	456
TOTAL	72,821	68,349	85,428
*VIA no longer provided information for 2021 since they have become an independent publicly listed company. Moving forward, IMI will take out VIA sites in its monitoring.			
Permanent Employees			
	2019	2020	2021
AC Motors	1,868	1,601	1,415
iPeople	1,502	2,046	1,967
AC Energy	864	1,320	1,426
AC Health	1,949	1,923	2,912
AC Infra	1,805	1,718	1,821
AFI	79	80	81
ALI	6,180	6,133	5,756
BPI	21,420	19,951	19,181
Globe	8,048	8,339	8,285
IMI	16,424	14,361	13,384
MWC	2,297	2,224	2,453
AffinityX	620	740	762
HCX	112	112	77
Ayala Corporation	156	165	151
AC Industrials	12	12	10
AC Ventures	1,077	1,099	469
TOTAL	64,413	61,824	60,150

Support Staff			
	2019	2020	2021
AC Motors	575	596	578
iPeople	355	192	199
AC Energy	848	1,562	6,446
AC Health	24	148	221
AC Infra	3,625	2,962	1,877
AFI	51	28	58
ALI	39,145	22,606	11,567
BPI	2,636	4,545	2,556
Globe	3,425	2,644	5,910
IMI	1,108	1,250	1,659
MWC	196	388	851
AffinityX	-	-	-
HCX	5	4	4
Ayala Corporation	108	56	56
AC Industrials	-	-	-
AC Ventures	239	204	-
TOTAL	52,340	37,185	31,982
Temporary Employees			
	2019	2020	2021
AC Motors	18	4	10
iPeople	1,219	445	547
AC Energy	21	43	72
AC Health	146	58	248
AC Infra	112	71	52
AFI	33	34	26
ALI	5,239	4,301	24,364
BPI	9	1	-
Globe	17	10	-
IMI	791	770	250
MWC	115	87	144
AffinityX	25	-	2
HCX	7	2	4
Ayala Corporation	4	1	-
AC Industrials	-	-	-
AC Ventures	12	5	-
TOTAL	7,768	5,832	25,719

Total Jobs Generated			
	2019	2020	2021
AC Motors	2,461	2,201	2,003
iPeople	3,076	2,683	2,713
AC Energy	1,733	2,925	7,944
AC Health	2,119	2,129	3,381
AC Infra	5,542	4,751	3,750
AFI	163	142	165
ALI	50,564	33,040	41,687
BPI	24,065	24,497	21,737
Globe	11,490	10,993	14,195
IMI	18,323	16,381	15,293
MWC	2,608	2,699	3,448
AffinityX	645	740	764
HCX	124	118	85
Ayala Corporation	268	222	207
AC Industrials	12	12	10
AC Ventures	1,328	1,308	469
TOTAL	124,521	104,841	117,851

New Employee Hires			
	2019	2020	2021
AC Motors	651	211	281
iPeople	731	288	516
AC Energy	172	197	254
AC Health	1,142	869	1,431
AC Infra	301	258	393
AFI	28	18	13
ALI	1,326	403	-
BPI	4,575	914	1,813
Globe	927	826	852
IMI	8,528	5,130	4,627
MWC	635	368	984
AffinityX	312	250	297
HCX	42	23	13
Ayala Corporation	17	13	2
AC Industrials	8	1	-
AC Ventures	439	336	422
TOTAL	19,834	10,105	11,898

Employee Turnover (401-1)			
	2019	2020	2021
AC Motors	578	576	454
iPeople	558	488	516
AC Energy	81	101	165
AC Health	793	812	2,165
AC Infra	166	397	272
AFI	31	12	17
ALI	737	599	890
BPI	2,069	2,391	3,377
Globe	605	519	916
IMI	9,057	7,890	5,551
MWC	292	688	675
AffinityX	193	154	211
HCX	55	27	48
Ayala Corporation	12	12	13
AC Industrials	-	1	2
AC Ventures	248	451	208
TOTAL	15,475	15,118	15,480

