INTEGRATED REPORT 2022

FPH
A Lopez Group Company
POWERED BY GOOD™

IT'S IMPOSSIBLE.

Climate change may be daunting.
But today, solutions are in sight.



These solar panels are part of a microgrid project off the coast of Camarines Sur which provides 24/7 power to an off-grid island community. Through its microgrid subsidiary FP Island, FPH is proving that its possible to improve living standards while helping to protect the environment.

IT'S TIME TO REGENERATE A DAMAGED WORLD.



About the Cover

The cover for First Philippine Holdings Corporation's (FPH) 2022 Integrated Report is a departure from the dark, alarming covers we've used in previous years. While the climate crisis remains an urgent matter and addressing it may seem like a daunting task, it is not impossible. With solutions in sight, there is still hope but we need to work quickly to secure a livable planet for future generations.

The cover shows one of these solutions—the solar panels that are part of the microgrid project of FP Island Energy Corporation, a subsidiary of FPH, in islands off the coast of Camarines Sur. The project provides 24/7 power to off-grid island communities in Haponan, Lahuy, and Quinalasag, improving the standard of living of about 16,000 residents.

As more sectors tap into available technologies and develop new ones to provide essential services without compromising the environment, we remain hopeful that it is still possible to pass on a brighter future to the next generations.

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About the Report

The year 2022 was a banner period for First Philippine Holdings Corporation (FPH), with all of its segments registering positive financial results while staying the course on the FPH mission of contributing to a decarbonized and regenerative future for the planet and people. With the sustained aggression of climate change, our constant investment in building the competence of our employees and partners to execute our mission is the foundation of our steady transformation to an antifragile organization that is stable and enduring.

SCOPE AND BOUNDARY

The FPH Integrated Report (IR) for January 1 to December 31, 2022, discusses the key elements of our value creation. In addition to business developments and financial performance, the non-financial aspects reported are our mission, business strategy, business model, external environment, operating context, and value creation through our six capitals (financial, manufactured, human, intellectual, natural, and social), progress in executing the FPH mission, our outlook, and governance.

The scope of the report includes the financial and non-financial (environmental, social, and governance or ESG) elements of our major business segments, namely, power generation, manufacturing that has evolved into energy solutions venture, real estate development, and construction, where we have major management and operational control. Some ESG material issues may extend to other stakeholders in line with our mission of contributing to the regeneration of the planet and the people.

REPORTING PHILOSOPHY

Our discussion in the 2022 report conforms with the framework for Integrated Reporting guided by the Value Reporting Foundation (VRF). We have adopted the Philippine Financial Reporting Standards (PFRS) for our financial statements. For the concerns on planet and society, we referenced our ESG data analysis on specific sustainability standards based on their material impacts following the double materiality principle:

- Financial materiality analysis used as reference the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD)

- Impact materiality analysis or the effects of our business on the planet and people adhered to the Global Reporting Initiative (GRI) and UN Guiding Principles on Business and Human Rights (UNGP). The resulting outcomes were further aligned with the UN Sustainable Development Goals (SDG).

An index of the relevant ESG parameters that we assessed, and the corresponding standards are presented on page 212.

MATERIALITY APPROACH

FPH reviews topics that are material to its internal and external stakeholders every three years, with 2022 being the year to review. For objectivity, we commissioned the University of Asia and the Pacific Center for Social Responsibility (UA&P-CSR) to conduct the third-party assessment of our material ESG issues. The review considered the double materiality principle embraced by the company and applied a novel approach called quadrilateral materiality assessment developed by the Center. This method is described in the ESG Material Issues section on page 46.

REPORTED IMPROVEMENTS

The following are the Company's key ESG developments and enhancements in the reporting process:

- update of our material issues derived from a more comprehensive third-party review of the issues (pages 46-49);
- third-party limited ESG data assurance (pages 194-203);
- new policy on mandatory ESG disclosure for suppliers of the power segment to promote responsible sourcing (pages 132 and 165)
- initiated a systematic embedding of ESG into our operations (page 78);
- all subsidiaries developed their plans for our ESG pillars aligned with the FPH mission (pages 79-83)
- linking the company's ESG contributions with national plans and our country's relevant international commitments (pages 142-145); and
- active networking with and mobilization of multi-sectoral stakeholders to amplify climate action (page 207).

HOW TO READ THE REPORT

The key message of the report is our growing understanding of the evolving climate battle we are up against and how this challenge compelled us in 2022 to prepare for this conflict through a more granular road map that will decarbonize and regenerate our businesses since solutions are in sight (see pages 79-83).

The first part of the report describes the group in terms of our purpose, mission, products, and services, as well as the developments in our various subsidiaries over the past year (pages 20-37). The second part presents our operating conditions consisting of our external environment and its implications to FPH, our material ESG issues, our risks and opportunities, and our stakeholder engagement (pages 38-69). The third part shows our progress on our mission, made possible by the upskilling of our subsidiaries on our mission's environmental, social, and governance pillars and how those skills were applied to advance our decarbonization and regeneration goals (pages 76-85). To substantiate the progress in our mission, the fourth part of the report breaks down how we delivered our strategy through the six capitals that created value for the business and others (pages 86-149). Lastly, we inventoried the evolving future trends and issues we need to confront and how we will continue to strengthen our arsenal of measures to address them (pages 152-157).

ASSURANCE AND CHECKS

The report went through three levels of review. The FPH Board provided internal assurance of the report, assisted by its Corporate Governance Committee. The full certification by the FPH Board is provided on the right.

To check the compliance of the report with the Guiding Principles and Content Elements of the <IR> Framework, we commissioned the University of Asia and the Pacific-Center for Social Responsibility (UA & P-CSR) as external and independent experts to evaluate the report (pages 186-193).

ERM Certification and Verification Services Limited (ERM CVS) was engaged to provide limited assurance of selected information. Please see ERM CVS' full assurance statement on pages 194-203.

The 2022 FPH Integrated Report is uploaded on the company website: *www.fphc.com*.

CERTIFICATION FROM THE BOARD

I hereby certify that the 2022 FPH Integrated Report is a fair presentation of the company's operations from January 1 to December 31, 2022. The company updated its material ESG issues at the end of 2022, and the disclosures on these material issues in the report were based on accurate information available to the company for the reporting period. This certification is being issued based on the February 4, 2021 authorization of the FPH Board for the annual issuance of an Integrated Report to communicate to the company's stakeholders its financial and non-financial (environmental, social, and governance) performance and its designation of the Corporate Governance Committee to review and finalize the report.

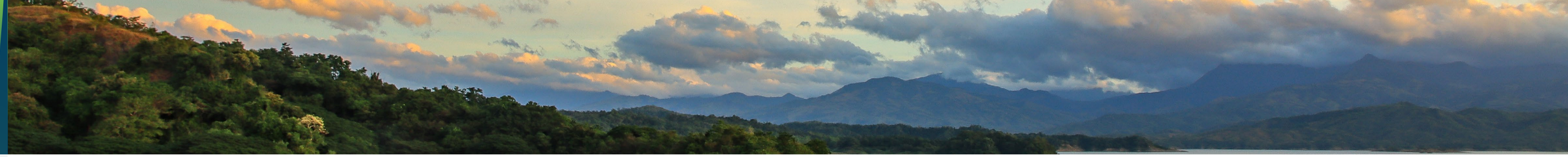
The Management supported the Board through the inter-departmental Technical Working Groups (TWG) from all participating FPH subsidiaries. The President and COO provided oversight in collaboration with responsible officers from the Corporate Sustainability, Environmental Safety and Health, Enterprise Risk Management, Finance, Operations, and Integrated Corporate Communications groups. Based on the foregoing, the final review of the report was conducted by the Corporate Governance Committee, and the report was presented to the Board. It was authorized by the body to be released on March 30, 2023.



Federico R. Lopez
Chairman & CEO

REPORT DISCLAIMER

Certain portions of the Integrated Report contain forward-looking statements regarding our growth prospects and outlook. These are based on the company's analysis of trends, projections, plans, and other information available as of the writing of the report. The scenarios presented are not intended to predict likely future events and outcomes. While we believe that the declared expectations are reasonable, investors and other stakeholders are cautioned that the actual outcomes may differ materially from those expressed or implied. Due to risks and uncertainties that may be beyond the company's control, future situations are difficult to predict. Two major disruptions, the sustained climate crisis and the Russia-Ukraine war that is evolving into a global economic recession, continue to pose uncertainties to our forecast of the Company's outlook.



2022 Highlights

OPERATIONAL HIGHLIGHTS

Financial Capital
- **PHP170.3 billion** consolidated revenue
- **PHP23.9 billion** consolidated net income
- **PHP12.7 billion** net income attributable to equity holders of the Parent

Manufactured Capital
- **22,489.9GWh** electricity sold
- **70** business units
- **2,013,426KVA** transformer manufactured
- **112,887.6 sqm** residential and commercial real estate completed
- **132,000.0 sqm** real estate sold and reserved
- **365,254.0** commercial, residential, and industrial real estate projects leased
- Drilling projects for **2 major clients**

Natural Capital
- **127,608.0 hectares** natural forests protected
- **6.7 million tCO2e** emitted
- **1.7 million tCO2e** sequestered by watersheds protected
- **11.6 million tCO2e** emissions avoided by using natural gas and RE in power generation
- **20.1 thousand tCO2e** emissions avoided by using electricity from RE sources
- **1.7 million** tonnes waste disposed
- **2,579.0 hectares** across 54 sites of marine habitats protected

Human Capital
- **7,448** permanent and temporary employees
- **14.18** average training hours per employee
- **2** new policies for employee development
- **23%** female employees
- Signatory to the UN Women Empowerment Principles (WEPs)
- Human rights protocols to respect and protect employees
- **12,009** COVID-19 vaccines administered to employees, their family, and contractors
- Maintained a safety incidence rate (employees) within industry benchmarks:
  - Power Generation: 0.20 vs 1.20
  - Real Estate: 0.00 vs 2.10
  - Construction: 0.00 vs 2.40
  - Energy Solutions: 1.62 vs. 4.40

Intellectual Capital
- Deepening sessions to strengthen FPH's capability to execute the mission
- Sustained IT efforts in pursuit of digitalization
- Subsidiaries maintained ISO certifications 9001:2015, 14001:2015, 45001:2018, 55001:2014
- Integration of mission in key business functions (business development, operations, product/service offerings)

Social and Relationship Capital
- Maintained favorable Customer Satisfaction (CSAT) results, averaging at **93.9%**
- Strengthened our guardrails by completing our Human Rights Due Diligence process
- **67,020** doses of COVID-19 vaccine donated to host communities, partner LGUs, and other beneficiaries
- **27** climate and sustainability advocacy campaigns attended by 11,666 participants
- **50** projects, activities, and programs on environment, community empowerment, education, and health
- **PHP199.2 million** environment and community investments

Awards and Recognitions
- **18** for employee health and safety
- **10** for integrated reporting and environmental initiatives
- **5** for business excellence
- **4** for corporate governance
- **4** for stakeholder engagement and CSR
- **1** for education

FINANCIAL HIGHLIGHTS

	2022	2021
OPERATING RESULTS (IN MILLIONS, PHP)		
Recurring net income attributable to equity holders of the Parent	**12,784**	10,055
Revenues	**170,338**	125,159
Consolidated net income	**23,874**	19,901
Net Income attributable to equity holders of the parent	**12,676**	10,021
FINANCIAL POSITION (IN MILLIONS, PHP)		
Total assets	**421,459**	394,153
Total liabilities	**203,989**	19,344
Total equity attributable to equity holders of the parent	**132,756**	116,561
Total equity attributable to equity holders of the parent – adjusted*	**141,477**	130,494
Total equity	**217,470**	200,209
Total equity – adjusted**	**226,191**	214,142
FINANCIAL RATIOS		
Return on equity	**9.32%**	7.83%
Dividend payout ratio	**8.67%**	10.22%
Current ratio	**1.95**	1.85
Debt to equity ratio	**0.60**	0.64
STOCKHOLDERS' EQUITY		
PER SHARE DATA (IN PHP)		
Earnings, Basic/ Diluted	**26.198**	19.922
Book value	**299.35**	267.78
Price earnings ratio	**2.31**	3.52
Market price	**60.55**	70.05
COMMON SHARES		
Issued, subscribed and outstanding	**472,618,944**	487,318,944
Weighted average outstanding shares	**483,860,611**	500,529,521
Number of stockholders	**11,929**	11,964

* Excluding minority interests and cumulative translation adjustments
** Excluding cumulative translation adjustments

The FPH Group's Audited Financial Statements and the final numbers submitted through SEC 17-A can be viewed on our website (*www.fphc.com*).

Chairman's Message

> The journey to Net Zero will involve three phases that need to be executed within a limited timeframe.



Today it's undeniable that the climate emergency being faced by humanity is real and in urgent need of action. In the last few years, we've employed various platforms, venues, and forums, including our integrated report covers, to highlight the existential threat posed by the climate crisis. Now it feels so much more encouraging as we see a myriad of sectors of society weaving threads from their respective fields into a tapestry of solutions that aims to bring carbon emissions down to zero by 2050. While the challenge is still daunting, we know that, with the right focus, countless solutions will come to light.

The journey to Net Zero will involve three phases that need to be executed within a limited timeframe. More importantly, we must keep in mind that the overriding goal is to "solve the climate emergency", by mitigating and reversing emissions as well as adapting to its impacts that are already here and intensifying. Because if we don't get it right, the exponential deterioration of global climate systems and the environment will make it impossible to solve other problems like poverty, inequality, disease, food production, freshwater scarcity, mass migration, social displacement, mass extinction of species, and biodiversity loss, among others. All of this we will feel during our lifetimes and they're undeniably accelerating as we can see in news reports every single day now.

> For now at the FPH Group, our efforts remain focused largely on helping to reduce the carbon intensity of the electricity grid and then ultimately to decarbonize it. We're making it our mission to shepherd the energy transition to Net Zero.

Recall that Paris COP 21 applauded the agreements that signaled we could limit global warming to 2.0 degrees Celsius if all commitments were met. Since then, the UN IPCC issued a Special Report on Global Warming, followed by its Sixth Assessment Reports from Working Groups I, II and III, all with dire warnings and consequences for a 2-degree Celsius warmer world. Taken together, they underscored the scientific consensus that our targets must not exceed 1.5 degrees by end century. This target is slipping away from us fast but the 1.5 degrees Celsius must still remain our base case.

Consequently, "solving the climate emergency" means deliberately embarking on a journey through these phases.

In **PHASE ONE**, we **REDUCE** Greenhouse Gas (GHG) emissions of carbon dioxide, methane, nitrous oxides and fluorinated gases from the current 59 gigatons (Gt) of GHG's per year, and we see emissions peak by 2025. This is where most efforts are centered today. But we cannot stop there.

Next, in PHASE TWO, we aim further to ELIMINATE all emissions of GHG's. We must get to Net Zero emissions by 2050.

However in PHASE THREE by 2050, we must begin the arduous task of reducing the concentration of greenhouse gases in the atmosphere. We must get to what is called NET NEGATIVE EMISSIONS. This is best described in the words of NASA climate scientist James Hansen: "If humanity wishes to preserve a planet similar to that on which civilization developed and to which life on Earth is adapted...CO2 will need to be reduced...to at most 350ppm."

For reference, pre-industrialization carbon dioxide levels were at 280ppm and we sailed past 350ppm in 1986. We continued to blow through 400ppm in 2013, the same year Super Typhoon Yolanda, the most powerful typhoon on earth to ever make landfall, announced to the world, through the suffering of millions of Filipinos, that climate change is here and that we better get our acts together now. While the COVID-19 pandemic has given the world a short respite, today emissions are on the rise again and Paris COP 21 targets still aren't being met.

We now need to realize Phases One, Two and Three within the rapidly diminishing timeframe of the next 27 years. Failing to do this over the limited period will trigger irreversible tipping points, the effects of which we are already seeing in news reports from all over the world every day. The clock ticks as we speak. Winning this war and solving climate change will mean staying laser-focused on strategies, tactics and accelerating technologies that are likely to scale within this very critical timeframe of the next 27 years.

Progress through Phases One to Three in the battle to "solve the climate emergency" has many facets beyond just energy. It spans agricultural practices, food production, waste management practices, industrial

processes, deforestation, f-gases used in refrigeration and many others. The key elements of the energy transition involves the following: reducing the carbon intensity of electricity, scaling up energy efficiency efforts, electrifying as much of transport and the industrial sectors, using carbon-neutral fuels for other hard-to-reach sectors, and deploying nature-based and man-made carbon capture, use and storage. All these will have immense implications for the central role of the electricity grid. The most important point is that by 2050, we will need 5 times the electricity we use today; and we will need 10-12 times the clean energy in use today.

For now at the FPH Group, our efforts remain focused largely on helping to reduce the carbon intensity of the electricity grid and then ultimately to decarbonize it. We're making it our mission to shepherd the energy transition to Net Zero.

From a global perspective, we need to clean up the electricity grid's generation sources with the intent of progressively lowering carbon intensity per kwh. This is done through a combination of renewable energy sources, storage (e.g., batteries or pump hydro), and other complementing low-carbon energy sources. This alone is a complex balancing act. For our country, adding more 24/7 renewable energy sources like hydro and geothermal power to the grid should be encouraged as no-regret options. However, what needs to be done thoughtfully is the addition of more renewable energy sources like solar and wind. Their variable and intermittent nature though necessitates that we match them with more grid capacity and storage to account for the fact that they're not there when night falls or on cloudy or windless days. However, batteries are only capable of running 3-4 hours and thus fall short of fully providing power for the 10-12 hours before the sun rises or the stretches of cloudy or windless days or even weeks. As such, there is need for a low carbon emission fuel like natural gas to act as the bridge fuel that's technically more suited for complementing the variable nature of renewable energy.

We view FPH's diverse portfolio of clean and renewable energy sources as a key enabler to a greener electricity grid. Our target is to grow our low carbon energy portfolio to 13,000 MW by 2030, of which 9,000 MW will be renewables. The construction of our LNG terminal has reached practical completion, and soon after we expect the commissioning of our floating storage and regasification unit vessel. Of course, over time, we must look toward repowering our natural gas facilities with green fuels like hydrogen as these become more feasible, or they can be decommissioned outright before 2050.

As we clean up our energy grid, we must also move towards scaling up energy efficiency as the "first fuel" and encourage its use everywhere. Today these efforts are still sparse and fragmented but they have great potential. They are the lowest hanging fruit to reduce carbon emissions and are no-brainers because they also bring real cost savings and enhance the bottom lines of our customers.

Yet, as we navigate this energy transition, we must bear in mind the need to keep the lights on and keep power prices affordable for all. At the same time, we must continue to improve access to 24/7 electricity for millions of households in the country who currently do not have it reliably in their lives if we are to even begin uplifting them from poverty.

Decarbonizing and scaling up a green electricity grid over the next three decades is probably the greatest energy transition in the history of mankind. It's not just changing the electricity system but building a new global energy system with components we have never built before and at a massive scale. This will need nothing short of collaborative action among various players that today consider themselves competitors. And these also need well-coordinated and timely action on the part of regulators who must ensure energy security and be well-versed on the elements that make for a successful and just energy transition.

In addition to creating a future-ready energy system, our being 4th on the world's climate vulnerability list necessitates that we prepare Philippine cities, communities, and infrastructure for resilience in a climate-changed world. The impacts of the climate crisis as well as climate action that will be demanded of everyone are among the forces in history that will transpire "gradually and then suddenly". If we're not prepared and conveniently ignore it, we'll be overwhelmed and not recognize the world around us in the coming thirty years. The science tells us we no longer have a choice. We need to act in a systematic and collaborative way if we want to succeed and make serious headway in tackling other issues like hunger, poverty, and the other pressing Sustainable Development Goals of our time. Trying to solve those will be futile if we don't build for the resilience we need and if we don't ultimately "solve the climate emergency".

The forces unleashed by the climate emergency are already creating a future that, by necessity, must look very different from the past. The times call for new paradigms and even social constructs. We will need to measure progress using new metrics and reshape our way of life to thrive in a changed and rapidly changing world. It's all about reimagining our relationship to the planet and to one another. If humans have such immense power to degenerate the Earth, if we so choose, humanity can also wield the same power to change course and regenerate it not just for the sake of currently living humans but for the millions of other species that co-inhabit our world, today and tomorrow.

The journey to Net Zero is not purely driven by the bottom line. To our stakeholders, thank you for your support in helping us transform our Company to one that's truly responsive to the needs not only of our country, but of the world.



FEDERICO R. LOPEZ
Chairman & Chief Executive Officer



President's Message

> We are taking action to make this mission a reality throughout our various businesses, which are set to lead the industry as major contributors to green energy.



Dear shareholders,

We are living in such uncertain times. Natural disasters more than ever provide evidence of the existential threat from climate change and the need for urgent action. The UN Environment Programme's 2022 Emissions Gap Report states that "wide-ranging, large-scale, rapid, and systemic transformation is now essential to achieve the temperature goal of the Paris Agreement." The consensus and feasibility to limit global warming to the 1.5 degree target is increasingly challenged.

We are fortunate to finally see the worst of COVID-19 pandemic behind us. We are, however, moving ahead with a backdrop of pessimism and uncertainty driven by deteriorating geopolitical pressures that is worsening a global economic slowdown. Economic managers are challenged to address high inflationary conditions and have responded by raising interest rates. The days to access cheap financing are gone for the foreseeable future. The Russian invasion of Ukraine and the worsening US-China relations are driving geopolitical concerns and are leading to a more divided fragmented world. At home, we are not spared by the higher prices of electricity, imported fuel and basic commodities made worse by the reduced value of the Philippine Peso. It is not a pretty picture to say the least.

> Aligning the business models and profit engines of FPH's underlying investments with a common mission and purpose is an effective way to align, engage and inspire our talent within our organization to move ahead with optimism despite uncertainties.

If we pause to figure out how to best move forward, we like to think that more than ever, FPH's mission **to forge collaborative pathways for a decarbonized and regenerative future** is even more relevant. Aligning the business models and profit engines of FPH's underlying investments with a common mission and purpose is an effective way to align, engage and inspire our talent within our organization to move ahead with optimism despite uncertainties.

REACHING SAFE HARBOR

While we know where we want to go, the challenge is how we will advance. We will continue to experience dramatic fluctuations in temperatures and deal with emerging ecological anomalies until we reach that safe harbor. Arriving at the point of safety will require a collaborative and organized effort where behavioral and systemic changes are not only planned but also implemented.

In the Philippines, the government is responding by pursuing a policy thrust, which we welcome and support, to develop more renewable energy (RE) and eventually transition our country away from fossil fuels. The government emphasized this trajectory in 2022 when it released the Renewable Energy Market Rules—the manual of guidelines that establishes the basic rules, requirements, and procedures governing the operations of the Renewable Energy Market (REM).

The government also continues to implement the Green Energy Option Program (GEOP), which encourages commercial and industrial consumers to select RE as their energy source. To provide consumers with more RE options, the government is likewise exploring new energy sources such as nuclear, hydrogen, and offshore wind.

These, together with other initiatives of the current administration, will help grow and diversify the country's clean energy sources, giving consumers a wider array of choices to meet their needs.

But given the intermittence of RE, investments in natural gas as a transition fuel are being made to hasten the move away from coal.

These balanced decarbonization plans of the national government align well with our mission. We are taking action to make this mission a reality throughout our various businesses, which are set to lead the industry as major contributors to green energy.

IN STEP WITH DECARBONIZATION

In 2022, FPH and its subsidiaries forged on and made progress on their respective operations as the economy began to bounce back from the COVID-19 pandemic.

First Gen Corporation (First Gen), our power subsidiary, continues to build on the infrastructure that will allow our country to import enough liquefied natural gas (LNG) and assure the continued operations of the Philippines' natural gas plants in the midst of the impending depletion of gas supply from the Malampaya field. The LNG infrastructure, which First Gen is constructing with partner Tokyo Gas, therefore, will play a vital role in preventing power shortages over the next few years that would cripple our economy.

In July 2023, First Gen will commence operations of its floating storage regasification unit (FSRU), BW Batangas,.

The FSRU is an integral part of our LNG project and will provide LNG storage and regasification services. Concurrent to pursuing its natural gas projects, First Gen continues its program to expand its RE capacities, particularly geothermal and hydro. In 2023, it will start the construction of the 100- to 120-megawatt (MW) Aya Pumped Storage Hydropower Project in Nueva Ecija, while continuing the pre-development activities for its run-of-river projects in Mindanao.

Meanwhile, its geothermal power unit, Energy Development Corporation (EDC) inaugurated the 3.6-MW Mindanao-3 Geothermal Binary Power Plant in Kidapawan City in April 2022. EDC's other geothermal plants—the 28.9-MW Palayan Bayan Binary Project, the 20-MW Tanawon Geothermal Power Plant, and the 28-MW Mahanagdong Geothermal Brine Optimization Plant—are progressing as scheduled. These projects will expand the country's supply of clean, reliable, and stable power.

First Gen is committed to expanding its clean energy portfolio to lead the country's clean energy transition by delivering up to 13 gigawatts (GW) of new clean and renewable power by 2030. Through this endeavor, we will significantly contribute to the country's decarbonization.

While large-scale infrastructure will facilitate the importation and use of natural gas for transitioning to a clean energy future, utilities will be equally important in influencing the wider use of green energy.

First Philec Inc. (First Philec) has recently delivered more efficient and sustainable transformers to the market. As our primary manufacturing and energy solutions business, First Philec is developing super green transformers made of fully recyclable and biodegradable materials and powered by naturally sourced oil for commercial distribution. We aim to inspire our customers and other players in the field to pursue this direction in green energy.

First Philec aims to fast-track its co-creation initiatives as it diversifies its product portfolio while expanding its market presence. First Philec plans to achieve these objectives by:

- expanding its product portfolio and technical solutions, which will help address the emerging developments influenced by recent industry trends;
- seizing opportunities in the US market by providing solutions to impacts arising from global supply chain challenges;
- continuously co-developing business solutions with its customers to further address their pain points and cater to growing market demands; and
- mitigating the impact of supply chain interruption and inflation on the business.

FP Island Energy Corp. (FP Island), a wholly owned FPH subsidiary, is likewise helping the government accelerate its electrification program. Through the DOE's Qualified Third Party (QTP) program, FP Island has ventured into microgrid solutions that now provide electricity to underserved rural communities in three islands of Camarines Sur—Quinalasag, Lahuy, and Haponan. From a combination of renewable energy resources such as solar and battery storage, as well as from conventional energy sources, FP Island generates and distributes uninterrupted or 24/7 electricity service to an estimated 16,000 residents in the three islands. FP Island hopes to scale up this QTP initiative by testing it in more underserved areas of the Philippines.

FPH's non-energy businesses are closely linked with the mission of regeneration, where enhancing the quality of life requires services that tap into various aspects of national development.

Rockwell Land has firmly established its brand as a leading premium lifestyle community developer in the Philippines. It continues to deliver on its vision to create admired communities beyond the ordinary.

Residential and commercial spaces will be vital in nurturing daily life for individuals and families alike. By leveraging its brand name, Rockwell Land has accelerated its expansion in key geographical areas outside the metro, aiming to address congestion in the National Capital Region while at the same time creating spaces that are more inclusive, walkable, and environment-friendly.

In 2022, Rockwell launched a record PHP29.1 billion of highly marketable projects, including residential developments Edades West in the Rockwell Center Makati, the Bencab in the Rockwell Center Nepo in Pampanga, the Bel-Air in the Rockwell Center Bacolod, and Terreno South in Batangas.

Our industrial real estate arm, First Philippine Industrial Park (FPIP), will continue to attract world-class locators and advance the economy through local job creation while remaining true to its goals of elevating industry, community, and the environment. FPIP has built a thriving industrial park that is home to over 150 multinational locators and a workforce of almost 80,000 Filipinos.

To continue FPIP's robust ecosystem and support its transformation into a resilient job-centered community, FPIP's business model has expanded. From being a park developer, it has now become both a developer and a solutions provider that offers a comprehensive and innovative one-stop-shop menu of products and services, catering not only to the locators but also to their employees. FPIP now builds dormitories, events and training sites, and areas for commercial and retail establishments, while it continues to operate its more traditional lines of business in land and ready-built factory leasing, park management, and provision of water and wastewater servicing.

Construction will also have its role to play through First Balfour Inc. (First Balfour). FPH supports infrastructure that not only aims to meet the energy needs of the country but also establishes public works that allow for efficient movement and flow of utilities.



First Balfour is well-positioned for growth given its stellar performance in delivering quality solutions to its clientele and its proven expertise in bridge construction and tunnel boring. It showcased this expertise through its initial ventures in constructing the 8.5-kilometer (km) Cebu-Cordova Link Expressway (CCLEX), now the longest bridge in the country; and the 7.3-km Novaliches-Balara Aqueduct 4 project using the tunnel-boring machine (TBM) Dalisay. The aqueduct project marked the first use of a TBM to complete a tunnel in a busy metropolis in the country, thereby avoiding traffic disruption.

First Balfour, along with Hong Kong-based partner Leighton Asia, is likewise participating in the North-South Commuter Railway (NSCR) Project, which will formally break ground in the first half of 2023. The NSCR segment contracted to First Balfour involves civil engineering, tunnel construction, and building works for a railway spanning a little over six kilometers.

First Balfour has also developed competencies that will enable it to participate in developing climate-resilient infrastructures and open renewed opportunities in key markets, such as power and energy and water infrastructure.

We at FPH likewise see the growing potential of our healthcare and education businesses. The productivity and success of any project ultimately depend on the workforce that puts it into motion. By ensuring that people are equipped with the proper skills through talent development and by staying healthy through quality healthcare, we cultivate a workforce that is capable of meeting the demands of a growing economy.

With this being said, FPH certainly hit its stride in 2022. We have made significant progress in our plans, which allow us to sustain our business and continue our mission.

In December 2022, FPH signed a definitive agreement to purchase the local subsidiary of Medical Services of America (MSA), a provider of a comprehensive range of cardio-pulmonary services and equipment for hospitals and home-care patients.

MSA is the newest addition to FPH's fledgling healthcare group. This group now consists of the Asian Eye Institute (AEI), a world-class eye and research center and provider of a comprehensive range of eye care services; Pi Health Inc., a contract research organization focused on providing clinical research services; and Pi Health Manufacturing and Distribution Services Inc., a distributor of optical products. With MSA's addition, FPH now has a platform to deliver new products and services aimed at improving the country's healthcare system and, ultimately, the health and wellness of Filipinos.

The FPH Board has assessed the need for a services sector to catalyze the accomplishment of our mission. This growing business segment will be part of our regular Integrated Report starting next year.

FINANCIAL PERFORMANCE

FPH closed the year 2022 with a record-high consolidated attributable Recurring Net Income (RNI) of PHP12.8 billion, up by 27% or PHP2.7 billion from PHP10.1 billion in 2021. The increase was driven by improved earnings across the conglomerate's core business groups, with power generation, energy solutions, and real estate showing significant growth.

- The power generation group, under First Gen, posted an RNI improvement of PHP1.9 billion or 15%, from PHP12.4 billion in 2021 to PHP14.3 billion in 2022. This was mainly driven by the higher earnings of EDC, which benefited from the favorable average Wholesale Electricity Spot Market (WESM) prices during the last quarter of the year and the improved generation of its Negros and Bacman geothermal plants due to higher steam availability and lower outages, together with the steady earnings contribution of First Gen's natural gas and hydro plants.
- Our energy solutions segment also reported record-high earnings in 2022 with First Philec posting a net income of PHP1.0 billion, a PHP543 million or 110% jump from the previous year's PHP496 million. This significant increase was mainly driven by the growth in sales of its core business of amorphous distribution transformers, as well as new businesses for distribution line components, surge arresters, and protection panels to its main customer, Meralco. Also contributing to the increase were the higher revenues from the private distribution utilities segment, particularly from the Aboitiz group, and some electric cooperatives due to higher consumption of units under consignment contracts.
- The real estate group contributed higher earnings by PHP638 million or a 42% increase, from PHP1.5 billion in 2021 to PHP2.1 billion in 2022. This reflected the stronger financial performance of Rockwell Land's commercial and residential development segments together with FPIP group's industrial leasing and water utility businesses.
  - Net income attributable to Rockwell Land increased by PHP661 million or 40%, from PHP1.6 billion in 2021 to PHP2.3 billion in 2022, mainly reflecting the improvement in operating results of its commercial leasing segment brought about by higher average occupancy and lease rates, supplemented by the higher sales booking and percentage of completion recognized by the residential development segment from projects such as the Balmori Suites, Arton and Mactan.
  - The FPIP group's net income grew by PHP95 million or 76%, from PHP125 million in 2021 to PHP220 million in 2022. The notable growth mostly reflects higher industrial leasing income following the commencement of its new contracts with major locators such as TE Connectivity and the increase in water revenues driven by higher volume and tariff increases implemented starting 2021.
- The construction segment likewise posted an increase of PHP73 million or 16% in earnings, from PHP454 million in 2021 to PHP527 million in 2022, largely driven by the improved revenues and margins from ongoing construction projects.
  - First Balfour registered a PHP69 million or 20% increase in reported net income following higher construction revenues and margins from major contracts, including the Cebu-Cordova Link Expressway, Batangas Combined Cycle Power Plant, EDC Palayan Binary Plant, and Eastbay projects.
  - Meanwhile, Thermaprime posted a slightly lower net income by PHP4 million or 3%, mainly attributable to the standby status of its company-owned rig and the transition from manpower to rig preservation contract of the usable equipment projects with EDC in 2022.





ALL HANDS ON DECK

The aforementioned are all achievements by the company, but FPH's mission—**To forge collaborative pathways for a decarbonized and regenerative future**—requires all hands on deck. While FPH forges on with its mission, we hope to catalyze and enable action not only from our direct stakeholders but also from other groups that each hold its own responsibility toward addressing the climate crisis.

In the following areas, we recognize the power that collaboration brings to our projects and operations:

Joint venture partnerships allow FPH to pick up on global best practices in the energy industry and policymaking. As the pace of each country in accomplishing NDCs and in meeting climate-related targets varies, our partnerships will become the source of our best practices to speed up movement along the Philippines' own decarbonization pathway.

In implementing possible solutions to climate issues, the global financial facilities will fund projects crucial to the decarbonization plan. Our related industries each carry with them their own significant demands, which will require large-scale action and infrastructure to meet.

Suppliers who collaborate closely with FPH build on the capacity to meet customer demands and carry out orders efficiently. A responsible business will always draw back to the quality of our suppliers and procurement, which is why we align our values with them.

> To forge collaborative pathways for a decarbonized and regenerative future—requires all hands on deck. While FPH forges on with its mission, we hope to catalyze and enable action not only from our direct stakeholders but also from other groups that each hold its own responsibility toward addressing the climate crisis.

While the government supports renewable energy through its national plan, government partnerships, specifically with the DOE and the Department of Environment and Natural Resources (DENR), also allow FPH to gain more insights into the effects of climate change in Philippine communities and expand our environmental stewardship and conservation efforts. The DENR, for instance, has finalized its Environmental and Natural Resources Framework, with support from stakeholders that included FPH. The framework has taken on a regenerative approach to improving the local economy while, at the same time, protecting ecosystems and taking care of the well-being of communities.

Behind the implementation of our services are our people. Our workforce is the hand that puts the mission of decarbonization and regeneration into motion in each subsidiary. Attracting and developing talents enhance the outputs of our businesses. On a broader scale, building a more capable workforce in the country also attracts investments that invigorate the economy.

Lastly, competitors must also be inspired to move toward adopting green energy. The industry has a number of players, each with its own environmental and social impacts. FPH aims to influence the direction and practices of both the energy and non-energy sectors to adopt measures that directly contribute to decarbonization.

The groups that have worked with us at FPH over the past decades remind me that we cannot do this alone. In addressing the climate crisis, collaboration is fundamental in order to close the gap between aspirational targets and the world's current standing. With each year that passes, FPH must move with urgency and enhanced capacity alongside other stakeholders.

FPH is set to lead this move, borne by optimism that its actions up to this point have been steadily improving as opportunities open up. The solutions are in sight, and we are working toward them.

> In addressing the climate crisis, collaboration is fundamental in order to close the gap between aspirational targets and the world's current standing. With each year that passes, FPH must move with urgency and enhanced capacity alongside other stakeholders.

As we forge forward, we would like to thank you, our stakeholders, for the support you have shown FPH. While working together, may our actions take us even further toward our shared goal, enabling us all to reach a regenerative future.



FRANCIS GILES B. PUNO
President and Chief Operating Officer

OUR BUSINESS



Who We Are

First Philippine Holdings Corporation (FPH) is a diverse Filipino conglomerate driven to improve people's lives and futures. We aim to build a decarbonized and regenerative world through investments in key industries of power generation, energy solutions, real estate, and construction. At FPH, we define responsible investment as the interplay of low-carbon operations, protecting nature's integrity, social inclusion, and robust economic growth.

Achieving our purpose will not come at the cost of our revenues, as we believe the two are interconnected. Strong financial performance enables us to invest in both the environment and our people. At the same time, good ESG performance supports our financial success through the backing of customers, communities, and partners, as well as the continued support of our investors.

Through our business segments, we provide a diverse range of products and services catering to different sectors of the economy. Our energy segment, consisting of power generation and energy solutions, produces power for baseload, mid-merit, and peaking needs of the country's energy grid and the ancillary services and retail market. The energy solutions sub-segment produces transformers for electricity distributors and electric cooperatives and collaborates with their customers to develop more efficient smart grid solutions. Our real estate segment develops infrastructure for residential, commercial, retail, and industrial clientele. Lastly, our construction and energy services segment takes on complex infrastructure projects, including utilities, public infrastructure, and private infrastructure.

With our planet facing climate change threats, a concerted effort is necessary. FPH's businesses all work to ensure a decarbonized and regenerative future for all. Our clean and renewable energy portfolio brings us closer to a future independent of coal. In all our businesses, our goal—beyond financial gains—is to uplift the lives of the communities where our businesses operate, without compromising the environment.

The Lopez Credo and Values

We, as employees of the Lopez group of companies, believe that our primary reason for being is to serve God and the Filipino people.

Thus, we shall always conduct ourselves in a manner that is mindful of the long-term mutual benefit of the Lopez Group, and the various publics we serve.

We will be responsible stewards of all our resources, and conscious of our obligation to present and future generations. Since 1928, and in the years and generations to follow, our commitment to the distinctive Lopez values will not change as we remain committed to serve our stakeholders.

In our service to the Filipino people, we will be guided by the following distinct Lopez Values:

A Pioneering Entrepreneurial Spirit	**Business Excellence**
Nationalism	**Unity**
Social Justice	**Integrity**
Concern for Employee Welfare and Wellness	

Our Mission

To forge collaborative pathways for a decarbonized and regenerative future

Our Chosen Path

In pursuing this path, we will unlock the potential of diverse talents to create a mission-driven organization that makes work fulfilling, fun, and that gives people a deep sense of belonging.

Our businesses will become multiple pathways toward a decarbonized and regenerative future.

In energy, we shall lead the transition to a decarbonized energy future.

In property, we shall nurture inclusive, well-tempered, and creative spaces that elevate surrounding communities and the environment.

In construction, we shall build infrastructure that creates resilience and enhances the quality of life in a complex, climate-changed world.

Our mission and purpose will guide everything we do.



What We Do

POWER GENERATION

First Gen Corporation (First Gen) has the largest portfolio of power plants that use clean and renewable fuels such as steam, water, wind, solar, and natural gas. First Gen owns and operates 31 power plants located across Luzon, Visayas, and Mindanao with **3,501.4 megawatts (MW)** of installed capacity, making it one of the largest Independent Power Producers (IPP) in the country. The company's 65-percent-controlled **Energy Development Corporation (EDC)** is the largest vertically integrated geothermal company in the world.

ENERGY SOLUTIONS

First Philec, Inc. (FPI) is a pioneer and leader in electrical transformer solutions in the Philippines. For over 50 years, it has been the preferred provider of power utilities and commercial and industrial businesses in the country. First Philec continues to drive economic growth and national development by supporting key industries and public infrastructure. FPI is the largest amorphous transformer manufacturer in Southeast Asia. It is also the leader in electrical solution providers to the Philippines' private utilities. FPI is fast expanding locally with the building of the B4 plant and has started to expand outside the country.

RESIDENTIAL AND COMMERCIAL REAL ESTATE

Rockwell Land Corporation (Rockwell Land) is a pioneer in developing master-planned residential and commercial communities in the Philippines. With several developments in the country including its flagship, Rockwell Center in Makati, Rockwell Land continues to elevate the standards of luxury living by providing curated experiences for its discerning clientele. Rockwell Land continues bringing its signature lifestyle brand to more key cities outside of Metro Manila, like Cebu, Laguna, and Batangas. Future Rockwell Centers are also being developed in Pampanga and Bacolod.

INDUSTRIAL REAL ESTATE

First Philippine Industrial Park, Inc. (FPIP) is one of the largest and fastest-growing industrial parks in the Philippines today. With over 600 hectares of prime industrial land, it is now the preferred location of 150 world-class locators. FPIP was established in 1996 in response to the government's call for private sector assistance in catalyzing industrial growth. Today, FPIP continues to work with its locator partners in contributing to national development and economic growth by helping generate almost 80,000 local jobs and billions of pesos in annual export earnings.

CONSTRUCTION AND ENERGY SERVICES

With over 50 years of construction experience, **First Balfour, Inc. (First Balfour)** contributes to nation-building by delivering world-class engineering and construction services. It was one of the first construction companies to be accredited as a Quadruple A contractor and is one of the few companies that consistently maintain a triple-ISO certification. First Balfour also prides itself as the only Filipino construction company to achieve an Investors in People Gold accreditation, an international benchmark for companies with strong management skills and empowered human resources. On top of its main construction business, First Balfour also has an established presence in geothermal well drilling (Thermaprime), heavy equipment rental (T1 Rentals), equipment hauling and sustainable people transport (T1 Transport), and concrete and aggregates (Torreverde Corporation).

Foundations

OSCAR M. LOPEZ CENTER FOR CLIMATE CHANGE ADAPTATION AND DISASTER RISK MANAGEMENT FOUNDATION, INC.

The **Oscar M. Lopez Center** for Climate Change Adaptation and Disaster Risk Management Foundation, Inc. (OML Center) is a non-profit organization born out of a private sector initiative to enhance support for research and innovative solutions towards climate change adaptation and disaster risk management. It is rooted in the principle that science must play a role in building the resilience of communities through actionable knowledge. Founded in 2012, the OML Center was established in response to the glaring research gap that was alarmingly disproportionate to the climate-related risks and vulnerabilities of the Philippines. The first of its kind in the country, the OML Center continues to be the only privately funded grant-giving non-governmental organization (NGO) doing research-based climate change communications.

SIKAT SOLAR CHALLENGE FOUNDATION, INC.

The **Sikat Solar Challenge Foundation, Inc. (SSCFI or Sikat)** is a non-profit organization whose mission is to uplift the lives of Filipinos living in rural communities bereft of electricity. Sikat works through various organizations and helps them deliver innovative and sustainable renewable energy (RE) systems and solutions.

ANG MISYON INC.

Ang Misyon is a non-profit organization that supports the musically talented, less privileged youth. The organization believes that social change is sparked through learning orchestral music. Since 2012, it has helped over a thousand scholars and continuously provides programs that focus on orchestral training and instrument support. Ang Misyon offers music programs that aim to develop music skills and talents at an early age. Scholars are introduced to the world of music and its possibilities, preparing them to eventually progress to professional levels.The values of discipline, commitment, and community are ingrained in their orchestral training, which empowers them to become responsible members of society.

Ang Misyon's flagship music program and main performing arm is the Orchestra of the Filipino Youth (OFY). Under the baton of Gerard Salonga and the guidance of professional mentors, the OFY curriculum is specifically curated for a high-quality youth orchestra. The one-on-one lessons, sectional workshops, and masterclasses allow members of the orchestra to learn challenging pieces ranging from classical and pop music. Members of the OFY have also grown to become mentors of the younger generation, sharing their learnings and experiences from Ang Misyon as a way of paying it forward.



Organizational Structure



as of December 31, 2022
**FPH purchased shares which amount to an additional 4.93 percent pending the issuance of the Certificate Authorizing Registration.*

REVIEW OF

FPH BUSINESS SEGMENTS

Power Generation

First Gen Corporation (First Gen) is a leading power producer in the country with the largest portfolio of power plants that run on clean and renewable fuels. Harnessing energy from steam, water, wind, solar, and natural gas makes First Gen well-positioned to meet the country's growing demand for clean and reliable electricity. With a diversified and flexible portfolio of assets, First Gen will continue to play a dominant role in the Philippine power industry as the country transitions to a full renewable energy future. Through its subsidiaries, First Gen owns 31 power plants operating strategically in all three main island grids of the Philippines. These power plants have a total of 3,501.4 megawatts (MW)* of installed capacity, making First Gen one of the Philippines' largest independent power producers. Energy Development Corporation (EDC), a subsidiary where First Gen holds a 65 percent voting stake, stands out as the world's largest vertically integrated geothermal company.

**as of Dec. 31, 2022*

> First Gen recognized a revenue of USD2.7 billion in 2022, a notable 23% increase from the previous year's revenue of USD2.2 billion. This growth can be attributed to higher sales volumes from its natural gas and geothermal plants, as well as higher average selling prices.

First Gen reported an attributable recurring net income (RNI) of USD265.4 million in 2022, reflecting a 5.2 percent or USD13.0 million increase from the previous year's RNI of USD252.4 million.

First Gen's subsidiary, EDC, made a strong recovery in 2022 from the better performance of its geothermal plants, while the hydro platform delivered a slight increase in income. The natural gas platform effectively mitigated fuel supply curtailment issues from Malampaya and was able to sell more power in 2022.

FINANCIAL HIGHLIGHTS	**2022** (in USD)	**2021** (in USD)
Revenues	**2.7 billion**	**2.2 billion**
Consolidated Net Income	**369.5 million**	**354.2 million**
Attributable Recurring Net Income	**265.4 million**	**252.4 million**





Key Highlights

NATURAL GAS

- FGEN LNG Corporation (FGEN LNG), a wholly-owned subsidiary of First Gen, is set to complete in 2023 its Interim Offshore Liquefied Natural Gas (LNG) Terminal Project in Batangas City. This project will play a crucial role in ensuring availability of fuel for the country's gas-fired power plants as supply of gas from the Malampaya field nears depletion and while the search for new indigenous gas sources continues. Aside from its potential to promote projects in the transport sector and other support industries, the entry of LNG will encourage the development of more new natural gas-fired power plants that can replace other plants running on more expensive and polluting fuels.

- In 2022, FGEN LNG and BW LNG announced their intention to rename the floating storage regasification unit (FSRU) that will be used for FGEN LNG's Interim Offshore Liquefied Natural Gas (LNG) Terminal Project from the "BW Paris" to the "BW Batangas". The gesture is First Gen's way of acknowledging the consistent and unfailing support it receives from Batangas City and the Province of Batangas, the hosts of First Gen's natural gas-fired power plants.

- The tugboats supplied by Svitzer, which will be used to manage the safe arrivals and departures of the FSRU and LNG carriers, are in Batangas Bay and are scheduled to undergo acceptance tests in the second quarter of 2023. The tugboats will be mobilized for the berthing, un-berthing, navigation assistance, as well as provide other services including fire-fighting, pollution control, port & vessel security services, pilot and boarding party transfer, and fender management.

- Malampaya's natural gas supply remained constrained in 2022 due to the gas field's impending depletion. As a result, First Gen experienced several gas restrictions, until supply improved towards the latter part of the year. Despite the Malampaya field's restrictions, the Santa Rita, San Lorenzo, and Avion gas plants continued their consistent operations through the use of liquid fuel.



GEOTHERMAL

- EDC inaugurated in April 2022 the 3.6-MW Mindanao-3 Geothermal Binary Power Plant in Kidapawan City. This expanded the supply of clean, reliable and stable power from EDC's existing Mount Apo geothermal facility in Mindanao. EDC's 28.9-MW Palayan Bayan Binary Project, the 20-MW Tanawon Geothermal Power Plant, and the 28-MW Mahanagdong Geothermal Brine Optimization Plant have all progressed in accordance with their respective development and construction schedules. EDC expects the Palayan Bayan Binary Project to reach commercial operations by September 2023.

HYDRO

- In 2022, First Gen initiated the early works for its Aya Pumped-Storage Hydroelectric Power Project as part of its plan to increase capacity by up to 120MW in the Pantabangan-Masiway complex in Nueva Ecija. First Gen also continued with the pre-development activities for its run-of-river projects in Mindanao; namely, the 32-MW Bubunawan, 33-MW Tagoloan, 30-MW Puyo, and the 39-MW San Isidro project. Once completed, these hydro projects will benefit from government programs, such as the Feed-in Tariff and the Green Energy Auction Programs, which aim to encourage the development of more renewable energy projects.

- First Gen Hydro Power Corporation (FG Hydro) achieved an additional milestone in 2022 after the Energy Regulatory Commission awarded the certificates of compliance (COC) to FG Hydro's Pantabangan Hydroelectric Power Plant (PHEP) and Masiway Hydroelectric Power Plant (MHEP). Prior to the release of the COCs, the facilities operated under a provisional authority to operate.

WIND AND SOLAR

- For several months in 2022, weak La Nina conditions slowed down wind speeds, which in turn affected the operations of EDC's wind farm in Burgos, Ilocos Norte. On the other hand, operations of EDC's solar farm on the same site remained consistent. EDC kept its maintenance activities mostly within schedule, thus, avoiding unplanned outages.

- First Gen has also secured two renewable energy service contracts from the DOE for solar and wind at the end of 2022.



Looking Forward

- The Philippine Energy Plan (PEP) 2040 outlines a strategy to significantly increase Philippine Power Capacity – driven primarily by natural gas and renewables. This is consistent with the Government's overall strategy to wean the country away from coal and provide for growing power demand from cleaner energy sources. Given this, First Gen sees the opportunity to also grow its natural gas and renewable portfolio, targeting 13 GW by 2030, with a majority of this additional capacity coming from renewables.
- For the Interim Offshore LNG Terminal project, its next phase involves mechanical completion in the first quarter of 2023 and commissioning in the second half of the year.

  The development of the LNG facilities also forms part of First Gen's strategic and long-term program of decarbonization. Under this strategy, these flexible gas plants will help stabilize power supply by quickly matching the sudden change in output of variable renewable facilities (VREs) whose capacities are expected to grow under the PEP. First Gen has partnered with Tokyo Gas of Japan in pursuing the LNG Terminal that the DOE-led Energy Investment Coordinating Council earlier declared as an "Energy Project of National Significance." As First Gen's partner, Tokyo Gas holds a 20 percent stake in the project.

  First Gen is also finalizing plans to develop the 1,200-MW Santa Maria Combined Cycle Gas Turbine (CCGT) Project. As part of the plan, its subsidiary First Gen Ecopower Solutions Inc. has already initiated the process for selecting contractors that will handle the Santa Maria CCGT Project.
- Hand-in-hand with its pursuit of natural gas projects, First Gen continues a program to expand its renewable energy capacities, particularly in geothermal and hydro. In 2023, it will begin the construction of the 100- to 120-megawatt (MW) Aya Pumped Storage Hydropower Project in Nueva Ecija, while completing the pre-development activities for its run-of-river projects in Mindanao.

  Moreover, First Gen expects to secure renewable energy service contracts over areas that it has shortlisted and filed applications for. Part of the Company's RE expansion plan for 2023 include the development of its first four battery energy storage systems (BESS) near its geothermal sites in Bacman, Tongonan, Southern Negros, and Northern Negros. Once completed, these BESS projects will optimize the existing geothermal resources and also provide ancillary services to the grid.
- The implementation of Retail Competition and Open Access (RCOA) has allowed consumers to choose their energy source. In the process, RCOA has provided First Gen with new opportunities to expand its coverage to a much larger market base. RCOA's threshold qualification of at least 500-kilowatt consumption or with an average billing of Php950,000 is set to gradually decrease, ultimately leading to household level contestability–which will enable even smaller power users to choose their own electricity suppliers. In response to these opportunities, First Gen is not only expanding its clean energy portfolio but also evolving the way it caters to its customers to better serve the retail market.

Energy Solutions

First Philec, Inc. (FPI) is the pioneer and leader in electrical transformer solutions in the country. With over 50 years of experience, FPI has been a trusted name in distribution transformers. FPI is the preferred provider of local power distribution utilities and electrical cooperatives, supplying nearly 60 percent of the nation's distribution transformer needs.



FINANCIAL HIGHLIGHTS	2022 (in PHP)	2021 (in PHP)
Revenues	4.5 billion	2.6 billion
Attributable Net Income	1.0 billion	496.1 million
Attributable Recurring Net Income	988.8 million	508.0 million

FPI's revenues increased by 73.1 percent, from PHP2.6 billion in 2021 to PHP4.5 billion in 2022. This increase was mainly driven by higher demand from Meralco, electric cooperatives, and private distribution utilities.

FPI registered a net income of PHP1.0 billion in 2022. The 109.5 percent increase from PHP496.1 million in 2022 was mainly due to higher demand from Meralco in terms of volume on core business and increased demand from electric cooperatives and private distribution utilities. A well-managed supply chain ensured product availability and enabled the company to maintain a strong financial position.

Key Highlights

- Along with the robust revenue, FPI orders also saw significant growth. Meralco remains the main contributor to the volume, complemented by electric cooperatives and private distribution utilities that boosted the PHP4.5 billion revenue, registering a growth of 48.0 percent and 17.0 percent, respectively.

- FPI's manufacturing capacity grew in 2022, reaching an average of 2,500 units per month. This growth can be attributed to the equipment upgrades and additional manpower on the production floor, as well as the cultural incentives that encourage teamwork on the shopfloor, including monetary incentives and career development opportunities.

- FPI expanded its electric cooperatives, property, commercial, and industrial customer base with 28 new additions in 2022, contributing a total of PHP70.0 million in revenues.

- FPI contributes to FPH's mission of a decarbonized and regenerative future and continues to innovate. After the launch of the 100 percent biodegradable and/or recyclable Super Green transformer, in 2021, FPI focused on preparing for the product's commercialization in 2022. This included completing legal and regulatory activities such as trademark registration for the name and branding. Introducing the Super Green transformer to key customers such as Meralco, Aboitiz Group, and other utilities and cooperatives across the country was made a priority, with the aim of encouraging them to switch from conventional to Super Green technology. FPI is optimistic about the potential success of the Super Green transformer in the market.

- In 2022, FPI began its entry into the US market. This opportunity was created by the recent global supply chain challenges faced by the Western market. FPI was able to capitalize on this by providing transformer requirements needed by US utilities. The company estimates an addressable market worth of USD 177.1 million. FPI is currently in the process of finalizing purchase orders from utilities located in Portland and Maine. Additionally, the company is actively engaging with other distribution utilities in the Pacific Northwest and East Coast to expand its presence in the US market.

- Staying committed to FPH's mission, FPI continues to advocate for not using single-use plastic in its Batangas plant. Reducing plastic waste by 80 percent versus 2021. As of 2022, 21 of 22 active foreign vendors have already started using sustainable packaging for raw material packaging. This has led to a reduction of 1.1 metric tons, or an 80 percent reduction in packaging materials used. Moreover, Meralco's distribution transformer supplies are currently fueled by biodegradable insulating fluid.

- FPI was named one of the Top 10 Transmission and Distribution Companies in APAC in the October issue of Utilities Tech Outlook magazine. It also won CWIEME Sustainability Award and was a finalist at the 2022 AIBP Awards (Category: Tech for ESG).



Looking Forward

- In 2023, FPI plans to continue building on its new business initiatives. The organization aims to balance efforts between its core and new business products, with a slight prioritization on introducing non-transformer products to customers beyond the Meralco market, such as electric cooperatives and distribution utilities in Visayas. It is also looking at potential markets with similar technical alignments in Southeast Asia, to further strengthen their export business. Moreover, FPI is planning to make investments related to battery storage and is currently in active discussions with local and international companies, including experts from Japan, for this investment opportunity.

- FPI will focus on building capabilities that enhance value to customers, especially in the market and plant areas, and developing a culture that can adapt to changing environments. FPI will continue to drive its digital transformation and capabilities as it moves into a new era of business.

- In a volatile, uncertain, complex, and ambiguous (VUCA) world, FPI believes its products will be well-suited to meet the current and future needs of its customers, especially if they address pain points caused by extreme weather, higher penetration of renewables, a hotter Philippine climate, and the impact of electrification of transport.

- As extreme weather events become more frequent and severe, it could lead to an increased need for transformer replacement or repairs due to accelerated deterioration of transformer components. This could provide FPI with a potential new revenue stream and an opportunity to innovate and develop new solutions to address these challenges.

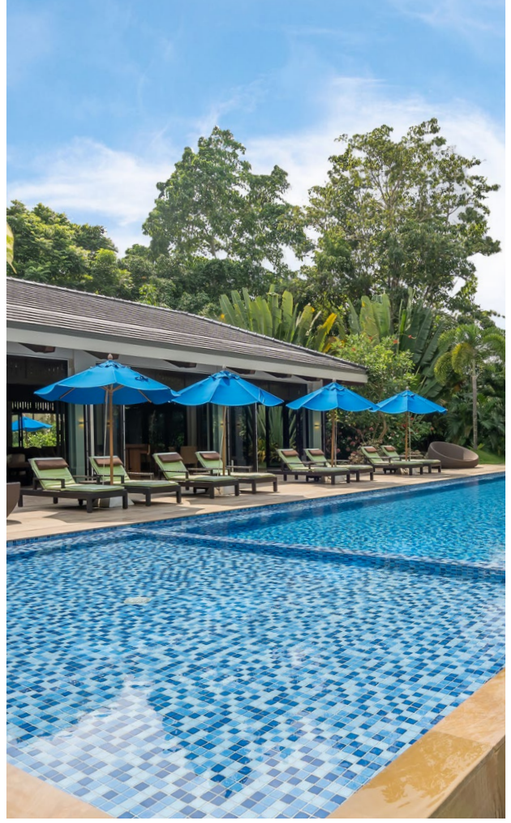
- The potential widespread adoption of electric vehicles (EV) that require fast charging systems can also accelerate the aging of transformers, reducing their lifespan. EV chargers have electronic components that can generate harmonic loads on the transformer, which can cause overheating and potentially damage the transformer. Aside from this, the increasing penetration of Distributed Energy Resources, particularly solar, can lead to higher voltage stresses on the connected equipment, such as transformers. Additionally, the reverse flow of power during the feeding-in of solar energy to the grid can cause overloads to the transformer if not properly monitored and mitigated. These developments pose an opportunity for FPI to improve the technology and performance of its products to be better prepared for these changes in the market.

