

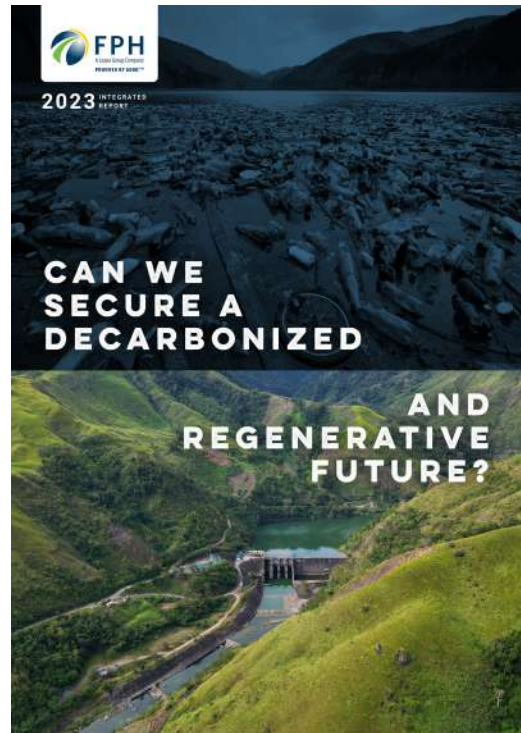
2023 INTEGRATED
REPORT



**CAN WE
SECURE A
DECARBONIZED**



**AND
REGENERATIVE
FUTURE?**



ABOUT THE COVER

This year's First Philippine Holdings' (FPH) 2023 Integrated Report cover, like those of previous years, calls attention to the continuing threat of the climate crisis. It centers on one of the most pressing questions about what is to come: "Can we secure a decarbonized and regenerative future?"

The cover features two contrasting images: one visualizing the damage done to our environment by humans and the other presenting one of FPH's renewable energy investments toward a decarbonized and regenerative future.

Climate action is more critical today due to the projected acceleration of natural catastrophes from 2050 to as early as 2026, triggered by the breaching of global tipping points according to scientists. Amidst all these, energy security has emerged as an additional challenge for the Philippines which remains disaster-prone and economically on the rise. As its contribution, FPH has turned to technologies that will deliver low carbon and environmentally and socially beneficial products and services.

Moreover, the cover echoes the report on how the company is maintaining the delicate balance between the country's energy security with the concern for planetary and societal health in its areas of operation.

Through the decades, FPH continues to raise awareness, strengthen its capabilities, and carry out its respective solutions in line with its Mission.

TABLE OF CONTENTS

2	About the Cover	100	Materiality
4	About the Report	108	Values Generated
7	Board Certification	110	Financial Capital
7	Report Disclaimer	114	Manufactured Capital
8	2023 Highlights	124	Natural Capital
10	Chairman's Message	140	Human Capital
14	President's Message	152	Intellectual Capital
20	About the Company	158	Social and Relationship Capital
26	Business Environment		
32	Business Review	178	Summary of Outcomes
34	Power Generation	186	Contributions to the SDGs
39	Manufacturing and Energy Solutions	190	Progress on Our Mission
42	Industrial Real Estate	196	Outlook
46	Commercial and Residential Real Estate	200	Annexes
48	Construction and Energy Services	202	Annex 1 - Third Party Review
50	Health and Education Services	212	Annex 2 - Awards and Recognitions
52	Integrated Management Framework	214	Annex 3 - External Engagements
54	Governance	218	Annex 4 - Profiles of Board of Directors
68	Risk Management	232	Annex 5 - Senior Management
70	Strategy and Business Model	235	Annex 6 - Research and Publications of OML Center
95	Metrics and Targets	237	Annex 7 - Content Indices
96	Value Creation Process	253	Annex 8 - Restatements

ABOUT THE REPORT

The 2023 First Philippine Holdings Corporation (FPH) Integrated Report (IR) presents information on the financial and non-financial performance of the group.

The current global and local regulatory landscapes that seek greater comparability, consistency, and reliability of environmental, social, and governance (ESG) information convinced FPH to integrate the latest advancements in global sustainability reporting frameworks in this IR. These include International Financial Reporting Standards (IFRS) S1¹ and IFRS S2², as well as the new guidelines of the Philippine Securities and Exchange Commission (SEC), which take a similar approach, as outlined in their draft Memorandum Circular of October 4, 2023.³ Our reference to these guidelines enriched the company's ESG discussion and complemented the prescriptions of the Integrated Reporting <IR> Framework that was primarily adopted in this report. The SEC rules are expected to be issued in 2024⁴ but we advanced the integration of the basic standards of IFRS and SEC as they provide us with good guidance in the development of our report for the primary users. The initiative also facilitates our transition to the new SEC rules.

Key Report Information⁵

REPORTING ENTITY

The entity that filed this Integrated Report is the First Philippine Holdings Corporation (FPH), the same organization that filed the consolidated financial statements of the conglomerate and its subsidiaries with the SEC in accordance with the Philippine Financial Reporting Standards (PFRS).

FPH is a publicly listed company in the Philippines with office address at the 6th Floor Rockwell Business Center Tower 3, Ortigas Avenue, Pasig City, Metro Manila. The Company operates in the three major island groups of the country, namely Luzon, Visayas, and Mindanao.

SCOPE AND BOUNDARY

The scope of the report includes the business segments where FPH has major management and operational control. These include power generation, energy solutions, real estate development, construction, and health and education services. For the last segment, we are only reporting on the health sector this year while we assist the education sub-segment to complete their ESG processes in preparation for next year's report. Some ESG material issues may extend to other stakeholders in line with our mission to help the regeneration of the planet and people.

Detailed discussions are provided on our mission, the core pillars of governance, strategy, and risk management, as well as metrics and targets. We also discussed our material issues, the six capitals (financial, intellectual, human, manufactured, natural, and social and relationship) we used through our business model, the value creation process, and the values we generated for the business and our pentad stakeholders (customers, co-creators, earth, communities, and investors).

TIMING OF REPORTING

This IR covers the period January 1, 2023, to December 31, 2023 and is being filed at the same time as the financial report with the Philippine SEC.

No new condition was recorded at the time of the issuance of this IR on April 11, 2024. Conditions that prevailed during the reporting period were the same as the time of the IR issuance. Thus, amendment of the IR will not be necessary.

LOCATION OF DISCLOSURES

The information on sustainability-related and climate-related disclosures can be found in this IR as well as in FPH's ESG World platform, which can be accessed at <https://www.fphc.com/investor-relations/esg-profile>.

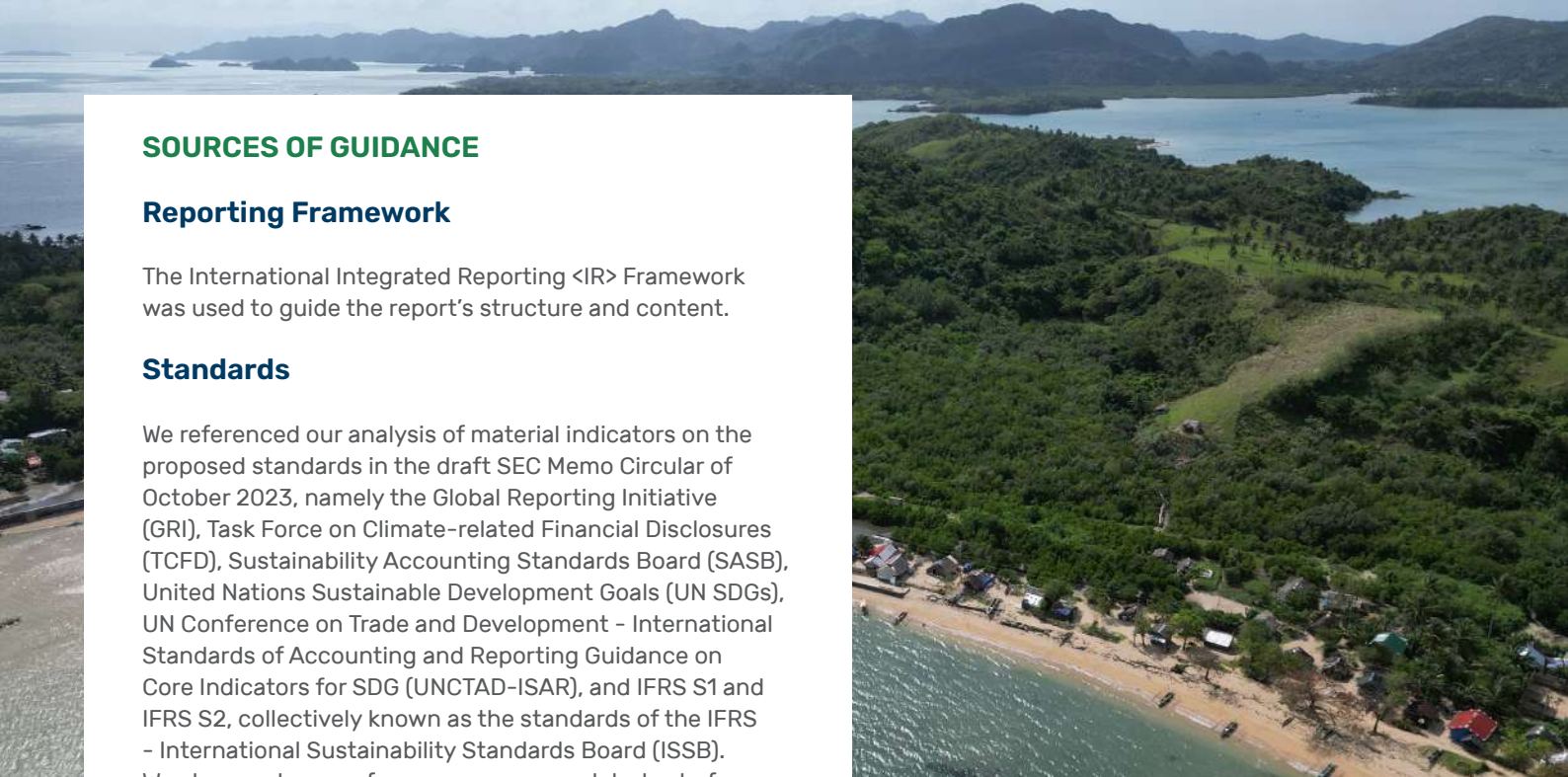
¹ IFRS S1 refers to the General Requirements for Disclosure of Sustainability-related Financial Information

² IFRS S2 refers to the Climate-related Financial Disclosures

³ SEC (2023). Implementation of the Revised Sustainability Reporting Guidelines and Sustainability Report (SuRe) Form. Retrieved from https://www.sec.gov.ph/wp-content/uploads/2023/12/2023Notice_Notice-to-the-Public-re-SuRe-Form-dated-29-Dec-2023_rev_Comm-Bry.pdf

⁴ SEC (2023). Exposure draft on Memorandum Circular on the Revised Sustainability Reporting Guidelines for Publicly Listed Companies and the SEC Sustainability Reporting (SuRe) Form. Retrieved from https://www.sec.gov.ph/wp-content/uploads/2023/12/2023Notice_2023RFC_Sure-Guidelines_v2.pdf

⁵ The key report information is referenced on the "Conceptual Foundation" guidelines of IFRS S1



SOURCES OF GUIDANCE

Reporting Framework

The International Integrated Reporting <IR> Framework was used to guide the report's structure and content.

Standards

We referenced our analysis of material indicators on the proposed standards in the draft SEC Memo Circular of October 2023, namely the Global Reporting Initiative (GRI), Task Force on Climate-related Financial Disclosures (TCFD), Sustainability Accounting Standards Board (SASB), United Nations Sustainable Development Goals (UN SDGs), UN Conference on Trade and Development - International Standards of Accounting and Reporting Guidance on Core Indicators for SDG (UNCTAD-ISAR), and IFRS S1 and IFRS S2, collectively known as the standards of the IFRS - International Sustainability Standards Board (ISSB). We also used, as a reference, a non-mandated set of standards from the UN Guiding Principles on Business and Human Rights (UNGP).

MATERIALITY

Materiality Approach

The FPH mission serves stakeholders beyond the business fence. Thus, we continue to adopt the "double materiality" approach in this report. This report specifies two points of view:

- "Financial materiality," which assesses the influence of the planet and people on the Company's financial performance and long-term value. We look into this to gain insights on how to protect business value. In our analysis, we used the prescriptions of IFRS-ISSB, SASB, and TCFD as our reference.
- "Impact materiality," which assesses the effects of the business on the planet and people in determining how the Company can contribute to sustainable development. Used as references were the prescriptions of GRI, UN-SDGs, UNCTAD-ISAR, and UNGP.

Scoping of Material Issues

Sustainability-related and climate-related risks and opportunities can affect our prospects as well as impede our capture of ESG benefits. Scoping of material ESG issues was based on the following:

- relevance in the implementation of the FPH mission and its value creation for the business and its pentad stakeholders;

- ESG information that will provide context on current challenges and expectations for the decision-making of the Board and Senior Management relative to their strategy review and goal setting;
- mandatory reporting requirements of Philippine laws and the international conventions signed by the country; and
- ESG requirements of external users of the report.

More information on the materiality assessment method and identified material ESG issues are discussed in the section on Materiality (pages 100 to 107).

OTHER REPORTING PRINCIPLES⁶

Fair Presentation

The climate-related and sustainability-related risks and opportunities discussed in the report are based on the third-party materiality surveys that included a cross section of FPH investors in November to December 2022. Their involvement helped FPH capture the ESG indicators that are important to them in deciding on the prospects of the company.

Comparative information

For a better understanding of the report, comparable 3-year data are presented under the section on "Values Generated" on pages 108 to 177.

⁶ The principles are referenced on the IFRS S1.



Connected Information

The connection of financial and non-financial information for a coherent and holistic discussion is assisted by the following attributes of the report:

- adoption of integrated thinking principle of the <IR> Framework;
- simultaneous submission of both the integrated report and financial report to the SEC; and
- the “system value” approach of our mission that recognizes that business is embedded in and dependent on the planet and society.

HOW TO READ THE REPORT

Our message in 2023 stems from our advocacy in 2022 where we affirmed that “While addressing climate crisis seems to be a daunting task, it is not impossible as there are solutions in sight but we need to work quickly to secure a livable planet”. In 2023, we echo the report of the FPH leadership of our continuing deep analysis of climate measures and options and our focus on full execution next year and beyond to realize our mission and to have a positive contribution to avert the climate impacts. Climate change and the havoc that it brings in the form of a damaged earth and social inequity require government and the non-state actors to now contemplate on how to act as one with climate action becoming an imperative. The world needs a new track to resilience, one that is carbon neutral, nature positive, and socially equitable. We in FPH are committed to do our share towards this aspiration.

Supporting our 2023 messages are our contributions to a regenerative world in the areas where we operate. After the discussion of our performance highlights, the Chairman’s and President’s messages and company profile, below is the flow of our discussion explaining how we created value for the business and our pentad stakeholders.

- We describe the current developments in our business segments under the section on Business Review in pages 32 to 51.
- The Business Environment that influenced our operating units in 2023 is presented in pages 26 to 31.
- We introduce the FPH Integrated Management Framework (IMF), which refers to the core elements needed for value creation in FPH, on pages 52 to 95. The conglomerate’s IMF is aligned with the core elements of IFRS S1 and S2, namely, Governance, Strategy, Risk Management and Metrics and Targets.
- We share updates on our value creation process on pages 96 to 99.
- We discuss how we delivered on our Business Strategy through the six capitals that generated the values for the business and others in pages 108 to 195.
- We project the impacts of the evolving landscape on the business under the Outlook section in pages 196 to 199.

ASSURANCE AND CHECKS

The report went through two 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 page 7.

To check the compliance of the report with the Guiding Principles and Content Elements of the <IR> Framework, as well as the sustainability standards we used as references, we commissioned the University of Asia and the Pacific - Center for Social Responsibility (UA&P-CSR) as external and independent expert to review the report pages 202 to 211.

In 2023 and through 2024, we are developing guidelines for ESG Data Assurance. We aim to obtain certification by next year.

The 2023 FPH Integrated Report is uploaded on the company website: www.fphc.com.

BOARD CERTIFICATION

In line with our responsibility to ensure the integrity of the 2023 FPH Integrated Report, it is the opinion of the Board that the report is a fair presentation of the Company's operations from January 1 to December 31, 2023. The disclosures presented in the report were based on accurate information available to the Company for the reporting period as well as the analysis of all ESG issues material to our value creation process for the faithful communication of the results. The Board acknowledges that this integrated report is presented in accordance with the <IR> Framework. Additionally, a third-party expert reviewed its alignment with the framework.

The certification is being issued based on the authorization of the FPH Board on February 4, 2021, 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. The final review of the report was undertaken by the FPH Corporate Governance Committee on March 20, 2024, pursuant to its responsibility over sustainability matters based on a board resolution issued on November 8, 2018.

The Management supported the Board in the preparation of the report 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 and Treasury, Comptrollership, Legal and Regulatory, and Integrated Corporate Communications groups.

Based on the foregoing, the Integrated Report has been presented to the Board and was authorized by the body to be released on April 4, 2024.



Federico R. Lopez
Chairman & CEO

REPORT DISCLAIMER

Certain portions of the 2023 FPH 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 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.

2023 HIGHLIGHTS

Operational Highlights

FINANCIAL CAPITAL

- **PHP165.0 billion** consolidated revenue
- **PHP29.1 billion** consolidated net income
- **PHP15.1 billion** net income attributable to equity holders of the Parent

MANUFACTURED CAPITAL

- **21,604.5 GWh** electricity sold
- **81** business units
- **1,736,776KVA** transformers delivered to customers
- **109 thousand sq.m.** residential and commercial real estate constructed
- **118 thousand sq.m.** real estate sold and reserved
- **380 thousand sq.m.** commercial, residential, and industrial real estate properties leased

NATURAL CAPITAL

- **127,608.0 hectares** natural forests protected
- **12.4 million tCO₂e** emitted
- **1.7 million tCO₂** sequestered by watersheds protected and restored
- **10.7 million tCO₂e** emissions avoided by using natural gas and RE in power generation
- **22.7 thousand tCO₂e** emissions avoided by using electricity from RE sources
- **14.3 thousand tonnes** waste disposed

HUMAN CAPITAL

- **9,538** permanent and temporary employees
- **20.6** average training hours per employee
- **24%** female employees
- Maintained partnerships with UN WEPs, PBCWE, and USAID E4SEA for DEI⁷
- Human rights protocols to respect and protect employees
- Maintained a safety incidence rate within industry benchmarks:
 - **First Gen** – 0.16 vs 1.0
 - **First Philec** – 0.13 vs 2.7
 - **First Balfour** – 2.34 vs 2.4
 - **FPIP** – 0.31 vs 0.8
 - **Asian Eye** – 0.0 vs. 8.5



INTELLECTUAL CAPITAL

- Subsidiaries maintained ISO certifications for quality management, environment management, occupational health and safety management, and asset management
- Two-fold increase in cybersecurity investments
- Integration of mission in key business functions (business development, operations, and product and service offerings)

SOCIAL AND RELATIONSHIP CAPITAL

- Maintained favorable Customer Satisfaction (CSAT) results, averaging at **92%** for the group
- Maintained our Human Rights Due Diligence (HRDD) process and installed Grievance Redress Mechanisms across our businesses
- **20** climate and sustainability advocacy engagements attended by **2,559** participants
- **38** projects, activities, and programs on environment, socio-economic development, education, and health
- **PHP268.1 million** environment and community investments

AWARDS AND RECOGNITIONS

- **9** for business excellence
- **2** for corporate governance
- **6** for sustainability reporting
- **8** for environmental initiatives
- **4** for employee health and safety
- **1** for stakeholder engagement/CSR

⁷ PBCWE: Philippine Business Coalition for Women Empowerment
USAID : United States Agency for International Development

E4SEA : Enhancing Equality in Energy for Southeast Asia
DEI : Diversity, Equity and Inclusion

Financial Highlights

	2023	2022	2021
OPERATING RESULTS (IN MILLIONS, PHP)			
Recurring net income attributable to equity holders of the parent	13,801	12,784	10,055
Revenues	164,952	170,338	125,159
Consolidated net income	29,056	23,874	19,901
Net income attributable to equity holders of the parent	15,066	12,676	10,021
FINANCIAL POSITION (IN MILLIONS, PHP)			
Total Assets	472,175	421,459	394,153
Total Liabilities	227,281	203,989	193,944
Total equity attributable to equity holders of the parent	148,769	132,756	116,561
Total equity attributable to equity holders of the parent - adjusted*	157,950	141,477	130,494
Total equity	244,894	217,470	200,209
Total equity - adjusted**	254,075	226,191	214,142
FINANCIAL RATIOS			
Return on equity	10.06%	9.32%	7.83%
Dividend payout ratio	7.53%	8.67%	10.22%
Current ratio	1.74	1.95	1.85
Debt to equity ratio	0.54	0.60	0.64
STOCKHOLDERS' EQUITY			
PER SHARE DATA (IN PHP)			
Earnings, Basic/Diluted	32.22	26.20	19.92
Book value	340.71	299.35	267.78
Price earnings ratio	1.94	2.31	3.52
Market price	62.50	60.55	70.05
COMMON SHARES			
Issued, subscribed and outstanding	463,586,091	472,618,944	487,318,944
Weighted average outstanding shares	467,677,613	483,860,611	500,529,521
Number of stockholders	11,902	11,929	11,964

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).

* Excluding minority interests and cumulative translation adjustments

** Excluding cumulative translation adjustments

A portrait of a middle-aged man with dark hair, wearing glasses, a white shirt, a blue patterned tie, and a dark suit jacket. He is standing with his hands in his pockets against a light grey background.

Chairman's Message

Dear stakeholders,

2023 was a harsh year for our planet. It was the hottest year on historical record by a substantial margin of +0.15°C over the previous high set in 2016; and it's most likely the hottest year in the last 100,000 years. It's no exaggeration that every person from every corner of the world has experienced this past year the "unprecedented fury" unleashed by all the extreme weather events that have been increasing and occurring more frequently, "supercharged" by climate change.

- Scorching and prolonged heatwaves were felt across the continents, setting new temperature records in Southern Europe, North Africa and the Middle East and in countries like the US and China.
- Raging wildfires such as in Maui Island, Canada, and Greece were considered the worst and the largest experienced in these areas, burning down forests, properties, and even claiming lives.
- Powerful hurricanes, cyclones and typhoons swept across the various regions, causing devastating floods like *Cyclone Freddy*, which

We must bear in mind that the ultimate goal is to solve the climate crisis that, by all accounts, is undeniably real and in urgent need of action. We have a narrowing time frame of the next 26 years to make our every action count and avoid irreversible damage to our planet.

was one of the longest lasting cyclones that lasted for 34 days. Another storm, **Daniel** brought record rainfall in Libya that overwhelmed dams and caused deadly flooding as more than 4,000 people died and over 10,000 more went missing. Tropical cyclone **Mocha** hit Myanmar and affected some 800,000 people in the region. Typhoon **Mawar** lashed out in Guam and was the strongest storm to affect the island since 2002. It also affected the Philippines as **Super Typhoon Betty** with a peak intensity of 215kph.

- There were intense rainfall and extreme precipitation too, that caused flash floods in New York, Hong Kong and parts of Northern Europe.

The extremely high temperature also contributed to record breaking levels for ocean heat and acidification, sea level rise, Antarctic sea ice loss and glacier retreat. What scientists have been fearing and warning us on the devastating effects of climate change continue to unfold every single day now, highlighting our own vulnerabilities to the powerful wrath of nature. We are in the midst of a climate crisis that we ourselves have caused and the cost of further inaction can only be catastrophic.

What's more, the 2023 Global Stocktake (GST) revealed that the world is not on track on limiting global warming to 1.5°C. The GST is a core component of the 2015 Paris Agreement that assesses each country's progress on climate action and encourages them to augment their climate goals. The slow mitigation could have been compensated by adaptation to shield us from the worsening climate change impacts, but the UN Environmental Programme (UNEP) Adaptation Gap Report of 2023 noted the world is also underfinanced and underprepared from the climate hazards.

Amidst all these, how then can we secure the future of humanity?

Many scientists have expressed the urgency for more ambitious climate action. In the words of UN secretary general Antonio Guterres: ***"Leaders can't kick the can any further. We're out of road."***

At the conclusion of COP28 in December 2023, negotiators from all over the world worked overtime to deliver a new plan to address the mounting crisis posed by human-induced climate change. Key was the agreement to "transition away from fossil fuels in energy systems" as well as to support vulnerable nations most impacted by climate change through pledges to a loss and damage fund. There was also progress on the \$100.0 Billion pledged by developed nations to finance climate mitigating and adaptation initiatives in developing countries. The Global Goal on Adaptation was also included to encourage "accelerating the use of ecosystem-based adaptation and nature-based solutions."

For the Philippines, we saw the systematic approach undertaken by our government from updating our National Greenhouse Gas (GHG) Inventory, to the crafting of the Philippine Climate Change Assessment Report 2018-2023 with the help of the Oscar M. Lopez Center, and the completion of the National Adaptation Plan focused on food security, water sufficiency, ecosystem and environmental stability and human security which are all for release in 2024. We await finalization of the implementation plan of our Nationally Determined Contribution (NDC) to complete the foundation to rally all sectors to climate action. Complementing the government blueprint are planned regulations to align the private sector to this course, borne out of recognition that businesses contribute largely to the national GHG footprint. We also anticipate the adoption by the Securities and Exchange Commission of the international sustainability and climate standards for disclosure based on the prescriptions of the International Financial Reporting Standards Board in June 2023.

At the FPH Group, we've been actively speaking about the global Journey to Net Zero through its three phases namely: (1) reducing the current level of greenhouse gas emissions of 59 gigatons per year and seeing emissions peak by 2025; (2) then eliminating all GHG emissions and getting to Net Zero by 2050; (3) and then finally reducing the concentration of GHGs in the atmosphere and achieve net negative emissions. We must bear in mind that the ultimate goal is to solve the climate crisis that, by all accounts, is undeniably real and in urgent need of action. We have a narrowing time frame of the next 26 years to make our every action count and avoid irreversible damage to our planet.

Foremost is the need to decarbonize and scale up the greening of our electricity grid. This entails not only changing the electricity system but building a new global energy system with components we have never built before and at a massive scale. We believe this to be the greatest energy transition in the history of mankind.

Our diverse portfolio of clean and renewable energy sources allows us the best opportunity to shepherd our country's energy transition to Net Zero. Aligned with the Philippine Energy Plan, we've set our

target to grow our low carbon energy portfolio to 13,000 MW by 2030, of which 9,000 MW will be from renewable energy. We've lined up our expansion and growth projects utilizing our various fuels of geothermal and hydro and we are eyeing to expand our solar and wind power facilities through several service contracts in various sites all over the country that will be explored in the next few years.

Still, we recognize the importance to keep the lights on during this energy transition, more so with the imminent depletion of our Malampaya natural gas reserves. In 2023, we completed our LNG terminal facility situated at the First Gen Clean Energy Complex and ushered our floating storage and regasification vessel, the BW Batangas into the Batangas Bay. We've begun importing LNG for testing and commissioning, and the LNG facility is ready to make up for any shortfall in Malampaya production and to continue to power our natural gas plants. This early though, we are looking at new technologies and alternative fuels to repower our natural gas plants, consistent with our own commitment to Net Zero by 2050. At Energy Development Corporation, we've embarked on a massive multi-year well-drilling operation to expand output for our various geothermal power plants to ensure a more steady



and reliable supply from one of the few renewable energy sources capable of delivering power on a 24/7 basis. In May 2023, we won the bid for the 165-MW Casecnan hydro facility that, in combination with our Pantabangan-Masiway plants and our planned Project Aya pumped storage facility, gives us control over such a unique hydro asset complex. With the turnover of Casecnan in February 2024, we are now working to realize synergies in our hydro operations to supply the country's growing demand for clean energy.

As we clean up our energy grid, we are also working to scale up energy efficiency as the "first fuel" and encourage its use everywhere. Today these efforts are still sparse and fragmented but have great potential to reduce carbon emissions and bring real cost savings and enhance the bottom lines of our customers. We've been developing our own arsenal of solutions such as rooftop solar, remote energy monitoring systems that allows consumers real-time monitoring of energy consumption, energy efficiency audits and solutions for commercial and industrial establishments, and distributed microgrids and resilient power solutions that can deliver reliable electricity all with the view to address the many pain points experienced by consumers.

We recognize though that it takes more than energy security and energy transition to stabilize the distressing state of the climate. While addressing the climate crisis feels such a daunting task, we remain optimistic and hopeful. Our FPH Mission "to forge collaborative pathways to a decarbonized and regenerative future" continues to guide our path and we reaffirm our commitment to collaborate with our stakeholders, the government and the global community in the continuing fight to secure our future. Thank you for your continued and unwavering trust and support.



FEDERICO R. LOPEZ
Chairman and Chief Executive Officer



A portrait of a middle-aged man with grey hair and glasses, wearing a dark suit, white shirt, and blue tie. He is smiling and standing with his hands in his pockets.

President's Message

Dear shareholders,

The year 2023 depicts a picture of irony. While the climate crisis rages on, we at FPH made significant headway on our decarbonized and regenerative mission. We continued to execute our strategic and operational initiatives and delivered solid financial results. It's a disorienting, uncomfortable reality where we have achievements worth being proud of, and yet we are set against the backdrop of persistent environmental, social and economic threats.

Every year, new horrors are brought to life: wildfires raging in the West; super typhoons battering those like us in archipelagic countries; and record-breaking temperatures scorching the globe. Sadly, the most vulnerable populations are unfairly hit the hardest.

This growing climate threat has catapulted humanity into "the era of global boiling"— borrowing the words of UN Secretary-General António Guterres. May 2023 presented the highest heat index on record for the

We live in exciting times by aligning our business plans with our decarbonized and regenerative mission. This clarity of purpose gives us a clear sense of direction in how we manage FPH's portfolio in power, real estate, construction, manufacturing and energy solutions, and the newer healthcare and education sectors.



year, with several days classified as “dangerous” by PAGASA (Philippine Atmospheric, Geophysical and Astronomical Services Administration). Several locales experienced scorching heat indexes in the 42 to 51 degree Celsius range. The country was then hit by Super Typhoon Egay (international name Doksuri) in July, battering the agricultural sector in the northern Philippines with gusty winds of up to 240 kilometers per hour.

In the face of multiple crises, pursuing our mission at times feels frustratingly like Sisyphus’ tiresome and unending task of pushing a boulder up a steep hill only for it to drop back down and then having to start over. UN Secretary-General Guterres’ message reminds us that while there is progress, current practices are not enough to address the climate crisis. Scientists have long been warning us of the irreversible progression and what actions must be taken to prevent further catastrophe. We actually know what needs to get done. This is precisely the reason why we at FPH have taken painstaking effort to position our business plans to be aligned with our mission. There is a silver lining here as we increasingly realize that there are many exciting opportunities that are opening up for our businesses in power, real estate, construction, manufacturing and energy solutions, healthcare and education.

STEPPING UP OUR GAME TO SECURE A CLEAN AND RENEWABLE ENERGY FUTURE

Climate solutions must be tailored to a country’s individual context. Our unique scenario makes us ask: how do we decarbonize in a just manner while addressing the need for energy security?

Countries like the Philippines are constrained with limited fossil fuel reserves. Malampaya gas has been in decline and our country’s coal needs are mostly imported from Indonesia. If you turn it on its head, these constraints can be seen as an ironic blessing given Government’s policy to

decarbonize the country’s energy needs. Abundant renewable sources of energy – be it geothermal, solar, wind, or hydro – can be increasingly tapped subject to properly designed policies and incentives. Intermittent solar and wind combined with battery storage is just one of many logical solutions as their costs to build drop making them even more affordable.

As reported in last year’s annual report, the Department of Energy updated in 2023 the Philippine Energy Plan 2020 to 2040 (PEP) that targets a 35 percent renewable energy share by 2030 and as much as 50 percent share by 2040 (based on its Clean Energy Scenario). For FPH power subsidiary, First Gen, to make a difference, it needs to grow its portfolio by almost four times from the current 3.5 GW to as much as 13 GW by 2030. Given the Government’s coal moratorium, supply growth will come primarily from renewable energy combined with flexible gas-fired plants. This is entirely consistent with First Gen’s existing portfolio and organizational capabilities. And even if the Government’s 2030 forecast seems optimistic, First Gen nonetheless needs to possess the capabilities to pursue numerous projects simultaneously to address the growing market needs. In other words, we need to be ready when opportunities present themselves.

Some of First Gen’s key challenges and opportunities are as follows:

- First Gen’s gas-fired fleet will be reaching critical milestones in the next few years with the expiry of its power sales contracts with Meralco. San Gabriel’s 414 MW contract expired in February 2023 while Santa Rita’s 1,000 MW and San Lorenzo’s 500 MW contracts expire in 2025 and 2027 respectively.
- First Gen’s long-term fuel supply needs will be addressed with the completion of its LNG import terminal. Our power plants will continue to operate even with the decline of natural gas supply from Malampaya. With the eventual expiry of its power sales agreements, First Gen is now more solidly positioned to contract the output of its power plants.

- First Gen's geothermal subsidiary, Energy Development Corporation (EDC), is scaling up its well drilling campaign. This will supplement the steam requirements for its expanding power generation fleet to deliver the increasing demand for 24-hour baseload renewables.
- First Gen competed for and won the bidding for the 165-MW Casecnan hydroelectric plant which was part of the Government's privatization program.

After more than ten years of planning and development work, First Gen completed the construction and commissioning of its landmark liquefied natural gas (LNG) regasification terminal in the First Gen Clean Energy Complex in Batangas City. First Gen's current fleet of Santa Rita, San Lorenzo, San Gabriel and Avion have been tested to run simultaneously on Malampaya and regasified LNG to ensure continuous electricity production. The combined 1,500 MW of capacity of Santa Rita and San Lorenzo comprising six 250 MW units have the added unique technical benefit of being triple-fuel capable (with Malampaya, LNG or liquid fuel). LNG will also pave the way for the potential expansion of the 1,200 MW Santa Maria project to address the country's future power needs. First Gen successfully received its first LNG cargo at Subic in August 2023 and completed subsequent LNG deliveries in its Batangas complex in December 2023 and February 2024. First Gen continues to have discussions with key suppliers for succeeding LNG cargoes to supplement Malampaya. The assets in the First Gen Clean Energy Complex are designed for resilience making it valuable for the country's energy security.

We are also reinforcing our ability to supply 24-hour baseload renewable energy through First Gen subsidiary, Energy Development Corporation (EDC). Significant effort is being undertaken by EDC to increase its geothermal energy capacity through a major 40-well drilling campaign over the next three years till 2026. An increased sense of urgency will require EDC to mobilize six drilling rigs to be conducted simultaneously. It is also building 83 MW of new geothermal power plants and 40 Mwh of Battery Energy Storage System to be commissioned in 2024 in anticipation of the increased steam production.

In addition, First Gen increased its ability to supply renewable energy to its growing customer base when it won the competitive bid for the 165 MW Casecnan hydro power plant in May. In November, it closed a Php20 billion term loan with BDO and BPI to partially finance the \$526 million acquisition cost. The project was successfully turned over by PSALM to First Gen in February 2024. The Casecnan plant and First Gen's 135 MW Pantabangan-Masiway hydroelectric plant perform synergistically by making use of the large water storage capacity of the Pantabangan reservoir. A plan to construct the 100 MW Aya pumped storage hydroelectric plant in the same area will create a unique and flexible 400 MW total combined hydroelectric facility that will benefit First Gen's growing renewable energy portfolio.

Our capability to grow our clean energy portfolio requires integrating different technologies across varying energy sources to enhance the overall value of a portfolio. Geothermal energy, together with solar, wind, and hydroelectric energy sources, must be harnessed in a way that protects the environment at the same time.



Based on available data, First Gen is the leading producer of renewable energy in the Philippines in terms of energy generated. In 2023, our renewable energy portfolio alone generated 7,680.4GWh of RE, which mostly came from our geothermal capacity which is the only renewable energy source that can run 24/7.

While we are committed to increasing our renewable portfolio, we are familiar with the challenges to expand renewables such as intermittent solar and wind on a stand-alone basis. It was so important for First Gen to invest in the LNG regasification terminal to secure the fuel needs of our gas portfolio to deliver low carbon electricity to our customers whenever they need it. This unique combination of geothermal with gas technology as part of our portfolio will provide a clear pathway for First Gen to invest in intermittent solar and wind projects as part of a growing renewable-focused portfolio. This is a unique value proposition that we offer our customers.

REGENERATION ON THE RISE

Regenerative practices that lead to an improved lifestyle is a key element of our mission. As we answer the call for cleaner, reliable power, we will address other pillars of societal development craving for a higher quality of living in our growing non-power investments.

Let's begin with Rockwell Land with the recovery of its business units exceeding its pre-pandemic levels. Rockwell is capitalizing on the strength of its brand to expand geographically. It has made strides in cultivating quality living in its developments outside Metro Manila and is building a larger landbank to

sustain its growth. Apart from helping to decongest the urban capital, this will bring the best practices of our real estate development experience to more communities in economically advancing areas of the country such as Cebu City, Mactan, Bacolod City, Angeles City, Laguna, Batangas and Bulacan. The cumulative economic progress that our country has experienced through the years has opened up the opportunity for potential customers to aspire and afford a Rockwell developed and curated community.

Rockwell launched PHP16 billion worth of projects, including its new Rockwell IPI joint venture in Cebu City and a new horizontal development phase at Rockwell South in Carmelray, a much-awaited first premium horizontal project of Rockwell in Laguna that covers over 60 hectares of land. Completed projects include Arton West, a 1.9-hectare property nestled on a hill in Katipunan and comprising 80% open space, and East Bay Fordham, the first residential tower developed by Rockwell Primaries East Bay in Sucat.

This is followed by First Philippine Industrial Park (FPIP), which for over 20 years, has been committed to providing quality jobs to Filipinos by attracting export and domestic manufacturing facilities. FPIP is home to 155 locators from Japan, the US, Europe, and other parts of the world; and a workforce of over 70,000 employees. In 2023, FPIP welcomed two new industrial locators and five new commercial locators. FPIP also closed multiple deals including locator renewals covering two hectares, 1.75 hectares of additional land leased, and 2.4 hectares of land sold. FPIP now has 18.5 hectares of ready-built factories, 14.8 hectares of which are currently under lease contracts.



First Balfour builds infrastructure that will support the growing economy. The North-South Commuter Railway project is one example of providing much-needed transportation to developing locales.

First Balfour completed various projects, including the Batangas Combined Cycle Power Plant (BCCP), the McConnell Dowell LNG, Manila Water's East Bay Water Treatment Plant, the NGCP Hermosa-San Jose Overhead transmission line, and St. Luke's Medical Center-Quezon City Pivot Building.

First Balfour's order backlog also significantly increased, from PHP6.5 billion to over PHP30 billion. First Balfour is currently working to deliver on this backlog while actively pursuing planned infrastructure projects in the construction markets it serves, namely: transportation, power and energy, high-value buildings, and water. T1 Rentals, First Balfour's equipment leasing unit, is also continuing the expansion of equipment rental and transport to take advantage of infrastructure opportunities and growth in market share.

First Philec continues to enjoy significant market share domestically. It also made significant strides in the US market. It shipped and installed over 900 transformers in eight US states. First Philec has also developed its own smart meters and has been shortlisted by Meralco as a supplier for its Advanced Metering Infrastructure project. First Philec is hoping to penetrate the electric vehicle (EV) and energy storage segments in the future and is currently building in-house product and design capabilities. Additionally, First Philec partnered with Nascent Technologies, a local expert in energy storage solutions, to establish an Energy Storage Lab for developing new energy storage systems and testing Lithium-Carbon battery samples.