Permanent Employees by Gender						
	2019		2020		2021	
	Male	Female	Male	Female	Male	Female
AC Motors	1,113	755	948	653	839	576
iPeople	637	865	874	1,172	850	1,117
AC Energy	633	231	984	336	1,024	402
AC Health	605	1,344	565	1,358	1,149	1,763
AC Infra	1,160	645	1,078	640	1,086	735
AFI	26	53	24	56	25	56
ALI	2,985	3,195	2,963	3,170	2,760	2,996
BPI	7,019	14,401	6,604	13,347	6,351	12,830
Globe	4,298	3,750	4,530	3,809	4,542	3,743
IMI	6,590	9,538	5,671	8,690	5,193	8,191
MWC	1,578	834	1,443	781	1,517	803
AffinityX	309	311	387	353	371	391
HCX	48	64	45	67	28	49
Ayala Corporation	69	87	76	89	70	81
AC Industrials	7	5	7	5	5	5
AC Ventures	533	544	523	576	174	295
TOTAL	27,610	36,622	26,722	35,102	25,984	34,033

Permanent Employees by Age									
	2019			2020			2021		
	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	872	870	126	747	755	99	520	777	118
iPeople	420	763	319	815	907	324	723	926	318
AC Energy	244	491	129	385	779	156	473	806	147
AC Health	1,005	922	22	749	1,112	62	1,109	1,658	145
AC Infra	445	1,108	252	459	1,094	165	420	1,196	205
AFI	20	43	16	23	42	15	25	41	15
ALI	5	3,071	376	2,411	3,303	419	2,014	3,338	404
BPI	11,290	8,895	1,235	9,661	9,061	1,229	8,366	9,429	1,386
Globe	1,956	5,707	385	1,808	6,063	468	1,533	6,251	501
IMI	5,585	9,198	1,345	4,274	8,601	1,486	3,571	8,318	1,495
MWC	660	1,147	490	584	1,215	425	654	1,300	366
AffinityX	406	202	12	501	224	15	458	280	24
HCX	43	66	3	46	64	2	32	45	-
Ayala Corporation	17	83	56	14	98	53	10	87	54
AC Industrials	4	6	2	3	8	1	-	8	2
AC Ventures	536	537	4	511	575	13	244	217	8
TOTAL	23,508	33,109	4,772	22,991	33,901	4,932	20,152	34,677	5,188

Permanent Employees by Rank									
	2019			2020			2021		
	Rank and File	Middle Mngmt	Senior Mngmt	Rank and File	Middle Mngmt	Senior Mngmt	Rank and File	Middle Mngmt	Senior Mngmt
AC Motors	1,678	133	57	1,678	133	57	1,242	116	57
iPeople	1,207	241	54	1,207	241	54	1,582	316	69
AC Energy	326	466	72	326	466	72	946	403	77
AC Health	1,728	195	26	1,728	195	26	2,349	492	71
AC Infra	1,314	452	39	1,314	452	39	1,333	445	43
AFI	51	25	3	51	25	3	49	29	3
ALI	4,932	1,223	25	4,932	1,223	25	31	1,316	4,409
BPI	14,068	7,133	219	14,068	7,133	219	12,412	6,527	242
Globe	2,191	5,336	521	2,191	5,336	521	5,543	2,146	596
IMI	13,360	2,163	478	13,360	2,163	478	11,011	1,862	511
MWC	568	1,583	146	568	1,583	146	531	1,603	186
AffinityX	585	28	7	585	28	7	660	94	8
HCX	63	45	4	63	45	4	53	24	-
Ayala Corporation	61	72	23	61	72	23	56	67	28
AC Industrials	1	4	7	1	4	7	1	4	5
AC Ventures	733	287	57	733	287	57	378	63	28
TOTAL	42,866	19,386	1,738	42,866	19,386	1,738	38,177	15,507	6,333

Average Training Hours			
	2019	2020	2021
AC Motors	25.95	32.89	53.90
iPeople	33.58	67.60	156.52
AC Energy	41.61	24.22	41.09
AC Health	30.66	139.75	56.83
AC Infra	524.07	11.27	28.23
AFI	21.24	34.56	5.27
ALI	33.13	30.07	30.14
BPI	41.14	120.13	6.22
Globe	51.74	28.78	36.13
IMI	69.96	59.24	62.57
MWC	18.49	16.66	19.56
AffinityX	15.96	27.76	366.19
HCX	59.11	20.53	22.96
Ayala Corporation	24.86	14.31	17.36
AC Industrials	5.04	2.58	1.20
AC Ventures	4.99	5.65	0.55
TOTAL	59.96	68.81	40.25