Residential and Commercial Real Estate

Rockwell Land Corporation (Rockwell Land) is a pioneer in developing master-planned residential and commercial communities where residences, workspaces, and lifestyle hubs are integrated. Each development is carefully planned with the company's signature innovation, exclusivity, and quality. Rockwell Land continues bringing its luxury lifestyle brand to more key cities outside Metro Manila.

ROCKWELL LAND

FINANCIAL HIGHLIGHTS	2022 (in PHP)	2021 (in PHP)
Revenue	16.5 billion	12.7 billion
Consolidated Net Income	2.6 billion	2.2 billion
Attributable Net Income	2.3 billion	1.6 billion
Reservation Sales	21.2 billion	13.9 billion



In 2022, Rockwell Land recorded a consolidated net income of PHP2.6 billion, an 18.2 percent increase from the previous year's PHP2.2 billion, mainly due to higher revenues in all segments and increased construction accomplishments.

Total revenues for the year reached PHP16.5 billion, up 29.7 percent from PHP12.7 billion in 2021. Meanwhile, earnings before interest, taxes, depreciation, and amortization (EBITDA) rose to PHP5.4 billion in 2022.

Demand for Rockwell Land developments soared in 2022, with reservation sales amounting to PHP21.2 billion, a 52.5 percent increase from PHP13.9 billion in the previous year. Reservation sales from new launches contributed around 37 percent of Rockwell Land's net reservation sales in 2022.

Key Highlights

- Rockwell Land completed 1 Proscenium, 32 Sanson-Solihiya, and The Vantage West in 2022.
- In 2022, Rockwell Land unveiled five developments - Edades West, Rockwell Business Park, The BenCab at Rockwell Center Nepo, Bel-air, and Terreno South Phase 4.
- The retail business recovered quicker than anticipated as pandemic restrictions eased, while luxury residential growth remains robust due to high potential investment appeal. Furthermore, there is high demand for horizontal and regional development.
- Occupancy in Rockwell Land's office developments dipped slightly from 96 percent in 2021 to 95 percent due to some pre-terminations as well as the additional gross leasable area (GLA) of 1 Proscenium. However, rental rates improved as Rockwell Land was able to secure escalations from renewed tenants. Meanwhile, retail occupancy has improved in 2022 to 90 percent compared to 76 percent in 2021, as there were fewer restrictions in 2022. This, therefore, allowed existing tenants to continue operations while new tenants were able to open. Rates significantly improved on the back of better sales driven by increasing foot traffic year on year.
- In 2022, 1 Proscenium was added to Rockwell Land's Office Business unit portfolio, providing 5,760 square meters (sqm) and bringing the total portfolio size to 151,376 sqm.

Looking Forward

- Rockwell is preparing to launch four new residential developments in 2023, two of which will be in Cebu, namely, Aruga Mactan Resorts and Residences Phase 2 and a high-end high-rise residential tower, while Rockwell South Cluster 4, Terreno South Phase 5 will be in South Luzon.
- In 2023, Rockwell Land aims to leverage its brand to deliver exceptional experiences as the market shifts towards quality. To weather challenges, the company will build its financial and operational resilience. The company also plans to expand its business in strategic locations while maintaining flexibility in case of a potential market slowdown.
- Interest in horizontal developments and residential projects will continue, especially in regional areas, as evident in the strong demand for Rockwell South at Carmelray and Terreno South post-pandemic. The company also expects a further recovery in the retail sector as the economy reopens. Rockwell Land anticipates a flight-to-quality trend in the office sector as oversupply becomes a concern.





Industrial Real Estate

First Philippine Industrial Park, Inc. (FPIP) is one of the Philippines' largest and fastest-growing industrial parks today. With over 600 hectares of prime industrial land, it is now the preferred location of 150 world-class locators. FPIP was established in 1996 in response to the government's call for private-sector assistance in catalyzing industrial growth. Today, FPIP continues to work with its locator partners in contributing to national development and economic growth by helping generate nearly 80,000 local jobs and billions of pesos in annual export earnings.

First Philippine Industrial Park
INTERCONNECTED ADVANTAGE



FINANCIAL HIGHLIGHTS	2022 (in PHP)	2021 (in PHP)
Recurring revenue	1.1 billion	792.3 million
Net income	220.4 million	124.6 million

FPIP ended the year 2022 with favorable operating results, exceeding both its revenue and profitability targets for the year. FPIP's recurring revenues increased by 42.9 percent to PHP1.1 billion from PHP792.3 million in 2021. The growth was largely driven by new lease contracts from new industrial locators, higher water volume consumption among locators, and annual water tariff adjustments, which started in 2021.

In addition, FPIP's net income grew by 76.9 percent to PHP220.4 million in 2022 from PHP124.6 million in 2021, while its water revenues registered a PHP170.1 million increase or 79.3 percent growth from 2021 to 2022.

Key Highlights

- FPIP continues to attract global industry leaders as new anchor locators and to support current locators in their expansion plans. These will contribute to growing export revenue contributions, currently at USD3.5 billion, which is a testament to FPIP's commitment to elevating the industry.
- In 2022, FPIP welcomed seven new locators, including TE Connectivity, a top manufacturer of electronic connectors and devices with the potential to bring in technology transfer and employment opportunities. Through these new locators, FPIP increased the total number of jobs generated from about 70,000 in 2021 to nearly 80,000 in 2022.
- Despite the challenges faced during the COVID-19 pandemic, FPIP ranked first in terms of cumulative new and expansion investment values from 2017 to 2021. FPIP has expanded its lease offerings with the addition of a 31,633 sqm - fully-fitted building that is readily available for occupancy, as well as 10,608 sqm of ready-built factories (RBF) space. These latest additions bring the total RBF lease area to more than 184,529sqm.
- At a time when job losses were mounting globally due to the pandemic, FPIP saw a 25.5 percent increase in park employee headcount versus the pre-pandemic period, a testament to its commitment to creating both jobs and an inclusive workplace.
- Consuelo Park Residences, FPIP's first dormitory complex, welcomed its first batch of residents at the start of 2022. Located just 100 meters from the Consuelo R. Lopez Park is phase 1 of the complex, offering secure, convenient, and affordable living facilities within the industrial estate. Additionally, new consumer business pilot runs are also ongoing to provide food and beverage and financial services to FPIP's tens of thousands of employees.
- The township community project, which was originally designed by Singapore-based urban planner, Surbana Jurong, is undergoing further refinement with Boston-based urban planning expert Sasaki & Associates. These refinements include better integration with the industrial park, embracing the San Juan River, improving accessibility to local and regional communities, expansion of open spaces and public parks, and improving regenerative and inclusivity concepts.
- FPIP also recognizes water as a critical resource for sustainability and growth. To strengthen its focus and capability in water management, FPIP established the Water Resource Management Group in 2022. The group leads all water resourcing initiatives, including usage studies, revenue management, regulatory compliance, stakeholder engagement, and other related operations.
- FPIP's park population exceeded pre-pandemic figures driven by additional locator manpower requirements, notably from current locators as operations stabilized. Moreover, FPIP's hotel revenues were up by PHP8.2 million from 2021's PHP14.3 million, or a 57.3 percent growth versus the previous year, showing signs of recovery.
- FPIP, in partnership with First Balfour, Inc. and First College, extended community assistance by providing 10,000 COVID-19 vaccine donations to the host communities of Sto. Tomas and Tanauan and through the rollout of its #KaVax communications campaign. This sped up the full inoculation of locator employees and members of FPIP's host communities. Today, 98 percent of all locator employees have been vaccinated, helping stabilize locator operations and improving employee attendance and headcount.
- In 2022, FPIP was awarded the Best Practices in waste management awarded by the DENR in recognition of its continuous efforts to protect the environment. This is FPIP's fourth award in four consecutive periods.

Looking Forward

- FPIP will continue to expand its land bank and assess the best use of available land in 2023, including reconfiguring areas within the park to further increase recurring revenue through a combination of industrial and commercial land and property lease.
- In addition to this, FPIP is expanding its menu of products or services and is on track in its viability studies for the following:
  - Warehousing and logistics services. Given the continuous influx of investments within the region and increasing land rates for manufacturing, FPIP is exploring built-to-suit and speculative warehouse options within and outside the park for proximity to production.
  - Waste Management Services. FPIP is also exploring offering waste management and treatment services to locators and potentially to outside businesses. In partnership with multinational engineering firm Arup, FPIP has ongoing confirmatory studies to determine the commercial viability of the business, which is expected to wrap up by 2023.
  - Digital Infrastructure. Digitalization has been accelerated by the pandemic and has become part of everyday life. FPIP is working on enhancing the digital experience in the park, through platforms such as locator and consumer portals and facility access management systems.
  - Unified Group Offerings. In line with the goal of providing an enhanced product and service portfolio, FPIP seeks to extend the products, expertise, and services offered by the FPH group to existing and prospective locators.
  - Recruitment Partnerships and Programs. To address the growing manpower demand, FPIP will partner with manpower agencies and potentially establish its own. It will also ramp up its digital platforms and recruitment efforts through referral programs.
  - Consumer services. To further improve the park and locator experience, FPIP will introduce a consumer portal offering various potential services such as financial solutions, healthcare services, talent services, consumer goods, e-commerce, and real estate.
- Various stakeholders believe that ASEAN is in a good position to benefit from the tailwinds favoring ASEAN manufacturing, leading to significant growth in the next decade. ASEAN's foreign direct investment inflows will rise due to its growing market of 660 million consumers, including a rapidly expanding middle-class with increasing purchasing power, and the rolling out of manufacturers' China+1 strategy as a workaround on the trade ware fallout of China and the US. The COVID-19 pandemic has also helped accelerate the establishment of satellite manufacturing facilities across the ASEAN region.
- FPIP will strengthen its partnerships with government investment promotions agencies such as the Philippine Economic Zone Authority (PEZA) and the Board of Investments (BOI), interface with parent company Sumitomo Corporation's network and sales arm to attract Japanese locators who are seeking to diversify their supply chain by presenting FPIP's industrial offerings, and actively engage with chambers of commerce, industry associations, and its current locator network.
- Aside from the manufacturing sector, another industry that FPIP is looking for opportunities in the Information and Communications Technology (ICT) industry, to which Business Process Outsourcing (BPO) activities belong. This industry has captured USD6.5 billion worth of Philippine investments. FPIP recognizes the potential of this untapped industry and is exploring future offerings for this sector.

Construction and Energy Services

First Balfour, Inc. (First Balfour) participates in nation-building by delivering world-class engineering and construction services to the energy, water, transport, and specialized building sectors. A Quadruple A contractor, First Balfour has also diversified its businesses to include distinct capabilities in geothermal well drilling and equipment rentals through its wholly-owned subsidiary, ThermaPrime Drilling Corporation (ThermaPrime), and its Plant and Equipment Division, T1 Rentals, respectively.

FINANCIAL HIGHLIGHTS	2022 (in PHP)	2021 (in PHP)
Revenues	9.0 billion	8.9 billion
Consolidated Net Income	526.6 million	453.9 million
Recurring net income	547.6 million	529.7 million
Order backlog	7.8 billion	7.9 billion

First Balfour



First Balfour's revenues reached an all-time high of PHP9.0 billion in 2022, surpassing its previous record of PHP8.9 billion in 2021. This increase is attributed to its performance in a number of projects including the Cebu-Cordova Link Expressway (CCLEX), Batangas Combined Cycle Power Plant (BCCPP), and its various projects with Energy Development Corporation (EDC).

Its Consolidated Net Income After Tax also went up by 16.0 percent from the previous year despite a turbulent start of the year with Typhoon Odette, the spread of the COVID-19 Omicron variant, and supply chain disruptions putting pressure on its operations. This can be attributed to the strong performance of First Balfour's big-ticket projects, most notably in CCLEX.

First Balfour ended 2022 with an order generation of PHP4.9 billion, slightly lower than the PHP5.0 billion in 2021. As the award of some major projects were pushed back, the order backlog for 2022 was at PHP7.8 billion by year-end, slightly lower than 2021's PHP7.9 billion.

Key Highlights

- In 2022, First Balfour solidified its position as an industry leader in the construction of renewable power and energy projects through the award of numerous projects including the following:
  - The PHP2.46-billion engineering, procurement, and construction (EPC) contract for EDC's Tanawon Geothermal Power Plant. The project is the third in a series of large-scale projects awarded by EDC in the past two years, following the Palayan Binary Plant in Albay and Mindanao 3 Binary Plant in North Cotabato.
  - The National Grid Corporation of the Philippines (NGCP) also awarded First Balfour a new contract worth PHP634 million as part of its efforts to accelerate the completion of the Hermosa-San Jose 500-kilovolt (kV) Overhead Transmission Line (OHTL).
- In the high-value building sector, the company secured a fit-out project to redesign the workspaces of FPH and its various subsidiaries in the Rockwell Business Center (RBC) Tower 3 in Pasig City. Additionally, it was awarded with the construction of the PHP412.0 million Pivot Building of St. Luke's Medical Center in Quezon City. This six-storey healthcare support building is set for completion in 2023.
- First Balfour completed a number of projects in 2022 including its two big-ticket projects: the iconic 8.9-kilometer CCLEX bridge which was inaugurated last April 27, 2022 and the Novaliches-Balara Aqueduct 4 (NBAQ4) which is set for inauguration on January 27, 2023. It also delivered the Mindanao 3 Binary Plant in record time, enabling EDC to begin full operations in just 13 months after project commencement. Similarly, First Balfour successfully completed the civil onshore works for First Gen's Liquefied Natural Gas (LNG) Terminal project in November.
- Works continue to progress well with the civil and structural works subcontract for the Batangas Combined Cycle Power Plant (BCCPP) in Batangas City, the various work packages for the Palayan Binary Power Plant in Albay, and the East Bay Water Treatment Plant (WTP) in Pakil, Laguna.
- In its commitment to promote green initiatives and contribute to the conglomerate's mission of working towards a decarbonized and regenerative future, it formed a Technical Working Group (TWG) for Sustainability that is tasked to strengthen its systems in capturing and analyzing environmental, social, governance (ESG) data. First Balfour's President and Chief Operating Officer Anthony Fernandez has also joined the Council for Inclusive Capitalism, a select pool of leaders who have committed to create a more inclusive, sustainable, and trusted form of capitalism.
- In 2022, ThermaPrime continued to deliver its commitments under its contracts with major customers EDC and Philippine Geothermal Production Company, Inc. (PGPC). For its international businesses, it completed its consultancy engagement with West Japan Engineering Consultants for the Mataloko and Ulumbu geothermal projects in Indonesia. Its engagements in Japan also remain healthy with ThermaPrime serving three repeat customers out of the nine active drilling contractors in the country. These projects allowed ThermaPrime to declare and pay a total of PHP100.0 million dividends to First Balfour for the year of 2022.
- T1 Rentals ended strong in 2022, with revenues reaching an all-time high of PHP1.5 billion, a 15.0 percent increase from last year's PHP1.3 billion. This growth is attributed to the business unit's entry into the industrial sector, specifically through new clients in the concrete manufacturing and extractive industries. Its equipment fleet also grew to 873 units by end-2022. Furthermore, T1 Rentals has also opened a 3,400-sqm equipment yard in Clark, Pampanga to better service the Central Luzon market.
- First Balfour's heavy equipment transport business Therma One Transport also rebranded into T1 Transport in early 2022. This strategic rebranding forms part of its growth and expansion to sustainable people transport through electric vehicles and maritime transport through tugboat vessel operations.
- First Balfour also began on its journey of transformation from a core engineering and construction firm to a more sophisticated business enterprise. To aid in this transformation, there were several personnel and organizational changes implemented in 2022 which included the creation of a Strategic Investments Division (SID) whose mandate is to spearhead the evolution of First Balfour's business into a more robust enterprise that supports our mission of decarbonization and regeneration and drives positive changes in our communities.
- Among remarkable achievements in 2022 was the recognition of the Novaliches-Balara Aqueduct 4 (NBAQ4) project as the overall winner in the 2nd Philippine Excellence in Concrete Construction Awards (PECCA). Organized by the American Concrete Institute (ACI) Philippines Chapter and the Philippine Constructors Association (PCA), PECCA aims to recognize outstanding concrete projects in the Philippines that celebrate innovation and technology and inspire excellence throughout the global concrete design and construction community. The Cebu-Cordova Link Expressway (CCLEX) project also won first place in the infrastructure category of the Premio Obras CEMEX 2022 (CEMEX Building Award 2022) held in November 2022 in Mexico City. CCLEX was among the 26 international finalists from 10 other countries. Since opening its doors to the international community in 2004, the CEMEX Building Award has established itself as one of the world's most prestigious competitions in architecture and construction.

Looking Forward

- First Balfour views 2023 as a year of consolidation, an opportunity to prepare for another inflection point in 2024. The company's growth is expected to be driven by the government's robust investments in infrastructure, the market leadership of its allied businesses, and prospective business ventures in electric vehicle transport solutions and sustainable water management.
- For its construction business, First Balfour is set to embark on several noteworthy projects in 2023, including the 120-MW Aya Pumped-Storage project with First Gen worth PHP4.6 billion, the 40-MW Mahanagdong Binary Geothermal Plant of EDC with a cost of PHP1.5 billion, various maintenance projects for EDC worth PHP500.0 million, the South Commuter Railway project for the Department of Transportation worth PHP17.0 billion, and the East Bay Raw Water Intake project for Manila Water at PHP800.0 million.
- First Balfour will continue moving up the construction value chain by positioning for larger and more complex projects through high value-added offerings. With the new government's push to continue increased spending in infrastructure, First Balfour is assured of a robust market. The company's focus on its four key markets is aligned with the government's economic plan for 2023-2028 with massive investments in energy transition to cleaner and renewable energy sources and in transport infrastructure that is much needed by the country.

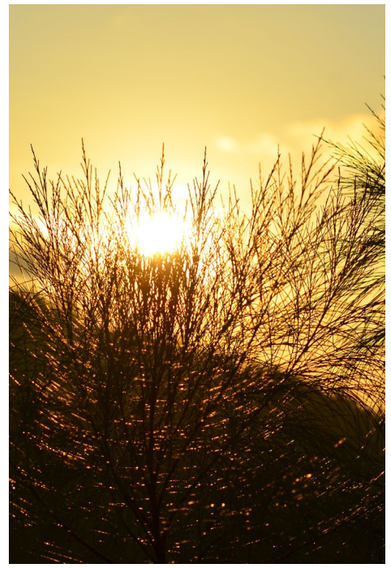
OUR **OPERATING CONTEXT**

2022 Business Environment

Climate change and COVID-19 were the top concerns for FPH in 2022. In addition, the group was beset with new challenges from the Russia-Ukraine war which disrupted the economy late in the year and posed a serious global problem by interrupting our economic recovery from the COVID-19 pandemic. As in the other parts of the world, we expect that macroeconomic challenges will continue to affect the country and businesses up to 2023. The risk measures to address some of these external factors are discussed on pages 56-69.

While there are positive developments in addressing climate change, UN data show that these climate actions are still not enough. Thus, FPH embarked on strategic initiatives to amplify actions on decarbonization and regeneration as our modest contribution to move forward on these issues. These are discussed in the section on the progress in our mission on pages 79-83.

Below are the identified positive and negative external factors in 2022 that affected our business strategy and execution. Their impacts on our industry and our business are further discussed. In general, the collective actions taken by the group to navigate the challenges brought about by the negative external factors helped in our steady growth and financial gains across all the FPH business segments.



1. POLITICAL DEVELOPMENTS

Global	Local
Russia-Ukraine War Following the Russian invasion of Ukraine in February 2022, sanctions were imposed by the democratic world. In turn, Russia responded with sanctions of their own. Sanctions from both sides brought about negative impacts on the world's economy. The war resulted in significant loss of lives, damages to infrastructure, and disruption to production and trade.	**Change in political leadership** The Philippines held a national election in May 2022 resulting in a change in administration.

Implications on FPH:

The Russia-Ukraine war has economic repercussions on the Philippines, particularly in terms of inflationary pressures. Implications are further discussed in the next section on economic developments. Our response to the economic threat was close monitoring and prudent fiscal management which shall continue up to 2023. This is further discussed in the Outlook section on pages 152-157.

This year's Philippine election, on the other hand, influenced some ESG developments in the country with the changes in leadership in various government offices. Changes in leadership led to changes in frameworks and new prescriptions from some regulatory agencies. This external factor was addressed through active communication and engagement with relevant regulatory agencies when consultations with stakeholders were conducted by key agencies during the third quarter of 2022. More details can be found in our risk management section on pages 56-66 and collaboration with DENR on page 84.

2. ECONOMIC DEVELOPMENTS

Global	Local
High inflation and high interest rate environment At the start of 2022, prices were already trending upward, driven by the lingering effects of COVID-19 on supply chains as well as increased demand from pent-up spending and government stimulus. Inflationary pressures were further exacerbated by the Russia-Ukraine war which drove record high food prices, record level oil and energy commodity prices, and a surge in maritime costs.	**Spillover of global macroeconomic pressures** Global pressures have spillover impacts on the country's economy and have adversely affected our recovery from COVID-19. Per report of the Asian Development Bank, the Philippines is in the midst of an economic recovery path from the impacts of the pandemic after vaccinations and the relaxation of mobility restrictions to restore consumer and business confidence.[1] However, this was upended by macroeconomic conditions characterized by high inflation, rising interests, and the weakening peso. In spite of these, in January 2023, the Philippine government in its year end assessment reported a 7.6 percent growth of the GDP in 2022.

Implications on FPH:

Inflationary pressures, high interest rates, and adverse movements in foreign exchange rates had an impact on profitability across the business given the upward pressure on input, operating, and financing costs. With adequate and effective risk management measures, all FPH business segments still managed to have positive financial returns in 2022. To prevent the reduction in revenues, close monitoring and prudent fiscal management were undertaken. This response will most likely continue in 2023 or until the resolution of the Russia-Ukraine war.

3. ENVIRONMENTAL DEVELOPMENTS

Global	Local
Worsening climate situation The UN Intergovernmental Panel on Climate Change (IPCC) released two reports in 2022 revealing that: • the limits of adaptation have been reached; • Greenhouse (GHG) gas emissions were the highest in recent history; we need immediate and deep emissions reductions; and • adaptation and mitigation need to be attended to simultaneously. Due to inadequate actions in the climate battle, climate activism increased in the form of shareholder pressures and an upsurge of climate cases which were used by various organizations to call attention to the crisis. Since 2015, there have been 2,000 climate cases. Around a quarter of these were filed between the years 2020 to 2022.[2]	**Philippine climate response** Following the May 2022 national elections and the change in administration, the Department of Environment and Natural Resources (DENR) laid down its priorities. In relation to ESG, these are: • adoption of a climate risk lens in national planning and policies; • as a protector of natural systems from ridge to reef, focus on water, energy, and food security; • conservation of protected areas and biodiversity resources to support environment-friendly livelihood enterprises for communities; and • reforestation to increase forest cover and protection of existing ones.

Implications on FPH:

The alarming level of the climate crisis was discussed in the 2022 UN report and the environmental priorities of the new government administration reinforce the wisdom of FPH's climate-centric mission. The DENR thrust echoes our aspirations of ecological integrity, social well-being, and robust local economy which are the same principles of responsible growth that we embraced and disclosed at the start of our sustainability journey in 2018 (see page 19, 2018 FPH Sustainability Report). Our efforts in response to the heightened climate crisis are discussed in the sections on Chosen Path within the President's Message (page 12); Who We Are (page 22); and Progress on Our Mission (pages 76-85). The compatible and supportive policies of DENR will accelerate our execution of our climate initiatives.

3. ENVIRONMENTAL DEVELOPMENTS

Global	Local

Government and business act on biodiversity

Biodiversity is an issue closely related to climate change and has long been identified as a solution to the problem. In 2021, there were recommendations to combine the actions of the Paris Agreement and the Convention on Biological Diversity.

During the Conference of Parties on the Biological Diversity Convention in December 2022, countries realized they did not meet the past 10 years' biodiversity targets. This came at the same time when current data were showing biodiversity is a solution to the war on climate change. Thus, about 190 countries pledged to act urgently on biodiversity and recognize the rights of nature and indigenous peoples (IPs) through the following actions:

- preserving 30 percent of their lands, rivers, and oceans by 2030;
- ensuring their businesses will disclose their impacts on biodiversity; and
- promotion of the Task Force on Nature-related Disclosures (TFND) as a tool to understand the impacts of business on biodiversity.

Lastly, the International Financial Reporting Standards Board (IFRS) committed to incorporating biodiversity in its international sustainability indicators for businesses.

New national guidance on environmental and natural resources

Based on the above priorities, the DENR conducted a multi-stakeholder consultation in October 2022. Shortly after, it formulated an "Environmental and Natural Resources Framework" (ENR) with local development partners, including FPH, to mobilize public private partnership to promote two DENR goals:

- ecological integrity; and
- improved socio-economic conditions of communities for a robust local economy.

Government approved the Global Biodiversity Framework

The Philippines was the first ASEAN country to approve the framework of preserving 30 percent of its land and marine habitats by 2030. Only 15.4 percent of the country is under protection encompassing 4,620,000 hectares of terrestrial areas and 3,140,000 hectares of marine areas.

Implications on FPH:

The DENR's priorities and the ENR Framework can support the global initiative on biodiversity as they aim for the preservation and expansion of the country's natural assets. With the holistic approach introduced by DENR, we took the opportunity to form a strategic partnership with the agency in October 2022. We believe that the new ENR framework echoes our aspirations on ecological integrity, social well-being, and robust local economy. These are the same principles of responsible growth that we have embraced since we started our sustainability journey in 2018. The objective of the partnership is to pilot the framework and to deliver a template to encourage others to replicate and amplify actions for climate and nature. The project details will be launched in January 2023.

3. ENVIRONMENTAL DEVELOPMENTS

Global	Local

UN Plastic Treaty

To reduce GHG emissions and other effects, in March 2022, countries agreed on a mandate to negotiate a legally binding global instrument to end plastic pollution. This is expected to be in place by 2024.

Extended Producer Responsibility Act (RA 11898 of 2022)

The local law requires large enterprises to recover up to 80 percent of their plastic packaging wastes.

Implications on FPH:

A majority of the businesses of FPH offer services rather than products. Plastics are generally found in the packaging of FPH's raw materials when procured. This can be resolved by the local law where the responsibility of managing the waste lies with the manufacturer. Search for alternatives to plastic packaging is planned by the power segment while the construction segment signed a partnership with a plastic recycling organization. For our energy solutions company, initiatives have been undertaken to eliminate plastics in their upstream and downstream supply chain as much as possible.

Transition to renewable energy (RE)

In July 2022, the European Union (EU) Parliament declared "nuclear and natural gas energy as green assets that are important to the transition of the EU to a carbon neutral future." The EU sees this classification as a practical approach to the transition to RE. The EU qualified that these fuel must meet two criteria:

- projects must be built to replace coal projects; and
- projects must have plans to switch to RE or low-carbon technologies by 2035.

Foreign ownership to accelerate RE expansion

The Philippines amended its renewable energy policy in November 2022 allowing full foreign ownership. The Department of Energy (DOE) issued *Circular No. 2022-11-0034 amending the Renewable Energy Act* of 2008 removing stipulations that required Filipino ownership of certain RE resources. The shift covers the exploration, development, and utilization of solar, wind, hydro, and ocean or tidal energy resources.

Implications on FPH:

The EU regulation will not affect FPH due its territory-specific application but the local regulation on easing of foreign ownership for low GHG technologies will help FPH's advocacy. This will help support the RE expansion of the country based on the Philippine Energy Plan, mentioned on page 29.

Green finance (green, sustainability-linked, and transition bonds)

Action on climate change and its related impacts will need to be matched with corresponding financing. The financial sector responded to the challenge by incorporating green finance bonds in their products. In particular, transition bonds have lately been added to help in the orderly transition to net zero, aligned with the Paris Agreement to avoid the catastrophic impacts of climate change.

Awareness of the role of financing in climate action

In November 2022, the Climate Change Commission (CCC) convened a "Climate Investment Forum" which tackled how climate change will affect the country's ability to meet its development and opportunities for public and private action; carbon pricing instruments and their role in economic recovery and growth; and financing the country's Nationally Determined Contribution (NDC) to the Paris Agreement.

Implications on FPH:

International financing organizations have heightened their efforts to support climate action. Green finance is embraced by government bodies such as the CCC and the Philippine Securities Exchange Commission. This instrument serves as an additional financing option for the conglomerate to fund its green investments.

4. SOCIAL DEVELOPMENTS

Global	Local
ESG-related human rights On July 28, 2022, the UN General Assembly approved, with a unanimous vote, a landmark resolution recognizing the human right to a clean, healthy, and sustainable environment.	**Rising concern for human rights** Amidst the pandemic, there were clamors on respect for human rights as related to mandatory vaccination. This led to the Commission on Human Rights (CHR) releasing an advisory if mandatory vaccination for the common good was interfering with the right of an individual to autonomy and liberty. If it is justified, under what conditions should it be imposed and who are exempted? The CHR opined in January 2022 that mandatory vaccination can be allowed but the government must consider the balance between individual and collective interests. The CHR prescribed actions on how to tackle this. **Decision on human rights case filed against carbon majors** In May 2022, the CHR decided on a case filed in 2015 against 47 global carbon majors in favor of the complainants. The 2015 case against 47 global carbon majors was filed with the CHR by the Philippine Movement for Climate Justice (30 NGOs). The plaintiff claimed that the carbon majors should be accountable for either impairing, infringing, or violating human rights due to the climate impacts they caused. The carbon majors contribute 57 percent of global GHG emissions, causing nearly 50 percent of global temperature rise.

Implications on FPH:

The company is prepared for this new business landscape. Human rights has been one of the social safeguards of the company since 2018. We have progressed on this pillar where all our subsidiaries have assessed their potential human rights and impacts across their value chains and formulated measures to prevent human rights or mitigate them if they are transgressed. More information on these activities within the section on Social Capital, on pages 133-135.

Health recovery from COVID-19 Today, more than 64 percent of the global population has been fully vaccinated. Estimates indicate that global vaccinations averted nearly 20 million deaths in 2021 alone. Many parts of the world have opened up due to successful management of the health impacts of the pandemic.	**Rising concern for human rights** The country is on its path to economic recovery but in terms of people's health, 54 percent of Filipinos still need to be vaccinated in the provinces. According to the World Health Organization (WHO) - Philippines, the 63 million vaccinated are considerable, but until we reach the rest, Filipinos must continue with the prescribed protocols to be ready for the next potential COVID-19 wave.[3]

Implications on FPH:

FPH institutionalized and codified the emergency protocols and systems that were developed throughout 2020 to 2021 and is working to put these together into a Business Impact Analysis Form. These will be used to prepare not just for future pandemics, but for any future emergencies and crises.

5. GOVERNANCE DEVELOPMENTS

Global	Local
Increasing ESG requirements on business The accelerating impacts of climate change across the world led investors to provide more ESG guidelines to protect the long-term value of assets. The business sector is becoming one of the leaders in the ongoing battle against climate change. **Convergence of sustainability standards** In 2022, the IFRS initiated the development of common ESG standards to assist both corporations and their financial stakeholders. Major standard setters agreed to harmonize their standards. This resulted in two exposure drafts consulted from April 2022 to July 2022: • General Requirements for Disclosure of Sustainability-related Financial Information; and • Climate-related Disclosures **Greenwashing concerns** The keenness of companies to position themselves as climate leaders by declaring net zero targets was cautiously received by regulators, investors, and other stakeholders. This is termed as ESG greenwashing, defined as inaccurate and unsupported claims by an organization to depict itself as environmentally responsible. In November 2022, the International Organization of Securities Commissions (IOSCO) identified actions it planned to take to protect investors by mitigating greenwashing in financial markets.	**Guidance for banks** In October 2022, the Bangko Sentral ng Pilipinas (Central Bank of the Philippines) issued *Memorandum Circular No. M-20220042*, providing guidelines on the implementation of the Environmental and Social Risk Management System. They described the process by which these risks shall be considered at each stage of the financial transaction appraisal and monitoring as well as how the system can be integrated to the risk management framework of the financial institution. This is aligned with an initiative of the Network for Greening the Financial System (NGFS), a global organization of central banks and financial advisors, where the Central Bank is a member.

Implications on FPH:

FPH continues to regularly monitor emerging initiatives that may become regulatory requirements or can serve as models to improve its operations. These global developments were captured in weekly registers which were studied accordingly and which FPH executives were informed of.

To prepare, FPH is one of the very few Philippine companies that commented on the IFRS exposure drafts in July 2022.

Because of greenwashing concerns, this Integrated Report underwent a third party ESG data assurance (pages 194-203).

[1] ADB (2022). Proposed programmatic approach and policy. Business and employment recovery program. Retrieved from *https://www.adb.org/sites/default/files/project-documents/55300/55300-001-cp-en.pdf*

[2] Grantham Research Institute on Climate Change and the Environment (2022). Global trends in climate change litigation. Retrieved from *https://www.lse.ac.uk/granthaminstitute/publication/global-trends-in-climate-change-litigation-2022/*

[3] WHO Philippines (2022). Opinion: Is the pandemic ending soon? Retrieved from *https://www.who.int/philippines/news/detail/11-03-2022-opinion-is-the-pandemic-ending-soon*

ESG Material Issues

In 2022, FPH updated its material ESG topics. This came three years after the last materiality update. Reassessing our material ESG topics lets us review what is important to the Company and our stakeholders, and ensures that FPH is able to address the pressing issues of our current time.

This 2022 Integrated Report follows the Integrated Reporting framework as guided by the Value Reporting Foundation. The financial analysis adopts the Philippine Financial Reporting Standards.



For ESG data analysis and through the use of the double materiality principle, the report references the following standards and guides:

FINANCIAL MATERIALITY ANALYSIS USES AS REFERENCE:

- Sustainability Accounting Standards Board
- Task Force on Climate-related Financial Disclosures

IMPACT MATERIALITY ANALYSIS REFERENCES:

- Global Reporting Initiative
- UN Guiding Principles on Business and Human Rights
- Sustainable Development Goals

FPH commissioned the University of Asia & Pacific - Center of Social Responsibility (UA&P-CSR) to conduct the Materiality Assessment Process. In determining the ESG topics of FPH, UA&P-CSR used a pioneering method called the "Quadrilateral Materiality Assessment Tool" in combination with the Double Materiality Approach. With double materiality, equal emphasis is given to financial materiality and impact materiality. The former focuses on the Company's economic value creation for the benefit of its investors while the latter focuses on the Company's impact on its multiple stakeholders in alignment with Carol Sanford's Stakeholder Pentad, namely customers, co-creators, environment and host communities.

Materiality Assessment Methodology

The Quadrilateral Materiality Assessment Tool developed by UA&P-CSR consists of two main processes: a) a process of surfacing, and b) a process of prioritization. The process of surfacing involves four main activities:

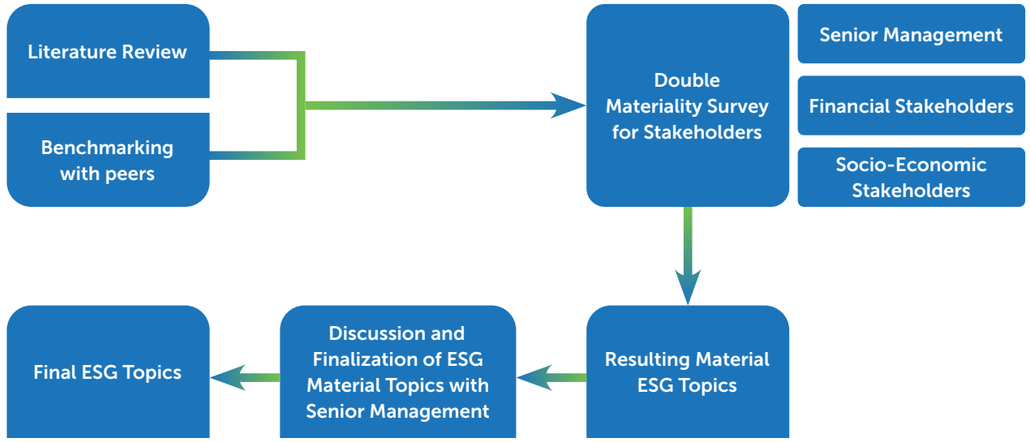
Literature review, which involves gathering information on the critical risks and opportunities to FPH as viewed by secondary stakeholders such as commitment formers, stock exchanges, industry associations, investor groups, academic institutions, and the like.

Benchmarking with industry peers, which identifies the commonly reported ESG topics in the industry of FPH.

Senior Management Consultation, where the senior management committee of FPH answered a survey questionnaire on the current or potential impact of ESG topics, based on the results of desk research and benchmarking, to assess their impacts on the Company's value creation and socio-economic environment.

Stakeholder Consultation, based on a Stakeholder Mapping Exercise facilitated by UA&P-CSR, priority financial and socio-economic environment stakeholder groups of FPH participated in a similar survey provided to the senior management of the Company.

After the process of surfacing pertinent ESG topics, the process of prioritization is conducted. This consists of discussions and reviews with the FPH senior management regarding the results of the process of surfacing.



Process flow for the quadrilateral materiality assessment

This methodology ensures that the material topics assessed are grounded on current ESG standards and best practices, local policies such as the ESG reporting requirement of the Philippine Securities and Exchange Commission (SEC); and international commitments. With FPH having multiple stakeholders, corresponding standards and frameworks were adopted in the report. With regard to internal and external stakeholders, the perspectives of customers, employees, vendors and partners, government, communities, and investors were sought out.

Results of Materiality Assessment

The materiality assessment concluded with 37 final material ESG topics, presented on the right.

In comparison to our previous list of material ESG issues, the assessment showed that there are now new priorities such as supplier environmental and social assessment, customer health and safety, customer privacy, and transparency on ethical governance practices.



Environment

- Climate Action
- Emissions
- Energy
- Materials
- Waste
- Water and Effluents
- Biodiversity
- Environmental Compliance
- Supplier Environmental Assessment

Governance

- Economic Performance
- Climate Governance
- Risk Management
- Market Presence
- Indirect Economic Impacts
- Procurement Practices
- Corporate Governance
- Business Ethics and Conduct
- Anti-corruption and Bribery
- Data Privacy

Social

- Talent Recruitment and Management
- Employee Training and Education
- Labor and Management Relations
- Diversity and Equal Opportunity
- Freedom of Association and Collective Bargaining
- Occupational Health and Safety
- Non-discrimination
- Child Labor
- Forced or Compulsory Labor
- COVID-19 Pandemic
- Local Communities
- Customer Relationships
- Human Rights
- Rights of Indigenous Peoples
- Supplier Social Assessment
- Customer Health and Safety
- Customer Privacy
- Social Compliance

Material Issues	Importance to FPH	Impact of Issues	Timeframe of Impact
• Climate Action • Climate Governance	These topics are directly related to our mission on decarbonization and details our strategy on this front.	Positive and Negative	Short to long-term
• Emissions • Energy • Materials • Waste • Water and Effluents • Biodiversity	This set of topics relate to the regeneration aspect of our mission, particularly for regeneration of the environment.	Positive and Negative	Short to long-term
• Environmental Compliance • Social Compliance	Compliance with regulations is an important responsibility of the company to our government and communities where we operate.	Positive	Short to long-term
• Procurement Practices • Supplier Environmental Assessment • Supplier Social Assessment	These themes fall under our mission's tenet on collaboration. Our suppliers are our co-creators that can enable us to provide sustainable and regenerative products and solutions to our customers.	Positive	Medium to long-term
• Talent Recruitment and Management • Employee Training and Education • Labor and Management Relations	These issues refer to our performance on our human capital management and expounds on our approaches to attracting, retaining, engaging, and developing talents. Our employees are integral in the way we deliver value to other stakeholders and the environment.	Positive	Medium to long-term
• Occupational Health and Safety	Promoting a safe and healthy workplace ensures the continuous operations of our business. In this issue, we discussed our compliance with local and national health standards and our measures in ensuring a safe working environment for our employees.	Positive or Negative	Short to medium-term
• COVID-19 Pandemic	Responding to COVID-19 assisted the continuous operations and success of our businesses despite the pandemic. This issue expounds on how we addressed and mitigated the issues brought by the COVID-19 pandemic in our operations, and how our businesses supported our host communities and other stakeholders during these times. This specific material issue is seen to evolve into how we safeguard the health of our stakeholders.	Positive and Negative	Short, medium, and long-term
• Human Rights • Diversity and Equal Opportunity • Freedom of Association and Collective Bargaining • Non-discrimination • Rights of Indigenous Peoples • Child Labor • Forced or Compulsory Labor	Respecting and protecting the rights of our employees, communities, and other stakeholders is an important tenet in our mission of regeneration. We strive to safeguard their human rights and empower them, so they can join us in realizing and implementing our mission.	Positive	Short to long-term
• Local Communities	Assisting our host communities through our environmental and social programs empowers them to become self-reliant. Through these activities, we enjoy our social license to operate in various parts of the country.	Positive or Negative	Short to long-term
• Customer Relationships • Customer Health and Safety • Customer Privacy	Maintaining a healthy relationship with our consumers ensures the continuous success of our businesses. To support this, we strive to maintain the highest quality in our products and services while safeguarding their rights. Through our offerings, we can continuously realize our corporate mission.	Positive or Negative	Short to long-term
• Economic Performance	This pertains to how the company creates values for its stakeholders. It includes information on economic value generated such as revenue, and how economic value is distributed such as how much goes to investors, to employees, to government via taxes, and community investments.	Positive or Negative	Short to medium-term
• Indirect Economic Impacts • Market Presence	This describes the wider impact the Company has on its socio-economic environment, through its operations and way of doing business.	Positive or negative	Short to long-term
• Corporate Governance	This pertains to the governance structure of FPH and its effectiveness, taking note of the diversity and competence of the governance body.	Positive	Medium to long-term
• Risk Management	It is crucial for the Company to be able to identify and manage any potential adverse impacts to it, either from its external or internal environment. Risks will hamper FPH's ability to create value.	Positive	Short to long-term
• Business Ethics and Conduct • Anti-corruption and Bribery	These two items represent the integrity of how we run the Company and our businesses.	Positive	Short to long-term
• Data Privacy	Protecting our data, information systems, and other digital assets safeguards our intellectual properties and other proprietary technologies.	Positive	Short to long-term

GRI 2-29, 2-26, 411, 413

Stakeholder Engagement

Creating meaningful interactions with our stakeholders is a key ingredient in the success of our business activities and in achieving our ambition of becoming a regenerative business. Drawing inspiration from Carol Sanford's Pentad Stakeholder Framework, we systematized our ways of doing business with how we should interact and engage with our five key stakeholders: customers, co-creators, the earth, host communities, and investors. The framework emphasizes the critical role of each and every stakeholder in attaining a truly regenerative future.

To our customers, we can deliver our best-in-class products and services that are aligned with our corporate mission and purpose. With our employees, suppliers, and business partners, we can co-create a shared value to deliver the best products and services to our customers and ultimately, to society as a whole. The earth serves as our source of raw materials and the place where we conduct our business activities, thus we are given the role to protect and restore its integrity. Our host communities, regulators, and other external partners guide us in our ways of doing responsible business and serve as our partners in delivering value to society. Through our investors, we gain access to capital to realize and execute our business objectives and further contribute to a decarbonized and regenerative future for all.

Subsequently, we also updated the list of environmental, economic, and social issues material to our stakeholders so we can better address their concerns and assist them to meet their own goals. Additional information on this can be found in the previous section.

CUSTOMERS

Stakeholders	Stakeholder Concerns	Mode of Stakeholder Engagement	Our Response
Customers of our Subsidiaries	• Availability, affordability, and quality of product and service offerings • Proper and timely delivery of products and services based on contracts and agreements • Innovations and improvements to meet the increasing demands of the consumers and industries • Health and safety of employees • Environmental impacts of products and services • Co-creating with consumers to deliver exponential positive impacts to the environment and society	• Ad-hoc queries sent in writing or through voice communications • Regular visits of customers and clients to the sites of subsidiaries and areas of operation • Regular meetings with customers and clients • Product and project turn-over meetings • Company website	We ensure that our subsidiaries provide the highest level of quality in the delivery of their products and services at competitive rates. We are compliant with national and local regulations to ensure that standard procedures related to our industries are met. We proactively communicate with our customers and clients to ensure that their needs and expectations are met and to acquire feedback to further improve our offerings. We utilize these strategies for us to continuously co-create value not just for our customers, but also for society. We maintained healthy and harmonious relationships with our customers in 2022. Additional information on our interactions with our customers can be found in our Social and Relationship Capital performance on page 131.

CO-CREATORS

Stakeholders	Stakeholder Concerns	Mode of Stakeholder Engagement	Our Response
Employees	• Employment and job security • Health, safety, and well-being in the workplace (such as COVID-19, mental health, hazard identification, etc.) • Human capital development (training and development, performance management, etc.) • Organizational culture and alignment with our corporate mission • Collective Bargaining Agreements • Human rights • Diversity, Equality, and Inclusion (DEI) • Future of Work • Digitalization in the workplace • Long term business strategy	• Regular internal communication cascades from our human resources, occupational health, corporate social responsibility, and information technology teams • Grievance redress mechanisms as guided by our internal corporate policies • Virtual and in-person meetings • Pulse checks and employee engagement surveys • Employee engagement activities such as webinars, team building sessions, employee volunteerism for CSR activities, etc. • Townhall meetings (Zoomustahans), and other regular team meetings and huddles	We continue to install and maintain a safe, healthy, inclusive, and thriving work environment to ensure that our employees deliver their best in creating value for our stakeholders. We proactively communicate with our employees to better understand their needs and properly address them. In embedding our mission of a decarbonized and regenerative future in our employees, we allow them to bring their best and authentic selves to work and participate in various mission-related activities. We continuously recalibrate our HR systems to fit the development of our employees and further attract talent who will join us in meeting our mission. We continue to safeguard and invest in our employees in 2022. Additional information on our relationship with employees can be found in our Human Capital performance on pages 116-127.
Joint Ventures, Business Partners, other Lopez Affiliates	• Financial performance of the FPH group and subsidiaries • Risk Management procedures of the conglomerate and the subsidiaries • Strategies and Synergies Planning for the FPH Group • Implications of climate change in our operations and business activities • Relationship with the government and regulatory bodies. • Regulatory compliance • Project milestones and business performance • Health, safety, and well-being of employees and community members residing within the vicinity of operations	• Ad-hoc communications through written, virtual, and voice modalities • Regular meetings with business partners • Annual Integrated Reports, Financial Statements, and other relevant reports	As partners in creating value for our customers, we ensure that our business partners, suppliers, and contractors share the same vision and purpose in meeting our business objectives and corporate mission. We continue to align with them to ensure they maintain and improve their service delivery and ensure that they are also compliant with national and local regulations. Consistent with our mission, we continuously embed our knowledge on sustainability and extend our corporate policies to them to ensure that they, too, protect nature's integrity and the rights of their stakeholders. Additional information on how we co-create with our suppliers can be found in our Social and Relationship Capital performance on page 132.
Vendors and Suppliers	• Financial and business performance of the conglomerate and its subsidiaries • Being able to address the service level agreements (SLA) between the Company and the vendor • Compliance with regulations on environment impact and labor code • Supplier accreditation • Cascade of our Mission to co-create solutions with our vendors and suppliers	• Ad-hoc communications through written, virtual, and voice modalities • Regular meetings with vendors and suppliers • Webinars, meetings, consultations, and other deep dive activities to understand the needs of the business from the suppliers and vice versa • Vendor's Forum, Supplier Day, and other similar events • Company website	

EARTH

Stakeholders	Stakeholder Concerns	Mode of Stakeholder Engagement	Our Response
Earth	• Impacts of our operations to the natural environment • Threats of climate change, our actions and mitigating measures • Performance of our Natural Capital • Biodiversity conservation and habitat restoration efforts • Corporate Social Responsibility activities	• Compliance with regulations • Adherence to mitigation strategy in planning operations • Decarbonization strategy • Regeneration plan • Environment, Health and Safety Programs of subsidiaries • Environmental Management System, as applicable to subsidiaries • CSR activities	Guided by our mission, we commit to the protection and restoration of our natural environment. We ensure that our offerings are non-toxic and we abide by local and national laws and regulations on environmental impacts. We have established a robust environmental management system, aligned with ISO standards, to ensure that our operations have the least negative impact. Our employees are also empowered to do their part in reducing the environmental footprint of the organization. In the conservation of our natural ecosystems, we continued our efforts on reforestation as well as land and marine biodiversity protection. Additional information on our environment performance can be found in our Natural Capital on pages 100-115.

HOST COMMUNITIES

Stakeholders	Stakeholder Concerns	Mode of Stakeholder Engagement	Our Response
Local Communities	• Environmental, social, and economic impacts of our business activities • Health, safety, and well-being of community members residing within our areas of operation • Security and Responsible Asset Management • Philanthropy and corporate social responsibility • Working with our host communities to create shared value • Social License to Operate	• Ad-hoc communications through written and voice modalities • Grievance Redress Mechanism • Regular meetings and discussions with host and local communities • Community consultation sessions • CSR assemblies • Company website	In ensuring that we meet the needs of our communities where our operations are nested, we proactively reach out to them to gather their insights and feedback. We engage with them to ensure that they are empowered for self-sufficiency while respecting and protecting their human rights. We continued to garner social license and the approval of our communities to successfully implement our business activities and corporate mission in 2022. Additional information on how we create value for our communities can be found in our Social and Relationship Capital performance on pages 135-137.

HOST COMMUNITIES

Stakeholders	Stakeholder Concerns	Mode of Stakeholder Engagement	Our Response
Regulators and Government	• Compliance with local and national laws • Compliance with the requirements of regulators within our areas of operation • Health, safety, and well-being of our host communities • Working with our government partners to create shared value in meeting our mission	• Ad-hoc communications through written, virtual, and voice modalities • Regular meetings and discussions with regulators and government agencies • Policy and position papers • Online and in-person dialogues with local and national leaders • Active participation on government-initiated conferences, webinars, and events • Annual Corporate Filings (such as Integrated Report, Annual Report, Financial Statements, Compliance documents for regulators, etc.) • Company website	We maintain a healthy and sound relationship with regulators and external partners to properly conduct and execute our business activities and corporate mission. We continue to work with regulators to ensure we meet local and national requirements. We also worked with various academic institutions, civil society organizations, and government agencies to co-create alliances, initiatives, and programs to further advance our mission of a decarbonized and regenerative future.
External Partners	• Environmental, social, and economic impacts and performance of the conglomerate and its subsidiaries • Health, safety, and well-being of stakeholders such as COVID-19 • Understanding our "Way to Play" (differentiating advantage, the value proposition in changing business landscape) • Projects and business executions • Risk Management • Co-creating for shared value	• Ad-hoc communications through written, virtual, and voice modalities • Active participation in networking and knowledge sharing events, seminars, conferences, etc. • Regular meetings, discussions, and fora with industry peers and external networks • Sustainability and business performance through the annual release of the Integrated Report • Company website	Additional information on how we co-create with regulators and external partners can be found in our Social and Relationship Capital performance on page 132. The list of our Advocacy Work and External Engagements can be found on page 207.

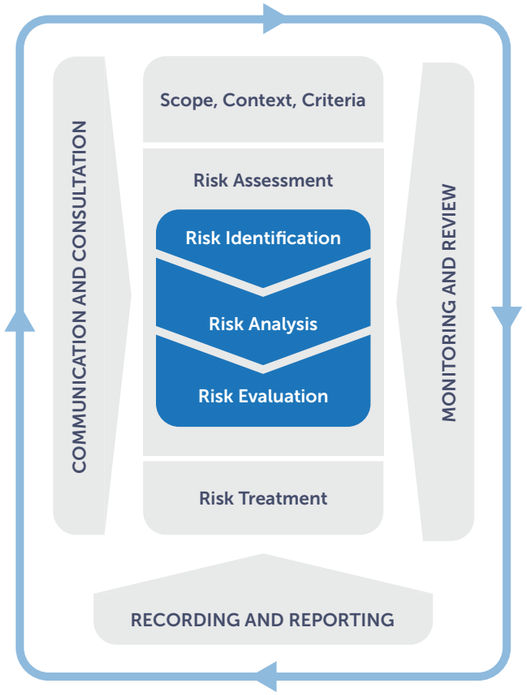
INVESTORS

Stakeholders	Stakeholder Concerns	Mode of Stakeholder Engagement	Our Response
Investors and Shareholders	• Business performance, growth potential, and value positioning • Financial performance • Innovation and intellectual capital • Regulatory environment • Vendor and supplier performance • Sustainability performance and impacts • Health, safety, and well-being of stakeholders impacted by business operations such as employees, community members, and suppliers • Impacts of climate change to business operations and stakeholders	• Ad-hoc communications through written, virtual, and voice modalities • Active participation in networking and knowledge sharing events, seminars, conferences, etc. • Regular meetings and discussions with investors, shareholders, and ESG Raters • Investor and ESG raters' surveys and interviews • Sustainability and business performance through the annual release of the Integrated Report • Company website	To assure our investors and shareholders of our business and capital performance, we actively communicate our progress through our annual corporate filings such as the Integrated Report, Financial Statements, and Corporate Governance Report. Additionally, we respond to their queries and actively work on their recommendations to continuously improve our operations.

Risk and Opportunities



Enterprise Risk Governance and Management



The FPH Enterprise Risk Management (ERM) process follows ISO 31000:2018. An ERM review across the FPH businesses is conducted annually. The process involves defining the review's scope, context and criteria of the cycle's activities, doing a risk assessment, designing activities to mitigate risks, monitoring and review, recording the review's output and reporting it to relevant bodies, and communication and consultation with all parties involved. The process is iterative and goes in a feedback loop, taking into account changes in context, objectives, and internal and external factors that may have an impact to value creation. All outputs are captured and documented through a risk register. The annual cycle ends with oversight through regular monitoring and review done at various levels.

The Board of Directors maintains its oversight role of the process through the Board Risk Oversight Committee (BROC). The BROC reviews all major risks and opportunities and works with the FPH businesses on their corresponding management strategies, and action plans.

The Chief Risk Officer (CRO) and Senior Management review the critical strategic risks and opportunities prior to the BROC review. The CRO and ERM Team serve as the process champion to ensure a fully functioning ERM system is in place.

The ERM team provides the framework and supports respective risk management systems, initiatives, and programs placed in each of our businesses. Within each subsidiary's risk management system, major risks are identified with the appropriate risk owners.

At the level of the subsidiary, the risk owners evaluate, monitor, manage, and report their assigned risks, including the mitigation and application of appropriate risk management solutions. Project risks and opportunities are reviewed by project teams with support either from the subsidiary's respective risk management champions and/or the FPH Risk Management Team, as the case may be.

With regard to Cybersecurity risks, this is a joint responsibility of ERM/Tech Risk and IT and its management is lodged with both the CRO and the Chief Digital Officer (CDO). Cybersecurity risks and its management are included in the annual risk management review cycle.



Risk management and risk awareness are embedded into employee knowledge through Enterprise Risk Management 101 lectures. This is part of the onboarding of all new employees, as well as given as a refresher to everyone involved in the risk review process every ERM cycle. The ERM team also gives the ERM 101 lecture and other briefings to the subsidiaries for their own new employees, as requested.

Developments in Business Continuity Management

Throughout 2020 to 2021, our ability to respond and thrive through crises was challenged. Since the beginning of the pandemic, the concurrent Taal eruption in 2020, adapting to each COVID wave, and transitioning to the new normal, we strengthened our Business Continuity Management (BCM) to be prepared for any crisis that may come our way—whether this could be another health crisis, natural disaster, or the threat of The Big One (earthquake).

In 2022 we finished conducting BCM 101, Gap Assessments, and Business Impact Assessment 101 for most of our major subsidiaries. In 2023, we will complete pending BIA 101 sessions along with completing the subsidiaries' Business Impact Assessments (BIA). From the BIAs each subsidiary will develop a Business Impact Assessment Template which will guide them during times of crisis. This reference document will guide the subsidiary in determining mission critical positions; identify emergency response leads, crisis management leads, and business continuity leads; and establish mission critical activities including dependencies, recovery time objectives, and alternative arrangements. Finalization of the BIA templates will be done in 2023, and will be followed up with its implementation, testing, drills, and simulations.





Managing Risks and Exploring Opportunities in 2022

Majority of the risks faced by our businesses are outcomes from events happening at the global scale. Namely, these are the Ukraine and Russia war, China's Zero COVID lockdowns and energy crisis, and food shortages in some parts of the world. With these events coming right after years of the COVID-19 health crisis, the economy we have now is one with high inflation rates, a looming recession, and disrupted supply chains. On the other end, our businesses also face risks unique to their industries and the nature of their operations. Amidst all these, FPH and the subsidiaries remain steadfast in managing these risks and finding opportunities in our landscape.

Drivers of risks and opportunities common across the group

Macroeconomic events that drive risks	RISK/OPPORTUNITY	AFFECTED BUSINESS SEGMENTS			
		Power Generation	Energy solutions	Real Estate	Construction and Energy Services
Russian-Ukraine War	Increased oil and commodity prices	●	●	●	●
	Disrupted supply chains	●	●	●	●
	Inflation	●	●	●	
	Tightening of monetary policies			●	
COVID-19 Pandemic	Health risks	●	●	●	●
	Changes in client/customer preferences	●		●	
Climate Change	Impacts, risks, and opportunities due to climate change	●	●	●	●
Election year	Transition in national and local governments and its impacts as related to schedule of government processes, potential new policies and frameworks	●		●	●

The impacts of climate change are still ever present, and we have made preparations to address related risks and opportunities in three ways: disaster management, climate adaptation and resilience, and a decarbonization program. Immediate natural disasters such as typhoons, floods, landslides, and the like will be addressed through our business continuity management framework. Our power segments also have natural catastrophe programs to proactively address these risks, which also forms part of how they adapt and become resilient to climate change impacts; more on this in the section on Manufactured Capital on page 92. With regard to our non-power generation segments, they too have figured climate impacts into infrastructure and process designs specific to their operations, detailed below. And lastly, to proactively contribute to the global goal of decarbonization, our businesses have begun developing their decarbonization plans this 2022; this is detailed in the succeeding section on TCFD reporting requirements.