We are also growing our healthcare and education businesses. The acquisition of The Medical Services of America - Philippines synergizes with our existing healthcare businesses in providing accessible solutions nationwide. Meanwhile, First College continues to develop talented individuals who can contribute to national development.

FINANCIAL PERFORMANCE

For the year ended December 31, 2023, the Consolidated Net Income of the FPH Group reached PHP29.1 billion, higher by PHP5.2 billion or 22% compared to PHP23.9 billion in 2022. The significant growth is largely due to the upturn in the operating results of the power generation and real estate sectors.

The Net Income Attributable to FPH amounted to PHP15.1 billion, higher by PHP2.4 billion or 19% compared to last year driven by the stronger operating earnings coupled with one-off proceeds from construction delays and insurance claims this 2023. The corresponding Recurring Net Income (RNI) attributable to FPH grew by PHP1.0 billion or 8% to PHP13.8 billion, a record-high RNI for FPH.

- First Gen's attributable net income of PHP17.4 grew by PHP3.2 billion or 23% mainly driven by EDC's higher earnings contribution as it benefited from higher average Wholesale Electricity Spot Market (WESM) rates and contract prices on its electricity sales in 2023. These favorable price variances were further supplemented by the improved full-year results of Burgos Wind following a better wind regime and the decline in replacement power purchases due to higher generation of the geothermal plants following fewer outages. The gas plants likewise registered



improved earnings in 2023, largely reflecting San Gabriel plant's higher capacity and O&M fees after the recovery from a deration that occurred in 2022.

- Rockwell Land's attributable net income of PHP3.1 billion was higher by PHP811 million or 35% on the back of the strong performance of the Residential Development segment driven by the growth in revenues from the completion of Arton West, increased project accomplishments from Balmori Suites, 32 Sanson – Sillion, Rockwell South, and Nara residences and lots, as well as the higher sales booking from Proscenium, Arton, Edades West, and Rockwell Center-Bacolod. The Commercial Leasing segment likewise surpassed last year's performance brought about by higher average rental rates and leased spaces for both retail and office areas, particularly in Proscenium and Balmori Retail.
- First Philec, Inc. closed the year with a net income of PHP1.0 billion, at par with last year's results, reflecting steady revenues from its sale of electrical transformers and new products in 2023.
- The FPIP group's net income declined by PHP45 million or 20.5%, from PHP220 million in 2022 to PHP175 million this year, as the higher revenues from recurring sources and the gain recognized from a land sale were weighed down by the higher operating and finance expenses in 2023.
- First Balfour Group reported a consolidated net loss of PHP159 million for 2023, a reversal of PHP685 million or 130% from a PHP526 million net income in 2022, due to the weaker bottom line of First Balfour on account of lower margins reported from ongoing construction projects coupled with higher finance expenses, and of Thermaprime due to the reduction of drilling rigs in service during the period.

- The Healthcare Group registered a combined net income of PHP7 million, a turnaround of PHP111 million or 107% from a net loss of PHP104 million in 2022, mostly reflecting the positive incremental contribution of The MSA (Philippines), a company acquired by FPH in 2023, complemented by the improved results of Asian Eye from better margins and absence of one-off losses.

THE CONFIDENCE TO CONTINUE ON

We live in exciting times by aligning our business plans with our decarbonized and regenerative mission. This clarity of purpose gives us a clear sense of direction in how we manage FPH's portfolio in power, real estate, construction, manufacturing and energy solutions, and the newer healthcare and education sectors.

The success of our initiatives can only succeed by being conscious about strengthening the distinctive capabilities of our people, our system and being aligned with strong partners. Our mission is far from being easy, but we are comforted knowing that the message of revitalizing life amid a seemingly bleak future resonates with the talented individuals we work with.

What FPH has achieved in 2023 is far from the end of our efforts. We hope that our stakeholders will continue to share in this journey energized by our behavior and actions toward a future worth fighting for. Thank you for all your support. Let's all continue to be **"Powered by Good"**.



FRANCIS GILES B. PUNO

President and Chief Operating Officer





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 the key industries of power generation, energy solutions, real estate, construction, and health and education services. 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. Our construction and energy services segment takes on complex infrastructure projects, including utilities, public infrastructure, and private infrastructure. Lastly, our health and education services segment will deliver innovative models to support societal progress.

With our planet facing climate change threats, a concerted effort toward reversing this trend 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.



ABOUT THE COMPANY

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 serving 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
Unity
Nationalism

Social Justice
Integrity
Concern for Employee Welfare and Wellness

We know from generations of experience that it is by living according to these values that a company can be built to last.

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 and fun and that gives people a deep sense of belonging.

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

- In power generation, 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.
- In energy solutions, we will enable grid transformation.
- In health and education services, we will provide strategic interventions that will allow Filipinos to realize their full potential.

Our mission and purpose will guide everything we do.

WAY TO PLAY OF THE FPH BUSINESS SEGMENTS

Lead the Transition to a Decarbonized Energy System



First Gen Corporation (First Gen) and Energy Development Corporation's (EDC) leadership in clean, renewable, and low carbon energy



First Philec, Inc.'s (FPI) as a solution's provider for power distribution

Nurture Inclusive, Well-tempered, and Creative Spaces



Rockwell Land Corporation's (Rockwell Land) admired models of integrated, walkable, and climate-resilient communities



First Philippine Industrial Park, Inc.'s (FPIP) 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, Inc.'s (First Balfour) and **ThermaPrime's** market leadership in high-value, complex construction and geothermal drilling

Deliver Innovative Models for Health and Education Services

ASIAN EYE
INSTITUTE

FIRST
INDUSTRIAL SCIENCE
& TECHNOLOGY SCHOOL



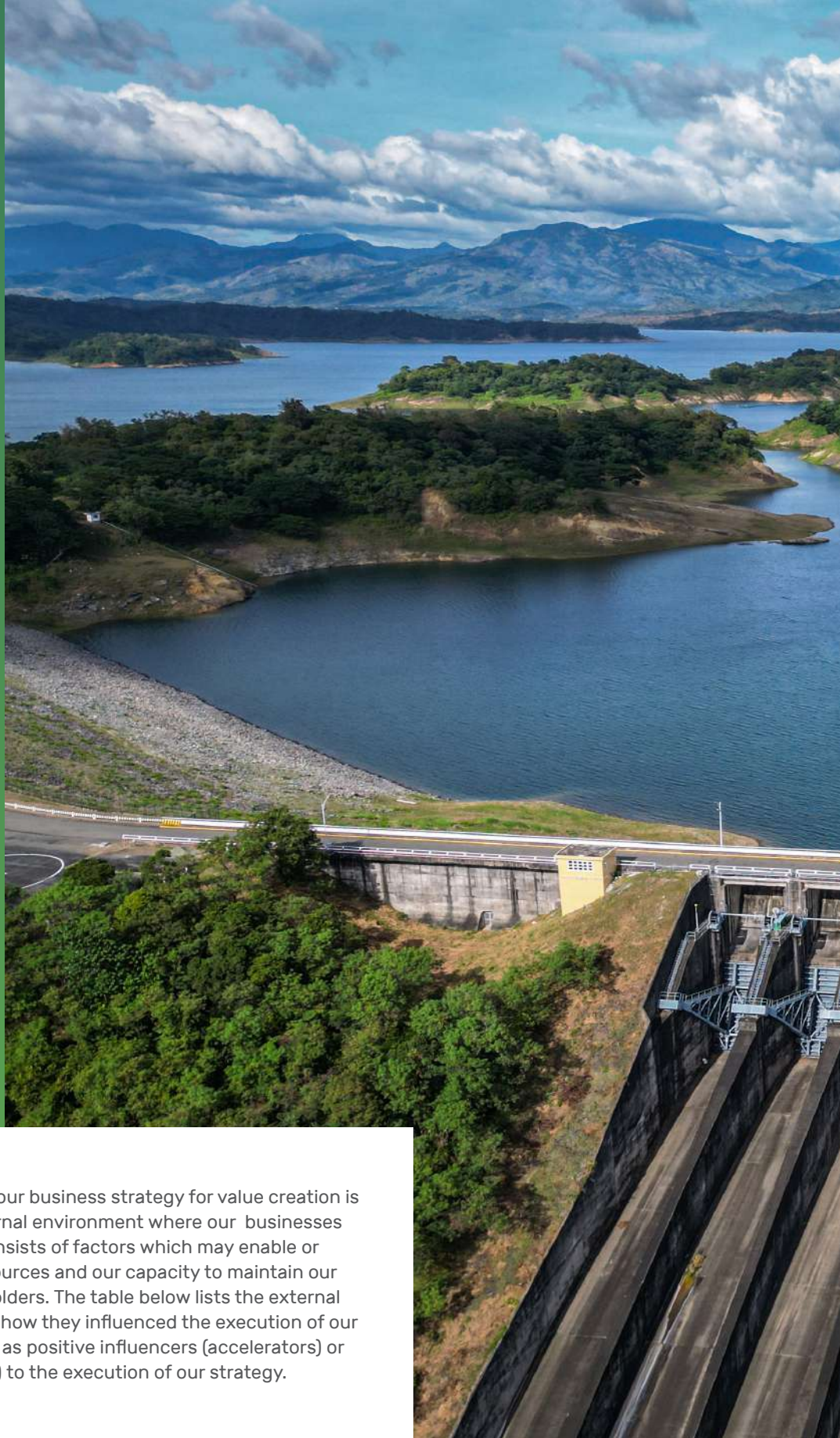
Strengthening our commitment to make quality **healthcare** and **education** accessible

ORGANIZATIONAL STRUCTURE



As of December 31, 2023

*FPH purchased shares amounting to an additional 4.93 percent pending the issuance of the Certificate Authorizing Registration.



Our ability to implement our business strategy for value creation is dependent on the external environment where our businesses are exposed to. This consists of factors which may enable or bar our access to needed resources and our capacity to maintain our relationships with our stakeholders. The table below lists the external factors observed in 2023 and how they influenced the execution of our business strategy. They serve as positive influencers (accelerators) or negative influencers (barriers) to the execution of our strategy.



BUSINESS ENVIRONMENT

Accelerators of FPH Business Strategy

Environmental Developments	Implication to FPH
1. General awareness on climate change <i>Global:</i> A November 2023 public survey showed that climate change is a key concern of a majority of people across the globe.⁸ <i>Local:</i> 93 percent of Filipinos reported they experienced climate change.⁹ This is a jump in awareness by 6 percent since the last survey in 2017.	In 2023, the increasing awareness on climate change supported FPH's development of green products and services for local and foreign markets. The energy solutions arm of FPH is now exporting its green transformers to foreign clients. Impact on Value Creation: Indirect
2. Focus on the supply chain's security and resilience to climate change <i>Global:</i> The 2023 World Economic Forum's Global Risks Report¹⁰ lists extreme weather events as major risks, similar to the past years. Supply chain disruption was a consequence of this continuing climate situation. <i>Local:</i> KPMG reported that the Philippines has also experienced supply chain disruptions. The damage to infrastructure and impact on transportation systems can affect deliveries that increase retail costs and availability of products to customers.¹¹	The trend is aligned with our mission of forging collaboration for climate action which includes our value chain. In 2023, we started analyzing the GHG emissions from our supply chains in order to bring our suppliers along our journey of decarbonization. The objective was to amplify climate action but it also prepared us for the emerging requirement by investors and SEC on Scope 3 GHG emissions. Impact on Value Creation: Direct
3. Concern for biodiversity <i>Global:</i> The Task Force on Nature-related Financial Disclosures (TNFD) issued its final guidelines in September 2023. This was driven by the growing evidence that deterioration of nature poses risks to business and the financial ecosystem.¹² This is critical as half of the global GDP (USD44 trillion/yr) comes from sectors that are dependent on nature.¹³ <i>Local:</i> An initial study by the Central Bank of the Philippines discussed the effect of biodiversity loss on bank-level outstanding credit, the ensuing credit risk, and bank capital adequacy ratio.¹⁴	Our renewable energy business is dependent on nature. Thus, our stakeholders will expect us to consider the TNFD guidelines. We recognize that the guidelines will help us improve our protection and management of nature we are dependent on in our work areas. Impact on Value Creation: Direct

⁸ Narawad, A. (2023). Global surveys show people's growing concern about climate change. Retrieved from <https://www.cleanenergywire.org/factsheets/global-surveys-show-peoples-growing-concern-about-climate-change>

⁹ Mateo, J. (2023). 93percent of Pinoys experienced impact of climate change – SWS. Retrieved from <https://www.philstar.com/headlines/2023/03/24/2254057/93-pinoys-experienced-impact-climate-change-sws>

¹⁰ WEF (2023). The Global Risks Report 2023 18th edition. Retrieved from <https://www.weforum.org/publications/global-risks-report-2023/>

¹¹ KPMG (2023). Supply chain trends shaking up 2023. Retrieved from <https://kpmg.com/ph/en/home/insights/2023/05/the-supply-chain-trends-shaking-up-2023.html>

¹² TNFD (2023). Executive summary of recommendations. Retrieved from https://tnfd.global/wp-content/uploads/2023/09/Executive_summary_of_the_TNFD_recommendations.pdf

¹³ WWF (2022). Central Banking and Financial Supervision Roadmap: Transitioning to a Net Zero and Net Positive Economy.

¹⁴ Bayangos, V. et al. (2023). The impact of biodiversity loss on the Philippine banking system: A preliminary analysis. Retrieved from https://www.bsp.gov.ph/Pages/ABOUTpercent20THEpercent20BANK/Events/Bypercent20Year/2023/Research-Fair-2023/papers/pp4_paper.pdf

Accelerators of FPH Business Strategy

Social Development	Implication to FPH
1. Recovery from COVID-19 pandemic <i>Global:</i> In May 2023, the World Health Organization reported that countries have shown major signs of recovery from the pandemic.¹⁵ <i>Local:</i> The Philippine president lifted the state of public health emergency on COVID-19 in July 2023.¹⁶	The reopening of the economy has removed the hindrance to our strategy execution across our business segments as shown by the continued positive financial standing of the conglomerate in 2023. More information on our financials is in the Financial Capital section on page 110. Impact on Value Creation: Direct
Development in Governance	Implication to FPH
1. International standards on climate and sustainability disclosures <i>Global:</i> In June 2023, standards were issued by IFRS-ISSB which address the demand for transparency and integrity in corporate disclosures, as ESG is now at the heart of business strategy in most companies worldwide.¹⁷ <i>Local:</i> In October 2023, our SEC consulted the publicly listed companies on their draft guidelines adopting the basic requirements of IFRS-ISSB.¹⁸	The new international sustainability standards helped direct our attention to ESG items which improved our value creation process (e.g. equal attention to climate risks and opportunities, etc.). The FPH mission is ESG-centric and is already embedded in our business strategy. More details can be found on page 73-91. Impact on Value Creation: Direct

¹⁵ WHO (2023) New survey results show health systems starting to recover from pandemic. Retrieved from <https://www.who.int/news/item/02-05-2023-new-survey-results-show-health-systems-starting-to-recover-from-pandemic>

¹⁶ Rappler (2023). Marcos lifts COVID-19 public health emergency. Retrieved from <https://www.rappler.com/nation/marcos-lifts-covid-19-public-health-emergency-july-22-2023/>

¹⁷ IFRS (2023). ISSB issues inaugural global sustainability disclosure standards. Retrieved from <https://www.ifrs.org/. /news-and-events/news/2023/06/issb-issues-ifrs-s1-ifrs-s2/>

¹⁸ SEC (2023). Notice- Comments on the draft Memorandum Circular on the revised Sustainability Reporting Guidelines for Publicly Listed Companies and the SEC Sustainability Reporting Form. Retrieved from https://www.sec.gov.ph/wp-content/uploads/2023/12/2023Notice_2023RFC_Sure-Guidelines_v2.pdf

Barriers to FPH Business Strategy

Environmental Developments	Implication to FPH
1. Climate Change Conference of Parties (COP) 28 agreements <i>Global:</i> The major results of COP 28 include:¹⁹ • First international agreement to transition away from fossil fuels • Call for tripling of renewable energy COP 28 also started the discussion on loss and damage after 30 years. <i>Local:</i> The global decision was fully supported by the civil society groups of the country.²⁰	The COP 28 declaration to veer away from fossil fuel is not optimal to our company which has natural gas/LNG in its portfolio in order to fulfill our role as a transition fuel for the country. Baseload transition fuels like natural gas and LNG are critical to keep the lights on while the country prepares to be powered by 100 percent renewable energy. A study on the conditions needed for the country to shorten its transition period to 100 percent renewable energy mentioned the following requirements:²¹ a) the surge of solar power, b) substantial reduction in cost of utility scale battery to support solar power, c) development of lithium program for batteries, d) increased annual budget allocation from 22 billion to 55 billion Euros for the energy system, e) installation of transmission lines to distribute renewable energy wherever the demand is, and f) deployment of gas using synthetic fuel to satisfy peak loads at certain times of the day. Response: As early as 2023, we started preparing our net zero plan. We also plan to grow our power generation from renewable energy by 2.5 times by 2030 to assist in the country's goal on decarbonization. Impact on Value Creation: Direct
2. Intense heat <i>Global:</i> Year 2013 broke the world's heat record. According to the UN Chief, we now entered the era of global boiling.²² <i>Local:</i> The country experienced the scorching heat, similar to the rest of the world.²³	The intense heat from 2023 and the World Meteorological Organization (WMO) projection up to 2060 will greatly affect the workforce's health and business operations. Response: Our health protocols sustained the productivity of our manpower. Being most exposed, our construction segment issued additional guidelines. More details on workplace health and safety are in the Human Capital section on page 149. Impact to Value Creation: Direct

¹⁹ UN Sustainable Development Group (2023). COP 28 ends with call to "transition away" from fossil fuels, UN Chief says phaseout is inevitable. Retrieved from <https://unsdg.un.org/latest/stories/cop28-ends-call-percent-E2-percent-80-percent-98-transition-awaypercentE2percent80percent99-fossil-fuels-un-chief-says-phaseout-inevitable>

²⁰ Eco-Business (2023). 'Hold the line': Civil society leaders make last push for Philippine COP28 delegation to adopt stronger stance on fossil fuels phase-out. Retrieved from <https://www.eco-business.com/news/hold-the-line-civil-society-leaders-make-last-push-for-philippine-cop28-delegation-to-adopt-stronger-stance-on-fossil-fuels-phase-out/>

²¹ Gulagi, A. et al. (2021). Transition pathway towards 100percent renewable energy across the sectors of power, heat, transport, and desalination for the Philippines. Retrieved from *Renewable and Sustainable Energy Reviews* 144 (2021) 110934.

²² UN (2023). Hottest July ever signals 'era of global boiling has arrived' says UN chief. Retrieved from <https://news.un.org/en/story/2023/07/1139162>

²³ One news (2023). Earth Scorches For 3rd Straight Day; Manila Heat Index Hits 37°C. Retrieved from <https://www.onenews.ph/articles/earth-scorches-for-3rd-straight-day-manila-heat-index-hits-37-c>

Barriers to FPH Business Strategy

Economic Development	Implication to FPH
1. Geopolitical situation <i>Global:</i> Geopolitical events such as the Ukraine and Gaza wars as well as the China-Taiwan rift may contribute to supply chain disruptions and cost volatility of commodities. <i>Local:</i> McKinsey reported that, like the rest of the world, there are serious economic issues in the Philippines but also reasons for optimism for the country.²⁴	As experienced in most parts of the world, the ongoing conflicts may lead to delays in project execution or higher operating costs. In general, however, the FPH business segments were able to deliver their major projects. Impact on Value Creation: Indirect Response: Prudent fiscal management that was started in 2022 was continued in 2023. The supply chain measures such as strategic partnerships for material and logistics, long-term contracts, multiple sourcing, and material flexibility or the identification of alternative materials were put in place.
Social Development	Implication to FPH
1. Workforce <i>Global:</i> There are changing requirements for the skills of the workforce as the world transitions to net zero.^{25, 26} <i>Local:</i> The ILO study confirmed the change in skills requirements, explaining the impact of technological change and the national strategies to the future workforce in the Philippines.²⁷ This concern was highlighted in the ADB Clean Energy Forum of 2023, which is referenced on page 217.	There has been a competition over talents for the past years due to the new skills needed as companies transition to the new era of clean economy. Impact on Value Creation: Direct Response: Talent centricity is an element of the three-pronged business strategy of FPH so this concern is continuously being addressed. More details on our three-pronged approach are on page 70.

²⁴ Canto, J. et al (2023). What does 2023 hold for the Philippines' economy? Retrieved from <https://www.mckinsey.com/ph/our-insights/what-does-2023-hold-for-the-philippines-economy>

²⁵ PwC (2022). Asia Pacific's Time. Responding to the New Reality. Retrieved from <https://www.pwc.com/gx/en/asia-pacific/asia-pacific-time/asia-pacific-time-report-2.0.pdf>

²⁶ Davis Staffing Inc. (2023). The Future of Work. Retrieved from <https://www.davis-staffing.com/2023/08/23/the-future-of-work-adapting-to-changing-workforce-trends/>

²⁷ ILO (2021). Future of Work in the Philippines. Retrieved from <https://www.ilo.org/manila/projects/WCMS-832226/lang--en/index.html>



BUSINESS REVIEW





Power Generation

FIRST GEN CORPORATION



First Gen Corporation (First Gen) is the country’s largest producer of clean, low-carbon energy with power plants that run on geothermal steam, water, wind, solar, and natural gas. This diversified and flexible portfolio of assets makes First Gen well-positioned to meet the country’s growing demand for clean and reliable electricity and, at the same time, adapt to a world transitioning to a fully renewable energy (RE) future.

Through its subsidiaries, First Gen owns 31 power plants operating strategically in all three main island grids of the Philippines. As of December 31, 2023, the installed capacity of these power plants stood at 3,474.2 megawatts (MW). 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.

Financial Performance

- In 2023, First Gen recognized revenues of USD2.5 billion, a 7.2 percent decrease from the previous year’s USD2.7 billion, as a result of a decrease in revenues across all the platforms. The natural gas portfolio accounted for 65.3 percent of First Gen’s total consolidated revenues, while 32.1 percent came from EDC’s geothermal, wind, and solar power plants. The balance came from the Company’s hydro power plants and its retail electricity supplier, First Gen Energy Solutions.
- Despite lower revenues, First Gen reported a 4.4 percent increase in attributable recurring net income for 2023 at USD277.0 million in comparison to USD265.4 million in 2022. This can be attributed to earnings from EDC, whose geothermal plants benefited from higher power prices and higher production margins.

	2023 (in USD)	2022 (in USD)	2021 (in USD)
Revenues	2.5 billion	2.7 billion	2.2 billion
Consolidated Net Income	449.3 million	369.5 million	354.2 million
Attributable Recurring Net Income	277.0 million	265.4 million	252.4 million



2023 Key Highlights

NATURAL GAS

- First Gen, through its subsidiary FGEN LNG Corporation (FGEN LNG), accomplished significant milestones in 2023. It attained practical completion of the Interim Offshore Liquefied Natural Gas LNG Terminal (Project) in the first half of the year, in accordance with plans and specifications stipulated in its engineering, procurement, and construction (EPC) contract. The Project also proudly recorded six million man-hours without a lost time incident.

- In the second half of 2023, FGEN LNG completed the commissioning of its floating storage regasification unit (FSRU), the BW Batangas, at the Multi-Purpose Jetty of First Gen's LNG Terminal located within the First Gen Clean Energy Complex (FGCEC) in Batangas. In addition, under a Time Charter Party (TCP) agreement entered into with towage operator Svitzer, four tugboats arrived and provided towage services.

First Gen also procured its first and second LNG cargoes from Shell Eastern Trading and Trafigura, respectively, for delivery into the FSRU. These deliveries enabled additional gas supply for Santa Rita, San Lorenzo, San Gabriel, and Avion power plants.

- First Gen expects the Project to play a crucial role in ensuring the availability of fuel for the country's gas-fired plants in the midst of the impending depletion of gas supply from Malampaya and the search for new indigenous gas sources. The Project will accelerate the introduction to the country of LNG storage and regasification services for existing and future gas-fired power plants, owned either by FGEN LNG affiliates or by third parties. First Gen's development of the Project also forms part of its strategic and long-term program of decarbonization that supports the entry of more variable renewable energy facilities (VREs) with gas plants capable of matching the sudden change in output of VREs.



- In 2023, First Gen arranged several deliveries of condensate fuel and diesel to ensure the uninterrupted operations of the Santa Rita, San Lorenzo, and Avion power plants as Malampaya's natural gas supply was below the requirements of the FGCEC plants due to the continuing depletion of the gas field.
- First Gen continues to develop the Santa Maria Combined Cycle Gas Turbine Project. As part of the development, its subsidiary First Gen Ecopower Solutions Inc. is conducting permitting activities and contractor selection processes for the project. The site preparation works are being completed as part of the initial construction phase of the power plant.



GEOTHERMAL

- Consistent with its goal to provide more decarbonized energy, EDC began a massive drilling campaign to improve the operations of its existing geothermal facilities and expand its energy output.
- EDC's 28.9-MW Palayan Bayan Binary Project is now synchronized to the grid and is undergoing commissioning and testing. The 20-MW Tanawon Geothermal Power Plant, the 28-MW Mahanagdong Geothermal Brine Optimization Plant and the 5.6MW Bago Binary Geothermal Power Plant projects are all progressing in their construction works. All critical equipment are already on-site and gearing up for commissioning in 2024.
- In December 2023, EDC celebrated the landmark 40th anniversary of the 112.5MW Palinpinon-1 geothermal power facility located in the island of Negros. Palinpinon-1 continues to bring distinction to the country as one of the few existing geothermal fields in the world that have surpassed the usual 25-year life span of geothermal systems. It remains in operation, along with the 123-MW Tongonan-1 geothermal power plant, which likewise celebrated its 40th year in 2023.
- Higher power production from its geothermal plants combined with higher WESM prices led EDC to a record setting year as it reported PHP14.3 billion in recurring net income, its best annual earnings so far.



HYDRO

- On May 16, 2023, First Gen, acting through its wholly-owned subsidiary Fresh River Lakes Corp. (FRLC), offered the winning bid during an auction conducted by the Power Sector Assets and Liabilities Corporation (PSALM) for the 165-MW Casecan Hydroelectric Power Plant (CHEPP) in Pantabangan, Nueva Ecija. On May 26, 2023, PSALM issued the Notice of Award declaring FRLC as the winning bidder.
- First Gen continues to make progress with the pre-development activities for its run-of-river projects in Mindanao, namely, the 32-MW Bubunawan, 30-MW Puyo, 33-MW Tagoloan, and the 49-MW San Isidro plants. 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 RE projects.



WIND AND SOLAR

- EDC's 150-MW Burgos Wind Project in Burgos, Ilocos Norte, faced adverse weather conditions in 2023, such as destructive Typhoons Mawar and Egay. Typhoon Egay, which hit the country in August 2023, forced an outage in five of the wind turbine generators (WTGs) of Burgos Wind by damaging their transformers. The outage caused an estimated loss of 12.56 gigawatt-hours (GWh); but EDC immediately ordered replacement parts for the affected WTGs, allowing them to be fully operational and go back online again by the second week of November 2023.
- EDC also completed the replacement of pin insulators of the solar facility transmitter line, effectively mitigating outages resulting from wear and tear, and installed a line recloser to protect the system outside the Burgos solar facility from outages. Moreover, EDC kept maintenance activities mostly on schedule, preventing unplanned outages.



Looking Forward

- First Gen strives to maintain its role as the country's leading renewable energy producer by pursuing a program to add 7.5 gigawatts of renewable power to the grid, as part of its goal to reach 13 gigawatts of capacity by 2030. In First Gen's estimate, this pursuit will generate electricity sufficient to power 40 percent of the total Terawatt-hours (TWh) needed to achieve the country's 2030 RE target, demonstrating its commitment to a decarbonized and regenerative future, at the same time helping the government achieve its own goals under the Philippine Energy Plan.
- For geothermal energy, First Gen, through its subsidiary EDC, will invest a total of PHP60 billion in the next three years to drill 40 additional wells in Leyte, Davao del Sur, Cotabato, Albay, and Sorsogon in order to boost the capacity of EDC's geothermal power plants. EDC will spend PHP30 billion to fund drilling operations in the four provinces and invest the other PHP30 billion on growth initiatives.

On top of the ongoing geothermal projects, EDC is also exploring the development of a 50-MW geothermal power plant at Amacan, Davao de Oro. EDC was granted exclusive rights for geothermal power at Amacan after being awarded a tender process in 2017. This project is also a recipient of a U.S. Trade and Development Agency (USTDA) grant to conduct feasibility studies.
- For hydro, PSALM formally handed over CHEPP ownership and operation to FRLC on February 25, 2024, after the company secured all regulatory permits and remitted payment for the purchase of the power plant.

Looking Forward

First Gen also expects to complete the Aya Pumped-Storage Hydro Power Project in the second half of 2027. Project Aya, with its 100- to 120-MW capacity, will play an instrumental role in regulating power by providing ancillary services to the grid. The detailed engineering design of the civil, hydromechanical, and electromechanical works for the project is ongoing, and most of its permits and endorsements have already been secured. As a pump storage facility, Project Aya is designed to pump water from a lower reservoir to an upper reservoir for storage when excess electricity is available and inexpensive. When demand for electricity goes up, Project Aya then releases back the water from the upper elevation to the lower reservoir to generate electricity.

- For wind energy, First Gen and EDC are developing a pipeline of onshore and offshore wind projects in Luzon and Visayas that have the potential to go into commercial operations between 2030 and 2040. The Department of Energy has awarded the wind energy service contracts (WESCs) for these projects with 4.2GW of potential capacity. Twelve of the concessions are onshore WESCs with a potential capacity of 1GW, while four others are offshore WESCs with a potential capacity of 3.2GW. The viability of the wind farms depend mainly on the completion of planned grid upgrades to increase the available transmission capacity, a viable supply chain in the Philippines for the latest generation of wind turbines, a supportive regulatory environment especially for offshore wind, and competitive tariffs for offtake agreements.

- For solar, EDC is considering building a 100-MW solar facility within its geothermal site in Leyte, aside from adding 30MW to its 4.6-MW solar facility at Burgos in Ilocos Norte. The plans highlight favorable investment opportunities in these sites. In the next two years, EDC also targets the completion of its battery energy storage systems (BESS) adjacent to its geothermal sites in Bacman, Tongonan, and Southern Negros, which have a combined capacity of 40MW. Once completed, these BESS projects will optimize the existing geothermal resources and provide ancillary services to the grid.
- As the world shifts away from fossil fuels, particularly coal, the challenge for First Gen is to provide more of the reliable and affordable renewable energy that the market demands. In the meantime, the country's energy security is the immediate priority and First Gen believes that its LNG plants offer flexibility to keep the lights on while providing the most practical solution because it is less harmful than coal. Natural gas offers the promise of being able to transition to cleaner fuels, like hydrogen, when this becomes commercially available.

As the local energy market becomes diversified through the implementation of Retail Competition and Open Access, consumers will increasingly have the ability to choose their energy suppliers. First Gen continues to gear up to be able to better serve contestable customers' needs by developing an arsenal of value-added services.





Manufacturing and Energy Solutions

FIRST PHILEC



First Philec, Inc. (FPI) is a pioneer and leader in electrical transformer solutions in the Philippines. For over 50 years, FPI has been the preferred provider of local power distribution utilities, commercial, and industrial businesses in the country. It is also the largest amorphous transformer manufacturer in Southeast Asia. FPI continues to drive economic growth and national development by supporting key industries and public infrastructure.

Financial Highlights

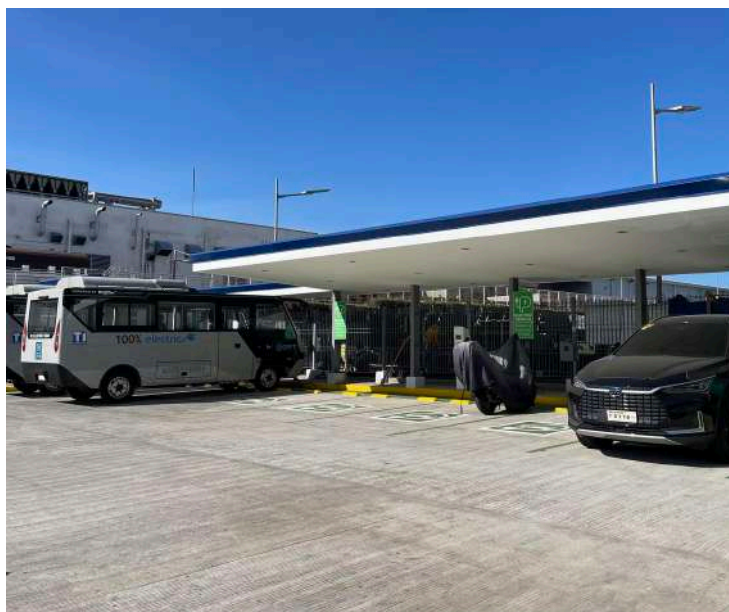
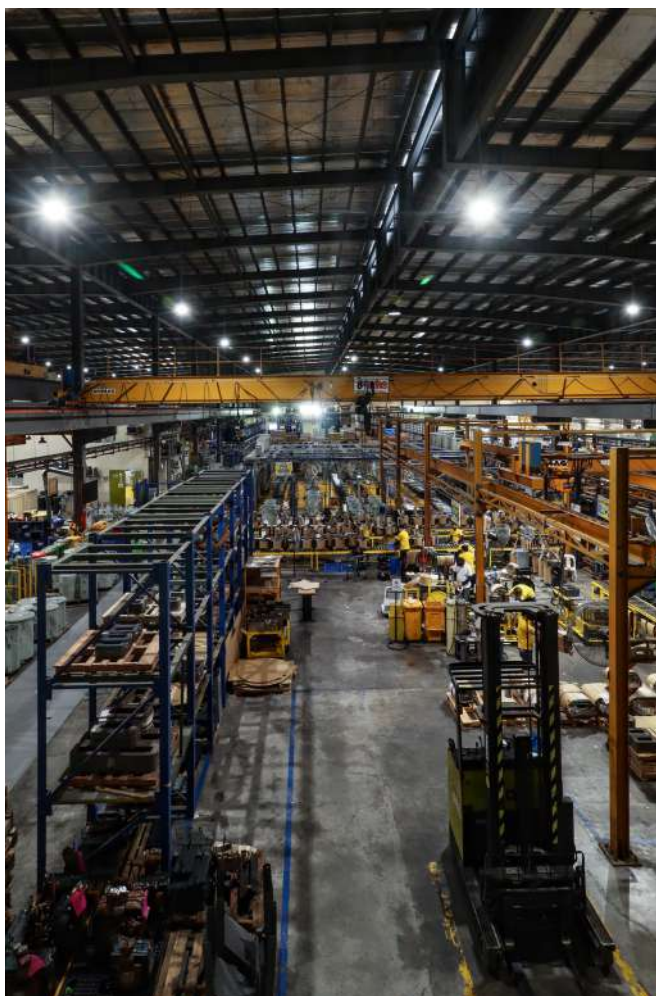
	2023 (in PHP)	2022 (in PHP)	2021 (in PHP)
Revenues	4.5 billion	4.5 billion	2.6 billion
Attributable Net Income	1.0 billion	1.0 billion	496.1 million
Attributable Recurring Net Income	1.0 billion	998.4 million	508.0 million

- FPI's revenues remained at PHP4.5 billion, with the new business segment focusing on Non-Transformer products playing a key role in driving revenue performance in 2023. Specifically, FPI witnessed a notable increase in revenues for Distribution Line Components (DLI) and Surge Arresters (SA), which are protective devices for limiting voltage on equipment by discharging or bypassing surge current. In 2023, revenues from DLI and SA grew by 47 percent and 100 percent, respectively.
- FPI registered a net income of PHP1.0 billion in 2023, or at the same level in 2022, mainly because of ample supply of Meralco, as well as the low orders from electric cooperatives and private utilities. The Property, Commercial, and Industrial (PCI) market has exhibited improved performance, achieving an 85 percent increase compared to the PHP111 million revenue recorded in 2022.



2023 Key Highlights

- The year 2023 marked the first revenue recognition for FPI's US export market endeavors. The export market has contributed PHP300 million in orders to FPI's New Business revenue, with Maschinenfabrik Reinhausen (MR), Avangrid, and Portland General Electric (PGE) emerging as significant customers in 2023.
- In terms of customer orders, FPI's core business experienced moderate growth this year. Non-transformer orders on the other hand, saw a significant uptick, with a 47 percent increase for DLI and a remarkable 100 percent surge for SA products. Contrary to some beliefs, an arrester does not absorb lightning or stop lightning.
- Aside from continuing to exceed its production capacity of 2,500 transformer units per month, FPI upgraded several equipment to minimize its carbon footprint. Specifically, it added to its production floor electric-powered forklifts and adhesive machines that use paper instead of the usual plastic tapes.



- In 2023, FPI's number of customers increased by 12. Ten are from the Electric Cooperatives Market while the remainder are from the Private DU segment. FPI has established a regular communication schedule with its US customers, and this year, it is proud to have gained recognition from three new customers in the US.
- FPI has also officially launched its **Smart Meters or Advanced Metering Infrastructure**, which has been accredited by the Energy Regulatory Commission (ERC). FPI looks forward to participating in bids for Meralco's future deployment plans. Additionally, it has formalized its **partnership with NASCENT** for battery storage initiatives and is working on developing **EV charging stations** that can support the country's shift towards electrification. This partnership focuses on research and development, with the ultimate goal of FPI having its own Na-ion battery cell by 2025.
- FPI has achieved milestones in battery and energy storage, progressing through the design phase of its five-kWh pole-mounted energy storage system (ESS). Simultaneously, FPI is in the process of acquiring lithium carbon battery samples from Hitachi.
- After the 2021 launch of FPI's Super Green transformers, its current focus is on fortifying its marketing strategies to effectively position Super Green in the market. FPI has been actively engaging key clients like Meralco and the Aboitiz Group by organizing product demonstrations, providing product samples, and hosting round-table discussions. These interactions delve into the transformative benefits and consequential impact Super Green Transformers can have on shaping future energy endeavors. Additionally, FPI has initiated discussions to extend its presence in Canada and Japan.

Looking Forward

- In 2024, FPI's main goal is to finalize and implement comprehensive commercial plans for Super Green transformers, aiming to reintroduce and reinforce the product among its valued customers.
- FPI anticipates further advancements, particularly in securing bids for Advanced Metering Infrastructure or Smart Meters in 2024. Throughout this year, FPI's primary focus has been to ensure that its Smart Meter technology and capabilities not only align with the standards set by Meralco but also meet the stringent requirements outlined by the ERC.
- FPI is also strategically focusing on building capabilities that enhance its value proposition, particularly in the market and plant segments. Simultaneously, the company is fostering a resilient corporate culture adept at navigating the dynamic business landscape. This commitment extends to driving digital transformation and enhancing FPI's capabilities to thrive in the evolving business landscape.
- 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 these products are able to address pain points caused by extreme weather, higher penetration of renewables, a hotter Philippine climate, and the impact of electrification of transport.
- When committing to and executing its strategic initiatives, FPI anchors its efforts in its brand promise of **Product Availability and Fastest Lead Time**. It takes pride in delivering reliable and quality service to its customers.
- The growing integration of Distributed Energy Resources, particularly solar, poses a risk of higher voltage stresses on connected equipment, such as transformers. Monitoring and mitigating these stresses are crucial to preventing overloads during the feeding-in of solar PVs to the grid.
- The widespread adoption of electric vehicles with fast charging systems may accelerate the aging of transformers, diminishing their lifespan. 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.