Total Training Hours			
	2019	2020	2021
AC Motors	48,470.0	52,662.1	76,266.0
iPeople	50,432.5	138,316.5	307,872.5
AC Energy	35,948.0	31,976.0	58,597.5
AC Health	59,750.0	268,734.0	165,496.6
AC Infra	945,953.3	19,356.7	51,405.4
AFI	1,678.0	2,764.5	427.0
ALI	204,755.0	184,431.0	173,491.0
BPI	881,226.0	2,396,634.7	119,224.0
Globe	416,370.0	240,011.0	299,359.0
IMI	1,149,003.7	850,721.9	837,433.8
MWC	42,476.7	37,049.0	47,992.0
AffinityX	9,895.6	20,544.0	279,033.8
HCX	6,620.0	2,299.0	1,767.6
Ayala Corporation	3,878.3	2,361.1	2,621.7
AC Industrials	60.5	31.0	12.0
AC Ventures	5,372.0	6,212.0	258.5
Total	3,861,889.6	4,254,104.5	2,421,258.3

Total Training Hours by Rank (404-1)									
	2019			2020			2021		
	Rank and File	Middle Mngmt	Senior Mngmt	Rank and File	Middle Mngmt	Senior Mngmt	Rank and File	Middle Mngmt	Senior Mngmt
AC Motors	43,965.5	3,040.5	1,464.0	48,933.1	2,895.0	834.0	73,184.5	2,449.0	644.0
iPeople	26,720.5	20,451.5	3,261.0	98,390.0	33,840.0	6,029.5	28,036.1	195,076.6	1,188.0
AC Energy	22,505.5	12,481.5	1,350.0	17,471.4	9,309.1	1,500.3	43,632.8	13,123.3	1,841.5
AC Health	56,538.0	2,612.0	600.0	231,239.0	21,915.0	-	143,410.0	19,131.0	2,768.5
AC Infra	711,367.0	232,240.3	2,346.0	12,212.2	6,380.4	894.6	30,941.7	18,795.8	1,668.5
AFI	899.0	611.0	168.0	1,645.5	880.0	2,525.5	159.0	132.0	99.0
ALI	154,125.0	50,429.0	201.0	101,371.0	35,895.0	340.0	128,971.5	43,848.4	671.2
BPI	468,676.0	404,092.0	8,458.0	905,969.0	1,474,626.0	16,040.0	8,790.0	4,201.0	8,790.0
Globe	123,984.0	281,246.0	11,140.0	41,623.0	188,173.0	10,215.0	63,988.0	211,870.0	13,503.0
IMI	1,030,155.6	101,428.3	17,646.6	746,643.5	85,443.8	18,533.8	331,924.9	65,843.2	439,665.6
MWC	5,722.0	33,991.7	2,763.0	3,549.0	29,983.0	3,517.0	5,199.0	36,215.0	6,578.0
AffinityX	9,840.0	48.4	7.3	19,048.0	1,314.0	-	168,173.3	712.0	84.0
HCX	3,863.5	2,453.5	303.0	1,110.0	953.0	238.0	1,096.7	626.5	43.4
Ayala Corporation	2,121.6	1,682.4	74.0	932.2	1,426.5	23.3	1,278.8	1,275.9	67.1
AC Industrials	11.5	-	49.0	-	31.0	-	-	5.0	7.0
AC Ventures	2,292.0	2,512.0	112.0	1,382.0	4,044.5	802.0	-	-	40.0
TOTAL (IN MILLIONS)	2.7	1.1	0.05	2.2	1.9	.061	1.0	.61	.48