ENERGY: POWER GENERATION SEGMENT

Risks	Impact of Risk	Our Response
Fuel supply risk brought about by the early depletion of the Malampaya gas field and exacerbated by global supply chain disruptions, as well as steam supply challenges in our geothermal assets. Relatedly, the impacts of the Russia-Ukraine War on oil and natural gas supply increased our exposure to **price shocks** of fuel. Nature of risk: External	Risk will impact ability of power plants to generate and deliver power to customers, thereby decreasing revenue Time-frame: • Short-term to medium -term Stakeholders impacted: • Employees • Customers • Suppliers • Competitors • Investors Capitals affected: • Human Capital • Social & Relationship Capital • Financial Capital • Manufactured Capital • Natural Capital	**Risk management strategy:** Loss prevention and reduction Our power segment business is on track with its proposed Interim Off-shore Terminal. The new facility will enable the importation of LNG that will ensure the continuous operation of the natural gas fired power plants. Procurement options have been identified and are in the process of being implemented to minimize the impact of supply disruptions. The geothermal assets maximize the use of modern technology to optimize steam extraction. The company employs comprehensive development plans for its steam wells and the intensive monitoring of production lines. **Opportunity:** The LNG Terminal will enable us and other stakeholders in the power industry to expand the use of clean natural gas in the country, which will complement and enable our (and the country's) plans of decarbonizing the grid.
High inflation rates and a high **interest rate environment** brought about by various factors, which include the Russia-Ukraine war in addition to the effects of the COVID-19 pandemic. Nature of risk: External	Adverse impact on financing plans that could delay growth projects and increase the costs of operations Time-frame: • Short-term to medium-term Stakeholders impacted: • Employees • Customers • Contractors • Regulators • Financial Institutions • Investors Capitals affected: • Human Capital • Social & Relationship Capital • Financial Capital • Manufactured Capital	**Risk management strategy:** Loss prevention and reduction Our power generation business has a predictable cash flow due to the majority of capacity being contracted. The company continues to pay down debt in a timely manner that results in the reduction of interest expenses. The company likewise explores other avenues by which to raise funding. **Opportunity:** A high interest rate environment will result in opportunities to acquire assets or business unable to cope with the pressures of the market. High interest rates will allow the company to invest its funds in high yielding instruments/assets.
Challenges in the regulatory landscape and from delayed regulatory issuances and amendments, affecting the timelines of growth projects. Nature of risk: External	Affect timeliness and financial viability of growth projects Time-frame: • Short to long-term Stakeholders impacted: • Employees • Customers • Competitors • Regulators Capitals affected: • Human Capital • Social & Relationship Capital • Financial Capital • Manufactured Capital	**Risk management strategy:** Avoidance Continual engagements with various regulators and local government officials involved in the energy sector, and participation in Technical Working Groups on regulations in development. Our power businesses also closely coordinate with regulatory groups and institutions to aid the progress of key issues and collaborate with like-minded organizations, customer groups, and individuals to collectively push regulations that promote the clean and renewable energy advocacy. **Opportunity:** Strengthening relationships with regulators with active participation in regulations development; and with industry peers, organizations, and other stakeholders on our advocacy. This is key to collaborative innovation.

** Short term (1-5 years), Medium term (5-10 years), Long term (10 or more years) risk.*

ENERGY: POWER GENERATION SEGMENT

Risks	Impact of Risk	Our Response
Market Risk from the expiration of key contracts in the next five years Nature of risk: External	About 2000MW is at risk of becoming uncontracted Time-frame: • Short to long-term Stakeholders impacted: • Employees • Customers • Competitors • Regulators Capitals affected: • Human Capital • Social & Relationship Capital • Financial Capital • Manufactured Capital	**Risk management strategy:** Loss prevention and reduction Our power businesses have been in discussions with various customers on contracting future supply, in addition to exploring strategies to contract some of the capacity to other market segments. **Opportunity:** Implementation of government programs such as the Retail Customer and Open Access (RCOA) and Green Energy Option Program (GEOP) have caused new markets to emerge. To capture this opportunity, our power businesses are developing retail capabilities as well as the capability to provide a more holistic experience for customers.
Intense competition from current competitors expanding capacity as well as **technology advancements** enticing foreign players to enter the Philippine market. Nature of risk: External	Competitors pursue the same set of customers which may impact the subsidiaries' revenue generation and cash flow Time-frame: • Short-term to medium -term Stakeholders impacted: • Employees • Customers • Competitors Capitals affected: • Human Capital • Social & Relationship Capital • Financial Capital	**Risk management strategy:** Loss prevention and reduction Our power businesses: • expanded their client coverage to close contracts with various customer segments; • improved plant flexibility to cater to different energy demands; • launched a communication campaign to establish company branding; • ensured competitiveness through portfolio optimization, plant flexibility, and premier client servicing; and • are continuously studying technological advancements and improving technical capability. **Opportunity:** Similar to above, emerging markets from RCOA and GEOP are an opportunity our power businesses can tap.
Cybersecurity risk from increasing dependence on information systems and automation brought about by continuous modernization and interconnection. Nature of risk: Mixed internal and external	Breaches in confidential information and data privacy Time-frame: • Short to long-term Stakeholders impacted: • Employees • Customers • Contractors • Regulators Capitals affected: • Human Capital • Social & Relationship Capital • Intellectual Capital • Financial Capital • Manufactured Capital	**Risk management strategy:** Loss prevention and reduction Conducted Information Technology (IT) and Operational Technology (OT) vulnerability assessment studies and implemented recommended mitigation plans. IT Security Governance and IT Security Operations services were acquired. Programs were launched to improve cybersecurity risk awareness, manage and reduce information security, technology risks, and ensure compliance **Opportunity:** Action on cybersecurity improves reputation of the company and builds trust from stakeholders

ENERGY: POWER GENERATION SEGMENT

Risks	Impact of Risk	Our Response
Pandemic-related risks that may affect operations, the workforce, customers, and the market Nature of risk: External	May impact revenue generation and cash flow; and may delay development of growth projects Time-frame: • Short to medium-term Stakeholders impacted: • Employees • Contractors • Suppliers • Customers • Community Capitals affected: • Human Capital • Social & Relationship Capital • Financial Capital • Manufactured Capital	**Risk management strategy:** Loss avoidance and reduction Through the years our power businesses have extensively improved its health and safety strategy and protocols, as well as conducted programs to maintain the well-being of its employees. A hybrid work arrangement has been developed. Our power businesses also engaged industry players and business partners on pandemic preparedness response. **Opportunity:** The fortified health and safety strategy and protocols and Business Continuity Management system allow us to be prepared for any type of disruption or crisis.
Exposure to natural catastrophes and other climate risks resulting from climate change impacts, such as climate variability and extreme weather. These increase the probability of disruption to operations, property damage, and hampering the power segment's ability to deliver power. Nature of risk: External	Disruption to operations and ability to deliver power to customers, and property damage Time-frame: • Short to long-term Stakeholders impacted: • Employees • Customers • Competitors • Regulators • Host Communities Capitals affected: • Human Capital • Social & Relationship Capital • Financial Capital • Manufactured Capital • Natural Capital	**Risk management strategy:** Loss reduction Natural calamity studies have been conducted and the power segment ensures that climate risk information is up to date. Design of power plants are continually modified, along with weather-proofing, resilience initiatives, regular maintenance of earthquake risk-mitigating measures. Continuous improvements to the emergency response and business continuity management plan are done. **Risk management strategy:** Transferring of risk Natural catastrophe insurance, to the extent possible. **Opportunity:** Similar to the previous item, our natural calamity studies, natural catastrophe program, and resiliency compliance plan have prepared us for these risks. Activities under our natural catastrophe program have already brought down needs for insurance claims over the years.

Information on the risks, management strategies, and opportunities of our energy segment are detailed in the 2022 First Gen Integrated Report, available on their website at *https://www.firstgen.com.ph/investor-relations/presentations*

ENERGY: ENERGY SOLUTIONS SEGMENT

Risks	Impact of Risk	Our Response
Global supply chain challenges that may affect operations, the workforce, customers, and the market Nature of risk: External	Ability to deliver products timely to customers will be affected Time-frame: • Short-term Stakeholders impacted: • Customers • Suppliers • Employees Capitals affected: • Social & Relationship Capital • Financial Capital • Manufactured Capital	**Risk management strategy:** Loss prevention and reduction Diversified their supplier contact list and logistic routes for global supply chain risk. Also increased capacity to deliver orders. **Opportunity:** Establish partnerships with new suppliers and increase collaboration with existing ones. Global supply chain challenges faced by the Western market also created an opportunity for FPI to enter into the US market, capitalizing on the transformer requirements of US entities.
Impacts of inflation to material and product price Nature of risk: External	Increased prices on products may reduce competitiveness Time-frame: • Short-term Stakeholders impacted: • Customers • Suppliers • Employees Capitals affected: • Social & Relationship Capital • Financial Capital • Manufactured Capital	**Risk management strategy:** Loss prevention and reduction Protect material availability through supply chain actions, coordinating with suppliers, and building up inventory. **Opportunity:** In addition to furthering relationships with suppliers, First Philec can also strengthen customer relations with added services such as after-sales service.
Plant disruptions due to fire Nature of risk: Internal	Adverse effects on First Philec's inventory stock and revenue Time-frame: • Short-term Stakeholders impacted: • Employees • Customers Capitals affected: • Human Capital • Social & Relationship Capital • Financial Capital • Manufactured Capital	**Risk management strategy:** Loss prevention and reduction Embedded fire suppression protocols. This strategy in particular has gone through several years of deep mitigation planning. **Opportunity:** Position regional depots through third party partners in Visayas and Mindanao to protect inventory and better serve neighboring customers.
Business concentration - single dominant customer Nature of risk: External	Large portion of revenue is dependent on dominant customer Time-frame: • Short-term Stakeholders impacted: • Employees • Customers Capitals affected: • Social & Relationship Capital • Financial Capital	**Risk management strategy:** Retention The company has no control of the customer profile. Loss prevention and reduction are solutions worked out with the customers. **Opportunity:** Both the management strategy and opportunity are co-creating solutions with customers and further building relationships.

REAL ESTATE: RESIDENTIAL AND COMMERCIAL REAL ESTATE SEGMENT

Risks	Impact of Risk	Our Response
Increased oil and commodity prices brought about by the Ukraine-Russia war and global supply chain disruptions Nature of risk: External	Increase in construction costs Time-frame: • Medium-term Stakeholders impacted: • Employees • Suppliers • Customers Capitals affected: • Social & Relationship Capital • Financial Capital • Manufactured Capital	**Risk management strategy:** Loss prevention and reduction Optimize cost management by reviewing strategies for material sourcing and procurement. **Opportunity:** The increasing land cost may mean a strong potential of the area for future development which will, in turn, may bring higher selling prices.
Risk from **tightening monetary policies** Nature of risk: External	Possible negative impact to cash flows Time-frame: • Medium-term Stakeholders impacted: • Regulators • Financial institutions Capitals affected: • Social & Relationship Capital • Financial Capital • Manufactured Capital	**Risk management strategy:** Loss prevention and reduction Optimize cost management by reviewing strategies for material sourcing and procurement. **Opportunity:** None
Impacts on the market as a result of inflation and potential recession Nature of risk : External **Shifts in customer demand for space** as a result of the pandemic Nature of risk : External	Weak market for residential segment Retail segment is recovering but inflation may dampen consumer demand Need to review strategy for property development and management Time-frame: • Medium to long-term Stakeholders impacted: • Customers • Competitors Capitals affected: • Human Capital • Social & Relationship Capital • Intellectual Capital • Financial Capital • Manufactured Capital • Natural Capital	**Risk management strategy:** Loss prevention and reduction There is strong demand for horizontal developments and resilience in the luxury segment. Rockwell can launch products that meet this segment. **Risk management strategy:** Retention There is potential revenge spending and resilient BPO growth that Rockwell Land can cater to. **Opportunity:** The risk management strategies are also opportunities; Rockwell has the expertise to cater to the changing demands of the market.

REAL ESTATE: RESIDENTIAL AND COMMERCIAL REAL ESTATE SEGMENT

Risks	Impact of Risk	Our Response
Climate impacts on properties, either from extreme weather events or long-term climate impacts Nature of risk: External	Impacts may affect the integrity of properties while natural disasters present a hazard to the workforce and community. Time-frame: • Long-term Stakeholders impacted: • Employees • Customers • Community Capitals affected: • Human Capital • Social & Relationship Capital • Financial Capital • Manufactured Capital	**Risk management strategy:** Loss prevention and reduction Evaluation of climate impacts on certain locations, resilient and sustainable design for properties, and ensuring preparedness for disasters

REAL ESTATE: INDUSTRIAL REAL ESTATE SEGMENT

Risks	Impact of Risk	Our Response
General impacts of **Inflation and price volatility** Nature of risk: External	Increase in construction cost Possible increase in interest rates on loans Possible reduction on new lease contracts Time-frame: • Short-term Stakeholders impacted: • Suppliers and vendors • Customers • Competitors Capitals affected: • Financial Capital • Manufactured Capital	**Risk management strategy:** Loss prevention and reduction Close monitoring of inflation forecasts and interest rates; and price agreements with material suppliers. Cautious recognition of inflation forecasts and interest rates in our financial models for projects and enterprise-wide. **Opportunity:** Global price volatility creates supply chain disruptions where the Philippines may be considered as an alternative option for new, or relocation of manufacturing and even higher value add segment of the supply chain. Real estate sector have historically outperformed during periods of high or rising inflation. High inflation translates to higher escalation rates on lease contracts which are carried on for the contract duration with range of 5-20 years.

REAL ESTATE: INDUSTRIAL REAL ESTATE SEGMENT

Risks	Impact of Risk	Our Response
Changes in national and local leadership after the election season, and possible changes in policy environment. Nature of risk: External	Possible delays or changes in processes for submission and approval of requirements to government Time-frame: • Short-term Stakeholders impacted: • Customers • Competitors • Regulators Capitals affected: • Social & Relationship Capital • Financial Capital	**Risk management strategy:** Loss prevention and reduction Active communication and engagement with relevant regulatory agencies and with local government to provide inputs to new policies and frameworks. Continue with community partners to forge collaborative relationships. **Opportunity:** Maintain and even strengthen relationships with local government, partner communities, and regulatory agencies. The new administration expressed support on Ecozones to bring in strategic industries in emerging technologies.
Reduction of tax incentives under the CREATE Law Nature of risk: External	Impacts to profitability due to increasing operations costs and potential negative impact to expansion and competitiveness Time-frame: • Medium to long-term Stakeholders impacted: • Customers • Competitors Capitals affected: • Social & Relationship Capital • Financial Capital	**Risk management strategy:** Loss prevention and reduction Identify cost reduction measures balanced with market competitiveness. Create an elevated ecosystem and experience for stakeholders through expansion of service offerings. Active communication with regulatory agencies on understanding the requirements of the law. **Opportunity:** Through creating an elevated ecosystem and expanding service offerings, FPIP can retain and attract locators and highly skilled talents, going beyond the PEZA incentives value proposition.
Increasing cost of land around the industrial park Nature of risk: External	Increased cost to acquire adjacent land for expansion Time-frame: • Medium to long-term Stakeholders impacted: • Customers • Competitors Capitals affected: • Social & Relationship Capital • Financial Capital • Natural Capital	**Risk management strategy:** Loss prevention and reduction Attracting locators with an elevated ecosystem and market competitiveness. Seek high value added manufacturers and increasing intensity of use (densification). Mixed use of land bank, strategic area development, and focused land acquisition considering the location, accessibility, and supply and demand of raw lands. **Opportunity:** Increase in the valuation of existing land properties. Increase in value of real estate and increasing price consequently translates to higher lease rates for new and renewal contracts for land and ready built factories.

REAL ESTATE: INDUSTRIAL REAL ESTATE SEGMENT

Risks	Impact of Risk	Our Response
Climate impacts on water supply, specifically variability and seasonality of aquifer recharge Nature of risk: External	Potential disruption of water supply and revenue loss Time-frame: • Long-term Stakeholders impacted: • Employees • Customers • Regulators Capitals affected: • Human Capital • Social & Relationship Capital • Financial Capital • Natural Capital	**Risk management strategy:** Loss prevention and reduction Ongoing studies to develop more sustainable water sources, initiatives for proactive water resource management, and influencing and educating locators on water management in their consumption. **Opportunity:** Develop a regenerative and collaborative approach to water supply and management, once studies and other information are understood well. Addressing climate change as a source of competitive advantage: as the global economy decarbonizes, industrial parks can use locations, connections to utility systems, local operational footprints, and climate intelligence to create new revenue streams, improve asset values, or launch entirely new businesses.
Force majeure and **natural catastrophic events** Nature of risk: External	Disruption to operations; hazard to FPIP internal and external communities Time-frame: • Short-term Stakeholders impacted: • Employees • Customers • Competitors • Communities Capitals affected: • Human Capital • Social & Relationship Capital • Financial Capital • Manufactured Capital	**Risk management strategy:** Loss prevention and reduction Enhanced BCM and other organizational and capacity developments, preventive maintenance of infrastructure, and insurance coverage. **Opportunity:** Enhanced BCM allows FPIP to be prepared for disasters and crises; FPIP is also equipped to help its surrounding communities. Emergence of resilience management in areas of operational, digital and technology, financial, and organizational; the critical transition from crisis management to resilience and translating to adaptability and decisiveness.

CONSTRUCTION AND ENERGY SERVICES SEGMENT

Risks	Impact of Risk	Our Response
Risks to **material price and availability** due to increased oil and commodity prices and supply chain disruptions Nature of risk: External	Increase in commodity prices would lead to more expenditures; and delays in delivery of materials may delay project schedules Time-frame: • Medium-term Stakeholders impacted: • Employees • Customers • Suppliers Capitals affected: • Human Capital • Social & Relationship Capital • Financial Capital	**Risk management strategy:** Loss prevention and reduction Close monitoring of logistics, key commodity prices, and production of commodities; and engagements with vendors for solutions to alternative routes. **Opportunity:** The situation will allow us to review how we source our supplies: • There are opportunities to develop new suppliers and subcontractors who can bring new products which are not only more cost efficient but can also help achieve our sustainability objectives. • We will now be sourcing materials that have Green Building Certifications and explore their use in our construction Projects. • We will be looking into the carbon footprint measurement of each material and look into their overall impact on our use.

CONSTRUCTION AND ENERGY SERVICES SEGMENT

Risks	Impact of Risk	Our Response
Impacts of climate change to **project schedule** and **health and safety** (e.g. worsening weather events, extreme heat) Nature of risk: External	Disruption to operations and delays in project schedules Time-frame: • Long-term Stakeholders impacted: • Employees • Customers Capitals affected: • Human Capital • Social & Relationship Capital • Financial Capital • Manufactured Capital	**Risk management strategy:** Loss prevention and reduction Secure provisions for project schedules, review of health and safety protocols and maintenance of equipment, and upgraded BCM and disaster recovery plans. **Opportunity:** There are opportunities to work on sustainable projects. Prospective business ventures that align with our mission include renewable energy infrastructure, sustainable water management, and electric vehicle transport solutions.
Risks related to **occupational health and safety,** inherent to the nature of operations. Nature of risk: Mixed internal and external	Disruption to operations and hazards to workforce Time-frame: • Short to long-term Stakeholders impacted: • Employees • Customers Capitals affected: • Human Capital • Social & Relationship Capital • Intellectual Capital • Financial Capital • Manufactured Capital	**Risk management strategy:** Loss prevention and reduction Robust occupational health and safety systems, practices, procedures. **Opportunity:** Can help accelerate improvement of ESH protocols and capture the demand for more health infrastructure.
Competition for talent, specific to the needs of these subsidiaries Nature of risk: External	Ability to secure workforce numbers for upcoming projects, and particularly for large projects Time-frame: • Medium-term Stakeholders impacted: • Employees • Customers • Competitors Capitals affected: • Human Capital • Social & Relationship Capital • Intellectual Capital • Financial Capital	**Risk management strategy:** Loss prevention and reduction Enhance recruitment strategies and employer branding, and strengthen development and in-house training of workforce. **Opportunity:** First Balfour's continuing efforts to develop its human resources program makes them an employer of choice, as affirmed by their Gold Accreditation under Investors in People.

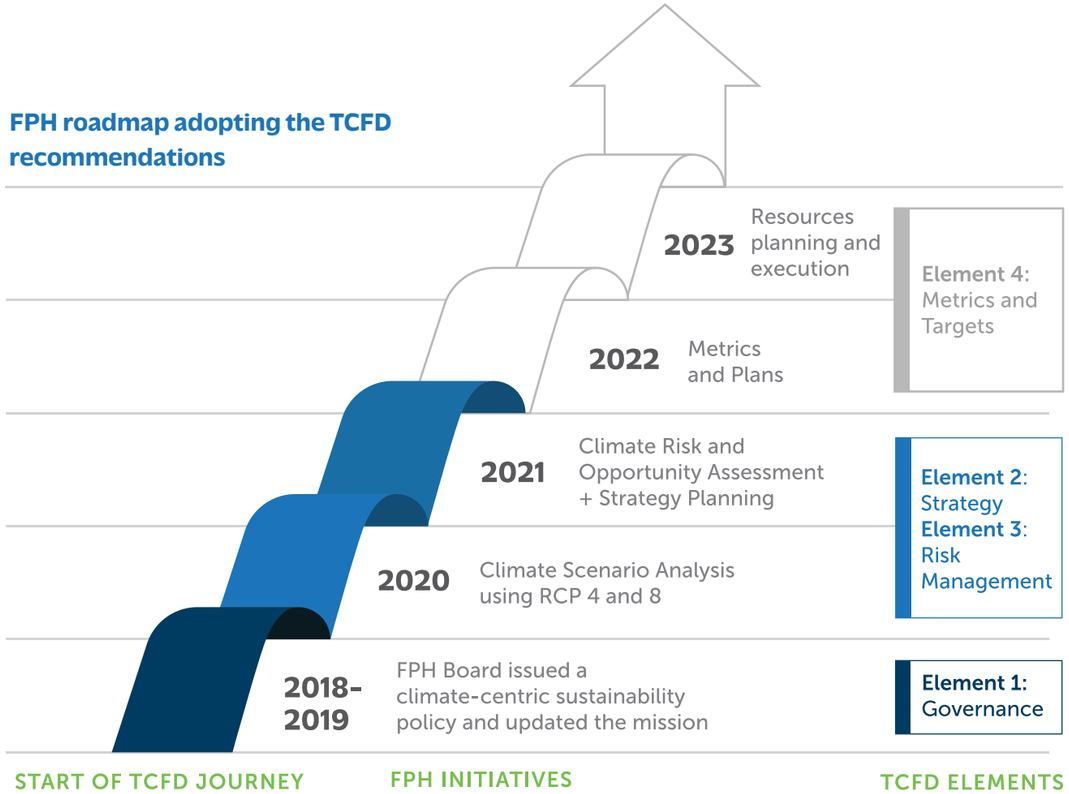
CONSTRUCTION AND ENERGY SERVICES SEGMENT		
Risks	**Impact of Risk**	**Our Response**
Local and international **competition** Nature of risk: External	Forgone projects if clients choose competitors Time-frame: • Medium to long-term Stakeholders impacted: • Customers • Competitors Capitals affected: • Social & Relationship Capital • Financial Capital	**Risk management strategy:** Loss prevention and reduction Collaborate with clients on project requirements and solutions. There are opportunities to bundle services for clients. **Opportunity:** Close engagement with clients with solutions specific to their needs.

Updates on Actions on Major Disruptions

Implementation of TCFD Recommendations

We started following the prescriptions of the TCFD in 2020 in order to systematically analyze our climate risks and opportunities. Since we laid out our roadmap in our 2021 Integrated Report, our progress on these prescriptions is on track. Below is a summary:

FPH roadmap adopting the TCFD recommendations



In 2022, the FPH Corporate Sustainability Group conducted a series of sessions with the FPH subsidiaries and head office departments on the topic of decarbonization. These sessions had the following objectives:

to define each subsidiary's climate strategy as aligned with the FPH mission; and

to develop a preliminary climate transition plan to meet the subsidiary's net zero goal, subject to continuing refinements.

These decarbonization sessions included several workshops for the groups to immediately begin planning:

SESSION 1

- Introduction on state of the climate
- Business case of climate action
- Guidance on decarbonization, including: IPCC definitions, prescriptions, proposed decarbonization pathways, global goals, the Philippine commitments, and further data

Deliverable:
Develop the climate strategy of the subsidiary

SESSION 2

- GHG accounting
- Value chain analysis
- Mitigation options
- Climate transition

Deliverable: Develop a climate transition plan

SESSION 3

- GHG mitigation goals setting and planning
- Introduction to Science-based Target setting tools

Deliverable:
Determine mitigation goals and identify execution mode



In our decarbonization sessions, we analyzed the various principles on climate change and its impacts; the related definitions and nuances of IPCC's prescriptions; and the Philippine climate commitments in its Nationally Determined Contribution (NDC). This discussion ensured the accuracy of our climate measures. Our growing understanding of these decarbonization requirements made us more cautious with our commitments. We understand that our mitigation plans are challenged by a lack of commercially-scaled and affordable GHG removal technologies at this time. Hence, we agreed that the resulting decarbonization plans from the sessions will be continually refined as technical measures become available, based on our role in the national climate strategy, and subject to other considerations based on the group's circumstances.

The planning process spanned a total of four months, inclusive of further internal discussions within the subsidiaries and review of the plans by the parent company. This resulted in each subsidiary crafting their own decarbonization plan. The consolidated climate strategies and plans are detailed on page 80.

Social Issues

In 2021, various social issues became emerging concerns triggered by the pandemic. We also set human rights as our main mechanism to address these issues, to protect our stakeholders, and make our operations inclusive. In our 2021 Integrated Report, we discussed the results of our subsidiaries' human rights impact assessments across their value chains. By 2022, we completed the remaining requirements of human rights due diligence, namely: a) the formulation of management measures for the potential human rights issues identified by the subsidiaries in 2021; and b) the completion and enhancements of the subsidiaries' Grievance Redress Mechanisms. Below summarizes our human rights measures. Additional details on human rights in the workplace are found within the section for Human Capital, on page 121, while respecting the rights of our stakeholders are expounded in the section on Social and Relationships capital on pages 133-135.

Summary of Potential Human Rights Risks and Management Measures

Potential Human Right Risk	Risk Measures
LABOR ISSUES	Respect labor and union rights and consistent implementation of labor policies
PHYSICAL AND SOCIAL DISPLACEMENT	Early consultation and relocation assistance for lost properties, livelihood, and amenities
ENVIRONMENTAL IMPACTS ON STAKEHOLDERS	Environmental impact assessment and mitigation, consultation with stakeholders, regular performance monitoring, and reporting
PRIORITY HIRING CONCERNS	Installation of a local hiring process with due consideration of local regulations and hiring standards
HEALTH AND SAFETY OF WORK FORCE AND COMMUNITIES	Health and safety mandatory training, toolbox meetings, and culture program
DELIVERY OF QUALITY PRODUCT AND SERVICES	Strict quality control
EQUITABLE BENEFIT SHARING	Stakeholder profiling, community consultations and regular social acceptability surveys
BRIBERY AND CORRUPTION	Vendors code for responsible sourcing and robust grievance redress mechanism
CULTURAL ISSUES	Free and prior informed consent and continuous engagement of IP communities throughout the project life

In addition to the above measures, subsidiaries were asked to provide information on how they plan to conduct performance evaluation and monitoring. For each potential human rights risk, the following parameters were identified: accountable group to address the risks, baseline information, indicators, data verification, key collectors, and method of collection.



Recognizing that every company has the potential to cause harm to others and in turn harm the business itself, the last due diligence requirement we completed in 2022 was Grievance Redress Mechanism (GRM). The GRM designed by each subsidiary is bespoke to their organization and their project needs. This mechanism enables various stakeholders (employee, customers, host communities, and other affected entities) to raise their concerns about the business and seek resolution when they perceive a negative impact arising from business activities. Ultimately, a GRM aims to provide remedy that will restore the situation of individuals and groups that have been harmed. The development of the GRMs considered the whole process including uptake of concerns, investigation, grievance monitoring, and the various modes of doing such.

In 2022, we went beyond human rights concerns to protect our stakeholders. As a proactive move, we worked on other factors that would promote a regenerative community. The details of our regeneration plan are discussed on pages 82-83.

OUR
VALUE CREATION STORY



In our 2021 Integrated Report, we provided an overview of our value creation process, highlighting the translation of our purpose into a guiding mission statement, and how this mission was brought to life through the business strategies of our subsidiaries. We also discussed how the business model consists of activities to transform the six capitals into values for the business and for others. Moreover, we identified the drivers of our execution – our committed leadership, our governance, the unity of purpose of the company with its employees, and our collaboration with the government and other sectors of society. The following sections present our progress and performance since then. These are all summarized in our Value Creation Diagram on pages 146-149.

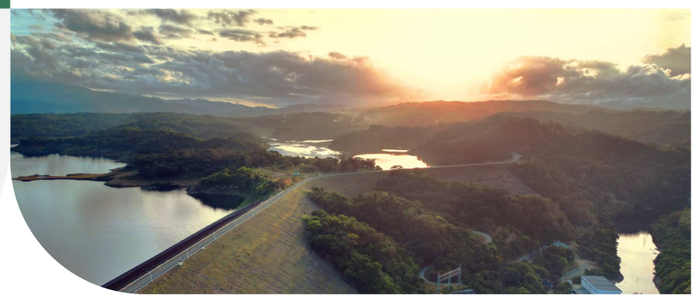
Business Strategy

The following were the advancements in the conglomerate's three-pronged business strategy in 2022. These directions have been agreed upon with the Board in a strategic planning workshop while the Key Performance Indicators shall be discussed as a next step.

SYSTEMIC AND ECOSYSTEM APPROACH

We continued to ensure that our business processes guarantee sustainability to protect present and future operations. This means that the processes currently in place are both mindful of protecting the environment in which our businesses operate, and supportive to their host communities.

In 2022, our systematic and ecosystem approach led us to pursue significant opportunities within our core sectors and their adjacencies by leveraging on the distinctive capabilities of the group.



TALENT CENTRICITY

Company talents are FPH resources representing capabilities that can be deployed anywhere in the group. With regard to our strategic focus on talent, several initiatives were undertaken in 2022. We can activate any of our established talent management mechanisms to supplement company efforts to attract, develop, and engage talent that will help us achieve our goals and aspirations. The following are our talent management initiatives and mechanisms:

Talent Mobility
Broaden development and career opportunities by facilitating cross company movements.

Group Recruitment
Strengthen talent attraction through an FPH employer brand; and establish policies for candidate pooling, assessments, and selection.

Common Bar
Update competency, performance, and skills framework and tools as basis for talent development and movements.

Learning Solutions
Provide access to on-demand learning, leadership, and management development training, and opportunities for project participation.

Shared Identity
Embed the FPH mission and purpose into the workplace culture.

Operations Excellence
Centralize and standardize key people operations for seamless and consistent employee service delivery.

Well-being
Champion DEI and flexible working arrangements; and provide access to tools and programs

Leadership Development
Update leadership competency framework and deliver targeted development initiatives.

Leadership Pipeline
Establish a pipeline management system.

ORGANIZATIONAL AGILITY

We enhance our parenting capabilities to provide stronger governance and functional support in the basic areas of human resources, ESG management, risk management, legal and regulatory counseling, finance and accounting, and building digital platforms. These services maximize group synergies and enable our subsidiaries to focus on managing their growth and developing their distinctive capabilities.

We also continued to focus on the following strategic priorities, whose impacts can be over the short, medium, and long-term:

▶ Capability Building (Short-term)
- Create parenting advantages to enable business units to focus on growth and developing their distinctive capabilities.
- Focus on talent centricity to attract, develop, and engage people with the values and capabilities that fit our aspirations and culture of the organization.
- Strengthen collaboration with the government and other stakeholders to develop broader partnerships to meet the enterprise and national goals.

▶ Diversification and Rebalancing (Medium-term)
- Maintain a calibrated approach towards growth, characterized by financial prudence and discipline.
- Strengthen our strategic planning and asset management process to support our portfolio companies and to develop multiple pillars of growth.
- Seek frontier areas that build on our core and have massive potential to achieve decarbonization and regenerative impacts.

▶ Transformation of Core Models (Medium to Long-term)
- Expand the scope and scale of our current businesses to help catalyze the transition into a decarbonized and regenerative future within their respective sectors.
- Leverage our strategic advantage and distinctive capabilities and group synergies to pursue opportunities in adjacent markets and deepen customer engagement to catalyze the transition towards a decarbonized and regenerative future.

At the business segment level, the Board and Senior Leadership assessed the need to reshape the scope and scale of FPH core businesses to help catalyze the transition to a decarbonized and regenerative future. The result is a more streamlined way to play for our subsidiaries. Each subsidiary will have its specific role while at the same time complementing each other to fulfill our mission.

There are two major changes in the business segment strategies in 2022. First, we found that the term "Energy Solutions" better reflects the true objectives and intentions of the initiatives being carried out by our manufacturing subsidiary, First Philec Inc. The urgency of an orderly energy transition has brought about multiple opportunities to provide solutions for the future needs of the grid while supporting our power segment in accelerating the transition to a decarbonized energy system. Second, we strongly believe that efforts to strengthen society are needed in the journey to decarbonization and regeneration. That is why we are also concerned about addressing the global issue of social equity which includes society's access to health and educational services, among others. Thus, we have added a social services segment to our initiatives and their ESG attributes shall be reported starting 2023.

Roles of our businesses in the decarbonization and regeneration of the country

Lead the Transition to a Decarbonized Energy System



First Gen and **EDC**'s leadership in clean, renewable, and low-carbon energy



First Philec's evolution as solutions provider for power distribution

Nurture Inclusive, Well-tempered, and Creative Spaces



Rockwell Land's admired models of integrated, walkable, and climate resilient communities



FPIP's commitment to improve the standard of living in manufacturing communities

Build Infrastructure that Creates Resilience and Enhances Quality of life

First Balfour ThermaPrime





First Balfour's and **ThermaPrime**'s market leadership in high-value, complex construction and geothermal drilling

Deliver Innovative Models for Social Services

ASIAN EYE INSTITUTE FIRST





Strengthening our commitment to make quality **healthcare** and **education** accessible

The full execution of our business strategies may be influenced by positive and negative forces.

Potential accelerators include:

- The growing demand for net zero offerings as businesses transition to more sustainable or regenerative practices will be able to help grow the FPH business.
- The growing awareness of the importance of net zero has allowed other industry players to begin adopting strategies that align with decarbonization. With this, FPH may be able to work with other companies to achieve their desired outcomes.
- The country's population is becoming increasingly educated and technically competent, providing rich human capital that is young, skilled, and globally competitive. One key element of the FPH business strategy is talent centricity, and an important strategic priority is capacity building. Thus, this development in country demographics can accelerate the development of this priority.
- There have been institutional reforms that support the economy and society, which benefit the organization. Fiscal and administrative reforms, ease of doing business, liberalization policies, and social policy reforms are all beneficial to the demand for business offered by the subsidiaries of FPH, which can accelerate their business growth.

Potential barriers may include:

- Macroeconomic shocks such as inflation, rise in interest rates and the depreciation of the peso can temporarily impact the operations of the business segments of the organization, affecting their strategies or the progress of their goals.
- There may also be regulatory challenges that could impact the strategies of the businesses–causing delays or required procedures that lengthen processes to transform our business models.



Business Model

Within FPH's business model are activities that transform our capitals into products and services that create value for the enterprise and others. In 2022, there was no major change in our business model as it had been observed to deliver optimal results to our operations. We continue to support our business platforms through the following:



Strategic Management
Providing strategic plans to relay the overall direction and expectations to the subsidiaries.

Portfolio Management and Capital Allocation
Translating strategy into action by allocating resources to create value for the enterprise and other stakeholders.

Corporate Entrepreneurship
Creating and developing innovative businesses to expand the portfolio.

Performance Management
Aligning the interests of the subsidiaries to drive strategic and financial performance.

Managing synergies
Combining and leveraging knowledge and resources of the group units to maximize value.

Providing Corporate Support
Supporting subsidiaries through well-integrated corporate resources that tailor-fit services for the businesses depending on their maturity, size, and nature of certain transactions.

On pages 146-147, we present the value creation diagram linking the business model to the value creation process.

Progress on Our Mission

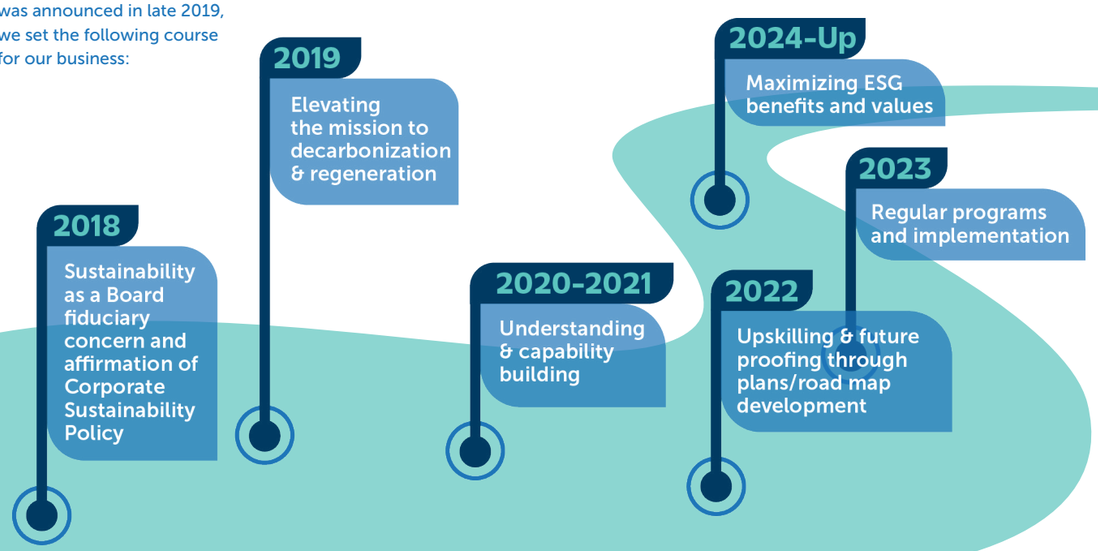
Alignment of FPH Mission with Global Goals

The updated FPH mission is aligned with the goals of the 2015 Paris Agreement, namely: a) the mitigation goal of reducing GHG emissions; b) the adaptation goal of building resilience and decreasing vulnerability to adverse effects of climate change; and c) cooperation among countries. In February 2022, during the launch of the most recent report of IPCC, UN Secretary-General António Guterres remarked that the twin goals of mitigation and adaptation must be pursued "with equal force and urgency."[1]

For FPH, the reminder from the UN Secretary-General meant that we need to progress on our new mission involving the two climate goals of mitigation and adaptation. The decarbonization measures identified in this report will contribute to reducing GHG emissions while our attention to the regeneration of our project sites will promote adaptation. In maintaining or restoring the integrity of nature in our locations, we are able to sustain and increase the capacity of nature to absorb carbon dioxide. This, in turn, also makes it a mitigation action. The same habitats we maintain or regenerate create co-benefits that support the adaptation needs of man. If nature is protected or restored, it can deliver the four known ecosystem services of any habitat: a) provision of materials, b) support services, c) regulation of earth processes, and d) nature's educational or spiritual values that can help both business and communities to thrive. On the other hand, the non-renewal of nature can lead to the deterioration of the planet which in time will no longer have the ability to regulate itself. Thus, it will not be able to provide the ecosystem services in perpetuity the way it does under normal conditions.

Path to implement the FPH Mission

When the new FPH mission was announced in late 2019, we set the following course for our business:



Preparing Our Group for the Climate Battle

Deepening sessions on FPH mission with the help of experts through the years (2019-2021)



Andrew Winston (2019)
Practical strategies for a hotter, scarcer and more open world



Rebecca Henderson (2020)
Multi-stakeholder Capitalism



Colin Hubo (2019-2021)
Integrated Reporting and TCFD

Because of the gravity of the climate change problem and other disruptions, instead of playing defense by focusing on regulatory compliance, we need to play offense by addressing all emerging ESG issues that are material to our operations. To prepare ourselves for our twin mission of decarbonization and regeneration, we capacitated our executives and employees to first understand the mission in dedicated sessions and during regular coordination meetings.



From the foundational sessions from 2019 through 2021, we advanced in 2022 by capacitating our subsidiaries on specific skills needed to execute the mission. Below is a summary of the the upskilling sessions done with the subsidiaries and head office departments, with the aid of internal talents and external experts:

Training program for all FPH subsidiaries and head office groups

2019-2021 Basic Training

- ESG Valuation
- Task Force on Climate-related Financial Disclosures
- Integrated Reporting
- Envi/Social Safeguard Policies and Guidelines

2022 Reskilling and Upskilling Program

- *July 2022* — Energy Efficiency
- *Jun-Oct 2022* — Waste Management & Circularity
- *June 2022* — CSR's alignment with mission
- *May-Jul 2022* — Human Rights Due Diligence
- *Feb-Dec 2022* — Supply Chain Pilots

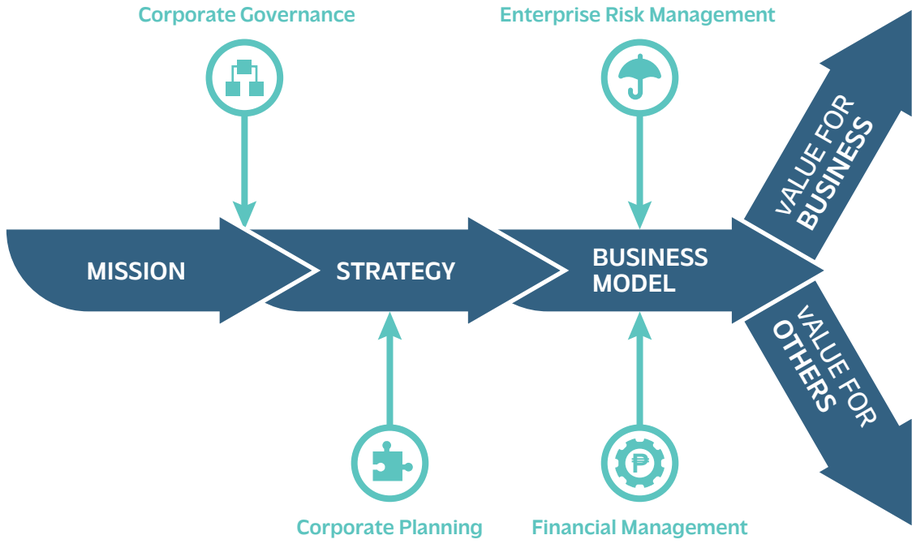
Integrating the FPH Mission in Our Operations

After acquiring the technical skills and tools, we then started integrating ESG into our operations to ensure that time and resources will be allocated to ESG by everyone. We identified the key corporate functions that influence our operations: a) governance, b) corporate planning, c) enterprise risk management, and d) financial management (specifically budget allocation). This ESG integration was then tied up with FPH's higher-level management approach, 'Strategies and Synergies Planning" (SSP).

In the SSP process, we consider the dependencies of the organization's structure, systems, and people to deliver our new mission and purpose. Through this approach, we are able to harness more quality outputs as a group by combining the resources, talents, and efforts of all our units towards our identified corporate goals. Thus, the SSP process guides our operational and long-term plans. Budget and other resources are allocated to support the operational plans for the year as well as the budget for our growth and diversification per our strategic plans. Initiatives with strategic fit to the mission and which conform with our governance standards are prioritized. The organization is also deliberate in allocating resources towards the growth and development of the business segment's distinctive capabilities.

SSP is a dynamic process that is reviewed annually. By 2022, ESG or non-financial parameters became part of the regular SSP process in FPH. Henceforth, the regular monitoring and evaluation of the ESG performance of the subsidiaries will be conducted annually during the SSP review.

EMBEDDING ESG IN FPH OPERATION



Our Progress on the FPH Mission's Pillars

Our year-long capability-building program across FPH is summarized below. From the program, each subsidiary achieved the following:

STATUS OF MISSION IMPLEMENTATION

FPH Mission Pillar	Outputs of FPH Subsidiaries
1.0 GOVERNANCE PILLAR	Adoption of the unified FPH mission. Subsidiaries were given the flexibility to modify the mission to fit their operation
2.0 ENVIRONMENTAL PILLAR	
2.1. Energy efficiency	Energy audits guided by Republic Act 11285 (Energy and Conservation Act of the Philippines)
2.2. Waste management	Enhanced waste management plans
2.3. Decarbonization	Climate risk and opportunity analyses across the value chain Preliminary decarbonization plan, to be continuously refined
2.4. Biodiversity	Biodiversity conservation and monitoring program for subsidiaries with major dependency on nature
3.0 SOCIAL PILLAR	
3.1. Human rights	Human rights due diligence across the value chain, with an inventory of potential human rights impacts, proposed measures, and development of a Grievance Redress Mechanism
3.2. Gender equality and diversity	Gender gap analysis was conducted while the focused strategies are being developed
3.3. Values for communities	Delivered social impacts or positive changes that promoted the well-being, or met the needs of communities and societies in better ways
4.0 EMBEDDING REGENERATIVE MINDSET	
4.1. Employees	Playbook for employee embedding
4.2. Supply chain	Piloted in 2022: • Vendors' code for responsible sourcing in the power segment, specifically in First Gen • Engagement of vendors on ESG in the non-power segment, specifically in First Balfour

Realizing Our Mission

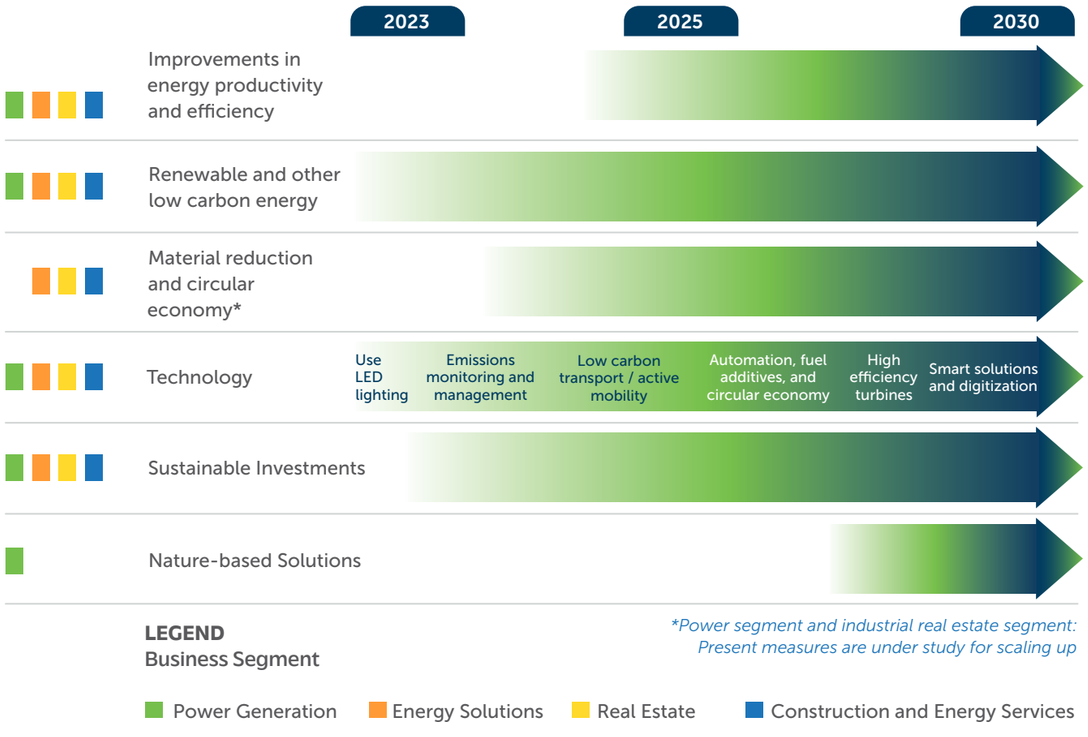
FPH upgraded its mission in the last quarter of 2019 to "To forge collaborative pathways to a decarbonized and regenerative future." We act in solidarity with the government on climate concerns. To meet our mission, our climate transition is supported by our governance, value chain engagement, participation in government consultations for enabling policies, and collaboration with various sectors to amplify our climate initiatives. The following section summarizes our group decarbonization and regeneration plans, consolidated from the plans of our subsidiaries through the various capability sessions/ workshops we have gone through in 2022.

Decarbonization Plans

We adopted the "mitigation hierarchy" approach by scanning our existing GHG reduction measures and identifying what can be scaled up, along with screening externally sourced measures we can adopt. With a growing understanding of decarbonization, we realized that the journey will not be simple due to resource and technology constraints. Thus, we resolved first to focus on our mitigation initiatives up to 2030 while keeping in mind the group's ultimate goal to get to net zero by 2050. The current plans cover, at the moment, only GHG Scopes 1 and 2. These are still indicative measures as the detailed feasibility studies are being conducted. Regular reviews of the plans will be conducted as the compatible technical measures become available. The following shows the planned key decarbonization strategies of our various business segments and the proposed mobilization schedules based on preliminary assessments. Further feasibility studies of these plans are being undertaken up to 2023.



Schedule of Decarbonization Measures



Power segment and industrial real estate segment: Present measures are under study for scaling up

Our key decarbonization strategies involve initiatives with time frames that range from short-term (1-5 years), medium-term (5-10 years) to long-term (10 or more years).

▶ Energy efficiency (Short-term to long-term)

Energy efficiency is considered the first fuel and is endorsed by the UN as a solution to achieve net zero GHG emissions. Scaling up this measure is critical. In 2022, our major subsidiaries underwent a first-level energy audit. Their facilities and equipment were inspected and the energy flows were analyzed to understand the points of interventions where their operations can use energy more efficiently.

Following the energy audit conducted in the last quarter of 2022, we will implement plans starting 2023 and will continue throughout the lifespan of the business.

▶ Waste management (Short-term to long-term)

During the 2022 Waste Management Workshops, each subsidiary identified the sources and volume of wastes in its various phases of operation, the processes involved, their related material inflows and outflows, and the efficiency of material use. Residuals or materials not converted into products or services were considered wastes. From this information, the subsidiaries identified the opportunities for circularity consisting of the resource recovery from wastes through recycling, reuse, transformation to other use systems, and the processes to convert wastes into new resources. All business segments have waste management plans at varying design stages. In particular, the industrial real estate and power segments intend to scale up existing measures and will conduct their studies in 2023.

▶ Technology scanning (Short-term to long-term)

We are conscious of the prescribed global timelines for the power sector to achieve net zero by 2040 and for the rest of the sectors by 2050.We continue to monitor emerging technologies and design our climate transformation based on our role in the national climate strategy, the technical feasibility and economic viability of the technology, and other circumstances of the company. Part of the fast-evolving technologies we are considering are electric vehicles, digitalization, equipment upgrades, and clean energy technologies. For the longer term, we are also monitoring the developments in carbon capture and utilization.

▶ Use of RE and other clean power sources (Short-term to long-term)

We shall continue to increase the use of RE in all our subsidiaries. In addition, our power generation segment intends to participate in the RE expansion plans of the government. To address the growing demand for electricity in the country, we aim to deliver a total of 13,000 MW of new clean and renewable power by 2030. As part of our strategy, we plan to utilize a combination of natural gas and renewable sources, gradually increasing the proportion of renewables in our energy portfolio to up to 9,000 MW. Already, we have invested in the past year in a hydropower pump storage with a longer operating period of 10-12 hours compared to the available batteries today with only a 3-4 hour operating period.

Meanwhile, our natural gas plants are executing part of the country's climate strategy. Under the Philippine Energy Plan for 2020-2040, natural gas is being used as a bridge fuel for an orderly energy transition in the country.[2] Natural gas has 50 percent lower emissions than coal, which still makes up 57 percent of the power supply of the country. The natural gas plants will keep the lights on as the coal plants are being phased out and will complement intermittent REs like solar and wind. Solar power is out after 4:00 PM and there can be windless days during the year. Natural gas plants will enable these intermittent electricity sources to penetrate the grid to meet the country's goal of increasing the RE contribution to the power mix of up to 35 percent by 2030 and up to 50 percent by 2040 under the clean energy scenario. Lastly, for the country to move on its own net zero goal, it will require the electrification of the major sectors (transportation, agriculture, industry, etc.).This will imply the need for a higher stable electricity supply. Thus, there can be an interim rise of our GHG emissions to perform our role in the national climate strategy. However, as more clean energy and energy storage systems are added to the grid, we are looking at decommissioning our own natural gas plants that can be repowered with green fuels in the coming decade or for these plants to be decommissioned before 2050.[3]

▶ Diversification of the portfolio through sustainable investments (Medium-term to long-term)

There are plans to diversify our investments towards a low-carbon portfolio to reduce our climate transition risks. Already, our growing understanding of the science, complexities of climate change, and the needs of society to adapt to the crisis inspired a number of our subsidiaries to plan for new sustainable investments (e.g., green transformers, energy solutions, water treatment). We expect this path to continue in the years to come.

Except for the energy solutions and the power generation segments which have existing sustainable projects, the plan of all subsidiaries to diversify to green products and services to decarbonize will be in the medium-term to long-term. Technical studies are however still being conducted.

▶ Nature-based Solutions and Carbon offset (Medium-term to long-term)

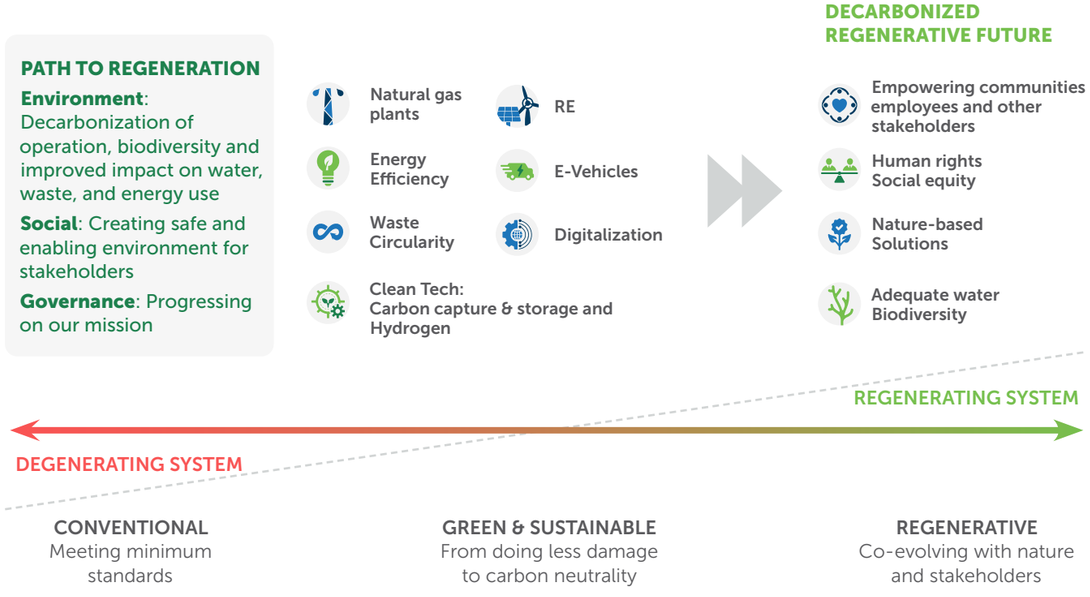
The conglomerate will require carbon offsets as an interim measure to address its emissions mitigation gap pending access to technologies that will permanently remove GHG from the atmosphere. Subject to enabling policies and mechanisms from the government, we opt to develop our own nature-based solution (NBS) projects to lock in credits for longer periods so we will not be dependent on a volatile carbon market due to increasing demand worldwide. Our RE subsidiary, Energy Development Corporation, with 38 years of experience in managing our geothermal forest reservations, was mandated to lead the NBS project. The necessary policies and instruments are being developed under a project with the Department of Environment and Natural Resources (DENR). The establishment of the NBS projects and their accreditation process by international carbon platforms are expected to be on steam in the medium-term.

Regeneration Plans

In addition to decarbonization, the FPH mission calls for equal attention to the regeneration of the planet and people within our sphere of influence. Regeneration, which involves healing and restoration, sees man and the rest of life as one thriving and flourishing system, in harmony with nature's processes.[4] It is a system that respects human rights across the value chain; allows partners, co-creators, and communities to achieve their own goals; and ensures they receive benefits from businesses that they host in their areas.

The figure below represents our overall plan to transition from sustainability to regeneration. Since climate change is a major cause of environmental and societal degradation, we are looking at decarbonization as a step to regeneration. Our decarbonization measures are meant to reduce the pressure from global warming on nature and people so nature and society can attain a sustainable status where they can start to recover. To move towards regeneration we need affirmative actions or interventions to deliver a net positive environment and a net positive social well-being.

FPH Regeneration Path



We have selected the following ESG indicators that will define our transformation towards regeneration:

▶ Biodiversity (Short-term to long-term)

Nature has an inherent mechanism to recover on its own in a process called "natural succession". For example, a forest left on its own without interventions, such as reforestation or enrichment planting, will take more than a hundred years to mature.

In FPH, the renewal of the ecosystem services of nature and enhancing biodiversity can range from the greening of spaces of our subsidiaries in urbanized areas to nurturing forests and other natural habitats in our energy projects. By protecting and expanding natural habitats, we contribute to improving the adaptive features of our worksites. The initiative will support not only the goals of the Paris Agreement on mitigation and adaptation but also the Global Biodiversity Framework approved by countries including the Philippines in the December 2022 meeting on biodiversity. The framework calls for the preservation of 30 percent of a country's land and marine habitats by 2030.[5] At the moment, the protected areas of the Philippines are estimated at 15.5 percent of natural land areas and 1.4 percent of marine waters.

▶ Gender equality and diversity (short-term to long-term)

Our actions on gender equality and diversity (GED) are still incipient. While we have started assessing the gender pay gap, there are many aspects of GED that we need to work on. Due to the lack of in-house expertise on this theme, we signed up with UN Women's Empowerment Principles and Philippine Business Coalition for Women Empowerment in 2022. In addition, our power companies have been assisted since March 2022 by USAID under its Enhancing Equality in Energy for Southeast Asia Program to increase the number of women pursuing energy sector careers and increase leadership opportunities for women.

In 2023, we will look into formulating a more comprehensive and related policy on social equity that will cover diversity, equality, and inclusion for employees and the rest of the stakeholders. Solving equity can positively influence poverty and more stable communities and society will lead to a stable economy that will provide us with a stable market. It also closes the loop between our financial and non-financial aspirations.







▶ Respect for human rights (short-term to long-term)

Our human rights policy and our progress in human rights due diligence will promote social equity. Equity is fairly giving individuals access and opportunities in meeting their personal goals. By making human rights a guardrail in FPH, we ensure fairness in how we treat our stakeholders. This also covers sharing benefits with communities that host our projects, such as with the distribution of revenue towards community projects. Consistency in applying the human rights lens across the value chain will reduce social disparities in our areas of responsibility in order to promote social cohesion. Through our continuous networking, we hope to influence other sectors of society.

▶ Employee embedding (short-term)

Transformation starts with promoting the skills of our employees who are our unit of change. The employee embedding playbook, completed in 2022 by each subsidiary, will assist in their transformation. The effectiveness of our embedding initiatives will be checked by the regular employee engagement surveys done by the respective Human Resources Groups until regeneration becomes a norm in the conglomerate. We are guided by studies on the role of capability building to a successful transformation which follows four steps: a) employees learn new skills, b) application of new skills will change capabilities and behavior, c) new behavior will improve the effectiveness of teams, and d) the company achieves financial gains and other goals.[6]

Networking and Collaborating for Greater Impacts

From the onset, we realized that we cannot achieve our mission alone. Thus, our approach is first to take up solutions that will help our company and our supply chain scale up actions beneficial to the business. Then we go for offsetting or actions outside our locations where we seek external partners to amplify our decarbonization and regenerative actions.