Industrial Real Estate



FIRST PHILIPPINE INDUSTRIAL PARK, INC.

First Philippine Industrial Park, Inc. (FPIP) is one of the largest and fastest-growing industrial parks in the Philippines. With over 600 hectares of prime industrial land, FPIP is host to over 150 world-class locators. Established in 1996, FPIP continues to work with its locator partners to contribute to national development and economic growth by helping generate tens of thousands of local jobs and billions of pesos in annual export earnings.

Financial Highlights

	2023 (in PHP)	2022 (in PHP)	2021 (in PHP)
Recurring Revenue	1.2 billion	1.1 billion	819.6 million
Net Income	174.9 million	220.4 million	124.6 million

- FPIP posted an increase in recurring revenues in 2023 due to new leasing contracts for ready-built factories (RBF) from locators such as An Li Jia Technology Phil. Corp., Collins Aerospace, TE Optoelectronics Technology Co. Phils. Inc., among others. FPIP's water service revenues also saw an uptick, driven by higher tariff rates offsetting a decrease in volume compared to the previous year. Additionally, the revenues from laboratory services, hotel and dormitory revenues for Phase 2 of Consuelo Park's Residences, and land lease income from locator Murata contributed to the increase in revenues. However, FPIP's consolidated net income declined to PHP174.9 million due to higher operating expenses, depreciation, and interest expenses.

2023 Key Highlights

	2023	2022	2021
New locators	7	7	10
Total locators	155	151	150
Total jobs generated	70,142 Total Headcount (as of 3rd quarter-ongoing 4th quarter)	72,658 Total Headcount (as of 4th quarter)	68,986 total headcount
Added occupancy and leasable space of RBF	7,920 sq.m / no added leasable space	10,608sq.m and 31,633sq.m	17,656 sq.m. and 12,408 sq.m.
Total RBF lease space	147,557 sq.m	140,250sq.m	129,642 sq.m
RBF occupancy rate	80%	76%	85%

- FPIP remains on track to transform itself from an industrial park into an inclusive, resilient, regenerative, and decarbonized job-centered community while remaining true to its goals of elevating industry, community and the environment.
- In 2023, FPIP welcomed seven new locators - two industrial locators and five commercial locators. TE Connectivity, which came in 2022 and started its operations in the park in 2023, is an industry leader and manufacturer of electronic connectors and interconnection devices with the potential to bring higher value through technology transfer.
- Moreover, consumer electronics maker Dyson is investing PHP11 billion to expand its current operations in the Philippines and establish the Philippines Technology Center in FPIP, which will house its Philippine offices, research and development (R&D), and advanced motor manufacturing capabilities. The construction of Dyson's Philippines Technology Center in FPIP is currently ongoing.
- Dyson is expected to commence operations by the third quarter of 2024, plans to recruit over 400 engineers specializing in software, AI, robotics, fluid dynamics, and hardware electronics, as outlined in its press release. The company also plans to hire over a thousand more employees.



ELEVATING INDUSTRY

- Towards the goal of establishing FPIP as the manufacturing hub of choice of high value-add locators, FPIP is now home to over 150 locators and more than 70,000 employees. Cumulatively, FPIP remains the top-performing industrial park in terms of investment value from 2019 to late 2023, despite the challenges faced during the pandemic. FPIP continues to attract global industry leaders as new anchor locators, such as TE Connectivity and Dyson, and continues to be partners with current locators in their expansion plans. These will contribute to the growing export revenue contributions, which is currently at USD2.34 billion.
- True to its mission of advancing national development not only by catalyzing industry, but by also creating jobs, FPIP locators account for 70,000 jobs that, using the Philippine Economic Zone Authority (PEZA) multiplier formula, effectively translate into over over one million Filipino lives being positively impacted by said jobs.

ELEVATING THE COMMUNITY

- FPIP elevates the community through its strategic interventions to assist host communities in Tanauan City and the City of Sto. Tomas, Batangas. It does so through the implementation of its FPIP Kabuhayan corporate social responsibility programs such as employment and livelihood opportunities, scholarship grants, disaster relief, health and wellness programs, and other CSR initiatives.

ELEVATING THE ENVIRONMENT

- The organization continues to shift to renewable energy, where possible, primarily making use of the Green Energy Option Program (GEOP) and solar panel installations. FPIP is also working with First Gen to potentially develop solar farms within FPIP expansion sites which will augment First Gen's renewable energy capacity and also provide FPIP locators with an additional source of renewable energy.
- FPIP continues to refine its Water Sustainability Masterplan to address the changing conditions of water supply and demand within the park. To ensure the sustainability of our natural resources, FPIP is playing an active role in the San Juan Sub-basin LLDA Water Quality Management Area, where two employees were recently elected as officers. Moreover, FPIP signed a Memorandum of Agreement for the Adopt-A-River initiative, which will protect, preserve, and conserve a 3.4-km stretch of the San Juan River. As part of this agreement, two river cleanup activities were held within the year.
- In 2023, FPIP joined the Net Zero Carbon Alliance, a multi-sectoral movement launched by EDC that is aimed toward attaining net zero carbon emissions among businesses in the Philippines, and encouraged locators to do the same.



Other Highlights

- The Consuelo Park Residences boosted its capacity by increasing the units from 36 in 2022 to 95 in 2023. Bed capacity also increased to 380 beds.
- In 2023, OVE ARUP and Partners came on board to refine the original masterplan by US-based urban planning firm Sasaki for the development of the township project. As an interdisciplinary firm

specializing in infrastructure engineering design, ARUP concentrated on solidifying the project's overall infrastructure, all the while integrating our aspirations towards sustainability in their framework. By integrating the human experience of breathable urban design in our project's initial development phase, we establish human-oriented design values at the forefront of our plans in bringing the township project to life.



- FPIP has also commissioned in-depth studies, including a comprehensive water study, regeneration and decarbonization embedding study, and a comprehensive framework toward becoming a Decarbonized and Regenerative Park by 2030.
- In 2023, FPIP crafted a comprehensive ESG roadmap mapping out progress and outlining plans towards decarbonization and regeneration. This was presented to the Board and subsequently approved. The company also formed a strengthened ESG TWG to oversee the strategy and implementation of the park's decarbonization and regeneration goals.

Looking Forward

- FPIP continues to play its role as a value-adding aggregator of solutions—providing a wide range of products and services that will not only cater to locator-firms but also their employees, and eventually, the communities that emerge from the transformation. It will enable high-value-adding job creation and manufacturing-centered communities and help build future-ready townships and high-growth industries, transforming them into inclusive job-centered communities.
- In 2024, FPIP will prepare to launch its Park Access Management System which will digitalize the application process and tracking of visitors, vehicles, and employees in the park. The system will feature an online platform for application, automated ID access technologies, and an online payment gateway, providing ease of access to those entering and exiting the park.
- Additionally, FPIP will put in place within the park a fiber telecommunications infrastructure to connect locators with providers. This will provide locators with more options for their telecommunications needs. Moreover, FPIP will also launch the FPIP Community Commercial Center.
- To capture manufacturers who are seeking to stabilize their production by diversifying and expanding their manufacturing footprint outside ASEAN countries like Vietnam, Myanmar, and Indonesia, FPIP will: a) continue to strengthen its working relationships with government investment promotions agencies such as Philippine Economic Zone Authority (PEZA) and the Board of Investments (BOI), b) interface with parent company Sumitomo Corporation's network and sales arm to help attract a significant number of Japanese locators who are seeking to diversify their supply chain by presenting FPIP's industrial offerings, and c) fully engage with chambers of commerce, industry associations, and its current locator network.
- For BOI and PEZA's priority sectors, FPIP sees opportunities in high-tech/advanced manufacturing, electric vehicles, semiconductors, science, technology, and innovation in line with our aim of elevating industry by attracting more high-value-adding locators to the park. There is also an opportunity in green metals and the extractive industry, where the Philippines has the potential to move into processing these ores rather than just extracting them. Relevant to our aim of elevating the environment, we also see opportunities in the renewable energy industry as well as PEZA's thrust towards eco-industrial park development.



Commercial and Residential Real Estate

ROCKWELL LAND CORPORATION

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 beyond-ordinary experiences for its discerning clientele. Rockwell Land continues to bring its brand of luxury lifestyle to more key cities outside of Metro Manila, including Cebu, Laguna, Batangas, Bacolod, and Pampanga.



Financial Highlights

	2023 (in PHP)	2022 (in PHP)	2021 (in PHP)
Revenue	18.5 billion	16.5 billion	12.7 billion
Consolidated Net Income	3.4 billion	2.6 billion	2.2 billion
Attributable Net Income	3.1 billion	2.3 million	1.6 billion
Reservation Sales	20.3 billion	21.5 billion	13.9 billion

- In 2023, Rockwell Land recorded a consolidated net income of PHP3.4 billion, marking a 30.8 percent increase from the previous year's PHP2.6 billion. The growth was mainly due to the commercial segment hitting a record high as the office segment remains resilient and retail sales are boosted by revenge spending and increased construction accomplishments.
- Total revenues for the year reached PHP18.5 billion, up 12.1 percent from PHP16.5 billion in 2022. Rockwell Land also achieved higher residential sales bookings compared to last year and higher construction accomplishment in existing projects.



2023 Key Highlights

- Rockwell Land launched three residential developments, of which two are horizontal projects, Rockwell South Carmelray in Laguna and Terreno South Phase 5 in Lipa; and Lincoln at IPI which is the first tower of mixed-used JV development in Cebu.
- In 2023, Rockwell Land completed three developments, namely the East Bay-Fordham in Muntinlupa, The Arton - West in Quezon City, and the Vantage East in Pasig City.
- The residential growth remains robust with these project additions. Moreover, the retail and office segments remained steady.



Looking Forward

- Rockwell Land is preparing to launch seven development projects. Three of these will be in Bacolod - Rockwell Center Bacolod Commercial Lots, Nara Lots Phase 2, and Bel Air Phase 2, while two will be in Laguna which are Rockwell South Cluster 6 and El Madero. Additionally, one development will be in Bulacan - Horizon Bulacan, and one in Batangas - GMC.
- Rockwell Land will continue to leverage its brand to deliver exceptional experiences as the market shifts towards quality. The company also plans to bolster its position in its target core market and extend its reach. This will involve enhancing execution by reinforcing organizational expertise and fostering financial agility.
- In 2024, interest in horizontal developments and residential projects will persist, as evident in the strong demand in regional areas. Concurrently, the completion of new infrastructure projects is underway and the shift of customer preference to experiential retail will drive significant market changes. Furthermore, Rockwell Land also anticipates a flight-to-quality trend amid concerns of looming oversupply.

Construction and Energy Services

FIRST BALFOUR, INC.

First Balfour

With 55 years of engineering and construction experience, **First Balfour, Inc. (First Balfour)** aims to deliver infrastructure that creates resilience and elevates the quality of life of the Filipino people. It takes part in nation building by delivering world-class engineering and construction services for a wide range of projects in energy, water, transport, and specialized building sectors. First Balfour was one of the first construction companies to be accredited as a Quadruple A contractor by the Philippine Contractors Accreditation Board, currently the highest license given to construction firms in the Philippines.

First Balfour consistently maintained a triple-ISO certification under the standard ISO 9001:2015 for quality, ISO 14001:2015 for environment, and ISO 45001:2018 for safety and occupational health. The company 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 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

	2023 (in PHP)	2022 (in PHP)	2021 (in PHP)
Revenues	8.8 billion	9.0 billion	8.9 billion
Consolidated Net Income	-158.6 million	526.4 million	453.9 million
Recurring Net Income	-160.6 million	547.6 million	529.7 million
Order Backlog	31.6 billion	6.5 billion	8.1 billion

- First Balfour posted a net income of PHP79.2 million, significantly lower than by PHP335.6 million or 81 percent from last year's PHP414.8 million following the lower margins reported from ongoing construction projects coupled with the higher finance expenses incurred on the short-term borrowings availed in 2023 and loan drawdowns made in 2022.
- First Balfour and Thermaprime reported a consolidated net loss of PHP158.6 million for 2023, a reversal of PHP685 million or 130 percent from a PHP526.4 million combined net income in 2022, reflecting the weaker bottom line of both companies during the year.
- As the awarding of some major projects were pushed back, the order backlog for 2023 was at PHP31.6 billion by year-end, which is significantly higher than 2022's PHP6.5 billion



2023 Key Highlights

- In 2023, 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 PHP1.6 billion Engineering, Procurement, and Construction (EPC) contract for Energy Development Corporation's (EDC) Battery Energy Storage System (BESS) in Tongonan, Bac-Man, and Southern Negros. The BESS facilities with a combined capacity of 40 MW will store excess power from geothermal plants for a flexible energy supply.
 - EDC's massive investments in geothermal energy including the PHP1.4 billion contract for its Mahanagdong Binary Geothermal Power Plant, PHP338.1 million project for Bago Binary Geothermal Power Plant, PHP2.09 billion Drilling Operations Program Level 1 and Level 2, PHP234.4 million expansive drilling operation for Amacan Geothermal Project Site Development Exploration Phase (Civil Works) - all these underscore EDC's commitment to advancing its geothermal energy infrastructure, ensuring the continued delivery of renewable resources to its customers.
 - The PHP11.7 billion contract awarded by Globe STTelemedia GDC (GSG) to Leighton-First Balfour Joint Venture (FBLJV) to build a hyperscale data center in Quezon City called STT Fairview. The project's first phase at 28 MW covers general construction works including civil, structural, architectural, and MEPF works. The hyperscale data center forms part of STT GDC Philippines' expansion strategy, adding a significant 124 MW capacity to its portfolio.
- The Department of Transportation (DOTr) also awarded the FBLJV the PHP22.2 billion contract package S-03A of the North-South Commuter Railway (NSCR) Project, which covers 7.9 kilometers of railway viaduct and ground level structures, one elevated station in Buendia, Makati, and two ground level station buildings at EDSA and at the Senate.
- Moreover, FBLJV also secured the PHP24 billion contract for North-South Commuter Railway (NSCR) Package S-03B. This encompasses a 4.7-kilometer underground railway, a 1.4-kilometer ground-level railway, the construction of the FTI station, and tunneling works to connect FTI to the Senate Station of the Metro Manila Subway Project (MMSP).
- For T1 Rentals, its fleet has experienced a growth rate of 28 percent from 2020 to 2023. Its current fleet count stands at almost 900 units and hosts at least two asset disposal programs each year.
- T1 Rentals also expanded its nationwide footprint with the opening of its Clark Yard located within Clark Global City to support the infrastructure development in Central Luzon; particularly providing equipment rental services to North Commuter Railway projects.
- On the other hand, T1 Transport's Electric Vehicle (EV) people transport division recently secured a contract from Cebu Pacific on October 13, 2023. The contract entails providing two EV Airport buses for the transportation of passengers from the terminals to the airplanes at MIAA. This service is scheduled to commence on January 10, 2024.
- T1 Transport has also finalized the memorandum of agreement with Maersk Logistics to provide trucking services for their logistics operations with regard to container transport.
- As for the Balikatan Exercises, T1 Transport has provided a total of 514 trips from Subic Port to various parts of the country in a span of one month.
- In its commitment to promoting green initiatives and contributing to the conglomerate's mission of working towards a decarbonized and regenerative future, it provides an EV shuttle for its head office employees, implements the use of Hilti tools management for efficient work performance, improves welding productivity, and provides simulators for training and evaluation.

Looking Forward

- First Balfour will prepare for another inflection point in 2024 by refocusing on target markets and aiming to at least generate PHP 10 billion worth of orders to secure revenue for 2025 targets.
- First Balfour is set to embark on several noteworthy projects in 2024 such as the North-South Commuter Railway Project, and its various commitments to EDC. It is also working to secure infrastructure and transportation projects with the Department of Transportation and Department of Public Works and Highways.
- In 2024, First Balfour also aims to achieve a successful commercial resolution to 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.

Health and Education Services

ASIAN EYE INSTITUTE



Asian Eye Institute (AEI) is a world-class eye institute that puts the Philippines on the map of quality health care. Established in 2001, AEI is at the forefront of efforts to make breakthrough technologies for eye care treatment available to all patients. It serves 75,000 local and foreign patients annually.



Financial Highlights

	2023 (in PHP)*	2022 (in PHP)	2021 (in PHP)
Revenue	680.2 million	640.4 million	450.0 million
Net Loss	-4.2 million	-132.7 million	-101.0 million

- AEI achieved a revenue of PHP680.2 million in 2023, a 6 percent growth from PHP640.4 million from the previous year. The increase can be attributed to the normalization of demand for elective surgical procedures and products post-pandemic, after serving pandemic backlogs.
- It also reported a decline in net loss by PHP129 million or 97 percent driven by the absence of the one-off credit losses for some of its outstanding receivables from Philhealth which were recognized in 2022, complemented by the stronger revenues and better margins from its core patient services, particularly the high-value surgeries and procedures, and also the sale of optical products.



**2023 figures of AEI are unaudited*

2023 Key Highlights

- In 2023, AEI saw a 13 percent rise in customers served compared to the previous year. It maintained a high cataract surgery safety rate of 98.7 percent and received a remarkable customer satisfaction rating of 4.7 out of 5.0. Furthermore, AEI improved its PhilHealth and HMO collection rates while also establishing the Asian Eye Research and Training Center.
- AEI, in partnership with the Ophthalmological Foundation of the Philippines (OFPHIL), provided eye care services and products for more than 3,900 beneficiaries for the LAB for All caravan that provides free healthcare services to communities nationwide. They also partnered with educational institutions such as First College, Lyceum of the Philippines University-St. Cabrini College of Optometry, Centro Escolar University School of Optometry, and PHINMA Southwestern University College of Optometry to support the training of eye care professionals such as optometrists and ophthalmic technicians.
- As part of its corporate relations events, AEI integrated artificial intelligence (AI) technology to detect signs of eye disease and also offered special optical promos for corporate and non-government organization clients.

Looking Forward

- In 2024, AEI will launch an ambulatory surgical center at its Trinoma clinic in Quezon City and will improve its facilities at the Rockwell Phinma clinic to ensure consistent exemplary patient service. Furthermore, it will strengthen and expand partnerships with financial technology companies.
- Asian Eye's Shop and Telehealth will make eye care and products accessible to more Filipinos, especially for those in underserved areas, while lessening carbon footprint. AEI will also establish a Myopia Center to provide comprehensive treatments for myopia management and control.
- To support business growth, it will focus on building a high-performance organization and sales culture, increasing the mix of non-core and non-Rockwell revenue, and expanding partnerships and alliances. AEI will provide business systems improvements, including the implementation of enterprise resource planning software and the latest version of Electronic Medical Records systems. To ensure optimal resource allocation, AEI will plan manpower complements, particularly on doctors. To more efficiently screen larger populations for early detection and treatment of vision-threatening eye conditions, it will expand the use of AI in its screening activities.





INTEGRATED MANAGEMENT FRAMEWORK



In this section, we discuss the core elements of value creation as prescribed in the IFRS-ISSB guidelines.²⁸ These elements are also the foundations for FPH's integration of key corporate functions to ensure that ESG matters are fully embedded in FPH operations (page 99)

²⁸ The approach will cover both the IFRS S1 sustainability-related and IFRS S2 climate-related financial disclosures.

Governance

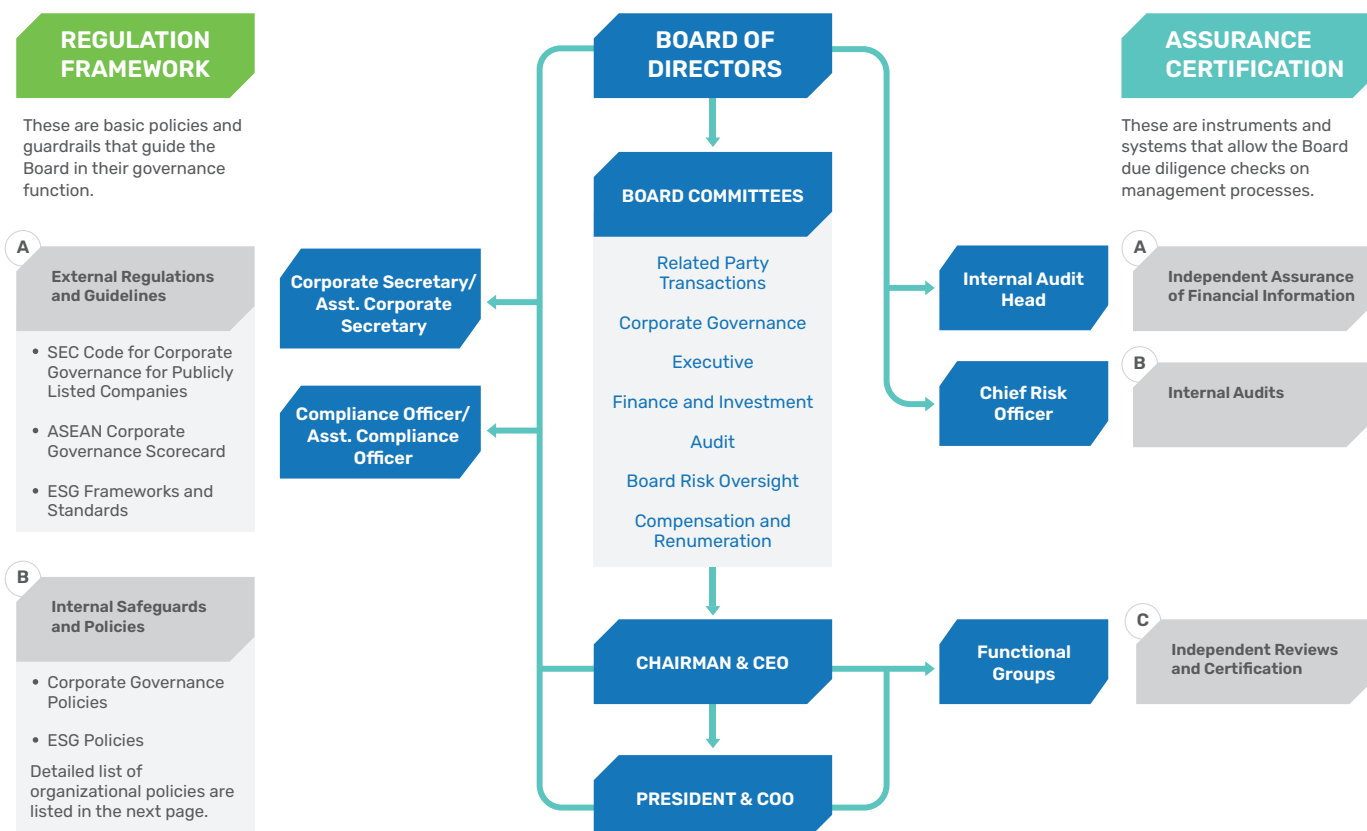
Governance is central to the successful implementation of our mission. The complex environment that our businesses face today requires a governance structure, policies, and processes that will help us stay ahead of risks and provide a clear sight towards sustained growth in the future.



Governance Structure

The authority, accountability, and responsibility to steer the course of the company are vested in the Board and its committees that support the decision-making process. However, consultation and utmost collaboration between the Board of Directors and Management are fostered to assess and decide on issues material to the company.

The company is in full compliance with its Manual of Corporate Governance and Code of Corporate Conduct and Ethics. Shown below are our governance structure and mechanisms.



Management Approach to Governance

Our management approach is guided by the Lopez values, the respect for human rights and our commitment to environmental, social and governance (ESG) safeguards principles²⁸. Our structures, policies, programs and protocols ensure:

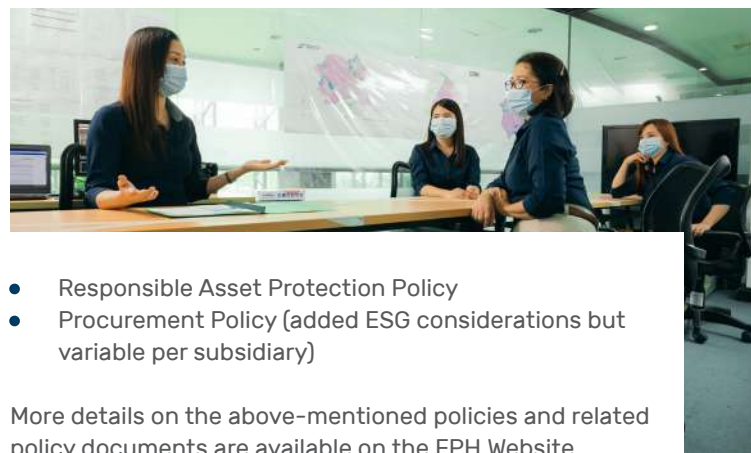
- full compliance with local regulations and international conventions signed by the country and relevant to our operations;
- skillful and adequate oversight of the company's purpose, business strategy and performance;
- sufficient controls through internal audit, enterprise risk management and accountability; and
- steadfast protection of the enterprise value.

Organizational Policies

As a publicly listed entity, FPH adheres to the principles of good governance which is embodied in the Manual for Corporate Governance, as required by the Securities and Exchange Commission. It likewise has an FPH Corporate Code of Conduct and Ethics, Business Mission and Commitments. In addition, FPH has issued several policies, as listed below. These policies work together to strengthen business ethics and integrity, a core Lopez Value. From our knowledge, no corruption or bribery issues have been reported in 2023.

Organization policies of FPH include:

- Manual for Corporate Governance
- Code of Corporate Conduct and Ethics
- Whistleblower Policy
- Conflict of Interest Policy
- Disclosure and Trading Policy
- Material Related Party Transactions Policy
- Anti-Bribery and Corruption Policy
- Loan Prohibition Policy
- Environment, Safety, and Health Policy
- Enterprise Risk Management Policy
- Corporate Social Responsibility Policy
- Corporate Sustainability Policy
- Human Rights Policy
- Gender and Equality Policy
- Cultural Heritage and Indigenous Peoples Policy



- Responsible Asset Protection Policy
- Procurement Policy (added ESG considerations but variable per subsidiary)

More details on the above-mentioned policies and related policy documents are available on the [FPH Website](#).

Anti-Bribery and Corruption Policy

To safeguard against corruption and bribery, FPH has several corporate governance policies that cover possible entry points: FPH vendor accreditation policy, a Code of Conduct for Vendors, and a Sanctions Screening Tool. FPH also has a Whistleblower mechanism in place, which is also referred to in the Whistleblower Policy.

In addition, the Code of Discipline for FPH has provisions on allegations of corruption for all employees.

New Policies

In 2023, FPH issued two key safeguard policies which are provided below:

POLICY AGAINST FORCED LABOR AND CHILD LABOR

Consistent with our Social Safeguards Policies, we are steadfast in our commitment to protect and respect human rights and children's rights. This policy outlines our commitment to ensuring that our operations, supply chain, and business relationships are free from forced and child labor. This also establishes compliance, implementation, and enforcement guidelines, emphasizing the importance of working with suppliers and partners who share our commitment.

Cascade sessions were held to inform employees of the policy and discuss its implications in our operations. As all employees are required to take part in the cascades, these sessions are available on our official learning and development platforms.

²⁸ The approach will cover both the IFRS S1 sustainability-related and IFRS S2 climate-related financial disclosures



INFORMATION SECURITY (INFOSEC) POLICIES

Our Information Security or InfoSec policies were established to protect our online and digital assets as we undergo an aggressive digital transformation. With cybersecurity in mind, the policy enjoins employees and other affected stakeholders to take the necessary steps to avoid potential and actual cyber-attacks from occurring in our digital assets. We implemented other InfoSec policies to reinforce the protection of our online and digital assets.

- **Information Security Policy** – A policy that details level controls, processes, and procedures for information security and the protection of our online and digital assets.
- **Information Asset Management Policy** – A policy that details guidelines on the appropriate usage and management of digital and information assets.
- **Removable Media Acceptable Use Policy** – A policy that details guidelines on the appropriate usage of removable storage media, such as flash drives, hard drives, compact disks (CDs), and similar peripheral devices connected to our digital and information assets.

Accompanied by the release of these policies, our InfoSec team is active in cascading the principles of protecting our online and digital assets. These are detailed in our Intellectual Capital section, found on page 153.

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.

Corporate Governance Committee

Chairman:

Mr. Jaime I. Ayala

Vice Chairman:

Mr. Federico R. Lopez

Members:

Mr. Stephen T. CuUnjieng

Mr. Benjamin R. Lopez

Mr. Francis Ed. Lim

Mr. Francis Giles B. Puno

Mr. Richard B. Tantoco

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 Transactions 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.

BOARD MATTERS

Board meetings are the avenues in which financial and operations updates are discussed with the Board of Directors.

DIRECTORS	February 3	March 30	May 4	May 29 ASM	May 29 OBM	July 6	August 17	September 7	October 5	November 10	December 7
F.R. Lopez	■	■	■	■	■	■	■	■	■	■	■
S.T. CuUnjieng	■	■	■	■	■	□	■	■	□	■	■
M.E.L. Lopez	■	■	■	□	■	■	□	■	□	■	■
R.G. Mantaring	■	■	■	□	■	■	■	■	■	■	■
F.G.B. Puno	■	■	■	■	■	■	■	■	■	□	■
A.B. Quitain	■	■	■	□	■	■	■	■	■	■	■
R.B. Tantoco	■	■	■	■	■	□	□	□	□	□	■
J.I. Ayala	■	■	■	■	■	■	■	■	■	□	□
D.O. Chua	■	■	■	■	■	■	■	■	□	■	■
R.L. Feliciano	■	■	■	■	■	■	■	■	□	■	■
F.E. Lim	■	■	■	■	■	■	■	■	□	■	■
M. Lopez-Vargas	■	□	■	■	■	■	■	■	■	■	■
C.P. Noel	■	■	■	□	□	■	■	■	■	■	■
E.P. Singson	■	■	■	■	■	■	■	■	■	□	■
B. R. Lopez	■	■	■	■	■	■	■	■	■	□	■

■ Present

□ Absent

ASM Annual Stockholders Meeting

OBM Organizational Meeting of the Board

BOARD AND COMMITTEE ACTIVITIES FOR 2023

In 2023, the Board conducted strategic planning and regular reviews in pursuit of the three-pronged business strategy of the conglomerate

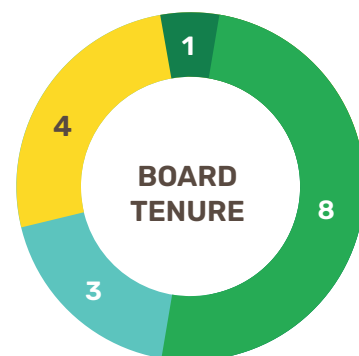
Board Activity	Outcome	Link to Strategic Priorities*
Board Strategic Updates	Reviewed market conditions and impact to business and discussed the updates on major programs and the provided financial updates.	- Transform Core Models - Diversify and Rebalance - Capability Building
Board Risk Oversight Committee Meeting	Discussed the risk profile of several subsidiaries.	- Transform Core Models - Diversify and Rebalance - Capability Building
Audit Committee Meeting	Reviewed the financial figures to be reported to SEC.	Diversify and Rebalance
Corporate Governance	Checked if the nominees are qualified based on the Code of Corporate Governance.	Capability Building
Related Party Transactions	Oversaw, reviewed, and approved transactions between the company and its related parties to ensure fairness, compliance with regulations, and risk management.	- Transform Core Models - Diversify and Rebalance
Trainings and Seminars on Relevant Business Themes	Obtained comprehensive understanding of the strategic implications and opportunities presented by emerging business themes such as Data Analytics, Artificial Intelligence, Internal Carbon Pricing, etc.	- Transform Core Models - Capability Building

BOARD OF DIRECTORS

29% Female Board Members



36% Independent Directors



< 1 Year 0-3 Years 3-5 Years > 5 Years

*The discussion on our Strategic Priorities can be found under the Integrated Management Framework section on page 72.

Board of Directors



FEDERICO R. LOPEZ

62 Years Old, Filipino
Chairman and Chief Executive Officer



Elected Chairman and Chief Executive Officer in May 2010. Mr. Lopez has been a Director of the Corporation since February 2006.

Tenure: 17 years

Areas of Expertise: Business, Economics, Finance, International Relations, Real Estate, Governance, Sustainability



BENJAMIN R. LOPEZ

53 Years Old, Filipino



Appointed Director and Vice Chairman of the Corporation in March 2023. Mr. Lopez has been Vice President of the Corporation since November 2006. He has been with FPH since October 1993.

Tenure: <1 year

Areas of Expertise: Business, International Relations, Management, Marketing, Real Estate



JAIME I. AYALA

62 Years Old, Filipino
Independent Director



Mr. Ayala was elected Director in 2021.

Tenure: 2 years

Areas of Expertise: Banking, Economics, Energy, Entrepreneur, Healthcare, Real Estate, Fundraising for Child Welfare and Protection, Environmental Preservation, Governance, and Philanthropy

LEGEND:

E	Executive Committee	BRO	Board Risk Oversight Committee
CG	Corporate Governance Committee	A	Audit Committee
CR	Compensation and Remuneration Committee	RPT	Related Party Transaction Committee
FI	Finance and Investment Committee	◀	Chairman

**Tenure is based on December 2023 cut-off*



DAVID O. CHUA

55 Years Old, Filipino

BRO

Mr. Chua was elected Director in 2021.

Tenure: 2 years

Areas of Expertise: Banking, Business, Business Process Outsourcing, Construction



STEPHEN T. CUUNJIENG

65 Years Old, Filipino
Independent Director

A

CG

CR

RPT

Mr. CuUnjieng was elected Director in 2018.

Tenure: 5 years

Areas of Expertise: Banking, Energy, Finance, Real Estate, Governance, and Public Service, Law, and Judicial Reform



FRANCISCO ED. LIM

65 Years Old, Filipino
Independent Director

A

BRO

Atty. Lim was elected Director in 2021.

Tenure: 3 years

Areas of Expertise: Banking, Business, Energy, Mergers and Acquisition, Real Estate, Telecommunications, Governance, and Public Service, Law, and Judicial Reform

Board of Directors



ROBERTA L. FELICIANO

62 Years Old, Filipino

BRO

Ms. Feliciano was elected Director in 2021.

Tenure: 2 years

Areas of Expertise: Biodiversity Conservation, Disaster Response, Environmental Preservation, Fundraising for Child Welfare and Protection



MERCEDES LOPEZ VARGAS

65 Years Old, Filipino

A

Ms. Vargas was elected Director in 2021.

Tenure: 2 years

Areas of Expertise: Human Resources, Logistics, Arts and Artisanal Crafts, Philanthropy, Public Service, Law, and Judicial Reform



MIGUEL ERNESTO L. LOPEZ

54 Years Old, Filipino

E

A

FI

Mr. Lopez was elected Director of the Corporation in October 2020.

Tenure: 3 years

Areas of Expertise: Business, Business Process Outsourcing, Governance, Real Estate, Utilities

LEGEND:

E	Executive Committee	BRO	Board Risk Oversight Committee
CG	Corporate Governance Committee	A	Audit Committee
CR	Compensation and Remuneration Committee	RPT	Related Party Transaction Committee
FI	Finance and Investment Committee	◀	Chairman

**Tenure is based on December 2023 cut-off*



RIZALINA G. MANTARING

63 Years Old, Filipino
Lead Independent Director



Ms. Mantaring was elected Director in 2016.

Tenure: 7 years

Areas of Expertise: Engineering, Insurance, Operations, Governance



CIRILO P. NOEL

66 Years Old, Filipino
Independent Director



Tenure: 2 years

Areas of Expertise: Accounting, Banking, Energy, Healthcare, Real Estate, Retail, Taxation, Telecommunications, Governance, and Public Service, Law, and Judicial Reform



FRANCIS GILES B. PUNO

59 Years Old, Filipino
President, and Chief Operating Officer



Mr. Puno was elected Director in March 2011. He was appointed as President and Chief Operating Officer of FPH in October 2015. 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.

Tenure: 12 years

Areas of Expertise: Banking, Construction, Energy, Operations, Real Estate, Governance

Board of Directors



ANITA B. QUITAIN

77 Years Old, Filipino

BRO

Ms. Quitain was elected Director in 2018.

Tenure: 5 years

Areas of Expertise: Accounting, Insurance, Education, Governance, and Public Service, Law, and Judicial Reform



EMMANUEL ANTONIO P. SINGSON

58 Years Old, Filipino

E

FI

RPT

Mr. Singson was elected Director in 2021. He was promoted to Executive Vice President, Treasurer, and Chief Finance Officer of FPH, in October 2021.

Tenure: 2 years

Areas of Expertise: Finance, Management, Governance



RICHARD B. TANTOCO

57 Years Old, Filipino

E

CG

FI

RPT

Mr. Tantoco was elected Director of the Corporation in March 2018. He was an Executive Vice President from September 2011 to June 2023 and a Vice President of the Corporation from May 1997 to August 2011.

Tenure: 6 years

Areas of Expertise: Business, Education, Energy, Management, Management Consultancy, Mergers and Acquisition, Operations, Governance, Sustainability

LEGEND:

E	Executive Committee	BRO	Board Risk Oversight Committee
CG	Corporate Governance Committee	A	Audit Committee
CR	Compensation and Remuneration Committee	RPT	Related Party Transaction Committee
FI	Finance and Investment Committee	▼	Chairman

**Tenure is based on December 2023 cut-off*



JONATHAN C. RUSSELL

59 Years Old, British

Senior Adviser

Mr. Russell has been Senior Adviser of FPH since August 2012.

Tenure: 11 years

Areas of Expertise: Business, Export Management, Energy, Power Plant Development, Governance



MARIO L. BAUTISTA

70 Years Old, Filipino

Senior Board Adviser

Mr. Bautista has been Board Adviser of FPH since May 2015.

Tenure: 9 years

Areas of Expertise: Civil, Commercial and Criminal Litigation, Labor Law, Telecommunications, Corporate Law, Family Law, Probate, Immigration, Insurance, Banking, Securities and Finance



WALTER C. WASSMER

66 Years Old, Filipino

Senior Board Adviser

Mr. Wassmer was appointed Senior Board Adviser in November 2022.

Tenure: 1 year

Areas of Expertise: Banking, Construction, Energy, Operations, Real Estate, Governance

BOARD SKILLS AND EXPERTISE

Our board members come from varying backgrounds and are equipped with a diverse set of experiences.

BUSINESS-RELATED COMPETENCIES

2 Accounting	6 Energy	1 Management	8 Real Estate
6 Banking	1 Engineering	1 Management Consultancy	1 Retail
5 Business	1 Entrepreneur	1 Marketing	1 Taxation
2 Business Processing Outsourcing	5 Finance	2 Mergers and Acquisition	2 Telecommunications
2 Construction	2 Insurance	3 Operations	2 Utilities
2 Economics	1 Logistics		

ENVIRONMENTAL

2 Biodiversity Conservation
2 Environmental Preservation
2 Sustainability

SOCIAL

1 Arts and Artisanal Crafts	2 Healthcare
1 Child Welfare and Protection	1 Human Resources
1 Disaster Response	3 Philanthropy
2 Education	

GOVERNANCE

12 Governance
2 International Relations
5 Public Service, Law, and Judicial Reform

Number of board members with competency





Risk Management

The FPH Enterprise Risk Management (ERM) process follows the ISO 31000:2018 Standard. 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 reviewing, recording the review's output and reporting it to relevant bodies, and communicating and consulting 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 on 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.