Average Training Hours by Rank (404-1)									
	2019			2020			2021		
	Rank and File	Middle Mngmt	Senior Mngmt	Rank and File	Middle Mngmt	Senior Mngmt	Rank and File	Middle Mngmt	Senior Mngmt
AC Motors	26.20	22.86	25.68	34.39	23.16	15.74	58.92	21.11	11.30
iPeople	22.14	84.86	60.39	59.27	107.09	86.14	17.72	617.33	17.22
AC Energy	69.04	26.78	18.75	24.37	17.56	20.55	46.12	32.56	23.92
AC Health	32.72	13.39	23.08	147.29	72.57	-	61.05	38.88	38.99
AC Infra	541.38	513.81	60.15	9.74	14.94	24.18	23.21	42.24	38.80
AFI	17.63	24.44	56.00	31.64	35.20	841.83	3.24	4.55	33.00
ALI	31.25	41.23	8.04	21.11	27.57	11.33	29.20	33.45	20.34
BPI	33.32	56.65	38.62	69.67	219.34	71.29	0.71	0.64	36.32
Globe	56.59	52.71	21.38	22.68	31.68	18.08	11.54	98.73	22.66
IMI	77.11	45.89	36.92	64.23	38.54	35.71	30.14	35.36	860.40
MWC	10.07	21.47	18.92	6.58	19.90	19.76	9.79	22.59	35.37
AffinityX	16.82	1.73	1.04	29.53	16.22	-	254.81	7.57	10.50
HCX	61.33	54.52	75.75	16.32	23.83	59.50	20.69	26.10	-
Ayala Corporation	34.78	23.37	3.23	13.71	19.54	0.97	22.83	19.04	2.39
AC Industrials	11.50	-	7.00	-	6.20	-	-	1.25	1.40
AC Ventures	3.13	8.75	1.96	1.91	12.96	12.53	-	-	1.43
TOTAL	62.12	59.29	28.74	52.06	97.86	35.38	26.95	39.55	75.42

AYALA GROUP MANAGEMENT COMMITTEE MEMBERS PROFILES

Jose Rene Gregory D. Almendras, 61 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 AC Infrastructure Holdings Corporation and Public Affairs Group Head

Academic/Professional Qualifications

- ▶ B.S. in Business Management degree from the Ateneo de Manila University in 1981
- ▶ Strategic Business Economics Program from University of Asia & the Pacific in 1999
- ▶ Former officer in Ayala Land, Inc.
- ▶ President and Chief Executive Officer of Manila Water Company, Inc. from September 2019 to June 2021
- ▶ 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 President and CEO 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)

- ▶ Director and member of the Executive Committee of Manila Water Company, Inc.
- ▶ Chairman and President of AC Logistics Holdings Corporation and MCX Project Company, Inc.
- ▶ Director of AF Payments Inc. Light Rail Manila Holdings, Inc. MCX Tollway Inc. and AC Energy Corporation (formerly AC Energy Philippines, Inc.)

Alberto M. De Larrazabal, 66 Senior Managing Director

- ▶ Member of the Ayala Corporation Management Committee and Ayala Group Management Committee since April 2021
- ▶ Chief Finance Officer, Chief Risk Officer and Chief Sustainability Officer, Finance Group Head

Academic/Professional Qualifications

- ▶ Bachelor of Science in Industrial Management Engineering from De La Salle University
- ▶ Vice President and CFO of Marsman Drysdale Corp., Vice President and Head of Consumer Sector of JP Morgan, Hong Kong, and Senior Vice President and CFO of San Miguel Corporation
- ▶ Over two decades of extensive experience as a senior executive in Finance, Business Development, Treasury Operations, Joint Ventures, Mergers and Acquisitions, Investment Banking and Investor Relations
- ▶ Chief Finance Officer and Chief Commercial Officer of Globe Telecom, Inc.