► Department of Environment and Natural Resources

In October 2022, we partnered with the country's environmental agency, DENR, to pilot its new Environmental and Natural Resources Framework (ENR). The ENR is a holistic approach that will protect nature's integrity, promote community well-being, and contribute to a robust local economy. Ormoc City, which is the host area of the Leyte Geothermal Project of our RE subsidiary EDC, was selected as one of three areas to test the ENR.

► Acting on our supply chain

We conducted two pilot projects on this topic during the year. We developed a vendors' code for responsible sourcing through our power subsidiary, First Gen, which is guided by the following principles:

- full compliance with all relevant national and international laws;
- ethical business conduct;
- respecting people's dignity;
- honoring contracts and obligations; and
- protecting Company and client's data, assets, and interests.

Today, there are mandatory ESG disclosures we ask from our vendors covering our ESG policies. More details on this can be found in our Governance section on page 165.

Early in 2022, we piloted an engagement with the vendors of First Balfour to help them understand climate change and our mission. This activity has progressed to the training of the vendors on the GHG calculator developed by our partner "Ako ang Bukas Movement (AAB)".[7] Our collaborative work with our vendors is detailed in our Social and Relationships Capital on page 132.

► Joining like-minded organizations

We maintained our existing partnerships with:

- **Quantum Leap NOW to Climate Neutrality 2050**
  FPH joined the climate neutrality movement also known as "Ako ang Bukas" movement or AAB (I am the Future) in 2021. The advocacy group was convened by Green Convergence, an environmental advocacy organization of more than 30 years. To accelerate sustainable development for our country, AAB was launched to campaign for climate neutrality by 2050, consistent with the global goal. Membership is voluntary. The group is assisting seven sectors: academe, business, local government units, youth, faith-based groups, civil society organizations, and Indigenous Peoples. AAB focuses on the quantification of one's carbon footprint using a GHG calculator it developed for individuals and organizations. Partners are assisted in the calculation of their GHG footprint and on ways they can reduce it. The FPH Chairman is one of the advisors of the movement and our Chief Sustainability Officer is the head of AAB's Business Task Force.

- **Business for Sustainable Development Philippines (BSD)**
  BSD is a non-profit industry association that provides a platform for companies to work together to address environmental and social issues that are material to the business. It helps companies to achieve their focus Sustainable Development Goals. The EDC President was voted as the head of the organization.

- **Total Carbon Column Observing Network (TCCON)**
  TCCON is a global network of stations that measures the concentration of ground carbon to complement the data collected by satellites and other instruments for an accurate assessment of the world's carbon concentration. EDC hosts the 25th global station that takes measurements from the Asia Pacific region. We have maintained this partnership since 2017. In 2020, TCCON was able to increase the accuracy of carbon data by 20 percent over land and 40 percent over oceans. In 2022, by combining the capabilities of TCCON ground measurements with NASA satellite data, an atmospheric estimate of carbon at a country level was reported.

In 2022, we joined three organizations to advocate for decarbonization and regeneration to amplify our actions:

- **Council for Inclusive Capitalism**
  The Council is a community of global leaders mobilizing the private sector to do business in ways that benefit the people and planet. The goal is to attain an economic system that will work for everyone while protecting the natural world. It is a platform for action, sharing of learnings, and a movement for change. FPH and First Balfour have been accepted as members of the Council during the year.

- **UN Women Empowerment Principles**
  As a partner of UN Women and a signatory to the UN Women's Empowerment Principles (WEPs), FPH is being guided on how the company can promote gender equality and women's empowerment in the workplace, marketplace, and local communities.

- **Philippine Business Coalition for Women Empowerment (PBCWE)**
  The PBCWE is an organization of businesses that are large employers which commit to taking appropriate steps to improve gender equality in the workplace and to influence their supply chain and other businesses to be better employers of women.

► Mobilizing the public

In 2022, we mobilized multiple stakeholders reaching a conservative estimate of 11,666 individuals over 27 events to potentially take action on climate change and in the rehabilitation of the planet. Stakeholders engaged included the government, business, academe, customers, civil society organizations, and the general public. Annex 4 on page 207 lists our engagements throughout the year.



[1] UN (2022). Antonio Guterres (UN Secretary-General) to the press conference launch of IPCC report. Retrieved from https://media.un.org/en/asset/k1x/k1xcijxjhp

[2] Department of Energy (2021). Philippine Energy Plan 2020-2040. Retrieved from https://www.doe.gov.ph/pep.

[3] Lopez, F.R. (2022). Vision for an environmentally resilient Philippines. Retrieved from https://business.inquirer.net/ 369635/vision-for-an-environmentally-resilient-philippines

[4] Gibbons, L.V. (2020). Regenerative-the new sustainable? Retrieved from https://www.mdpi.com/2071-1050/12/13/5483

[5] Dion, M. and E. Roston (2022). Countries adopt plan to protect 30% of land and water by 2030. Retrieved from https://time.com/6242197/cop15-biodiversity-plan-adopted

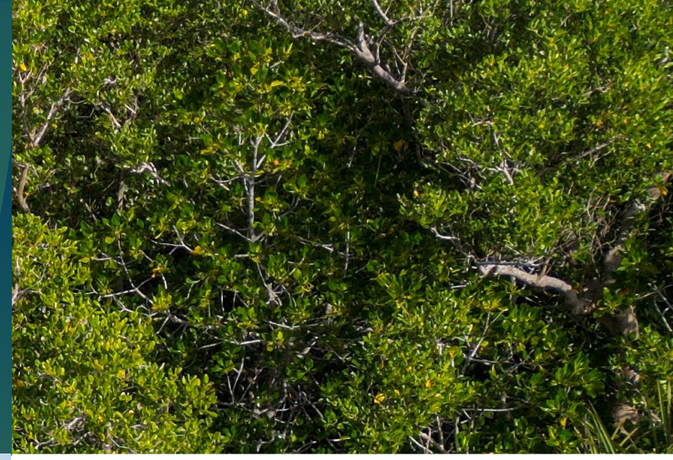
[6] Bachmann, H.; Skerritt, D.; and McNally, E. (2021). How capability building can power transformation. Retrieved from https://www.mckinsey.com/capabilities/transformation/our-insights/how-capability-building-can-power-transformation

[7] Gomez, E (2022). First Balfour, vendors address climate change Retrieved from https://www.manilatimes.net/2022/12/22/business/top-business/first-balfour-vendors-address-climate-change/1871337

Delivering Our Strategy



Financial Capital



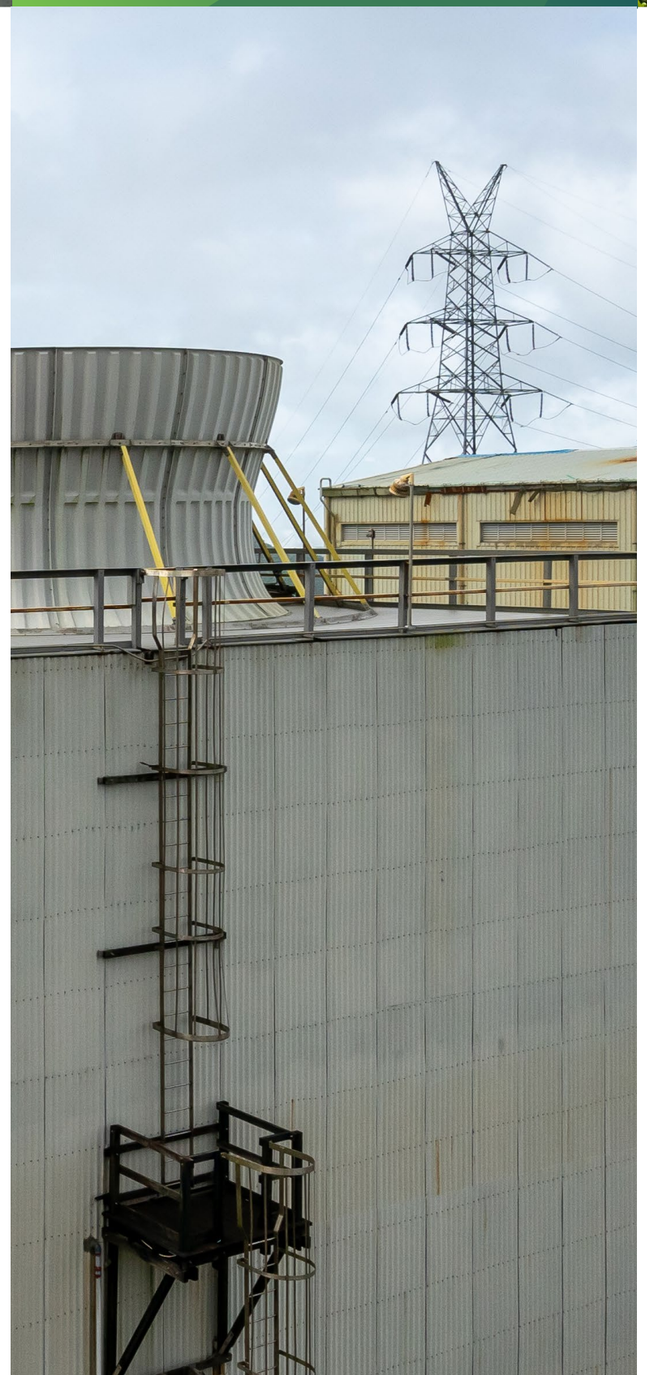
The progress in our mission was made possible by either growing, preserving, or otherwise appropriately managing our six capitals to make them available for conversion through the business model into products and services. In this section, we present the performance of our capitals, their impact and financial materiality, and the values they provide to our pentad stakeholders. To ensure the accuracy of our performance assessment, the ESG data used in the analysis have been subjected to a third party assurance. We also conducted a review of 2021 data and made use of the updated information in the analysis. Some data from 2021 have been revised since the 2021 report.

ESG Data Assurance

Since our sustainability journey began in 2016, our extensive program resulted in a significant volume of ESG information. The logical next step for us is to have our data and data collection processes reviewed and assured by a third party. Data assurance will help us ensure that the data we collect, monitor, and which inform us of our ESG progress, remain accurate.

In 2022, ERM Certification and Verification Services Limited (ERM CVS) was engaged to provide limited assurance of selected information. As FPH is a holding company, our ESG data and disclosures focus on our operating groups, namely First Gen, EDC, First Balfour, Rockwell, FPIP, and First Philec, in addition to the head office. More details about the process can be found in the limited assurance statement in Annex 2 on pages 194-203.

Selected information in the following section was subject to independent limited assurance by ERM CVS for the benefit of our stakeholders and other users of the ESG data.



Our financial capital are the sources of funds we draw on to maintain our business processes and, through the subsidiaries, produce the goods and services that create value for our customers, stakeholders, and investors. Our approach to managing our financial capital adopts strategies that increase financial returns and avoid, mitigate, or remediate risks. More details on our management approach for financial capital can be found in Annex 3 of our 2020 Integrated Report, uploaded on our website, **www.fphc.com**.

Sources of Financial Capital

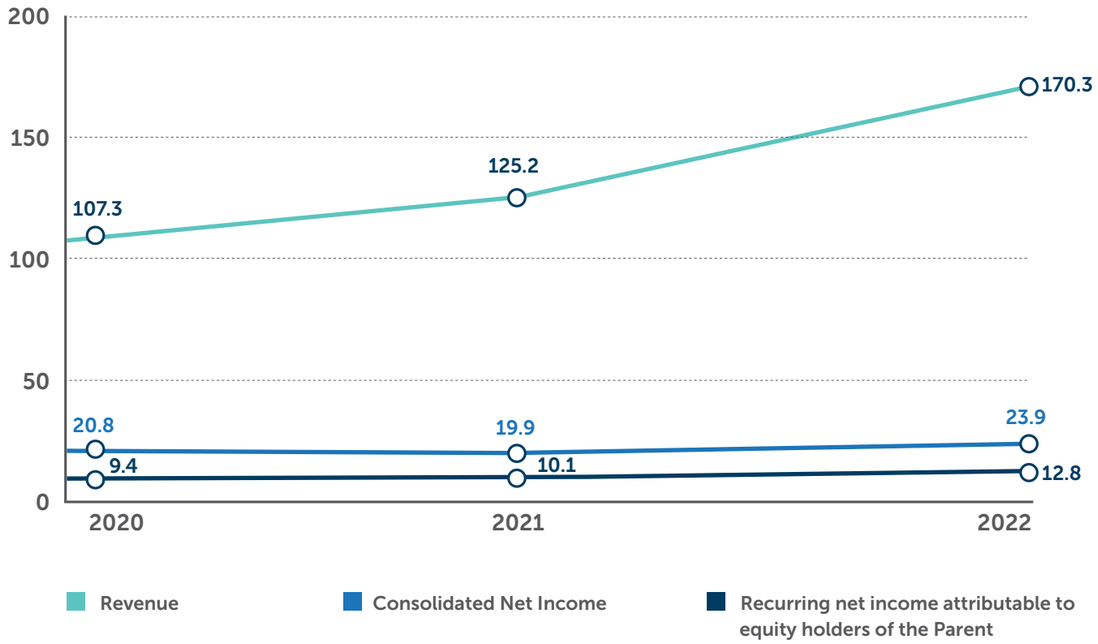
FPH began the year with PHP257.0 billion, of which **49.7** percent are from loans and debts, **49.6** percent from retained earnings, and **0.7** percent from stocks.



Financial Performance

The consolidated revenues of FPH at year-end was PHP170.3 billion, an increase of 36.1 percent from PHP125.2 billion in 2021. Recurring net income attributable to equity holders of the Parent was PHP12.8 billion, up by PHP2.7 billion or 27.1 percent from PHP10.1 billion in 2021. The increase in revenue was driven by improved earnings across our core businesses.

FPH Financial Performance
(Unit: Php Billions)





DRIVERS OF FPH'S RNI GROWTH IN 2022

Business Segment	Recurring Net Income Contribution	Drivers of growth
POWER GENERATION	PHP**9.7 billion** (^15.8%)	• Higher average WESM prices during the last quarter of 2022. • Improved generation of EDC's Negros and Bacman plants due to higher steam availability and lower plant outages. • Favorable translation of First Gen's US Dollar books to Philippine Peso, on account of higher weighted average exchange rate during 2022. This made up for the decline in US dollar profits of the gas platform. • Decline in gas platform was due to Avion incurring higher fuel costs brought by the Malampaya gas supply restrictions and requiring it to be run on liquid fuel.
ENERGY SOLUTIONS	PHP**988.8 million** (^94.6%)	• Substantial growth in the sale of amorphous distribution transformers to its main customer, Meralco. • Increase in transformer units sold to electric cooperatives and distribution utilities. • There were also positive contributions from the new business segment with Meralco, which covers distribution line components, surge arresters, and protection panels. • Increase in manufacturing capacity can be attributed to equipment upgrades, additional manpower on the production floor, and management of teamwork and career development opportunities of the subsidiary's workers.
RESIDENTIAL AND COMMERCIAL REAL ESTATE	PHP**2.0 billion** (^ 71.4%)	• Improvements in the Commercial Leasing segment from higher average occupancy and lease rates. • Higher percentage of completion in the Residential Development Segment. • Increases were partly weighed down by the absence of the CREATE Act retroactive income tax reductions that was booked in 2021.
INDUSTRIAL REAL ESTATE	PHP**161.6 million** (^ 78.9%)	• Upswing in water revenues driven by higher sales volume and tariff increases implemented in August 2021 and January 2022. • Higher leasing income following commencement of contracts with new major locators.
CONSTRUCTION	PHP**547.6 million** (^ 3.3%)	• Improved revenue margins from construction projects including the Cebu-Cordova Link Expressway (CCLEX), Batangas Combined Cycle Power Plant (BCCPP) and East Bay Water Treatment Plan.

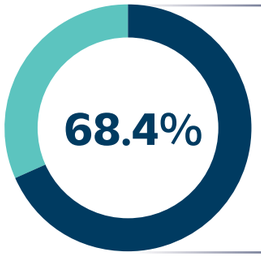
Distribution of Financial Capital

As a consolidated group, FPH returned about 87.0 percent of total generated value to the economy. This includes value distributed as employee wages and benefits, taxes and payments to government, payments to capital providers, operating costs, payment of dividends, assistance to communities, and environmental programs. Throughout the different business segments, values distributed were between 81.4 percent to 99.2 percent of their respective generated values.

Direct economic value generated and distributed

BUSINESS SEGMENT	Total Value Generated	Total Value Distributed	Economic Value Retained
Power Generation	145.1 billion	131.3 billion	13.8 billion
Energy Solutions	4.6 billion	4.0 billion	546.7 million
Real Estate	18.0 billion	15.8 billion	2.2 billion
Construction and Energy Services	9.1 billion	8.8 billion	269.6 million
FPH Consolidated*	177.7 billion	160.9 billion	16.8 billion

** Figures for FPH consolidated includes financial items on the part of the parent company and is not the sum of figures of the business segments*



of the value of our supplies and contracted services were from local suppliers.

PHP199.2 million
in contribution to the environment and communities

Summary

The significant increase in financial performance in 2022 is owed to the synergy between the various capitals and how they were managed and utilized through the business models of FPH and its subsidiaries, along with careful execution of risk strategies. Each succeeding section on the different capitals presents in detail the conditions that enabled the good performance of FPH and its major business segments for the year.

Financial and Non-financial Outcomes

Financial capital increased significantly, attributed to increased earnings across core businesses. This also translates to more value distributed to stakeholders and more financial resources to support business activities.



Manufactured Capital

Our manufactured capital comprises the physical assets, infrastructure, and equipment that our business segments use to create value for their customers through their products and services. In this section, we discuss the status of these assets, their performance, maintenance, and upcoming projects to enhance or to build up the manufactured capital of our business segments. For more information on our approach to managing our manufactured capital, you may refer to Annex 3 of our 2020 Integrated Report available on our website, **www.fphc.com**.



Power Generation

Overall, the power subsidiaries increased generation by 13.6 percent in 2022 as compared to the previous year, producing a total of 22,489.9GWh. All power projects were able to fulfill their power supply agreements, though with challenges for the natural gas power plants during the first half of the year due to restrictions in fuel supply coming from the depleting Malampaya gas field. The natural gas fuel situation improved in the year's second half through the banked gas of the Philippine National Oil Company.

The increase in power generated can be attributed to the natural gas and geothermal assets. The Santa Rita power plant had no scheduled major maintenance inspections during the year, allowing for continuous operation. In contrast, San Lorenzo's increase in power generation was tempered by maintenance activities in the first quarter of 2022. San Gabriel's sizable increase in generation was due to throttling operations in 2021 in line with fuel restrictions. San Gabriel cannot use condensates as an alternative fuel unlike Santa Rita and San Lorenzo. Hence, performance saw a major increase when fuel supply became favorable in the second half of 2022.

In the geothermal assets, the increase in generation was due to favorable steam supply for Palinpinon, Bacman, Mindanao, and Nasulo.

For hydropower, the Pantabangan-Masiway complex experienced low water elevations due to the National Irrigation Authority's (NIA) requirement for significant releases of water for irrigation. Hence, despite the favorable water flow and volume brought by prevailing La Nina conditions, the hydro asset was not able to produce as much power. Furthermore, in December 2022, water elevation lowered to about 200.6 meters above sea level (masl), due to unfavorable weather conditions. This hydropower asset requires an elevation of at least 207 masl, otherwise its dependable capacity also starts to decline. The elevation of 200.6 masl was good only for 105MW as dependable capacity. This is one of the lowest water elevations recorded during the start of the calendar year and may potentially affect generation in 2023.
Our other hydropower asset, in Agusan, had reduced generation due to lower inflows at the first half of 2022, as well as from unplanned outages due to equipment failure. Repairs were immediately conducted.

For our wind asset, the La Nina conditions drove lower wind speeds and thus lowered power generation as compared to the previous year.

Power Plant and Installed Capacity	NET GENERATION (GWH) 2020	2021	2022
NATURAL GAS			
SANTA RITA (1,000MW)	6,539.3	6,500.2	7,812.4
SAN LORENZO (500MW)	3,434.6	3,687.0	3,875.6
SAN GABRIEL (420MW)	1,425.7	1,791.0	2,632.1
AVION (97MW)	127.8	327.5	372.1
GEOTHERMAL			
UNIFIED LEYTE (603.7MW)	3,389.8	2,949.3	2,928.2
PALINPINON (172.5MW)	1,110.2	1,054.3	1,232.1
BACMAN (130MW)	1,025.1	970.4	1,042.1
TONGONAN (123MW)	929.9	918.1	901.9
MINDANAO (103.23MW)	693.8	587.3	670.1
NASULO (49.37MW)	320.9	267.0	382.5
HYDRO			
PANTABANGAN-MASIWAY (132.8MW)	294.8	309.1	303.1
AGUSAN (1.6MW)	9.7	12.1	10.2
WIND			
BURGOS WIND (150MW)	367.0	416.3	311.9
GEOTHERMAL			
BURGOS SOLAR (6.82MW)	10.2	10.6	10.2
SOLAR ROOFTOPS (5.16MW)	5.6	5.2	5.4
TOTAL GENERATION	**19,684.4**	**19,805.4**	**22,489.9**

Assets Improvement

Optimization and efficiency projects

The Mindanao 3 project was inaugurated on April 27, 2022. This facility optimizes power generation by making use of existing brine from the Mindanao 1 and 2 geothermal facilities for additional power, before the brine is re-injected back into the reservoir.

Risk Controls

With the issues surrounding the COVID pandemic, a project to remotely operate the Pantabangan-Masiway complex was conceptualized and implemented in 2022. This would enable operations personnel to operate the power plant even with pandemic restrictions or other similarly restricting events.

Asset resiliency

The resiliency of our power projects is ensured through a natural catastrophe program and resiliency compliance plans. In 2022 the natural catastrophe program was focused on:

- Continuation of engineering controls such as cooling tower replacements in the Leyte geothermal asset, building retrofitting projects, and the installation and construction of disaster prevention and preparedness equipment.
- Investment in studies that will help refine risk assessments and risk reduction measures, such as building integrity assessments.
- Implementation of activities for emergency response management, as well as simulation exercises to enhance the readiness capabilities of the facility crisis management teams.

Status of upcoming projects

Interim Offshore LNG Receiving Terminal

Progress is going as planned, with the structural components for the jetty having been constructed and all major equipment being installed on the Loading Platform and Utility Platform. The Facility Control Room and Jetty Monitoring Building onshore are structurally complete. Parts of onshore pipelines and the gas metering have been installed, and cable pulling is progressing through the site.

Santa Maria Power Plant

First Gen began the selection process of various contractors for the development of the Santa Maria Combined Cycle Gas Turbine Project.

Palayan Binary Project (28.9MW)

As of the end of 2022, 88 percent of the Balance of Plant construction, 98 percent of Connection Asset construction, and 100 percent of the Fluid Collection and Reinjection System construction were completed.

Tanawon Geothermal Power Plant (20MW)

In August 2022, the OEM Supply and Project Services Contract was executed. The Balance of Plant (BOP) and Connection Assets (CA) contracts were executed in October and November, respectively. Execution started in December 2022.

Mahanagdong Geothermal Brine Optimization Plant (28MW)

Project approval from the Board of Directors was received in November 2022. The OEM and BOP contracts with the contractors were also approved within the same month. A limited Notice to Proceed for the OEM contract was executed in November.



Aya Project (100-120MW)

The Aya Pumped-Storage Hydro Power Project is targeted for implementation by the second quarter of 2023. The detailed engineering design of the civil, hydromechanical, and electromechanical works is on-going and most of the permits and endorsements have already been secured.

This project will change the Pantabangan-Masiway complex's cycling power generation to a year-round operation as it will no longer be dependent on the seasonal irrigation requirements of NIA.

Run-of-river projects

The pre-development activities of 4 run-of-river projects were continued in 2022. These are the 32-MW Bubunawan, 33-MW Tagoloan, 30-MW Puyo, and the 49-MW San Isidro projects. These hydropower projects in Mindanao are expected to benefit from the renewable energy markets such as Feed-in Tariff and the Green Energy Auction Program.

Energy Solutions

First Philec sustains the momentum of healthy production. Their capacity has increased greatly, now able to produce 2,500 units of transformers per month. They have a healthy order pipeline that will give them a good headstart for 2023. This growth can be attributed to equipment upgrades and additional manpower on the production floor, along with incentives that encourage teamwork and career development opportunities.

Current and potential expansion of products and solutions

With First Philec's expansion in capacity and solution offerings, a new production facility is under development. The B4 facility is currently in its design phase.

With the launch of the Super Green transformer in 2021, FPI focused on preparing for the product's commercialization in 2022. This involved completing legal and regulatory activities and introducing the Super Green transformers to key customers.

First Philec also began developing their export plans to the United States. Products planned for export are the pole-type distribution transformers and voltage regulated distribution transformers.

FPI is planning to make investments related to battery storage and is currently in active discussions with local and international companies, including experts from Japan, for this investment opportunity.





As extreme weather events become more frequent and severe, it could lead to an increased need for transformer replacement or repairs due to accelerated deterioration of transformer components. This could provide FPI with a potential new revenue stream and an opportunity to innovate and develop new solutions to address these challenges.

The potential widespread adoption of electric vehicles (EV) that require fast charging systems can accelerate the aging of transformers, reducing their lifespan. Aside from this, the increasing penetration of Distributed Energy Resources, particularly solar, can lead to higher voltage stresses on the connected equipment, such as transformers. Additionally, the feeding-in of solar energy to the grid can cause overloads to the transformer if not properly monitored and mitigated. These developments pose an opportunity for FPI to improve the technology and performance of its products to be better prepared for these changes in the market.

FPI is prepared to support the needs of its customers and the country in this emerging complex world with its products that are adapted to extreme weather, higher penetration of variable renewable technologies, and the impacts of the electrification of the transport sector.

Real Estate

Residential and Commercial Real Estate

In 2022, Rockwell Land completed three projects: 1 Proscenium, 32 Sanson-Solihiya, and the Vantage West. It also unveiled five new developments: Edades West, BenCab, Rockwell Center Bacolod (RCB) commercial lots, Bel-air, and Terreno South Phase 4.

Occupancy in Rockwell Land's office developments dipped slightly from 96 percent in 2021 to 95 percent in 2022 due to some pre-terminations as well as the additional gross leasable area (GLA) of 1 Proscenium. However, rental rates improved as Rockwell Land was able to secure escalations from renewed tenants.

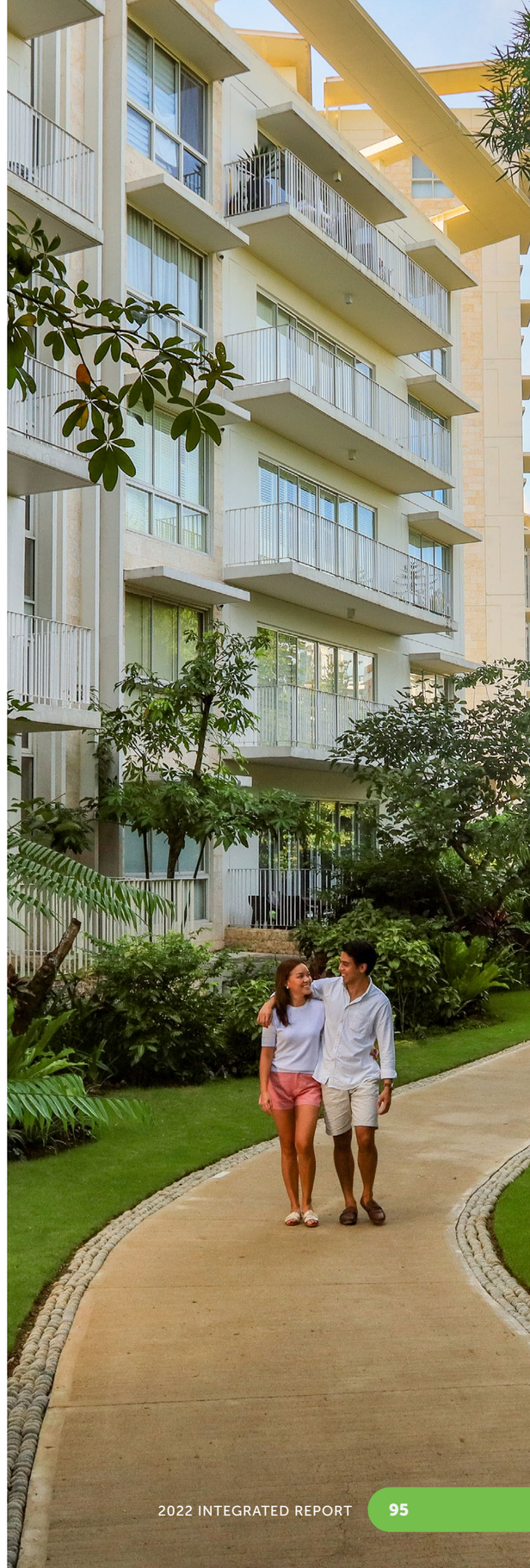
In the retail segment, occupancy improved to 90 percent compared to 71 percent in 2021 as there were fewer pandemic restrictions in 2022. This allowed existing tenants to continue operations while new tenants were able to open. Rates significantly improved on the back of better sales driven by increasing foot traffic year on year.

For 2023, potential revenge spending and resilient BPO growth provide opportunities for the office and retail segments that Rockwell can cater to.

Developments in building design

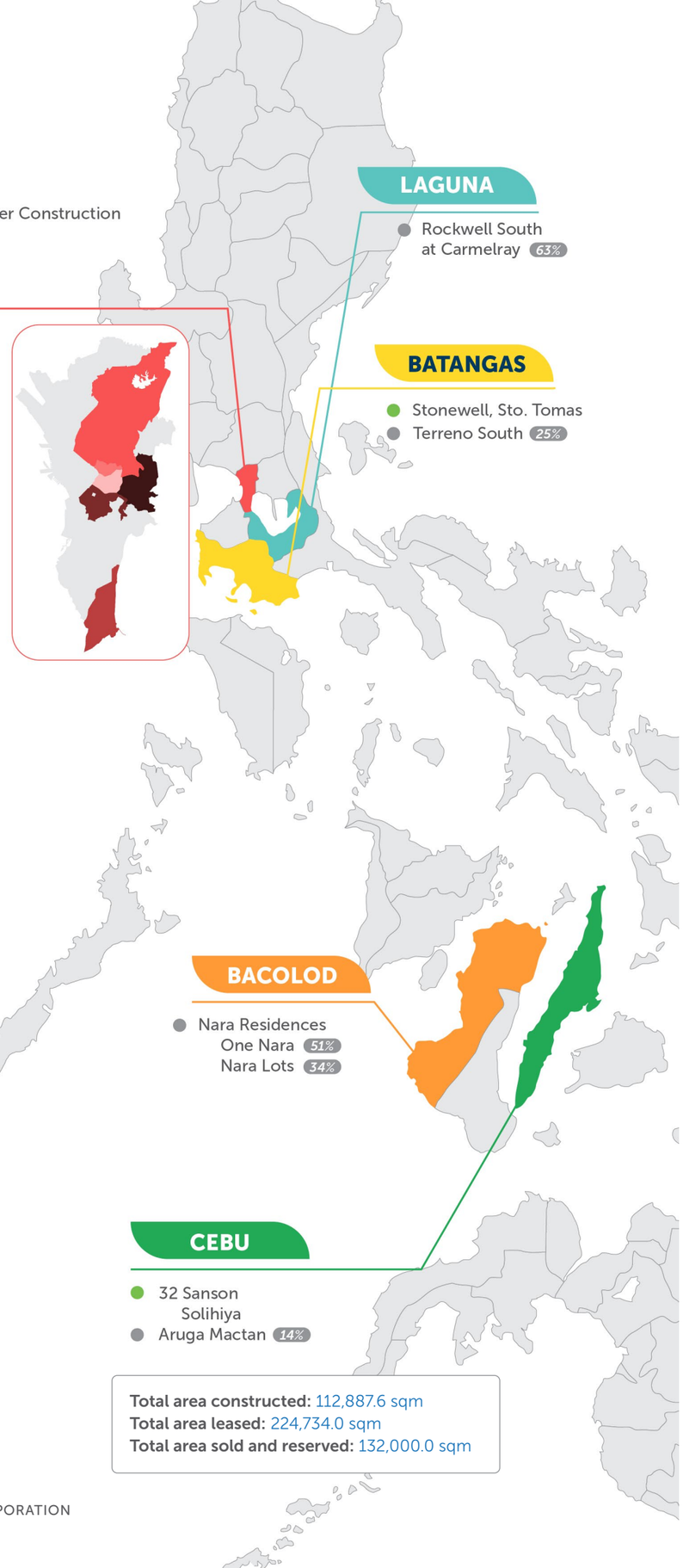
Rockwell Land is incorporating the tenets of the FPH mission to decarbonize and regenerate into the design of its properties. To adapt to climate impacts, they are developing their projects to have better building envelopes to address concerns of heat; will be following LEED design parameters; use Energy Recovery Ventilation (ERV) for fresh air supply; and other similar considerations. The recently completed 1 Proscenium is a Silver LEED certified building. And Edades West, to be completed in 2028, will incorporate double-glazed windows with low-emissivity treatment that filters excess heat from the sun by up to 2 degrees Celsius, have rainwater harvesting system, and low flow bathroom and kitchen fixtures.

Climate impact studies are used to inform the feasibility studies of projects and are also a consideration when scouting for new locations.



Residential and Commercial Estate Properties

● Residential ● Commercial ● Under Construction



Makati City
- Joya Lofts and Towers
- The Manansala
- One Rockwell
- Hidalgo Place
- Amorsolo Square
- Rizal Tower
- Luna Gardens
- Edades Tower and Garden Villas
- The Proscenium at Rockwell
  - The Proscenium - Phase 1
  - The Proscenium Residences 99%
  - 1 Proscenium
- 8 Rockwell
- Power Plant Mall
- Rockwell Club
- Balmori Suites

Muntinlupa City
- East Bay
  - Fordham
  - Larsen 44%

Quezon City
- 205 Santolan
- 53 Benitez
- 8 Benitez Suites 18%
- Arton Strip
- The Arton 61%
  - The Arton - West
  - The Arton - North
  - The Arton - East

San Juan City
- The Alvendia
- Santolan Town Plaza

Mandaluyong City
- Rockwell Business Center - Sheridan

Pasig City
- The Grove
- The Vantage
  - The Vantage West
  - The Vantage East
- Rockwell Business Center - Ortigas

Total area constructed: 112,887.6 sqm
Total area leased: 224,734.0 sqm
Total area sold and reserved: 132,000.0 sqm

Industrial Real Estate

FPIP currently has 184,529sqm available of RBF space for its locators, of which 76.2 percent or 140,520sqm has been leased out in 2022. This is lower than 2021's lease rate of 84.8 percent or 129,642sqm, despite the additional of leased area of 10,878sqm, due to the addition of 31,633sqm of space from the buyback of vacated locator property.

In the expansion of the park and its services, FPIP completed the following in 2022:
- Upgrade of Centralized Water Treatment Facilities (CWTF) 1 and 2
- Design and construction of the sewer network tap to CWTF 3
- Supply and installation of solar PV panels
- Design and construction of slope protection beside the RBF Q compound
- Design and construction of the Consuelo Park Gazebo
- New FUI Office Building Structure

All these developments let FPIP better cater to the locators and FPIP community, as well as continue compliance to regulations.

Other construction activities that will improve current facilities are still for completion. As of end-2022, construction progress on these were at 92.2 percent.

FPIP will continue to expand its land bank and assess the best use of available land in 2023, including reconfiguration of areas within the park to further increase recurring revenue through a combination of industrial and commercial land and property lease.

Expansion plans

With FPIP's goal to develop a township, it is expanding its menu of products and services it can offer to locators and the FPIP community, including waste management services, warehouse and logistics services, and canteen operations to provide food services to locators for their employees.

The township design previously developed is currently undergoing further refinement to include better integration with the industrial park, embracing the San Juan River, improving accessibility to local and regional communities, expansion of open spaces and public parks, and improving the regenerative and inclusivity concept.

FPIP will continue to expand its land bank and assess the best use of available land in 2023, including reconfiguration of areas within the park to further increase recurring revenue through a combination of industrial and commercial land and property lease.



Construction and Energy Services

First Balfour continues to service four key markets, where there are opportunities in relation to the mission on decarbonization and regeneration:

Power and Energy. First Balfour continues to provide engineering and construction services to renewable energy companies and other utility providers. In 2022, they worked on a number of geothermal projects for EDC and PGPC, as well as a power transmission project with National Grid Corporation of the Philippines (NGCP).

Water infrastructure. In the water space, First Balfour hopes to bring relevant technologies used and experiences gained in major urban centers to other water districts around the country. The end goal is to help them uplift the level of service they provide their existing customers and more importantly, reach communities who do not yet have access to clean water.

Transport infrastructure. The expansion of the country's transportation infrastructure requires an investment of PHP5 trillion for the next decade. First Balfour will participate in the tenders for these transport projects.

Specialized buildings. In anticipation of further e-commerce demand, rising internet use, and the recent improvements in Information and Communication Technologies (ICT) capabilities, the Philippines is attracting expansive data center interests in the next three to five years. We also see hospitals and healthcare infrastructure to have continuous growth in the coming years as a response to the challenges brought about by the COVID-19 pandemic.

The projects First Balfour pursues contribute to a climate resilient and adaptive environment, so they keep enhancing their capabilities to deliver these long-term goals.

Apart from the construction projects, the following are the updates on First Balfour's subsidiaries:

T1 Rentals
- Equipment fleet grew to 873 units by end-2022
- Opened a 3,400sqm equipment yard in Clark, Pampanga

T1 Transport
- Ventured into tugboat vessel operations business

Torreverde Corp
- Aggregates facility in Batangas partially began sourcing renewable energy for its operations

ThermaPrime
- 2 live drilling contracts
- Goal to bring and operate rigs in overseas engagements

Power and Energy

Completed Projects
- Mindanao 3 Binary Plant, Inaugurated April 27, 2022
- Makban Steam Production Enhancement Campaign Project
- McConnell Dowell Onshore Gas Receiving Facility Civil Works
- Burgos Overhead Transmission Line Maintenance Works

On-going Projects
- Palayan Binary Plant
  - Fluid Collection and Reinjection System - *99.8%*
  - Connection Asset - *98.5%*
  - Balance of Plant - *88.5%*
  - Batangas Combined Cycle Power Plant - *50.9%*
- Tongonan Geothermal Project, various work
- Leyte Geothermal Business Unit, various works
- Negros Island Geothermal Business Unit, various works
- Burgos Wind Business Unit, various works
- Mt. Apo Geothermal Business Unit, various works

Upcoming
- Aya Pumped-Storage Project
- Mahangdong Binary Geothermal Plant

Water infrastructure

Completed Projects
- Novaliches-Balara Aqueduct 4, Inaugurated January 27, 2023

On-going Projects
- East Bay Phase 1 Water Treatment Plant, Design and Build - *77.0%*

Transport infrastructure

Completed Projects
- Cebu–Cordova Link Expressway, Inaugurated April 27, 2022

Upcoming
- South Commuter Railway Project
- East Bay Raw Water Intake

Specialized buildings

On-going Projects
- St. Luke's Medical Center QC, 6-Storey Pivot Building Main Construction - *23.9%*
- Southern Star Project
  - Various Projects - *92.2%*
  - Civil Works - *99.9%*
  - Project Roads - *98.7%*
- Aeropack, Site Development Works - *99.9%*
- RBC Refresh Project - *99.9%*

Summary

Power generation segment: improvements in efficiency and optimization of power assets, inauguration of the Mindanao 3 geothermal unit, and favorable fuel supply during the year

Energy solutions segment: steady increase in the transformer production capacity, now at 2,000 to 2,500 units per month

Commercial and Residential Real Estate: completion of three projects and unveiling of five new projects

Industrial Real Estate: completion of various construction activities including upgrades to the Centralized Water Treatment Facilities, installation of solar panels, new office building, and others

Construction and Energy Services: completion of major projects such as the NBAQ4 and CCLEX, with on-going projects and a healthy pipeline of upcoming projects for energy infrastructure, water infrastructure, transport infrastructure, and specialized buildings. First Balfour's subsidiaries are also expanding their equipment fleet and capabilities

All business segments have various scheduled developments and expansions up ahead.

Non-financial Outcomes

Manufactured capital was significantly built up in 2022, and will continue to be built up as each business segment expands their businesses and offerings to their respective customers. All the while, business expansion will be mindful of the mission for decarbonization and regeneration.



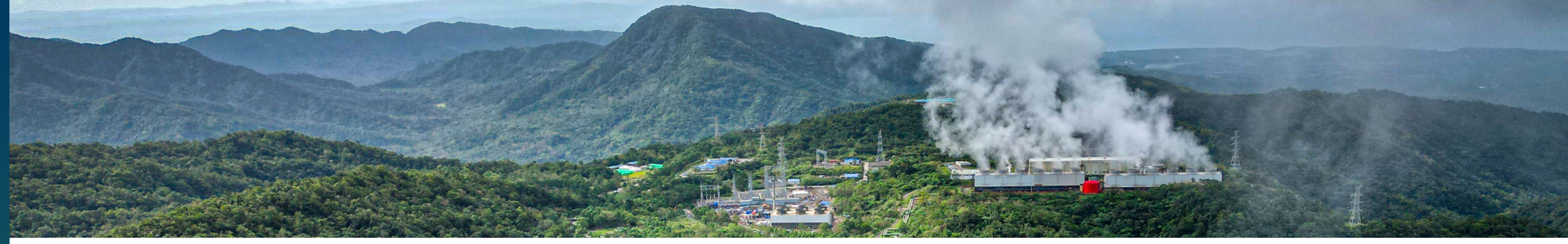
Financial Outcomes

Our business segments can be said to be very heavy on manufactured capital, as the industries of our businesses are rooted in the development of utilities, infrastructure, and allied services. Hence, the development, expansion, and efficient operations of our manufactured capital is a strong driver of our revenue.

Natural Capital

Our Natural Capital includes the various material resources we use to develop our products and services to create value for our customers and stakeholders. As all of the materials we use ultimately come from the environment, we seek to manage our resources well, use them efficiently, and conduct activities that give back to our natural environment. More details to our approach on managing natural capital can be found in Annex 3 of our 2020 Integrated Report, available on our website at **www.fphc.com**.

With the opening of the economy due to the emerging endemicity of COVID-19 in 2022, we experienced an increase in the demand for our products and services. This led to a corresponding increase in material consumption, GHG emissions, and waste generation for the year as will be discussed in this section. We recognize that for the next few years, this trend will continue with our expansion plans for all business segments. However, with the design of our decarbonization and regeneration plans in 2022, we hope to decouple production with GHG emissions in time.



Energy Management

As part of the series of capability building sessions we held in 2022, we engaged Pi Energy to deepen our understanding of energy use, efficiency, and management. We held a webinar between Pi Energy and the subsidiaries, followed by Level 1 Energy Audits of their facilities. The engagement with Pi Energy also prepared the subsidiaries on their compliance with Republic Act 11285 or the Energy and Conservation Act of the Philippines.

Energy efficiency as the "first fuel" was impressed upon the subsidiaries, emphasizing the importance of first optimizing the current use of energy in their facilities. The following were the results of the audits and next steps identified by the business segments:



Power Generation

In our natural gas plants, the audit showed that the power stations' Energy Utilization Index (EUI) in terms of plant heat rates is generally lower compared to the benchmark under the US Energy Information Administration's Average Tested Heat Rates. This indicates that the power stations are running in an efficient manner.

It was recommended that the power stations continue their energy conservation efforts such as using solar panels at the admin building and warehouse; use of LED lights; use of E-vehicles; and replacement of existing lamp posts with solar street lights. It was also recommended to establish an Energy Management System.

At the geothermal assets, the use of Variable Frequency Drives (VFD) shall be continued. It was recommended to use high efficiency motors for low and medium voltage applications.

Real Estate

Commercial and Residential Real Estate

Recommendations of the energy audit were: install additional meters to analyze the contribution of each equipment to the overall energy consumption of the building, standardize the set point or the most efficient operating setting of equipment, and assess opportunities to install or upgrade existing equipment to more efficient or energy saving ones.

Industrial Real Estate

Energy audits were conducted on the top three facilities using the most energy. From the audit, the recommendations were automation of equipment, installation of higher efficiency equipment, and continued use of VFDs.

Energy Solutions

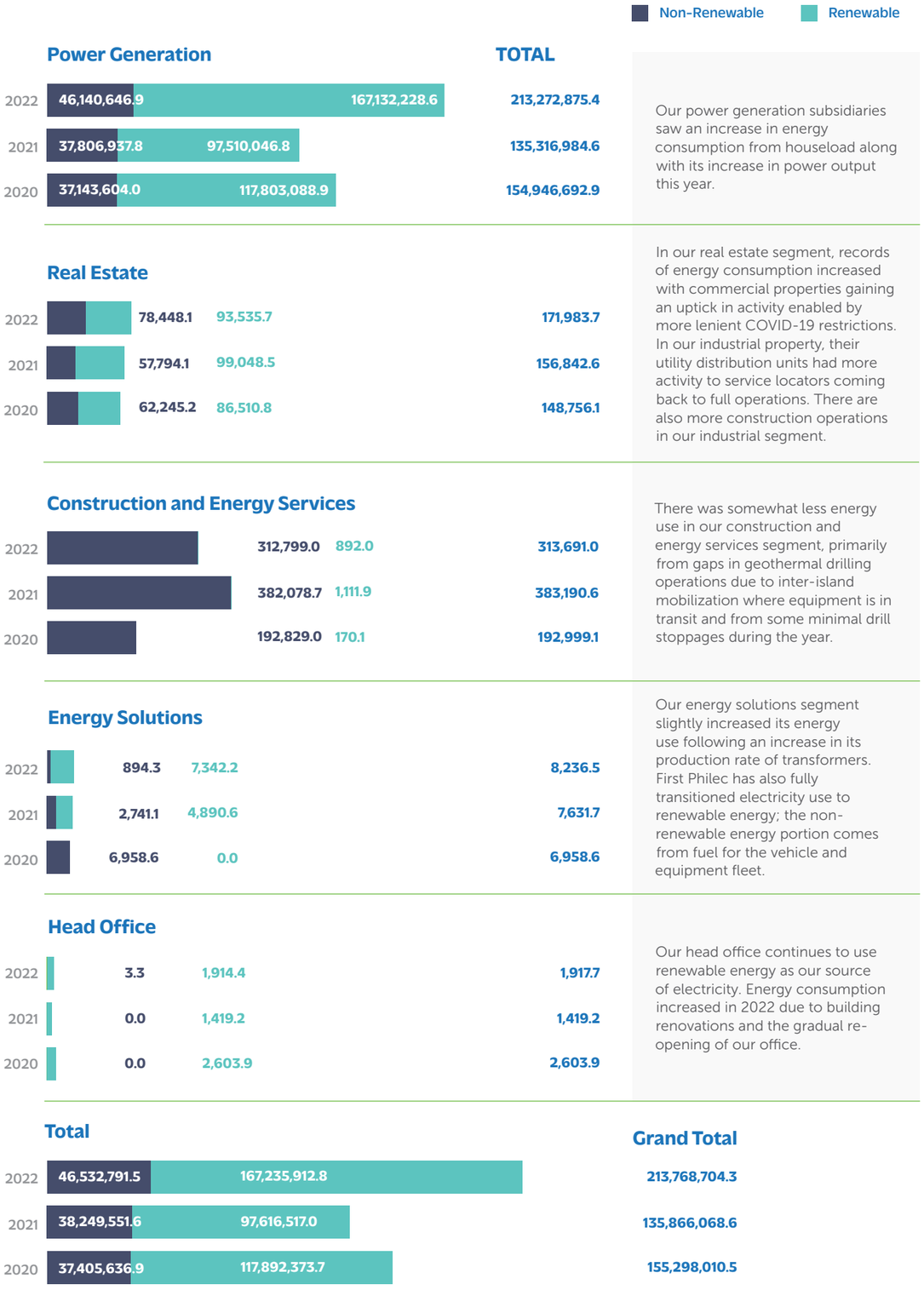
The following recommendations from the energy audit are now being studied for implementation: the possibility of using centralized air conditioning using mini-chillers, interconnecting smart meters to an energy monitoring software, and a program to closely track air leaks.

Construction and Energy Services

The head office of our construction arm had an EUI, in terms of electricity consumed by the facility per gross floor area, well within the benchmark for standard offices. This signifies that their office has a good energy performance. To further improve energy efficiency, they will move to digitally monitoring their submeters as well as install LED lights with higher illumination.

The recommendations and improvements resulting from this engagement will inform the energy management initiatives of our subsidiaries in 2023 and the following years. The initiatives will be revisited every three years consistent with the national regulation.

Energy Use in our Business Segments



GHG Emissions and Management

As mentioned in the section on our TCFD developments on page 66, we conducted a series of sessions on the topic of decarbonization with the goal of each subsidiary developing their strategies to reduce emissions and aim for net zero. The earlier section on how we are progressing on our mission, on pages 80-82, details the decarbonization plans of our businesses and the general pathway of FPH. The following section presents our GHG emissions and the trend for the past three years. To summarize, our emissions are strongly linked to our energy use, particularly the use of energy from non-renewable sources.

Our power generation businesses are our leading sources of emissions as we continue to increase our capacity and generation. The use of natural gas and liquid fuel remains the biggest contributor to our overall emissions. Our geothermal assets also contain some amount of carbon dioxide in its steam, though emissions from geothermal are around one sixth than that produced by coal-fired power plants. With regards to our non-power generation businesses, the trends in emissions generated vary according to each subsidiary's activities. For all business segments, energy efficiency plans and a decarbonization roadmap have been initiated as we commit to progress on our mission for decarbonization.

Nevertheless, we note that the growth of FPH may see an increase in our carbon intensity. But this is as we work to lower the overall carbon intensity of our customers and the country. The increase in capacity of our natural gas projects will be alongside the transition of other industries away from coal and will aid in the current intermittency issues of renewable energy. We are also still growing our RE projects to increase the RE capacity available for the country. On the side of our non-power generation businesses: increased activity in our energy solutions segment translates to better efficiencies of energy distribution grids and an ability to influence customers on green solutions; the growth of our real estate businesses, particularly into integrated communities, hopes to serve the needs of communities in regenerative ways; and our construction segment will continue to be active in the development of key infrastructure for the country. We acknowledge that our role as a business will be in the service of our customers and stakeholders.

In this regard, our businesses strive to create an ecosystem of collaboration where we can work with our stakeholders to reduce greenhouse gas emissions. In particular, the availability of RE and the ability to source it through the Green Energy Option Program (GEOP) of the government is instrumental in bringing down the scope 2 emissions of our subsidiaries. This is especially important for our real estate segment.

The following are the initiatives of our subsidiaries on this front:

- In our residential and commercial real estate subsidiary, Rockwell Land transitions its properties to sourcing energy from RE when possible. Though currently this is met with difficulties with regards to the availability of supply. Through their many properties sourcing RE, they are able to also bring down the emissions of their tenants.

- In our industrial real estate subsidiary, FPIP has transitioned three facilities to partner with a geothermal power provider to source their electricity. Part of their emissions reduction program is to transition more facilities to RE.

  Apart from their own operations, all new commercial properties in the pipeline are embedding the use of solar panels and rainwater collection systems in the design.

  For their locators, they partner with an energy service company and highly encourage locators to avail of their services for better energy management. This is available for both existing and new locators within FPIP.

- Torreverde Corp, the aggregates facility of First Balfour in Taysan, Batangas has begun to source part of its power from geothermal. First Balfour will also be expanding the capacity of their head office solar rooftop to another 100kW in 2023, thereby increasing the use of renewable energy for head office operations.

- In our power generation businesses, EDC has begun a pilot to use electric vehicles fueled by steam energy. The pilot will determine how many units should be added to its vehicle fleet across the country. In First Gen, e-vehicle fast charging stations powered by solar panels have been installed. The e-vehicles are used for official business trips in their site in Batangas.

- EDC launched an innovations program that includes looking into technologies to reduce carbon emissions from geothermal operations. Feasibility studies on technologies such as carbon capture and storage and carbon recycling are conducted by a multidisciplinary team.



- First Gen continues to implement the Methane Fugitive Emissions Management Program which started in July 2020. The program aims for early detection of gas leaks using an optical gas imaging camera, resulting in immediate rectification of leaks and reduction of fugitive methane emissions. Based on this program, recorded gas leaks in 2022 had a flow rate ranging from 0.197 to 0.954 cu.ft./hr. This is significantly less than the 6 cu.ft./hr standard of the US Methane Standards of 2016. Total fugitive methane emission at FGCEC was equivalent to 126.8 tCO2e, which is 98.17 percent lower than the 2019 baseline.

- In our energy solutions subsidiary, First Philec's facility now fully utilizes renewable energy, with about 23 percent of energy needs coming from their solar panels and 77 percent sourced from geothermal. Externally, through their customers, they contribute to reducing the emissions from electricity distribution by encouraging their customers to use more clean and efficient distribution transformers such as Amorphous Distribution Transformers (AMDT) or Biodegradable Distribution Transformers (BioDT).

1,740,468.0 tCO_2e
sequestered by forest reservations and landscapes

11,629,231.4 tCO_2e
avoided by using natural gas and RE to produce electricity

20,071.5 tCO_2e
avoided through sourcing RE for electricity as compared to grid use

GHG Emissions of our Business Segments

Unit: tonnes CO2-equivalents (tCO2e)

Scope 2 emissions use a market-based calculation method.



Power Generation

The power generation segment poses a steady increase in GHG emissions along with the increase in electricity produced and supplied to its customers.

Real Estate

Our real estate segment's GHG emissions trend follows its trend for energy use. Emissions increased as there have been more activities at commercial properties and by industrial utility services, along with more construction projects within our industrial segment.

Construction and Energy Services

The construction segment's emissions are closely tied to its energy use; emissions declined compared to 2021 primarily due to gaps in geothermal drilling operations.

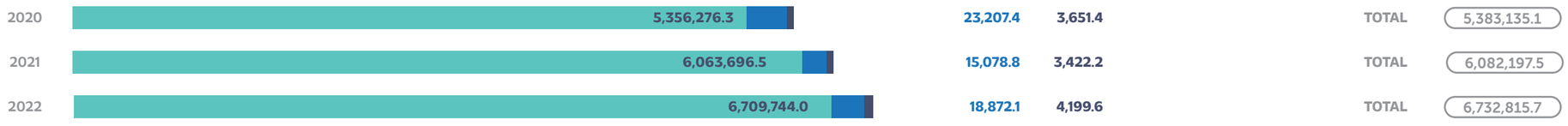
Energy Solutions

Our energy solutions segment continued its decrease in GHG emissions from its complete transition to using RE for electricity.

Head Office

Our head office had a rise in emissions as our office reopened and there has been more activity of our vehicle fleet.

Total GHG Emissions of FPH



Scope 2 emissions, comparison of location-based and market-based

Unit: tCO2e

	Location-based Emissions	Market-based Emissions
Power Generation	4,345.2	3,324.7
Energy Solutions	31,355.8	15,118.6
Construction and Energy Services	376.8	349.3
Energy Solutions	1,126.0	245.5
Head Office	1,139.8	0.00
TOTAL SCOPE 2	**38,343.6**	**19,038.1**

Other Air Pollutants



Our businesses emit other air emissions that include carbon monoxide, nitrogen oxides, sulfur oxides, and total suspended particulates. Most of these are emitted by the natural gas power plants of our energy segment, followed by the generator sets of construction and energy services segment for drilling geothermal wells, and the generator sets of our real estate segment used to provide backup power in case of power interruptions. All sources of air emissions are monitored and emission concentrations remain within allowable limits as prescribed by the national government.

Materials Use

The materials used across our businesses increased in 2022 driven by an increased use of fuel for power generation. This was particularly for the natural gas plants and the hydro power plants, though water for hydropower plants merely passes through the system to drive the turbines. Our energy solutions subsidiary continues to increase its production of transformers, while our real estate segment catches up with construction projects following the easement of pandemic restrictions.

Unit: metric tons (tonnes)

	2022	2021	2020
ENERGY SEGMENT			
FUEL USED			
Water for Hydro (water only passes through the hydro plants, it is not consumed)	**1,710,338,110.0**	1,639,599,760.0	1,965,085,399.0
Geothermal Steam	**48,481,115.3**	63,936,718.9	73,466,233.1
Natural Gas and Condensates	**2,320,820.3**	2,029,734.0	1,801,930.8
Materials for Transformers (From Energy Solutions segment)	**5,602.0**	4,770.9	3,332.7
Other Materials (Fuel, oil, spare parts for maintenance, etc.)	**11,929.5**	4,985.9	5,005.9
TOTAL	**1,761,157,577.1**	**1,705,575,969.8**	**2,040,361,901.5**

	2022	2021	2020
REAL ESTATE			
Construction Material	**79,004.4**	62,646.6	87,884.3
Fuel	**337.8**	310.1	360.0
Miscellaneous	**0.0**	0.0	29.7
TOTAL	**79,342.2**	**62,956.7**	**88,274.0**

	2022	2021	2020
CONSTRUCTION AND ENERGY SERVICES			
Fuel Consumed			
Fuel for Construction Equipment Fleet	**4,636.4**	4,839.8	2,645.0
Fuel for Drilling Rigs	**4,003.4**	5,222.3	2,372.4
TOTAL	**8,639.8**	**10,062.1**	**5,017.3**

Notes: Construction materials are procured and owned by the subsidiary's clients and hence are not counted towards their material consumption.

Total Renewable Material Use	**1,758,819,225.3**	**1,703,536,478.9**	**2,038,551,632.1**
Total Non-renewable Material Use	**2,426,333.8**	**2,112,509.7**	**1,903,560.8**
TOTAL MATERIAL CONSUMPTION	**1,761,245,559.1**	**1,705,648,988.6**	**2,040,455,192.8**

Waste Management

A lecture and workshop series on Waste Management was conducted in 2022 with the help of the UP National Engineering Center. The sessions covered topics from basic to advanced concepts in waste management, resource recovery, and the circular economy. Each lecture was accompanied with a workshop with the experts wherein the subsidiaries could immediately contextualize the concepts discussed, assess their current practices, and initially identify solutions to enhance their waste management plants. Facilities of the subsidiaries were also assessed by UP NEC to identify further improvements.

From the sessions, the subsidiaries resolved to fill in any gaps they identified in their processes, strengthen internal policies and practices, and build partnerships and collaboration—particularly for the recycling, reuse, recovery, or diversion of waste; and ultimately for a circular economy.