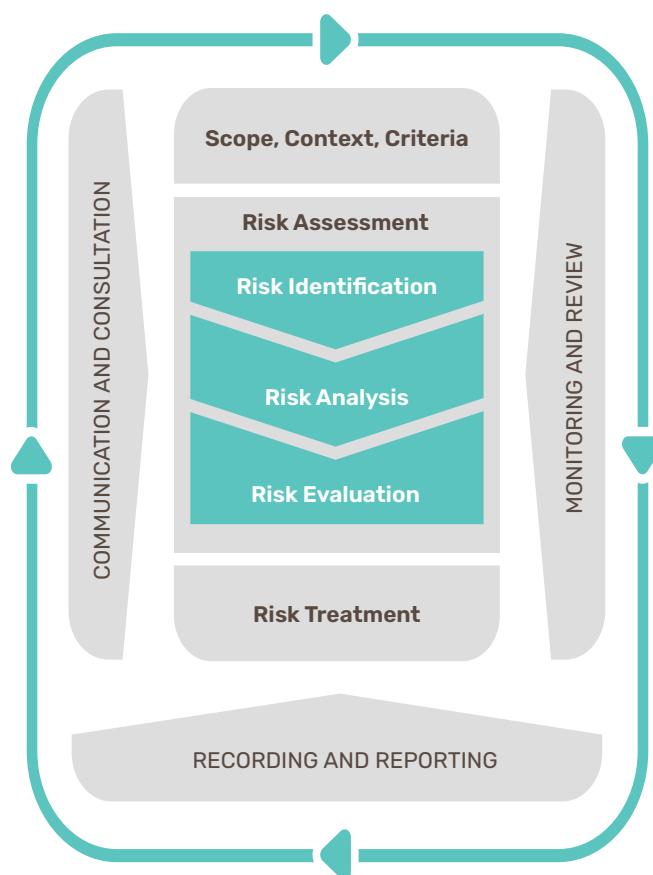
The Board of Directors, through the Board Risk Oversight Committee (BROC), has oversight over the ERM process. The BROC reviews all major risks and opportunities and works with the FPH businesses on their corresponding management strategies and action plans. Dedicated meetings of the BROC take place four to six times throughout the year for these risk management discussions.

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 subsidiary level, 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.

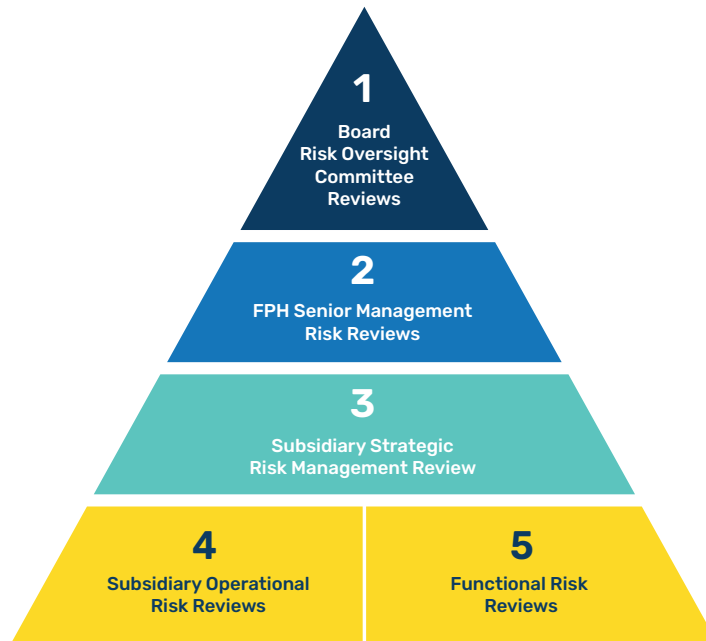
The FPH Enterprise Risk Management (ERM) process follows the ISO 31000:2018 Standard.



The FPH ERM process is conducted annually across the relevant FPH subsidiaries. It is guided by the following steps:



ERM Governance and Process Framework



	RISK OWNERS	RISK REPORTING/ GOVERNANCE	CADENCE
1	Subsidiary COO, GM, and CRO	Board Risk Oversight Committee (BROC)	Each subsidiary has annual reviews with the BROC to discuss the top risks and the risk profile of the subsidiary.
2	Subsidiary COO, GM, and CRO	FPH Senior Mgt (SM)	Each subsidiary has annual reviews with FPH SM to discuss their strategic and top operating Risks.
3	Subsidiary Management	FPH Chief Risk Officer FPH Risk Mgt Group (RMG)	Regular reviews between the subsidiary and the FPH RMG.
4	Business Unit Heads	Subsidiary COO FPH Chief Risk Officer FPH RMG	Quarterly reviews between the subsidiary and FPH RMG to update the risk register and risk profile.
5	Functional Heads	COO FPH Chief Risk Officer FPH RMG	Quarterly review to update the Risk Register and Profile.

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 their management are included in the annual risk management review cycle. More details on the management of cybersecurity risks, as well as related policies and programs, are detailed in pages 153-154 of the Intellectual Capital section.

ESG-related risks and climate-related risks are part of each of our subsidiaries' risk register. In the annual review of risks, the risk register is reviewed by the subsidiary risk teams for what are the relevant top risks the businesses

face. It is through this process that ESG-related and climate-related risks may surface and, if reviewed to be material to the business, are further discussed with senior management.

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

Strategy and Business Model

Referencing the guidelines of TCFD and IFRS-ISSB, there are several items discussed under this core element. Hence, a summary is provided below on the flow of the discussion to assist the readers of the report.



Business strategy and strategic priorities as a parent company

- Three (3) elements of the business strategy
- Strategic priorities to execute the strategy

Sustainability strategy

- Approach to environmental and social risks and opportunities
- Summary of risks and opportunities and risk management strategy

Climate change strategy

- Summary of climate-related risks and opportunities
- Implications of risks and opportunities to business and strategic options
- Implications on resilience of business strategy

Business model

- Way to play
- Implications of risks and opportunities on the business model

In this report, we discuss two dimensions of our strategy: the business strategy for capturing economic benefits, and our sustainability or ESG strategy for sustainability-related and climate-related risks and opportunities that affect the success of our business strategy.²⁹

BUSINESS STRATEGY

Elements of the Strategy

The business strategy that we pursue translates our mission to values for the business and our pentad stakeholders. More information on our stakeholders can be found on page 158. Since our strategic initiatives are closely interwoven with our mission, they incorporate both environmental and social considerations into our economic objectives. This creates long-term benefits to the business as well as society and the planet as a whole. The following are components of the three-pronged business strategy of the conglomerate as approved by the Board in February 2023.

²⁹ Expanded discussion of strategy beyond the enterprise is guided by the IFRS-ISSB guidelines.



SYSTEMIC AND ECOSYSTEM APPROACH

Aligned with the true essence of being regenerative, we seek to develop holistic solutions that address systemic issues through our integrated platforms. Our aim is to maximize environmental and societal benefits while balancing our aspirations for profitable growth. Given these, FPH naturally gravitates toward business models that exhibit the characteristics of ecosystems (an interconnected set of services that form a coherent solution) and flywheels (ecosystems with both substantial demand-side and supply-side economies of scale resulting in positive feedback loops).

TALENT CENTRICITY

Talent and leadership are critical components of our business as people serve as the engine and heart of the business. It is important for FPH to attract, retain, and develop those who believe in the group's mission to lead across the organization's businesses at different levels.

Company talents are FPH resources representing capabilities that can be deployed anywhere in the group. Our strategic focus on talent consists of the following initiatives and mechanisms:

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

Leadership Development. Ensure quality and depth of the leadership bench across the group and deliver targeted development initiatives.

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

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

Talent Development. Update competency, performance, and skills frameworks and tools as the basis for talent development and movements.

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

Well-being. Champion diversity, equity, and inclusion, flexible working arrangements, and provide access to tools and programs.

ORGANIZATIONAL AGILITY

Our governance, structures and systems allow for the flexibility to adapt to the changing business environment and to create optionality. The organization thinks ahead strategically and distills insights from emerging trends. We use the information to generate our response to various scenarios we may face so that we can better position our business platforms for future growth.

We enhance our parenting capabilities in providing 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 to develop their distinctive capabilities

Strategic Priorities

To support the three-pronged business strategy, we focus on the following strategic priorities*:

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 government and other stakeholders to develop broader partnerships to meet 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.



*Time-frame of impacts

Short term: 1-5 years

Medium term: 6-10 years

Long term: > 10 years



SUSTAINABILITY STRATEGY

Strategy for Sustainability Risks and Opportunities³⁰

FPH incorporates risks and opportunities analysis in its business strategy to aid decision-making for long-term positive impacts. The following are our approaches to sustainability-related risks and opportunities (SRROs):

APPROACHES TO ENVIRONMENTAL RISKS AND OPPORTUNITIES

Our management approach to environmental risks follows a mitigation hierarchy.

- We prevent risks to the planet by complying with all national environmental laws and all relevant international conventions entered into by the Philippine government on natural resources management, land use, biodiversity, waste management, and sustainable development.
- To protect ecosystems, we adopt the Precautionary Principle.³¹
- During operations, we avoid activities that may have potential adverse impacts on the environment.
- If adverse impacts cannot be avoided, we try to minimize the intensity and duration of adverse impacts within the threshold of the relevant laws.
- Adverse impacts on the environment that could not be avoided are further managed by restoration to re-establish the natural system's composition, structure, and function.
- We offset the adverse impacts of our operations by taking care of nature outside our business fence in a similar natural system to avoid overall net negative results.
- We pursue opportunities to build up natural capital to have nature-positive operations.

We have established an Environmental Management System (EMS) that will identify and assess the environmental impacts of our activities. Corresponding programs are installed to enhance positive impacts and eliminate or minimize adverse impacts. Our business units have Pollution Control Officers (PCOs) who oversee our compliance with environmental laws, standards, permit conditions, and other regulatory requirements and commitments. We regularly conduct a risk assessment of our natural capital and develop appropriate measures to address the risks with guidance from Management and the Board.

For environmental opportunities, we continue to scan good practices and tools that will improve the management of our environmental risks. These are incorporated in policies, protocols, and capacity building programs.

Guided by the conglomerate's management approach, our subsidiaries modify their processes based on the peculiarities of their operations.



³⁰ Approaches to SRROs as prescribed by IFRS S1 is a new section to address the information requirements of users of the report

³¹ The Precautionary Principle is based on the Wingspread Statement of 1998 which declares that "When an activity raises threats or harm to human health or the environment, precautionary measures should be taken, even if some cause-and-effect relationships are not established scientifically." Retrieved from <https://www.gdrc.org/u-gov/precaution-3.html>

APPROACHES TO SOCIAL RISKS AND OPPORTUNITIES

The following are the ways we manage our social risks and opportunities.

Internal stakeholders

Our human capital consists of the knowledge, skills, and experience of the company's personnel. We address the risks we identify and the concerns of our employees through the following:

- We comply with national labor laws and general labor standards, as well as the international labor conventions entered by our government.
- The company has adopted specific social safeguards policies in the following areas: (a) human rights, (b) gender equality and diversity, c) corporate social responsibility (CSR), and d) responsible asset protection that includes employees as our most important asset. We regularly conduct a risk assessment of our human capital to develop appropriate measures to address the risks with guidance from Management and the Board.
- Every subsidiary conducts a human rights risks analysis and installs a Grievance Redress Mechanism (GRM) to monitor transgressions of employees' rights and to gather data that may be analyzed to ensure the incidents can be avoided by the company in the future.
- We have embedding programs so that the employees may discover how they can align their interests and values with the corporate purpose to protect planetary and societal health.



External Stakeholders

The trust that we build with our external stakeholders facilitates their support for the execution of the company's plans. For the risks related to our suppliers, partners, and host communities, below are our approaches:

- To avoid social concerns, we issued safeguards policies, specifically the policies on: a) CSR, b) human rights, and c) cultural heritage and indigenous peoples.
- Similar to our internal stakeholders, the subsidiaries conducted a human rights risk analysis across their value chain on potential issues related to our external partners and developed corresponding GRMs.
- Regular engagement is conducted with partners in our activities, which could impact our ability to consistently secure their support throughout the company's lifespan.



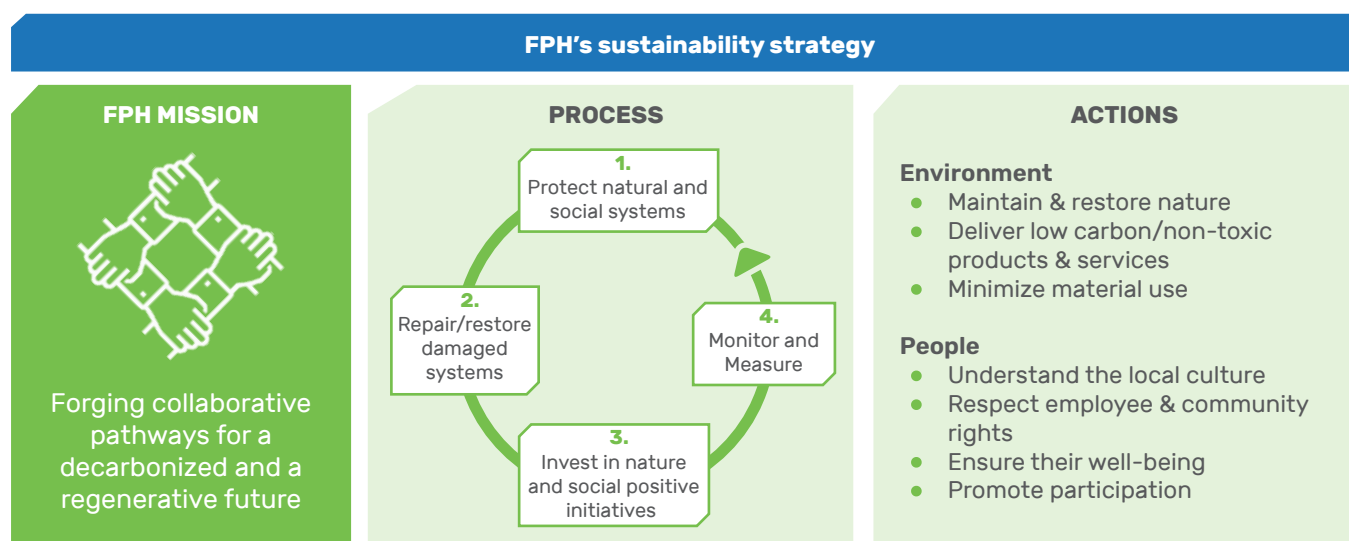
SUSTAINABILITY OPPORTUNITIES

For opportunities, we partner with external stakeholders on the following:

- Our host communities have the most reliable information about the work site which can help address a common problem in the locality that can affect the business.
- We seek the expertise of our corporate partners to develop sustainable practices in our operations.
- To amplify climate action, we engage our suppliers and partners to find ways to reduce the emissions from the value chain.
- We innovate new products and services with inputs from our clients and partners.
- We partner with government agencies and civil society organizations to advocate for climate action.

Guided by the conglomerate's management approach, our subsidiaries modify their processes based on the peculiarities of their operations.

The figure below summarizes our sustainability strategy based on the foregoing discussion on our approaches to maintaining planetary and people's health.



SUMMARY OF RISKS AND OPPORTUNITIES, INCLUDING SUSTAINABILITY-RELATED AND CLIMATE-RELATED RISKS AND OPPORTUNITIES

Below are our key risks and opportunities based on macro-economic drivers that generally influence our operating units.

Macroeconomic Drivers	Risks/ Opportunities	Power Generation	Energy Solutions	Real Estate	Construction and Energy Services	Health and Education Services
Inflation and increasing interest rates	Challenges to cash flow, financial standing, and as it impacts certain markets and their behavior	●		●	●	
Geopolitical or other global events	Supply chain shocks	●	●			
Regulatory landscape	There are some national regulations where processes are wanting and thus make it difficult for business to grow	●		●		●
Climate change impacts and natural catastrophes	Disruptions to operations	●		●		●
Transition to hybrid work settings and digitalization	Cybersecurity and data privacy risks	●		●		●
Lingering post-pandemic impacts	Post-pandemic recovery challenges, including fewer available suppliers			●	●	
Shortages in and competition for skilled talent	Finding, developing, and retaining skilled talent			●	●	●

IMPACTS OF RISKS AND OPPORTUNITIES ON BUSINESS STRATEGY AND VALUE CREATION

Below are the impacts of risks and opportunities on business strategy and value creation per business segment.



POWER GENERATION

Market and competition risk

The expiration of First Gen's contracts in 2024, 2025, and 2027 may expose up to 2,000 MW of our capacity to revenue volatility if they remain uncontracted.

Impact of Risk:

Recontracting these expiring contracts is key to ensuring sustainable operations and the financial performance of the company.

Time-frame*:

Short-term to long-term

Nature of risk:

Internal

Stakeholders impacted:

Employees, Customers, Suppliers, Competitors

Capitals Affected:

Manufactured Capital, Financial Capital, Human Capital, Social and Relationships Capital

Risk Management Strategy: Loss prevention and reduction

First Gen has engaged with various customers about contracting these capacities, as well as have explored strategies to contract these capacities in other market segments.

Opportunity: Improvement of terms as the company can offer intangible benefits to the client due to the ESG attributes of the products and services (e.g. low carbon, climate-conscious provider, human rights centered operation that ensures listening to client voice and action on concerns through grievance redress mechanisms installed).

Geopolitical tensions and local regulatory landscape may impact growth projects

Macroeconomic events happen at the global scale as well as national scale potentially impact First Gen's growth projects

- Global events: Various geopolitical events, including the invasion of Ukraine by Russia and the tension with China, may contribute to supply chain disruptions and price shocks on commodities, leading to higher cost of operations.
- Regulatory challenges: Within the country, the regulatory landscape in the energy industry adds challenges that may affect the timeliness and financial viability of growth projects (e.g. low approved rates)

Impact of Risk:

Supply chain disruptions may cause delays in the execution of growth projects while changes in the local regulatory landscape may lead to delays in construction and affect the viability of First Gen's assets.

Higher cost of commodities may lead to higher operating costs.

Time-frame*:

Short-term to long-term

Nature of risk:

External

Stakeholders impacted:

Employees, Customers, Competitors, Regulators, Investors

Capitals Affected:

Manufactured Capital, Financial Capital, Human Capital, Social and Relationships Capital

Risk Management Strategy: Loss prevention and reduction

First Gen has identified procurement options to minimize the impact of supply disruptions and high commodity prices.

First Gen also actively engages various regulators and local government authorities in the energy sector to provide operational data for their analysis, and has participated in Technical Working Groups (TWG) for consultations in various evolving regulations.

Opportunity: Like other FPH subsidiaries, First Gen's new procurement approaches (e.g. strategic partnerships with suppliers, long-term contracts, expanding sources) give it flexible options not only to mitigate the risks but also to get concessions, or discover better sources for materials and services.

With regards to engagements with regulators, submission of operations data can inform decision-making by government authorities which may lead to the consideration of First Gen's recommendations.

Climate risk and exposure to natural catastrophes

The effects of climate change, including record high temperatures, may lead to extreme weather events such as drought, super typhoons, and flooding, which may disrupt our operations, affect our customer service, and cause property damage. Similarly, natural catastrophes such as earthquakes may also disrupt operations.

Impact of Risk:

Changes in climate patterns may affect our existing and planned generation capacities, as well as customer demand for electricity, especially during extreme weather events, leading to possible damage to existing assets, delayed pursuit of planned projects, and consequently lower revenues.

Time-frame*:

Short-term to long-term

Nature of risk:

External

Stakeholders impacted:

Employees, Customers, Regulators

Capitals Affected:

Social and Relationship Capital, Financial Capital, Manufactured Capital, Intellectual Capital, Natural Capital, Human Capital

Risk Management Strategy: Loss prevention and reduction as well as risk transfer

First Gen has conducted various natural calamity studies (e.g., typhoon, flood, tsunami, earthquake, etc.) and explored additional data providers to ensure that climate risk-related information is sufficient and updated; continuously modified plant design and implemented various weather-proofing and resilience initiatives to safeguard against the effects of natural disasters. regularly inspects earthquake risk-mitigating measures (including earthquakes, such as installing seismic monitors at strategic locations on-site); continuously improved the emergency response and business continuity management plans and conducted drills, and obtained and maintained natural catastrophe insurance coverage for various sites.

Opportunity: Attention to these measures will improve emergency and maintenance protocols than would normally be without these challenges.

Fuel supply risk

The depletion of the Malampaya gas field and Energy Development Corporation's (EDC) steam supply challenges may affect First Gen's production and cash flow. Operations are highly dependent on: the consistent availability of the power plants' required fuels, the expertise of the natural gas field operator, the existence of a valid Gas Supply Purchase Agreement (GSPA) before the depletion of resources, and the availability of steam as a geothermal resource in commercial quantities.

Impact of Risk:

A disruption in fuel supply will have a significant impact on First Gen's ability to deliver contractual obligations and the ability to recontract affected assets.

Time-frame*:

Long-term

Nature of risk:

External

Stakeholders impacted:

Employees, Customers, Competitors

Capitals Affected:

Financial Capital, Manufactured Capital, Natural Capital, Social and Relationship Capital, Human Capital

Risk Management Strategy: Loss prevention and reduction

For its natural gas power plants, First Gen has received the delivery of its Floating Storage and Regasification Unit (FSRU), BW Batangas in the fourth quarter of 2023, in anticipation of the expiry of the gas supply agreement with Malampaya Gas Field in 3 years. At the end of December, FGEN LNG signed a 15-year lease agreement with Gas Aggregator Philippines Inc. for said FSRU for the eventual supply of LNG to First Gen's plants, which is expected to begin in 2024.

First Gen uses dual-fired plants (except for San Gabriel) in the absence of natural gas, has ensured the availability and adequacy of liquid fuel, and identified procurement options to minimize the impact of supply disruptions and high fuel prices.

For its geothermal power plants, First Gen, through its subsidiary EDC, has maximized modern technology to optimize steam extraction from the wells; undertaken continuous drilling and non-drilling workovers to ensure steam supply; addressed steam decline through lower impact distribution of reinjection, scaling prevention initiatives, and targeted infill injection for pressure support; and employed more comprehensive well development planning, improved well design and predictive modeling tools, intensive monitoring of production lines, debottlenecking activities, and fortifying vulnerable wells and surface facilities.

Opportunity: In addition to addressing the financial risk of the power companies, the main opportunity in the shift in fuel for First Gen plants and the drilling campaign and technology solutions for EDC is the fulfillment of their role in the climate transition. However, in meeting this obligation, there will be temporary increases in the carbon footprint with the addition of nat gas plants. A net zero plan for natural gas plants is being crafted.

Constraints from the transmission network

There are currently issues with the capacity and dependability of the local transmission network, which may adversely affect current and projected energy demand from customers, as well as affect the additional supply from new projects, particularly RE projects in the pipeline.

Impact of Risk:

These constraints have been putting RE projects at risk of being delayed, thus affecting their commercial viability

Time-frame*:

Short- to long-term

Nature of risk:

External

Stakeholders impacted:

Customers, Employees, Competitors, Regulators

Capitals Affected:

Manufactured Capital, Financial Capital, Natural Capital, Social and Relationship Capital, Human Capital

Risk Management Strategy: Loss prevention and reduction

First Gen has identified potential project sites that can handle its capacity. First Gen is also continuously working with the National Grid Power Corporation (NGCO) to identify gaps in their transmission development plan.

Opportunity: Through NGCP, a robust transmission system (sub-stations and distribution lines) will ensure that the planned capacity expansion of First Gen can be delivered to the sites of projected demand or target market.

Cybersecurity risk

The modernization and interconnection of First Gen's assets and Information Technology (IT) infrastructure have increased their operational efficiency, but has also exposed them to cybersecurity risks.

Impact of Risk:

Breaches in our IT and/or OT infrastructure may lead to serious consequences such as leakage of sensitive information, remote manipulation of assets, and damage to company property and reputation.

Time-frame*:

Short- to long-term

Nature of risk:

Internal and External

Stakeholders impacted:

Customers, Employees, Competitors, Regulators

Capitals Affected:

Intellectual Capital, Manufactured Capital, Social and Relationship Capital, Human Capital, Financial Capital

Risk Management Strategy: Loss prevention and reduction

First Gen continually conducts IT and Operational Technology (OT) vulnerability assessment studies and prioritizes implementing recommended mitigation plans; designated a high-level committee to oversee information security activities for both IT and OT initiatives; acquired IT Security Governance and IT Security Operations services; launched information security, technology risk, and data privacy programs to manage and reduce information security risks and ensure compliance with the Data Privacy Law; and developed related frameworks and policies to cascade and implement cybersecurity throughout the whole organization.

Opportunity: First Gen is able to fortify its digital systems and other data-related systems. With the designated high-level committee, they are also able to proactively act on cybersecurity risks.

Increasing interest rates

Both the Bangko Sentral ng Pilipinas (BSP) and the US Federal Reserve System hiked interest rates, making the cost of borrowing more expensive. The average Philippine Peso exchange rate has depreciated by 11.46 percent since 2021.

Impact of Risk:

Increasing interest rates and foreign exchange volatility may lead to higher operating and project costs, which may adversely impact the First Gen's income generation and limit the growth projects it may pursue.

Time-frame*:

Short- to long-term

Nature of risk:

Internal and External

Stakeholders impacted:

Employees, Customers, Regulators, Contractors, Investors and Shareholders

Capitals Affected:

Financial Capital, Social and Relationship Capital, Manufactured Capital, Human Capital

Risk Management Strategy: Loss prevention and reduction

First Gen has established a predictable cash flow as the majority of its capacity is being contracted. First Gen has also deliberately availed loans only for important synergistic investments after previously pursuing a deleveraging program. First Gen explored and formed new partnerships for new projects. Its interest rate risk is managed with a mix of fixed and floating-rate loans, liquidity risk is managed via prepayment of loans. First Gen refinanced bulky maturities to smoothen or extend the repayment profile and manages its foreign exchange risk by closely monitoring foreign exchange rates to determine hedging opportunities.

Opportunity: The varied strategies cited are meant to ensure financial resources are available to support the operations for continued revenue generation

Plant disruption due to fire

First Philec's single manufacturing location bears a risk of operation stoppage should a fire incident occur. Hence this has been one of the most important risks to mitigate for the company..

Impact of Risk:
Impact to revenue generation

Time-frame*:
Short-term

Nature of risk:
Internal

Stakeholders impacted:
Employees
Customers

Capitals Affected:
Financial Capital, Manufactured Capital, Human Capital, Social and Relationship Capital

Risk Management Strategy: Loss prevention and reduction as well as risk transfer
First Philec has stringent programs to guard against fire incidents. Their facilities comply with annual fire inspections and audits and adhere to fire safety standards. ESH policies and their execution, including fire safety discussions, fire drills, and fire prevention, are prioritized activities. Electrical loads are balanced across the facility; electrical audits are done diligently and any findings are addressed at once; heat generating equipment is strategically placed; and heat extraction mechanisms have been recently doubled.

First Philec is also covered by Business Continuity Insurance Policies. On top of these, First Philec is developing opportunities to expand its location base.

Opportunity: First Philec's robust program on Environment, Safety, and Health ensures that it is prepared, both in mitigation of risks as well as in swift response to disruptions.

Supply chain interruptions

Various external forces, such as economic, geopolitical, and market factors, can affect the global supply chain in which First Philec relies on materials for its products and services. Securing supply chain resilience and flexibility is particularly important for a manufacturing organization.

Impact of Risk:
Impact to operations and revenue generation

Time-frame*:
Short-term

Nature of risk:
External

Stakeholders impacted:
Customers,
Competitors

Capitals Affected:
Financial Capital, Manufactured Capital, Natural Capital, Social and Relationship Capital

Risk Management Strategy: Loss prevention and reduction
First Philec's strategies to address this risk includes diversifying suppliers and supply routes, forging strong partnerships with suppliers, close monitoring of the market, and enhancing storage capacity.

Opportunity: Similar to other FPH subsidiaries, First Philec's new procurement approaches give it flexible options not only to mitigate the risks but also to get concessions or discover better sources for materials and services.

Business concentration with one dominant customer

At the moment, a large portion of First Philec's revenue is dependent on a single customer. This poses a risk with regard to business concentration.

Impact of Risk:
Impact on financials and brand reputation

Time-frame*:
Short-term

Nature of risk:
External

Stakeholders impacted:
Employees,
Customers

Capitals Affected:
Financial Capital, Social and Relationship Capital

Risk Management Strategy: Loss reduction
First Philec builds strong relationships with their customers, showing that they are the vendor of choice. FPI collaborates with customers to tailor products and services that address their pain points, thereby helping their customers enhance the value they are able to give in their respective businesses.

The year 2023 also marks the first revenue recognition of First Philec's new business in exporting its products and services, thus diversifying the revenue stream for the company.

Opportunity: The risk encouraged First Philec to seek diversification of clients. They now have clients from local electric cooperatives and an international market for stability and increase in revenues.

RESIDENTIAL AND COMMERCIAL REAL ESTATE SEGMENT

Inflation's impacts to finances

When inflation rates continue to increase, so do interest rates, which are then projected to decrease the Net Income after Taxes (NIAT) of Rockwell Land. Relatedly, peso depreciation would also negatively impact Rockwell Land's financials.

Impact of Risk:

Reduction in net income

Time-frame*:

Short-term

Nature of risk:

External

Stakeholders impacted:

Employees, Investors and Shareholders

Capitals Affected:

Financial Capital, Human Capital

Risk Management Strategy: Loss prevention and reduction

Rockwell Land has enough dollar reserves to hedge its exposure along with financial strategies to maintain stable cash flow, such as active engagements with clients for timely payments.

Opportunity: None

Inflation's impacts to the real estate market

The pressures from inflation and interest rates have slowed down global growth. This in turn continues to affect the real estate market. The real estate industry's performance in 2023 is still below that of pre-pandemic levels, with vacancy rates still expected to increase in the near future. Additionally, particularly on the side of retail, customer preferences are shifting towards experiential activities.

Impact of Risk:

Need to innovate with regards to market positioning as there is potential reduction in revenues if unable to do so

Time-frame*:

Short-term to Medium-term

Nature of risk:

External

Stakeholders impacted:

Customers, Employees, Communities, Investors and Shareholders

Capitals Affected:

Financial Capital, Intellectual Capital, Social and Relationship Capital, Manufactured Capital, Human Capital

Risk Management Strategy: Loss prevention and reduction

Rockwell's main strategy to address this risk is to deliver committed products, services, and experiences to its clients. Rockwell builds and orchestrates excitement in its market, and makes the information of their events accessible through digital platforms and roadshows.

Opportunity: The need to innovate through technology, new designs, and product/service offerings will unleash the creativity of their young talents. These can lead to new markets.

Portfolio challenges post-pandemic recovery

Rockwell's different real estate segments are in various stages of recovery from the pandemic. These pose a challenge in balancing their performance as a whole portfolio.

Impact of Risk:

Impact on revenue generation

Time-frame*:

Short-term

Nature of risk:

Internal

Stakeholders impacted:

Customers, Employees

Capitals Affected:

Manufactured Capital, Financial Capital, Human Capital

Risk Management Strategy: Loss prevention and reduction

Rockwell Land is taking advantage of the segments that are doing well while nurturing those that are still recovering. In the segment of horizontal developments which is in the lead of market recovery, Rockwell Land has acquired 5 new properties. Rockwell Land also has several new projects that were launched in 2023.

Opportunity: Nurtured segments will learn new insights from the fully recovered segments.

Impacts from increasing commodity prices

Prices of construction materials had an increasing trend in the past five years, with prices of some commodities stabilizing in 2023. Higher costs of materials lead to higher construction costs.

Impact of Risk:

Higher operational costs in construction

Time-frame*:

Short-term to Medium-term

Nature of risk:

External

Stakeholders impacted:

Customers, Suppliers

Capitals Affected:

Financial Capital, Manufactured Capital, Social and Relationships Capital

Risk Management Strategy: Loss prevention and reduction

Rockwell Land continues to optimize cost management through various procurement strategies, such as bundling packages, locking in commodity prices with suppliers, and regularly reviewing procurement timing.

Opportunity: None

Growing business requires growing talent

Rockwell Land's growth plans require more skilled talents as well as strengthening the organization and designing it for growth.

Impact of Risk:

Lack of skilled talent would hinder the growth of the organization

Time-frame*:

Short-term

Nature of risk:

Internal

Stakeholders impacted:

Customers, Employees, Competitors, Suppliers and Contractors

Capitals Affected:

Financial Human Capital, Intellectual Capital, Social and Relationship Capital

Risk Management Strategy: Loss prevention and reduction

Rockwell Land's activities to grow its talent pool and build its capabilities involve management strategies in the areas of talent acquisition, talent management, learning and development, and culture and engagement. Rockwell Land does online recruitment through social media and on-site recruitment with partner institutions and career fairs; builds skills and capabilities through various modalities and blended learning; empowers the organization through various engagement activities.

Opportunity: New talents introduce diverse perspectives and new ideas to improve the project design

Climate impacts to assets and operations

Physical risks related to climate change—such as rising temperatures and extremely dry days, storm surges and sea level rise, and landslides—may adversely impact Rockwell Land's assets.

Impact of Risk:

Failure to plan for such events may leave assets and operations prone to disruptions and additional expenses for the upkeep of assets, or may impact the safety of Rockwell Land's communities. Future growth opportunities can be also affected.

Time-frame*:

Medium to long-term

Nature of risk:

External

Stakeholders impacted:

Customers, Employees,

Capitals Affected:

Manufactured Capital, Intellectual Capital, Natural Capital, Financial Capital Human Capital, Social and Relationship Capital

Risk Management Strategy: Loss prevention and reduction

Rockwell Land has minimum design parameters relevant to guard against environmental hazards and geohazards. These include structural and mechanical improvements to ensure that building design complies with applicable standards.

Opportunity: A well-designed and climate-resilient real estate development by Rockwell will not only reduce the risks but also attract more clients as safety is their primary concern.

Cybersecurity risks

With the transition to a hybrid set-up, Rockwell Land has increased exposure to cybersecurity threats.

Impact of Risk:

Failure to plan for such events may leave assets and operations prone to disruptions, additional expenses for the upkeep of assets, or may impact the safety of Rockwell Land's communities.

Time-frame*:

Medium to long-term

Nature of risk:

Internal and External

Stakeholders impacted:

Customers, Employees

Capitals Affected:

Manufactured Capital, Intellectual Capital, Natural Capital, Financial Capital, Human Capital, Social and Relationship Capital

Risk Management Strategy: Loss prevention and reduction

Rockwell Land has multiple technologies and processes that serve as a defense for each layer that could be prone to cybersecurity threats. This includes network security, cyber security awareness training for its users, and enhanced systems security controls.

Opportunity:

Rockwell Land's digital systems are fortified against cybersecurity risks.

INDUSTRIAL REAL ESTATE

Force majeure and natural catastrophic events

Force majeure events and natural catastrophic events such as earthquakes, typhoons, floods, and volcanic eruptions pose a risk to industrial operations within the park and to the First Philippine Industrial Park, Inc. (FPIP) community. FPIP is also within the area of the Taal Volcano, though beyond the Volcanic Eruption Danger Zone.

Impact of Risk:

Disruption to operations; hazard to FPIP internal and external communities

Time-frame*:

Short-term

Nature of risk:

External

Stakeholders impacted:

Employees, Customers, Competitors, Communities

Capitals Affected:

Human Capital, Social & Relationship Capital, Financial Capital, Manufactured Capital

Risk Management Strategy: Loss prevention and reduction

FPIP has put in place the following:

Plans for Business Continuity, Disaster Response, and Emergency Preparedness: These include plans, processes, and activities to not only respond but to prepare for such events. Activities under related plans and programs include the preparation and availability of "Go Bags", annual earthquake drills, having a fully equipped and trained emergency response team, trained firefighters achieving a response time of below 4 minutes, service agreements with partner hospitals, and much more.

Well-built infrastructure and its timely maintenance: FPIP roads and bridges are designed to withstand a magnitude 8 earthquake while the design of buildings is low-rise as per regulatory restrictions. Against flooding, the elevation of the park is 140 meters above sea level and routine drain maintenance is done to ensure clear drainage systems. Buildings within FPIP also follow infrastructure controls against fire hazards. Mobile street cleaners are available for easy clearing of ashfall in the case of volcanic events. The industrial park also has dual power source lines for continuous power against potential catastrophes. A helipad is available should air transport be required.

Opportunity: FPIP's various response and preparedness plans allow them to be prepared for disasters and crises; FPIP is also equipped to give aid to its surrounding communities. For example, as of 2023, FPIP's Patient Transport Vehicle conducted 36 medical emergency responses for its locators.



Market and regulatory challenges to company growth

Aggressive industry promotion campaigns by other Southeast Asian countries combined with less competitive Philippine tax incentives, along with the phenomenon of a global slowdown in the expansion of industries, pose a challenge to FPIP in attracting prospective locators.

Impact of Risk:

Impacts to profitability due to increasing operation costs and potential difficulty attracting new locators; opportunity losses from development lead time.

Time-frame*:

Medium-term

Nature of risk:

External

Stakeholders impacted:

Customers, Regulators

Capitals Affected:

Financial Capital, Manufactured Capital, Social & Relationship Capital, Intellectual Capital

Risk Management Strategy: Loss prevention and reduction

At the country-level, FPIP coordinates with government agencies to address changes in policies relevant to industries as well as help promote the Philippines as a preferred destination for industrial investments.

Within the industrial park, FPIP has done the following for its locators:

- Enhanced its value-added services, which includes expanded offerings at competitive prices
- Improved its leasing finance structure
- Established Industry clusters within the park
- Establish FPIP as the preferred location for talent recruitment and retention
- Establish a robust lead generation management process.

Opportunity: FPIP's continual engagement with national agencies lets it be at the forefront of adapting to regulations that may impact the industrial park and its locators, while FPIP's evolving offerings for locators and its commitment to elevate the industry make them a manufacturing hub of choice.

Cumulatively from 2019 to 2023, FPIP remains to be a top-performing industrial park in terms of investment value.

Challenges in land consolidation and conversion

The annual appreciation of land as compared to the trend in market lease, along with the lengthy process of preparing land for industrial use, pose cash conversion challenges to FPIP.

Impact of Risk:

Increase in annual operating expenses and potential revenue loss due to length of time to prepare land as an ecozone

Time-frame*:

Medium-term

Nature of risk:

External

Stakeholders impacted:

Communities, Customers

Capitals Affected:

Manufactured Capital, Natural Capital, Financial Capital, Social & Relationships Capital

Risk Management Strategy: Loss prevention and reduction

FPIP will reassess, plan, and redevelop its completed and consolidated areas based on the best way it can be used. FPIP will also continue to support industrial development within the park by completing lot consolidation, exploring new projects beyond its current site in Tanauan and Sto. Tomas, and increase the pace of land conversion to ecozones in accordance with PEZA application.

Opportunity: The approach of FPIP to consider the best use for the land and its focus on industrial development in the park will have ripple effects on the local economy and the region. This will reinforce the leadership status of FPIP in the industry.

Water supply availability and compliance with water quality requirements

FPIP faces an increase in demand for water supply by its locators amidst a decrease in the water yield as experienced in many parts of the country and the world.

Impact of Risk:

Challenges in ensuring adequate water supply to locators as part of key operations; increase in operational costs to ensure compliance with water quality regulations; potential revenue loss

Time-frame*:

Medium and long term

Nature of risk:

Internal and External

Stakeholders impacted:

Customers, Regulators, Host Communities

Capitals Affected:

Manufactured Capital, Natural Capital, Financial Capital, Social & Relationships Capital

Risk Management Strategy: Loss prevention and reduction

FPIP has a Water Management Sustainability Masterplan to address the water supply issue.

Opportunity: FPIP's Water Management Sustainability Plan can be regenerative in the long term. It is not only able to supply adequate water for the park but it is able to help recharge the aquifer it has depended on. The plan's measures include rainwater harvesting and processing treated effluents enough to recycle them back into the regular water supply, reducing the amount of water extracted from the environment.