Other Present Directorship(s)/Position(s)

- ▶ Director of Integrated Micro-Electronics, Inc., AC Infrastructure Holdings Corporation, Ayala Healthcare Holdings, Inc., AC Energy International, Inc., AC Industrial Technology Holdings, Inc., Ayala Hotels, Inc., Affinity Express Holdings Limited, Ayala Aviation Corporation, Asiacom Philippines, Inc., Ayala Group Legal, HealthNow, Inc., Michigan Holdings, Inc., A.C.S.T Business Holdings, Inc., Pioneer Adhesives, Inc., BF Jade E-Services Philippines, Inc., Cartera Interchange Corporation, 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., Purefoods International Limited and AI North America, Inc.
- ▶ Chairman, President and CEO of AC Ventures Holdings Corp.
- ▶ Chairman of Darong Agricultural and Development Corporation and Vice Chairman of Lagdigan Land Corporation
- ▶ President and CEO of AYC Finance Limited, Livelt Investments Limited, Azalaea International Venture Partners Limited, AC International Finance Limited, PFIL North America, Inc., and Bestfull Holdings Limited, and President of Lontide Holdings, Inc. and of Philwater Holdings Company, Inc.

Bernard Vincent O. Dy, 58 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)

- ▶ Director of AyalaLand Logistics Holdings Corp., AREIT, Inc., and MCT Bhd of Malaysia
- ▶ Chairman of Alveo Land Corporation, Amaia Land Corporation, Avencosouth Corp., Aviana Development Corp., Ayagold Retailers, Inc., Ayala Property Management Corporation, Bellavita Land Corporation, BGNorth Properties, Inc., BGSouth Properties, Inc., BGWest Properties, Inc., Cagayan De Oro Gateway Corp., Makati Development Corporation, Portico Land Corporation, Station Square East Commercial Corporation, and Vesta Property Holdings, Inc.
- ▶ Vice Chairman of Alviera Country Club, Inc., Aurora Properties Incorporated, and Ayala Greenfield Development Corporation
- ▶ Director of AKL Properties, Inc., ALI Eton Property Development Corporation, Alveo-Federal Land Communities, Inc., Amicassa Process Solutions, Inc., AyalaLand Medical Facilities Leasing, Inc., AyalaLand Premier, Inc., Nuevocentro, Inc., Philippine Integrated Energy Solutions, Inc., Serendra, Inc., and Whiteknight Holdings, Inc.
- ▶ President and CEO of Berkshires Holdings, Inc., Bonifacio Land Corporation, Columbus Holdings, Inc., Emerging City Holdings, Inc., and Fort Bonifacio Development Corporation
- ▶ President of Accendo Commercial Corporation, Alabang Commercial Corporation, Bonifacio Art Foundation, Inc., Ceci Realty Inc., and Hero Foundation Inc.
- ▶ Trustee 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, 59 Senior Managing Director

- ▶ Member of the Ayala Group Management Committee since April 2015
- ▶ President and Chief Executive Officer of Bank of the Philippine Islands

Academic/Professional Qualifications

- ▶ B.S. 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
- ▶ Chief Finance Officer, Chief Risk Officer and Finance Group Head of Ayala Corporation from 2015 to 2021
- ▶ Chief Sustainability Officer of Ayala Corporation from 2016 to 2021
- ▶ 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)

- ▶ Chairman of FTL Holdings Corp., BPI Family Savings Bank Inc., BPI Capital Corporation, BPI Asset Management & Trust Corp, BPI Philamlife Assurance Corporation, and BPI/MS Insurance Corporation
- ▶ Vice Chairman of BPI Century Tokyo Lease & Finance Corp. and BPI Century Tokyo Rental Corp.
- ▶ Vice Chairman and President of BPI Foundation, Inc.
- ▶ Trustee of Ayala Group Club, Inc.
- ▶ Director of AC Energy International, Inc. (formerly Presage Corporation) and Globe Fintech Innovations Inc.
- ▶ Director and Treasurer of Just For Kids, Inc. and Olimpia Condo Corporation.