As the wastes being handled by the business segments can be specific to their industry, each subsidiary set out their path to strengthen their waste management programs.

Power Generation

Majority of the identified activities for waste management centers on changing behavior. To succeed in the long-term goal of circularity, our power generation subsidiaries believe that employee engagement and organization-wide participation is essential. The following activities were identified:

- Improvement of the color coding for the waste segregation bins and provision of labels and visual aids
- Refresher training for employees on Waste Management Procedures
- Regular reminders to workers during tool box meetings
- Promotion of 5S and other housekeeping projects
- Policy on single-use plastics, along with strengthening management measures for alternative packaging;
- Launch of the "7 R's of Environmental Regeneration", which aims to educate, promote, and engage employees in adopting actions beyond recycling
- Increase partnerships with recycling companies

Real Estate

Residential and Commercial Real Estate

Rockwell aims to increase the percentage of operational waste sent to recycling facilities. To accomplish this, the following initiatives were identified:

- Reduce the waste input of offices with a transition to paperless documents, especially in regard to the various documents issued to tenants
- Conduct regular e-waste collection to properly dispose of electronic gadgets
- Partner with material recovery facilities and recycling companies
- Partner with organizations that aim to recycle cooking oil
- Analyze construction wastes that can still be recycled and partner with general contractors to ensure they will not be landfilled

Majority of the wastes generated by the properties originate from residents and tenants which are autonomous from Rockwell. Thus, these stakeholders were identified as important to engage and collaborate with in the goal to reduce and divert waste. Some initiatives for this segment are:

- Regular awareness campaigns to educate stakeholders on waste management
- Incentivize proper waste management
- Increase frequency of collection of special waste such as e-waste and hazardous waste
- Incorporate materials recovery facility in the building design.

Industrial Real Estate

FPIP's long term target is a zero-landfill waste disposal, by properly segregating each waste type and partnering with organizations for the collection of scrap materials, food waste, hazardous waste, and recyclables. For residual waste, they will look into possible technologies or partnerships to process and divert this type of waste from landfills. The following initiatives are being done and being developed:

- Continued transition to paperless processes and setting up an online portal for locators to submit their various reports to FPIP digitally
- Create a comprehensive database that includes waste characterization and measurement to address the identified gap in data collection, monitoring, and classifying residual waste
- Improve and expand the materials recovery facility for better segregation

FPIP also understands its sphere of influence with its locators and aims to promote a circular economy with them. In 2022, they worked with an engineering consultancy firm for a study on potential waste management services for its locators.

Energy Solutions

First Philec is planning to set year on year reduction targets. Enhancements to waste management will be done through:

- Investing in the implementation of waste management standards, such as Environmental Management System of ISO 14001
- Continue to invest in the process automation and digitization initiatives
- Continue to facilitate co-creation activities with suppliers, contractors, and customers to foster sustainability to their respective operations
- To ensure that plans are executed well, needed capabilities and training will be provided to the relevant persons

Construction and Energy Services

From the Waste Sessions, our construction arm developed a work program to enhance their waste management practices. Activities include:

- Establishing a committee for the waste program
- Conducting a waste stream analysis
- Developing appropriate policies
- Conducting trainings

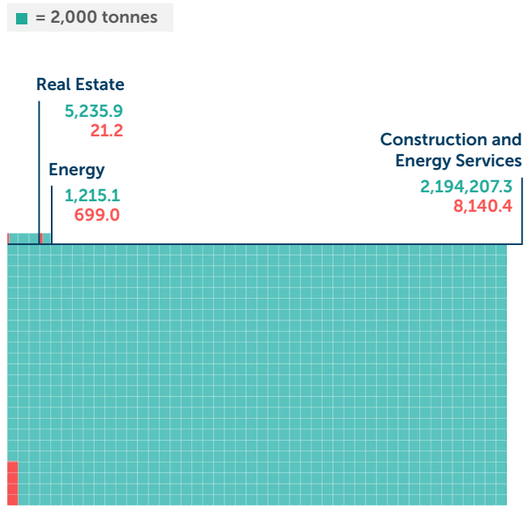
After these phases and the initial implementation, the waste management program will be reviewed to establish more specific objectives.

With regards to circularity, First Balfour signed a memorandum of agreement with The Plastic Flamingo Philippines to support sustainable plastic waste management efforts. Through this initiative, the First Balfour Head Office will serve as a private plastic waste collection hub.

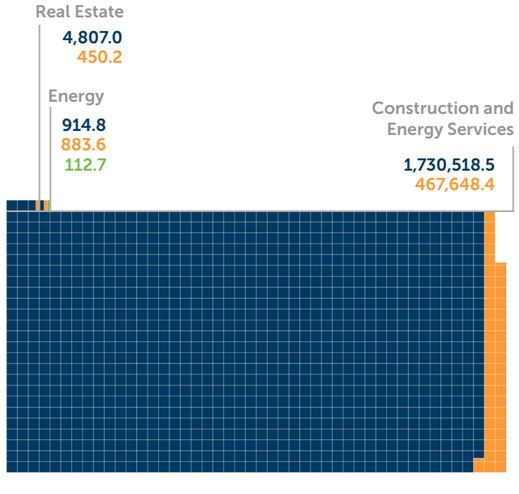
In addition to the establishment of objectives and metrics by the subsidiaries, there has also been improvements in how our waste data are recorded and monitored. Compared to 2021, the real estate segment shows a decrease in recorded waste generated due to taking better measurements of waste disposed; while in our construction segment there is a massive increase as they have included construction waste from their projects in their scope to have a better idea of the work that is to be done.

Total Waste Generated by our Business Segments

Unit: metric tons (tonnes)



Waste Disposed and Diverted by our Business Segments



Note: Total waste generation includes waste stored on-site still in preparation for final disposal.

Business Segment	2022 Non-Hazardous	2022 Hazardous	2022 TOTAL
Energy	1,215.1	695.9	1,911.0
Real Estate	5,235.9	21.2	5,257.1
Construction and Energy Services	2,194,207.3	903.4	2,195,110.7
TOTAL	**2,200,658.4**	**1,620.5**	**2,202,278.9**

Business Segment	2021 Non-Hazardous	2021 Hazardous	2021 TOTAL
Energy	1,458.5	511.2	1,969.7
Real Estate	9,628.9	87.1	9,716.0
Construction and Energy Services	42.0	8.6	50.6
TOTAL	**11,129.5**	**606.9**	**11,736.3**

Business Segment	2020 Non-Hazardous	2020 Hazardous	2020 TOTAL
Energy	359.6	354.2	713.7
Real Estate	7,511.6	90.3	7,601.9
Construction and Energy Services	155.3	4.4	159.7
TOTAL	**8,026.4**	**448.9**	**8,475.3**

**Energy includes both the Power Generation and Energy Solutions business segments*

Water Management

Our water use across FPH is mainly driven by the needs of the power generation segment: water that flows through the hydropower plants to produce electricity, seawater used for cooling the natural gas plants, and groundwater to cool geothermal plants if the use of geothermal brine needs to be augmented. Water for hydropower only passes through the turbines while seawater used for cooling also only passes through the natural gas plants in a non-contact cooling process. Both of these are returned to the environment with few changes in water quality. In the non-power generation subsidiaries, water is mostly used for domestic purposes such as in comfort rooms, pantries, and kitchens; and for irrigation of landscapes.

Our water use in 2022 increased, along with the increase in power generated by the energy subsidiaries. The real estate segment also had an increase in water use due to an uptick in commercial activities as well as with the inclusion of the air-conditioning system and chillers in the scope of data monitored. Our real estate segment is also targeting to increase the use of recycled water for irrigation in order to conserve water extracted from the environment.

In our industrial real estate segment, FPIP recognizes that water is an important resource that is fundamental to the sustainability and growth of their business. Given the findings from the comprehensive water study done in 2021, FPIP strengthened its focus on and capability in managing this resource by establishing the Water Resource Management Group. In 2022, the group proceeded with the recommendations from the water resource study. Additionally, they are also exploring alternative sources of water including but not limited to water reuse, rainwater collection, and water impounding with recharge. They are coordinating with the Laguna Lake Development Authority (LLDA) and the City Environment and Natural Resource Office (CENRO) for possible initiatives. FPIP also acknowledges that water consumption is mainly attributed to the locators and collaboration with them is key to the efforts on water conservation and management. With that, they have begun discussions on the topic of water reuse with some locators.



Water Extracted by our Business Segments

Unit: Megaliters (ML)



Wastewater Management

All our businesses comply with national and local regulations for the appropriate treatment of wastewater before its release to the environment. All of our offices produce domestic wastewater; this is collected and treated in the wastewater systems of the properties in which we hold office. In our real estate segment, each property has its own wastewater management system that treats the wastewater before release into the nearest bodies of water, in compliance with all pertinent regulations on effluent water quality. For our construction and energy services segment, wastewater from construction and drilling activities is managed by their clients. More details on wastewater treatment and its pathway for each of our business segments can be found on page 139 of our *2020 Integrated Report*, available on our website.

Biodiversity and Habitat Protection

Of our major businesses, it is our power generation subsidiaries that operate in areas that are of ecological interest. These are our geothermal forest reservations across the country and our First Gas Clean Energy Complex (FGCEC) located in Batangas relatively close to the Verde Island Passage, a marine protected habitat. With their proximity to these areas and acknowledging that the health of these ecosystems are vital to our operations on site, our power businesses lead programs ensuring the integrity of nature in these areas. Because of the criticality of robust ecosystems in providing the raw material needs of our power operations, we support the emerging global framework of Task Force on Nature-related Financial Disclosures (TFND). Its prescriptions will guide us in integrating nature's risks in our decision-making.

As the social aspect cannot be separated from the environmental aspect when caring for the environment, the programs led by our business cover both nature's integrity as well as the welfare of host communities. This section details the accomplishments related to biodiversity and habitat restoration and management. The information on the social components of these programs are detailed in the section on Social and Relationships on pages 135-137.



With regard to our non-power generation businesses, most if not all of them operate in urban areas. Our construction and energy services subsidiary may sometimes operate in natural areas, in which case they coordinate with their project proponents on the appropriate practices and impact management.

FRESHWATER PROTECTION

First Gen also continues its long-term partnership with DENR under the Adopt-a-River/Water Body Program. The program aims to protect and enhance the Cabubulag River in Brgy. Sta. Clara, Batangas City through regular water quality monitoring and cleanup activities.

MARINE PROTECTION

First Gen continuously supports the conservation and protection of Verde Island Passage (VIP) in partnership with the Provincial Government of Batangas, the Batangas Marine Protected Area Network, and Batangas Bantay Dagat Network (sea patrols). Through the network, 2579.0 hectares across 54 Marine Protected areas are conserved and protected.

MANGROVE REFORESTATION

Located within the host barangays of Sta. Clara and Sta. Rita Aplaya of Batangas City, FGCEC continued to conduct mangrove reforestation activities in partnership with the community and with the fund support of First Gen employees.

CREATE FOR CLIMATE

Education comes first in working with various stakeholders on environmental programs. The Create for The Climate (CFTC) project aims to instill environmental consciousness among the communities and partner organizations of First Gen. The coverage of this program includes First Gen's host communities in Batangas, Nueva Ecija, Bukidnon, and Puyo.

In 2022, First Gen was able to engage eight municipalities for Local Climate Change Action Plan (LCCAP) orientation, one barangay to conduct a CTFC project, and four schools with online webinars. A specific component of CFTC is the "What's Heating Up?" webinars for all types of stakeholders including employees, communities, customers, and partner organizations. Five of these webinars were conducted with participation of 413 employees and 337 individuals from external stakeholders.

From these engagements, seven climate action projects were implemented, resulting from an ideation activity and the CTFC with the barangay. From the implemented climate action projects, four were implemented by FPH employee groups.

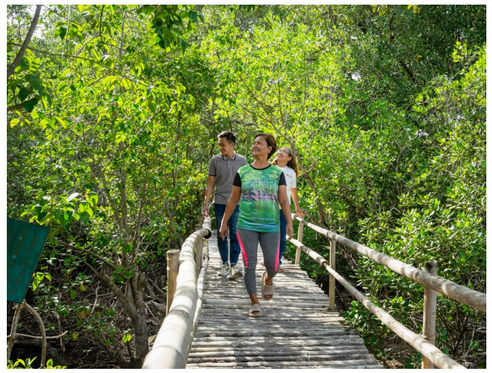
LOBO INTEGRATED AREA DEVELOPMENT

Lobo, Batangas has been a long-time community partner of First Gen in protecting the integrity of the Verde Island Passage. Beginning in 2021, it became the focus of concentrated and coordinated community development involving several organizations between FPH and the Lopez Group Foundation. This we call the Lobo Integrated Area Development (IAD) and we describe in detail on page 137. Community development comprises four clusters: Environment, Education, Children's Rights and Development, and Social Enterprise and Livelihood. First Gen, EDC, and the ABS-CBN Foundation leads the Environment cluster of the Lobo IAD.

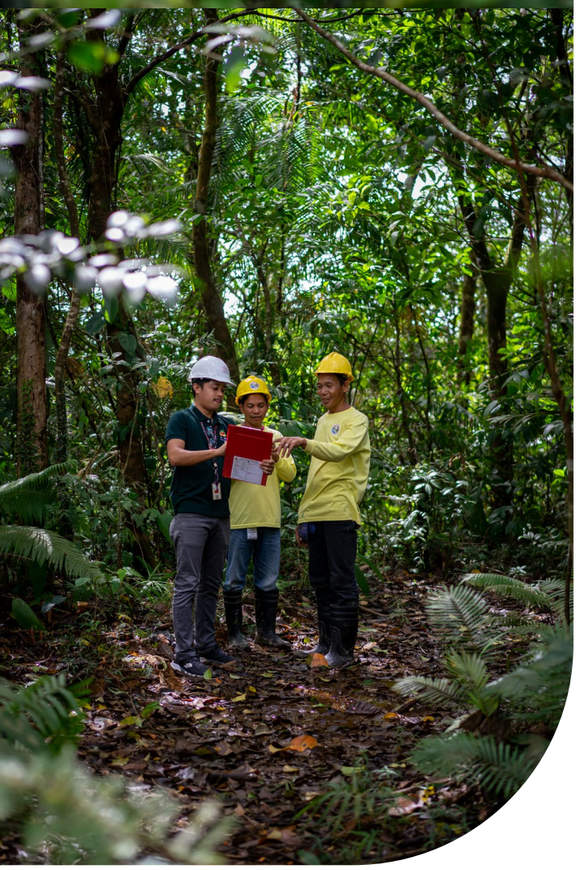
The environment cluster uses a Ridge to Reef approach which looks at the interconnectedness of different ecosystems from ridge, to the community, and to the reef. The activities of the environment cluster is a collaboration among the Lopez group organizations which are implementing environment programs and includes First Balfour, OML Center, and Sikat Foundation.

The following activities were accomplished in 2022 by this cluster:

- Establishment of an arboreta for native trees at the Batangas State University, Lobo campus
- Seagrass Monitoring Workshop and Reef Monitoring and Mangrove Tour Workshop with community members, to build up their knowledge and awareness for environmental monitoring
- Planting of mangrove seedlings at the Lagadlarin Mangrove Forest and Olo-olo Mangrove Forest
- Incorporation of science in development programs and education. Particularly there are two on-going initiatives: an adventure tourism platform targeting students and employees that will discuss the key to sustainability, and a carrying capacity study on the Lagadlarin Forest
- A grant was also received by our partners, this will be used to conduct the Citizen Science Reef Monitoring which will run for the next three years







BINHI PROGRAM

The BINHI program is our power generation segment's major program for forest conservation, rehabilitation, and management. Led by First Gen's subsidiary, EDC, activities under BINHI include forest protection, forest restoration, biodiversity conservation, mainstreaming Philippine native trees, and recently, a forest carbon project. The following were the accomplishments in 2022 under the EDC's BINHI program:

Forest Protection

- Continue to protect 127,608 hectares of natural tropical rainforest within its 4 geothermal reservations
- 3,004.6km of foot patrols and drone flights in the reservations, focusing on conservation areas.
  - In 2022, they updated forest patrol plans for each project site
  - 4 apprehensions with DENR
  - No forest fires reported in 2022
- Creation of the Multi-sectoral Forest and Environmental Protection Committee in Leyte
- Creation of a forest protection brigade for Barangay Paglaum and Barangay Caghalo in Carigara, Leyte
- Forest protection activities in Valencia, Negros Oriental (through Task Force Bantay Kabtangan) had three filed cases on illegal forest activities.

Forest Restoration

- 343,532 seedlings produced at central and satellite nurseries
- Ten new arboreta established, for a total of 32 arboreta
- Three new in-situ partnerships, with Katala Foundation Inc. in Palawan
- Five new propagation protocols for threatened tree species, bringing the total propagation protocols to 39 and 40 percent of its target until 2025.
- Four existing vegetative material recovery facilities and two that began development in 2022.
- Continued partnership with the Botanic Gardens Conservation International (BGCI) of the International Union for the Conservation of Nature (IUCN) for the Global Tree Assessment, an initiative to conduct research and compile extinction risk information on all tree species worldwide. EDC undertakes assessments for Philippine endemic tree species.

Forest Restoration

- EDC is preparing to pilot its watershed management protocols into a forest carbon project under the Nature-based solutions module of the DENR-EDC Transform Project initiated in October 2022.
- In 2022, EDC entered into a Memorandum of Understanding with the National University of Singapore for joint collaboration to pursue nature-based solutions research projects.

More details on the marine and forest programs of our power businesses, including an assessment of species and their conservation status, are available in the First Gen 2022 Integrated Report available on their website, *www.firstgen.com.ph*.

OTHER PROGRAMS AND PARTNERSHIPS

Though our other businesses operate in less ecologically important areas, FPH's mission for regeneration encompasses helping enhance the integrity of nature, wherever our businesses may be. As such, our non-power businesses work in partnership with the power businesses on their environmental and social programs, as well as having programs of their own.

FIRST BALFOUR PROGRAMS

- Indigenous trees from the BINHI program were planted in the First Balfour headquarters
- Occasional tree-planting activities are done in partnership with BINHI
- First Balfour also supports the Lobo Integrated Area Development Program of LGFI

FPIP SUPPORT TO LOCATORS

FPIP encourages its locators to plant native trees on their spaces within the industrial park. They also collaborate with BINHI in suggesting to suppliers the available native seedlings for planting.

ROCKWELL PARTNERSHIP WITH BINHI

This partnership involves the use of native tree species in the landscaping activities of Rockwell's properties. In older properties, an area is dedicated to endangered species while in upcoming construction of properties, the use of native tree species is integrated into the landscape design.



Summary

- Several capability building sessions were held throughout 2022. For natural capital this included the topics of decarbonization, energy management along with energy audits, and waste management. From these sessions each subsidiary was required to develop related management plans to reduce negative impacts and later on create positive impacts.
- Overall, resource consumption, GHG emissions, and waste generated increased as operations expanded for all subsidiaries due to the opening of the economy.
- Despite this increase, FPH and its businesses are striving to grow in such a way that we can aid our customers and stakeholders reduce their impact on the environment, such as with the generation of more RE, having our real estate properties run on RE to reduce the electricity-related emissions of tenants, and reducing emissions of the electricity distribution grid by using clean and efficient transformers and energy solutions.

Non-financial Outcomes

- There was an increase in natural capital with regard to the availability of fuel supply for our natural gas and geothermal assets. This however is outside the control of the company.
- Overall, the consumption of materials and generation of emissions and waste increased, thereby decreasing our natural capital. However, the trends on these vary per business segment.
- For biodiversity and habitat protection, there has been an increase in natural capital.

Financial Outcomes

On one hand, the increase in supply of fuel for power generation led to increases in revenue. On the other hand, the efficient and responsible utilization of resources—in synergy with other capitals—also contributed to the increase in revenue.

Human Capital

Our human capital stems from the knowledge, expertise, and dedication of our employees that allow us to deliver value to our customers and ultimately, to society. We acknowledge the individuality and authenticity of our employees, as these further drive innovation and excellence in our chosen industries. We strive to continuously meet their needs by providing them with the proper benefits and tools to allow them to bring their best in the workplace and their respective careers.

As an employer of choice, we are compliant with local and national labor laws, general labor standards, and international labor conventions entered by the Philippine government. Going above and beyond, we have installed proper social safeguards and other various initiatives in empowering our employees at our workplace to ensure that they receive equal opportunities and are free from discrimination.

Additional details on our approach to managing our human capital can be found in Annex 3 of our 2020 Integrated Report, uploaded on our website at **www.fphc.com**.

Our employees play a critical role in the smooth operations of our businesses while creating value for our customers and society. The success of our business activities is attributed to the value brought by 7,448 employees, broken down into 3,786 permanent and 3,662 temporary, from our various business segments. Based on the same categories of employees last year, this represents a seven percent increase in our 2021 headcount due to the increasing need for talent as we address the growing demands of our business. We maintain a healthy and harmonious relationship with them to improve employee retention.

2022 Employee Profile

Male Female Total

Permanent Employee Count (By Gender)

Power Generation

2020	2021	2022
599	642	628
1,357	1,517	1,362
1,956	2,159	1,990

Real Estate

2020	2021	2022
500	495	534
400	432	517
900	927	1,051

Construction and Energy Services

2020	2021	2022
120	106	118
246	253	260
366	359	378

Energy Solutions

2020	2021	2022
42	36	42
196	201	225
238	237	267

Head Office

2020	2021	2022
50	49	52
51	51	48
101	100	100

2020	2021	2022
1,311	1,328	1,374
2,250	2,454	2,412
3,561	3,782	3,786

Temporary Employee Count (By Gender)

Power Generation

2020	2021	2022
8	5	29
42	29	126
50	34	155

Real Estate

2020	2021	2022
18	25	20
10	27	31
28	52	51

Construction and Energy Services

2020	2021	2022
186	239	284
2,407	2,831	3,159
2,593	3,070	3,443

Energy Solutions

2020	2021	2022
1	0	1
3	2	2
4	2	3

Head Office

2020	2021	2022
4	3	2
5	5	8
9	8	10

2020	2021	2022
217	272	336
2,467	2,894	3,326
2,684	3,166	3,662

New Hires Employee Turnover

New Hires vs. Employee Turnover

Power Generation

2020	2021	2022
107	137	175
44	95	205

Real Estate

2020	2021	2022
73	267	393
238	186	241

Construction and Energy Services

2020	2021	2022
1,708	2,452	3,130
1,246	1,427	2,104

Energy Solutions

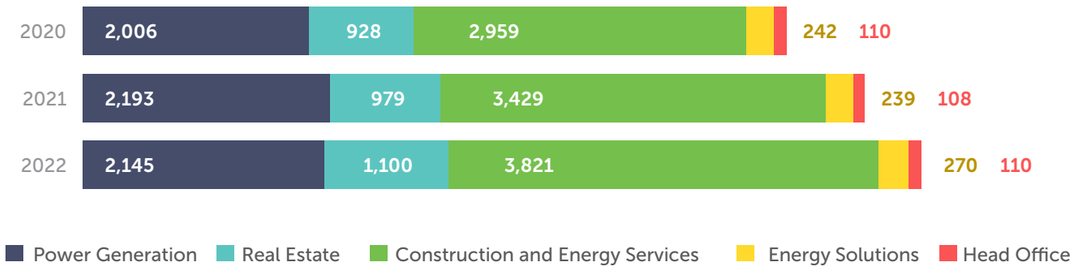
2020	2021	2022
21	50	63
33	55	65

Head Office

2020	2021	2022
2	5	19
4	5	17

In 2022, a total of 2,632 employees left the conglomerate, which is a 49 percent increase from last year. Resignees in our power generation segment cited pursuit of better opportunities, further studies, and personal concerns as top reasons for leaving the company. The spike in our employee turnover is also attributable to retirees and project-based employees who recently concluded their contracts. These separations have guided us to continuously update our human resource strategies and ensure that our existing practices are favorable to retain our current roster of employees. We welcomed 3,780 talents to the conglomerate in 2022, which represents a 30 percent increase from last year. The significant increase in our new hires was made not only to address our separations but also to meet the demand for talent in expanding our businesses.

Employee profile per business segment



Employee Engagement and Well-being

Through our strong employee engagement and well-being programs, we continue to create meaningful engagements with our employees. These ensure that their well-being is at the top of our priorities and that their needs are properly addressed.

We continue to deliver our successful employee engagement and internal communications programs that have guided us in keeping in touch with our employees. We surveyed our employees on the effectiveness of these activities through the 2022 Communications Checkpoint. The survey garnered positive reviews, citing the improvements in content creation and the strong involvement of our leaders in these communication campaigns. In the table below, 1 is the lowest while 4 is the highest rating.

Results of our Communications Checkpoint

Internal Communication Initiatives	2022	2021	2020
ZoomMustahan	3.5	3.5	3.5
Tuesday Talks	3.5	3.2	3.5
Wellness Wednesdays	3.5	3.2	3.5
Friday Drop Everything and Learn (DEAL)	3.5	-	-
Overall Experience	3.5	3.2	3.3

In 2022, our head office and power generation segments conducted their bi-annual employee satisfaction survey called the *Voice of our People*, wherein 98 percent of our employees were surveyed on their experience working with the company. The survey gathered generally positive results, at an engagement index of 67 percent, with favorable responses to all five engagement statements. The Engagement Index was significantly above the Philippine benchmark by 10 percent. Our industrial real estate business surveyed their employees to assess their well-being. The results are generally positive, with most employees coping well with the impacts of the COVID-19 pandemic and their current work arrangements.

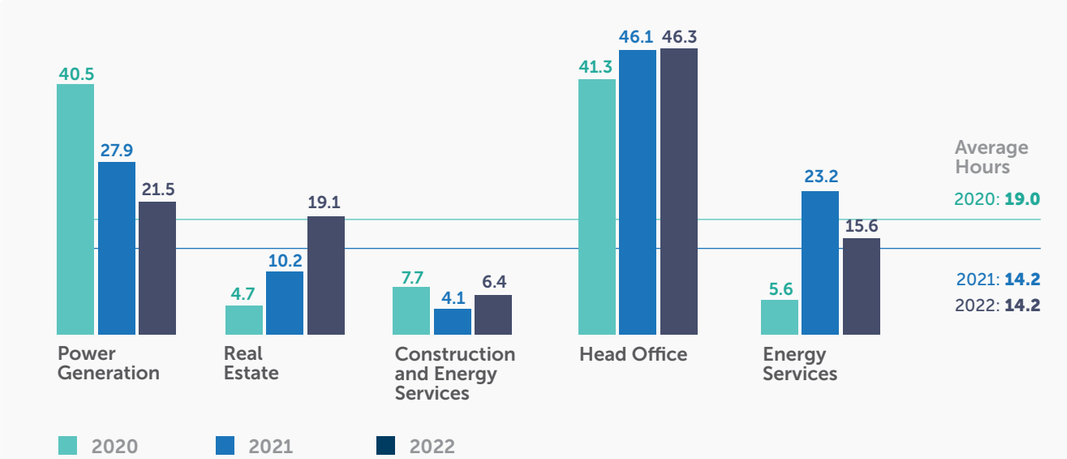
We also gathered the insights of our employees into the way we provide our benefits package through the Pulse Survey on Employee Benefits. Based on our 2022 findings, we determined that the majority of our employees are still delighted with our current employee benefits packages. Additionally, the survey has further informed us how to better restructure the existing benefits as they are competitive with the rates in our industry. Since 2020, we have continuously repurposed the benefits package to address the evolving needs of our employees in a hybrid work setup. In 2022, we increased the coverage of our employee's life insurance packages, as well as extended the medical insurance benefit to their common law partners and same-sex partners.

We continue to care for the well-being of our employees. This we do by providing 24/7 employee assistance we call the *Reach Out Program*. We complement this effort with the *Here4U Program*, an alternate internal support service where employees can have mental health check-ins with trained confidants. These confidants are composed of volunteer employees from the different companies of the FPH Group and are certified psychological first-aiders. The intent of the program is to have a colleague who they can confide in and talk to during moments of distress caused by work, family, relationships, or other personal concerns.

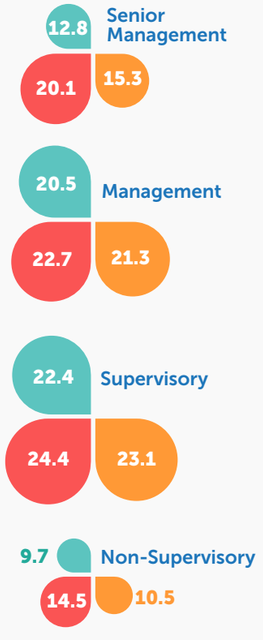
Investing in our Employees through Training and Development

As our business segments are agents of nation-building, we ensure that we empower our employees by cultivating a culture of continuous growth and development. We encourage our employees to maximize their potential by providing them the tools and growing their capabilities so they can deliver their best at the workplace, to their stakeholders, and in their respective careers.

Average Training Hours per business segment



Average Training Hours per rank and per gender



Informed by our talent strategy, we maximized available resources to provide effective and high-quality learning and development initiatives while maintaining high standards of employee proficiency. We continue to offer our learning on-demand platforms and weekly learning sessions. With the positive reception from our employees, these initiatives were expanded to other business segments within the group.

The increase in training hours for our real estate segment is a result of the reopening of our offices and adapting our best practices in the head office. Most of their training in 2022 was conducted in-person. The decrease in training hours for other business segments is due to the recent conclusion of our employee digital tools cascade to complement our new ways of working. The efficiency of our employees to utilize these tools resulted in the reduction in required training.

To further aid employees in career development, our head office and power generation segments have institutionalized two new policies: Internal Recruitment Policy and Career Development Policy. Through the Internal Recruitment Policy, we have formalized a mechanism to promote talent mobility and allow employees to explore internal job opportunities. Our Career Development Policy serves as a framework and philosophy to guide our employees and people managers in better understanding employee responsibilities and aligning them to learning solutions and other potential support from the company. We were successful to onboard employees and guide people managers on these programs.

Male Female Average Hours

In addition to training and career development, our employees have been heavily immersed in understanding our mission of becoming a decarbonized and regenerative business. Key corporate functions across the conglomerate were capacitated on the pillars of our mission: risks of climate change in our business (through TCFD), decarbonization using science-based targets (informed by SBTi), waste management, energy efficiency, human rights, gender equality and diversity, and aligning corporate social responsibility activities with our mission. Through these, our employees are enjoined to produce plans which will be implemented and recalibrated from 2023 and beyond.

For the rest of our employee population, we employ an evidence-based approach in embedding the principles of regeneration and we continue to optimize our playbooks to properly contextualize these strategies. We are active in our communication channels to creatively and strategically inform and capacitate all our employees on the principles of our mission. During our onboarding of new hires, various corporate functions are invited to orient new employees on our mission and how it relates to the company's business activities. For our existing employees, we regularly communicate our progress on the mission through our quarterly townhall meetings, where leaders are invited to answer queries from employees.

We allow our employees to align their interests and values with the corporate purpose through our conglomerate-wide Employee Volunteerism initiative. Through these, they are given the opportunity to participate in our corporate social responsibility (CSR) projects. In 2022, there were 1,458 employees who volunteered in our environment conservation and social development programs.

Future of Work: Building a Culture of Togetherness, Even When Apart

Productivity within our organization is not confined to the four walls of our offices. The lockdowns brought by the COVID-19 pandemic urged our business and support groups to be creative in meeting business objectives without compromising the health and safety of employees in these times. Employees who embarked on mission-critical business activities that would require on-site work were thoroughly oriented on health and safety protocols and provided with proper accommodations to safely return to work, while support functions were allowed to meet their deliverables flexibly.

In creating a conducive environment for a hybrid workforce, our Human Resources Group laid out nine principles that illustrate how corporate functions are to transition to the future of work:

1. Everyone works flexibly. We recognize that each one of us works differently and has unique circumstances.
2. We design work patterns that balance our business, stakeholder, and well-being objectives.
3. We are virtual-first, but not virtual only. We will maximize all modes of working effectively, and continue to build strong relationships, together and apart.
4. We are mindful of how we collaborate and the purpose of our meetings.
5. We invest time in focused work and learning, which enables us to be more productive.
6. We encourage a growth mindset. We create an environment where it is safe to speak up and ask for help.
7. We measure our performance based on outcomes and impacts.
8. We take accountability and act swiftly to improve the way we work to address challenges.
9. We trust each other to work in support of the company's interests.

Our head office, power generation, and real estate Human Resource (HR) teams have conducted roadshows and workshops with various business units and support groups to guide them in implementing these principles. Coined as "*Flex your Ways-of-Working (WOW)*," corporate teams were allowed to discuss with themselves strategies about work flexibility, collaboration, managing the team's performance, and accountability at meeting work deliverables. Ultimately, the sessions were intended to build trust and camaraderie within these teams to do what is best for the organization. Updates on how we are transitioning to the future of work are also communicated to employees and relevant stakeholders through our quarterly business meetings called ZOOMustahans, our official HR communication platforms, and through HR business partnering for focused and targeted business unit-specific issues.

Respecting and Protecting Human Rights in our Workforce

As a corporate citizen, we must respect and protect the rights of our stakeholders in our value chain. While we strive to go above and beyond with our initiatives to uplift and empower the lives of our stakeholders, we ensure that their basic human rights are enjoyed and celebrated. Guided by our ongoing and continuous Human Rights Impact Assessment exercises, we have strengthened our frameworks and have installed new mechanisms. Our updates on these are expounded in our Social and Relationship capital, found on pages 133-135.

In our workforce, the concerns on human rights would be on labor relations, employee unions, collective bargaining agreement, anti-discrimination, anti-harassment, risks for child and forced labor, and the health and safety of our employees. In 2022, our operations have reported zero risk and incidence of child and forced labor. In mitigating child labor, we ensure that we only hire employees of legal age whose credentials have met the minimum requirements set in the designated job descriptions. In mitigating forced labor, we are compliant with local and national labor laws and ensure our employment contracts are signed with the mutual agreement between the employee and the company.

In 2022, a total of 553 employees from our power generation and construction segments are part of employee unions. This represents 7.42 percent of our 2022 headcount. We uphold their rights to participate in collective bargaining agreements (CBA); our business segment continues to create meaningful discussions by listening to these groups while strengthening their grievance machinery for union members. Additionally, these groups have been active in our mission and social development activities. Instead of printing CBA booklets, our teams opted for digital copies. The costs saved from this initiative were donated to our scholars.

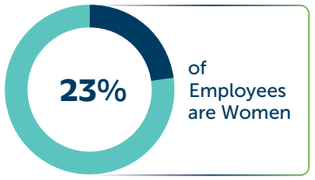
To address potential human rights risks and incidences in our workplace, our HR groups across the conglomerate are in charge of their respective Grievance Redress Mechanisms.These are anchored on existing Human Rights and HR policies as well as the Employee Code of Conduct.

Existing Corporate Mechanisms and Framework to Protect and Respect Human Rights in the Workplace

POLICIES TO PROTECT AND RESPECT HUMAN RIGHTS	RATIONALE
Social Safeguards Policies and Guidelines (Human Rights, Gender Equality and Diversity, Cultural Heritage and Indigenous Peoples, and Responsible Asset Management)	Statement of upholding the highest level of commitment in protecting and respecting the human rights of our stakeholders. Accompanied by these policies are thorough guidelines that inform our businesses in institutionalizing a Human Rights Due Diligence process and setting up robust Grievance Redress Mechanisms to address stakeholder concerns.
Environment, Health, and Safety Policy	Statement of commitment to adhering to the highest level of quality in handling health and safety issues in our areas of operation and institutionalization of robust health and safety management systems.
Safe Spaces Guidelines	Prescribed by our Gender Equality and Diversity policy, these are proper guidelines and procedures for handling incidents of harassment in the workplace.
Special Leaves for Women Policy	Provision of a leave benefit of a maximum of sixty (60) days for employees undergoing surgery due to gynecological disorder.
Leave for Victims of Violence Against Women and Children (VAWC) Policy	Provision of a leave benefit of up to ten (10) days for victims of violence, where the "victim" is defined as any female employee who was subject to an act of violence as referenced in RA 9262, including but not limited to: (a) physical violence, (b) sexual violence, (c) psychological violence, and (d) economic abuse.

Promoting a Culture of Diversity, Equality, and Inclusion in the Workplace

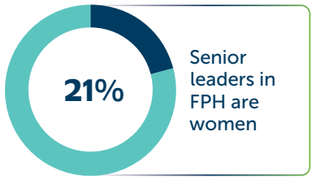




of Employees are Women



Managers across the group are Women



Senior leaders in FPH are women

Diversity and inclusion are important tenets in upholding the essence of our mission of becoming a regenerative business. We ensure that our employees are given equal opportunities to learn, thrive, grow, and contribute in the workplace. Recognizing the value of our co-creators and providing a safe, respectful, and inclusive environment elevates our collective potential and fosters a deep sense of belonging for all.

In our thrust for gender equality and diversity (GED), we continue to provide opportunities for women to grow and build successful careers in our conglomerate. We do this through institutionalizing policies, piloting new initiatives, and networking with organizations to improve our capacity in addressing diversity, equality, and inclusion in our value chain. Across the group, 35 percent of our workforce were women employees in 2022, while managers across the conglomerate are 39 percent women.

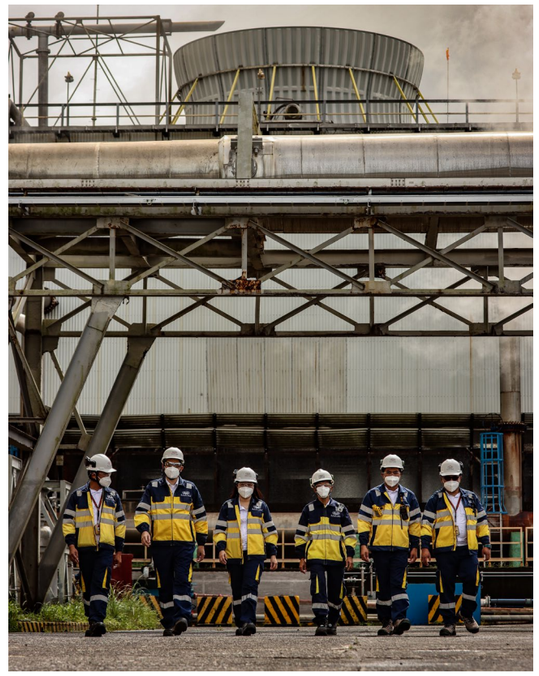
Our head office and power generation segment engaged with various external partners, such as the United States Agency for International Development (USAID), UN Women and Global Compact Network's Women Empowerment Principles (WEPs), and the Philippine Business Coalition for Women Empowerment (PBCWE), to expand on its capabilities on GED. With the assistance, the USAID's Enhancing Equality in Energy for Southeast Asia (E4SEA), selected employees from our head office and power generation segment to enter an intensive 11-day training to have a deeper understanding of how gender equality can be realized in the organization. Capping off the sessions, the groups presented a brief gender action plan to illustrate how their learnings in the sessions will be applied within the HR systems and then to the entire organization. Our HR teams focused on talent attraction, hiring and recruitment, culture building, and leadership development.

The conglomerate has also become a signatory of the UN Women and Global Compact Network's WEPs. It is a nine-principle framework that guides organizations in promoting gender equality and women empowerment across the workplace, marketplace, and community or the corporate value chain. Through this initiative, our group has access to readily-available tools to assess the status of the organization in terms of implementing global best practices on gender equality. Becoming a signatory for the WEPs has institutionalized the conglomerate's commitment in GED. In addition to our partnership with international organizations, we recently became a member of the PBCWE. This allows our organization to further strengthen its local network and capacity in upholding GED in the corporate value chain.

> Solving the pressing issues of the planet and society requires the collaborative efforts of all stakeholders. Guided by the Women's Empowerment Principles, we commit to provide a safe, inclusive, and equitable environment for our employees and co-creators (suppliers, contractors), respect the rights of our host communities, deliver the best products and services to our customers, and satisfy the expectations of our investors. This focus on gender diversity and inclusion elevates our collective potential to realize the FPH mission of a decarbonized and regenerative future for all.
>
> **Federico R. Lopez**
> **CHAIRMAN AND CHIEF EXECUTIVE OFFICER**
>
> *https://www.weps.org/company/first-philippine-holdings-corporation*

Our partnerships and collaboration with local and international experts in GED have equipped our HR teams in improving our policies to embed a culture of diversity and inclusion within the organization. We believe that these policies embody and solidify the organization's commitment to gender equality and social inclusion. With the help of experts, we have embedded GED concepts in our Internal Recruitment and Employee Development policies, as well as institutionalized additional benefits for women employees, such as additional leaves for women with special needs and victims of domestic violence (VAWC). These benefits complement our local laws, namely, Republic Act (RA) 9710 or the Magna Carta for Women and RA 9262 or the Anti-Violence Against Women and Their Children Act of 2004.

In ensuring a workplace that is free from harassment and discrimination, our power generation and construction segments have implemented a policy to uphold Safe Spaces in 2022. Through this, gender-based sexual harassment are prohibited in all forms in our workplace. The institutionalization of this policy is heavily informed by RA 11313 or the Safe Spaces Act of 2018. Employees facing discrimination and harassment based on their sexual orientation and gender identity can freely raise their grievances guided by the existing Employee Code of Conduct and guidelines set by our HR groups.





The conglomerate's efforts to further advance gender equality and social inclusion were immediately recognized by UN Women and the WEPs. In October 2022, we were recognized as a second runner-up for the Gender Responsive Marketplace category of the Philippine edition of the Women Empowerment Principles Awards for our social safeguards policies and implementation of best practices to cascade our efforts across the workplace, marketplace, and communities. This award serves not only as a validation of our current efforts, but as a strong motivation for the conglomerate to continuously strive for diversity, equality, and inclusion in our corporate value chain.

Employee Health and Safety

Safeguarding the health and safety of our employees are considered a top priority to ensure the smooth operations of our businesses. We are compliant with local and national laws and regulations on health and safety, and we regularly communicate with health regulators, national government agencies, and external partners to ensure our Occupational Health and Safety Management Systems (OHSMS) are updated and at par with global standards. We also regularly engage with our employees to determine health and safety risks to properly mitigate and address them.

The group's OHSMS is administered by the Quality, Environment, Health and Safety (QESH) team of our head office to ensure that every subsidiary upholds the highest level of quality and standard in attaining employee health and safety. With the diverse nature of our businesses, our subsidiary's health and safety teams are empowered to implement an OHSMS adaptive to their operational and project requirements. While employees and contractors are expected to manage safety concerns at their respective workstreams, our operational projects and sites have dedicated safety officers that regularly monitor health and safety concerns. This is aligned with standard operating procedures prescribed by corporate policies, as well as local and national regulations on health and safety. The OHSMS of our subsidiaries First Gen Corporation (Prime Meridian PowerGen Corporation and First Gen Hydro Power Corporation), Energy Development Corporation, and First Balfour Inc. are certified under ISO 45001:2018.

In addressing work-related hazards, a risk management approach is implemented by the group. These are identified through routine walkdowns and non-routine safety observations, which are logged in our OHSMS. Escalation procedures on work-related safety incidents are also detailed in our OSHMS to ensure that these are properly addressed. Controls are also in place to avoid future recurrence. Subsequently, our Occupational Health (OH) team regularly conducts Health Risk Assessments (HRA) to mitigate and address illnesses and diseases in the workplace.

Our power generation segment initiated a Back to Basics (B2B) program in 2022 to empower employees to address safety concerns in our power plants. Through the program, various teams are tasked to come up with creative solutions to solving several pressing safety issues in the workplace. The assigned teams are then capacitated and empowered to properly identify, mitigate, and address these safety issues. The action plans generated from the exercise are then presented in Board Committee meetings to ensure proper implementation and monitoring. Our industrial real estate segment developed procedures and programs to support their goals of having zero lost-time incidents in the workplace.

Through the evaluation of their existing processes, they strengthened their current programs and updated their health and safety policy to reiterate the commitment of our leaders to the safety of all employees and contractors.

In addition to these policies and practices, our health and safety team continually trainings and webinars to embed a culture of health and safety in the workplace:

- Mandatory Occupational Safety and Health Training
- Incident Investigation for Safety and Health
- Workplace Mental Health
- Overview Of The COVID-19 Occupational Health Program
- COVID-19 Case Monitoring and Surveillance, Contact Tracing, And Referral Systems
- Preparing the Family and the Rest of the Household For COVID-19
- COVID-19 Vaccines: Back to Basics
- The FPH & Lopez Affiliates COVID-19 Vaccination Strategy

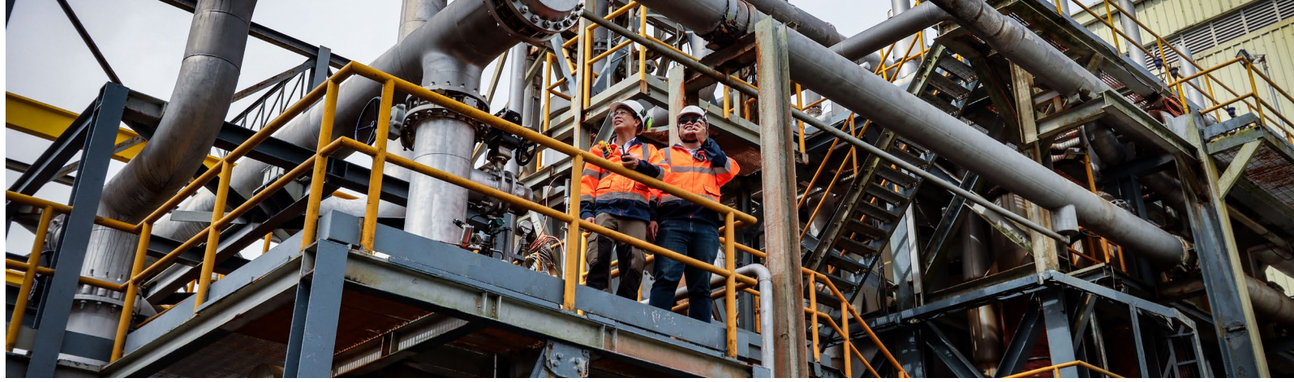
In addressing the on-going impacts of the COVID-19 pandemic, our Occupational Health group revamped our existing pandemic playbook, Pandemic Preparedness and Response Guide launched in 2018, to a comprehensive FPH Group and Lopez Affiliates Risk Based Guide in the Prevention and Control of COVID-19 Outbreak. Through this, our business segments are informed on the latest developments, protocols, and measures to properly address the risk of COVID-19 in our workforce. We continued our existing initiatives, such as Shelters-In-Place (SIP), implementing minimum health standards, contract tracing, and testing in the workplace to ensure a healthy and safe environment for our employees.

With the developments on COVID-19 vaccination, we supported the booster doses of 12,009 employees in 2022 while donating 67,020 vaccines to the local government and partner institutions. Employees, their family members, and contractors benefitted from our in-house vaccination efforts. Alternatively, employees could also avail their respective booster shots through their local governments.

With the easing local and national restrictions related to COVID-19, our OH teams have recalibrated the group's focus to not only address the on-going pandemic, but to also address emerging health and safety concerns of employees. This prompted them to reactivate several initiatives that were sidelined in the past few years, such as employee wellness, emotional well-being, and blood supply programs.

Our consistent approach to occupational health and safety continues to promote a healthy and safe working environment for our employees and contractors. In 2022, our business segments attained a total recordable incidence rate (TRIR) that is well within industry standards.[1]

[1] U.S. Bureau of Labor Statistics. (2021, November 3). Industry injury and illness data - 2020. U.S. Bureau of Labor Statistics. Retrieved March 1, 2023, from https://www.bls.gov/iif/oshsum.htm



Summary of 2022 Health and Safety Data for All Employees

Line Item	Units	POWER GENERATION First Gen	REAL ESTATE FPIP	CONSTRUCTION AND ENERGY SERVICES First Balfour	ENERGY SOLUTIONS First Philec
Actual Manhours Worked	Total Hours	5,120,707.80	166,688.19	9,029,286.60	492,488.00
Work Related Fatalities due to injury	No. of cases	0	0	0	0
Work Related Fatalities due to ill health	No. of cases	0	0	0	0
Lost Time Incidence	No. of cases	0	0	0	0
Disabling Injury/Lost Time					
a. Recovery < 6 months	No. of cases	0	0	0	0
b. Recovery > 6 months	No. of cases	0	0	0	0
c. Total days charged for the disabling injury/illness	No. of days	0	0	0	1
Recordable work-related injury					
a. Injury resulting to restricted work activity	No. of cases	0	0	0	0
b. Medical Treatment	No. of cases	4	0	0	4
Recordable work-related ill health	No. of cases	0	0	0	0
Close Call /Near Misses	No. of cases	1	0	7	154
Fatality Rate Fatalities per hours worked		0.00	0.00	0.00	0.00
Lost Time Incidence High Consequence work-related injury (excluding fatalities) per hours worked		0.04	0.00	0.00	0.00
Recordable Work-related Injury Rate (Frequency rate) Recordable work-related injury per hours worked		0.20	0.00	0.00	1.62
Disabling Injury/Illness Severity Rate Total days lost per total per hours worked		0.00	0.00	0.00	0.41
Near Miss Rate No. of cases of near misses per work-hours worked		0.04	0.00	0.16	62.54

Summary of 2022 Health and Safety Data for Contractors

Line Item	Units	POWER GENERATION First Gen	REAL ESTATE FPIP	CONSTRUCTION AND ENERGY SERVICES First Balfour
Actual Manhours Worked	Total Hours	21,433,340.00	1,145,501.00	1,959,346.00
Work Related Fatalities due to injury	No. of cases	0.00	1	0.00
Work Related Fatalities due to ill health	No. of cases	0.00	0	0.00
Lost Time Incidence	No. of cases	1	0	1
Disabling Injury/Lost Time				
a. Recovery < 6 months	No. of cases	1	0	1
b. Recovery > 6 months	No. of cases	0	0	0
c. Total days charged for the disabling injury/illness	No. of days	0	0	0
Recordable work-related injury				
a. Injury resulting to restricted work activity	No. of cases	2	0	0
b. Medical Treatment	No. of cases	10	0	7
Recordable work-related ill health	No. of cases	0	0	0
Close Call /Near Misses	No. of cases	25	1	28

Fatality Rate Fatalities per hours worked	0.00	0.17	0.00
Lost Time Incidence High Consequence work-related injury (excluding fatalities) per hours worked	0.01	0.00	0.51
Recordable Work-related Injury Rate (Frequency rate) Recordable work-related injury per hours worked	0.12	0.35	0.82
Disabling Injury/Illness Severity Rate Total days lost per total per hours worked	0.00	0.00	0.00
Near Miss Rate No. of cases of near misses per work-hours worked	0.23	0.00	2.86

In addition to exerting efforts on meeting the health and safety industry standards, the conglomerate also monitors any admin lapses that occurred in the year to check any gap in our safety mechanisms. There were four regulatory admin issues in 2022 from the power generation segment. These consist of delayed renewal of the permit of safety officers from inactive exploration projects.

Our Compensation Strategy for Employees

We ensure regular reviews of pay equity within the organization and the external labor market through the benchmarking of practices. We design our salary structure and benefits package following the minimum legal requirements. To remain competitive in the talent market, we look for ways to improve our total compensation package while balancing affordability.

Our core compensation strategy lies on three principles:

- Ensuring that compensation programs and policies support the delivery of the corporate strategy and create long-term sustainable shareholder value;
- Pay for performance;
- Keeping our competitive market position in relation to total rewards (base pay, variable compensation, and benefits)

Through these, we seek to attract people to join the organization, retain key talent and reward high-performing individuals, and motivate employees to develop their skills and competencies based on the changing demands of their jobs and of the business. The policy applies to the Company's senior management and to the overall workforce.

Our compensation and benefits programs contribute to our business success by balancing market competitiveness and affordability based on a total compensation approach. These are performance driven, flexible, legally compliant, and are absent of any gender-discriminatory pay practices. The key elements of our compensation structures are annual base salary, fixed bonuses, variable compensation based on annual targets, and employee benefits.

Directors

Under the Corporation's By-Laws, directors shall receive a reasonable per diem for his/her attendance at each meeting and may receive a portion of the annual profits as determined by the Chairman and the President. Directors receive a per diem for every board and committee meeting. In addition, Section 29 of the Revised Corporation Code provides that the total yearly compensation of the directors shall not exceed ten percent (10 percent) of the net income before income tax of the corporation during the preceding year.

Summary

- Despite the competitiveness of the current talent market, we maintained a robust roster of 3,786 employees to continuously meet the demands of our customers and industry.
- In empowering our employees to be responsible in their growth and development, we continue to offer our training and development programs while institutionalizing policies on internal talent mobility and career development. In 2022, our employees logged 12.02 average training hours.
- We continued to maintain our occupational health and safety systems, which allowed us to enjoy safety incidence rates within industry standards.
- We safeguarded the rights of our employees through the completion of our Human Rights Due Diligence process and our Human Rights Management Plan to address potential negative impacts to human rights.
- In engendering a culture of diversity, equality, and inclusion, we partnered with various external organizations (USAID, UN Women, and PBCWE) to increase our internal capacities in handling GED and DEI initiatives. Moving forward, we will cascade our learnings to the entire conglomerate and assist them in building and implementing their gender equality and diversity action plans.

Non-financial Outcomes

We maintained our human capital in terms of having the required pool of employees to run the operation, improving their health and safety, and employee embedding for them to align their interests and values with the company's purpose. Despite the slight dip in our average training hours, we continuously maintained our human capital in training and development by strategically positioning our programs to better meet the needs of our employees. We continuously created and improved on our human capital in diversity, equality, and inclusion, as we develop mechanisms to support GED and DEI initiatives within the conglomerate.

Financial Outcomes

With our current roster of employees and initiatives to support their respective development and growth, we believe that our conglomerate is positioned to continuously deliver value to our customers and stakeholders. This, in turn, translated to profit for the business.

GRI 418
SDG 9

Intellectual Capital

Our intellectual capital is composed of the organizational, knowledge-based intangibles such as intellectual property rights, patents, licenses and organizational knowledge, systems, procedures and protocols. Tapping and maximizing our intellectual capital allow us to deliver value to all our stakeholders to meet our business objectives and attain our mission of a decarbonized and regenerative future. More details on our approach to managing intellectual capital can be found in Annex 3 of our 2020 Integrated Report, uploaded on our website at **www.fphc.com**.



Strengthening our IT Infrastructure, and Information Security

Following our rapid digitalization efforts after shifting to a hybrid work set-up caused by the COVID-19 pandemic, we continued our thrust in this area by strengthening our information technology (IT) infrastructures. Through their digital expertise, our IT group has been a constant support to our corporate functions and subsidiaries in setting up a robust IT system, meeting the intricate needs respective to their operations. To complement our existing digitalization and centralization efforts, improvements in IT infrastructure included application service delivery, business relationship management, records management, data privacy, information systems, industrial control systems, and other IT advisory services in 2022.

Protecting our corporate data, strengthening our information systems, and ensuring that our digital workflows are uninterrupted are considered top priorities by the conglomerate, as our operations are spread out in various parts of the country and most of our corporate support functions remain working remotely. Our risk management and IT group have integrated these issues as a core element of BCM and regular risk assessments.

Policies and practices on data privacy and information security management systems (ISMS), in the form of conducting regular penetration testing, vulnerability scanning, and regular software updates, are also present to further safeguard the company's digital assets. Employees, regardless of their function in the company, are capacitated on best practices in safeguarding the company's information systems through our active Information Security (InfoSec) campaigns in official internal channels. These activities have all bore fruit as there are no cases of breaches in data privacy for the entire conglomerate in 2022.

Maintaining our Management Systems

As a conglomerate with strategic investments in industries that contribute to nation building, our subsidiaries are positioned to meet the competitive demands of their respective industries while addressing the needs of our stakeholders. To ensure this, we endeavor to maintain the highest quality of products and services through robust quality management systems for our subsidiaries.

Our power generation, energy solutions, and construction business segments continue to excel and be ISO-certified in quality management, environment management systems, occupational health and safety, and asset management. To maintain these, our businesses have internal audit capabilities to regularly monitor the implementation of these systems.

ISO 9001:2015 (Quality Management Systems)	**First Balfour, Inc.** **First Gen Corporation** **Energy Development Corporation** **First Philec, Inc.**
ISO 14001:2015 (Environment Management Systems)	**First Balfour, Inc.** **First Gen Corporation** **Energy Development Corporation**
ISO 45001:2018 (Occupational Health and Safety Management System)	**First Balfour, Inc.** **First Gen Corporation** (Prime Meridian PowerGen Corporation and First Gen Hydro Power Corporation) **Energy Development Corporation**
ISO 55001:2014 (Asset Management Systems)	**First Gen Hydro Power Corporation (First Gen Corporation)**

Espousing our Mission through our Group's Offerings

Our business segments are enjoined to creatively develop product and service offerings that are well aligned to our mission of decarbonization and regeneration. Through our comprehensive capacity building sessions with key corporate functions within the last few years, our subsidiaries have integrated these learnings in their business development activities and operations.

Power and Energy

- We pursue electrifying the country through natural gas and renewable energy sources, such as geothermal, hydropower, solar, and wind. Positioned as a transition fuel by the Philippine Energy Plan, our natural gas facilities serve as an initial step in decarbonizing the country as we expand our renewable energy portfolio and other clean technologies;
- We venture to decarbonization technologies through working with our customers in ensuring they are using energy efficiently.

Construction and Energy Services

- We embody our mission through offering construction and infrastructure services that contributes to climate-resilient built environment;
- We strive to improve our capabilities and expertise in these markets: Power Generation and Energy, Sustainable Water Infrastructure and Management, Transport Infrastructure, and Specialized Buildings.

Energy Solutions

- We introduced the Biodegradable Distribution Transformer (BioDT) in 2020 and launched the Super Green Transformer in 2021, both of which are more efficient and have less environmental impact compared to the traditional amorphous transformers;
- In assisting our clients in their energy efficiency initiatives, we expanded our services to provide smart and digital solutions. We now offer smart meters, smart poles, and distribution monitoring systems (DTMS).



Residential and Commercial Real Estate

- We incorporated solar panels on newly developed commercial buildings and will install chargers for electric-powered vehicles to encourage community members to use e-vehicles;
- To conserve water use, all our developments have incorporated efficient water collection technology and use of low-flow water fixtures for bathrooms and kitchens;
- Three commercial properties of our real estate business remain to be certified by USGBC's LEED: 8 Rockwell, Rockwell Business Center Sheridan, and 1 Proscenium.

Industrial Real Estate

- To better serve locators, we encourage working with an energy services company to assist them in managing their electricity use more efficiently;
- All new properties in development will utilize solar panels and rainwater harvesting systems;
- Charging stations for electric-powered vehicles will also be installed to further promote its use within the industrial park's premises.