Moving up the value chain

The growth of First Balfour, which involves moving up the value chain, presents complex processes and requirements.

First Balfour's growth through the years has enabled it to be in better positions with regards to the types of contracts and projects they are able to be part of. One of these positions is more actively engaging in joint ventures, which has its own associated risks and opportunities. Complementing these risks and opportunities, in 2022 the Philippine government affirmed the ruling for foreign construction firms to be able to have contractor licenses to operate in the country. This increases the competition that First Balfour experiences for its construction and engineering services.

Impact of Risk:

Impact to organizational agility with regards to keeping up with contracts, engaging partners, and possible legal and regulatory requirements as First Balfour navigates new areas for its business.

Time-frame*:

Short- to Medium-term

Nature of risk:

Internal

Stakeholders impacted:

Employees, Vendors and Subcontractors, Clients, Competitors

Capitals Affected:

Intellectual Capital, Financial Capital, Human Capital, Social and Relationship Capital

Risk Management Strategy: Sharing and reduction

This risk is addressed through the execution of Engineering, Procurement, and Construction contracts; strategic participation in construction projects and bids through joint ventures; and investments in other key businesses.

As part of First Balfour's investment in key businesses, its division, T1 Rentals, aims to become the leading heavy equipment rental company in the Philippines by 2024. Additionally, it's currently strengthening its Concrete and Aggregates Division.

Opportunity: Participation in joint venture projects allows First Balfour to further develop its technical competencies, learn and adopt new management and governance systems, and widen their network. These actions collectively strengthen the market position of First Balfour.

Availability of and competition for skilled talent

With First Balfour's growing roster of projects, they anticipate a marked increase in the need for skilled talent in the near future. First Balfour may have challenges in finding and attracting a significant number of specifically skilled talents.

Impact of Risk:

Impact on organizational growth and the ability to execute projects

Time-frame*:

Short to Medium-term

Nature of risk:

External

Stakeholders impacted:

Employees, Competitors, Clients

Capitals Affected:

Intellectual Capital, Human Capital, Financial Capital, Social and Relationships Capital

Risk Management Strategy: Loss Prevention and Reduction

First Balfour's strategy to address this risk is a mix of offering competitive, regularly-reviewed packages for compensation and benefits; strategic recruitments through recruitment hubs, manpower providers, social media, and First Balfour's own network of skilled workers; and developing partnerships with Local Government Units and the Philippine Employer Services Office.

Relatedly, First Balfour is also supporting the scholarships of engineering students to increase the potential talents for its projects.

As part of First Balfour's Strategy, they introduced a reconfiguration of the planning department into Project Planning and Innovation which is to help accelerate the introduction and adoption of technology that targets productivity improvements and overall efficiency of their processes.

Given the lack of skilled talent, productivity initiatives are made such as the creation of a dashboard for monitoring productivity. Additionally, organizing the Fluid Collection and Reinjection System (FCRS) conference to address project-level concerns and enhancements, and application of technology such as Accent.

Opportunity: As First Balfour makes an effort to have a good reputation and foster good relationships with the Local Government Units where their projects operate, there is an opportunity to assemble a vast network of locally hired skilled talent.

Interest rates and inflation

Inflation rates and their impact on commodity prices, along with increasing interest rates in bank financing, pose a potential impact on First Balfour's financial strategies.

Impact of Risk:

Impact on cash flow and margin

Time-frame*:

Short- to
Medium-term

Nature of risk:

External

Stakeholders impacted:

Vendors and
Subcontractors,
Employees, Clients

Capitals Affected:

Financial Capital, Human Capital,
Social and Relationships Capital

Risk Management Strategy: Loss Prevention and Reduction

First Balfour's strategies include maintaining sufficient bank lines, negotiating terms that can help manage interest costs, shortening cash conversion cycles, and other related activities

Opportunity:

Implement more projects with remeasured contracts and milestone payment schemes. And secure pricing agreements with vendors to fix the unit rates for a certain period of time.

Limited vendors

The COVID-19 pandemic drove many vendors to close down with those remaining facing several challenges with regard to their operations. This in turn has made it difficult to source vendors that can comply with the requirements of First Balfour.

Impact of Risk:

Challenges to the execution of First Balfour's projects

Time-frame*:

Short- to
medium-term

Nature of risk:

External

Stakeholders impacted:

Customers, Vendors and
Subcontractors,
Competitors, Clients

Capitals Affected:

Social and Relationships Capital,
Financial Capital

Risk Management Strategy: Loss Prevention and Reduction

First Balfour implemented strategies to better manage their vendors, particularly with the goal to enhance performance on projects. First Balfour also simplified their accreditation requirements to facilitate new vendor partnerships.

Opportunity:

Source out foreign vendors as well as local Micro, Small, and Medium Enterprises (MSMEs) to get competitive quotations. Additionally, First Balfour can consider expanding its in-house capability and internal reliance in providing for its projects.

Legal and contracting risks

Along with First Balfour's ability to move up the value chain due to the growth of the organization, there may be additional legal and regulatory requirements the organization needs more stringent monitoring on. This creates exposure to legal risks if the organization does not adapt quickly.

Impact of Risk:

Legal and regulatory exposure, and potential financial implications due to legal accountabilities

Time-frame*:

Short to
medium-term

Nature of risk:

External

Stakeholders impacted:

Employees, Clients,
Joint Venture Partners

Capitals Affected:

Social and Relationships Capital
Intellectual Capital, Human
Capital, Financial Capital

Risk Management Strategy: Loss Prevention and Reduction

Strategies of First Balfour include building up its knowledge and due diligence with regards to laws and related processes and ensuring the support and availability of foreign counsel where needed.

Opportunity:

Attaining the skills and knowledge in these new fields will give the company confidence to execute bigger projects and gain from them.

Health and safety impacts on reputation

Potential unsafe public behavior exhibited by First Balfour workers may damage the reputation of First Balfour and at worst, lead to legal accountability.

Impact of Risk:

Damage to company reputation and potential financial impact due to legal accountabilities.

Time-frame*:

Short-term

Nature of risk:

Internal

Stakeholders impacted:

Employees,
Subcontractors,
Clients, Communities

Capitals Affected:

Intellectual Capital, Financial Capital, Human Capital, Social and Relationships Capital

Risk Management Strategy: Sharing and reduction

To address this risk, First Balfour has a regular Preventive Maintenance System in place as well as a Journey Management Plan. Relevant employees undergo defensive driving training and as an aid for monitoring, dash cams equipped with GPS are installed in all T1 vehicles.

Opportunity: First Balfour can foster a good relationship with TESDA such that they can be provided a list of certified drivers and operators.

HEALTHCARE AND EDUCATION SERVICES

Challenges with talent resources

With a highly specialized line of business, AEI is experiencing difficulties finding talents it needs to support its growth plans.

Impact of Risk:

Impact on growth and revenue generation

Time-frame*:

Short to
Medium-term

Nature of risk:

External

Stakeholders impacted:

Employees, Customers

Capitals Affected:

Human Capital Social and Relationships Capital, Financial Capital

Risk Management Strategy: Loss reduction

AEI has adapted its talent strategy and roadmap to the emerging needs of the workforce. They also will be strengthening their recruitment strategies and programs.

To support its current talent pool, AEI offers competitive compensation packages, professional improvement packages, has in place medical doctor succession planning, and has a program for career development pathways.

With AEI's current programs, the year 2023 showed accelerated hiring rates with a two percent decrease in attrition rate compared to 2022.

Opportunity: AEI has opportunities to collaborate with colleges and training institutions to develop programs in allied medical/ophthalmic fields, to increase the availability of these specialized talents within the country.

Data security risks

The nature of AEI's business requires a significant volume of patient records to be readily accessible digitally to its employee base. Any gap in data security would lead to breaches of sensitive personal information or corporate information.

Impact of Risk:

Regulatory, reputational, and financial impacts

Time-frame*:

Short-term

Nature of risk:

Internal

Stakeholders impacted:

Customers, Employees

Capitals Affected:

Intellectual Capital, Social and Relationships Capital, Financial Capital, Human Capital

Risk Management Strategy: Loss prevention and reduction

With regards to the human end of the risk, employees are oriented on the Data Privacy Act. With regards to the systems in place, an Annual Data Protection Assessment is done along with reviews to strengthen protocols and policies on data security and protection. Vulnerability Assessment and Penetration Testing is done for all systems, and Mobile Device Management processes are in place.

Opportunity: Full data protection will lead to greater customer trust and loyalty.

Stringent regulatory requirements for healthcare

The nature of AEI's business in healthcare also requires complying with stringent regulatory requirements from several regulatory institutions. Additionally, eye care is not considered a primary healthcare service under the Universal Healthcare Law of the country, which impacts the ease of availing of Philhealth benefits and leads to delays in patient access to eye care services.

Impact of Risk:

Regulatory and financial in the event of inability to comply with regulations, and reputational in the event the company is not able to attend to their patients' cases

Time-frame*:

Short-term

Nature of risk:

External

Stakeholders impacted:

Customers, Employees

Capitals Affected:

Social and Relationships Capital, Financial Capital, Human Capital

Risk Management Strategy: Loss prevention and reduction

AEI has proactive processes to ensure compliance with regulations and renewal of permits and other requirements. Specifically, the Internal Audit Group of AEI evaluates all the compliance requirements prior to the filing of applications or renewal of AEI licenses (e.g. DOH, FDA and PhilHealth licenses). AEI may also affiliate themselves with primary healthcare networks to ensure patient referral pathways. Regular internal audits of regulatory requirements in each area and sites will also be done.

Opportunity:

To further its system for referral pathways, AEI expands strategic partnerships with Health Maintenance Organizations. AEI may also engage with policymakers to share information and actively participate in DOH/PHIC conferences, workshops, or projects to input into policy/regulatory issuances. Likewise with subspecialty and other medical organizations.

Patient Safety

One of AEI's biggest risks may come from Unexpected Surgical Outcomes (USO) that affect the patient, due to human error or failures in operational systems.

Impact of Risk:

USOs may lead to negative impacts on AEI's reputation, loss of revenue, and potential legal liabilities

Time-frame*:

Short-term

Nature of risk:

Internal

Stakeholders impacted:

Customers, Employees

Capitals Affected:

Social and Relationships Capital, Human Capital, Intellectual Capital, Financial Capital

Risk Management Strategy: Loss prevention and reduction

To guard against this risk, AEI has been compliant with ISO and ACI (Accreditation Canada International) Standards, which help maintain quality and safety standards across their operations. The Medical Executive Council (MEC), which is the governing body for all medical doctors, ensures that doctors maintain their skills, especially in surgery procedures. A stricter, higher standard of practice for ophthalmology is set by AEI's medical doctors, ensuring that their delivered eye care is at par with or higher than international eye care standards. This council recognizes the experience of AEI's doctors in the field of ophthalmology and includes them as stakeholders in the development of AEI.

Complementing the MEC is a Medical Equipment Management System, adequate staffing, and continuing medical/professional education for AEI co-workers. AEI also follows ISO and Accreditation Canada International (ACI) standards.

Opportunity:

To further pursue due diligence and maintain high standards, AEI can set up a research and training center.

Suspension of operations due to events

Prolonged suspension of operations due to pandemic or catastrophic events (e.g. typhoons, earthquakes) would incur revenue loss.

Impact of Risk:

Loss of revenue

Time-frame*:

Short-term

Nature of risk:

External

Stakeholders impacted:

Customers, Employees

Capitals Affected:

Human Capital, Financial Capital, Social and Relationships Capital

Risk Management Strategy: Loss prevention and reduction

AEI has in place a Business Continuity Management Plan and an established command center in the event of a disruptive event. For the prolonged closure of physical operations, AEI has digital health services and systems in place to continue catering to the needs of its customers.

Opportunity:

AEI may utilize the resources of the Philippine Disaster Resilience Foundation (PDRF). FPH has a long-term partnership/Memo of Agreement with PDRF and FPH committed to help AEI by providing assistance in the form of disaster training, tools, and studies that have been developed under the partnership with PDRF.

Strategy for Climate Risks and Opportunities³²

Our approach to integrating climate risks and opportunities into the strategy is referenced in the TCFD guidelines. In 2020, a Climate Scenario Analysis was conducted for the group by the OML Center for Climate Change Adaptation and Disaster Risk Management (OML Center). The analysis made use of global climate models to assess potential decadal physical threats of climate change on all FPH assets. The physical climate risks assessed were higher temperature, higher rainfall, lower rainfall, sea level rise and cyclones. Our Climate Scenario Analysis was explained in detail on page 84 of 2020 FPH Integrated Report.



Projected impacts to FPH sites by 2050 under the RCP 4.5 and 8.5 scenarios

FPH Asset Sector						
	Energy	 HIGHER TEMPERATURE	 MORE RAINFALL	 LESS RAINFALL	 SEA LEVEL RISE	 TROPICAL TYPHOONS
	Construction and Energy Services	 HIGHER TEMPERATURE	 MORE RAINFALL	 LESS RAINFALL	 SEA LEVEL RISE	 TROPICAL TYPHOONS
	Energy Solutions	 HIGHER TEMPERATURE	 LESS RAINFALL	 TROPICAL TYPHOONS		
	Real Estate	 HIGHER TEMPERATURE	 LESS RAINFALL	 TROPICAL TYPHOONS	 SEA LEVEL RISE	
	Health and Education	 HIGHER TEMPERATURE	 LESS RAINFALL	 TROPICAL TYPHOONS		

The physical risk assessment was followed in 2021 by the assessment of transitional risks (policy and legal, market, technology, and reputational risk exposures). A detailed analysis of the physical and transitional risks is found in the 2021 FPH Integrated Report. In 2022, climate options to mitigate the GHG emissions were identified. They can be found on page 80 of the 2022 FPH report. By 2023, climate change was formally integrated into the risk and opportunity dictionary and overall Enterprise Risk Management (ERM) system.

³² Discussion on the approaches to climate risks and opportunities as prescribed by IFRS S2 was added to address the information requirements of users of the report

CLIMATE-RELATED RISKS AND OPPORTUNITIES

Below is our updated climate risks and opportunities analysis in 2023 and the potential impacts on the business. The major climate disturbances observed in 2023 were tropical cyclones and the start of “global boiling”. The climate impacts that were more pronounced were the heightened water threats and continued supply chain disruptions whose effects overlap with COVID-19 pandemic’s residual impacts during the recovery.

Climate-related Risks of FPH*

Physical Climate Risks	Potential Impacts	Measures
Acute		
Drought (short-term)	Water availability is a high concern in the locations of the non-power businesses while moderate in the power segment.	Water conservation and management are practiced across all business segments. A detailed water supply plan is being implemented in the industrial park where water is a critical resource for locating industries.
Tropical typhoons, floods, and landslides (short-term)	Typhoons are material climate risks to all assets due to the frequency of typhoons in the Philippines. They may impact employee safety, infrastructure integrity and delivery of raw materials and sub-parts.	- For the power segment: Typhoon proofing and reinforcing power plant structures for wind speed beyond 300 kph, landslide mitigation, strategic spares program, and inspection and drills on climate hazards response. Details are contained in the Natural Catastrophe Plan and Business Continuity Plan. These measures helped improve business resilience to extreme climate events. Despite the same number of typhoons per year, there was no major damage reported in the projects. - For the non-power subsidiaries: Building design, efficient water management, and increasing distributed and digital delivery were the main measures worked on. - FPH subscribed to Komunidad Global Services & Operations Philippines for a daily 24-hour weather forecast to alert all units and employees on weather disturbances. The service provider is a climate data analytics and software digital company. This augments the OML Center alert during significant weather events.
	Many FPH business segments were affected by supply chain disruptions leading to lack of vendors/supplies or volatility of commodity costs.	Strategic partnerships for material and logistics, long-term contracts, multiple sourcing, identification of alternative materials or material flexibility, and mobilizing suppliers to join the decarbonization journey of FPH.

Physical Climate Risks	Potential Impacts	Measures
Chronic		
High ambient temperature (medium- to long-term) Note: This is a medium-term risk but studies show there are signs of “flash droughts” or acceleration of intense warming which can convert this into a short-term risk. ³³	Year 2023 had six record-breaking months and two record-breaking seasons making it the warmest on record as reported by the UN ³⁴ and Copernicus Climate Service. ³⁵ High temperature and humidity have effects on the productivity of the workforce. There was low exposure in the locations of the non-power facilities and moderate exposure in the power sites.	Measures are incorporated in the FPH health protocols, in which more details can be found on page 149.
Sea level rise (long-term)	Majority of the FPH assets have low exposure to sea level rise. Less than five percent may be exposed.	For those affected, the adaptation measures consisting of shoreline erosion mitigation and elevating the facilities are planned.

Transitional Climate Risks		
Policy (short- to medium-term)	Carbon pricing in the form of emissions trading and carbon taxes have been filed in the Legislature the past 5 years.	The company started to assess the values of its ESG attributes to ascertain the related risks. One subsidiary is piloting Internal Carbon Pricing in its investment decisions. The results of the study will be reviewed for application in the group.
Market (medium-term)	Customers are starting to look into the climate actions and resilience of the companies providing their products and services. The phenomenon has a low risk to FPH.	FPH’s decision to invest in low carbon products and services and its new climate centric mission have prepared it to meet new customer demands. Across its various sectors, FPH is well positioned to provide the growing demand for sustainable goods and services that enable the climate transition.
Technology (medium-term)	FPH is moderately exposed to new technologies that can disrupt its business model	FPH’s plan to increase its renewable energy generation by 2.5 times by 2030 plus its review of net zero options for natural gas assets are tangible actions to address the risk. Net zero plans are also reviewed for non-power assets. FPH businesses are considered enablers of low carbon transition and is on the lookout for technological advancements on an ongoing basis.



*Time-frame of impacts

Short term: 1-5 years

Medium term: 6-10 years

Long term: > 10 years

³³ Zeng, Z., Wu, W., Peñuelas, J. et al. Increased risk of flash droughts with raised concurrent hot and dry extremes under global warming. *npj Clim Atmos Sci* 6, 134 (2023). <https://doi.org/10.1038/s41612-023-00468-2>

³⁴ UN (2023). Hottest July ever signals “era of global boiling has arrived” says UN Chief in UN News (July 27, 2023). Retrieved from <https://news.un.org/en/story/2023/07/1139162>

³⁵ Copernicus (2023). Record warm November consolidates 2023 as the warmest year. Retrieved from <https://climate.copernicus.eu/record-warm-november-consolidates-2023-warmest-year>



Adherence to the climate-centric mission offered many opportunities to the company as shown in the table below.

Climate-related Opportunities of FPH

Climate Change Opportunities	Potential Impacts and Benefits
Energy Source	The non-power segments of FPH are ramping up their use of renewable energy which can continue to reduce their energy costs.
Resource Efficiency	The major subsidiaries of FPH have been subjected to energy audits in 2023. They have also been trained in waste management. Both initiatives reduced operating costs.
Products and Services	The various FPH units consider opportunities provided by the technological advancements on an ongoing basis. This resulted in sustainable investments in renewable energy, electric vehicles, super green transformers, thermal sensors, and material circularity. The country's plan to increase the intermittent renewable energy and the high voltage chargers for electric vehicles may create large voltage fluctuations that can be addressed by green transformers from the FPH energy solutions segment. With the geothermal expertise in the group, it is positioned to expand locally and globally. The sustainability features of the industrial park will continue to attract multinational firms that have decarbonization commitments. The cost conscious real estate market will be served by the sustainable offerings of FPH.
Markets	New markets may be opened up through our collaboration with government and civil society organizations. Our partnership with the Department of Environment and Natural Resources (DENR) on Nature-based Solutions (NbS) starting in 2023 offers an avenue to diversify our business while contributing to climate mitigation and adaptation.



Time-frame of impacts

Short term: 1-5 years

Medium term: 6-10 years

Long term: > 10 years

Implications on Business and Strategic Options

The climate-related risks and opportunities of the group have the following implications to the business:

- The green path taken by all subsidiaries of FPH creates options for new products/services and markets as cited in the table above.
- The call for aggressive mitigation in the face of the climate emergency and the possibility of carbon pricing will incentivize the growth of renewable energy. The Philippine Energy Plan targets an increase in renewable energy in the power mix by 35 percent by 2030. This target is equivalent to 68 TWh. FPH's power segment is planning to contribute 9,000MW of renewable energy by 2030 which is estimated to generate 27 TWh of electricity or up to 40 percent of the target of the country by 2030. This planned growth is 2.5 times the current renewable energy generation of our power subsidiary.
- Natural gas-based power will serve its role in the energy transition to stabilize the grid and replace coal-fired baseload power and mid-merit generation. A road map to net zero has started to be developed in 2023. There are plans to switch to cleaner fuel or retrofit the power plants via carbon capture, utilization and storage, and equivalent technologies should they fully become technically viable and cost-effective.
- The high intermittency of renewable energy options like solar and wind will create challenges to the stability of the grid. This may in turn create opportunities for innovative solutions from our power and energy solutions segments.
- As climate risks and opportunities evolve, so does the Philippine Energy Industry. Regulatory and market trends continue to adapt to the accelerating climate conditions. As such, the company must allocate resources that are placed into enduring assets and efficient technologies that benefit the country and customers, and enable this transition to more decarbonized business models. The company is focused on delivering business solutions that tackle many of these factors.





Implications on the Resilience of FPH Business Strategy

FPH assessed the implications of its climate-related situation on the resilience of its business strategy.

- The FPH mission of decarbonization and regeneration is climate-centric. As such, climate action is embedded in the business strategy of all the subsidiaries. The mission forms a strong foundation to make our operations resilient during the climate transition.
- The diversified nature of FPH businesses will allow capital reallocation to advantageous business segments to generate higher returns. In addition, its assets are well distributed across the country avoiding major losses if an extreme weather event strikes in one location. Also, all the FPH assets were covered in the decadal climate risks and opportunities analysis in 2021 with corresponding measures. More info on our Climate Scenario Analysis is available on page 84 of the 2020 FPH Integrated Report.
- The transitional challenge would result in varying customer risks and needs. Thus, we will have to continuously monitor and adapt to these trends, as we pursue the creation of value for our pentad stakeholders.
- FPH undergoes scenario planning and market modeling efforts to anticipate and prepare for various market and industry conditions.

BUSINESS MODEL

FPH's Way to Play

Within FPH's business model are activities that transform our capitals into products and services that create value for the enterprise and our pentad stakeholders. In 2023, there was no major change in our business model as it had been observed to deliver optimal results to our operations. However the organization is continuously working on upgrading its capabilities to ensure stronger alignment with FPH's chosen way to play.



- Strategic guidance and effective governance: Providing direction to subsidiaries that align with the overall goal of the organization as well as maintaining oversight to ensure successful management of the subsidiaries.
- Maximized synergies and functional excellence: Optimizing coordination among different business functions to achieve the highest level of performance.
- Disciplined investments and optimal resource allocation across the portfolio: Efficiently distributing resources to achieve the best overall results.
- Meaningful collaboration with various stakeholders: Engaging in purposeful relationships with other parties to achieve common goals.
- Agile and high-performing organization: Fostering a culture that can quickly respond to challenges and consistently deliver on its goals and objectives.

Implications of Risks and Opportunities on the Parent's Business Model

As a holding company, FPH is well positioned to address its various climate and non-climate risks due to a business model that is both holistic and flexible, giving it the ability to protect its business model in different risk and opportunity settings. In 2023, even as we saw the start of the recovery from COVID-19 in several industries, we remained cautious in our business activities pending the full stabilization of the economy.

The strengthened parenting capabilities of the support groups in the head office enabled the timely interventions

that tackled key operational risks in 2023 (see pages 75-87). The head office protocols addressed the risks of talent recruitment difficulties as we build the teams for growth, cybersecurity threats due to the continued hybrid operation, and the still fragile economic recovery. Business processes, systems, and practices were adequately protected by strong governance, focus on risk management, updated skills of all groups, and the prevailing hospitable relationships in the company. These drivers for the resilience of the business model led to an overall positive financial performance again this year.

Metrics and Targets

The fourth element of our Integrated Management Framework is metrics and related targets. Out of the hundreds of ESG themes, we selected metrics that can help us meet the following objectives:

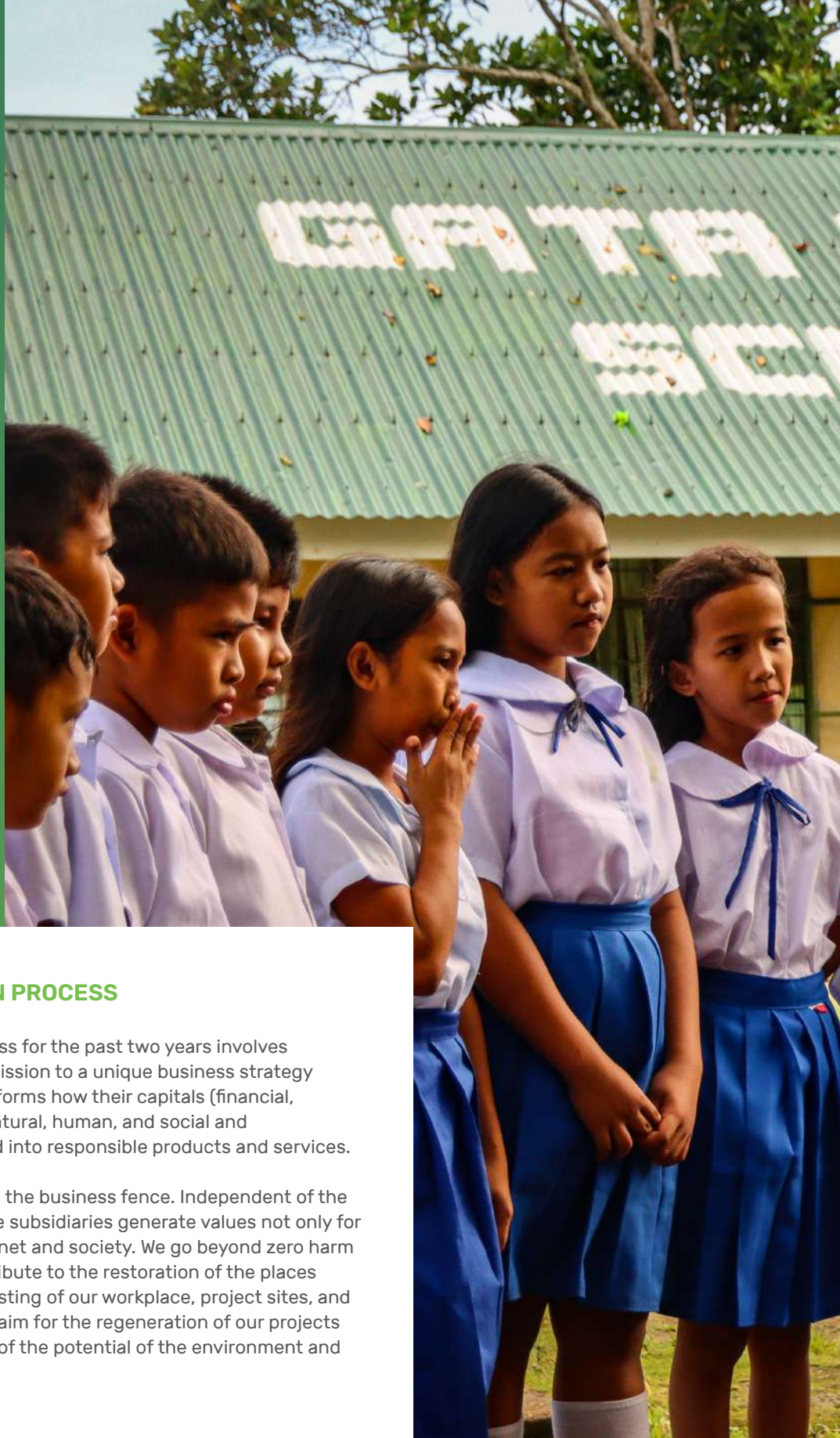
- To check if we are staying the course on our mission
- To measure our performance in implementing our sustainability strategy
- To guide us in addressing our most significant material ESG topics
- To ensure a balanced attention to the three scopes of corporate sustainability (ESG)

In 2023, we selected our Key Performance Indicators (KPIs) for ESG by choosing a set of KPIs that are most basic to our operations. These are our mission pillars which we defined with the Technical Working Groups (TWGs) of the subsidiaries in 2022. The metrics may be qualitative or quantitative depending on the nature of a subsidiary's operation. Our output in adopting these KPIs are detailed in the section on Values Generated on pages 108-177. While the current KPIs refer to both GRI and SASB, next year, we intend to augment the list with industry-specific metrics referenced to SASB as prescribed by IFRS-ISSB.

Pillars of FPH mission serving as initial KPIs of the group.

Pillar	Desired Outcomes	Metric*
Governance	• FPH mission adopted by subsidiaries • Safeguards policies issued • Policies cascaded to employees	• Yes or No • Number • Percentage
Environmental	• GHG reduction/net zero • Climate risks managed • Climate opportunities captured • Energy efficiency in place • Waste managed • Water managed • Biodiversity conserved and enhanced	• Tonnes CO2e • Amount or Percentage • Amount or Number • Watts or Joules • Kilograms • Cubic meter or Megaliters • Area preserved and species protected
Social	• Human rights due diligence/redress mechanism • Gender equality and diversity improved	• Number of cases and actions taken • Gender Pay Gap

**For guidance subject to refinement by the subsidiary based on the nature of its operation*



FPH'S VALUE CREATION PROCESS

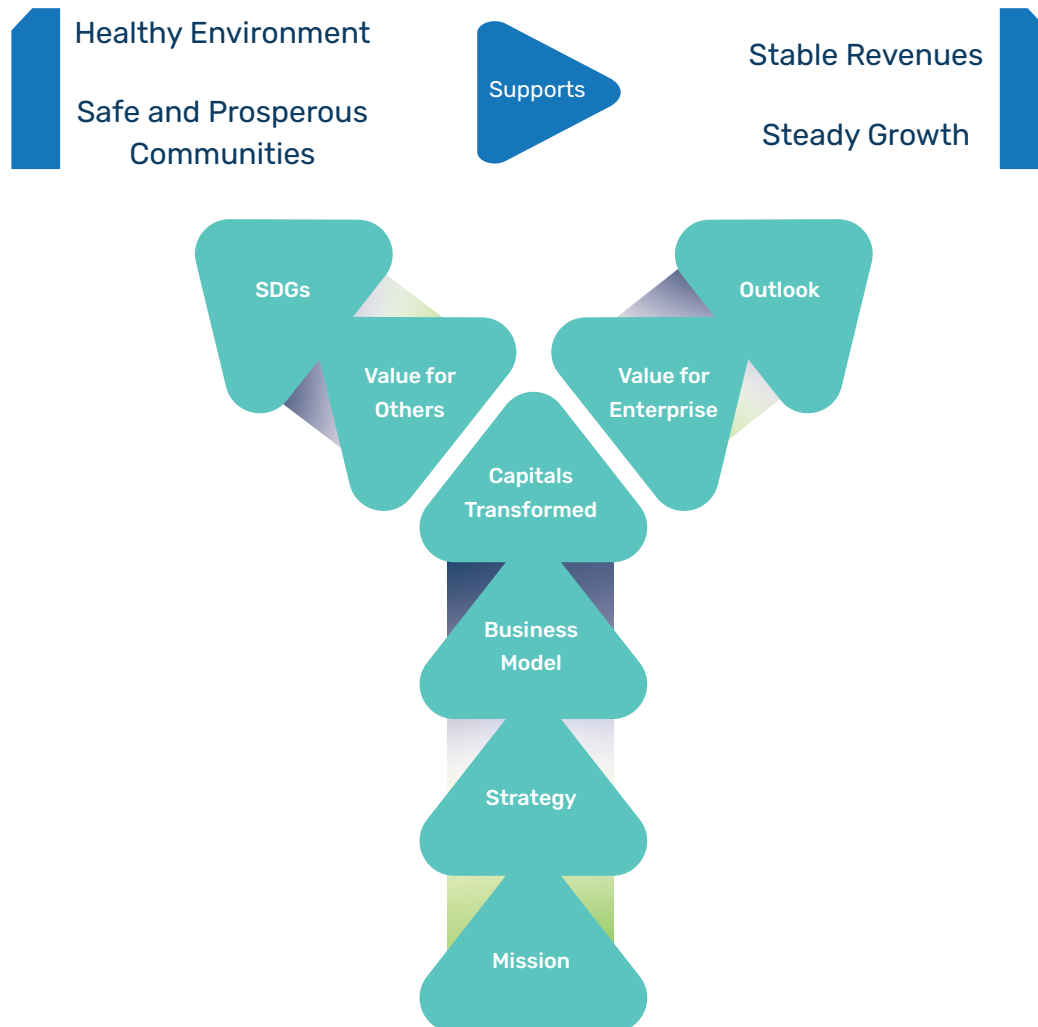
Our Value Creation process for the past two years involves the translation of our mission to a unique business strategy per subsidiary which informs how their capitals (financial, manufactured, intellectual, natural, human, and social and relationships) are transformed into responsible products and services.

The FPH mission goes beyond the business fence. Independent of the nature of their businesses, the subsidiaries generate values not only for the enterprise but also for planet and society. We go beyond zero harm or sustainability and we contribute to the restoration of the places where we are nested in, consisting of our workplace, project sites, and host communities. Lastly, we aim for the regeneration of our projects by assisting in the realization of the potential of the environment and people in our sites.



VALUE CREATION PROCESS

FPH's Value Creation Process



INTEGRATION PROCESS

Today we are facing increasingly complex and interconnected issues that will determine the health of our planet, economy and society. To avoid disruptions from these concerns, we need a more integrated system of running our business. This recognition of the dire situation led us to conduct a deeper integration of our corporate processes. A parallel consideration was the unification of ESG global and local regulations in 2023 to attend to the buildup of systemic and interconnected ESG threats that have become existential.

In 2022, we started the journey of integrating the FPH mission into our operations to ensure that time and resources are allocated to ESG. Coming through 2023,

by studying the integration strategy in more detail and probing into their interdependencies, we are developing a streamlined process among corporate functions with convergent and connected responsibilities, namely strategy planning, risk management, and ESG management. The result is the FPH Integrated Management Framework (IMF) to establish a risk-based decision-making and strategy driven resource allocation. The IMF unifies our rationale and policies over management processes that allow us to better pursue our decarbonization and regenerations strategy.

The resulting relationships of these functions are shown in the figure on the right. The plan is for further refinement in 2024.



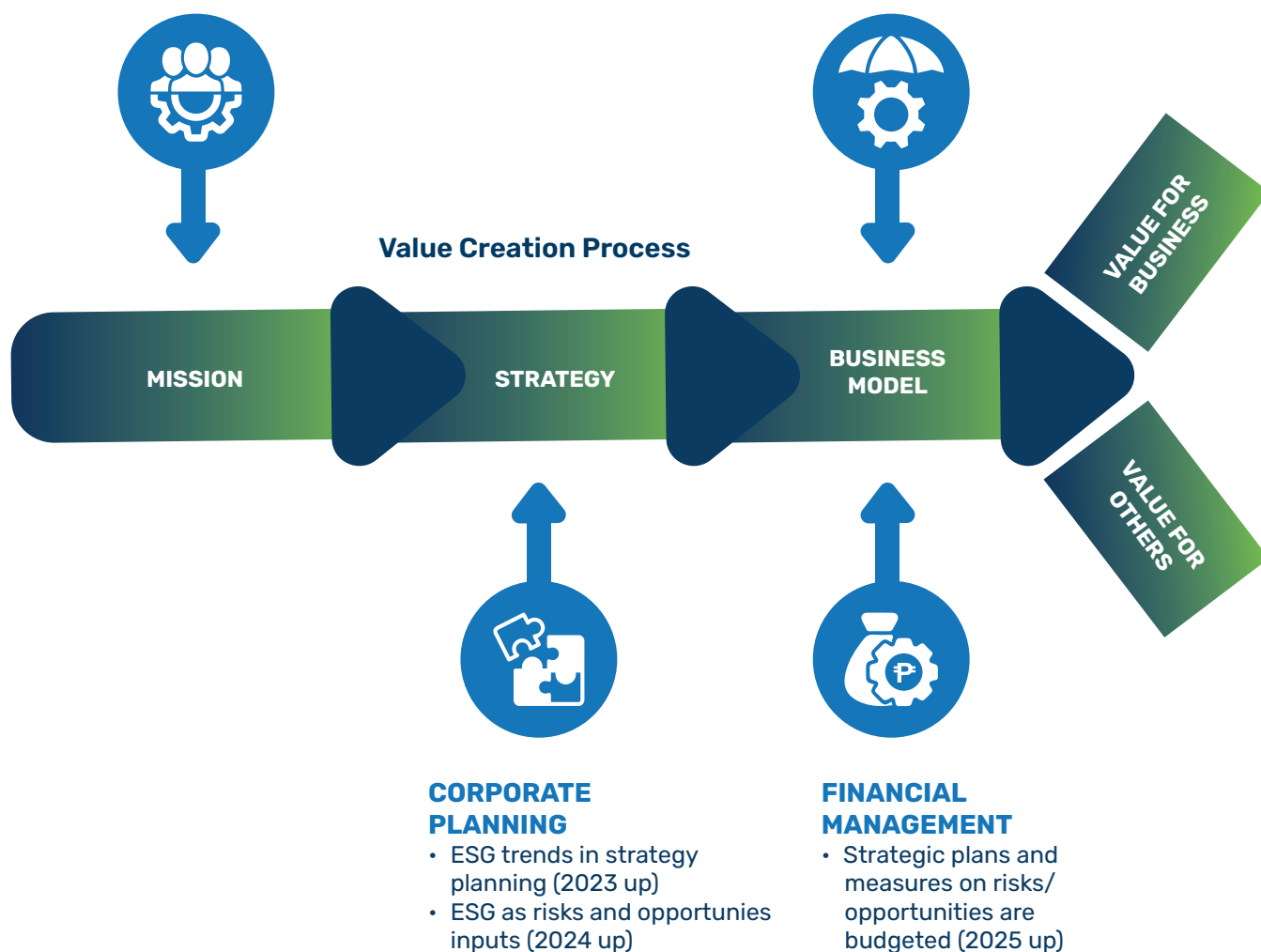
Evolving Integrated Management Framework in FPH

CORPORATE GOVERNANCE

- Board fiduciary duty (2018)
- ESG policies (2018 up)

ENTERPRISE RISK MANAGEMENT

- Formal identification of ESG in risks dictionary (2023 up)





MATERIALITY



FPH has identified a list of non-financial themes and indicators that it abides by in monitoring the progress of our ESG performance. This list of ESG material indicators is updated every 2-3 years to ensure that the organization's focus on ESG matters stays relevant with the times and relevant to the state of the organization. Apart from updating the material issues at regular time intervals, FPH is also attentive to on-going developments in the ESG landscape and considers how these would apply to how we approach our material issues.

The FPH list of material issues was last updated in 2022. The methodology used to update our material issues is described in this section. Then in 2023, FPH began a process to further develop our ESG material issues to include SASB metrics. This is an on-going activity.

Materiality Assessment Methodology

In 2022, FPH commissioned the University of Asia & Pacific – Center of Social Responsibility (UA&P-CSR) to conduct the Materiality Assessment Process. In determining the material ESG topics that would guide FPH’s sustainability program and activities, UA&P-CSR used a pioneering method called the “Quadrilateral Materiality Assessment Tool” in combination with the Double Materiality Approach.