Arthur R. Tan, 62

Senior Managing Director

- ▶ Member of the Ayala Group Management Committee since 2002
- ▶ Group President and Chief Executive Officer of AC Industrial Technology Holdings, Inc., and Vice Chairman 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 Merlin Solar Technologies (Phils.), Inc., AC Motors and Skyeye Analytics, Inc.
- ▶ Chairman of the Board of PSi Technologies, Inc.
- ▶ President and Chief Executive Officer of Speedy-Tech Electronics Ltd.
- ▶ Director of Surface Technology International, Ltd. and American Motorcycles, Inc.
- ▶ Member of the Board of Advisors of Via Optronics and Chairman of the Advisory Board of MT-CCON Technologies
- ▶ Independent Board Member of SSI Group, Inc., Lyceum of the Philippines University, and East Asia Computer Center/FEU Institute of Technology

Ernest Lawrence L. Cu, 61

- ▶ Member of the Ayala Group Management Committee since January 2009
- ▶ President and Chief Executive Officer of Globe Telecom, Inc

Academic/Professional Qualifications

- ▶ B.S. Industrial Management Engineering from De La Salle University in 1982
- ▶ Master's Degree in Business Administration at the JI 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.
- ▶ Chairman of 917Ventures Inc., Adspark Holdings, Inc., Globe Capital Venture Holdings, Inc., Globe Fintech Innovations, Inc. and Techglobal Data Center, Inc.
- ▶ Director of AF Payments, Inc., Asiacom Philippines, Inc. Bayan Telecommunications, Inc., Bridge Mobile Alliance, CaelumPacific Corp., GTI Business Holdings Inc., Innove Communications Inc., Kickstart Ventures, Inc., Prople BPO Inc., Concetti Globali Inc, and EDC Ventures Corporation.
- ▶ Director of Nasdaq-listed LivePerson, Inc.

Alfredo I. Ayala, 60

Managing Director

- ▶ Member of the Ayala Group Management Committee since June 2006
- ▶ President and Chief Executive Officer of Livelt 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., Azalea International Venture Partners Limited, Malayan Education System Inc. (operating under the name Mapúa University), Malayan Colleges Laguna, Malayan Colleges Mindanao and Malayan High School of Science
- ▶ 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 (PBE)
- ▶ Director of Nationwide Development Corp and Hybrid Social Solutions
- ▶ Member of PBE's National Industry Academe Council and Brown University's Center for Human Rights and Humanitarian Studies' Global Advisory Board

Paolo Maximo F. Borrromeo, 44

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)

- ▶ Chairman of Healthway Philippines, Inc., Qualimed Hospital Group, I.E. Medica, Inc., and Medethix, Inc.
- ▶ Vice Chairman of the Generika Group of Companies
- ▶ Director of AC Ventures Holding Corp., AC Industrial Technology Holdings Inc., Ayala International Holdings Limited, AG Holdings and AC Logistics Holdings Corporation
- ▶ Director of Yoma Strategic Holdings, the Singapore-listed holding company of the Yoma Group of Myanmar

John Eric T. Francia, 50

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 of ACE Enexor, Inc.

Academic/Professional Qualifications

- ▶ B.A. 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)

- ▶ Chairman of Ayala Corporation Investment Committee
- ▶ Director of AC Infrastructure Holdings Corporation, Ayala Healthcare Holdings, Inc., AC Ventures Holding Corp, and other various Ayala group companies.

Solomon M. Hermosura, 59

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., Integrated Micro-Electronics, Inc., AC Energy Corporation (formerly AC Energy Philippines, Inc.), AREIT, Inc. and Ayala Foundation, Inc.
- ▶ Corporate Secretary and Director of various Ayala companies
- ▶ Member of the faculty of the College of Law of San Beda University

Ruel T. Maranan, 59

Managing Director

- President of Ayala Foundation, Inc.

Academic/Professional Qualifications

- A.B. 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)

- Vice Chairman of Ayala Multi-Purpose Cooperative
- Director of Asticom Technology, Inc., Asti Business Services, Inc., and People's Management of the Philippines Foundation
- Chairman of the Board of Fiber Infrastructure Networking Services, Inc.
- Member of the Board of Advisers of Natasha Goulbourn Foundation
- Member of the board of representatives of CIFAL Philippines

John Philip S. Orbeta, 60

Managing Director

- Member of the Ayala Corporation Management Committee since May 2005 and the Ayala Group Management Committee since April 2009

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)
- Ayala Corporation Chief Human Resources Officer and Group Head for Corporate Resources from 2005 until October 2021
- 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)

- Director and Chief Administrative Officer (CAO), Chief Human Resource Officer (CHRO), and Chief Risk Officer (CRO) of AC Energy Corporation
- Director of AC Energy Endeavor, Inc., AC Energy Shared Services, Inc., Ayala Group Legal, and AC Industrial Technology Holdings, Inc.
- Chairman of Ayala Multipurpose Cooperative
- Director of Ayala Automotive Holdings and HCX Technology Partners
- Trustee of Ayala Young Leaders Alumni Association, Inc., World Archery Philippines, La Salle University Ozamis, and National Mission Council of De La Salle Philippines, Inc.