Summary

We are steadfast in our group-wide digitalization through the support of our Information Technology group.

In ensuring that we deliver the best to our customers and other stakeholders, we continue to uphold and implement our management systems and have them certified by external parties. We maintained our ISO certifications for Quality Management, Environment Management, Occupational Health and Safety Management, and Asset Management.

We embed the essence of our mission in our products and services by offering clean and renewable energy, energy efficiency, water infrastructure, and green buildings.

Non-financial Outcomes

We improved our intellectual capital through maintaining robust IT systems that protect the company's knowledge and information, and added to our ISO certifications, to deliver the best product and service offerings.

Financial Outcomes

Our continuous thrust in digitalization, innovation, and integration of our mission to our products and services maintained existing and attracted new customers. These contributed to the positive financial results of all our business segments.

Social and Relationship Capital

Our social capital refers to the relations and partnerships we have fostered with our stakeholders in realizing our business objectives and our mission of a decarbonized and regenerative future. Guided by the Pentad Stakeholder Framework of Carol Sanford, we nourish our continuing relationships with our customers, co-creators (employees, suppliers, and business partners), earth, host communities, and investors. This improves the way we deliver our products and services and ensures our compliance with local and national laws and regulations which grants us with the social license to operate in various parts of the country. Our performance will be further expounded in this section, while a thorough discussion of how we create meaningful engagements with our stakeholder groups can be found on pages 50-53. More details on our approach to managing Social and Relationship Capital can be found in Annex 3 of our 2020 Integrated Report, uploaded on our website at **www.fphc.com.**



Creating Value through and with our Customers

Maintaining a strong and harmonious relationship with our customers and clients ensures the success of our businesses. We believe that through them, we deliver our mission. Through regular engagements, we solicit feedback and insights to further improve our offerings and ensure that their needs are met so they too can give their best in their work. We innovate our roster of products and services to meet the ever-growing demands of our clients and customers.

CSAT Scores	Average Scores	Highest Possible Scores
Power Generation	94.8%	100%
Energy Solutions	98.0%	100%
Construction and Energy Services	86.0%	100%
Industrial Real Estate*	97.0%	100%

**2021 is reflected as FPIP's 2022 CSAT scores. Update will be released by mid-2022*

To quantitatively assess our performance, we regularly conduct customer satisfaction (CSAT) surveys. In 2022, our CSAT scores generally garnered favorable results. Our business segments continue to enjoy its existing roster of customers and clients while aggressively expanding our market reach.

Aside from simply delivering value, we also ventured into being proactive service providers by co-creating with our customers to ultimately attain their business objectives and their respective sustainability targets. Our energy solutions segment ventured with Meralco in 2022 to discuss areas of partnerships to fast track their sustainability goals. Through the First Philec-Meralco Sustainability Conference, our business leaders shared their plans and current offerings, such as the Advance Metering Infrastructure (AMI), Biodegradable Distribution Transformer (BioDT), and Super Green Transformer, to align with their customer's sustainability agenda. Our industrial real estate segment continued to enjoin its locators on our corporate mission. In 2022, they conducted a comprehensive waste management study to identify and resolve pain points while coming up with solutions that may ultimately be offered as a new service to locators. By the end of the year, they worked with select locators to assess the feasibility of the proposed solutions.

Working with our Suppliers for a Shared Vision

As co-creators in delivering value to our customers and other stakeholders, we ensure that our vendors, suppliers, and business partners share our vision in attaining our corporate mission. We continued to capacitate them through setting up policies and training to support their needs so they can join us in meeting our business objectives. In 2022, we had parallel projects involving our supply chains:

Development of guidelines for responsible sourcing
The study was piloted in the head office and power generation segment. Through the updated Vendor Accreditation Policy and Guidelines, we reiterated our attention to the quality of our vendor's outputs while integrating a screening mechanism to assess their environment, social, and governance (ESG) impacts. This features a code of conduct for our vendors to abide by and a pilot data gathering exercise to probe and stock-take on the following ESG information: adherence to our social safeguards policies (Human Rights, Gender Equality and Diversity, Respect for Cultural Heritage and Indigenous People), health and safety practices, environment impacts, and business ethics. The results of this exercise shall further inform a finalized criteria to be used by our vendor accreditation team in screening vendors aligned with their ESG impacts. Vendors impacted by the policy are expected to comply in 2023. The rest of the FPH subsidiaries are reviewing these guidelines for incorporation in their own procurement codes.

Engagement tools to assist vendors to contribute to climate action
We piloted the project in our construction and energy services segment. The activities included workshops on sustainable supply chain, climate change risks and opportunities and estimating carbon emissions through the carbon footprint calculator of the Ako Ang Bukas (AAB) Movement, a civil society organization and partner of FPH which is advocating for climate neutrality by 2050. The next modules will include a value chain analysis and identification of carbon reduction measures. The construction segment is forging an agreement with their suppliers to be the platform to sustain the initiative.

Partnering with suppliers vs. plastics
In efforts to reduce the plastic waste produced by our energy solutions segment, they influenced their suppliers to cut down on plastic packaging. They also became proactive in choosing reusable packaging, such as those that can be returned to suppliers for refill, for their raw materials.



Sharing our Mission with External Stakeholders

True to the essence of our mission, we continued to collaborate with like-minded organizations to realize our mission. In 2022, we shared our climate advocacy and best practices in 27 activities reaching 11,666 participants from the government, business, academe, and civil society organizations. Our external engagements in 2022 are detailed in Annex 4 at page 207.

We partnered with the government to meet the global goals and to contribute to the country's sustainable development agenda. In 2021, the National Economic Development Authority (NEDA) launched a national secretariat to liaise a whole-of-nation approach in the achievement of the Sustainable Development Goals (SDGs). The secretariat formed the SDGs Stakeholder Chamber consisting of business including FPH, industry associations, and civil society organizations. The Chamber ensures better coordination of the SDG contribution of the private sector to complement the government's own SDG work.

As a member of the Chamber, our company was given the opportunity to align our current efforts and initiatives with the SDGs targets of the government. A gathering was conducted in each quarter of 2022 to discuss developments and achievements, the release of the Philippines' 3rd Voluntary National Review (VNR), and to collaborate through sharing of knowledge and existing best practices related to sustainable development. Moving forward, we hope to continue our partnership with NEDA to further co-create strategies and initiatives for the achievement of the SDGs in our country.

In communicating our efforts to external stakeholders, we have employed the use of social media sites like LinkedIn. We share bite-size information to better explain our mission, while sharing our current achievements in the sustainability and regeneration space. We also use this medium to attract talents that will join us in attaining our mission.

Safeguarding the Rights of our Stakeholders

To attain a truly regenerative business, we ensure that our business operations respect and protect the human rights of our stakeholders. In 2022, we completed setting up a robust Human Rights Due Diligence (HRDD) process within the conglomerate. In doing so, we capacitated our subsidiaries to accomplish their respective Human Rights Management Plans (HRMP) and its complementary Grievance Redress Mechanisms (GRMs). Through these tools, our subsidiaries have created bespoke measures to properly identify potential negative impacts to human rights in key functions while creating measures to properly address and mitigate them, if these rights will be transgressed.

Our Human Rights Due Diligence Activities

Activity	Description
Issuance of our Social Safeguards Policies and Guidelines	The policies cover Human Rights, Gender Equality and Diversity, Cultural Heritage and Indigenous Peoples, and Responsible Asset Management.
Social Safeguards Policy Cascades	Our social safeguards policies were cascaded to officers and employees with the assistance of external and in-house experts.
Human Rights Impact Assessment (HRIA) of our business segments	Our subsidiaries identified the hotspots in their operations and business activities that may negatively impact the human rights of our employees, host communities, and other key stakeholders.
Human Rights Management Plan and Grievance Redress Mechanism	Building on the HRIA outputs, our subsidiaries identified their respective action plans, mitigation measures, and grievance redress mechanism to properly mitigate, and remediate negative human rights impact.

We employed an impact assessment framework to systematically act on human rights concerns in our business value chains. To kick-start the process, our subsidiaries were capacitated on the rights that should be enjoyed by our stakeholders (employees, customers, host communities, and other affected entities). Afterwards, we looked at company processes where impacts may arise. Identifying these hotspots assists our subsidiaries in crafting preventive, mitigating, and remediation measures to properly act on these concerns. Guided by their respective human rights management plans, the subsidiaries installed monitoring procedures to ensure that these risks and concerns are properly prevented or addressed.

Conceptual Framework in identifying Human Rights Concerns in Business



Complemented by these management plans are the establishment of robust Grievance Redress Mechanisms (GRM). Through this, stakeholders can raise issues and concerns to the business and seek remedy when they perceive a negative impact arising from business activities. Ultimately, a GRM aims to restore individuals and groups that have been harmed. This tool is an effective way to identify potential and actual human rights issues, address these, and monitor similar incidents to prevent recurrence. This also positively impacts stakeholders as it safeguards their human rights.

Standard Procedures for Grievance Redress Mechanism (GRM)



Through our HRDD process, we have identified key areas where human rights can be negatively impacted, and we consistently identified how these risks and concerns are to be addressed.

Human Rights Risks and Concerns

Human Rights Risks and Concerns	How we are addressing these concerns
Labor Management and Human Resources	Our Human Resources group implements safeguards and mechanisms for employees to continuously enjoy their human rights. We abide by national labor laws and regulations and consistently seek the feedback of our employees so we may better address their needs.
Child and Forced Labor	We ensure that our operations are free of child and forced labor by institutionalizing employee screening mechanisms and abiding by our contracts with employees. We strive to regularly scan our value chain by identifying hotspots that are at high risk of child and forced labor, and mandating our suppliers to do the same.
Collective Bargaining	As we continue to address the concerns of our employees, we do not restrict their freedom to collectively bargain.
Discrimination and Harassment	We maintain a zero-tolerance to discrimination and harassment in our operations through the institutionalization of our social safeguard policies. We have set up robust grievance machineries, guided by our employee code of conduct, to properly address these concerns. Additionally, we continuously implemented social equity initiatives to capacitate and guide our employees.
Health and Safety of employees and other stakeholders	We maintain health and safety management systems to ensure a safe work environment for our employees, service providers, and communities where we operate.
Right to a healthy environment	Aligned with our mission, we ensure that we uphold the rights of all our stakeholders to a healthy environment. We strive to continuously improve on our environmental performance.
Community Relations	As we conduct our business activities, we mitigate the disruptions these may bring to our host communities as much as possible. We consistently engage with them to determine their feedback and concerns and we have set up robust grievance machineries to properly address their concerns on our operation. CSR projects also provide our host communities the needed assistance to improve their well-being and to fulfill their basic needs.
Right to Privacy (Data Privacy)	**In this digital age, we are cautious to protect and to uphold the right to privacy of our stakeholders.**
Rights of Consumers	**To deliver top-notch products and services, we ensure that we abide by our contracts with customers. Similar to our approach in other human rights concerns, we ensure that our customers are not subjected to discrimination and harassment and we emphasize the importance of addressing their health and safety in the delivery of our offerings.**

Empowering our communities

In the implementation of our mission, we have a role to safeguard and restore the integrity of the environment and social systems we are nested in. Our discussion on our environment and biodiversity initiatives can be found in our Natural Capital Performance on pages 112-115. As we continue to advocate for these, we believe that meeting the needs of our host communities further empowers them to become self-reliant.

We have implemented engagement mechanisms with the communities situated in our areas of operations, and our power generation segment is compliant with national regulations on benefits sharing with communities that host our power plants. Creating meaningful engagements with our host and local communities allows us to acquire social license to operate in various parts of the country.

One of our power assets, Mt. Apo Geothermal Project is operating within the area of Indigenous Peoples. For this sector, we are guided by the GRI 411 as well as the Indigenous Peoples' Rights Act of the country (RA 8371). Based on the law, we respect the four bundles of rights of our host IP community, namely: a) right to their ancestral domain, b) right to self-governance and empowerment, b) right to social justice and human rights and d) right to cultural integrity.

Through our social development initiatives, we address the health, safety, and welfare of our communities, empower the youth through our education programs, and provide opportunities to improve income sources through social entrepreneurship and sustainable livelihood.

Healthcare

We assisted various community health centers by providing infrastructure to strengthen their local health systems and equipment support to meet the medical and well-being needs of our communities. Our subsidiaries continued to promote their iWASH (water, sanitation, and hygiene) program, an initiative that promotes and provides access to clean water and sanitation facilities in local barangays. Water filters, which are critically needed after storms, were donated the communities for potable drinking water. Our industrial real estate segment installed handwashing facilities and hygiene kits to 15 public schools in Batangas that benefits students and teachers.

In assisting the need for blood for emergency and medical situations in our communities, our industrial real estate segment conducted blood donation drives through the active participation of locators and employees. Our construction segment also conducted a blood donation drive from their employees.

To support our communities which still experience the COVID-19 pandemic, we donated 67,020 vaccines to 14 local government units (LGU) and two institutions in support of the vaccination efforts of our local communities. Our industrial real estate segment provided personal protective equipment (PPE), vaccination supplies, and other medical supplies to augment these initiatives, benefitting medical frontliners.

CSR Category	Impact Figure	Unit	Description / Disclosure in Report
HEALTHCARE	67,020	count	COVID-19 vaccines donated to external stakeholders
	16	count	Local Government Units and partner organizations supported with COVID-19 vaccines

Education

To empower the youth in maximizing their potential, we offered education programs to our partner communities. Doing so grants them equitable opportunities to succeed in the future and support their families.

We have been continuously active in participating in the Brigada Eskwela activity of the government, wherein public schools are refurbished and renovated before the beginning of the new school year. Through the participation of our employee volunteers across the conglomerate, students from 67 public schools within our local communities enjoy a safe and conducive learning environment.

Tools to maximize the learning experience were also supplied to students within our partner communities. Our power generation business provided school supplies to assist at least 9,665 students. Laptops were also issued to students in our partner communities in Kidapawan to further support blended learning. Our industrial real estate business donated photocopying machines and reading spaces to local public schools benefitting around 8,907 students.

In addition to these, we sponsored 283 students through our scholarship, educational incentives, and financial assistance programs.



Scholarship Programs within the FPH Group

Business Segment	Name of Scholarship Program	No. of Scholars
Power Generation	EDC's SIKAT program	113
	EDC's Support to Mt. Apo (Indigenous community)	42
	BGI Tanawon Geothermal Project College Scholarship Program	70
	First Gen's Scholarship and Education Incentive Program	42
Industrial Real Estate	Scholastic Excellence through Empowerment and Development Support (SEEDS) Project	13
	FPIP Achievers College Education Scholarship (FACES) Grant	3

In supporting students into their entry to the workforce, our energy solutions segment accepted 27 students in their internship program. This served as an opportunity for them to learn more about various operation and business support functions. Interns were immersed in any of the following roles: product development, customer relations, corporate planning, enterprise services, and finance. Various internship programs are also rolled out in our business segments in support of the easing COVID-19 restrictions in the country and resumption of face-to-face work.

CSR Category	Impact Figure	Unit	Description / Disclosure in Report
EDUCATION	17,762	count	Students supported with school supplies
	67	count	Public schools supported through *Brigada Eskwela*
	283	count	Scholars across the group
	27	count	Interns for First Philec

Social Enterprise and Sustainable Livelihood

We provided our communities' opportunities to improve their sources of income through social enterprises. Our construction segment gathered the support of its employees to donate 10 knapsack sprayers to farmers to help them water and fertilize their fields. To support partner orphanages, they purchased 10 boxes of agricultural produce from farmers amounting to PhP183,800.

Our power generation segment sustained support to our farmer associations in their involvement in our environmental restoration and conservation efforts. Their projects include cacao and coffee enterprises through *Tongonan Farmers' Association (TOFA)* and *Coffee for Peace, Inc.*, ecotourism enterprise through *Alliance of Bacman Farmers Association Incorporated Agriculture Cooperative (ALBAFAI)*, and various small scale social enterprises throughout the country.



Social Welfare Activities

Despite being in highly-urbanized areas, our head office, construction, real estate, and energy solutions segments continued to support the local needs of our host communities. Through efforts across the conglomerate, we donated Christmas donation packages which contained groceries, medicines, and other personal care items that benefitted multiple households across our areas of operations. Beneficiaries included security and other support personnel, parishes, orphanages, and indigent members of our communities. Support provided by our real estate and energy solutions segment totaled to PHP1.41 million. Our industrial real estate segment assisted locators to organize a kid's party to spread the spirit and essence of Christmas.



FPH Foundation Activities

Collaborating with other Lopez companies through LGFI

The Lopez Group Foundation Inc. (LGFI) harmonizes and synergizes the corporate social responsibility (CSR) efforts of the FPH group and other affiliated companies. Through these collaborative efforts, we can tap and maximize the advocacies and expertise brought by these companies to continuously deliver exponential value to our stakeholders.

Building on the *Integrated Area Development (IAD)* liaised by LGFI in 2021, companies within the Lopez Group have been active in building and increasing the momentum in the delivery of impacts in alignment with the seven (7) Advocacy Clusters: Environment, Education, Child's Rights and Development, Humanitarian Action, Social Entrepreneurship & Sustainability Livelihood, Health & Wellness, and Arts & Culture. Rather than working separately, these clusters complement each other in realizing tangible impacts for our communities.

As a pilot, the IAD sustained its initiatives on Environment, Sustainable Livelihood, Child's Rights, and Education in one of our communities in Lobo, Batangas.The program aims to empower communities and elevate their lives, through:

- Raising awareness on children's rights among the community members;
- Develop a localized science and education program and enhancing the capacities of teachers;
- Develop a regenerative program using the ridge-to-reef framework; and
- Establish community-based social enterprises while ensuring environmental sustainability



Despite only implementing the initiatives within a year and a half from its inception, our partner communities have already reaped the fruits of our group's labor.

Our power generation segment spearheaded the environment initiatives in Lobo. The outcome of these initiatives are featured in our Natural Capital Performance, which can be found at page 113. With regard to the community-based programs, we capacitated members of the local community during the height of the COVID-19 pandemic to re-capitalize on sustainable ecotourism through reopening and improving on their social enterprises. We conducted trainings and workshops to strengthen their systems and organizational capabilities along with supporting the re-building of their infrastructures to support the reopening of their sites. By mid-2022, our partner organizations in Lagadlarin and Olo-olo doubled their profits from ecotourism activities compared to their 2021 earnings. In gathering the support of other external stakeholders in this front, LGFI acquired a PHP200,000 commitment from *Kerry* to support other agriculture-based livelihood projects in the area.

In supporting and protecting child rights, we conducted various capacity building and training sessions on *Children's Rights and Child Abuse*, *Mental Health*, and *Financial Literacy*. A training on *Early Childhood Development* was attended by 50 parents, while 17 teachers and parents attended the launch of the *Child Safe Schools Project*. Additionally, we presented *Child Protection Policies* and Programs for the consideration of our partners in Malabrigo Elementary School.

We partnered with *Center for Integrated STEM Education (CISTEM)* and *FilSciHub* in promoting the value of science, technology, engineering, and mathematics (STEM) education for students. To support educators, forty (40) teachers from the Malabrigo Elementary School were capacitated on applying *Learning Effectiveness through Enhanced Pedagogies* (LEEP) in science subjects such as Biology and Chemistry. Additionally, we provided *Knowledge Channel Portable Media Library* to eight (8) schools in Lobo.

Oscar M. Lopez Center

In 2022, OMLC produced 38 publications, documents, thought pieces, and articles to support international and national efforts in further studying climate change, its impacts, and adaptation and mitigation measures. Its head, Dr. Rodel Lasco has been involved in the production of the *International Panel for Climate Change's Assessment Report 6 Working Group 2 (IPCC AR6 WG2)* and its companion document, Summary for Policymakers, to better inform governments on the latest developments in climate change adaptation and mitigation. With the exacerbating impacts of climate change, the reports also raise the urgency for governments to take swift action and the need for continuous assessments to determine the viability of existing policies and practices. Stakeholders from the private sector, government, academe, and local communities were invited to the online *Stakeholders' Briefing on the IPCC AR6 WG2* held in March 2022.

In their continuous support to the government, OMLC launched the *eCCET Helper* and *Upturn Tool* in 2022. The *eCCET Helper* aims to strengthen the climate planning and budgeting process, through the Climate *Change Expenditure Tagging (CCET)*, of local planners by translating the key messages of the Philippine *Climate Change Assessment Reports* to enable them and decision makers to make risk-based, climate-informed planning and budgeting for climate action and sustainable development. These tools are constantly updated by the Center to ensure its relevance to end-users.

Following the success of their information, education, and communication campaigns, the Center also launched a series of short films through *Mga Kwento ng Klima* (Stories About Climate Change) (MKK). MKK is a competition for professional and independent filmmakers that aims to generate climate stories told from the local context, highlighting unique climate realities and notions of resilience, in local languages. Of the eight finalists, the film "Dalaw" by Underwater Playground was recognized as the best short film. This was followed by "Those who were drowned and missing" by Antipara Films, and "Groot Chat" by Gyoza Films and "Pungsod Sang Lawod" by Ocean Trekkers tied at 3rd place. These films were presented to our stakeholders in 2022, with the trailers to be available to the public in the near future.

To further encourage turning climate stories into action, OMLC partnered with *Asia Society Philippines* in bringing *Ang Ating Kwentong Klima*. The project is a four-part episode series exploring climate change impacts on food, island communities, culture, and the future based on stories submitted through the *Balangay Media Project*. Along with storytellers, each episode features a technical expert and advocate to share their knowledge and experience on the issue. These episodes were released last November 2022 and are currently available through the *Asia Society Philippines* online channels.

Sikat Solar Challenge Foundation, Inc. (SSCFI or Sikat)

Sikat continued its momentum in providing electricity for their communities in the Rizal Province and Mindoro through the implementation of their Liwanag sa Sitio (Lights in the Community) program and *Kaibigang Araw (our friend, the sun)* initiative. Through *Liwanag sa Sitio*, community members receive a charging station system and access to electricity, with a condition that they are obliged to tend and maintain the provided systems. After three years, the system will be turned-over to the communities and are given the opportunity to further develop and expand the system. Through *Kaibigang Araw*, Sikat deployed an initial system to support the livelihood needs of beekeepers in Sitio Pamuwisan, Victoria. Additionally, the community members also received communication support, in the form of mobile signal boosters, to assist them in their needs and disaster preparedness.

In ensuring the efficacy and impacts of their initiatives, Sikat gathered the feedback and insights of their stakeholders and beneficiaries in 2022. The assessment garnered positive feedback from stakeholders, citing the importance of electrification in the productivity of students and members of the community and how these systems are more affordable than conventional sources of electricity. Respondents also noted the benefits of better mobile connectivity provided by the signal boosters.

Sikat has also continually worked with the employees of FPH to support their current and expanding roster of initiatives. In 2023 and beyond, they will open the Sikat Program to employee volunteers and encourage them to participate in electrification efforts in Tanay, Rizal.

Ang Misyon Inc.

With the easing of the COVID-19 restrictions in the country, Ang Misyon and members of the Orchestra of the *Filipino Youth (OFY)* had an opportunity to continue in-person activities that were halted during the pandemic to continuously reconnect with their supporters to share how Ang Misyon and OFY scholars have come. Aside from the routine in-person rehearsals and sectionals, Ang Misyon conducted their first Music Camp since the pandemic began. Through these, scholars of the OFY had an opportunity to maximize learning about music while interacting with their mentors and peers face-to-face. A recital was conducted after the camp, which encouraged scholars to invite friends and family members as part of the audience.

In celebrating OFY's anniversary in 2022, a live concert was held at the Cultural Center of the Philippines in October 2022 in partnership with *National Music Competitions for Young Artists (NAMCYA)*, an organization that shares a similar mission of nurturing young musicians. Scholars demonstrated their musical prowess through a repertoire that featured classical pieces and Filipino compositions.

Summary

- Completing our Human Rights Due Diligence process in 2022 allowed us to systematically protect and respect the rights of our stakeholders.
- We continuously engaged with our customers and clients to gather insights on our product and service offerings in 2022, which garnered positive satisfaction results. We also co-created with them to continuously support them in their business and sustainability objectives.
- We worked with our suppliers to ensure the smooth operations of our business segments. We have continuously encouraged them to partake in our corporate mission through collaborative efforts.
- Through our CSR initiatives, we continued to support our host communities to meet their needs and empower them to be self-sufficient. In 2022, we invested PHP199.2 million to implement our social development and environment conservation initiatives.
- In supporting the continuous efforts of the government to combat COVID-19, we donated 67,020 COVID-19 vaccines and capacitated various health centers and frontliners across the country.
- Our business segments continued to support the vision and mission of our partner foundations.

Non-financial Outcomes

Our social and relationship capitals were preserved and improved upon as we maintained meaningful engagements with our customers, co-creators, and host communities in collaboration with our partner foundations.

Financial Outcomes

As we continue to maintain our social license to operate, we ensured the smooth operations of our businesses in our areas of operations. We also anticipate the positive reception of our customers, co-creators, and other partners in the delivery of our value to society.

Our ESG Values



Mainstreaming ESG in our operations created values for the enterprise and for our various stakeholders. Our investments in the six capitals discussed in the prior sections delivered both direct and indirect values to our enterprise and our stakeholders. Our value creation story can be summarized as follows. Protecting the planet and our stakeholders enabled our business to prosper while positively impacting the lives of the communities in our areas of operation. Our close attention on the intangible assets of our operation has helped us preserve (quantity or quality) our six capitals as well as avoid ESG issues that led to our business continuity and stable growth in 2022.

VALUES CREATED FOR FPH AND ITS STAKEHOLDERS

Stakeholder	Values for the Stakeholder	Values for FPH
Customers	Continued delivery of quality products and services as well as provided good customer experience	Stable revenues from loyal customers and additional revenues from new customers
Co-creators (employees, suppliers, and partners)	Stable livelihoods and better working conditions	Attraction and retention of employees/talents and like-minded partners Cooperation and good relations with stakeholders
Earth	Renewal of critical ecosystem functions in FPH work sites	Continued supply of raw materials from natural resources Physical protection of employees and assets
Host Communities	Healthful environment and improved local economy from distributed income by FPH	Received a social license to operate
Investors	Lower ESG risks on capital which meant stable investments and long-term values from FPH assets	Continued access to capital
Government	Contribution of FPH to the sustainable development agenda of the government and to the recovery of the economy	Government support

We quantified our investments in protecting the capitals through our use of the financial tagging tool we introduced in 2021. The amount captured by the tool covers operational costs and investments we spent per capital. As an improvement, unlike last year where we reported the total values, this time we only report the expenses that protected the capitals from potential damage or those that created new capitals. Hence, the current ESG investments indicated below are not comparable with the values reported in the previous year.

ESG EXPENSES AND INVESTMENTS IN 2022

Capital	Amount (PHP millions)	Percentage of Expenses	Composition of Expenses
Manufactured	25,331.1	64.3%	Acquisition of buildings, building expansion, maintenance, equipment, asset resiliency, shelter-in place infra and, work from home innovations
Human	8,826.2	22.4%	Skills development, vaccination program, medical benefits, well-being activities, employee engagement, and retirement funds
Natural	3,161.6	8.0%	Land acquisition, land maintenance, research for alternative materials, energy efficiency projects, water use efficiency, waste management, GHG reduction initiatives, biodiversity projects, environmental CSR projects, permits, and ISO audits
Social	1,501.8	3.8%	Social projects, customer and investor relations, environmental partnerships, permits, and conferences
Intellectual	560.6	1.4%	Intellectual property, software and tools, cyber security measures, permits, and licenses and rights
TOTAL	**39,381.3**	**100%**	

Manufactured capital had the highest allocation as this involves facilities needed for the operation of the business which is CapEx intensive. The second highest expense was our investment on people, particularly for their upskilling and reskilling as well as well-being. Natural capital expenses came third which are mostly studies to reduce use of energy and materials in our operation as well as investments in nature restoration for the continued enhancement of biodiversity in our worksites and beyond. The social capital expenses are now lower as most of the CSR community projects are geared towards environmental awareness and our livelihood projects are reaching self-reliance. While there were a number of IT measures rolled out, subscription and software for intellectual capital were not as expensive as the assets acquired for other capitals.

Our holistic approach which embeds ESG into our design, operations and cost allocation highlights the inter-dependencies of the capitals in the bigger system wherein we operate. Every element in the bigger whole (nature, people, and business) complements and reinforces each other. Consistent with our mission on regeneration, we will continue to maintain or restore the integrity of the parts where we depend on for the benefit of all.

Contributing to Society through Our Purpose



In our pursuit of a decarbonized and regenerative future, we are called to take part in solving the problems of the planet and society. We believe that doing business-as-usual is not enough, hence, we strive to conduct business that positively impacts the systems in which our stakeholders and the environment are nested. With the guidance of the Sustainable Development Goals (SDGs) and the latest Philippine Development Plan (PDP), our businesses are called to envision a healthy, resilient, inclusive, and progressive society while restoring the integrity of our environment and natural resources.

We relied on the SDGs, commonly known as the global goals, as a framework for identifying how our business activities and corporate initiatives provide a greater impact on society. In facilitating this process, we assessed the performance of our capitals and aligned them with relevant SDG targets and indicators. In 2022, we went one step further. We referenced our contributions with the national SDG indicators informed by the latest PDP. Afterward, we grouped our impacts through the five core sustainability areas: People, Planet, Prosperity, Peace, and Partnerships.

Our individual subsidiaries support the SDGs aligned to their operations and corporate initiatives. Consolidating these activities, the conglomerate contributes to 16 out of the 17 SDGs while directly and indirectly impacting 45 targets and indicators. We continue to support the government in meeting the Global Goals by working with various agencies in pursuing our environment and social empowerment programs, while ensuring that our business activities positively benefit the Philippine economy. In 2022, FPH had the privilege to be a part of the pilot Stakeholder Chamber Council of the National Economic Development Authority's SDG secretariat. We are joined by 42 other organizations from the private sector, civil society, and media partners. Being a member of the Chamber allowed us to discuss and align our contributions with the government's targets and strategies to meet the SDGs. More information on this can be found on our Social and Relationship Capital performance on pages 131-139.

PEOPLE

SDG TARGETS	IMPACT DATA FOR 2022
1 NO POVERTY 1.5	• Supported **Sorsogon City Disaster Risk Reduction Management Office (CDRRMO)** for the installation of a very high-frequency repeater system at the EDC radio tower facility
3 GOOD HEALTH AND WELL-BEING 3.8	• **34,890 COVID-19** vaccine doses provided to employees, their families, and contractors across the group (2021-2022) • **441,000 COVID-19** vaccine doses donated to local government and partner institutions (2021-2022)
4 QUALITY EDUCATION 4.1 4.3 4.4 4.5 4.7	• Supported **schools within our host and local communities** through Brigada Eskwela and provision of school supplies and educational material to students • **238 students** provided with scholarship grants and educational financial assistance • **1,015 enrollees** for First College's Technical Vocational Livelihood Senior High School offering • **109 enrollees** for First College's Bachelor of Science in Industrial Operations and Management offerings, an after-work undergraduate degree program • **42%** of First College's Student Population are Women • **41%** of First College's TechVoc Students are Women • **51%** of First College's College Students are Women
5 GENDER EQUALITY 5.1	• **23%** - Women Employees across the conglomerate • **37%** - Women in Management Roles across the conglomerate • **21%** - Women in FPH Senior Management • FPH is a signatory of the **UN Women's Empowerment Principles** • Partnership with **USAID's E4SEA, UN Women, and PBCWE** for promoting gender equality and diversity within our corporate value chain

PEACE

SDG TARGETS	IMPACT DATA FOR 2022
16 PEACE, JUSTICE AND STRONG INSTITUTIONS 16.3	• Continued partnerships with government, industry associations, academe, and international organizations in implementing our mission of decarbonization and regeneration • Completed our Human Rights Due Diligence activities in 2022

PLANET

SDG TARGETS	IMPACT DATA FOR 2022
6 CLEAN WATER AND SANITATION 6.2 6.3 6.4	• Supported the **iWASH** (water, sanitation, and hygiene) program of various barangays in Metro Manila • Supported **15 elementary schools** in Batangas for WASH program • **18,200.0 cu.m**. of recycled water used • Completion by First Balfour of the Novaliches-Balara Aqueduct 4, Inaugurated January 27, 2023
7 AFFORDABLE AND CLEAN ENERGY 7.1 7.2	• **7,797.7GWh** net power generated from RE sources (34.7% of total power generated from portfolio) • **1,478.2** installed capacity of renewable energy plants (42.3% of total power generation portfolio) • **78.2%** of operations powered by renewable energy
12 RESPONSIBLE CONSUMPTION AND PRODUCTION 12.5 12.6 12.7	• Release of our Updated Vendor Accreditation Policy that features the **Guidelines for Responsible Sourcing** • Engaged with our Vendors on contributing to climate action • Partnered with suppliers against plastic packaging
13 CLIMATE ACTION 13.1 13.2 13.3	• Capacitated our organization to build on our **decarbonization plans**. Our roadmap can be found at pages 80 -82. • **4 webinars** conducted by First Gen through the Create for the Climate program's to capacitate partner communities on climate change and its impacts • **750 participants** attended First Gen's "What's Heating Up?" webinar on climate change
14 LIFE BELOW WATER 14.2 14.4 14.5 14.6	• Continued support for the **conservation and protection of the Verde Island Passage** in partnership with the Provincial Government of Batangas, the Batangas Marine Protected Area Network, and Batangas Bantay Dagat Network (sea patrollers) • **2,579.0 hectares across 54 Marine Protected areas** are conserved and protected • Monitoring stations show an average of 55% of hard coral cover in Lobo, with an excellent reef classification • **32 Bantay Dagat members** supported operationally • **414 Bantay Dagat members** provided with insurance • **364 Bantay Dagat patrol days**
15 LIFE ON LAND 15.1 15.2 15.3 15.4 15.5 15.7	• **343,532 seedlings** produced at central and satellite nurseries • **32 arboreta** established by BINHI and its partners to date • **39 propagation protocols** developed by BINHI for 96 threatened tree species • **1,200 individuals** contributed to BINHI's CommuniTree platform • **127,608 hectares** of natural tropical rainforest protected • **3,004.6 km** of foot patrols and drone patrols in the reservations • **514 species of fauna** documented across all of EDC's project sites, about half of which are endemic or found nowhere else in the world

PROSPERITY

SDG TARGETS	IMPACT DATA FOR 2022
8 DECENT WORK AND ECONOMIC GROWTH 8.2 8.3 8.5 8.7 8.8 8.9	• **86,819 jobs** generated within the FPH Group • Robust Occupational Health and Safety Management System aligned with ISO 45001:2018 • Total recordable incident rates (TRIR) within industry benchmark (combined for employees and workers) ▶ Power Generation: **0.20 vs 1.8** ▶ Real Estate: **0.15 vs 1.9** ▶ Construction: **0.28 vs 2.5** ▶ Energy Solutions: **1.62 vs 2.4** • **3 community-based organizations** supported by the Lopez Group in Lobo, Batangas for ecotourism activities • **PHP885,728** generated by our partners in Lobo from ecotourism • **PHP15 million** generated by our supported social enterprises and sustainable livelihood
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 9.1 9.2 9.3 9.4	• **79,000 jobs** generated by First Philippine Industrial Park • **Three developments** of Rockwell Land are LEED certified: 8 Rockwell, RBC Sheridan, 1 Proscenium • First Balfour is positioning itself to support projects on Sustainable Water Management, Green Buildings, and electric-powered Transport • First Philec continues to offer its Biodegradable Distribution Transformer (BioDT) and Super Green Transformer • 16 ISO Certifications across the group
10 REDUCED INEQUALITIES 10.2 10.3	• **42 students** from indigenous communities in Mount Apo provided with scholarship and financial support • **PHP199.2 million** in CSR and Philanthropic spending
11 SUSTAINABLE CITIES AND COMMUNITIES 11.7	• New elements to the industrial park township plan is being introduced to make it more regenerative and inclusive: ▶ integration with the industrial park ▶ embracing San Juan River ▶ improving accessibility to communities ▶ open spaces and public parks

PARTNERSHIPS

SDG TARGETS	IMPACT DATA FOR 2022
17 PARTNERSHIPS FOR THE GOALS 17.17	• At least **27 external engagement events** participated • **11,666 individuals** engaged for our external advocacy on climate action • **1,458 employees** supporting our Employee Volunteerism programs across the conglomerate

Business Segments of FPH

- Power Generation
- Energy Solutions
- Residential and Commercial Real Estate
- Industrial Real Estate
- Construction and Energy Services



Mission

To forge collaborative pathways for a decarbonized and regenerative future

Outlook

The company's protective stance on the pandemic and the opening of the economy in 2022 allowed FPH to achieve a record net income for the year. We expect this to continue the coming year as we sustain building our skilled and vision-oriented workforce and introduce prudence in fiscal management due to the ongoing adverse economic effects of the Russia-Ukraine war.

INPUTS

Our inputs are the financial resources, our assets across the group, and the resources used across our business segments.

FINANCIAL CAPITAL

Sources of equity, at the start of 2022:
- PHP257.0 billion
  - **49.7**% loans and debts
  - **49.6**% retained earnings
  - **0.7**% stocks
- Php **54.5**% common stocks owned by Lopez Holding Corporation

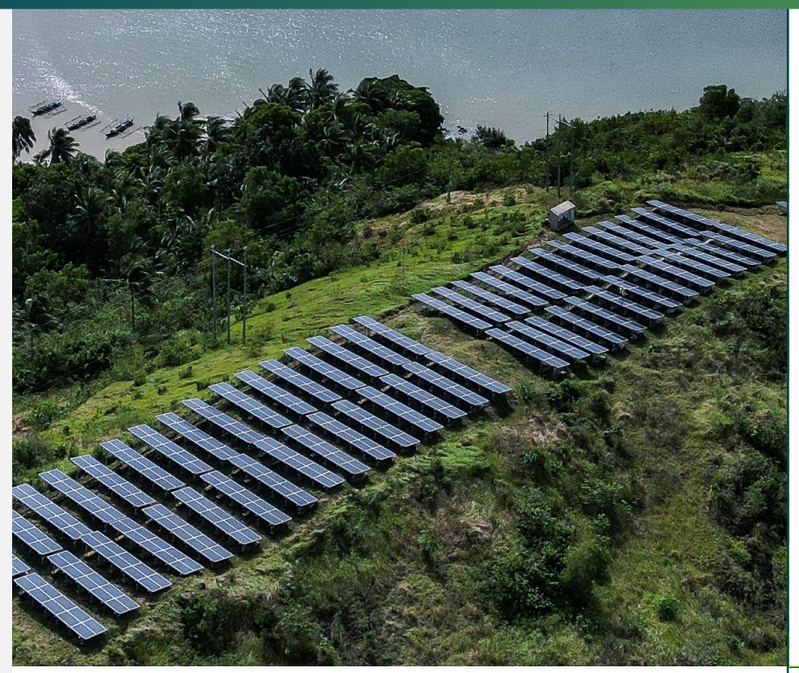
Distribution of Resources
- PHP**25.3** billion in Manufactured Capital
- PHP**8.8** billion in Human Capital
- PHP**70.9** billion in Natural Capital
- PHP**1.5** billion in Social Capital
- PHP**560.6** million in Intellectual Capital

MANUFACTURED CAPITAL

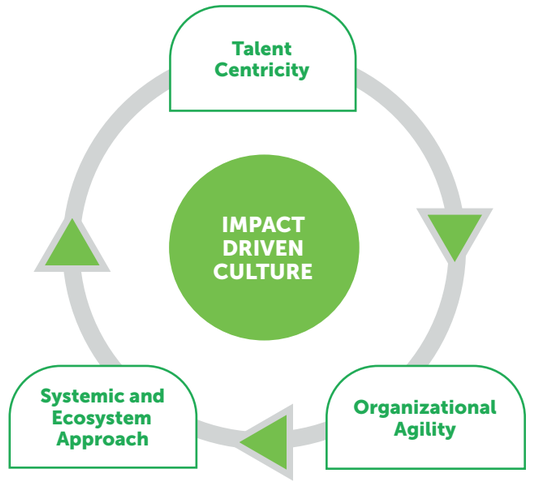
Assets across FPH
- **31** power plants across natural gas, geothermal, hydro, solar, and wind
- **28** residential, commercial, and office properties
- First Philippine Industrial Park and expansion
- Transformer production plant
- Equipment fleet for construction and drilling services
- FPH Head Office, and the respective head offices of our subsidiaries

NATURAL CAPITAL

Total resources used by FPH as a whole
- **53.5GWh** electricity used
- **2.3 million** tonnes fuel
- **48.5 million** tonnes steam
- **2.8 million ML** total water withdrawn
- **96.5 kilo tonnes** other materials used



Value Creation Model



Governance Processes

- STRATEGY
- CULTURE
- MARKETING AND REPORTING
- LEADERSHIP & DEVELOPMENT
- COMMUNICATION
- POLICIES AND PROCEDURES

Parent Roles

- STRATEGIC MANAGEMENT
- PORTFOLIO MANAGEMENT AND CAPITAL ALLOCATION
- PERFORMANCE MANAGEMENT
- CORPORATE ENTREPRENEURSHIP
- POLICIES AND PROCEDURES

OUTCOMES

FPH as the parent does not have outputs; instead our outcomes are the outputs of our subsidiaries as we guide them via our value creation model, parent roles, and governance processes.

FINANCIAL CAPITAL (▲CREATED) (SHORT-TERM IMPACT)
- **PHP170.3 billion** consolidated revenue
- **PHP23.9 billion** consolidated net income
- **PHP12.7 billion** net income attributable to parent
- **PHP12.8 billion** RNI attributable to parent

MANUFACTURED CAPITAL (▲CREATED) (LONG-TERM IMPACT)
- **22,489.9GWh** electricity sold by power generation segment
- **112,887.6sqm** residential and commercial real estate completed
- **132,000.0sqm** residential and commercial real estate leased and sold and reserved
- **224,734.0sqm** residential and commercial real estate leased
- **140,520.0sqm** RBF space leased
- **5** residential and commercial properties launched
- **3** completed infrastructure projects
- **2,013,426kVa** transformers manufactured
- Several drilling projects with **2 major clients**

NATURAL CAPITAL (=PRESERVED AND ▼ERODED) (MEDIUM-TERM IMPACT)
- **127,608.0 ha** natural forests protected
- **1.7 million** tCO_2 sequestered by watershed reservations and landscapes
- **11.6 million** tCO_2e emissions avoided by using natural gas and RE in power generation
- **20.1 thousand** tCO_2e emissions avoided by using electricity from RE
- **2,579.0 ha** across 54 sites of marine
- habitat protected

By-products of our businesses:
- **6.7 million** tCO_2e emitted
- **1.7 million** tonnes waste disposed

HUMAN CAPITAL

- **7,448 employees** across the group
  - **3,786** permanent
  - **3,662** temporary
- Gender profile: **23**% employees, **37**% managers, and **21**% senior executives are women
- **9 policies** protecting human rights in workplace
- Developed Guide in Prevention and Control of COVID-19
- Partnership with UN Women, USAID, and PBCWE on gender equality initiatives
- Administered **12,009 COVID-19 Vaccines** to employees, their families, and contractors amounting to **PHP108.2M**
- **PHP8.0 million** worth of group-wide investments to support occupational health and safety and employee wellbeing
- **PHP43.5 million** worth of group-wide investments to support employee trainings and human capital development
- **42 awards** due to employee knowledge and organizational capability

INTELLECTUAL CAPITAL

- **19 ISO certifications** for our Energy Business
- **3 ISO certifications** for our Construction Business
- Continued support of our IT team to ramp up digitalization within the conglomerate
- **PHP560.6 million** worth of group-wide investments , including intellectual Property and continued investing in digitalization, leveraging and improving on existing process from previous year

SOCIAL CAPITAL

- Strong stakeholder relations
- Competitive pricing of products and services
- Customer Satisfaction Survey averaging at **93.9**%
- Issued guidelines for responsible sourcing
- Membership in SDG Stakeholder Chamber
- Completed our Human Rights Due Diligence process for all subsidiaries
- **1,458** employee volunteers on CSR activities
- **PHP124.7** million worth of investments to support vaccination against COVID-19
- **PHP199.2** million for CSR and philanthropic causes
- Engaged **11,666** individual on climate action and sustainability in **27 events**

Our External Environment

Political

- Russia-Ukraine war
- Change in administration due to election

Environmental

- Accelerating climate change
- Focus of government on nature's integrity and ecosystem services
- Renewable energy expansion plans of government (Paris Agreement commitment)

Social

- COVID-19 pandemic concerns continued
- Employee health, safety, and well-being emphasized during pandemic
- Rising interest on human rights

Economic

- Economic effects of Russia-Ukraine war
- Eventual recovery of the economy from the pandemic
- Supply chain disruptions due to the pandemic and war
- Increasing adoption of the TCFD by institutions
- Increasing interest in ESG by investors and government
- Growing interest in green financing

Technological

- Energy transition to RE

Our Risks

Environmental

- Impacts of climate change
- Exposures related to net zero carbon goals

Social

- COVID-19 pandemic and its systemic impacts

Economic

- Economic implications of climate change
- Disruptions in global supply chain
- High inflation, high interest rates, and increase in commodity prices due to Russia-Ukraine war

Political and Regulatory

- Change in national and local government administration

Technological

- Cybersecurity risks



Our Stakeholders

Customers

Co-Creators
(Employees, suppliers, and partners)

Earth

Communities
(Host Communities and Local Government Unit)

Shareholders and Investors

Our Opportunities

- Recovery of economy from the pandemic led to increase in demand for our products and services
- More interest in RE from increase in demand for sustainable products
- Diversification to sustainable portfolio
- Challenges brought by risks are opportunities to strengthen relationships with various stakeholders, particularly suppliers, regulators, local government, and like-minded organizations regarding the advocacy for sustainability

HUMAN CAPITAL

(=PRESERVED) (SHORT-TERM IMPACT)

- Employees have a deeper understanding of our corporate mission
- 50.5% of group-wide employees are new hires
- 14.8 average training hours per employee across the group
- Garnered positive feedback in our employee engagement surveys
- 99% of workforce are vaccinated against COVID-19
- Total recordable incident rates (TRIR) within industry benchmark (combined for employees and workers)
  - Power Generation - 0.14 vs 1.8
  - Real Estate - 0.15 vs 1.9
  - Construction - 0.28 vs 2.5
  - Energy Solutions – 1.62 vs 2.4



INTELLECTUAL CAPITAL

(▲CREATED) (SHORT AND MEDIUM-TERM IMPACT)

- 42 Awards and Recognition
- 3 LEED-certified properties under our Real Estate Business
- Our subsidiaries generated their respective mission-related plans for implementation and refinement
- Zero incidence of breach in data privacy



SOCIAL CAPITAL

(▲CREATED) (SHORT AND MEDIUM-TERM IMPACT)

- Maintained relationships with our customers
- Four foundations provided with financial, technical, and manpower support
- 27 climate and sustainability advocacy campaigns attended by 11,666 participants
- 50 projects, activities, and programs on environment protection and conservation, education, healthcare, sustainable livelihood, social welfare, and disaster response





The above value creation diagram showed how the infusion of capitals to the business model, driven by the business strategy and influenced by the business environment, generated values for the enterprise and the other stakeholders.

Inputs

All the inputs in the form of the six capitals were adequate. Except for the natural capital, the rest of the capitals posed no challenge to the FPH value creation process. For the natural capital, there were some issues with regards to the availability of fuel for some of our power generation assets. Despite this, power generation in 2022 increased compared to 2021 due to sourcing of alternative fuel. For the human capital, we recorded multiple employee resignations but the new talent management mechanisms on page 72 helped address the human resources gap. Active recruitment highlighting the FPH brand helped replace the needed personnel to sustain our operations. Please see the summary on page 127.

Influencing Factors

Our robust governance (pages 158-183), response to external factors (pages 38-45), and adequate risk management mechanisms and measures (pages 54-69) helped manage the barriers or supported our initiatives. All these contributed to the smooth execution of our business model to deliver the values.

Outcomes and Values

There were negative outputs with regards to natural capital such as the generation of wastes and other by-products, but these were properly managed to meet the national environmental standards and to avoid negative consequences. The positive outcomes outweighed them.

Attention to the ESG or intangible attributes of the operation led to positive financial outcomes across all FPH business segments (pages 26-37). The available financial resources for sharing with other stakeholders coupled with our climate centric strategy delivered values to the planet and society as discussed on pages 142-145.

Summary of Outcomes

Capital	Impact Materiality	Financial Materiality
FINANCIAL CAPITAL **(Created)** **(Short-term)**	Financial capital increased significantly, attributed to increased earnings across core businesses. This also translates to more value distributed to stakeholders and more financial resources to support business activities.	
MANUFACTURED CAPITAL **(Created)** **(Long-term)**	Manufactured capital was significantly built up in 2022, and will continue to be built up as each business segment expands their businesses and offerings to their respective customers. All the while, business expansion will be mindful of the mission for decarbonization and regeneration.	Our business segments can be said to be very heavy on manufactured capital, as the industries of our businesses are rooted in the development of utilities, infrastructure, and allied services. Hence, the development, expansion, and efficient operations of our manufactured capital is a strong driver of our revenue.
NATURAL CAPITAL **(Preserved and Eroded)** **(Medium-term)**	There was an increase in natural capital with regard to the availability of fuel supply for our natural gas and geothermal assets. This however is outside the control of the company. Overall, the consumption of materials and generation of emissions and waste increased, thereby decreasing our natural capital. However, the trends on these vary per business segment. For biodiversity and habitat protection, there was an increase in natural capital.	On one hand, the increase in supply of alternative fuel for power generation led to increases in revenue. On the other hand, the efficient and responsible utilization of resources in synergy with other capitals also contributed to the increase in revenue.
HUMAN CAPITAL **(Preserved)** **(Short-term)**	We maintained our human capital in terms of having the required pool of employees to run the operation, improving their health and safety, and employee embedding for them to align their interests and values with the company's purpose. Despite the slight dip in our average training hours, we continuously maintained our human capital in training and development by strategically positioning our programs to better meet the needs of our employees. We continuously created and improved on our human capital in diversity, equality, and inclusion, as we develop mechanisms to support GED and DEI initiatives within the conglomerate.	With our current roster of employees and initiatives to support their respective development and growth, we believe that our conglomerate is positioned to continuously deliver value to our customers and stakeholders. This, in turn, translated to profit for the business.
INTELLECTUAL CAPITAL **(Created)** **(Short to medium term)**	We improved our intellectual capital through our robust IT systems that protect the company's intellectual knowledge and our maintenance of our ISO certifications to deliver the best product and service offerings.	Our continuous thrust in digitalization, innovation, and integration of our mission to our products and services maintained existing and attracted new customers. These contributed to the positive financial results of all our business segments.
SOCIAL AND RELATIONSHIPS CAPITAL **(Created)** **(Long-term)**	Our social and relationship capital were preserved and improved upon as we maintained meaningful engagements with our customers, co-creators, and host communities in collaboration with our partner foundations.	As we continue to maintain our social license to operate, we ensure the smooth operations of our businesses in our areas of operations. We also anticipate the positive reception of our customers, co-creators, and other partners in the delivery of our value to society.

Timeframe of outcome's impact to financial performance and stability of the business:
Short term (1-5 years), Medium term (5-10 years), Long term (10 or more years).

OUR **OUTLOOK**

The local developments and reported global trends in 2022 reflect complex and interlocking crises of a more varied nature. Despite these, the conglomerate is optimistic about its future. In summary, the following is our outlook for FPH:

Short-term

The company's protective stance during the pandemic and the reopening of the economy in 2022 allowed FPH to not only survive, but also achieve a record net income for the year. We expect this to continue in the coming year as we continue to build our skilled and vision-oriented workforce and introduce prudence in fiscal management in response to the ongoing adverse economic effects of the Russia-Ukraine war.

Medium-term

In the medium-term, the business will continue to focus on the current capability-driven strategies that were crafted in the planning sessions during the year. These considered the evolving risks and opportunities we inventoried.

FPH as a parent will continue to develop our capabilities to support our various business segments as they develop.

For the business segments, their current capability-driven strategies will allow each business in the portfolio to strengthen their current operations and seek out areas with the potential to expand their scope of influence or impact.

Long-term

FPH is looking at being at the forefront of the transition to a net zero economy by the year 2050. Through our strategies of aiming to build a portfolio that creates an ecosystem that provides holistic solutions to systemic challenges for the environment and society, we are optimistic about being a significant player in the country's long-term transition to a low carbon economy.

The projected outlook of our stable financial and non-financial positions are borne out of the actions we are doing and factors which we are planning to address in the next few years.

Factor	Outlook	FPH Action	Time Frame*
1. MACROECONOMIC PRESSURES	Financial pressures in the form of Inflation and higher cost of operation and interest rates. Multiple challenges (energy, food, and financial) can negatively affect the purchase of FPH products and services.	*Response:* Prudent fiscal management *Opportunity:* Review of funding strategy. The good ESG attributes of FPH may attract green funds with easier terms.	**Short-term** **Short-term**
2. COVID-19 RECOVERY	The outbreak phase in the Philippines has reached an inflection point and we are moving towards a scenario where COVID-19 is endemic. Recovery from COVID-19 which started in 2022 will continue, although there is still the possibility of the emergence of new variants with higher levels of virulence. With the opening of the economy, there will be an increase in economic activities due to pent-up spending and government stimulus packages in order to boost the economy. However, recovery can be partially offset by macroeconomic conditions characterized by high inflation, rising interest rates, and a weakening peso.	*Response:* FPH will continue the practices it installed for COVID-19 (redesign offices to allow for more optimal configuration, improvement of IT systems, hybrid interaction, etc.). Also, in 2022, COVID-19 protocols were adjusted as the endemic status of the COVID-19 was being attained while institutionalizing flexible protocols. *Opportunity:* Our experience in COVID-19 helped us develop protocols that prepare us for future pandemics. *Response:* Prudent fiscal management *Opportunity:* Some of our business segments can benefit from the new buying attitude of the population.	**Short-term** **Short-term**
3. WORSENING CLIMATE CHANGE PROBLEM	We expect more stringent ESG laws and regulatory requirements to influence behaviors toward meeting the climate Global Goals. Investors will demand more granular climate data for their decisions as well as climate transition plans from their investment portfolio.	*Responses:* FPH regularly scans local and global policy developments. When there are opportunities, we participate in webinars and dialogues to understand the proposed policies or voice out concerns. FPH was one of the few local organizations that commented on the IFRS exposure drafts on general sustainability and climate change disclosures in July 2022. Based on evolving ESG requirements, FPH is systematically providing the needed skills and tools to its subsidiaries in order to navigate the transitional risks. The conglomerate is also monitoring the initiative of the Philippine government to seek technologies from developed countries in line with its conditional Nationally Determined Contribution (NDC) for climate action under the Paris Agreement. Some of these technologies may be helpful to the group's decarbonization objective. *Opportunities:* New prescriptions from investors and governments are taken to heart and are acted upon as they will help improve our resilience to disruptions, leading to stable operations and revenues. The climate situation provides opportunities to catalyze innovations. FPH's subsidiaries began scouting technologies to aid in the pursuit of net zero, some having dedicated innovation teams. At the parent level, these initiatives are being coordinated to capitalize on synergies and share best practices and technologies across FPH. The situation will trigger the diversification of portfolios through sustainable investments. FPH subsidiaries continued to plan and invest in sustainable business ventures in 2022 and the trend will continue due to increasing demand for green products and services.	**Short-term** **Short-term** **Medium-term** **Short-, medium- and long-term**

**Time frame: Short- term 1-5 years, Medium-term 5-10 years, Long-term > 10 years*

Factor	Outlook	FPH Action	Time Frame*
4. CYBER SECURITY	Cyber security issues will continue and may be more widespread due to the increase of digital transactions resulting in more cases of invasion of privacy and enterprise attacks.	*Responses:* Greater attention has been given by Management to cyber security. More cyber security solutions have been mobilized by the Info Security and IT Groups, which include, but are not limited to, the IT-Managed Security Operations Center, awareness campaigns training, security assessments, and support to the subsidiaries. *Opportunities*: Good cyber security management promotes customer confidence.	**Short-term to medium- term**
5. RE EXPANSION	There will be sustained RE expansion in the Philippines and across the world to meet the net zero goal.	*Response*: FPH, through its power subsidiaries, supports the plan of the government to increase the share of renewable energy in the power mix by 35 percent in 2030 and by 50 percent in 2040. *Opportunities*: The trajectory presents an opportunity for FPH's renewable energy program to expand. The involvement of FPH in renewable energy attracts young and committed talents who will help grow the company.	**Short- to Long -term**
6. BIODIVERSITY LOSS AND ECOSYSTEM COLLAPSE	The overlapping climate and biodiversity crises led to a more holistic approach in managing the environment. The preservation of natural habitats for mitigation and the co-benefits they generate for adaptation will demand more information from businesses beyond GHG. The Task Force on Nature-related Financial Disclosures (TNFD) will be another requirement that will be imposed on businesses based on the commitment of IFRS during the Biological Diversity Convention in December 2022 that they will integrate the TNFD protocols in the international sustainability standards.	*Response*: FPH can address the new requirement because protecting nature's integrity to enable business and positively impact lives is a pillar of our mission. The conglomerate has been proactive in this space. In 2022, we forged a strategic partnership with the nation's environmental agency (DENR) to model its new Environmental and Natural Resources Framework which requires the delivery of three values in any environmental activity: protecting ecosystem integrity, promoting the well-being of communities, and contributing to a robust local economy. *Opportunity*: "Payments from ecosystem services" is now being discussed and studied by multilateral organizations. The power segment, which has 15 years of experience in biodiversity conservation and rehabilitation, can benefit from this proposition.	**Short-to Medium-term**
7. RISING CONCERN FOR HUMAN RIGHTS	Human rights is a basic tenet on how businesses conduct their day to day operations. Thus, human rights was made a universal standard by the GRI. The pandemic highlighted the importance of the social dimension in ESG. There is current interest in the right to an adequate standard of living due to the socio-economic inequality.	*Response*: FPH prepared for this in 2021 to 2022 by implementing human rights due diligence across all of its subsidiaries (policy, human rights impact assessment, management measures, and Grievance Redress Mechanism). *Opportunity*: Adherence to human rights principles can maintain the support of stakeholders. It can also improve the reputation of the conglomerate. *Response*: FPH plans to develop a social equity policy for the whole value chain by 2023 and roll out the relevant programs up to 2024. The policy will not target socio-economic equality as the company will not have the resources and power to enable this. We will instead focus on equity or equal access to opportunities by people under our sphere of operation and influence. *Opportunity*: Adopting social equity principles can promote the brand, attract talents, and contribute to the group's social license.	**Short-term** **Short- to medium-term**

GOVERNANCE

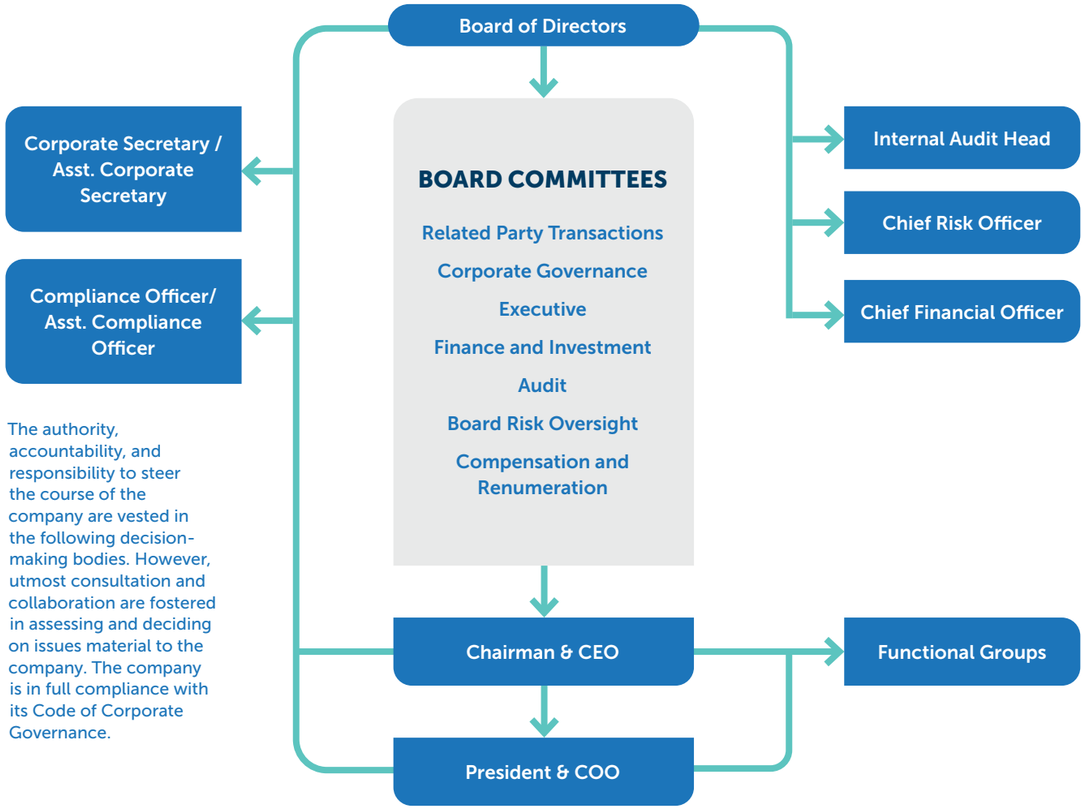
FPH Management's approach to corporate governance is guided by the Lopez values, the respect for human rights, and our commitment to ESG safeguards principles. Our structure, policies, programs, and protocols ensure:

- Full compliance with local regulations and international conventions signed by the country and relevant to our operations
- A balanced emphasis on financial and nonfinancial aspects of the company's business strategy, operations, and performance
- Creation of an environment that will protect the rights and allow equal treatment of all stakeholders
- Sufficient controls that foster accountability throughout the organization
- Robust stakeholder engagement inclusive of timely disclosure of relevant information and the installation of necessary feedback mechanisms

Board Governance



Our governance structure remains the same in 2022 as it has been the optimal setup in steering the conglomerate. The authority, accountability, and responsibility to steer the course of the company are vested in the following decision-making bodies. However, utmost consultation and collaboration are fostered in assessing and deciding on issues material to the company. The company is in full compliance with its Code of Corporate Governance.