Double Materiality Approach

The Double Materiality Approach melds together a financial materiality analysis and an impact materiality analysis in order to give equal emphasis to how the company creates economic value for the benefit of its investors as well as the company’s impact to its multiple stakeholders. With this principle, the following standards and guides were referenced in the materiality assessment:

Financial Materiality Analysis Uses as References:
- 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

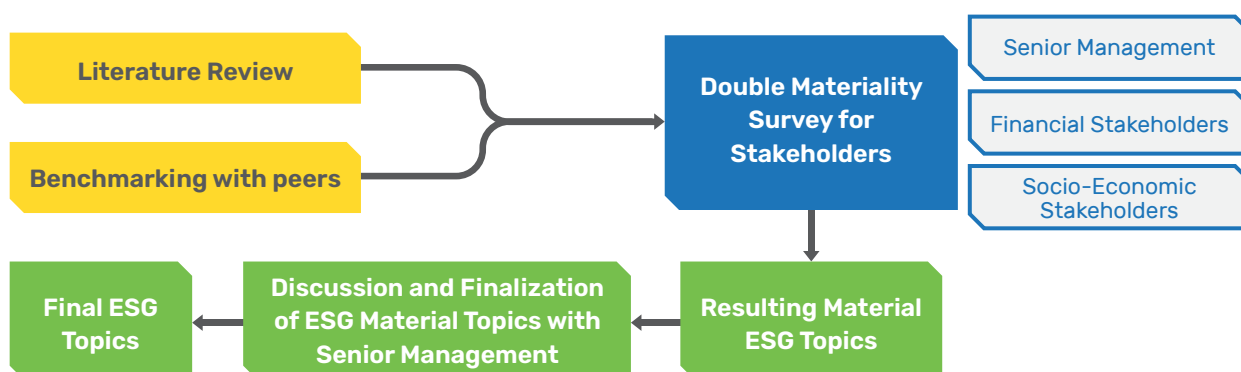
Quadrilateral Assessment

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, and the like.
- **Benchmarking with industry peers**, which identifies the commonly reported ESG topics in the industry of FPH. The results from the literature review and peer benchmarking were then used to develop a double materiality survey.
- **Senior Management Consultation**, where the senior management committee of FPH answered the survey questionnaire on the current or potential impact of ESG topics.
- **Stakeholder Consultations**, as facilitated by UA&P-CSR, where 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.

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.



Assessment of Material ESG Topics

The materiality assessment of 2022 resulted in 37 material issues. In 2023, these were reviewed considering changes in the business environment. The list of material issues has thus been amended to 36, with the following changes:

- The COVID-19 pandemic was no longer seen as a threat and thus dropped from the list; and
- The time frame of the impact for 3 classes of material issues (procurement-related, talent-related and corporate governance-related) were amended from medium-term to short-term.

The relevance of each material issue is discussed below:

Material Issues	Importance to FPH in 2023	Impact of Issues	Timeframe of Impact*
• Climate Action • Climate Governance	Relevant due to accelerating climate impacts	Positive and Negative	Short to long-term
• Emissions • Energy • Materials • Waste • Water and Effluents • Biodiversity	These are concrete indicators on our adherence to our mission. These are also compliance items under national laws.	Positive and Negative	Short to long-term
• Environmental Compliance • Social Compliance	Expectations of investors and stakeholders.	Positive	Short to long-term
• Procurement Practices • Supplier Environmental Assessment • Supplier Social Assessment	Apart from the FPH mission, there is increasing clamor for responsibility in our value chain.	Positive	Short to long-term
• Talent Recruitment and Management • Employee Training and Education • Labor and Management Relations	Relevant due to risks of competition for talent.	Positive	Short to long-term
• Occupational Health and Safety	These are necessary to protect our co-creators and are also compliance items.	Positive or Negative	Short to medium-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	These items are foundational in the way we operate. They are also covered by our social safeguard policies on human rights.	Positive	Short to long-term



*Time-frame of impacts

Short term: 1-5 years

Medium term: 6-10 years

Long term: > 10 years

Material Issues	Importance to FPH in 2023	Impact of Issues	Timeframe of Impact*
• Local Communities	Local communities are major stakeholders of FPH businesses and projects.	Positive or Negative	Short to long-term
• Customer Relationships • Customer Health and Safety • Customer Privacy	Customers are our primary stakeholders.	Positive or Negative	Short to long-term
• Economic Performance	This is a metric for our value creation strategy.	Positive or Negative	Short to medium-term
• Indirect Economic Impacts • Market Presence	These items are part of our thrust on double materiality.	Positive or Negative	Short to long-term
• Corporate Governance	Corporate governance provides the systems of rules, practices, and processes by which a company are directed and controlled.	Positive	Short to long-term
• Risk Management	Risk management, in tandem with our business strategy, is necessary for the enterprise to thrive in the business landscape it is in.	Positive	Short to long-term
• Business Ethics and Conduct • Anti-corruption and Bribery	These are relevant metrics and processes that represent the integrity of how we run our businesses.	Positive	Short to long-term
• Data Privacy	It is important to safeguard our intellectual properties, especially in an increasingly digital world. This is also relevant to the human rights of our employees and partners.	Positive	Short to long-term



*Time-frame of impacts

Short term: 1-5 years

Medium term: 6-10 years

Long term: > 10 years

Industry-specific Material Indicators

To better incorporate the aspect of Financial Materiality in our material ESG indicators, as well as to better integrate with the IFRS standard, TCFD recommendations, and the upcoming SEC ruling, FPH is in the process of identifying the industry-specific material SASB indicators for each of our businesses.

In 2023, FPH ran a capability-building session on SASB across its business units. These workshops allowed the organization a deeper understanding of the SASB standards and aided in the identification of the material industry-specific issues each of the subsidiaries need to monitor. This process marks the beginning of having more specific ESG metrics to which FPH business segments can take action on.

Given the identification of subsidiary-specific ESG indicators, many of these overlap and link to the overall FPH ESG material issues identified through the double materiality principle. Pages 105-107 show the interface between the FPH overall ESG material issues with that of our business segments' industry-specific SASB indicators. While these SASB Industry-specific topics were identified in 2023, this current report covers the FPH-Identified ESG Material Issues. FPH will be establishing processes in 2024 to gather data and monitor these new SASB metrics; each subsidiary will be monitoring both the overall FPH ESG material issues as well as its detailed SASB indicators in the next years.

FPH Identified ESG Material Issues	SASB Industry-Specific Indicators				
	Power Generation	Energy Solutions	Real Estate	Construction and Energy Services	Healthcare and Education
ENVIRONMENT					
Emissions	●		●	●	
Energy		●	●	●	●
Materials and Sourcing Efficiency		●	●		
Waste		●		●	●
Water and Effluents	●		●	●	
Biodiversity and Ecological Impacts	●		●	●	
Environmental Compliance					
Supplier Environmental Assessment					
Climate Action			●		●

- Original identified ESG material issues, last updated in 2022
- New ESG categories that correspond to new SASB industry-specific indicators



FPH Identified ESG Material Issues	SASB Industry-Specific Indicators				
	Power Generation	Energy Solutions	Real Estate	Construction and Energy Services	Healthcare and Education
GOVERNANCE					
Climate Governance					
Economic Performance					
Risk Management			●	●	
Market Presence					
Indirect Economic Impacts					
Procurement Practices					
Business Ethics and Conduct		●	●	●	●
Anti-corruption and Bribery					
Data Privacy					●
Competitive Behavior				●	
Product Quality and Safety		●	●		●
Supply Chain Management					●
Product Design and Lifecycle Management	●	●	●	●	●
Business Model Resilience			●		
Management of the Legal & Regulatory Environment				●	

- Original identified ESG material issues, last updated in 2022
- New ESG categories that correspond to new SASB industry-specific indicators



FPH Identified ESG Material Issues	SASB Industry-Specific Indicators				
	Power Generation	Energy Solutions	Real Estate	Construction and Energy Services	Healthcare and Education
SOCIAL					
Talent Recruitment and Management					●
Employee Training and Education					
Diversity and Equal Opportunity					
Labor and Management Relations			●		
Freedom of Association and Collective Bargaining					
Occupational Health and Safety	●		●	●	●
Non-discrimination					
Child Labor					
Forced or Compulsory Labor					
Local Communities					
Customer Relationships					
Human Rights					
Rights of Indigenous Peoples					
Supplier Social Assessment					
Customer Health and Safety					●
Customer Privacy					●
Social Compliance					
Access and Affordability	●		●		●
Marketing and Labeling					●

- Original identified ESG material issues, last updated in 2022
- New ESG categories that correspond to new SASB industry-specific indicators

This section presents the performance of our businesses for 2023, categorized according to the six capitals of the <IR> Framework, and discusses how each capital may have been increased, maintained, or eroded through the reporting year. A summary of the changes in these capitals and their associated non-financial and financial outcomes are on pages 178-179. Following the ESG performance of our businesses and the outcomes they provide, we discuss how our outcomes contribute to the Sustainable Development Goals on pages 186-189. Then, stepping back from our 2023 performance, we review how all our activities progress the company's mission.

ESG Data Management Platform

A major development in 2023 was the organization's transition to using a formal ESG Data Management system to house, calculate, and analyze our ESG data. This new ESG Data Management Platform will aid FPH and our businesses in streamlining ESG data collection and monitoring, better managing data accuracy and standardization across business segments, better understanding our GHG inventory, and keeping up with the evolving ESG landscape and reporting needs.

FPH began this project in May 2023 and the project is still ongoing as of the writing of this report. Milestones accomplished in 2023 include:

- Development of hierarchies for the collection and consolidation of data across FPH business segments
- Adjusting the system's methodologies as required by FPH
- Begin uploading historical data
- On-boarding of designated data owners into the system
- Trial for users to input 2023 ESG data into the system

For this 2023 Integrated Report, the new ESG Data Management Platform was successfully used to consolidate a significant volume of the data required. More work, however, still lies ahead with regard to completing processes. Upcoming activities in 2024 on this front include:

- Continue to upload historical data
- Completing certain data input processes
- Due diligence review for changes in data due to differences in the system's methodologies with that of FPH
- Reconciliation of methodologies, including recalculation of past data, as is required by the GHG Protocol

The last item in particular includes a recalculation of the whole organizational GHG inventory as we update to new methodologies, more recent emission factors, and a general review of the GHG scope and boundaries of the organization.



VALUES GENERATED

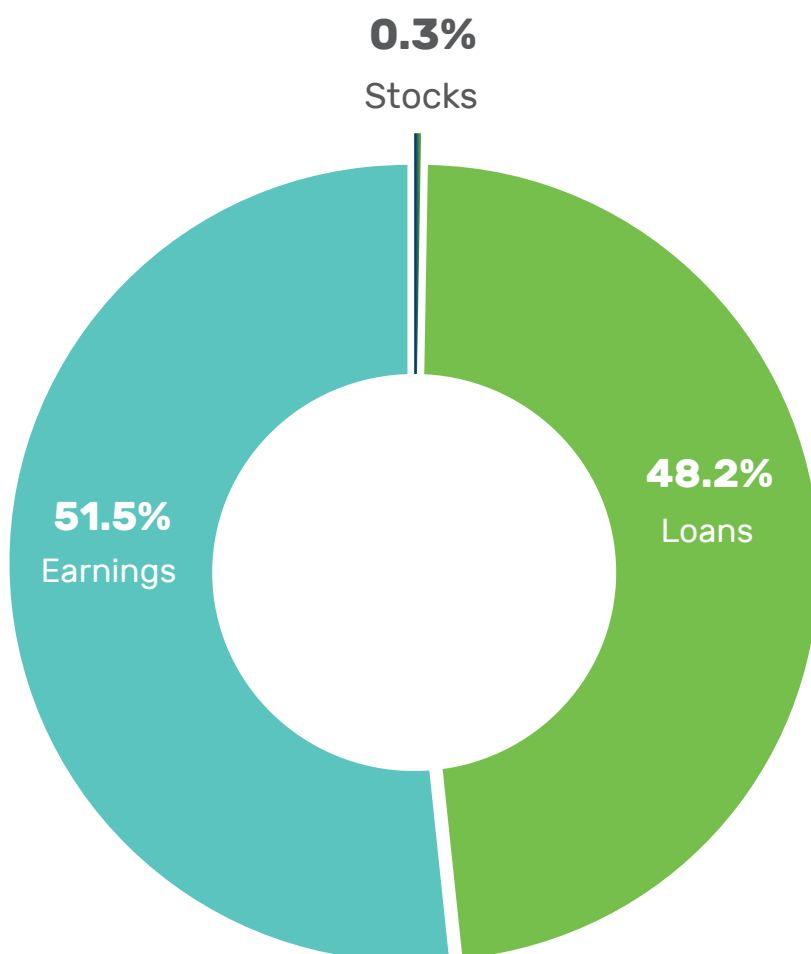
Financial Capital

Our financial capital are the sources of funds we draw on to maintain and grow our businesses. Through this, we are able to conduct our business activities that generate value for our customers, communities, investors, and other stakeholders. 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 PHP270.5 billion, of which 51.5 percent is from earnings, 48.2 percent from loans and debts, and 0.3 percent from stocks.





Financial Performance

The consolidated revenues at the end of 2023 is PHP165.0 billion, decreased by PHP5.4 billion or 3 percent, from PHP170.3 billion in 2022, mainly driven by the lower pass-through fuel revenues of the First Gen group, but partly tempered by the higher revenues from the Real estate segment and the stable topline of the Energy solutions group.

On the other hand, FPH's Consolidated Net Income for 2023 reached PHP29.1 billion, higher by PHP5.2 billion or 22 percent compared to PHP23.9 billion in 2022.

The Net Income Attributable to FPH amounted to PHP15.1 billion, higher by PHP2.4 billion or 19 percent compared to last year's PHP12.7 billion. The corresponding Recurring Net Income (RNI) attributable to FPH grew by PHP1.0 billion or 8 percent to PHP13.8 billion, a record-high RNI for FPH.

	2023 (in PHP)	2022 (in PHP)	2021 (in PHP)
Revenues	165.0 billion	170.3 billion	125.2 billion
Consolidated Net Income	29.1 billion	23.9 billion	19.9 billion
Recurring net income attributable to equity holders of the Parent	13.8 billion	12.8 billion	10.1 billion

Major Subsidiaries	Recurring Net Income (RNI) Contribution	2023 vs 2022 Drivers
First Gen Corporation	PHP10.5 billion (▲ 7%)	- Higher average Wholesale Electricity Spot Market (WESM) and contract prices on electricity sales of EDC this 2023. - Improved operating results of Burgos Wind due to better wind regime and of geothermal plants following lower plant derations and outages. - Lower replacement power costs of San Gabriel plant supplemented by lower fuel expense of Avion. - Higher finance income earned by First Gen parent from its cash placements due to higher yields.
Rockwell Land Corporation	PHP2.7 billion (▲ 36%)	- Completion of Arton West and increased project accomplishments from Balmori Suites, 32 Sanson – Sillion, Rockwell South, and Nara residences and lots. - Higher sales bookings were generated from Proscenium, Arton, Edades West, and commercial lots at Rockwell Center Bacolod. - Higher average rental rates and leased spaces for both retail and office areas, particularly in Proscenium and Balmori Retail.
First Philippine Industrial Park	PHP123.4 million (▼ 23%)	- New leasing contracts of ready-built factories (RBF) from 7 new locators, various contract renewals from existing locators, and sale of industrial land. - An uptick in revenues from the recurring business: RBC and land leases, water and laboratory services, and hotels and dormitories. - Despite these gains, 2023 financial results were weighed down by higher operating costs, depreciation expenses, and finance charges incurred in the year.
First Philec Inc.	PHP1.0 billion (▲ 2%)	- Increased sales from non-transformer products, specifically Distribution Line Components and Surge Arresters, combined with lower operating costs contributed to strong 2023 operational results. - Reported its first revenue from the sale of transformers in the US market. - Shifts in foreign exchange rates dampened First Philec's potential revenue growth, as foreign exchange gains in 2022 were reversed in 2023 due to the realized Peso appreciation related to its US dollar-denominated transactions.
First Balfour Inc.	-PHP160.6 million (▼ 129%)	- Lower margins reported from ongoing construction projects coupled with the higher finance expenses incurred on the short-term borrowings availed in 2023 and loan drawdowns made in 2022. - Declined revenues for ThermaPrime were caused by the three-quarter operational pause of Rig 1, coupled with the decommissioning of Rigs 5 and 12 in 2023.
Asian Eye Institute*	-PHP3.3 million (▲ 97%)	- Experienced an increase in customers served, driving revenues and margins in optical procedures and product sales. - Lower losses following the absence of the one-off credit losses for some of its outstanding receivables.

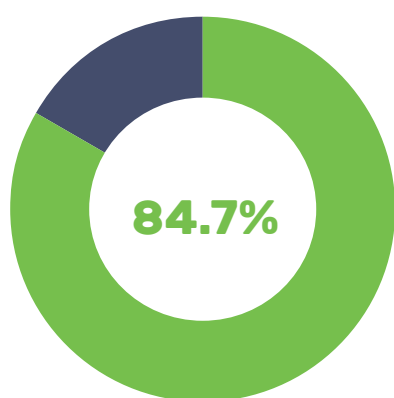
*2023 figures of AEI are unaudited

Distribution of Financial Capital

As a consolidated group, FPH returned about 84.7 percent of the total generated value to the economy. This includes value distributed as employee wages and benefits, taxes and payments to the government, payments to capital providers, operating expenses, payment of dividends, assistance to communities, and environmental programs. Throughout the different business segments, values distributed were between 83.2 percent to 127.8 percent of their respective generated values.

Direct Economic Value Generated and Distributed (in million PhP)			
Major Subsidiaries	Total Value Generated	Total Value Distributed	Economic Value Retained
First Gen Corporation	141,937.0	123,148.9	18,788.1
Rockwell Land Corporation	18,973.8	16,315.0	2,658.8
First Philippine Industrial Park	1,503.7	1,328.9	174.8
First Philec Inc.	4,527.8	4,521.4	6.4
First Balfour Inc.	8,887.5	9,046.1	(158.6)
Asian Eye Institute	685.3	689.5	(4.2)
FPH Consolidated*	174,025.0	145,996.8	28,028.2

*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 within the country.

PHP99.5 billion

was spent on local suppliers

PHP18.0 billion

was spent on foreign suppliers

Summary

- FPH ended 2023 with a strong financial and operational performance, evident in the increase in RNI. The effective utilization of our capitals, synergized with the alignment of our business models, risk measures, and strategic imperatives, enabled FPH and our subsidiaries to thrive in our chosen industries.

Financial and Non-financial Outcomes

- The increase in our financial capital allows our business segments to continue their activities, therefore allowing them to distribute more value to their respective pentad stakeholders. The stable financial performance of the company resulted in the adequate allocation of funds for activities that will preserve or improve the rest of the capitals (manufactured, natural, human, intellectual, social and relationships).

Manufactured Capital

Our manufactured capital comprises the physical assets, infrastructure, and equipment that our business segments use for their products and services to create value for their customers. In this section, we discuss performance updates of our business segments in these areas, notably in the production of their goods and services, asset performance, and upcoming projects to build up manufactured capital. For more information on our approach to managing our manufactured capital, details are available in Annex 3 of our 2020 Integrated Report available on our website, www.fphc.com.

Power Generation

The following summarizes the performance of our power assets, along with significant events that transpired throughout 2023:

Overall Net Generation (▼ 3.7 % net electricity produced as compared to 2022)

For 2023, there was an overall decrease in net generation across all the power plants. This was brought about collectively by unplanned outages, a shift from the energy market to ancillary services, the expiration of the Ancillary Services Procurement Agreement (ASPA) contract of one of the hydro plants, and low steam availability. The decrease in net generation translates to a decrease in revenue for the power generation business, as compared to the previous year.

Natural Gas (▼ 5.2 %)

The natural gas power plants overall produced less power in 2023 than in 2022. This was due to the unplanned outages of Santa Rita and San Lorenzo, wherein certain units or systems needed rectification; and where Avion's output decreased despite its high availability and reliability mainly due to a shift from the energy market to ancillary services and partly due to lesser opportunities at the WESM as a result of high power reserves of the grid. In contrast, the output of San Gabriel increased compared to the previous year with fewer planned outages and high dispatch rates.

With the continuing depletion of gas supply from the Malampaya Gas Field, the available supply of natural gas was not enough to sustain First Gen's gas plants. There had been instances in 2023 where the Santa Rita and San Lorenzo plants operated on liquid fuel in its place. Despite this, the power plants managed to maintain operations based on dispatch. In response to the ongoing decline of Malampaya gas supply, First Gen's gas plants commenced with being commissioned to run on liquefied natural gas (LNG). Two LNG deliveries were received within the year for their commissioning to use regasified LNG.

Looking at the long-term, First Gen has completed negotiations of the lease agreement with Prime Infra for a 15-year lease of the First Gen LNG storage and

regasification terminal in Batangas. This will aid Prime Infra's gas aggregation business plan and is seen to ensure fuel supply for the gas plants.

First Gen also has ongoing discussions with their Operations and Maintenance Contractor on how to extend the life of the Santa Rita and San Lorenzo power plants for another 10 years.

Hydro (▼ 16.0 %)

Among the hydro units, the Pantabangan-Masiway complex had significantly less power output in 2023 than in 2022 due to the expiration of FG Hydro's ASPA contract with NGCP in March 2023. FG Hydro could not re-apply for ASPA for Regulating, Contingency, and Dispatchable Reserve services as generators were required to offer a continual supply throughout the contract period, which it could not provide due to the seasonal nature of hydropower. FG Hydro will be looking

to offer its ancillary services in 2024 once more, when the Reserve Market commences operations in the first quarter of 2024.

First Gen's other hydro unit, Agusan, was able to sustain its power supply. FG Bukidnon in 2023 was able to obtain approval to be a WESM Direct Member and Trading Participant.



Geothermal (▼ 0.8 %)

Steam production across the geothermal assets slightly decreased between 2023 and 2022. There was a significant decrease in generation from the Unified Leyte plant due to unplanned outages, extended preventive maintenance, fluid collection and reinjection system activities, as well as having limited steam availability and power plant derations all in 2023.

The decrease in generation by the Leyte plant was balanced out by increases in generation from other plants. EDC's other geothermal plants were able to generate more electricity due to higher steam availability and the optimization of outage schedules.

Wind (▲ 16.9 %)

First Gen was able to generate more wind power in 2023 as the Burgos site was affected by stronger winds from Low-Pressure Areas in January and November, Typhoon Betty (International Name, Mawar) in May, and Typhoon Egay (International Name, Doksuri) in July. Typhoon

Egay's strong winds, however, also caused outages in five wind turbine generators. Additional spare parts needed to be sourced from overseas, and the outage had an estimated loss of 12.6 GWh. But with careful planning, the spare parts were procured and completed before the year ended. Turbines were bought online from August through to November, with full operations restored by the second week of November.

Apart from the above repair activities, the wind and solar site in Burgos also spent 2023 completing various maintenance and natural catastrophe preparation work. This included the installation of the Burgos NatCat (Natural Catastrophe) Camera for monitoring switchyard equipment during extreme weather conditions, the construction of stone masonry walls and canal walls to prevent the risk of soil erosion, and the installation of line reclosers which protect the outside system of the Burgos Solar Facility from internally caused outages.

Net Generation of First Gen Power Assets from 2021 to 2023

Power Plant	Installed Capacity (MW)	Net Generation (GWH)		
		2021	2022	2023
Natural Gas				
Santa Rita	1,000	6,500.2	7,812.4	7,056.6
San Lorenzo	500	3,687.0	3,875.6	3,738.9
San Gabriel	420	1,793.9	2,632.1	2,786.8
Avion	97	327.5	372.0	341.9
Geothermal				
Unified Leyte	579	2,949.3	2,921.8	2,718.2
Palinpinon	172.5	1,054.3	1,195.8	1,250.5
Bacman	130	970.4	1,050.3	1,099.5
Tongonan	123	918.1	885.8	925.3
Mindanao	107.0	587.3	670.1	669.2
Nasulo	49.4	266.9	375.2	377.0

Net Generation of First Gen power assets from 2021 to 2023

Power Plant	Installed Capacity (MW)	Net Generation (GWH)		
		2021	2022	2023
Hydro				
Pantabangan-Masiway	132.8	309.1	300.7	251.0
Agusan	1.6	12.1	10.2	10.2
Wind				
Burgos Wind	150	416.3	311.9	364.6
Solar				
Burgos Solar	6.82	10.6	10.2	10.2
Solar Rooftops	5.16	5.2	5.2	4.5
Total	3,474.2	19,805.4	22,429.4	21,604.5



STATUS OF ON-GOING AND UPCOMING PROJECTS

Interim Offshore LNG Terminal

In March 2023, the project received a declaration of Practical Completion pursuant to the Philippine Downstream Natural Gas Regulation (PDNGR). For the rest of the year, the project achieved the following:

- Delivery and acceptance of four tugs boats, and start of provision of towage services;
- The Floating Storage and Regasification Unit (FSRU) BW Batangas was delivered and berthed at the Multi-Purpose Jetty (MPJ);
- Completion of commissioning at the MPJ of the FSRU and successful send-out of regasified LNG to the FGEN gas power plants; and
- Receipt of two LNG cargos by the FSRU

The LNG team continues to commission all remaining components of the project and to close out punch list items.

Santa Maria Power Plant (1260 MW)

First Gen has ongoing permitting activities and contractor selection processes for the development of the plant. In addition, the site preparation works are being completed as part of the initial construction phase.

Casecnan Hydroelectric Power Plant Acquisition

In May 2023, First Gen, acting through its wholly-owned subsidiary Fresh River Lakes Corp. (FRLC), emerged as the successful highest bidder in the privatization of the 165 MW Casecnan Hydro Electric Power Plant in Pantabangan, Nueva Ecija. The Notice of Award was officially conferred upon FRLC on May 26, 2023.

The Pantabangan-Masiway reservoir sources 40 percent of its water from the Casecnan transbasin project and as such, there is an additional incentive for First Gen to preserve or improve the water flows into the Pantabangan reservoir. The water flow seasonality of Casecnan is also complementary to Pantabangan-Masiway in such a way that peak water flows of Casecnan are usually in the wet months while Pantabangan-Masiway's are in the dry months. This allows First Gen to contract on a portfolio basis, minimizing replacement power costs from the market.

Aya Pumped Storage Hydro Power Project (100 MW to 120 MW)

The 100 MW to 120 MW Aya Project is targeted for implementation by the second half of 2024. The detailed engineering design of the civil, hydromechanical, and electromechanical works is ongoing and most of the permits and endorsements have been secured.

Bubunawan (32 MW), San Isidro (49 MW), Puyo (30 MW), and Tagologan (33 MW) Projects

In these projects, First Gen continues to make progress in the pre-development activities. These hydro projects in Mindanao will capitalize on opportunities within the renewable energy sector.

Palayan Binary Project (28.9 MW)

As of December 2023, the geothermal Palayan Binary Project was at 90 percent completion and beginning testing and commissioning. The first grid synchronization was achieved on January 12, 2024.



Tanawon Geothermal Power Plant (20 MW)

The Tanawon Geothermal Power Plant was deemed 54 percent complete as of the end of 2023. In December, the manpower at the site peaked at 1,373 personnel. Several key equipment have already been delivered on-site.

Mahanagdong Geothermal Brine Optimization Plant (28 MW)

All construction contracts have been awarded and executed, with site construction beginning in March 2023. Foundation piling works were completed in November. By the end of the year, the project has achieved 47.8 percent completion.

Battery Energy Storage Systems (BESS) Projects

Three BESS projects within the geothermal sites are ongoing construction. These are the Tongonan BESS, Southern Negros BESS, and BacMan BESS.

Energy Solutions

In 2023, First Philec delivered 1,736,776 kVa to its customers with 22,744 units sold. It also produced a total of 1,724,742 kVa in transformers within the year.

First Philec maintains a robust production momentum capable of producing at least 2,500 units per month. Its healthy order pipeline positions it well for a strong start in 2024, a testament to the efforts of its Sales team. As of the end of 2023, First Philec recorded a total of carry-over orders amounting to over PHP5 million.

FPI's efficient production line was supported by several equipment upgrades on the production floor designed to minimize its carbon footprint. Specifically, electric-powered forklifts and adhesive machines now use paper instead of the usual plastic tape.

New products and innovations

In 2023, First Philec launched the following:

- Smart Meters, or Advanced Metering Infrastructure. These products have been accredited by the Energy Regulatory Commission and First Philec is looking forward to participating in bids requiring such products.
- Introduction of its surge arresters into the market.
- Further investments in several equipment that can better support its growing US export endeavors.

Additionally, First Philec has officially entered into partnership with NASCENT for its battery storage initiatives and work on developing EV charging stations. In 2023, the focus of FPI is on research and development, with the ultimate goal of FPI having its own NA-ion battery cell by 2025.

At present, First Philec has achieved milestones in battery and energy storage, progressing through the design phase of their 5 kWh pole-mounted energy storage system (ESS). Simultaneously, they are in the process of acquiring lithium carbon battery samples.



Residential and Commercial Real Estate

Properties under development

In 2023, Rockwell Land launched three residential developments. These are the two horizontal projects: Rockwell South Carmelray in Laguna and Terreno South Phase 5 in Batangas; and Lincoln at IPI which is the first tower of mixed-used JV development in Cebu.

Three projects were also completed in the year: East Bay – Fordham in Muntinlupa, The Arton – West in Quezon City, and Vantage East in Pasig City.

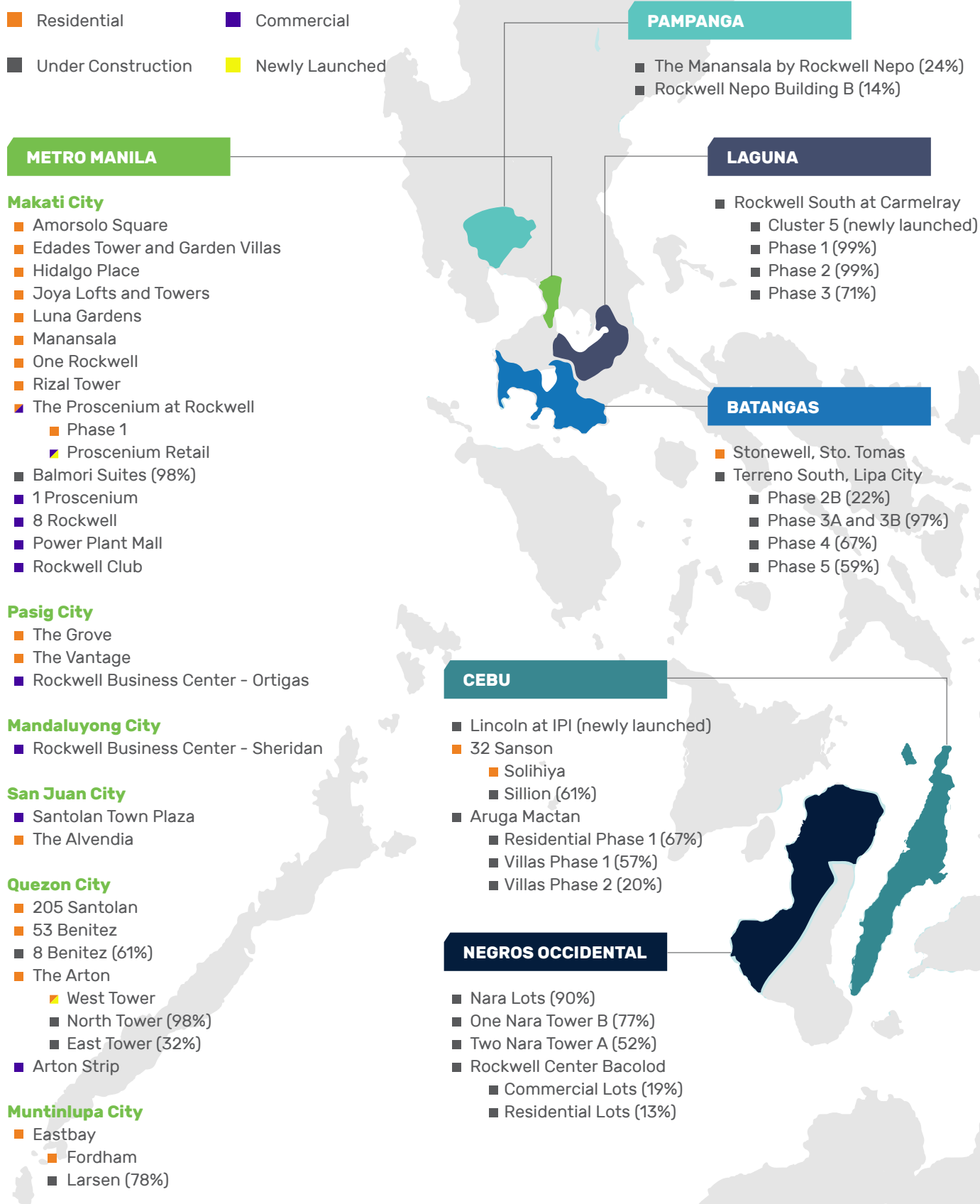
Preparing for 2024, Rockwell Land will be launching several projects, notably:

- Rockwell Center Bacolod Commercial Lots, Bacolod
- Rockwell South Cluster 6, Laguna
- Nara Lots Phase 2, Bacolod
- Bel Air Phase 2, Bacolod
- Horizon Bulacan, Bulacan
- General Milling Corp., Batangas
- El Madero, Laguna

These bring Rockwell to 30 currently operational projects, four of which with components still under development, and nine new upcoming projects.

Retail and commercial portfolio

Of Rockwell Land's eight commercial and office properties, about 92 percent of the leasable space has been occupied in 2023, with retail properties leased at an occupancy rate of 88 percent and office spaces leased at 94 percent.



Industrial Real Estate

As of Dec 2023, First Philippine Industrial Park, Inc.'s (FPIP) total Ready-Built Factory (RBF) area of 184,529 sq.m. was leased at an occupancy rate of 80 percent. This is higher than 2022's occupancy rate of 76 percent.

FPIP continues to improve its facilities within the park to better cater to the FPIP community. In 2023, the following projects were completed:

- Consuelo Park Residences Phase 2. FPIP's dormitory available for those working within the park, the Consuelo Park Residences increased its capacity from 36 units in 2022 to a total of 95 units in 2023.
- Civil construction of the FPIP Access Management (FAM) system in all park gates. This improves security within the park.
- SCADA Control Room at Pumping Station 2. This improves FPIP's water and wastewater services to the locators.
- Design and construction of the Consuelo Park Pavilion. The pavilion provides a space for events, increasing the number of services to locators, and promoting work-life balance.

The following improvements are still ongoing:

- Configuration and commencement of operation of the FAM system.
- CCTV Live Feed Project. This involves the installation of CCTVs to view the traffic condition of the Maharlika Highway, to better inform traffic management in the park.
- Installation of speed cameras in the park, for better implementation of traffic regulations and mitigation of vehicular incidents.
- Service Support Building renovation to improve facilities and services to stakeholders.



Construction and Energy Services

Completed and ongoing construction projects

The following are the accomplished projects of the First Balfour construction group as of the end of 2023.

KEY PROJECTS



- **Six-Story Pivot Building**, St. Luke's Medical Center
- **Hermosa-San Jose 500kV Transmission Line Project**, National Grid Corporation
- **Rockwell Business Center Refresh**, FPH



- **East Bay Water Treatment Plant**, Manila Water Company, Inc.
- **Novaliches-Balara Aqueduct**, Manila Water Company, Inc.
- **Batangas Combined Cycle Power Plant**, Excellent Energy Resources Inc.
- **Palayan Binary Power Plant**, EDC
- **Battery Energy Storage Systems (Bacman, Tongonan and Southern Negros)**, EDC

OTHER PROJECTS

- **Various Works**, FPH
- **Aya Pumped Storage Project**, First Gen
- **Various Works, Bacman Geothermal Business Unit**, EDC
- **Aeropack Site Development Works**
- **Various Works**, Southern Star
- **Various Works, Leyte Geothermal Business Unit**, EDC
- **Various Works, Leyte Geothermal Business Unit**, EDC



Completed



On-going

T1 Rentals

The rentals business of First Balfour continues to grow, exhibiting a growth rate of 28 percent from 2020 to 2023. It currently stands with 893 units of construction equipment and vehicles.

T1 Rentals expanded its nationwide footprint with the opening of its Clark Yard located within Clark Global City to support the infrastructure development in Central Luzon, particularly by providing equipment rental services to North Commuter Railway projects. T1 Rentals has a total of 33,246 sq.m. of equipment yard area in six locations across the country.

T1 Rentals has also purchased several Euro 4 vehicles and Euro 5 heavy trucks in 2023. This includes:

- 17 vans (12-seater)
- Nine buses (30-seater)
- Five 20cbm dump trucks

The procurement of equipment will continue on to 2024, with plans to acquire 60-seater buses and more dump trucks, as well as solar tower lights for its facilities.

T1 Transport

First Balfour's T1 Transport currently has 39 tractor heads, 50 trailers, three boom trucks, nine service vehicles, and three electric buses.

In October 2023, the Electric Vehicle (EV) transport division was awarded by Cebu Pacific to provide EV airport buses to transport its passengers to and from the boarding gate and the aircraft within the airport. T1 Transport is also finalizing a memorandum of agreement with Maersk Logistics to provide trucking services for their logistics operations with regards to container transport.

ThermaPrime

ThermaPrime had its two rigs undergo inspection and recertification in 2023. Rig 1 underwent the recertification process for the majority of the year and was declared fit for purpose in October 2023. Rig 2 completed its contract with ThermaPrime's most recent client in September 2023, after which it then underwent the same certification process as Rig 1. Rig 1 is scheduled to resume operations by February 2024. The rig inspection and recertification activities ensure that all rigs operate efficiently and safely without causing harm and risk to people and the environment.

Effectively, ThermaPrime had only one rig in operation throughout 2023. This reflects a bottom line loss for the

drilling business of First Balfour. It also presents in the other ESG data in the following sections as a decrease in activity between 2022 and 2023.

Throughout the year, ThermaPrime initiated purchase agreements to acquire two additional rigs by 2024. The first rig is estimated to be completed by January 2024 while the second rig is undergoing refurbishment and recertification activities. Investments in additional rigs is a strategic initiative for ThermaPrime to aid its customers in delivering their geothermal energy supply commitments.

Health and Education Services

As of 2023, the Asian Eye Institute, across Metro Manila, has three surgical centers, four satellite clinics, and one optical shop. Through these sites, AEI was able to cater to a total of 200,000 patients.

Headquarters

- Asian Eye, Phinma Plaza Building, Rockwell Center Makati City

Clinics

- Trinoma Mall, Quezon City
- CommerCenter, Muntinlupa City
- SM Mall of Asia, Pasay City

EyeSites

- St. Francis Cabrini Medical Center, Sto. Tomas, Batangas City
- SM Fairview, Quezon City
- Williams Center, Mandaluyong City

Optical Shop

- Asian Eye Vision Center, Powerplant Mall, Makati City



For the optimum service to its patients, Asian Eye carefully maintains its medical and surgical equipment. AEI has a Technical Services Team to monitor equipment health and to conduct preventive maintenance and calibration on a regular basis. AEI is also set to procure new equipment to replace older models in the upcoming years.

For 2024, AEI will launch an ambulatory surgical center in its clinic in Trinoma, Quezon City; improve its facilities at the Rockwell Phinma clinic; and establish a Myopia Center to provide comprehensive treatments for myopia management and control.

Summary

Power generation segment

- Decrease in electricity produced between 2022 and 2023
- Completed negotiations with Prime Infra to lease LNG storage and regasification terminal in Batangas, seen to ensure fuel supply of the gas plants.
- FG Hydro expiration of ASPA in 2023, to re-apply again in 2024.
- Various upcoming projects in natural gas, hydro, geothermal, and battery storage.