Francisco Romero Milan, 39

- Chair of the Ayala Group HR Council and Strategic Adviser for Human Resources

Academic/Professional Qualifications

- Master in Human Resources Management (Licenciado en Ciencias del Trabajo) from the University of Almeria in 2006 (Received the National Extraordinary Prize and the University Best Student Prize)
- Former Vice President, member of the Management Committee and Chief Human Resources Officer of Integrated-Micro Electronics, Inc.
- Former Group Head of Human Resources and Sustainability of AC Industrial Technology Holdings, Inc.
- Held roles in A.P. Moller-Maersk, a global shipping and energy conglomerate located in Copenhagen, Denmark

Other Present Directorship(s)/Position(s)

- Member of the Board and Strategic Advisor of Penbrothers International, a Philippines-based talent management partner for startups and SMEs from all over the world
- Member of the Board of Trustees and Thought Partner of Teach for the Philippines

SENIOR LEADERSHIP

Senior Managing Director

Jose Rene Gregory D. Almendras
Bernard Vincent Dy
Alberto de Larrazabal
Arthur Tan
Jose Teodoro Limcaoco

Managing Director

Emmanuel Aligada
Alfredo Antonio Ayala
Paolo Maximo Borromeo
Ma. Cecilia Cruzabra
John Eric Francia
Solomon Hermosura
Ruel Maranan
John Philip Orbeta
Ginaflor Oris
Sheila Marie Tan

Executive Director

Josette Adrienne Abarca
Fatima Agbayani
Yla Patricia Alcantara
Catherine Ang
Robert Michael Baffrey
Estelito Biacora
Josephine de Asis
Emily de Lara
Rosallie Dimaano
Felipe Antonio Estrella III
Romualdo Katigbak
Noel Eli Kintanar
Gabino Ramon Mejia
Jenara Rosanna Ong
Alfonso Javier Reyes
Ma. Victoria Tan
Norma Torres

Associate Director

Maria Susana Bables
Janet Bautista
Gabriel Blaza
Pauline Clarisse Feria-Darre
Sherry Gosiengfiao
Celeste Jovenir
Vivian Santamaria
Gabriel Villaluz
Mariana Beatriz Zobel de Ayala

Consultants/Advisers

Gerardo Ablaza
Francisco Romero Milan
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Guillermo Luz
Emmanuel Bautista
Maria Purificacion Jalandoni
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AYALA GROUP NETWORK

AYALA CORPORATION

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Emerging Businesses

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Portfolio Investments

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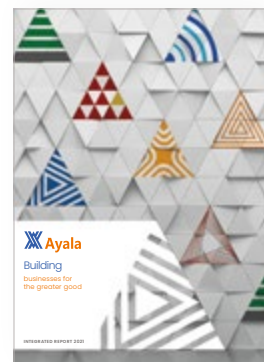
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BUILDING BUSINESSES FOR THE GREATER GOOD

Beyond responding to the crisis and navigating through the economic disruption, the Ayala group has overweighted its attention on existing assets and capabilities that have thrived during the pandemic and renewed its efforts on new and emerging opportunities that can drive transformative, sustainable, and long-term growth."

Jaime Augusto Zobel de Ayala
Chairman



AYALA



AYALA LAND



BPI



GLOBE



ACEN



IMI

CORPORATE INFORMATION

Stakeholder Inquiries

Ayala Corporation welcomes inquiries from analysts, the financial community, institutional and retail investors, customers, media and the general public. Please contact:



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Financial Statements

Ayala's 2021 Financial Statements are available for download on its website: www.ayala.com

Shareholder Services and Assistance

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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