The authority, accountability, and responsibility to steer the course of the company are vested in the following decision-making bodies. However, utmost consultation and collaboration are fostered in assessing and deciding on issues material to the company. The company is in full compliance with its Code of Corporate Governance.

BOARD COMMITTEES

EXECUTIVE COMMITTEE

Chairman:
Mr. Federico R. Lopez
Vice Chairman:
Mr. Francis Giles B. Puno

Members:
Mr. Miguel Ernesto L. Lopez
Mr. Richard B. Tantoco
Mr. Emmanuel Antonio P. Singson

The Executive Committee is provided for in the Company's By-laws. It is composed of five directors who exercise the powers of the Board of Directors in between meetings, as may be necessary. Its powers involve the management and direction of the affairs of the Corporation in all cases in which specific direction has not been given by the Board. As such, all actions taken by the Executive Committee are reported to the Board at the next meeting for ratification or revision.

AUDIT COMMITTEE

Chairman:
Ms. Rizalina G. Mantaring

Members:
Mr. Cirilo P. Noel
Mr. Stephen T. CuUnjieng
Mr. Jaime I. Ayala
Mr. Francis Ed. Lim
Mr. Miguel Ernesto L. Lopez
Ms. Mercedes Lopez Vargas

The Audit Committee assists the Board of Directors in fulfilling its oversight responsibilities for management and financial reporting processes, the system of internal controls, and the maintenance of an effective audit process, as well as the process for monitoring compliance with the Corporate Code of Conduct and Ethics.

BOARD RISK OVERSIGHT COMMITTEE

Chairman:
Mr. Cirilo P. Noel

Members:
Mr. Jaime I. Ayala
Mr. Francis Ed. Lim
Mr. David O. Chua
Ms. Roberta L. Feliciano
Ms. Rizalina G. Mantaring
Com. Anita B. Quitain

The Board Risk Oversight Committee assists the Board of Directors in ensuring that there is an effective and integrated risk management process in place. The Committee is responsible for the oversight of the Company's Enterprise Risk Management (ERM) system to ensure its functionality and effectiveness.

COMPENSATION AND REMUNERATION COMMITTEE

Chairman:
Mr. Stephen T. CuUnjieng

Members:
Ms. Rizalina G. Mantaring
Mr. Federico R. Lopez
Mr. Francis Giles B. Puno

To promote a culture that supports enterprise and innovation, the Board of Directors, through its Compensation and Remuneration Committee, is empowered to determine appropriate short-term and long-term performance-related rewards that are fair and achievable in motivating the management and employees. Responsibilities of the committee include:

- Review and recommend to the Board the company's compensation system, policies and guidelines
- Oversee the development and implementation of compensation and incentives program
- Establish the policy on remuneration of directors and officers to ensure that their compensation is consistent with the company's culture
- Regularly review the salary structure of the President and Senior Management

Further, the compensation of the chairman and the board are reviewed and set by a committee composed of the vice-chairman and two directors, one of whom shall be an independent director.

BOARD COMMITTEES

CORPORATE GOVERNANCE COMMITTEE

Chairman:
Mr. Jaime I. Ayala
Vice Chairman:
Mr. Federico R. Lopez

Members:
Mr. Stephen T. CuUnjieng
Amb. Manuel M. Lopez
Mr. Francis Ed. Lim
Mr. Francis Giles B. Puno

The Corporate Governance Committee shall have the principal function of selecting directors and passing upon their qualifications. It shall also ensure that Board elections provide a mix of proficient directors, each of whom can add value and bring prudent judgment in the decision-making process.

FINANCE AND INVESTMENT COMMITTEE

Chairman:
Mr. Federico R. Lopez
Vice Chairman:
Mr. Francis Giles B. Puno
Members:
Mr. Miguel Ernesto L. Lopez
Mr. Richard B. Tantoco
Mr. Emmanuel Antonio P. Singson

The Finance and Investment Committee shall review and recommend investment objectives, policies, and strategies, as well as recommend major fundraising activities. It shall also review and recommend major capital expenditures, investment, or divestment opportunities.

RELATED PARTY TRANSACTION COMMITTEE

Chairman:
Mr. Stephen T. CuUnjieng
Members:
Mr. Cirilo P. Noel
Ms. Rizalina G. Mantaring
Mr. Richard B. Tantoco
Mr. Emmanuel Antonio P. Singson

The Related Party Transactions Committee shall assist the Board of Directors in fulfilling its oversight responsibilities in furtherance of good corporate governance and ensure the protection of minority investors, and in monitoring compliance with the Material Related Party Transactions Policy.

Governance Activities

BOARD MATTERS

DIRECTORS	FEB 3	MAR 3	MAR 29	MAY 30 (ASM)	MAY 30 (OMB)	JUL 7	AUG 11	SEPT 1	OCT 6	NOV 10	DEC 1
J.I. Ayala	●	●	●	●	●	●	●	●	●	●	●
D.O. Chua	●	●	●	●	●	●	●	●	●	●	●
S.T. CuUnjieng	●	○	●	●	●	●	●	○	●	●	●
R.L. Feliciano	●	●	●	●	●	●	○	○	○	●	●
F.E. Lim	●	●	●	●	●	●	●	●	●	●	●
F.R. Lopez	●	●	●	●	●	●	●	●	●	●	●
M.M. Lopez	●	●	●	●	●	●	●	○	○	○	●
M.E.L. Lopez	●	●	●	●	●	●	●	●	●	●	●
M. Lopez-Vargas	●	●	●	●	●	●	●	●	●	●	●
R.G. Mantaring	●	●	●	●	●	●	●	●	●	●	●
C.P. Noel	●	●	●	●	●	●	●	●	●	●	●
F.G.B. Puno	●	●	●	●	●	●	●	●	●	●	●
A.B. Quitain	●	●	●	●	●	●	●	○	●	●	●
E.P. Singson	●	●	●	●	●	●	●	●	●	●	●
R.B. Tantoco	●	●	●	●	●	●	●	●	●	●	●

● Present ○ Absent **ASM -** 2022 Annual Stockholders Meeting **OBM -** Organizational Board Meeting

Board discussions, decisions, and other matters included:

Governance

Board strategic updates were conducted in October, November, and December 2022. These provided opportunities to focus discussion on and bring new directors on board the FPH mission and the Company's strategic thrusts.

Risk Management

The Board, through the BROC, provided oversight over the risk review process. They worked with the subsidiaries through their strategic and operational risks.

Training

In 2022, various members of the Board attended training and activities on various topics to stay abreast with the needs of the times. These topics included:

- Sustainability and the Future of Business
- The Road to Net Zero
- Environmental and Social Risk Management
- Cybersecurity
- Data Privacy
- Supply Chain Disruption

Policy Updates and Tools

As part of corporate governance, the Company presents updates on some of its policies, as well as mechanisms to ensure policies are adopted by internal and external stakeholders

Mechanisms to uphold human rights

In May 2022, the Company held a Human Rights Management and Instruments Workshop for its subsidiaries, with the goal of developing their own Human Rights Management Plan and strengthening of their current Grievance Redress Mechanisms (GRM). This activity is the result of the Human Rights Impact Assessment that was started in 2021, as well as the company-wide policy cascades on our social safeguards policies conducted throughout the same year.

Each subsidiary conducted an analysis of its GRM covering the avenues wherein issues could be raised and by whom, the responsible groups for addressing the concerns, the topic of concerns that can be raised, as well as the possible drivers of these concerns. Laying out and discussing the information allowed the subsidiaries to see possible gaps in their processes and to adjust accordingly.

This activity is further discussed in the sections on Human Capital on page 121 and Social and Relationships Capital on pages 133-135.

The four social safeguards policies are uploaded on our website at *www.fphc.com*



Policies further empowering employees

This year, the Human Resources Group released four new policies related to learning and development and employee well-being:

- Internal Recruitment Policy
- Employee Development Policy
- Special Leave for Women Policy
- Leave for Victims of VAWC Policy

The development of these policies create the formal system that: a) allow employees more avenues to further their skills and explore career development; and b) have the breathing space, when necessary, for specific circumstances. More details on these policies and their impact on our employees can be found in the Human Capital section on pages 116-127.

Integrating ESG into vendor engagement

We updated our vendor accreditation policy to be more holistic, providing a balance between process controls, supporting business growth, and adhering to our mission. The updated policy includes technical reviews, health and safety reviews, and ESG checks for the vendors. Vendors must acknowledge and agree to FPH's policies, as detailed below:

The code covers the following policies:

- Regulatory Compliance
  - General Labor Standards (GLS) and Occupational Safety and Health Standards
- Ethical Business Conduct
  - Anti-Bribery and Corruption
  - Material Related Party Transactions
- Social Safeguards
  - Human Rights
  - Health and Safety
  - Forced Labor and Child Labor
  - Gender Equality and Diversity
  - Cultural Heritage and Indigenous People
- Environmental Sustainability
- Product and Service Quality
- Information Security

Vendors are also required to provide details on their ESG practices. As these are new requirements, we are gathering information from the vendors to establish the baseline. Rather than imposing the ESG criteria, we want to engage the vendors to find out their pain points and how they can best align with our ESG policies.

The updated vendor accreditation policy takes effect in 2023 and covers new and existing vendors of the Company.





Other policies for internal processes

Pursuant to the company's digital transformation process, we developed a Records Management Policy. Throughout 2022 the Company has been embedding in all groups and departments the systems, tools, and the processes to effectively capture and manage documents and promote a paperless environment.

Board of **Directors**

FEDERICO R. LOPEZ
61 Years Old, Filipino

Mr. Federico R. Lopez was elected Chairman and Chief Executive Officer in May 2010. He has been a Director of the Corporation since February 2006. He is the Chairman of the Finance and Investment Committee and the Executive Committee. He is also the Chairman and CEO of First Gen Corporation and Energy Development Corporation and the Vice Chairman of Rockwell Land Corp. He likewise chairs the Boards of Asian Eye Institute, First Balfour, Inc., Terraprime, Inc., ThermaPrime Drilling Corp., First Philippine Electric Corp., First Philec, Inc., First Philippine Industrial Park, First Philippine Realty Corp., FP Island Energy Corporation, First Industrial Science and Technology School, Inc., Pi Energy Inc., and Pi Health Inc. He has been a board member of ABS-CBN Corporation and the President of Lopez, Inc. since October 2017. He has been the Chairman and CEO of Lopez Holdings Corporation since October 2020. He is also the Chairman of the Oscar M. Lopez Center for Climate Change and the President of Ang Misyon. He graduated from the University of Pennsylvania with a Bachelor of Arts Degree, Double Major in Economics and International Relations (*cum laude*, 1983).





MANUEL M. LOPEZ†
80 Years Old, Filipino

Ambassador Manuel M. Lopez was a Director from 1992 until his death in 2023. He was the Chairman Emeritus of Lopez Holdings Corporation from October 2020 and Chairman of the Board of Rockwell Land Corporation, Rockwell Leisure Club, and Sky Vision Corp. He was the Vice Chairman of FPH and Board Advisor of Lopez Inc. He was a Director of ABS-CBN Corp., First Philippine Realty Corp., and a Trustee of the Lopez Group Foundation, Inc. He was the President of the Eugenio Lopez Foundation, Inc. He was a member of the Corporate Governance Committee of FPH. He was the Philippine Ambassador to Japan from December 2, 2010, until June, 2016. He served as the Chairman of the Board of the Manila Electric Company (Meralco) from 2001 to May 2012, and its President from 1986 to June 2001. He was its concurrent Chief Executive Officer from 1997 to June 2010. He obtained his Bachelor of Science degree in Business Administration from the University of the East and pursued advanced studies in Financial and Management Development from the Harvard Business School.

†*Died on January 12, 2023*

JAIME I. AYALA
Independent Director
60 Years Old, Filipino

Mr. Jaime I. Ayala was elected Director in 2021 and is the Chairman of the Corporate Governance Committee. He is a member of the Audit and Board Risk Oversight Committees. He is the Founder and CEO of Hybrid Social Solutions, a social enterprise focused on empowering rural villages through solar energy. He was recognized as the Schwab Foundation Social Entrepreneur of the Year in 2013 and the Ernst & Young Entrepreneur of the Year Philippines in 2012. He was President and CEO of publicly-listed Ayala Land, Inc. and Senior Managing Director of Ayala Corporation. Before that, he was a director (global senior partner) at McKinsey & Company, where he played a number of global and regional leadership roles, including head of the firm's Asian Energy Practice and President of McKinsey's Manila office. He is a Director of First Gen, a member of the National Advisory Council of the World Wildlife Fund, a trustee of Stiftung Solarenergie – Solar Energy Foundation and Philippine Tropical Forest Conservation Foundation, and the Chairman of Healthway Medical Inc. He earned his MBA from Harvard Business School (honors, 1988) and completed his undergraduate work in Economics at Princeton University (*magna cum laude*, 1984).





DAVID O. CHUA
54 Years Old, Filipino

Mr. David O. Chua was elected Director in 2021 and is a member of the Board Risk Oversight Committee. He is President and CEO of Cathay Pacific Steel Corporation (CAPASCO), Vice Chairman of the Board of the University of the East (UE), President of One Palanca Land Inc., President of Orinda Land Corp., President of Asia Pacific Capital Equities and Securities Corporation, Member of the Advisory Board of Metropolitan Bank and Trust Company (Metrobank), and Trustee of the University of the East Ramon Magsaysay Memorial Medical Center (UERMMMC). He also currently serves as a director on the board of NiHAO Mineral Resources, Inc., Dizon Copper and Silver Mines Inc., Auto Nation Group Inc. (Mercedes Benz), the Manila House Private Club Inc., Prople BPO Inc., and Kaisa Heritage Museum Inc. He is also the Vice President and Board Director of the Federation of Filipino Chinese Chambers of Commerce and Industry (FFCCCII), President of the Philippine Steelmakers Association (PSA), Chairman of the Philippine-Slovenia Business Council, Treasurer of Heavenly Garden Memorial Park Development Corp., Board Director of Edison Electric Integrated Inc., Board Director of Kellogg/Northwestern University Alumni Association of the Philippines, Vice Chairman of the Advisory Board of St. Jude Catholic School

Board of **Directors**

Alumni Association, and Learning Officer of YPO Gold, Philippines. He is a Member of the Philippine Chamber of Commerce and Industry, Employers Confederation of the Philippines, and the Makati Business Club. He was previously a Board Director of the Philippine Stock Exchange (PSE), First Metro Investment Corporation (FMIC), Philippine Savings Bank (PSBank), Philippine Banking Corporation (Philbank), Crown Equities Inc., PBC Capital and Investment Corporation, and Lincoln Electric Philippines Inc. He graduated from St. Mary's College of California with a Bachelor of Science in Financial Services Management Honors Program. He received his Master of Business Administration from J.L. Kellogg School of Management (Northwestern University) and the Hong Kong University of Science and Technology (HKUST) Graduate School of Management.



STEPHEN T. CUUNJIENG

Independent Director
63 Years Old, Filipino

Mr. Stephen T. CuUnjieng was elected Director in 2018 and Chairman of the Related Party Transactions Committee. He is a member of the Compensation and Remuneration, Corporate Governance, and Audit Committees. He was a Senior Adviser or Senior Managing Director at Evercore and Chairman at Evercore Asia Limited from 2009 to 2022. He is the Financial Adviser to a number of local and international companies. He has worked on major transactions that have been awarded Deals of the Year. He is part of the Executive Advisory Board for Asia of the Wharton School of Business. He is also an independent director at Century Properties Group, Golden Springs (Singapore) Phoenix Petroleum PH Inc., and Ave Point. He was previously an independent director of Aboitiz Equity Ventures (2010 to 2018), an Adviser to the Board of SM Investments Corporation (2008-2017), and a director of Manila North Tollways Corporation (2008-2013). He was Vice Chairman, ASEAN of Macquarie (Hong Kong) Limited from 2007 to 2009. He is a member of the Audit Committee, Corporate Governance Committee and the Board Risk Oversight Committee of FPH. He has a Degree in Bachelor of Arts (1980) and also a Bachelor's Degree in Law (with honors) (1984) from the Ateneo de Manila University and the Ateneo Law School. He also has a Master's Degree in Business Administration (Finance) from the Wharton School of Business (1986).

FRANCISCO ED. LIM

Independent Director
67 Years Old, Filipino

Atty. Francisco Ed. Lim was elected Director in 2021 and is a member of the Audit, Corporate Governance, and Board Risk Oversight Committees. He is Senior Legal Counsel at Angara Abello Concepcion Regala & Cruz Law Offices. He is the current President of the Financial Executives Institute of the Philippines (FINEX) and also holds the following positions: Director, FINEX Foundation of the Philippines; Trustee, CIBI Foundation, Inc.; Trustee, Judicial Reform Initiative, Inc. (JRI); Trustee, Shareholders' Association of the Philippines (SharePhil); Member, Institute of Corporate Directors (ICD). He was the President of the Management Association of the Philippines (MAP). He served as President and CEO, and director of the Philippine Stock Exchange, Inc. (PSE), President and CEO of the Securities Clearing Corporation of the Philippines (SCCP). He also served as President of the Shareholders' Association of the Philippines (SharePHIL). He is a Director and Trustee of several companies.He is a law professor at the Ateneo de Manila University and the San Beda Graduate School of Law. He is a Member of the Committee on the Revision of Rules, Supreme Court and Vice-Chair, the Committee on Commercial Law, Philippine Judicial Academy, among others. He graduated *magna cum laude* with a Bachelor of Philosophy and *cum laude* in Bachelor of Arts from the University of Santo Tomas. He completed his Bachelor of Laws degree (Second Honors) from the Ateneo de Manila University, and his Master of Laws degree from the University of Pennsylvania, USA. He is a member of both the Philippine Bar and the New York State Bar.





ROBERTA L. FELICIANO

61 Years Old, Filipino

Ms. Roberta L. Feliciano was elected Director in 2021 and is a member of the Board Risk Oversight Committee. She has been the Chairman of the SEA Institute since 2016, a non-profit organization committed to using science-based conservation in the Verde Island Passage (VIP), the world's center of marine shore-fish biodiversity, for the benefit of the reefs and local communities. SEA stands for Science, Education, and Advocacy. At the Institute, she facilitated decision-making by building consensus and developing solutions in a collaborative manner between other organizations and local government units. She directed fund-raising activities and building awareness in protecting and preserving the VIP. She is also the Managing Director of the ABS-CBN Foundation and a member of the Board of Trustees of the Lopez Group Foundation, Inc. (LGFI). She is also the President of Yoga Manila, Inc. She took her BA in Government at the Connecticut College (1983).

Board of **Directors**

MERCEDES LOPEZ VARGAS
65 Years Old, Filipino

Ms. Mercedes Lopez Vargas was elected Director in 2021, and is a member of the Audit Committee. She is the President and Executive Director of `vthe Lopez Group Foundation, Inc. (LGFI), a hub that coordinates, facilitates, and communicates the corporate social responsibility initiatives of all the major companies and foundations of the Lopez Group. Founded upon the pillars of public service, it reflects the commitment made by the present generation of Lopezes to continue a legacy of philanthropy and social responsibility for the Filipino people. She is also the Director of the Lopez Museum and Library, Former Vice President of Logistics for ABS-CBN Broadcasting Corporation, Chairperson of the Lopez Human Resources Council, and a Trustee for ABS-CBN Foundation and the Asian Eye Institute, all part of the Lopez Group of Companies. Ms. Vargas is a trustee of the Philippine Advocacy for Arts Foundation, Inc., organizer of the nationwide Philippine Art Awards; Co-Founder and President of Stilo Artefino Foundation, Inc., a movement that advocates the preservation, promotion, and sustainability of Philippine artisanal crafts and livelihood; Trustee of Asia Society Philippines; and Founding Member of the Asia Venture Philanthropy Network Gender Platform. She took up BA in Communication Arts at Assumption College.





MIGUEL ERNESTO L. LOPEZ
53 Years Old, Filipino

Mr. Miguel Ernesto L. Lopez was elected Director of the Corporation last October 1, 2020, and is a member of the Executive, Audit, and Finance and Investment Committees. He has been a Director and Treasurer of Rockwell Land since 2009. Since 2016, he has been Senior Vice President and Head of Office Commercial Development of Rockwell Land. He was the Senior Vice President and General Manager of Rockwell Integrated Property Services, Inc. (RIPSI) from 2012 until he started heading the Office Development business of Rockwell Land in June 2016. He is also an Executive Vice President of Lopez Holdings Corporation. He is also a Director of Rockwell Leisure Club, Inc., Rockwell Carmelray Development Corp., Third Generation Holdings Corp., Kamino Algae Technologies, Inc., Lopez, Inc., Rockwell MFA Corp., and Rockwell Primaries; and a Trustee of the Rockwell Center Association, Inc. He is a member of the Board of Trustees of Eugenio Lopez Foundation, Inc. and an Advisor and PR Officer of the Lopez Group Foundation Inc. He was previously part of the Board of Directors for Indra, Outsourced Telleserve Corporation, Meralco Industrial Engineering Services Corp., Philippine Commercial Capital, Inc. (PCCI), and PCCI Finance. His past positions include: Senior Vice President and General Manager of Rockwell Property Management Corp., Vice Chairman of Meralco Savings and Loan Association, Executive Director of Meralco Millenium Foundation, Inc., Vice President and Head of Corporate Affairs of Lopez Holdings Corp. He held several executive and management positions at Meralco from 2002-2010. Before this, he was with Maynilad Water Services, Inc. as head of its Central Business Area and BayanTel as AVP for Customer Service Division. Mr. Lopez holds a Bachelor of Science degree in Business Administration from Menlo College of California, USA, and attended the Executive Development Program of the Asian Institute of Management.

RIZALINA G. MANTARING
Lead Independent Director
63 Years Old, Filipino

Ms. Rizalina "Riza" Gervasio Mantaring was elected Director in 2016 and is Chairperson of the Audit Committee. She is a member of the Compensation and Remuneration, Related Party Transactions, and Board Risk Oversight Committees. She likewise serves as Lead Independent Director. She is currently a Director of Sun Life Grepa Financial. She retired as CEO and Country Head of the Sun Life Financial group of companies in the Philippines in June 2018. She first joined Sun Life in 1992 as Senior Manager for Asia Pacific of its Information Systems Department. She progressively took on a variety of roles until she was appointed Chief Operations Officer for Asia in 2008. The following year, she became Deputy President for Sun Life Philippines in March, then President and CEO in August. Riza graduated *cum laude* with a BS in Electrical Engineering degree from the University of the Philippines and an MS in Computer Science from the State University of New York at Albany. She is a Fellow of the Life Management Institute (with distinction). Currently, Ms. Mantaring also serves as Independent Director of Ayala Corporation, Ayala Land, Inc., PHINMA Corporation, Universal Robina Corporation, Inc., and East Asia Computer Center Inc. She was the President of the Management Association of the Philippines in 2019. She is also a member of the Boards of Trustees of the Makati Business Club (Treasurer) and the Philippine Business for Education.



Board of **Directors**



CIRILO P. NOEL
Independent Director
65 Years Old, Filipino

Mr. Cirilo "Vic" P. Noel was elected as Director in 2021 and is Chairman of the Board Risk Oversight Committee. He is a member of the Audit and Related Party Transactions Committees. He is a lawyer and certified public accountant (CPA). He is the Chairman of Palm Concepcion Power Corporation (since June 2018), Juxtapose Ergo Consultus, Inc. (since May 2019), and Cofiar Land Corp (since September 2021). He is also a member of the Board of Directors of PLC- Security Bank Corporation (since April 2018) and was appointed Vice Chairman in April 2020.

He is a member of the Board of Directors of Eton Properties, Inc. (since April 2019), Transnational Diversified Group Holdings (since August 2019), Amber Kinetics Holdings Co., PTE Ltd. (since March 2018), PLC-Globe Telecom, Inc. (since April 2018), LH Paragon Group, Golden ABC (since January 2018), PLC-San Miguel Foods and Beverage, Inc. (since September 2018), PLC-Robinsons Retail Holdings (since August 2020), and PLC First Philippine Holdings Corporation (since May 2021).

He is also a member of the Board of Trustees of St. Luke's Medical Center Quezon City (since April 2018) and St. Luke's Medical Center College of Medicine (since April 2018). He sits as a board member of St. Luke's Medical Center - Global City (since April 2018) and St. Luke's Foundation, Inc. (since August 2018). He is affiliated with the Makati Business Club, Harvard Law School Association of the Philippines, and Harvard Club of the Philippines. He was a member of the Board of Directors of Philippine Airlines (from 2018 to 2019), PLC PAL Holdings, Inc. (from 2018 to 2019), and PLC-JG Summit Holdings (from 2018–2021).

He was recognized as the 2019 Outstanding CPA by the Professional Regulations Commission for his distinguished contributions to the fields of accountancy, tax, and law. He held various positions in SGV & Co., including Chairman (from 2010 to 2017), Managing Partner (from 2009 to 2010), Vice Chairman and Deputy Managing Partner (from 2004 to 2009), Head of Tax Division (from 2001 to 2008), and Partner, Tax Services (from 1993 to 2017). For two terms, he was a member E&Y Global Advisory Council member. He was also Ernst & Young (EY) ASEAN Tax Head and Far East East Area Tax Leader from 2004 to 2009 and the Presiding Partner of E&Y Asia Pacific Council.

He graduated from the University of the East with a Bachelor of Science degree in Business Administration and obtained his Bachelor of Laws from the Ateneo Law School. He took a Master of Laws at Harvard Law School. He is a Harvard International Tax Program fellow and attended the Asian Institute of Management Program Management Development Program.



FRANCIS GILES B. PUNO
58 Years Old, Filipino

Mr. Francis Giles B. Puno was elected Director in March 2011 and is a member of the Executive, Compensation and Remuneration, Corporate Governance, and Finance and Investment Committees. He was appointed as President and Chief Operating Officer of FPH, effective October 2015. He is a member of the Executive Committee, Finance and Investment Committee, and the Board Risk Oversight Committee. He was Chief Finance Officer and Treasurer of FPH in October 2007 (promoted to Executive Vice President in September 2011), a position he held until September 30, 2015. He was Vice President since he joined the Corporation in June 1997. He is currently the President and Chief Operating Officer of First Gen. He is also Chairman of First Batangas Hotel Corp. and First Philippine Development Corp. He is President of First Philippine Industrial Park, Inc., FPH Capital Resources, Inc., First Philippine Utilities Corp., FPHC Realty & Development Corp., and First Philippine Realty & Development Corp. He is Vice Chairman of FPH Land Ventures, Inc. He is a Director of the Energy Development Corporation and its various subsidiaries. He is likewise a director of First Balfour, Inc., Terraprime, Inc., ThermaPrime Drilling Corp., First Philippine Electric Corp., First Philec Energy Solutions, Inc., First Philec, Inc., First Philec Manufacturing Technologies Corp., First Philippine Power Systems, Inc., First Philippine Industrial Park, Inc., FPIP Property Developers & Mgt. Corp., FPIP Utilities, Inc., First Philippine Properties Corp., First Philippine Realty Corp., First Industrial Township, Inc., First Industrial Township Utilities, Inc., First Industrial Township Water, Inc., Grand Batangas Resort Development, Inc., Rockwell Land Corp., FP Island Energy Corp., First Industrial Science, and Technology School, Inc., Pi Energy Inc. and Pi Health Inc. Before joining FPH, he worked with the Chase Manhattan Bank as Vice President for its Global Power and Environmental Group. He is a Trustee for the Oscar M. Lopez Center for Climate Change Adaptation and Disaster Risk Management Foundation, Inc., Lopez Group Foundation Inc., Eugenio Lopez Foundation Inc., and Philippine Business for Social Progress. He has a Bachelor of Science degree in Business Management from the Ateneo de Manila University and a Master in Business Administration degree from Northwestern University's Kellogg Graduate School of Management in Chicago, Illinois.

Board of **Directors**

ANITA B. QUITAIN
76 Years Old, Filipino

Ms. Anita B. Quitain was elected Director in 2018 and is a member of the Board Risk Oversight Committee. She is a Commissioner of the Social Security System, having been appointed by President Rodrigo R. Duterte at the start of his administration in 2016. She was elected Director of the Corporation last March 1, 2018. She graduated from the University of Mindanao in Davao City, where she earned the degree of Bachelor of Science in Elementary Education. She worked as a public school classroom teacher for ten (10) years, after which she transferred to the Social Security System, Region 09. Ms. Quitain also studied accounting for two (2) years at the University of Mindanao and took up masteral studies, earning thirty-seven (37) units. Starting her SSS stint as a simple clerk, she slowly rose through the ranks and served the SSS in various capacities. She headed the following sections of the SSS, Region 09, namely: Membership, Real Estate, Operations Accounting, Membership Assistance Center, and Sickness, Maternity, and Disability. She also served as Head of the then-newly-opened SSS Representative Office in Digos, Davao del Sur, for five (5) years. She retired from the SSS on July 15, 2009, after 31 years of continuous and dedicated service. She brings this wealth of experience to her present post and as director of FPH.





EMMANUEL P. SINGSON
57 Years Old, Filipino

Mr. Emmanuel P. Singson was elected Director in 2021 and is a member of the Executive, Finance and Investment, and Related Party Transactions Committees. He was promoted to Executive Vice President, Treasurer, and Chief Finance Officer of FPH, effective October 2021. He is presently the SVP, Treasurer, and CFO of First Gen Corporation, which he joined in 2001. He has led, structured, negotiated, and implemented multiple financing initiatives for First Gen and its subsidiaries, including the USD1.5B EDC acquisition in 2007 and the USD544M Sta. Rita Refinancing in 2008, and the USD360M Acquisition of British Gas shares in the First Gas companies in 2012. A number of key initiatives were undertaken under unfavorable financial circumstances. He was appointed Vice President of First Gen in 2005 and Head of Investor Relations in 2007. He was appointed Treasurer in 2010 and CFO in 2011. He is currently the President of First Philippine Development Corp. He is likewise Director and Treasurer of First Philec, Inc., FPH Land Ventures, Inc., First Philippine Properties Corp., First Philippine Realty Corp., FP Island Energy Corp., First Industrial Science, and Technology School, Inc., Grand Batangas Resort Development, Inc., First Philippine Utilities Corp., Pi Energy, Inc. and Pi Health, Inc. Mr. Singson is Director of First Balfour, Inc., Terraprime, Inc., First Philippine Electric Corp., First Industrial Township, Inc., First Industrial Township Utilities, Inc., First Industrial Township Water, Inc., First Philippine Industrial Park, Inc., FPIP Property Developers & Management Corp., FPIP Utilities, Inc., and FPH Capital Resources, Inc. He is likewise Treasurer of First Sumiden Realty, Inc. Mr. Singson holds a Bachelor of Science degree in Business Management from the Ateneo de Manila University (1987).

RICHARD B. TANTOCO
56 Years Old, Filipino

Mr. Richard B. Tantoco was elected Director of the Corporation on March 1, 2018, and is a member of the Executive, Finance and Investment, and Related Party Transactions Committees. He has been an Executive Vice President since September 2011 and a Vice President of the Corporation since May 1997. He is the President and Chief Operating Officer of Energy Development Corporation and several EDC subsidiaries. He also sits as a director and Executive Vice President of First Gen Corporation, several First Gen subsidiaries and its affiliates, and a director of Cebu Air, Inc. He is currently the President and Trustee of the Oscar M. Lopez Center for Climate Change Adaptation and Disaster Risk Management Foundation, Inc., and a Trustee on the board of several non-profit organizations, such as KEITECH Educational Foundation, Inc., Business for Sustainability Development, Inc., and The Eugenio Lopez Foundation, Inc. Before joining FPH, he worked with Procter and Gamble Philippines as a Brand Manager and with the management consulting firm Booz, Allen and Hamilton, Inc. in New York and London where he specialized in mergers and acquisition advisory, turnaround strategy advisory, and growth strategy formulation for media and manufacturing companies. Mr. Tantoco has an MBA in Finance from the Wharton School of Business of the University of Pennsylvania (1993) and a BS degree in Business Management from the Ateneo de Manila University, where he graduated with honors (1998).



Board of **Directors**

JONATHAN C. RUSSELL
Senior Adviser
58 Years Old, British

Mr. Jonathan C. Russell, has been Senior Adviser of FPH since August 2012. He has been a Director of the Energy Development Corporation since November 2007. He is also an Executive Vice President of First Gen Corporation. He was Vice President of Generation Ventures Associates (GVA), an international developer of independent power projects based in Boston, USA, responsible for developing 1,720MW of IPP projects in Asia. Before joining GVA, he worked for BG PLC based in London and Boston, responsible for developing power and natural gas distribution projects. He has a Bachelor of Science degree in Chemical and Administrative Sciences (with Honours) (1987) and a Master of Business Administration in International Business and Export Management degree (with Distinction) (1989), both from City University Business School in London, England.





MARIO L. BAUTISTA
Senior Board Adviser
67 Years Old, Filipino

Mr. Mario L. Bautista has been Board Adviser of FPH since May 2015. He is currently the General Counsel of ABS-CBN Corporation as well as a Director. He is a Founding Partner of the Poblador Bautista and Reyes Law Office and has been its Managing Partner since 1999 until the present. He graduated with a Bachelor of Communication Arts from the Ateneo de Manila University (1975). He obtained his Bachelor of Laws Degree from the University of the Philippines (1979), ranking 6th in the Bar Examinations of that year. He was a Professor of Criminal Law at the Ateneo de Manila School of Law.

WALTER C. WASSMER
Senior Board Adviser
63 Years Old, Filipino

Mr. Walter C. Wassmer was appointed Senior Board Adviser in November 2022. Mr. Wassmer is presently a member of the Board of Directors and Management and Technical Consultant of BDO Unibank, Inc. He was previously Chairman and Officer-In-Charge of BDO Elite Savings Bank, Inc., and held directorships in BDO Leasing and Finance, Inc., BDO Finance Corporation, BDO Capital & Investment Corporation, MMPC Auto Financial Services Corporation, MDB Land, Inc., Mabuhay Vinyl Corporation, and Banco De Oro Savings Bank, Inc. He holds a Bachelor of Science degree in Commerce from De La Salle University (1979) and completed a Management Development Program from the Asian Institute of Management (1988).



Board Skills

Board members have a diverse set of competencies

BUSINESS-RELATED COMPETENCIES

- 2 Accounting
- 6 Banking
- 5 Business
- 2 Business Processing Outsourcing
- 2 Construction
- 2 Economics
- 6 Energy
- 1 Engineering
- 5 Entrepreneur
- 1 Finance
- 1 Insurance
- 1 Logistics
- 1 Management
- 1 Management Consultancy
- 1 Marketing
- 2 Mergers and Acquisition
- 3 Operations
- 8 Real Estate
- 1 Retail
- 1 Taxation
- 2 Telecommunications
- 2 Utilities

SOCIAL

- 1 Arts and Artisinal Crafts
- 1 Child Welfare and Protection
- 1 Disaster Response
- 2 Education
- 2 Healthcare
- 1 Human Resources
- 3 Philantrophy

ENVIRONMENTAL

- 2 Biodiversity Conservation
- 1 Environmental Preservation
- 3 Sustainaiblity

GOVERNANCE

- 12 Governance
- 2 International Relations
- 5 Public Service, Law, and Judicial Reform

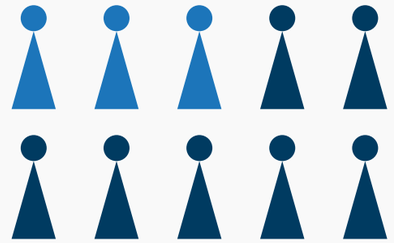
1 Members with Skills 12

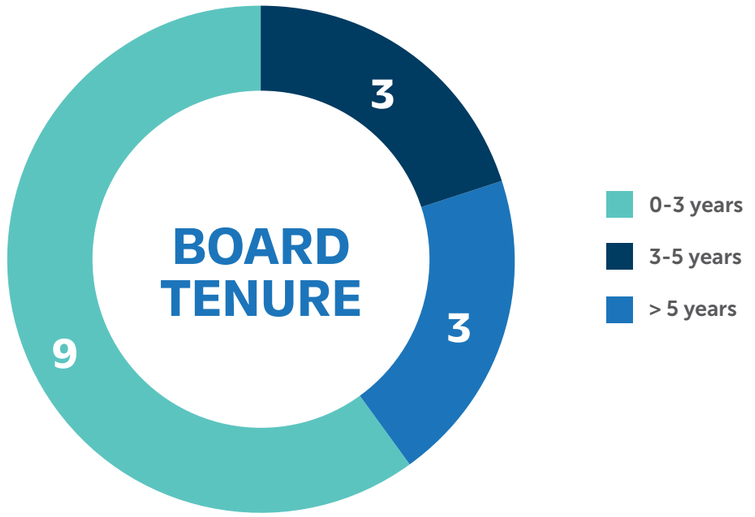
Board Diversity

36%
Female Board Members



33%
Independent Board Members

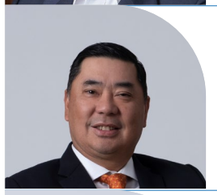




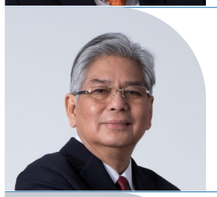
Senior **Management**



OSCAR M. LOPEZ — Chairman Emeritus



VICTOR EMMANUEL B. SANTOS, JR — Executive Vice President



ANTHONY M. MABASA — Senior Vice President



NESTOR J. PADILLA — Senior Vice President



JOAQUIN E. QUINTOS IV — Senior Vice President



RENATO A. CASTILLO — Senior Vice President and Chief Risk Officer



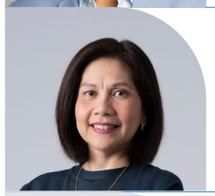
OSCAR R. LOPEZ, JR. — Vice President



BENJAMIN R. LOPEZ — Vice President



ARIEL C. ONG** — Vice President



ANNA KARINA P. GEROCHI — Vice President and Head, Human Resources Management



ANTHONY L. FERNANDEZ — Vice President



EMELITA D. SABELLA — Vice President and Investor Relations Officer



JONATHAN C. TANSENGCO — Vice President



RAMON A. CARANDANG — Vice President

*** Retired last August 1, 2022*

Senior **Management**



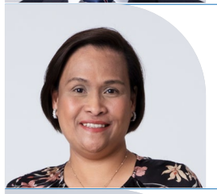
SHIRLEY H. CRUZ

Vice President and Chief of Staff, Office of the Chairman



JOSE VALENTIN A. PANTANGCO, JR.

Vice President and Head of Corporate Planning



MARIA CARMINA Z. UBAÑA

Vice President and Comptroller



ALEXANDER M. ROQUE

Vice President



DENARDO M. CUAYO

Vice President



RACHEL R. HERNANDEZ

Vice President, Assistant Corporate Secretary, and Assistant Compliance Officer



MILAGROS D. FADRI

Vice President



AGNES C. DE JESUS

Vice President and Chief Sustainability Officer



ANGELO G. MACABUHAY

Head of Internal Audit



RENE J. MAYOL

Vice President



ERNIE G. IMPERIAL

Vice President and Chief Digital Officer



KAREN Y. CHUNG

Vice President



ENRIQUE I. QUIASON

Corporate Secretary

ANNEXES

Annex 1: Third Party Review

UNIVERSITY OF ASIA AND THE PACIFIC
CENTER FOR SOCIAL RESPONSIBILITY

Third-Party Statement on the Internal Review of the FPH 2022 Integrated Report

As a competent, independent practitioner of the International Integrated Reporting <IR> Framework, the Center for Social Responsibility of the University of Asia and the Pacific (UA&P-CSR) assisted First Philippine Holdings (FPH) Corporation in conducting an internal review of the Company's 2022 Integrated Report (IR). UA&P-CSR is the only institution in the Philippines that has provided an <IR>-certified training in partnership with Singapore-based CSRWorks International. We are the preferred partner-of-choice of several publicly-listed companies in the Philippines, providing technical assistance and content development on sustainability and integrated reporting.

Purpose of the Review

Integrated reporting is a reporting mechanism that focuses on an organization's value creation journey. UA&P-CSR conducted a review of FPH's 2022 IR to assess its quality and compliance with the guidelines provided by the <IR> Framework. Additionally, we assessed the report's alignment with other international reporting standards such as the Sustainability Accounting Standards Board (SASB) and the GRI Standards. This review is essential in ensuring that FPH's reporting process and the IR itself undergo internal quality control processes and compliance checks. Ultimately, these processes contribute to the robustness of the report.

Methodology: UA&P <IR> Practitioners Scorecard

We have created the UA&P <IR> Practitioners Scorecard to evaluate FPH's IR based on two (2) criteria. Firstly, we assessed its adherence with the requirements of the <IR> Framework's Content Elements and Guiding Principles (refer to Figure 1). Secondly, we evaluated how well FPH's disclosures align with the SASB and GRI Standards.

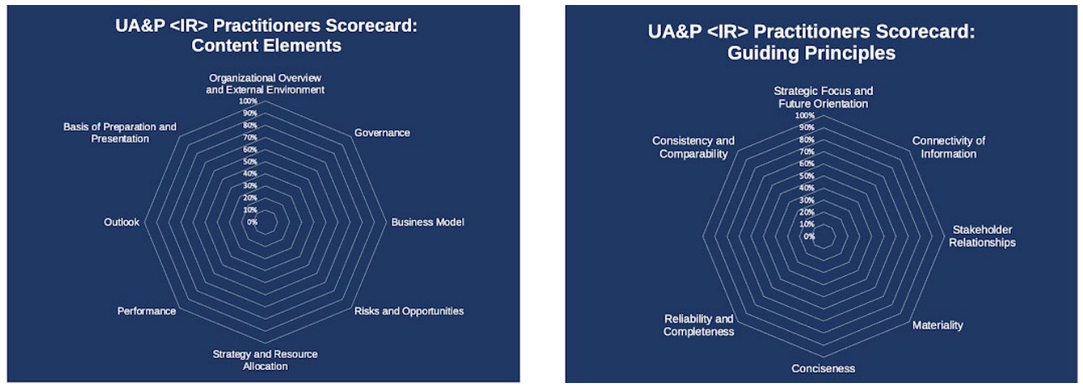


Figure 1. UA&P <IR> Practitioners Scorecard: Content Elements and Guiding Principles

The UA&P <IR> Practitioners Scorecard aims to provide FPH with recommendations on how to strengthen its discussion on the <IR> Content Elements and incorporate the <IR> Guiding Principles throughout its report. To achieve this goal, the scorecard used a set of indicators for each <IR> Content Element and Guiding Principle. We evaluated these indicators both quantitatively, using percentage scores, and qualitatively, by providing professional comments and recommendations based on the leading practices of global companies in the integrated reporting field.

Our review of FPH's 2022 IR was based on two drafts submitted on February 16 and 27, 2023 respectively. It is important to note, however, that the scorecard does not establish benchmarks for these content elements, and the recommendations should not be considered as "investment grade" information.

Findings and Recommendations: Evaluating the Compliance of FPH 2022 IR with the <IR> Framework

FPH has made significant progress in its journey towards creating value over the years. The Company has achieved this by improving the quality of its reporting, which follows the recommendations of the <IR> Framework. This improvement has not only helped FPH to enhance its reporting practices but also to elevate its business processes. FPH identified the risks and impacts of the external environment and clearly laid out its available opportunities and strategic pathways towards decarbonization and regeneration over the short, medium, and long term. This commitment has resulted in the Company achieving numerous milestones in the reporting year. The Board and management have been steering the Company in this direction, and the report provided tangible evidence of how the strategy has been delivered, highlighting both positive and negative outcomes. While acknowledging the challenges and uncertainties that lie ahead, FPH has strengthened its processes to identify and mitigate risks, and to leverage opportunities for the Company and its pentad stakeholders.

Based on our two assessments of FPH's drafts, which were submitted to UA&P-CSR on February 16 and 27, 2023, respectively, Figure 2 shows the significant improvements in satisfying the requirements and guidelines of the <IR> Framework. Our findings and recommendations for each <IR> Content Element and Guiding Principle can be found in Tables 1 and 2, respectively, and were based on the latest version of the IR submitted by the Company on February 27, 2023.

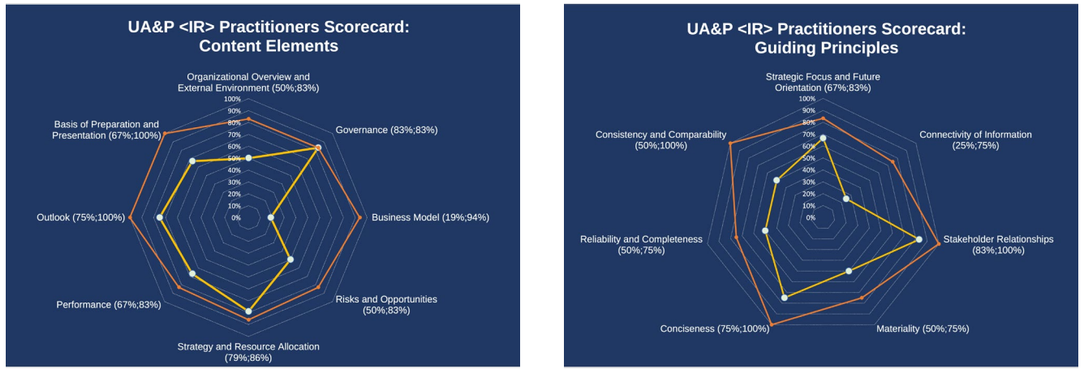


Figure 2. Summary of Scores of the Content Elements and Guiding Principles of FPH's 2022 IR

Legend

First Draft of FPH's 2022 Integrated Report (February 16, 2023)

First Draft of FPH's 2022 Integrated Report (February 27, 2023)

Table 1. Assessment on the <IR> Content Elements of FPH's 2022 IR (February 27, 2023 version)

<IR> Content Elements	Findings and Recommendations
Organizational Overview and External Environment	• FPH presented its company profile and operations in several sections of its report, including Who We Are, What We Do, Organizational Structure, and Review of Business Segments. Additionally, the report provided valuable insights into its operating context through the "2022 Business Environment" sub-section.
Governance	• FPH included information on its governance structure in the report, which covered topics such as the integration of its environmental, social, and governance (ESG) and risk management processes; the impact of its three-pronged business strategy on value creation; and the effective use of its capitals.
Business Model	• FPH included a value creation diagram that effectively demonstrated the key elements of the Company's business model, including inputs, business activities, outputs, and outcomes, as well as other <IR> Content Elements such as outlook, external environment, and risks and opportunities. The diagram highlighted the interrelatedness of these elements within FPH's value creation process. Furthermore, the report provided clear explanations regarding the availability and quality of its capitals, as well as negative and positive outcomes across its capitals during the reporting year.
Risks and Opportunities	• FPH featured a discussion of its risk management process, including specific key risks and opportunities for each business segment. It provided sufficient context and supporting information, such as the nature, timeframe, stakeholders impacted, and capitals affected. Additionally, it presented the Company's initiatives to address climate change and social issues, with appropriate cross-references in the report for further discussions. • To further improve the report, FPH may consider presenting a plan of action for each of the identified risks.
Strategy and Resource Allocation	• FPH clearly presented its strategic direction and the steps it plans to take to achieve its goals. It explained the Company's strategic priorities and outlined its progress during the reporting year. Moreover, the report provided a detailed discussion of its decarbonization and regeneration plans, including the specific time horizons for the short, medium, and long term.
Performance	• FPH provided a description of its current level of performance, serving as a basis for both assessing progress in delivering management's strategic targets and understanding the outlook of the Company. • To complete the discussion of financial performance, FPH should indicate its current financial data upon approval of the Board. As a recommendation, the report could include a comparative discussion of performance under Intellectual and Social and Relationship capitals for consistency with other capitals.
Outlook	• FPH included a list of its outlook based on the short, medium, and long term. This list covered the Company's stance on the pandemic and the Russia-Ukraine conflict in the short term, focus on capabilities-driven strategies in the medium term, and transition to net zero by 2050 in the long term. The outlook considered the opportunities available for both financial and non-financial gains of the Company.
Basis of Preparation and Presentation	• FPH clearly indicated how it determined the matters to include in its IR, as well as how these matters were quantified and evaluated. The report provided a thorough discussion of the Company's materiality determination process, reporting boundary, and the significant frameworks and methods used to evaluate its material matters.

Table 2. Assessment on the <IR> Guiding Principles of FPH's 2022 IR (February 27, 2023 version)

<IR> Guiding Principles	Findings and Recommendations
Strategic Focus and Future Orientation	• FPH provided valuable insight into its strategy and how it relates to the Company's value creation in its report. This includes a discussion on the management strategy and opportunities for identified risks for each business segment, as well as the role of governance in leading its strategic direction. • As a recommendation, FPH may consider emphasizing the alignment of its three-pronged business strategy with its performance across capitals in future reports, particularly after completing its feasibility studies. This will help highlight the relevance and interrelatedness of the Company's strategy with its overall performance.
Connectivity of Information	• FPH demonstrated the interconnectedness of its various <IR> Content Elements by integrating essential parts of the report (such as the business model/value creation diagram, performance, 2022 highlights, and President's message). Moreover, FPH provided a historical perspective of its performance for each capital, insights on the impact of resource utilization on its financial performance, and adequate context on its data and performance throughout the report. • To further improve the coherence of information in its report, it is recommended that the Company presents complete data in all sections (including the Chairman's Message) and provide insights on the Company's outlook for its performance per capital.
Stakeholder Relationships	• FPH showed its commitment to stakeholder engagement and response to their needs. It used the Pentad Framework to identify its key stakeholder groups and their concerns, as well as its response to addressing them. Additionally, the Company emphasized that as part of its Enterprise Risk Management (ERM), it involved all relevant parties, including stakeholders, in monitoring and assessing risks. By doing so, FPH was able to build a more comprehensive understanding of its stakeholder landscape and engage with them effectively.
Materiality	• FPH included an updated materiality assessment, which explained how the Company determined its material topics and provided information on financial and impact materiality for each capital. Although FPH provided performance data for some material topics, such as its contribution to value creation over short, medium, and long term, there are still topics with incomplete data, such as economic value distributed and tCO2e sequestered by forest reservations and landscapes. The Company acknowledged these gaps and stated that the missing data would be provided once approved by the Board.
Conciseness	• FPH demonstrated a concise report structure by following a logical flow, utilizing plain language (or including explanations for technical terms), and providing sufficient context throughout the discussion. The report was easily understood, particularly the sections on operating context, risks and opportunities, strategies, performance, and governance.
Reliability and Completeness	• FPH ensured a balanced presentation of all material matters, including positive and negative aspects. The Company demonstrated its commitment to accuracy and reliability by highlighting its robust internal control and reporting frameworks, updated materiality assessment, stakeholder engagement, and internal audit.
Consistency and Comparability	• FPH maintained consistency in presenting its information compared to its previous report while also disclosing new material topics, which were included in its 2022 materiality assessment. The Company provided a clear explanation for the inclusion of these topics, and their relevance was benchmarked against industry peers, enhancing comparability.

Changes in the Final Version of FPH's 2022 Integrated Report

FPH submitted its final IR to UA&P-CSR on March 14, 2023, incorporating feedback and recommendations provided on March 2, 2023. While this version was not subjected to another assessment using the UA&P <IR> Practitioners Scorecard, FPH was requested to identify which recommendations were addressed in the report. UA&P-CSR conducted a rapid review to assess if the revisions fully satisfied its recommendations.

Based on our observations, the March 14 version of the report addressed the following items (refer to Tables 3 and 4):

Table 3. Assessment on the <IR> Content Elements of FPH's 2022 IR (March 14, 2023 version)

<IR> Content Elements	Findings and Recommendations
Organizational Overview and External Environment	• FPH provided additional details on how each external factor identified could potentially affect the Company, whether directly or indirectly, as well as the specific initiatives and plans in place to address them.
Governance	• FPH's remuneration and compensation strategy was presented in detail, including benchmarked payment practices, salary structure and design based on legal minimum requirements, and a competitive compensation package for employees. In addition, the Company explained the three (3) principles that guide its compensation strategy, namely value creation for both shareholders and stakeholders, performance, and competitiveness. It provided a comprehensive overview of FPH's approach to compensation and highlighted its commitment to fair and equitable compensation practices.
Business Model	• FPH has completed the required inputs and outcomes data in its business model. In the outcomes section, it provided information on the change in capital, specifically whether value was created, preserved, or eroded, and the timeframe of the outcome for each capital.
Risks and Opportunities	• FPH demonstrated the relationship between its risks and opportunities and external environment factors by presenting a summary table. The table showed how the drivers of risks and opportunities affect different business segments within the FPH group, including power generation, energy solutions, real estate, and construction and energy services.
Strategy and Resource Allocation	• FPH disclosed its quantitative target to use renewable energy and low carbon energy sources by 2030, aligning with the Philippine Energy Plan. The Company also discussed the development process of its decarbonization and regeneration plans over the short, medium, and long term. It plans to report additional quantitative targets upon completion of its feasibility studies.
Performance	• FPH included the 2022 financial data in both the Financial Capital highlights and the Business Review sections. However, the audited financial data will only be included in the final version of the IR after it has been approved by the Board.

Table 4. Assessment on the <IR> Guiding Principles of FPH's 2022 IR (March 14, 2023 version)

<IR> Guiding Principles	Findings and Recommendations
Connectivity of Information	• FPH presented a "Summary of Outcomes" table which demonstrates how its use of resources per capital impacts its financial performance. However, it may consider explaining how its financial performance impacts its use of resources per capital in the next reporting period.
Materiality	• FPH presented its performance on its material topics, but there are some topics that lack complete information, such as financial performance. The Company noted that some figures are still subject to change, such as the portion on "materials use by our business segments."
Reliability and Completeness	• FPH will incorporate the independent review, including UA&P's third-party statement, and external assurance in the final version of the laid-out IR.

Summary of Expert Opinion

This time, the 2022 IR revealed how FPH's commitment to its mission (1) deepens and expands the depth and scope of its impacts, respectively, and (2) provides the means to address the attendant risks and emerging opportunities facing the corporation.

In its 2022 IR, FPH has shown its unwavering dedication to decarbonization and regeneration. The Company's mandate is very clear as it commits to doing more than just paying back the capital it extracts from society and the natural environment through its core subsidiaries. At the same time, FPH ensures that its plans, strategies, and business model generate the necessary economic growth to sustain and support its mission. Furthermore, the 2022 IR revealed how the Company's commitment to its mission has deepened the scope and impact of its initiatives by providing the means to address attendant risks and emerging opportunities that the corporation may face.

FPH's operations have delved deep into its six (6) capitals, aligning engagements with its core subsidiaries involved in power generation, construction, property, and energy solutions to generate value for the business, stakeholders, and the environment. The 2022 IR showed that the Company is engaging its primary suppliers, networks, and other key partners in its advocacy, demonstrating the business case that supports its advocacy and the benefits it extends to its partners and their stakeholders. FPH casts a wide net to bring care and concern for the next generation and their future within the fold of businesses and institutions.

The report extensively discussed the risks and opportunities facing FPH and their implications for the business portfolio. However, the Company's proposed strategic responses to these uncertainties were already contained in its mandate. The plans and activities in pursuit of FPH's mandate not only address the current issues but also prepare the corporation and its business portfolio for the future.