Energy solutions segment

- Steady production of transformers with at least 2,500 units per month.
- Over PHP5 Million carryover orders for 2024.
- Launch of advanced metering infrastructure and introduction of surge arresters in its market
- Official partnership with NASCENT to develop battery storage solutions.

Commercial and Residential Real Estate Segment

- Three new projects launched in 2023 and seven to be launched in 2024
- 94 percent occupancy rate of office and retail properties

Industrial Real Estate Segment

- Ready-Built Factory occupancy rate of 80 percent in 2023
- Various facility improvements

Construction and Energy Services Segment

- Significant growth of the T1 Rentals business with new equipment and new yard in Clark Global City
- Two new partners under First Balfour's T1 Transport business

Health and Education Services Segment

- Able to serve 200,000 patients in 2023
- Plans to expand facilities in 2024

Non-financial Outcomes

- Majority of the business segments of FPH maintained their manufactured capital in 2023, with the exception of First Balfour whose T1 Rentals business had significant growth and Rockwell Land with several properties beginning operations within the year. Other businesses, especially the power generation businesses and also Rockwell Land, have numerous upcoming projects in development. This will create great growth for their manufactured capital in the future.

Financial Outcomes

- The decrease in electricity produced by the power generation business translated to a slight decrease in their revenue, whereas the launch of various new properties in our real estate business brought in a good increase in revenue.



Natural Capital

Our natural capital comprises the material resources and utilities we use to develop our products and services and, in general, use to run our businesses. As all of the resources we use ultimately come from the environment, we seek to manage them well, use them efficiently, and conduct activities that give back to our natural environment. More details on our approach to managing natural capital can be found in Annex 3 of our 2020 Integrated Report, available on our website at <https://www.fphc.com>.

In this section, we present the KPIs we use to monitor our environment-related material ESG topics, discuss the performance of our businesses within these areas, and review the outcomes of their activities.



Energy Management

Overall, energy consumption across the group slightly declined. This has been due to varying factors in the operations across the businesses. Many of our businesses have had less activities in 2023 than in 2022. But of those that had an uptick in business activity, we can see that there is a shift to using more renewable energy. This shows the progress of our past activities geared towards energy use, efficiency, and sustainability. Details of energy use across our businesses are discussed below:

Unit: GigaJoules (GJ) Renewable Non-Renewable Total Energy Consumed Publicly-listed Company (PLC)

FPH Energy Profile

			TOTAL
2023	158,753,698.3	55,594,345.5	214,348,043.8
2022	167,235,912.9	46,532,791.6	213,768,704.4
2021	97,615,097.8	38,250,970.9	135,866,068.7

Power Generation



2023	158,611,738.7	55,269,553.9	213,881,292.6
2022	167,132,228.6	46,140,646.9	213,272,875.5
2021	97,510,046.8	37,806,937.8	135,316,984.6

Our power generation business overall slightly increased its energy consumption between 2023 and 2022. There was a drop in renewable energy consumed due to reduced house load consumption alongside the expiration of the ASPA of the FG Hydro power plant and the outages and reduced steam output in the Unified Leyte geothermal power plant. On the other hand, there was an increase in non-renewable energy consumed due to the use of more liquid fuel in the natural gas plants and purchased electricity to compensate for less hydro power produced by FG Hydro. The details of electricity production of First Gen's power plants are further discussed in the section on Manufactured Capital.

Energy Solutions



First Philec

2023	6,166.5	3.3	6,169.8
2022	7,342.2	894.3	8,236.5
2021	4,890.6	2,741.1	7,631.7

First Philec presents an overall decrease in energy consumed. This is despite the fact that First Philec had comparable manufacturing operations between 2023 and 2022, plus had a full return-to-work regime in 2023.

In 2023, First Philec transitioned all of its equipment and vehicles to electric models. This thus significantly reduced their non-renewable fuel consumption and instead translated it to the use of renewable electricity.

Real State



ROCKWELL LAND

2023	119,074.0	46,257.9	165,331.9
2022	91,698.5	33,375.2	125,073.6
2021	98,595.0	29,736.0	128,331.0

In 2023, Rockwell Land had a significant uptick of activity, which then directly translates to more energy consumption. This has been due to Rockwell Land's completion and subsequent operations of three new properties, more activity in their office properties as more tenants increase their in-office working days, and more activity in their retail segment. Rockwell Land has also had more travel-related activities as they expand their properties beyond Metro Manila.



First Philippine Industrial Park INTERCONNECTED ADVANTAGE

2023	14,715.5	24,409.5	39,125.0
2022	1,837.2	45,072.9	46,910.1
2021	453.5	28,058.1	28,511.6

FPIP had generally less energy consumption in 2023 compared to 2022 as it completed various facilities under construction.

Notably, FPIP transitioned a significant portion of its electricity consumption to using renewable energy. In 2023, its energy use was 37.6 percent renewable, compared to only 3.9 percent in 2022.

Energy and Construction Services

First Balfour

2023	747.9	252,174.5	252,922.4
2022	892.0	312,799.0	313,691.0
2021	1,111.9	382,078.7	383,190.6

First Balfour had an overall decrease in energy consumption as a direct effect of less activity in 2023. Most of First Balfour's construction activities in 2023 are continuing projects from 2022. The majority of First Balfour's new construction projects are scheduled for 2024. A significant driver of energy consumption is the activity of First Balfour's geothermal drilling business. In 2023, only one rig at a time was operational for most of the year as the rigs underwent recertification activities. More details on the operational activities of First Balfour are discussed in the section on Manufactured Capital.

Health and Education



2023		0.0	1,946.4	1,946.4
2022		-	-	-
2021		-	-	-

For our business reporting under the Health and Education Services Segment, gathering data on energy consumption and management begins in 2023. This will likely increase in the next years as we improve the scope and coverage of data.

GHG Emissions and Management

In 2023, FPH had two major activities to enhance our greenhouse gas (GHG) inventory:

- conducted capability building sessions for Scope 3 GHG; and
- transitioned to using a formal ESG Data Management Platform

CAPABILITY BUILDING SESSIONS FOR SCOPE 3 GREENHOUSE GAS EMISSIONS

In the fourth quarter of 2023, FPH engaged an international ESG services provider to conduct capability-building sessions for the organization to understand the foundational concepts of Scope 3 GHG emissions as well as to do an initial run of developing the Scope 3 inventories of our businesses. The engagement, lasting for 13 weeks, involved several sessions covering: a review of organizational boundaries; value-chain mapping of all businesses involved; carrying out a Scope 3 materiality assessment; understanding the data that needs to be collected; data collection and gap analysis; a trial run of calculating Scope 3 emissions; and a hotspot analysis. Following this project, we endeavor to complete our Scope 3 GHG inventory for the next reporting cycle.

ESG DATA MANAGEMENT PLATFORM

The transition to using a formal ESG Data Management Platform, as mentioned previously, carried with it a variety of changes and updates to the methodology used to put together FPH's greenhouse gas inventory. As this project is ongoing, the full recalculation of previous years' data has yet to be done. This will be updated in the subsequent 2024 Integrated Report. Nevertheless, the trend of emissions from 2021 through to 2023 is still reflective of the activities that transpired.



GHG Emissions of Business Segments

The following presents the greenhouse gas emissions generated across our businesses for the year 2023. With the transition to using a formal ESG Data Management Platform, we were able to include partial Scope 3 emissions. This will be further refined in the next reporting cycle as we begin to implement our learnings from the Scope 3 project.

Unit: tonnes CO₂e

Scope 1

Scope 2

Scope 3



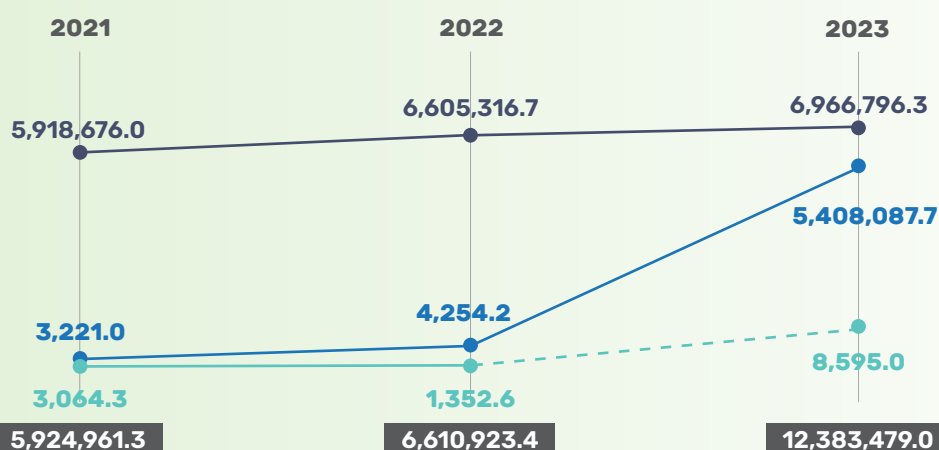
Publicly-listed Company

*2023 Scope 3 data to be refined

FPH GHG Profile

					TOTAL
2023	6,990,201.0	28,318.2	5,414,898.9		12,433,418.1
2022	6,638,848.6	16,900.0	4,254.2		6,660,002.8
2021	5,949,433.0	14,857.0	3,564.1		5,967,854.1

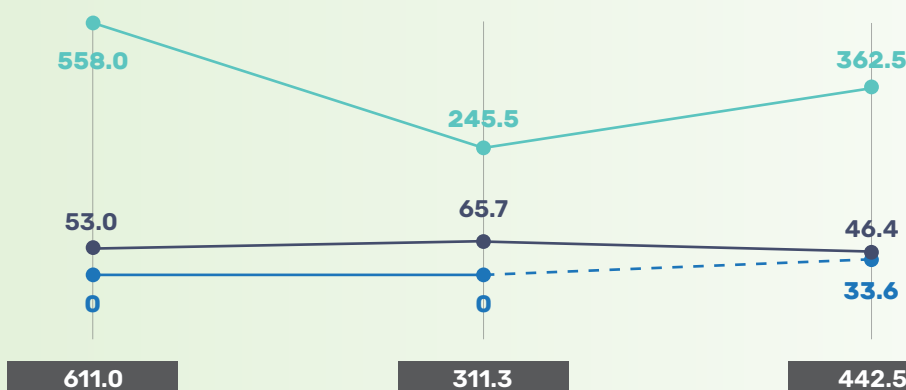
Power Generation



First Gen presents a stark increase in GHG emissions as they are able to develop their Scope 3 emissions inventory. As is expected from the energy industry, the Scope 3 emissions for First Gen are driven by upstream emissions of fuel used.

First Gen's historical emissions have also been revised as a result of findings from a GHG assurance project conducted in 2023.

Energy Solutions



With First Philec shifting most of its equipment and vehicle fleet to being powered by electricity, they saw a decrease in Scope 1 emissions and an increase in Scope 2 emissions.

*2023 Scope 3 data to be refined

Real State

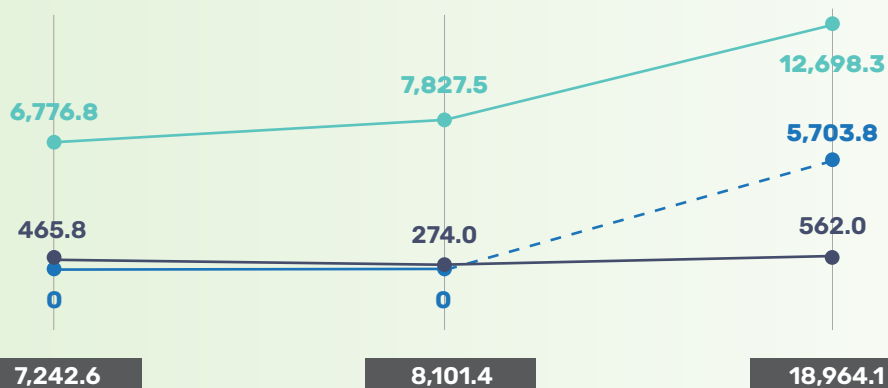


ROCKWELL LAND

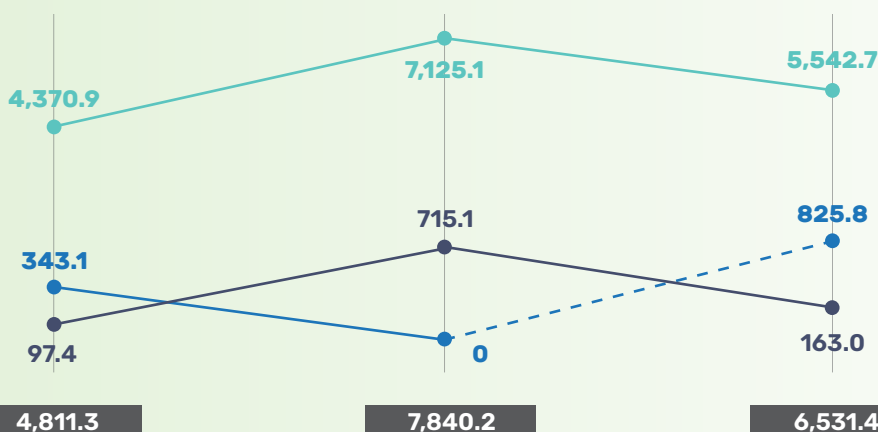
2021

2022

2023



As with energy use, the increase in Rockwell's emissions has been due to the increased activity it had in 2023 in all its sectors.

First Philippine Industrial Park
INTERCONNECTED ADVANTAGE

FPIP's reduction of Scope 2 emissions was from several facilities transitioning to using renewable energy. This includes 3 facilities operating on RE for the whole of 2023, Centralized Water Treatment Facility 3 partially using solar power, and two more facilities that began partially using solar power by December 2023.

FPIP has also installed a few units of solar street lights during the year and will continue to do so in 2024.

Energy and Construction Services

First Balfour



First Balfour's had a reduction in emissions due to reduced energy use from fewer activities in 2023. First Balfour had a decline in Scope 1 emissions due to fewer projects being worked on by its construction segment and with only one geothermal drilling rig being used at a given time throughout 2023.

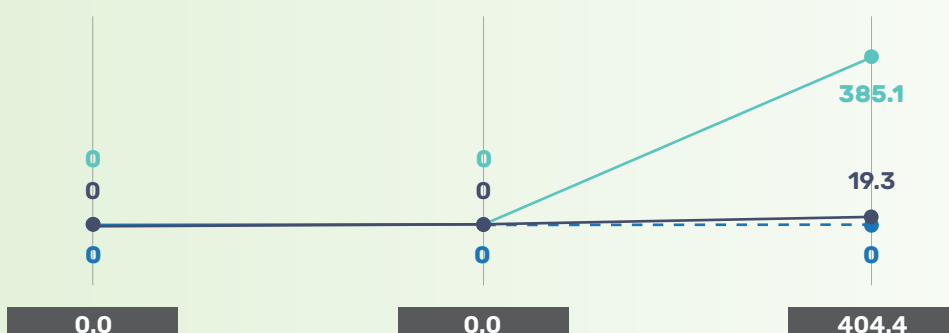
Health and Education



2021

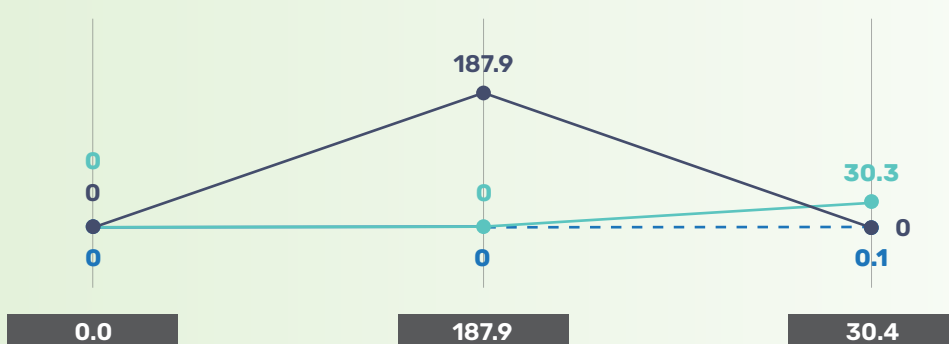
2022

2023



2023 is the beginning of building the emissions inventory of our Health subsidiary, AEI. As such, recorded emissions are expected to increase as we stabilize the scope and coverage of related data.

FPH Head Office



The FPH Head Office presents a rise in Scope 2 emissions, though this was primarily due to receiving updates on the appropriate emission factor to use by building management. The decline in Scope 1 emissions was due to reduced activities by our in-house vehicle fleet.

GHG Reduced and Avoided

1,740,468.0 tCO₂e

sequestered by forest reservations and landscapes across our businesses

10,740,303.6 tCO₂e

avoided by using natural gas and RE to produce electricity

22,748.5 tCO₂e

avoided through sourcing RE for electricity as compared to grid use

Other Air Pollutants

Apart from greenhouse gases, our businesses may generate other air emissions. These 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 the construction and energy services segment for drilling geothermal wells, and the generator sets of our real estate segment used to provide backup power in their properties 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.

More information on the metrics of our power generation businesses is available in the 2023 First Gen Integrated Report, available on its website at <https://www.firstgen.com.ph/>.

Material Use

The materials used across our businesses decreased in 2023 from 2022, driven by less fuel used in the operations of our power generation segment. Our energy solutions business continues to maintain its production of transformers; our real estate businesses generally had fewer construction activities in 2023; while our construction and energy services businesses had less activity and less fuel use, as mentioned in previous sections.



Unit: Tonnes	2021	2022	2023
Energy Segment			
Power Generation: First Gen			
Fuel Used			
Water for Hydro (water only passes through the hydro plants, it is not consumed)	1,639,599,760.0	1,710,338,110.0	1,457,919,994.0
Geothermal Steam	63,936,718.9	48,481,115.3	60,931,673.0
Natural Gas and Condensates	2,029,734.0	2,320,820.3	2,522,080.7
Other Materials (Fuel, oil, spare parts for maintenance, etc.)	4,985.9	11,929.5	16,671.6
Energy Solutions: First Philec			
Materials for Transformers	4,770.9	5,602.0	5,118.0
Fuel used	17.1	21.1	0.1
Total	1,705,575,986.9	1,761,157,598.2	1,521,395,537.0
Real Estate			
Residential and Commercial Real Estate: Rockwell Land			
Construction Material	51,707.5	48,261.9	37,216.0
Fuel	161.5	95.0	66.7
Industrial Real Estate: FPIP			
Construction Material	10,939.1	30,742.5	17,126.0
Fuel	148.6	242.8	2.1
Total	62,956.7	79,342.2	54,410.9



Unit: Tonnes	2021	2022	2023
Construction and Energy Services: First Balfour			
Fuel Consumed			
Fuel for Construction Equipment Fleet	4,839.8	4,636.4	3,741.5
Fuel for Drilling Rigs	5,222.3	4,003.4	2,039.3
Total	10,062.1	8,639.8	5,780.8

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	1,703,536,478.9	1,758,819,225.3	1,518,851,667.0
Total Non-renewable Material Use	2,112,509.7	2,426,333.8	2,604,061.7
Total Material Consumption	1,705,648,988.6	1,761,245,559.1	1,521,455,728.7

Waste Management

Solid waste from all our businesses are hauled and treated by DENR-accredited waste haulers. Hazardous waste is appropriately treated according to the requirements of each specific waste type by the same DENR-accredited contractors.

Between 2023 and 2022, the amount of waste disposed is reflective of the uptick or slowdown of activities in our businesses:

1. In our power generation business, there has been an overall reduction in waste, particularly non-hazardous waste as there have been no major outage activities. The amount of their hazardous waste however did increase, due to tank cleaning and painting activities for the liquid fuel tanks of FGCEC.
2. Our energy solutions business, First Philec, is now under a complete return-to-work regime and thus shows an uptick in the generation of office and cafeteria waste.
3. In our real estate businesses, waste disposed of in 2023 increased over two-fold. This has been due to Rockwell Land's completion and subsequent operations of three new properties, more activity in their office properties as more tenants increase their in-office working days, and more activity in their retail segment. In FPIP, major hauling activities were conducted wherein scraps that were stored in their materials recovery facility were hauled out after a few years in storage. The majority of these scraps were recycled.
4. In our construction and energy services business, First Balfour shows a significant decrease in disposed waste in 2023 as they had fewer ongoing projects in the year compared to the previous.

5. For our business reporting under the health and education services segment, gathering data on waste management begins in 2023 and as such, will likely increase in coverage in the next few years. Mostly hazardous waste is recorded as these are handled by AEI itself, whereas its non-hazardous waste is collected and managed by the property managers where their clinics reside.

WASTE MANAGEMENT ACTIVITIES OF OUR BUSINESSES

The following summarizes the various waste management activities our businesses have been developing to either mitigate the generation of waste or to better manage the waste generated. Several of these activities resulted from the Waste Management lecture and workshop series we conducted in 2022:

- First Gen's FGCEC continues to implement its program which uses seashells as raw materials in the production of pavers. A large amount of seashells are collected when cleaning the FGCEC pipeline system. Rather than

disposing these to landfill, FGCEC launched the project in 2021 to divert the seashells and instead use them as aggregates in the production of pavers, which are used within the facilities as well as donated to the Batangas City Ecopark for the construction of pathways. In 2023, approximately 30,000 kilograms of seashells were used as aggregate for these pavers, thereby converting them to a useful product instead of merely disposing to landfill.

- In 2023, Rockwell Land partnered with Smart Recycle, Riveranier, and Far East Fuel to help its waste recycling efforts.
- Rockwell Land also improved its waste management policies for its properties by providing Materials Recovery Facilities and increasing communication efforts to its residents and tenants towards recycling.
- FPIP is exploring ways to better manage and divert from landfill the wastes its locators produce.
- First Balfour is working on a formal work instruction for waste management to more effectively gather data on and manage its waste.

Unit: Tonnes		2023		
Business Segment	Subsidiary	Hazardous Waste	Non-Hazardous Waste	TOTAL
Power Generation	First Gen	778.0	869.9	1,647.9
Energy Solutions	First Philec	76.3	129.4	205.7
Real Estate	Rockwell Land	14.4	11,537.2	11,551.6
	FPIP	0.2	40.9	41.1
Construction and Energy Services	First Balfour	45.3	762.2	807.5
Health and Education	AEI	9.7	*	9.7
Total		923.9	13,339.7	14,263.6

* Accounting for non-hazardous waste generated by AEI clinics is still being developed.



Unit: Tonnes		2022		
Business Segment	Subsidiary	Hazardous Waste	Non-Hazardous Waste	TOTAL
Power Generation	First Gen	693.4	1,143.6	1,837.0
Energy Solutions	First Philec	5.5	73.0	78.6
Real Estate	Rockwell Land	21.1	5,227.8	5,249.0
	FPIP	0.8	8.1	8.9
Construction and Energy Services	First Balfour	0.0	2,197.3**	2,197.3
Health and Education	AEI	-	-	-
Total		720.9	8,649.8	9,370.7

Unit: Tonnes		2021		
Business Segment	Subsidiary	Hazardous Waste	Non-Hazardous Waste	TOTAL
Power Generation	First Gen	506.9	1,383.4	1,890.3
Energy Solutions	First Philec	4.3	75.1	79.4
Real Estate	Rockwell Land	87.0	9,619.8	9,706.8
	FPIP	0.0	9.1	9.2
Construction and Energy Services	First Balfour	8.6	42.0	50.6
Health and Education	AEI	-	-	-
Total		606.9	11,129.5	11,736.3

** 2022 data of First Balfour was adjusted to account for only waste managed by First Balfour. Data in 2022 FPH Integrated Report included First Balfour data from projects wherein waste was managed by their project clients. Relatedly, First Balfour did not have any hazardous waste disposal in 2022 that they themselves managed.



Water Use and Wastewater Management

Similar to data and trends in waste, the trends in water use of our businesses are generally reflective of the changes in activities between 2023 and 2022, with some notable exceptions:

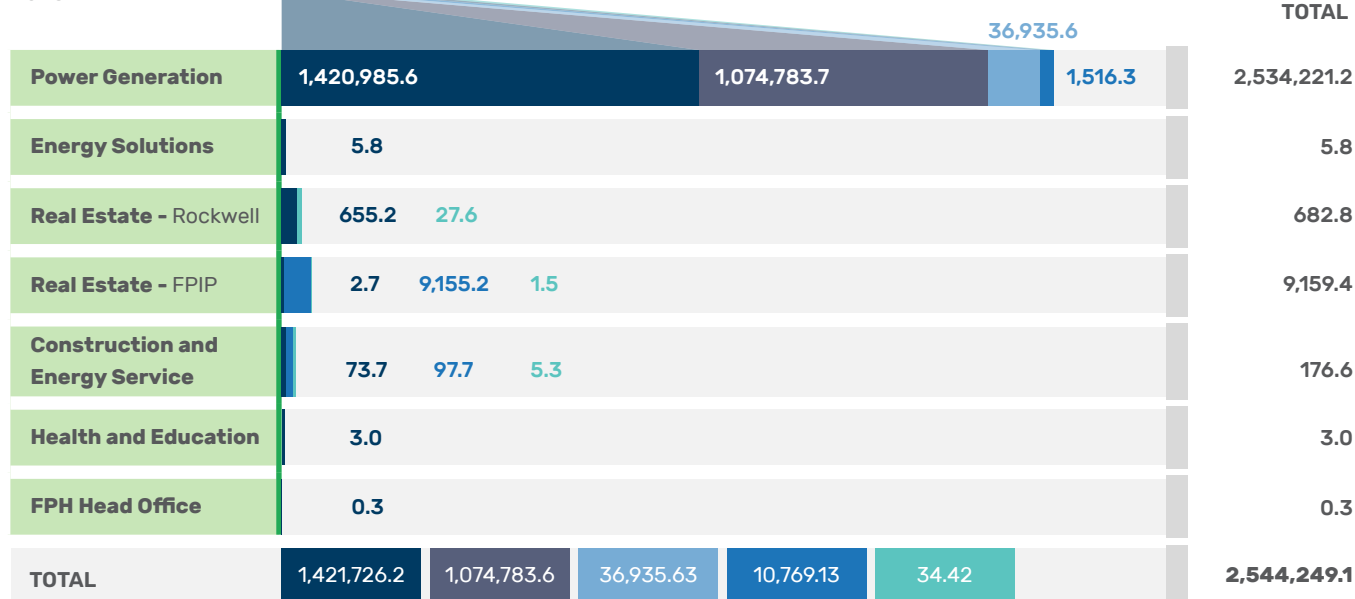
- In power generation, outages in the natural gas plants translate to less ocean drawn in for cooling. On the other hand, the expiration of the ASPA of the FG Hydro plant meant that they didn't need to use the water to generate electricity. Ocean water used by the natural gas plants goes through a non-contact cooling process and is returned immediately.
- First Philec's return-to-work regime meant more employees' use of the facilities, such as the bathrooms, pantry, and cafeteria.
- For Rockwell Land, more human activity within its properties directly translates to more use of utilities.
- In FPIP however, the trend of decreased water use was due to decreased demand from locators. Additionally, to better manage its water resources, FPIP is developing a Water Sustainability Masterplan.
- In First Balfour, there is a noted increase in the use of groundwater. This was due to hydro testing in some construction projects.

- In AEI, recording of water use across sites has just begun and data will still stabilize in the next few years.
- Water use in the FPH Head Office remains relatively unchanged.

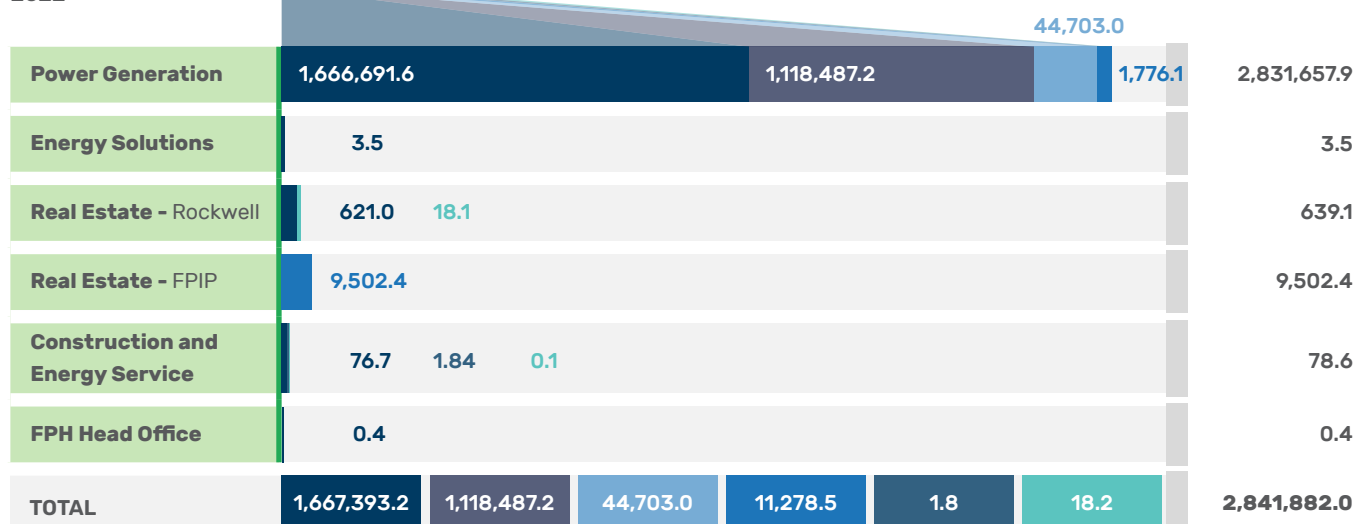
In the management of wastewater, all our businesses comply with national and local regulations for the appropriate treatment before its release into the environment. All of our offices produce domestic wastewater; this is collected and treated in the wastewater systems of the properties in which we hold 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 the wastewater treatment methods of our various business segments and the pathway for treated effluent release are detailed on page 139 of our 2020 Integrated Report, available on the FPH

website at <https://www.fphc.com>.

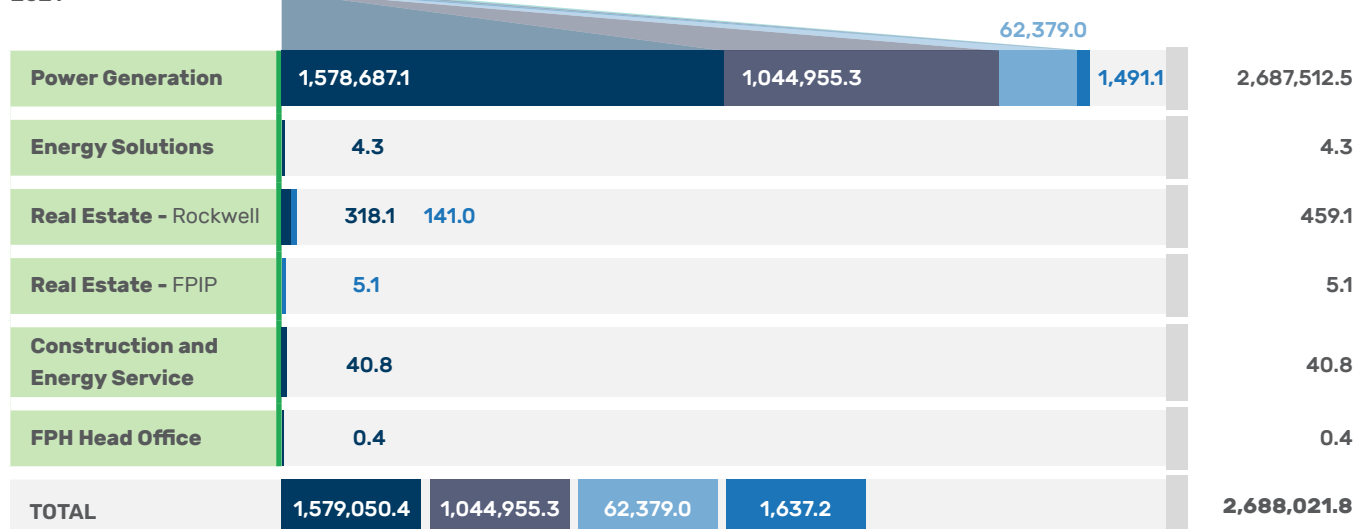
2023



2022



2021



Units: MegaLiters (ML)

Municipal
Supply

Ocean

Surface
WaterGround
Water

Rainwater

Recycled

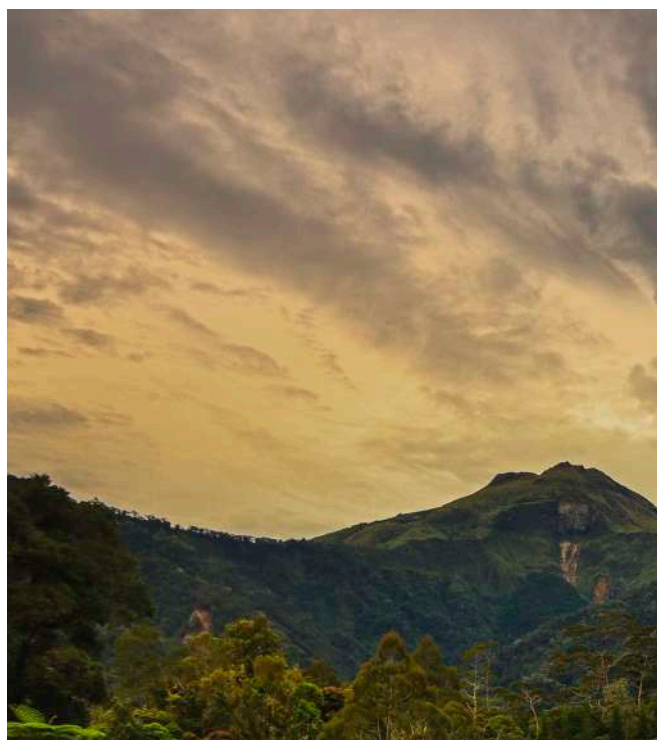


Biodiversity and Habitat Protection

Of our major businesses, the power generation subsidiaries have a higher stake in the area of biodiversity and habitat protection as they operate in areas of ecological interest. Of particular interest are our geothermal forest reservations across the country and the 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 is vital to our operations on site, our power businesses lead programs ensuring the integrity of nature in these areas.

All our non-power generation businesses operate in urban areas, with perhaps some exceptions of the construction projects and geothermal drilling operations that First Balfour works on, and in which case it partners with its project proponents to ensure that its operations are environmentally sound.

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 and 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 is detailed in the section on Social and Relationship Capital.



BANTAY DAGAT SUPPORT IN LOBO

First Gen's Center of Center project supports the conservation and protection of the Verde Island Passage (VIP) in partnership with local communities, local government units (LGUs), and other stakeholders in the area. The project began in 2004 along with First Philippine Conservation, Inc. and Conservation International. Part of the program is the provision of operational support to the Bantay Dagat (sea patrols) in Lobo, Batangas. The program, including the operational support, concluded in 2023. The Lobo local government unit has shown maturity in their capacity to continue the work. First Gen shifted to institutional assistance supporting the provincial network plan.

MINI - MANGROVE FOREST

FGCEC maintains a 10-hectare mangrove area within the complex. Located within the host barangays of Sta. Clara and Sta. Rita Aplaya of Batangas City, this mangrove forest functions as a seat of biodiversity by providing a suitable habitat to an array of both aquatic and terrestrial species. The mangrove forest stabilizes the shorelines, reduces erosion, and protects its vicinity from flooding and storm surges. The forest also has the potential to sequester carbon at a rate of approximately 88.4 tons per hectare.

ADOPT-A-RIVER/ WATER BODY PROGRAM

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

BINHI PROGRAM

Led by First Gen's subsidiary, EDC, the BINHI program is our power generation segment's major program for forest conservation, rehabilitation, and preservation. In recent years, the expertise of EDC in these activities have allowed them to forge numerous local and international partnerships and collaborations, allowing them further to be a regenerative force in the area of forest conservation.

In 2023, EDC invested PHP27 million in its various environmental initiatives and watershed management programs organized under the BINHI Program. The company continues to collaborate with the country's top foresters, botanists, and wildlife biologists to reforest degraded watersheds; rescue, secure, and mainstream the 145 most threatened Philippine native tree species; protect forests and watersheds; and conserve the diverse wildlife that thrives within the geothermal reservations that it manages.

The following summarizes the 2023 accomplishments under the BINHI program:

Forest Protection

- Continue to protect the 127,608 hectares of forest lands within EDC's geothermal reservations
- 2,698 km of foot and drone patrols within designated conservation areas, in collaboration with its local partners. No incidents of forest fires were reported in 2023.

Forest Restoration

- Continued collaboration with 88 forest communities, planting over 10,000 hectares of forest since the initiation of the BINHI program in 2008.
- 272,443 seedlings of indigenous trees cultivated across EDC's central and satellite nurseries
- Signed a Memorandum of Understanding (MoU) with the Asian Forest Cooperation and DENR - Forest Management Bureau for the project Forest Restoration Using Philippine Threatened and Endemic Tree Species in Bacon-Manito Geothermal Reservation in Support to the Philippine's Forestry Sector's National Greening Program. The project primarily aims to increase natural forest area, and mainstream Philippine threatened and endemic tree species of Bacman in Sorsogon and Albay

Biodiversity Conservation

EDC has a Biodiversity Conservation & Monitoring Program (BCMP) executed by an in-house team comprising of wildlife biologists and foresters in collaboration with esteemed institutions such as the University of the Philippines Institute of Biology (UP-IB), Silliman University in Negros Oriental, and the Philippines Biodiversity Conservation Foundation, Inc. (PBCFI) in Negros Occidental.



Through its BCMP, EDC has documented at least 514 total unique species of fauna, composed of 344 species of birds, 39 species of bats, 25 small to medium-sized mammals, 51 species of amphibians, and 55 species of reptiles within its project sites. Results from the biodiversity monitoring activities conducted in 2023 are currently being validated.

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 2023 Integrated Report available on their website, <https://www.firstgen.com.ph>.

Mainstreaming of Philippine Native Trees

- EDC forged 10 new partnerships in 2023, thereby elevating the total number of BINHI partners to 216
- 8 new arboreta were established in partnership with various BINHI partners. These new arboreta are located at the:
 - Batangas State University in Lobo, Batangas;
 - Lorma Colleges, San Juan, La Union;
 - Visayas State University, Isabel, Leyte;
 - Jerome Carlos Arboretum in Zamboanga, Sibugay;
 - Nagbacalan Elem School BINHI Arboretum in Batac Ilocos Norte;
 - Quium Maipalig BINHI Arboretum Batac Ilocos Norte;
 - Rayuyray National High School BINHI Arboretum in Batac Ilocos Norte; and
 - The Grove at Nayong Pilipino in Tambo, Paranaque

In total, EDC and its BINHI partners have so far established 41 arboreta, with an additional 2 in development, and 165 tree parks nationwide that serve as safe havens for threatened native tree species.