FPH understands the significance of the data and information it discloses to measure its performance and impacts. Therefore, the Company is always searching for appropriate frameworks, tools, and reliable partners to ensure that the disclosures are internationally accepted, unbiased, and relevant. The 2022 IR adopted internationally accepted standards in its disclosures, subjecting them to independent third-party assessments and evaluations, and aligning outcomes to global and national aspirations.

More importantly, the report highlighted FPH's successful efforts in terms of the awards and recognitions it has received, as well as the significant and growing economic returns from the capitals it has deployed for its financial capital providers.

20 March 2023
University of Asia and the Pacific
Center for Social Responsibility

Disclaimer:

The UA&P-CSR review team has the necessary competencies and qualifications to maintain independence during the review process. While their assessment report and review of FPH's IR may yield positive outcomes, it should be noted that this engagement does not result in an assurance engagement. The review team only provides professional findings and does not express any assurance. Additionally, it is important to clarify that the views expressed by the review team are their own and may not necessarily reflect the views of UA&P-CSR.

As undersigned, we have conducted a thorough review of FPH's 2022 Integrated Report, as well as the relevant information provided by the management. To fulfill our vetting engagement, we conducted appropriate procedures to determine whether the information presented in the IR is fairly stated, in all material respects, in accordance with the International <IR> Framework.

Our responsibility is to express a conclusion based on our engagement. After careful evaluation, we are pleased to report that the information presented in FPH's 2022 IR is, in our opinion, fairly stated in material respects, in compliance with the International <IR> Framework

The UA&P-CSR Review Team



Dr. Winston Conrad Padojinog is the President of the University of Asia and the Pacific (UA&P) and an associate professor of industrial economics and strategic management. As an expert in the fields of industry dynamics, strategic management, finance, and business sustainability he has externally assured the sustainability reports of various companies in the Philippines. Also, he is a founding member of the Center for School Governance – an NGO aimed at promoting good governance in universities and colleges; sits on the board of the Center for Research and Communication Foundation, Inc. – a think tank that aims to promote inclusive growth and development; and the Jose Jon Tiamsuy Foundation that provides low income student scholarships.

Dr. Winston Conrad Padojinog
President, University of Asia and the Pacific



Mr. Colin Legarde Hubo is currently a global ambassador for the International Integrated Reporting Council (IIRC-London) and holds certifications in various standards such as GRI Standards, <IR> Framework, TCFD Recommendations, SASB Standards, and UN Guiding Principles on Business and Human Rights. In 2022, Mr. Hubo was honored as an ESG, Diversity, and Climate Trailblazer by Diligent (New York) and included in the Modern Governance 100 list. With 30 years of solid work experience and a robust business network in the Philippines and Southeast Asia, he provides advisory services to multiple publicly-listed companies (PLCs) in the Philippines for their non-financial reporting. Mr. Hubo's notable accomplishments include integrating sustainability into the curriculum of UA&P and establishing a professional training program on business sustainability that is accredited by the Philippine Securities and Exchange Commission (SEC). He completed the Wharton Executive Education for Leadership and Management and is presently enrolled in UA&P's Strategic Business Economics Program (SBEP). Before his sustainability advocacy, Mr. Hubo was a Fleishman fellow at Duke University and has worked with projects of Control Risks Group (Manila), IFC-World Bank, UK Embassy Manila and Agence Francaise de Developpement.

Mr. Colin Legarde Hubo
Global Ambassador, International Integrated Reporting Council
Certified Specialist, Task Force on Climate-related Financial Disclosures
Former Stakeholder Council Member, Global Reporting Initiative



Francesca Louisse Cabugoy



Lindsay Anne Estacio



Ernest Marc Castillo



Fernand Francis Hermoso

GRI Standards and <IR> Framework Practitioners
TCFD-certified Specialists
UA&P Center for Social Responsibility

Annex 2A: ESG Data Assurance

Independent Limited Assurance Statement to First Philippine Holdings Corporation

ERM Certification and Verification Services Limited ("ERM CVS") was engaged by First Philippine Holdings Corporation ("FPH") to provide limited assurance in relation to the selected information set out below and presented in the First Philippine Holdings Corporation 2022 Integrated Report (the "Report").

Engagement summary	
Scope of our assurance engagement	Whether the following selected performance data, as indicated within Annex 2B in the Report are fairly presented, in all material respects, in accordance with the reporting criteria: **Environmental** ▪ 301-1 Renewable and non-renewable materials used ▪ 302-1 Energy consumption within the organization ▪ 303-1 Interactions with water as a shared resource ▪ 303-2 Management of water-related impacts ▪ 303-3 Water extracted by the organization ▪ 304-1 and 304-2 Operational sites in protected areas/ Significant impacts of activities, products, and services on biodiversity ▪ 304-3 Habitats protected or restored ▪ 305-1 Direct Greenhouse Gas (GHG) Emissions (Scope 1) ▪ 305-2 Indirect Greenhouse Gas (GHG) Emissions from Purchased Electricity (Scope 2 location-based and market-based) ▪ 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions ▪ 306-3 Waste generated ▪ 306-4 Waste diverted from disposal ▪ 306-5 Waste directed to disposal **Social** ▪ 2-26 Mechanisms for seeking advice and raising concerns ▪ 2-29 Approach to Stakeholder Engagement ▪ 401-1 New employee hires and employee turnover ▪ 403-1 Occupational health and safety management system ▪ 403-2 Hazard identification, risk assessment, and incident investigation ▪ 403-3 and 403-6 Occupational health services ▪ 403-4 Worker participation, consultation, and communication on occupational health and safety ▪ 403-9 and 403-10 Work-related injuries and Ill health ▪ 404-1 Average hours of training per year per employee by gender, and by employee category ▪ 405-1 Diversity of Governance Bodies and Employees ▪ 408 Child labour ▪ 409 Forced labour ▪ 411 Rights of indigenous people ▪ 413 Local communities Our assurance engagement does not extend to information in respect of earlier periods or to any other information included in the Report.

Engagement summary (continued)	
Reporting period	1st January 2022 – 31st December 2022
Reporting criteria	GRI Topic Disclosures Standards (as applicable)
Assurance standard and level of assurance	We performed a limited assurance engagement, in accordance with the International Standard on Assurance Engagements ISAE 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Standards Board. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.
Respective responsibilities	FPH is responsible for preparing the Report and for the collection and presentation of the information within it, and for the designing, implementing and maintaining of internal controls relevant to the preparation and presentation of the selected information. ERM CVS' responsibility is to provide conclusions to FPH on the agreed scope based on our engagement terms with FPH, the assurance activities performed and exercising our professional judgement. We accept no responsibility, and deny any liability, to any party other than FPH for the conclusions we have reached.

Our conclusion

Based on our activities, as described below, nothing has come to our attention to indicate that the 2022 data and information for the disclosures listed under 'Scope' above are not fairly presented in the Report, in all material respects, in accordance with the reporting criteria.

Our assurance activities

Considering the level of assurance and our assessment of the risk of material misstatement of the selected information a multi-disciplinary team of sustainability and assurance specialists performed a range of procedures that included, but was not restricted to, the following:

- Assessing the appropriateness of the reporting criteria for the selected information.
- Interviews with management representatives responsible for managing the selected issues.
- Interviews with relevant staff to understand and evaluate the relevant management systems and processes (including internal review and control processes) used for collecting and reporting the selected disclosures.
- A review at corporate level of a sample of qualitative and quantitative evidence supporting the reported information.
- An analytical review of the year-end data submitted by subsidiaries included in the consolidated 2022 group data for the selected disclosures which included testing the completeness and mathematical accuracy of conversions and calculations, and consolidation in line with the stated reporting boundary.
- In-person visits to First Philippine Industrial Park (FPIP) and First Gen Clean Energy Complex (FGCEC) and virtual visits to First Balfour in the Philippines to review source data and local reporting systems and controls.
- Confirming conversion and emission factors and assumptions used.
- Reviewing the presentation of information relevant to the scope of our work in the Report to ensure consistency with our findings.

The limitations of our engagement

The reliability of the assured information is subject to inherent uncertainties, given the available methods for determining, calculating or estimating the underlying information. It is important to understand our assurance conclusions in this context.

Our independence, integrity and quality control

ERM CVS is an independent certification and verification body accredited by UKAS to ISO 17021:2015. Accordingly we maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements. Our quality management system is at least as demanding as the relevant sections of ISQM-1 and ISQM-2 (2022).

ERM CVS applies a Code of Conduct and related policies to ensure that its employees maintain integrity, objectivity, professional competence and high ethical standards in their work. Our processes are designed and implemented to ensure that the work we undertake is objective, impartial and free from bias and conflict of interest. Our certified management system covers independence and ethical requirements that are at least as demanding as the relevant sections of Parts A & B of the IESBA Code relating to assurance engagements.

The team that has undertaken this assurance engagement has extensive experience in conducting assurance on environmental, social, ethical and health and safety information, systems and processes, and provides no consultancy related services to FPH in any respect.

Gareth Manning
Partner, Corporate Assurance
London, United Kingdom

5 April 2023

ERM Certification and Verification Services Limited
www.ermcvs.com | post@ermcvs.com

Annex 2B: Assured ESG Disclosures

All figures followed by two asterisks (**) were independently assured by ERM-CVS.

Environmental

301-1 Renewable and non-renewable materials used

Business Segment	Units	Total 2022
ENERGY SEGMENT		
FUEL USED		
Water for Hydro (water only passes through the hydro plants, it is not consumed)	tonnes	1,710,338,110.0
Geothermal Steam	tonnes	48,481,115.3
Natural Gas and Condensates	tonnes	2,320,820.3
Materials for Transformers	tonnes	5,602.0
Other Materials (Fuel, oil, spare parts for maintenance, etc.)	tonnes	11,929.5
TOTAL	tonnes	**1,761,157,577.1**
REAL ESTATE *Total Real Estate*		
Construction Material	tonnes	79,004.4
Fuel	tonnes	337.8
Miscellaneous	tonnes	0.0
TOTAL	tonnes	**79,342.2**
CONSTRUCTION AND ENERGY SERVICES		
FUEL CONSUMED		
Fuel for Construction Equipment Fleet	tonnes	4,636.4
Fuel for Drilling Rigs	tonnes	4,003.4
TOTAL	tonnes	**8,639.8**

Note: Construction materials are procured and owned by the subsidiary's clients and hence are not counted towards their material consumption.

Total Renewable Material Use	1,758,819,225.3**	tonnes
Total Non-renewable Material Use	2,429,368.8 **	tonnes
Total Materials Consumed	1,761,245,559.1 **	tonnes

302-1 Energy consumption within the organization

Business Segment	Units	2022 Non-Renewable	2022 Renewable	2022 Total
Power Generation	GJ	46,140,646.9	167,132,228.6	213,272,875.4
Real Estate	GJ	78,448.1	93,535.7	171,983.7
Construction and Energy Services	GJ	312,799.0	892.0	313,691.0
Energy Solutions	GJ	894.3	7,342.2	8,236.5
Head Office	GJ	3.3	1,914.4	1,917.7
FPH GROUP TOTAL	GJ	**46,532,791.5**	**167,235,912.8**	**213,768,704.3****

303-1 Interactions with water as a shared resource; and

303-2 Management of water-related impacts

Water Management. Our water use across FPH is mainly driven by the needs of the power generation segment: water that flows through the hydropower plants to produce electricity, seawater used for cooling the natural gas plants, and groundwater to cool geothermal plants if the use of geothermal brine needs to be augmented. Water for hydropower only passes through the turbines while seawater used for cooling also only passes through the natural gas plants in a non-contact cooling process. Both of these are returned to the environment with few changes in water quality. In the non-power generation subsidiaries, water is mostly used for domestic purposes such as in comfort rooms, pantries, and kitchens; and for irrigation of landscapes.

Effluent Management. All our businesses comply with national and local regulations for the appropriate treatment of wastewater before its release to the environment. All of our offices produce domestic wastewater; this is collected and treated in the wastewater systems of the properties in which we hold office. In our real estate segment, each property has its own wastewater management system that treats the wastewater before release into the nearest bodies of water, in compliance with all pertinent regulations on effluent water quality. For our construction and energy services segment, wastewater from construction and drilling activities is managed by their clients. More details on wastewater treatment and its pathway for each of our business segments can be found in our 2020 Integrated Report, available on our website.

303-3 Water extracted by the organization

Business Segment	Units	2022 Water Utility	2022 Ground Water	2022 Surface Water	2022 Rain-water	2022 Recycled Water	2022 Seawater	2022 Total
Power Generation	Mega Liters	1,666,691.6	1,776.1	44,703.0	-	-	1,118,487.2	2,831,657.9
Real Estate	Mega Liters	621.0	9,537.7	-	-	18.1	-	10,176.8
Construction and Energy Services	Mega Liters	76.7	59.4	-	1.8	0.1	-	138.0
Energy Solutions	Mega Liters	3.5	-	-	-	-	-	3.5
Head Office	Mega Liters	0.4	-	-	-	-	-	0.4
FPH GROUP TOTAL	Mega Liters	**1,667,393.2**	**11,373.1**	**44,703.0**	**1.8**	**18.2**	**1,118,487.2**	**2,841,976.6 ****

304-1 and 2 Operational sites in protected areas/ Significant impacts of activities, products, and services on biodiversity

304-3 Habitats protected or restored

See pages 112-115 of the Natural Capital section.

305-1 Direct Greenhouse Gas (GHG) Emissions (Scope 1)

Business Segment	Units	2022 Total
Power Generation	tCO2e	6,696,641.8
Real Estate	tCO2e	989.0
Construction and Energy Services	tCO2e	11,859.6
Energy Solutions	tCO2e	65.7
Head Office	tCO2e	187.9
FPH GROUP TOTAL	tCO2e	**6,709,744.0****

305-2 Indirect Greenhouse Gas (GHG) Emissions from Purchased Electricity (Scope 2)

Business Segment	Units	2022 Location-based Emissions	2022 Market-based Emissions
Power Generation	tCO2e	4,345.2	3,324.7
Real Estate	tCO2e	31,355.8	15,118.6
Construction and Energy Services	tCO2e	376.8	349.3
Energy Solutions	tCO2e	1,126.0	245.5
Head Office	tCO2e	1,139.8	0.0
FPH GROUP TOTAL	tCO2e	**38,343.6****	**19,038.1****

305-7 Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions

Our businesses emit other air emissions that include carbon monoxide, nitrogen oxides, sulfur oxides, and total suspended particulates. Most of these are emitted by the natural gas power plants of our energy segment, followed by the generator sets of construction and energy services segment for drilling geothermal wells, and the generator sets of our real estate segment used to provide backup power in case of power interruptions. All sources of air emissions are monitored and emission concentrations remain within allowable limits as prescribed by the national government.

306-3 Wasted Generated

Business Segment	Units	Non-Hazardous Waste	Hazardous Waste	2022 Total
Energy	tonnes	1,216.6	699.0	1,915.6
Real Estate	tonnes	5,235.9	21.9	5,257.9
Construction and Energy Services	tonnes	2,194,207.3	8,140.4	2,202,347.7
FPH GROUP TOTAL	tonnes	**2,200,659.9**	**8,861.3**	**2,209,521.2**

Notes:
Total waste generation includes waste stored on-site still in preparation for final disposal.
Energy segment includes both the Power Generation and Energy Solutions sub-segments.

306-4 Waste diverted from disposal and **306-5** Waste directed to disposal

Business Segment	Units	Non-hazardous Waste			
		Composted	Recycled	Landfill	2022 Total
Energy	tonnes	112.7	317.2	785.2	1,215.1
Real Estate	tonnes	0.0	429.0	4,807.0	5,235.9
Construction and Energy Services	tonnes	0.0	466,654.1	1,727,553.3	2,194,207.3
FPH GROUP TOTAL	tonnes	**112.7**	**467,400.2**	**1,733,145.5**	**2,200,658.4****

Business Segment	Units	Hazardous Waste			
		Composted	Recycled	Landfill	2022 Total
Energy	tonnes	0.0	566.4	129.5	695.9
Real Estate	tonnes	0.0	21.2	0.0	21.2
Construction and Energy Services	tonnes	0.0	903.4	0.0	903.4
FPH GROUP TOTAL	tonnes	**0.0**	**1,490.9**	**129.5**	**1,620.5****

Social

2-7 Employees

Permanent Employee Count	2022		
	Male	Female	Year Total
Power Generation	**1,362**	628	1,990
Real Estate	**517**	534	1,051
Construction and Energy Services	**260**	118	378
Energy Solutions	**225**	42	267
Head Office	**48**	52	100
TOTAL	**2,412****	**1,374****	**3,786****
Temporary Employee (count)			
Power Generation	**126**	29	155
Real Estate	**31**	20	51
Construction and Energy Services	**3,159**	284	3,443
Energy Solutions	**2**	1	3
Head Office	**8**	2	10
TOTAL	**3,326****	**336****	**3,662****
FPH Group Total Employees (Temporary and Permanent)	**5,738****	**1,710****	**7,448****

401-1 New employee hires and employee turnover

New Hires (count)	2022		
	Male	Female	Year Total
Power Generation	**110**	65	175
Real Estate	**231**	162	395
Construction and Energy Services	**2,942**	188	3,130
Energy Solutions	**51**	12	63
Head Office	**8**	11	19
FPH GROUP TOTAL	**3,342****	**438****	**3,780****

Employee Turn Over (count)	2022		
	Male	Female	Year Total
Power Generation	154	51	205
Real Estate	128	113	241
Construction and Energy Services	1,980	124	2,104
Energy Solutions	58	7	65
Head Office	8	9	17
FPH GROUP TOTAL	**2,328 ****	**304 ****	**2,632 ****

404-1 Average hours of training per year per employee by gender, and by employee category

Average Training (in hours) per Gender	2022		
	Male	Female	Average
Power Generation	21.1	22.5	21.5
Real Estate	18.8	19.4	19.1
Construction and Energy Services	5.9	9.9	6.4
Energy Solutions	45.8	48.9	46.3
Head Office	11.3	20.1	15.6
FPH GROUP TOTAL	**12.7 ****	**19.1 ****	**14.2 ****
Average Training (in hours) per Gender and Rank for FPH Group**			
Sr. Management	12.8	20.1	15.3
Management	20.5	22.7	21.3
Supervisory	22.4	24.4	23.1
Non-Supervisory	9.7	14.5	10.5

405-1 Diversity of Governance Bodies and Employees

Board of Directors (2022)	Count **
Male	11
Female	4
Total	15

Total Employee Count (per gender)	2022	
	Male	Female
Power Generation	1,488	657
Real Estate	548	554
Construction and Energy Services	3,419	402
Energy Solutions	227	43
Head Office	56	54
FPH GROUP TOTAL	**5,738 ****	**1,710 ****

403-1 Occupational health and safety management system
403-2 Hazard identification, risk assessment, and incident investigation
403-3 and **6** Occupational health services
403-4 Worker participation, consultation, and communication on occupational health and safety

The group's Occupational Health and Safety Management Systems (OHSMS) is administered by the Quality, Environment, Health and Safety (QESH) team of our head office to ensure that every subsidiary upholds the highest level of quality and standard in attaining employee health and safety. With the diverse nature of our businesses, our subsidiary's health and safety teams are empowered to implement an OHSMS adaptive to their operational and project requirements. While employees and contractors are expected to manage safety concerns at their respective workstreams, our operational projects and sites have dedicated safety officers that regularly monitor health and safety concerns. This is aligned with standard operating procedures prescribed by corporate policies, as well as local and national regulations on health and safety. The OHSMS of our subsidiaries First Gen Corporation (PMPC and FGHPC), Energy Development Corporation, and First Balfour Inc. are certified under ISO 45001:2018.

In addressing work-related hazards, a risk management approach is implemented by the group. These are identified through routine walkdowns and non-routine safety observations, which are logged in our OHSMS. Escalation procedures on work-related safety incidents are also detailed in our OSHMS to ensure that these are properly addressed. Controls are also in place to avoid future recurrence. Subsequently, our Occupational Health (OH) team regularly conducts Health Risk Assessments (HRA) to mitigate and address illnesses and diseases in the workplace.

403-9 and 10 Work-related injuries and Ill health

SUMMARY OF 2022 HEALTH AND SAFETY DATA FOR ALL EMPLOYEES

		POWER GENERATION	REAL ESTATE	CONSTRUCTION AND ENERGY SERVICES	ENERGY SOLUTIONS	
Line Item	Units	First Gen	FPIP	First Balfour	First Philec	FPH TOTAL**
Actual Manhours Worked	Total Hours	5,120,707.80	166,688.19	9,029,286.60	492,488.00	14,809,170.59
Work Related Fatalities due to injury	No. of cases	0	0	0	0	0
Work Related Fatalities due to ill health	No. of cases	0	0	0	0	0
Lost Time Incidence	No. of cases	1	0	0	0	1
Disabling Injury/Lost Time						
a. Recovery < 6 months	No. of cases	1	0	0	0	1
b. Recovery > 6 months	No. of cases	0	0	0	0	0
c. Total days charged for the disabling injury/illness	No. of days	0	0	0	1	1
Recordable Work-Related Injury						
a. Injury resulting to restricted work activity	No. of cases	0	0	0	0	0
b. Medical Treatment	No. of cases	4	0	0	4	8
Recordable work-related ill health	No. of cases	0	0	0	0	0
Close Call /Near Misses	No. of cases	1	0	7	154	162

Fatality Rate Fatalities per hours worked	0.00	0.00	0.00	0.00	0.00
Lost Time Incidence High Consequence work-related injury (excluding fatalities) per hours worked	0.04	0.00	0.00	0.00	0.07
Recordable Work-related Injury Rate (Frequency rate) Recordable work-related injury per hours worked	0.20	0.00	0.00	1.62	0.12
Disabling Injury/Illness Severity Rate Total days lost per total per hours worked	0.00	0.00	0.00	0.41	0.01
Near Miss Rate No. of cases of near misses per work-hours worked	0.04	0.00	0.16	62.54	2.19

408 Child labour

Neither FPH nor its subsidiaries employ children; our supplier and vendor assessments include adherence to national laws, which contain laws against child labor and forced labor. FPH is the benchmark on child rights in Southeast Asia by the Global Child Forum. In mitigating child labor, we ensure that we only hire employees of legal age whose credentials have met the minimum requirements set in the designated job descriptions. We have corporate policies in place to prevent child labor at our operations. Our social safeguards policies can be accessed in our company website (*www.fphc.com*).

409 Forced labour

Neither FPH nor its subsidiaries engage in forced labor; our supplier and vendor assessments include adherence to national laws, which contain laws against child labor and forced labor. In mitigating forced labor, we are compliant with local and national labor laws and ensure our employment contracts are signed with the mutual agreement between the employee and the company. We have corporate policies in place to prevent forced labor at our operations. Our social safeguards policies can be accessed in our company website (*www.fphc.com*).

411 Rights of indigenous people

One of our power assets, Mt. Apo Geothermal Project is operating within the area of Indigenous Peoples. For this sector, we are guided by the GRI 411 as well as the Indigenous Peoples' Rights Act of the country (RA 8371). Based on the law, we respect the four bundles of rights of our host IP community, namely: a) right to their ancestral domain, b) right to self-governance and empowerment, b) right to social justice and human rights and d) right to cultural integrity. We have corporate policies in place to uphold the rights of IPs within our areas of operations. Our social safeguards policies can be accessed in our company website (*www.fphc.com*).

413 Local communities

We have implemented engagement mechanisms with the communities situated in our areas of operations, and our power generation segment is compliant with national regulations on benefits sharing with communities that host our power plants. Creating meaningful engagements with our host and local communities allows us to acquire social license to operate in various parts of the country. Additional details on our activities for our local communities can be found at the Social and Relationship Capital section at page 135-137.

2-29 Approach to stakeholder Engagement
2-26 Mechanisms for seeking advice and raising concerns

Our disclosures for GRI 2-26 and 2-29 are found in our *Stakeholder Engagement* section on page 50. A deep dive of how stakeholders can raise concerns through our grievance redress mechanisms (GRM) can be found at *Social and Relationship Capital* at pages 133-134.

Annex 3: Awards and Recognitions

Sustainability and Integrated Reporting

Bronze Award on Asia's Best Integrated Report (Value Creation) for First Gen Corporation
2021 Asian Integrated Reporting Awards, CSRWorks International

Silver Award on Asia's Best Integrated Report (Integrated Thinking) for First Gen Corporation
2021 Asian Integrated Reporting Awards, CSRWorks International

Bronze Award on Asia's Best Integrated Report (Integrated Thinking) for Energy Development Corporation
2021 Asian Integrated Reporting Awards, CSRWorks International

Finalist, Asia's Best Integrated Report (Large Company, CEO Message, Value Creation, and Integrated Thinking categories) for First Philippine Holdings*
2022 Asian Integrated Reporting Awards, CSRWorks International

Finalist, Asia's Best Integrated Report (CEO Message, Value Creation, and Integrated Thinking categories) for First Gen Corporation*
2022 Asian Integrated Reporting Awards, CSRWorks International

Finalist, Asia's Best Integrated Report (Value Creation), Finalist Asia's Best Sustainability Report (Private Company) and CEO Letter for Energy Development Corporation
2022 Asian Integrated Reporting Awards, CSRWorks International

Finalist, Asia's Best Integrated Report (Value Creation Category) for Energy Development Corporation
2022 Asian Integrated Reporting Awards, CSRWorks International

** Winners are still being assessed as of issuance of this report*

Corporate Governance

Three (3) Golden Arrow Recognition for First Philippine Holdings Corporation
ASEAN Corporate Governance Scorecard (ACGS) Golden Arrow Awards, Institute of Corporate Directors

Four (4) Golden Arrow Recognition for First Gen Corporation
ASEAN Corporate Governance Scorecard (ACGS) Golden Arrow Awards, Institute of Corporate Directors

ASEAN Asset Class Award for First Philippine Holdings Corporation
2021 ASEAN Corporate Governance Scorecard Awards, Institute of Corporate Directors

ASEAN Asset Class Award for First Gen Corporation
2021 ASEAN Corporate Governance Scorecard Awards, Institute of Corporate Directors

Business Excellence

Winner, Philippine Excellence in Concrete Construction Awards for First Balfour's Novaliches-Balara Aqueduct 4 (NBAQ4) Project
Philippine Constructors Association

Winner (Infrastructure Category), Premio Obras CEMEX 2022 for First Balfour's Cebu-Cordova Link Expressway (CCLEX) Project
CEMEX

Sustainability Award for First Philec
Coil Winding, Insulation and Electrical Manufacturing Exhibition (CWIEME)

Finalist on Tech for Environment, Social, and Governance (ESG) for First Philec
2022 ASEAN Innovation Business Platform Awards

Top 10 Transmission and Distribution Companies in Asia and Pacific at the 2022 October issue for First Philec
Utilities Tech Outlook Magazine

Stakeholder Engagement and People Management

2nd Runner up for Gender Inclusive Marketplace for First Philippine Holdings
Women Empowerment Principles (WEPs) Awards Philippines, UN Women

Best Company to Work in Asia for Energy Development Corporation
HR Asia

Employee Health and Safety

12th Gawad Kaligtasan at Kalusugan National Silver Awardee for Energy Development Corporation – Mount Apo Geothermal Project
Department of Labor and Employment - Occupational Safety and Health Center

12th Gawad Kaligtasan at Kalusugan National Silver Awardee for First Gen Corporation – First Gas Power Corporation (FGPC)
Department of Labor and Employment - Occupational Safety and Health Center

12th Gawad Kaligtasan at Kalusugan Region 4A OSH Champion for First Gen Corporation – First Gas Power Corporation (FGPC)
Department of Labor and Employment - Occupational Safety and Health Center

12th Gawad Kaligtasan at Kalusugan National Silver Awardee for First Gen Corporation – First NatGas Power Corporation (FNPC)
Department of Labor and Employment - Occupational Safety and Health Center

12th Gawad Kaligtasan at Kalusugan Region 4A OSH Champion for First Gen Corporation – First NatGas Power Corporation (FNPC)
Department of Labor and Employment - Occupational Safety and Health Center

12th Gawad Kaligtasan at Kalusugan Region 4A OSH Champion for First Gen Corporation – FGP Corporation (FGP)
Department of Labor and Employment – Occupational Safety and Health Center

Titanium Corporate Safety and Health Excellence Award for Energy Development Corporation – Burgos Wind Power Corporation
Department of Energy – Safety & Health Association of the Philippine Energy Sector, Inc. (DOE-SHAPES)

Titanium Corporate Safety and Health Excellence Award for Energy Development Corporation – Bacman Geothermal Inc.
Department of Energy – SHAPES

Titanium Corporate Safety and Health Excellence Award for Energy Development Corporation – Bacon Manito Geothermal Project
Department of Energy – SHAPES

Titanium Corporate Safety and Health Excellence Award for Energy Development Corporation – Green Core Geothermal, Inc
Department of Energy – SHAPES

Titanium Corporate Safety and Health Excellence Award for Energy Development Corporation – Mount Apo Geothermal Project
Department of Energy – SHAPES

Titanium Corporate Safety and Health Excellence Award for Energy Development Corporation – Tongonan I Geothermal Power Plant
Department of Energy – SHAPES

Employee Health and Safety

Gold Corporate Safety and Health Excellence Award for Energy Development Corporation – Upper Mahiao Project
Department of Energy – SHAPES

Bronze Safety and Health Excellence Award for First Gen Corporation – FGP Corporation (FGP)
Department of Energy – SHAPES

Platinum Corporate Safety and Health Excellence Award for First Gen Corporation – First Gas Power Corporation (FGPC)
Department of Energy – SHAPES

Gold Corporate Safety and Health Excellence Award for First Gen Corporation – First NatGas Power Corporation (FNPC)
Department of Energy – SHAPES

Gold Corporate Safety and Health Excellence Award for First Gen Corporation – Prime Meridian PowerGen Corporation (PMPC)
Department of Energy – SHAPES

Award of Excellence for First Gen Corporation – First Gen Clean Energy Complex (FGPC, FGP, FNPC)
Safety Organization of the Philippines, Inc.

Environment Initiatives

Best Environmental Initiatives Award for Energy Development Corporation – Bacon Manito Geothermal Project
Department of Environment and Natural Resources (DENR)- Environmental Management Bureau 5

Best Practices in Waste Management for First Philippine Industrial Park (FPIP)
Department of Environment and Natural Resources

Best Local Currency Green Bond for Energy Development Corporation'
The Asset

Education

Kabalikat Awardee-Industry Category (outstanding private sector partner in strengthening technical vocational education and training (TVET) among Filipinos) for Energy Development Corporation's KEITECH Educational Foundation, Inc.
Technical Education and Skills Development Authority (TESDA)

Public Relations and Corporate Social Responsibility

Public Relations Programs – Public Relations Programs on a Sustained Basis (Responsible Citizenship) for Employee Power (EMPOWER) Program of First Gen Corporation
57th ANVIL Awards, Public Relation Society of the Philippines

Public Relations Tool – Exhibit, and Special Events for Seatizen Webinar Series (Seatizen Stories, Seatizen Travels) of First Gen Corporation
57th ANVIL Awards, Public Relation Society of the Philippines

Annex 4: External Engagements

2022 FPH External Advocacy and Engagements

Below are the external engagements of FPH mobilizing 11,666 participants in 27 events for climate action and stakeholder empowerment.

Civil Society Organizations
- National Council of Women: "Climate Change and my Carbon Footprint" (February 17, 2022)
- Haribon Foundation: "Biodiversity—Our Next Crisis" (August 27, 2022)

Academe
- University of the Philippines National Service Training Program: "Let's Put Our Act Together on Climate" (March 14, 2022)
- National University: "Maintaining the Balance of Life on Earth: Acting on Climate Emergency" (June 22, 2022)
- University of the Philippines National Service Training Program: "Let's Put Our Act Together on Climate" (October 10,2022)
- Asian Institute of Management: "Implementing Sustainability in the Philippine Banking and Corporate Sectors" (November 10, 2022)

Government
- Department of Human Settlements and Urban Development: Resilient and Green Settlement Framework (March 22, 2022)
- Department of Science and Technology Innovation Council: Research Agenda Consultation (August 12, 2022)
- Climate Summit, House of Representatives (September 22, 2022)
- Department of Environment and Natural Resources: "Multi-stakeholder Forum" (October 5-7, 2022)

Business
- First Balfour's Vendors – "GHG Accounting" (February 17, 2022)
- Net Zero Carbon Alliance Partners Assembly – (March 31, 2022)
- Securities and Exchange Commission & Global Reporting Initiative – Harmonizing Sustainability Frameworks in FPH (June 13, 2022)
- Employers Confederation of the Philippines – Green Jobs Consultation(June 28, 2022)
- Commission on Human Rights – "Embracing Human Rights in Business" (July 14, 2022)
- S & P Global – "Sustainable Summit" (August 2, 2022)
- Net Zero Carbon Alliance Partners Assembly – September 23, 2022)
- Philippine Stock Exchange & Securities and Exchange Commission – "Corporate Governance Forum" (November 25, 2022)
- SM Prime Holdings & World Wildlife Fund (WWF) Philippines – "United for Climate" (November 28, 2022)
- First Balfour and their Vendors – Vendor's Forum (December 2, 2022)

Customers
- First Gen Power Marketing: Putting our Act Together for Climate (April 22, 2022)
- First Philec & Meralco Sustainability Conference (February 2022)

Public/Multi-stakeholders
- Asia-Pacific ESG: "Unleashing the FPH Mission Through ESG" (February 11, 2022)
- National Resilience Council and UN Office for Disaster Risk Reduction: "Embedding Disaster Risk Reduction in Business Operations" (April 8, 2022)
- Department of Environment and Natural Resources: "Radyo Klima – Climate Change and Renewable Energy" (June 24, 2022)
- Green Convergence: Green State of the Nation (August 26, 2022)
- Climate Change Commission: "Climate Investment Forum" (November 21, 2022)

Annex 5: Research and Publications of OML Center

Research and Publications

Oscar M. Lopez Center (2022). Primer on the IPCC Assessment Report 6 Working Group 2 (AR6 WG2) Contribution. Available at
https://assets.adobe.com/public/ca2fdb66-1d77-447b-43b6-edb76eed845f

The primer explains what makes the AR6 WG2 different from the AR6 Working Group 1 released in 2021, and from the AR6 Working Group 3 set for release in April 2021. The primer also gives an overview of the report's significance to the Philippines.

Oscar M. Lopez Center (2022). Highlights: IPCC AR6 WG2 and Its Relevance to the Philippines. Available at
https://assets.adobe.com/public/8d2d1a68-9f35-41ac-58e0-fa0e7abf725d/2022_03%20IPCC%20AR6%20WG2%20Highlights.pdf

This document highlights the new insights found in the AR6 WG2 report, including on food, water, cities and settlements, migration,and health. The document also summarizes why the report underscores the increased urgency to take action and its assessment of ongoing adaptation policies and practices.

In addition, the OML Center put together a table that shows some of the climate impacts and projected risks specific to the Philippines, as well as the relevant adaptation measures identified in the report

Oscar M. Lopez Center (2022). Key Takeaways from the AR6 WG2. Available at
https://assets.adobe.com/public/8d2d1a68-9f35-41ac-58e0-fa0e7abf725d/2022_03%20IPCC%20AR6%20WG2%20Media%20Release.pdf

This document highlights the key takeaways from the IPCC AR6 WG2 report and shares some quick insights from the Filipino IPCC AR6 WG2 authors: Dr. Rodel D. Lasco (OML Center), Dr. Juan M. Pulhin (UPLB-INREM), and Dr. Rosa T. Perez (Manila Observatory).

Bollettino, V. & Manzanero, L.I. (2022). Climate Change and Civil-Military Coordination in the Philippines: How climate change disasters will impact aid delivery in areas affected by conflict. *Climate Disaster and Development Journal*, 13-22.
https://doi.org/10.18783/cddj.v005.i01.a02

The research reveals significant challenges in protecting the integrity of independence of both military and humanitarian actors in areas impacted by both conflict and disaster, and underscores the need for principled humanitarian civil-military coordination to avert threats to both humanitarian and disaster-affected populations. The findings are particularly relevant to South East Asia where the use of the military in disaster response is common. The findings also underscore the need for research on the role of militaries in responding to disasters in light of anticipated impacts of climate change.

Oscar M. Lopez Center (2022). Fact Sheet: Climate Change and Limiting Warming to 1.5°. Available at
https://doi.org/10.18783/cddj.v005.i01.a02

This fact sheet focuses on the basics of climate change, including what differentiates climate from weather, how climate change impacts are felt in the Philippines, and what limiting global warming to 1.5° means.

Oscar M. Lopez Center (2022). Fact Sheet: Addressing Climate Change. Available at
https://assets.adobe.com/public/8d2d1a68-9f35-41ac-58e0-fa0e7abf725d/Addressing%20Climate%20Change.pdf

This fact sheet answers frequently asked questions related to climate action, such as the impact of clean energy, differentiating adaptation and mitigation, and what appropriate action to climate hazard means.

Oscar M. Lopez Center (2022). Fact Sheet: Climate Change and Risk Management. Available at
https://assets.adobe.com/public/8d2d1a68-9f35-41ac-58e0-fa0e7abf725d/Climate%20Change%20and%20Risk%20Management.pdf

This fact sheet outlines the climate-related risks that affect the Philippines and how these impact various sectors. It also outlines how the Philippine government supports action on climate change.

Ricarte, P., Vista, A., Rañola, R., Jr., & Briones, N. (2022). Enhancing Adaptive Capacity to Flooding of Households: Evidence from Lakeshore Communities of Pila, Laguna, Philippines. *Climate Disaster and Development Journal*, 23-24.
https://doi.org/10.18783/cddj.v005.i01.a03

This document highlights the key takeaways from the IPCC AR6 WG2 report and shares some quick insights from the Filipino IPCC AR6 WG2 authors: Dr. Rodel D. Lasco (OML Center), Dr. Juan M. Pulhin (UPLB-INREM), and Dr. Rosa T. Perez (Manila Observatory).

Bollettino, V. & Manzanero, L.I. (2022). Climate Change and Civil-Military Coordination in the Philippines: How climate change disasters will impact aid delivery in areas affected by conflict. *Climate Disaster and Development Journal*, 13-22.
https://doi.org/10.18783/cddj.v005.i01.a02

The main objective of this paper is to measure adaptive capacity to cope with the effects of flooding of households in lakeshore communities of Pila, Laguna, Philippines, a municipality with high vulnerability to climate change. Overall, the findings suggest that there is a need to prioritize households with low adaptive capacities and be given necessary local government support. Results also suggest the use of appropriate weights for estimating the adaptive capacity index.

As part of its Sea Level Rise (SLR) Project, the Center published SLR Profiles which contain an overview of selected regions, tide gauge rates processed by the Project CSLR-Phil, and the synthesized impact and adaptation strategies from completed and peer-reviewed works in these regions.

- SLR Profile for Regions I and II available at
  https://assets.adobe.com/public/de28b1ba-55e1-4671-6f9b-59ea76d6e174
- SLR Profile for Region III and NCR available at
  https://assets.adobe.com/public/eee04e4f-9268-47c1-6c80-26ae23f74c4d
- SLR Profile for Regions IV-A and IV-B available at
  https://assets.adobe.com/public/08c62e27-07ae-40db-4f76-39b3f4774f9a
- SLR Profile for Regions V and VIII available at
  https://assets.adobe.com/public/440f1e2a-d28c-45c2-4707-adf40b32cf03
- SLR Profile for Regions VI and VII available at
  https://assets.adobe.com/public/c219f428-62b2-40f4-688a-44d6af6f8944
- SLR Profile for Regions IV and X available at
  https://assets.adobe.com/public/3ab00fd9-a265-4d43-4640-5f73a66df919
- SLR Profile for Regions XI and XIII available at
  https://assets.adobe.com/public/f8e57324-a98e-47a4-576b-ee970f54766a

Pulhin, F., Alonte, M.C.D., Basug, E.R., Bayangos, A.D.C., Cruz, R.V.O., Cura, A.L.B., Espaldon, M.V.O., Lasco, R.D., Macapagal, M.D., Pangilinan, M.J.Q., Rebuelta-Teh, A. & Tiongson, P.V.A. (2022) Development of a Climate Responsiveness Framework for the Philippines' Environment and Natural Resources Management Sector. Philipp J Sci 151(4): 1523-1539. *https://doi.org/10.56899/151.04.19*

The article looked at the implications of recent climate science findings on the 10 priority programs of the Philippines' Department of Environment and Natural Resources (DENR). The study included defining the impacts of climate change on natural ecosystems, developing a framework for assessing the climate responsiveness of the DENR programs, and recommendations for policymakers.

Vista, L., Dizon, J., Quimbo, M.A. & Vista, A. (2022). Disaster Preparedness Index of Households and Selected Local Government Units in Laguna, Philippines. *Climate Disaster and Development Journal*, 5(1), 35-49. *https://doi.org/10.56899/151.04.19*

The study was conducted to describe the assets or capitals and determine the level of disaster preparedness index (DPI) of the selected flood-prone households, barangays, and municipalities in the Province of Laguna. Overall assessment shows that cascading disaster preparedness programs from municipal to barangay, and eventually to household, is not fully implemented.

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- Lasco, R.D. "Quo vadis, sustainable development?", Philippine Daily Inquirer. 23 January 2022.
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- Sarmiento, K.M.P., Torres, A.G. & Bagulbagul, V.A.A. "ELEVENTH HOUR: Why is the latest IPCC Assessment Report relevant to Filipinos?", Manila Bulletin. 3 March 2022.
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- Sarmiento, K.M.P. "ELEVENTH HOUR: PH scientists' call for the next admin to prioritize climate emergency", Manila Bulletin. 2 June 2022.
- Lasco, R.D. "A silent killer in our midst", Philippine Daily Inquirer. 13 June 2022.

Articles from the Balangay Media Project:

- Mariano, T.L., Tan Singco, M.T.A.J., Baguisi, I.T.M. & Lusterio, A.C.D. "ELEVENTH HOUR: Linking climate data and stories to amplify the voice of at-risk communities". Manila Bulletin. 10 February 2022.
- Lumbres, R.C., Torres, J.M., Sister, E., Roque, N., Montajes, M., Sister, A. & Tipay, R. "ELEVENTH HOUR: Animating local climate research through 'Sanga Pulo' media campaign". Manila Bulletin. 17 February 2022.
- Maliao, R.R., Cahilig, R.C., Jaspe, B.T. & Cahilig, R.R. "ELEVENTH HOUR: Traditional knowledge is a common thread that runs through climate action and resilience building". Manila Bulletin. 24 February 2022.

Other Works:

Dr. Rodel D. Lasco is one of the coordinating lead authors of the chapter on Food, Fibre, and Other Ecosystem Products in *Climate Change 2022: Impacts, Adaptation and Vulnerability*, the contribution of Working Group II (WGII) contribution to the Sixth Assessment Report (AR6) of the IPCC. More information on the report is available at *https://www.ipcc.ch/report/ar6/wg2/*.

Dr. Rodel D. Lasco is one of the drafting authors of the Summary for Policymakers (SPM) presenting the key findings of the IPCC AR6 WGII. The IPCC AR6 WGII SPM is available for download at *https://www.ipcc.ch/report/ar6/wg2/downloads/report/IPCC_AR6_WGII_SummaryForPolicymakers.pdf*.

Dr. Rodel D. Lasco was featured in Episode 4 on "COP26 and What It Means to the Philippines" of the Philippine Social Science Council's Usapang Sosyal series. More information available at *https://www.omlopezcenter.org/usapang-sosyal-ep4-cop26-philippines/*

Dr. Rodel D. Lasco was one of the signatories of a statement released by climate change experts published on 25 April 2022 calling for the next Philippine administration to prioritize and take urgent action on the climate emergency. Read the full statement at *https://sites.google.com/omlopezcenter.org/philippinesclimateagenda2022/home*

Dr. Rodel D. Lasco was one of three IPCC authors interviewed by Eco-Business for The EB Podcast in the episode "Relentless work, for no money: Southeast Asian climate scientists share their IPCC experience". Read about the episode at *https://www.eco-business.com/podcasts/relentless-work-for-no-money-southeast-asian-climate-scientists-share-their-ipcc-experience/*

Dr. Rodel D. Lasco was interviewed by Teka Teka News in the podcast episode "300,000 more could die of hunger by 2050 if we don't fight climate change". Released on 16 May 2022, the interview focused on how climate change affects and can further affect food security.

Alfi Lorenz Cura was interviewed by the Teka Teka News in the podcast episode "*After generations of neglect, can we still make our cities sustainable?*". Released on 2 September 2022, the interview focused on defining sustainability and how it can be put into practice.

Annex 6: Content Index

<IR>	Integrated Reporting Framework
GRI	Global Reporting Initiative Standards for Sustainability Reporting
SASB	Sustainability Accounting Standards Board
SDG	Sustainable Development Goals
TCFD	Task Force on Climate-related Financial Disclosures
UNGP-BHR	United Nations' Guiding Principles on Business and Human Rights

Material Topics	IR	GRI	SASB	TCFD	UNGP-BHR	SDG	Page number and other remarks
GENERAL INFORMATION							
	About the Report	**2-1** Organizational details					21
		2-2 Entities included in organization's sustainability reporting					4
		2-3 Reporting period, frequency, contact point					4
		2-5 External assurance					External assurance of ESG data: pages 194-203 Third party review for adherence to <IR> elements and principles; pages 186-193
	Certification from the Board						5
	Chairman's Message	**2-22** Statement of sustainable development strategy					8
	About the Company						23
	Value Creation Process	**2-6** Activities, value chain and other business relationships					23, 146
		3-1 Process to determine material topics					47
		3-2 List of material topics					48
		3-3 Management of material topics					2020 FPH Integrated Report, Annex 3, pages 212-214
ECONOMIC							
Economic Performance	Financial Capital						7, 87
Economic Value Distributed	Financial Capital	**201-1** Direct economic value generated and distributed				SDG 8	90
Financial Implications of Climate Change		**201-2** Financial implications and other risks and opportunities due to climate change	**IF-RE-450a.2** Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	Governance, Strategy, Risk Management, Metrics & Targets		SDG 13	66, 80, 155

Material Topics	IR	GRI	SASB	TCFD	UNGP-BHR	SDG	Page number and other remarks
ENVIRONMENTAL							
Climate Action						SDG 13	80
GHG Emissions	Natural Capital	**305-1** Direct (Scope 1) GHG emissions	**IF-EU-110a.1** Greenhouse Gas Emissions & Energy Resource Planning	Governance, Strategy, Risk Management and Metrics and targets		SDG 13	105
		305-2 Energy indirect (Scope 2) GHG emissions				SDG 13	105
		305-3 Other indirect (Scope 3) GHG emissions				SDG 13	105
Emissions and Air Quality	Natural Capital	**305-7** Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	**IF-EU-120a.1** Air Quality: Air emissions of the pollutants			SDG 13	106
Energy Consumption, Efficiency, and Management	Natural Capital	**302-1** Energy consumption within the organization	**RT-EE-130a.1** (1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable			SDG 7	102
Materials and Resource Use	Natural Capital	**301-1** Materials used by weight or volume				SDG 12	106
Water Management	Natural Capital	**303-1** Interactions with water as a shared resource	**IF-EU-140a.3** Water Management: Description of water management risks and discussion of strategies and practices to mitigate those risks			SDG 6	110
		303-2 Management of water discharge-related impacts	**IF-EU:06** **IF-EU-140a.2** Water Management: Description of water management risks and discussion of strategies and practices to mitigate those risks			SDG 6	2020 FPH Integrated Report, pages 138-139
		303-3 Water withdrawal	**IF-RE 140.a1** **TC-ES-140 a.1** **IF-EU-140a.1** Water Management: Total Water Withdrawn			SDG 6	111
Wastes and Waste Management	Natural Capital	**306-3** Waste generated	**RE-EE-150a.1** **TC-ES-150.1** Amount of hazardous waste generated, percentage recycled			SDG 12	109
		306-4 Waste diverted from disposal	**IF-EU:06** **RT-EE-150a.1**			SDG 12	109
		306-5 Waste directed to disposal	**IF-EU:06**			SDG 12	109
Land Use and Biodiversity	Natural Capital	**304-1**					
		304-2					
		304-3 Habitats protected or restored				SDG 14 and 15	112
Supplier Environmental Assessment	Social Capital	**308-1** New suppliers that were screened using environmental criteria					132, 164
Environmental Compliance	Governance	**307-1** Non-compliance with environmental laws and regulations					The FPH group ensures compliance with all laws and regulatory requirements.

Material Topics	IR	GRI	SASB	TCFD	UNGP-BHR	SDG	Page number and other remarks
SOCIAL							
Talent Recruitment and Management	Human Capital	**2-7** Employees				SDG 8	116
		401-1 New employee hires and employee turnover				SDG 8	117
Employee Training and Education	Human Capital	**404-1** Average hours of training per year per employee				SDG 8	119
		404-2 Programs for upgrading employee skills			Human Rights Training	SDG 8	119-120 Our training and development programs are delivered through our learning-on-demand platforms, online webinars, self-paced learnings, and in-person training. We regularly offer these types of training to employees:: • Employee Effectiveness • Functional/Technical • Leadership and Strategy • People Management • Personal Wellness and Development • Regulatory, Compliance and Governance (ESG)
Labor and Management Relations	Human Capital	**402-1** Labor and Management Relations - Minimum notice periods regarding operational changes			Labor Practices and Decent Work, Human Rights Grievance Mechanism	SDG 8	121-123 We comply with labor laws prescribed by the Labor Code of the Philippines and related issuances as stated in our management approach for human capital, found on page 213 of our 2020 Integrated Report.
Freedom of Association and Collective Bargaining	Human Capital	**2-30** Collective Bargaining Agreements			Freedom of Association and Collective Bargaining		121
Forced or Compulsory labor	Human Capital	**409** Forced or Compulsory labor			Forced or Compulsory Labor		Neither FPH nor its subsidiaries employ children nor engage in forced labor; our supplier and vendor assessments include adherence to national laws, which contain laws against child labor and forced labor. FPH is the benchmark on child rights in Southeast Asia by the Global Child Forum .
Child Labor	Human Capital	**408** Child Labor			Child Labor		
Occupational Health and Safety	Human Capital	**403-1** Occupational health and safety management system				SDG 3	124
		403-2 Hazard identification, risk assessment, and incident investigation	**IF-EN-320a.1** **TC-ES -320.1** Total recordable Incident Rate			SDG 3	Aligned with our environment safety and health (ESH) policy, all of our subsidiaries have existing ESH committees in place to address OHS concerns in the workplace. Protocols, such as HIRAC (Hazard Identification, Risk Assessment, and Control), are rigorously implemented to ensure that our employees and workers are protected at all times.
		403-4 Worker participation, consultation, and communication on occupational health and safety				SDG 3	
		403-3 Occupational health services				SDG 3	124
		403-5 Worker training on occupational health and safety				SDG 3	124
		403-6 Promotion of worker health				SDG 3	124
		403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships				SDG 3	124
		403-8 Workers covered by an occupational health and safety management system				SDG 3	All employees are covered
		403-9 Work-related injuries				SDG 3	125-126

Material Topics	IR	GRI	SASB	TCFD	UNGP-BHR	SDG	Page number and other remarks
SOCIAL							
Human Rights	Human Capital and Social and Relationship Capital	**412** Human Rights **2-26** Mechanisms for seeking advice and raising concerns			Human Rights Assessment	SDG 5, 10, 16	121, 133-135
Local Communities	Social and Relationship Capital	**411** Rights of Indigenous Peoples **413** Local Communities			Rights of Indigenous Peoples, Non-discrimination, Human Rights, GRM	SDG 1, 3, 4, 5, 8, 10, 16, 17	135-137
	Human Capital, Social and Relationship Capital	**2-29** Approach to stakeholder engagement					50-53
Social Supplier Assessment	Social and Relationship Capital	**414-1** New suppliers that were screened using social criteria					132 164
Customer Health and Safety	Social and Relationship Capital	**416-1** Assessment of the health and safety impacts of product and service categories				SDG 3	We depend on : a) Environmental Impact Assessment at start of any project /process; b) ISO certifications; and c) clearances from regulatory agencies
Customer Privacy	Intellectual Capital, Risk and Opportunities	**418-1** Substantiated complaints concerning breaches of customer privacy and losses of customer data					128
Social Compliance	Governance	**419-1** Non-compliance with laws and regulations in the social and economic area				SDG 3	The FPH group ensures compliance with all laws and regulatory requirements.
COVID-19 Pandemic	Social Capital, Risk and Opportunities					SDG 3	55, 131-139
GOVERNANCE							
Resource Allocation	Strategy and Resource Allocation						75
Risk Management	Risks and Opportunities				Governance, Strategy, Risk Management		39, 54, 153
Corporate Governance	Governance						158
Executive-level Responsibility for Economic, Environmental and Social Topics	Governance	**2-12** Role of highest governance body in overseeing management of impacts			Governance, Strategy, Risk Management		160
		2-13 Delegation of responsibility for managing impacts					160
		2-14 Role of the highest governance body in sustainability reporting					In 2018, the FPH Board issued a resolution declaring sustainability as a fiduciary duty of directors. Further, the Board shall be assisted by the Corporate Governance Committee to assist the board in sustainability matters.
		2-9 Governance structure and composition					160
		2-10 Nomination and selection of the highest governance body					161
		2-11 Chair of the highest governance body					161
		2-15 Conflicts of interest					This is one of the responsibilities of the Audit Committee and is covered by our Conflict of Interest Policy, available on our website.
		2-16 Communication of critical concerns					Critical issues are communicated to the Board by the CEO, the President and the Chief Risk Officer through the Board Risk Oversight Committee.
		2-17 Collective knowledge of highest governance body					178

Material Topics	IR	GRI	SASB	TCFD	UNGP-BHR	Page number and other remarks
GOVERNANCE						
		2-19 Remuneration policies				127, 161
		2-20 Process to determine remuneration				161
Executive-level Responsibility for Economic, Environmental and Social Topics	Governance	**2-23** Policy commitments				FPH has: • Human Rights Policy • Gender and Diversity Policy • Cultural Heritage and Indigenous Peoples Policy • Responsible Asset Protection Policy • Sustainability Policy • ESH Policy • CSR Policy Policy details are on our website: *https://www.fphc.com/corporategovernance/company-policies*
		2-24 Embedding policy commitments				General embedding process for policies on page 162 Policy details are on our website *https://www.fphc.com/corporategovernance/company-policies*
		2-25 Processes to remediate negative impacts				121, 133-135 Additionally, this is further explained in our Disclosures of Management Approach in our 2020 Integrated Report, available on our website. *https://www.fphc.com/investor-relations/reports*
		2-27 Compliance with laws and regulations				The FPH group ensures compliance with all laws and regulatory requirements.
Procurement Practices	Financial Capital	**204-1** Proportion of spending on local suppliers				90
Business Ethics and Conduct	Governance					159 Company policies are available on our website: *https://www.fphc.com/corporategovernance/company-policies*
Anti-corruption and Bribery	Governance	**205-3** Confirmed incidents of corruption and actions taken				No incidents in 2022
Data Privacy	Governance, Intellectual Capital, Risk and Opportunities					54, 128

CREDITS

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Office of the President
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Information Technology Group
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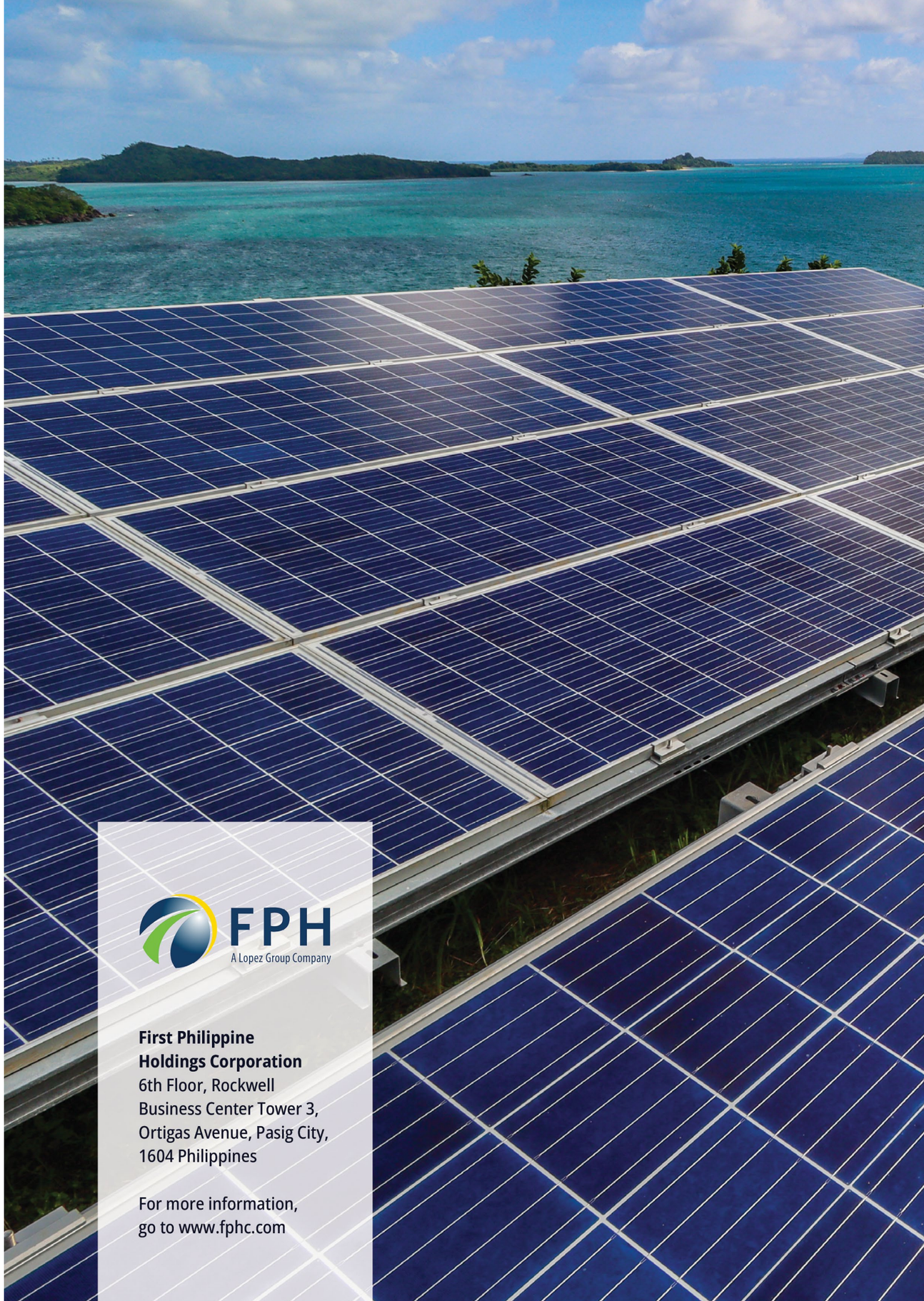
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