OTHER ACTIVITIES OF THE NON-POWER GENERATION BUSINESS

- FPIP's annual tree-planting activity generated 2,136 saplings. FPIP is also exploring entering into DENR's Adopt-A-Mountain program.
- FPIP signed a Memorandum of Agreement (MoA) for the Adopt-A-Waterbody Program. Under the MoA, FPIP adopted a 3.4-kilometer stretch of the San Juan River, which it will help protect, preserve, and conserve. The San Juan River runs through FPIP and thus it is in their interest to contribute to its regeneration.
- FPIP held 2 river cleanup activities. These were participated by FPIP and locator employees, who collected around 3.2 tons of waste. FPIP aims to hold this event quarterly.
- First Philec, as a locator within FPIP, actively participates in the related activities of FPIP. First Philec is also exploring beneficial initiatives that can create a positive impact on both the community and the planet.
- During Arbor Day when simultaneous tree-planting activities occur, First Balfour planted a total of 2,690 seedlings in various locations. First Balfour's tree planting activities hope to help regulate water flow and prevent flooding in the communities of:
 - La Mesa Eco Reserve Park, in Quezon City
 - Barangay Pinya, in Taysan, Batangas
 - Lagadlarin Mangrove Forest, in Lobo, Batangas
 - FPIP, in Sto. Tomas, Batangas
 - Cabintan Lake, Janagda, in Ormoc Leyte
 - Barangay Gatbo, in Bacon, Sorsogon City
 - Municipality of Pandi, Bulacan
 - Barangay Agaga, in Burgos Ilocos Norte
 - Barangay Puhagan, in Valencia, Negros Oriental
 - Barangay Bongolanon, in Magpet, North Cotabato
- First Balfour also participated in coastal clean-up activities, collecting at approximate 949.3 kg of waste from shores
- Rockwell Land's partnership with Smart Recycle plants a tree for every ton of waste recycled.

Summary

- Energy consumption across the businesses declined between 2023 and 2022, primarily from reduced activities in certain businesses. Some businesses posed higher ratios of renewable to non-renewable energy use as they transition their energy sources to renewable.
- Overall emissions significantly increased due to the beginning of FPH's journey to develop our Scope 3 GHG emissions inventory.
- Wastes disposed increased, driven by increased activity in our residential and commercial real estate business.
- Water use decreased, driven by less water intake for electricity production by one of First Gen's hydro power plants and less intake for cooling in First Gen's natural gas power plants.
- Activities under biodiversity and habitat protection led by our power generation business continue to be maintained and created 165 tree parks as of 2023. These incrementally built up natural capital in the long run.

Non-financial Outcomes

Overall, the natural capital of FPH's businesses was maintained. Generally, less material and utility consumption in 2023 preserve our resources. Additionally, the businesses' activities for biodiversity and habitat build up natural capital.

At the same time, the activities and programs to better manage our resources required investments and activities within the domain of Intellectual Capital and Social and Relationships Capital—such as the plans and agreements that needed to be made by our businesses to transition to using more renewable energy and developing roadmaps for better resource management such as in FPIP's Water Sustainability Master Plan.

Financial Outcomes

The activities mentioned in the Non-financial Outcomes would need financial investments for their development and execution.

Human Capital

Our human capital is collectively our workforce and the efforts, capabilities, skills, and dedication they bring into the organization. Enabling our employees and workers to bring their authentic and best selves to work allows us to meet our business objectives and contribute exponential value to our stakeholders. We foster them by endowing relevant resources and tools, celebrating their diversity, safeguarding their rights, and ensuring their safety at work.

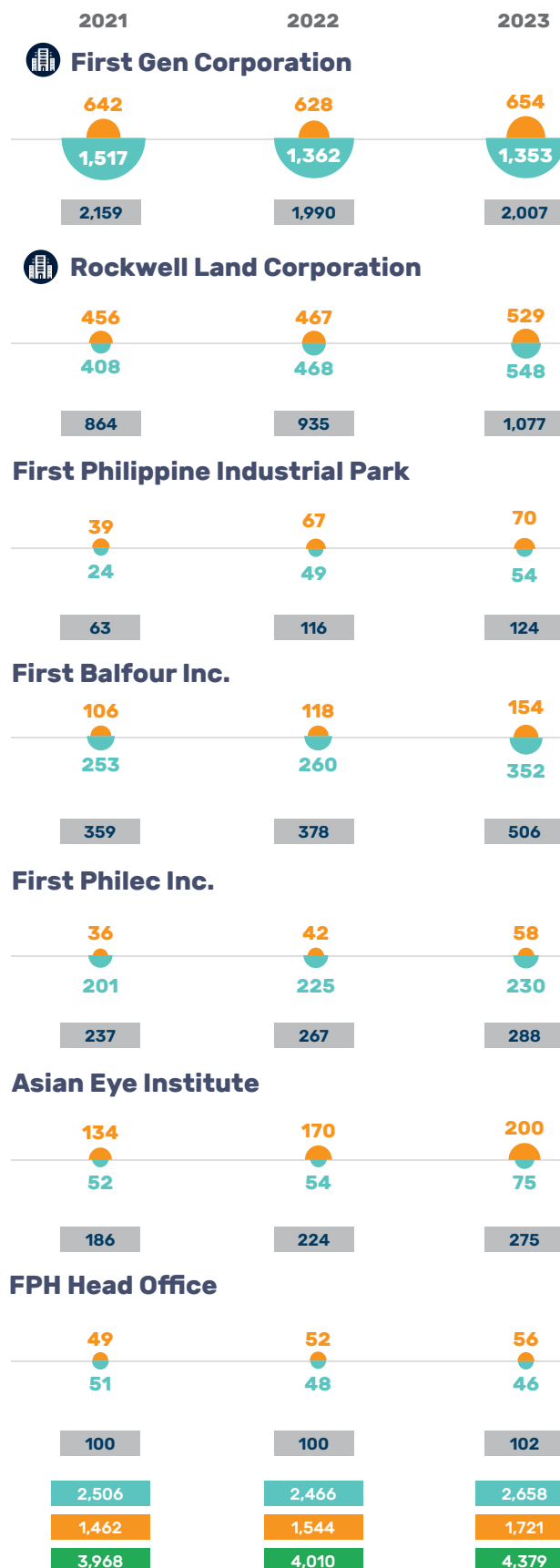
We comply with local and national labor laws, general labor standards, and international labor conventions entered by the Philippine government. Internally, we have stringent policies, initiatives, and programs to ensure the welfare of our workforce.

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.



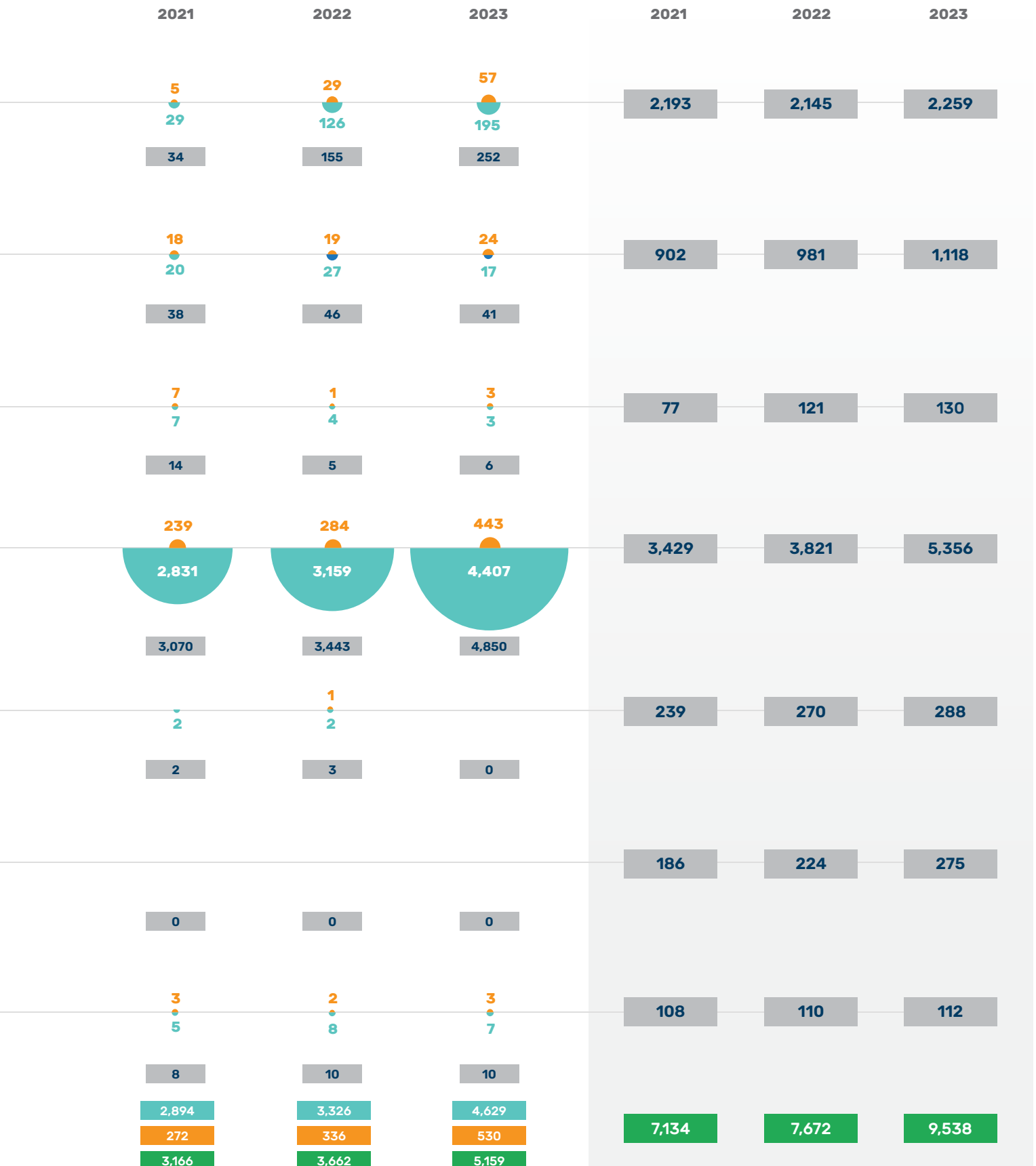
Talent Management

Permanent Employees Count (By gender)

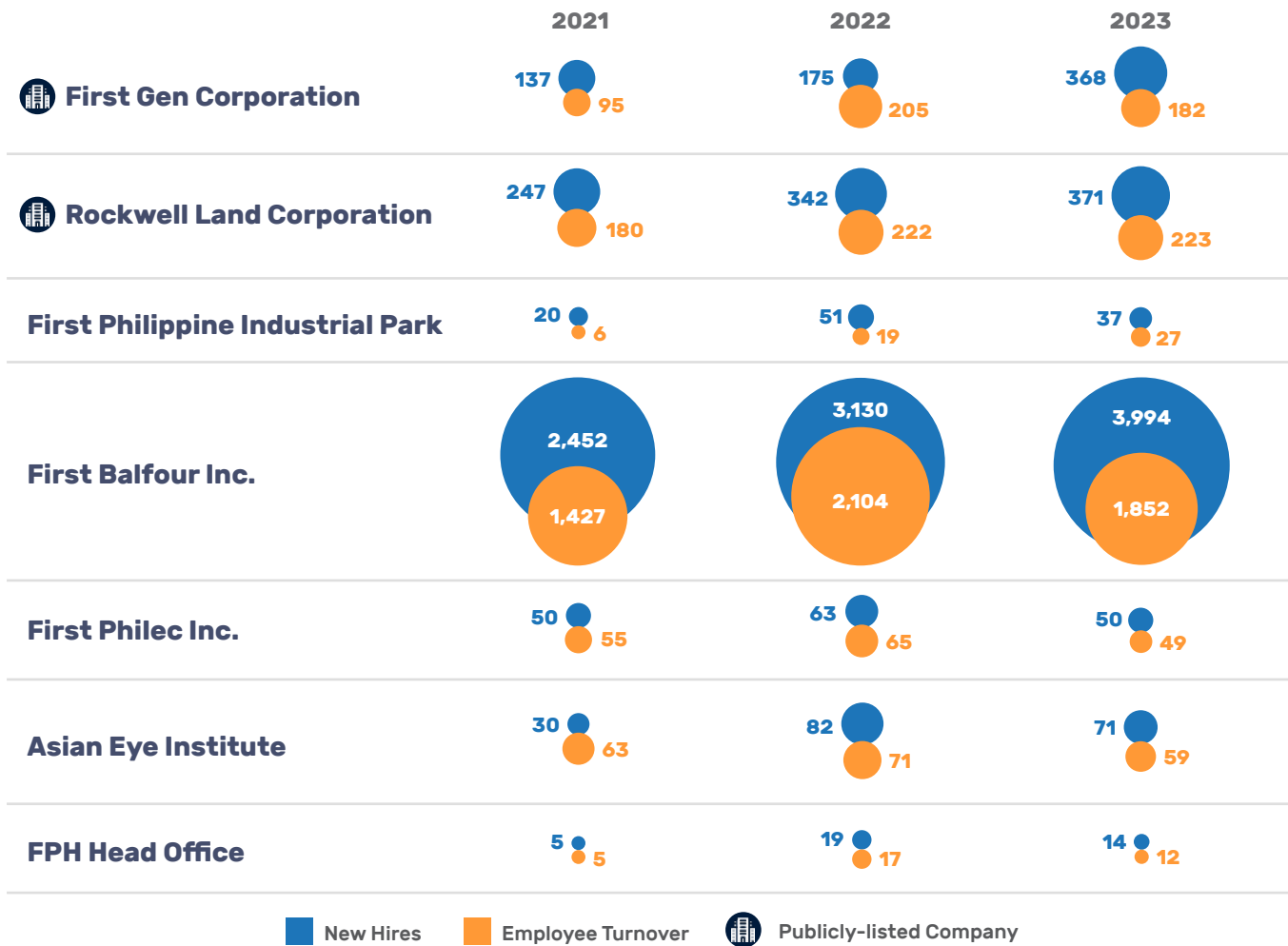


Temporary Employees Count (By gender)

Total Employees



New Hires and Turnover



The capabilities of our 9,538 employees across the group contributed to the success of our business operations in 2023. This represents a 24.3 percent increase in our headcount, which is caused by the continued growth of our business segments. Our construction business reported a 40.2 percent spike in its headcount from the previous year to accommodate its growing roster of infrastructure and engineering projects.

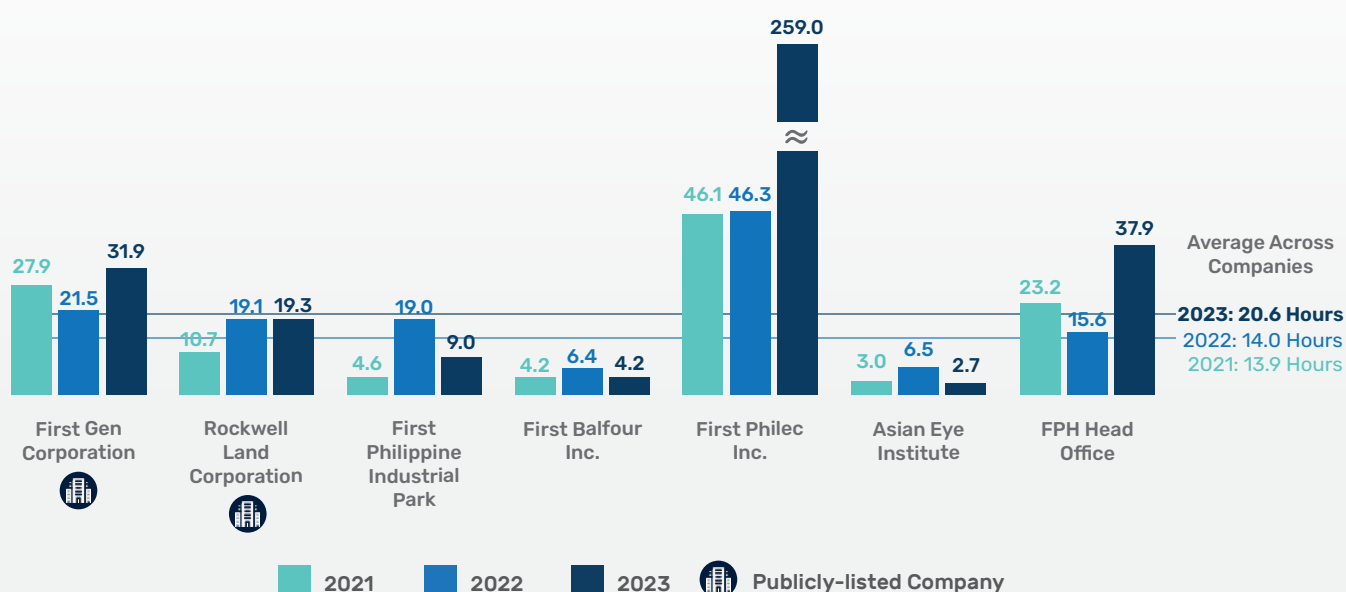
A total of 2,404 employees left the group in 2023, a 11.1 percent decrease from the previous year. Resigned employees cited better career opportunities, educational advancement, and other personal reasons as causes for separation. Given the nature of our business segments, a portion of our turnover is attributed to the conclusion of contracts for our project-based employees.

We welcomed 4,905 employees in our businesses for 2023, representing a 27.0 percent increase from the previous year. Our business segments consistently participate in job fairs and university career fairs to strengthen our talent attraction and employer branding. Through these, we expand our connection with academic institutions across the country enabling us to build stronger applicant pools. These activities are deemed effective, as around 58 percent of our new hires for the year are in their twenties.



Developing and Enriching our Human Capital

Average Training Hours



Average Training Hours per Rank and per Gender



Providing our employees with the proper tools, resources, and capabilities allows them to maximize their contribution to our chosen industries. We place a strong emphasis on enriching and capacitating our human capital, so they may deliver their best at work and further progress in their respective careers.

The average training hours for all employees in 2023 increased by 47.7 percent. The significant increase in average training hours for Philec employees was due to the upskilling activities done in the year, training most employees in all aspects of their transformer production. Subsequently, the group-wide training hours increase is driven by the diversification of our learning and development platforms, emphasizing the co-existence of both online and in-person training modalities. With the reopening of our physical offices, most of our virtual training was now held in person. Our online learning platforms are retained for pre-recorded courses and modules, enabling employees to learn new skills at their most convenient time.

Training and Development Programs and Initiatives

Internal Recruitment Policy	Mechanism that promotes talent mobility, enabling employees to explore internal job opportunities and maximizing their career growth.
Career Development System	A framework and philosophy that guides employees and people managers to better understand their responsibilities.
Learning on Demand Platforms	Online learning platforms are available for employees to use. Through these, they can learn new skills relevant to their functions and careers at their most convenient time.
Coaching Program	A program that upskills our people managers to develop, hone, and maximize the talents of their team members.
Mentoring Program	Experienced employees are connected to rising talents to better guide their careers and growth in the organization. Through this, employees are allowed to learn outside their current function and immediate managers.
Friday DEAL (Drop Everything and Learn)	These are bite-size learning sessions geared towards enabling employees to spur new ideas, experience different perspectives, and discover new skills they may apply in their current function and role.

We maintained our development programs, such as the Internal Recruitment Policy and Career Development System³⁶, to enrich the specific capabilities of our employees. We continued our coaching and mentoring offerings to equip employees with the necessary skills to excel in their roles as individual contributors and people managers. Our energy solution segment piloted Dual Career Track discussions amongst their team members, allowing them to take on cross-functional responsibilities and explore career options beyond their current roles.

We continued to hone our employees' capabilities to accelerate meeting our mission of decarbonization and regeneration. Consistent with our embedding programs, new employees are onboarded on the principles of our mission and are oriented on our flagship environmental and social initiatives. Additionally, we curated multiple courses in our online learning platform to capacitate employees on the language and principles of decarbonization and regeneration. Entitled "ESG & Sustainability - Regenerative Learning Path," the curated courses were aligned with discussions from COP28 to upskill our employees on emerging sustainability-related capabilities.



³⁶ Page 119, 2022 FPH Integrated Report

Safekeeping our Employees' Well-being

Ensuring the well-being of our employees in the workplace is a top priority for the conglomerate. Through these, we can meet the fundamental needs of our employees to ensure that they deliver their best at the workplace.

Wellness Wednesdays, our flagship well-being program, serves as a platform to promote lifestyle and practical skills. In 2023, we held 19 sessions encompassing themes on physical, mental, emotional, financial, and spiritual well-being. These sessions were positively received by employees, with at least 260 employees from our head office and power generation segments participating in these sessions. Employees from other business segments are highly encouraged to participate in these sessions.



					
Skills at Work • Permission to be Woman • Align Your Time: A Productivity Workshop • Boosting Productivity • Habit Hacks: Foundations for a Fresh Start	Environmental Awareness • Lobo Interactive Adventure: An Earth Day Special • From "Less bad" to "Much better": A way to regenerative environment and wellness • Carbon Sense: Empowering Sustainable Events through the Lopez Group Climate Guidelines	Financial Wellbeing • Money Fundamentals: The Jar Management Budgeting System	Social and Emotional Wellbeing • Keep Calm: Tips for Managing Workplace Anxiety • Space Care is Self-Care • See, Hear, Empower • More Than Words • No Offense Meant: How to Make Criticism Work for You	Physical Health • Success Secret: Sleep • Unseen Impacts: Exploring and Understanding the Mind-Body Connection • You Are What You Eat • See the World Clearly: Eye care, conditions and solutions to vision issues	Spiritual Wellness • The Perfect Disciple • Advent the Season of Hope

Despite the waning effects of the COVID-19 pandemic, non-critical employees across our businesses are still allowed to work remotely on selected days of the week. Following our nine hybrid principles³⁷, our employees are empowered to maximize their productivity despite not being in our physical offices all the time. In 2023, our industrial real estate segment adopted our Flex Your Ways of Working (WOW) workshops³⁷. This enabled teams to adapt quickly to the new ways of working. Through these

sessions, employees are encouraged to share effective communication and collaboration practices that allow teams to maximize productivity. Teams cited that these sessions were highly effective in managing team performance and productivity despite working asynchronously.

Renovations at the head office were carried out to meet our evolving ways of working. Our workstations, meeting rooms, and collaborative spaces were reconfigured with productivity,

creativity, flexibility, and inclusivity in mind. Subsequently, we have a fitness center, a game corner, and a dedicated mental wellness room to enhance our workplace amenities and adapt to the needs of our employees.

Our power generation's efforts in promoting employee wellbeing were recognized at the ATRAM Sustainable Investing Awards, wherein First Gen was awarded as a Sustainability Champion for their wellbeing initiatives and activities.

³⁷ Page 120, FPH 2022 Integrated Report



Solidifying a Shared Culture for the FPH Group

Aligning the interests and purpose of our employees with our corporate mission enables us to unlock the potential of our human capital. To articulate and validate the FPH Group Culture, our HR group held “*Nurturing Each Other, Regenerative Together*” sessions in 2023. These sessions were attended by a total of 125 employees across the conglomerate. Participating employees were asked to share their experiences and thoughts on FPH’s shared culture as a conglomerate, the relatability of our mission, and existing synergy and collaboration practices.

The majority of the participants cited that they feel a sense of belongingness within the FPH Group. This stemmed from the conglomerate’s mission and purpose, environmental advocacies, employee engagement activities, and values experienced at the team level. They also cited that the FPH culture is strongly evident in our new employee onboarding activities, effectively influencing new hires to resonate better with our mission. The results of these focus group discussions will be utilized to establish employee engagement initiatives targeted to strengthen the FPH Culture for 2024 and beyond.

**Priority action areas
to successfully embed
mission-driven business
growth for the FPH Group**



Recognition through rites and similar activities



Technology enablement and policy updating



Integration of regenerative accountabilities in work goals



Bridging practices inconsistent with the mission and purpose

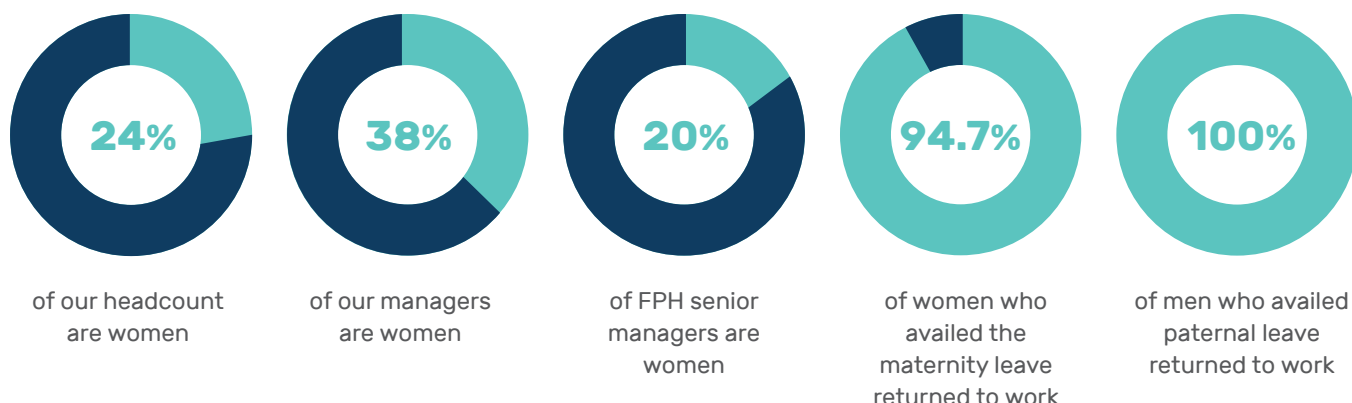


Unified information and messaging on our regenerative progress



Building more competencies to address mission-related commitments

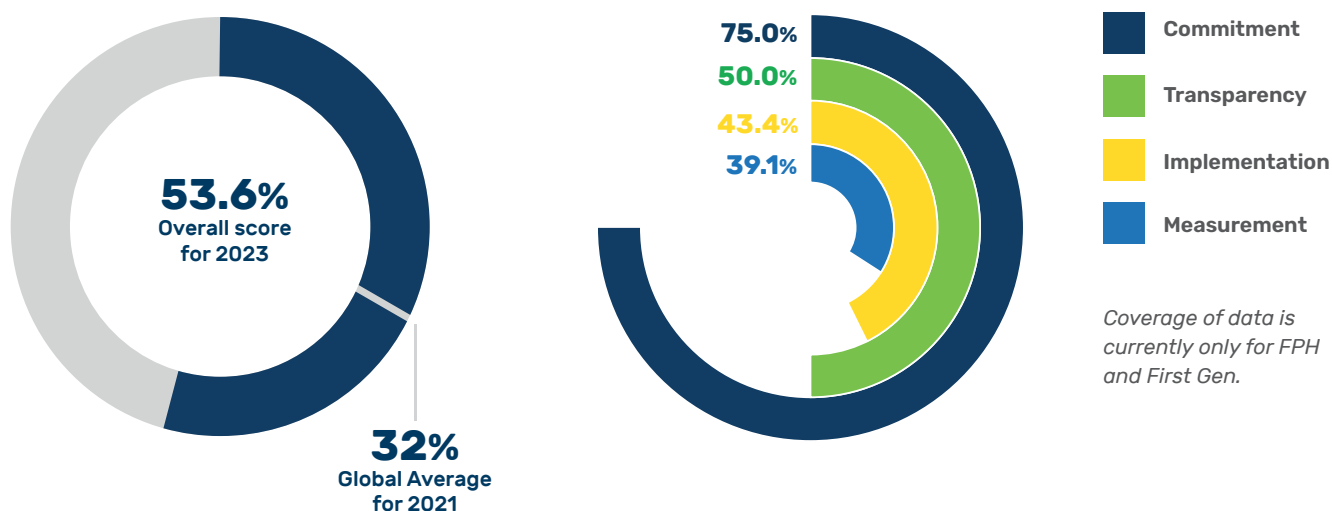
Fostering Diversity and Inclusion in our Corporate Value Chain



Achieving our mission of decarbonization and regeneration requires the concerted effort of each stakeholder. Promoting diversity, equality, and inclusion (DEI) in our workplace is a key element in achieving these aspirations. With this, we continue to protect the rights

of our employees by installing policies, safeguards, and initiatives through our DEI and human rights programs. The updates on our human rights performance can be found in the Social and Relationship Capital section, on page 162.

WEPs Gender Gap Analysis Tool score in a Glance



The FPH head office and First Gen completed an assessment for the UN Women Empowerment Principles (WEPs) Gender Gap Analysis Tool³⁸ in 2023 to identify our alignment with internationally recognized practices on gender equality and diversity (GED). As a baseline, we received an overall score of 53.6%, which is well above the 2021 global average. The assessment determines the maturity of a company's holistic GED performance against four (4) components: Commitment, Implementation,

Measurement, and Transparency. The results also allow organizations to determine areas of improvement in certain aspects of the corporate value chain. FPH and First Gen's scores for the leadership, workplace, and community aspects were commendable; however, more has to be done in the marketplace aspect. To address this, procurement, marketing, and corporate communication activities will be reviewed to ensure implementation and alignment with global best practices.

³⁸ <https://weps-gapanalysis.org/>



Through our partnerships with notable local and international organizations that advocate for DEI, we learned best practices from experts and embed this knowledge into the way we conduct business and manage our talents. We maintained our partnership with UN WEPs, the Philippine Business Coalition for Women Empowerment (PBCWE), and the Enhancing Equality in Energy for Southeast Asia (E4SEA) program of the United States Agency for International Development (USAID).

Through E4SEA's support, we applied a gender lens in our recruitment channels, as well as in existing and new policies. Additionally, they supported us in crafting in-house modules for our Overcoming Unconscious Bias training. Pilot sessions in FPH-FGen, which were delivered to key human resource personnel, senior leaders, and people leaders, were conducted throughout 2023. At the end of the year, 84% of people managers participated in these sessions. Shortened versions of the modules will be cascaded to employees, which are intended to be released in our internal learning and development platforms.

Our DEI Focus Areas

2023 Activities and Outcomes



Corporate Culture and Leadership

- Overcoming Unconscious Bias training for HR, people managers, and senior leaders
- Launch of a curated online training program, called *"Diversity, Equity, and Inclusion: A Beginner's Guide"*
- Celebration of International Women's Day (March), and Global Diversity Month (October)
- Installation, implementation, and cascade of our Social Safeguards and related policies



Attraction and Talent Outreach

- 86% of our new hires in the head office are women
- 46% of First Gen's new hires are women



Recruitment

- Application of gender lens in our recruitment process (job postings, recruiters, and hiring managers)
- Application of gender lens in our external communication materials

Workplace Health and Safety

Prioritizing the health and safety in the workplace ensures the smooth operations of our businesses. FPH and its subsidiaries have policies, procedures, and initiatives in place to ensure the success of the group's Occupational Health and Safety Management Systems (OHSMS). These are installed and implemented by abiding by local and national laws, regulations, and international standards. All employees, contractors, and workers whose work is under the company's supervision and control are covered by our OHSMS. Subsequently, stakeholders are regularly consulted to ensure the optimal delivery of health and safety services. We do these by holding weekly toolbox meetings, periodic safety walks in our sites and operations, and hosting a safety bulletin on our sites and online platforms.

Given the varying nature of our industries, our subsidiaries are empowered to develop specialized health and safety programs and management systems to ensure that the bespoke needs of their employees and workers are addressed. As an attestation, several of our business segments are certified with ISO 45001:2018.



Key Processes of our OHS Management Systems

- Developing measurable leading and lagging OHS indicators, with periodic monitoring;
- Identifying and assessing OHS hazards and risks planning for mitigating measures using hierarchy of controls, monitoring and appraising the effectiveness of mitigating actions;
- Providing OHS training and awareness programs to all employees and workers to help them perform their functions safely;
- Complying with OHS regulations and timely submission of reports;
- Integrating OHS programs and safe work practices into operations through the Permit to Work (PTW) system for medium to high-risk works;
- Determining and using of appropriate Personal Protective Equipment (PPE) for various tasks, and installing safety and emergency control systems in different areas of operations;
- Empowering employees and workers to report hazards, risks, and incidents to prevent injuries and ill-health; and
- Implementing and cascading tools for incident investigation and root cause analysis

Entities Certified with ISO 45001:2018 (OHSMS)

- Asian Eye Institute
- First Balfour, Inc.
- First Gen Corporation
- First Gen Hydro Power Corporation
- Energy Development Corporation
- First Philippine Industrial Park

The declining threat of COVID-19 in our workplaces further enabled our teams to recalibrate its focus on other health and safety risks encountered by our employees.

We strengthened our health and safety capabilities by establishing a Corporate Industrial Hygiene unit that would identify, control, and mitigate environmental factors that may impact the health and safety of our workforce. We employed the expertise of industrial hygienists and procured equipment, such as airborne contaminant monitoring devices, that would track health hazards in our head office and operational sites. Findings from these devices are then utilized to identify, address, and mitigate health and safety risks and hazards in our workplaces.

ADDRESSING HEAT STRESS IN THE WORKPLACE

With the continuous rise of temperature brought by global boiling, we identified heat stress as a major health risk for employees and workers designated in our sites. Our teams utilized heat indices released by national government agencies and heat monitoring devices to determine temperatures in our workspaces. The findings are then utilized by our health and safety groups to identify

and improve control measures to reduce heat-induced impacts. We have installed multiple water dispensers, temporary shades, and industrial fans for outdoor work activities. Site workers are also constantly informed and educated on heat stress and heat stroke symptoms.

POST COVID 19 WELL-BEING CONCERNS

Other hazards identified in our 2023 Workplace Health Risk Assessment are mental health concerns arising from the aftermath of the COVID-19 pandemic and workplace ergonomics related to our hybrid ways of working. Employees' mental health concerns were addressed through our wellness and emotional well-being programs, which consist of awareness sessions and access to mental health counseling services. We have devised an ergonomics program that assists remote employees to work comfortably and safely.

Through our consistent health and safety programs, our subsidiaries continued to achieve well within industry averages on safety³⁹.

³⁹ <https://www.bls.gov/iif/nonfatal-injuries-and-illnesses-tables.htm>

Our 2023 Health and Safety Performance

Metrics	First Gen	First Philec	First Balfour	FPIP	Asian Eye Institute	FPH Consolidated*
Health and Safety Metrics (Employees)						
Employee Working Hours (Manhours)	5,429,924.0	536,974.0	13,804,678.0	212,276.0	1,936.0	20,182,335.0
Work Related Fatalities due to injury	2		1			3
Work Related Fatalities due to injury						
Number of days charged for the disabling injury						
Recordable work-related ill health		3				3
Recordable work-related injury: Injury resulting to restricted work activity	2	1				3
Recordable work-related injury: Medical Treatment	4	6	9	1		20
Close Call or Near Miss	13	170	21			204
Health and Safety Metrics (Workers and Contractors)						
Contractor Working Hours (Manhours)	24,209,987.0	61,814.0	344,558.0	435,996.0	2,112.0	25,308,471.0
Work Related Fatalities due to injury	2					2
Work Related Fatalities due to injury						
Number of days charged for the disabling injury	75					75
Recordable work-related ill health	2					2
Recordable work-related injury: Injury resulting to restricted work activity	3					3
Recordable work-related injury: Medical Treatment	14					14
Close Call or Near Miss	32					32
Fatality Rate	0.03	0.00	0.01	0.00	0.00	0.02
High Consequence Work-related Injury Rate	0.00	0.00	0.00	0.00	0.00	0.00
Total Recordable Incident Rate (TRIR)	0.16	2.34	0.13	0.31	0.00	0.18
Disabling Injury/Illness Severity Rate	0.51	0.00	0.00	0.00	0.00	0.33
Near Miss Rate	0.30	56.78	0.30	0.00	0.00	1.04

*Data includes FPH Head Office

Company	First Gen	First Philec	First Balfour	FPIP	AEI
TRIR	0.16	2.34	0.13	0.31	0.0
Industry Average	1.0	2.7	2.4	0.8	8.5

Our Compensation Strategy

EXECUTIVES AND EMPLOYEES

In ensuring pay equity within the organization, we regularly review our compensation packages and external labor market through a benchmarking process. Our salary structure and benefits package are designed to follow minimum regulatory 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 concerning total rewards (these include 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. This policy and practice applies to the Company's senior management and 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.

The company views sustainability as a mindset expected from everyone, from our executives down to the employees, hence performance related to ESG is not incentive-based at the moment.

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.

The Corporation does not have any other arrangements pursuant to which any director is compensated directly or indirectly for any service provided as a director.

Summary

- The war for talent is still prevalent, prompting our human resources team to be creative and flexible in managing our employees. We maintained our robust roster of 9,538 employees within the group, allowing us to continue creating value for our customers and other stakeholders.
- We continued to develop our human capital through training and development initiatives. We maximized the learning experience of our employees by capitalizing on multiple learning and development platforms and modalities. In 2023, our employees logged 20.6 average training hours.
- We continued our Human Rights programs and utilized tools to measure our GED and DEI performance.
- We maintained our robust and effective OHSMS, safekeeping the health and safety of our employees. We implemented measures to ensure our employees are healthy and safe in this climate-changed world.

Non-Financial Outcomes

- We maintained our human capital performance by ensuring that we are up to date with the latest developments in talent management, occupational health and safety, human rights, and DEI. In response to the growth of our businesses, we increased our human capital, employing an additional 24.3% in comparison to our previous year's headcount.

Financial Outcomes

- As we continue to strengthen our human capital, we are empowered to deliver products and service offerings to our consumers. This, in turn, drives profit for the organization, attributing to the increased revenues at the end of 2023.



Intellectual Capital

Our intellectual capital is composed of organizational and knowledge-based intangibles such as intellectual property rights, patents, licenses, organizational knowledge, systems, procedures, and protocols. Maximizing our intellectual capital allows 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.

Maintaining our Management Systems

With our businesses positioned to contribute to nation-building, we maintain our commitment in upholding the excellence of our management systems. This allows us to serve our consumers with quality products and services; protect the welfare of our employees, contractors, and workers; safeguard the environment where our operations

are nested; and deliver value to society. Our business processes are aligned with internationally recognized practices. In maintaining our systems, we conduct periodic reviews of policies, regular internal audits, and third-party assessments from reputable providers.

ISO 9001:2015 (Quality Management Systems)

- Asian Eye Institute
- First Balfour, Inc.
- T1 Rentals, Inc.
- First Gen Corporation
- First Gen Hydro Power Corporation
- Energy Development Corporation
- First Philec, Inc.
- First Philippine Industrial Park

ISO 14001:2015 (Environment Management Systems)

- Asian Eye Institute
- First Balfour, Inc.
- First Gen Corporation
- Energy Development Corporation
- First Philippine Industrial Park

ISO 45001:2018 (Occupational Health and Safety Management System)

- Asian Eye Institute
- First Balfour, Inc.
- First Gen Corporation
- First Gen Hydro Power Corporation
- Energy Development Corporation
- First Philippine Industrial Park

ISO 55001:2014 (Asset Management Systems)

- First Gen Hydro Power Corporation (First Gen Corporation)

Scaling up our Digital and Technological Capabilities

The rapidly evolving technological landscape prompted us to pursue digitalization initiatives beneficial to the conglomerate. We have an Information Technology (IT) Council comprised of experts across the group. Subsequently, they maintain a community of IT practitioners, enabling the group to identify and quickly address pain points, share best practices, and form functional teams for specialized projects.

Through our *Digital Platforms Shared Services* initiative, we identified five core IT competencies to guide the success of our digitalization objectives. These are business productivity through automation, cybersecurity, data management, information and operational technology, and IT infrastructure. Initiatives, programs, and policies related to these five key areas are simultaneously implemented across our business segments.

Corporate IT Services	Initiatives as of 2023
Business Productivity and Hyper-Automation	• Performance optimization of our finance and procurement platforms • Enterprise-wide records management system • FPIP Locator Portal • Automation requirements for accounting and marketing • Improvements in the group-wide human resource information systems (HRIS)
Data Management and Analytics	• Project Eve pilot implementation for the social services segment • Project e-Cloud for ESG Data Management • Optimization of data warehouses for various corporate functions and business units
Cybersecurity and Information Security	• FPH Data Privacy Policy • FPH Information Asset Management Policy • FPH Information Security Policy • FPH Removable Media Acceptability Use Policy • Project ADAM (Active Directory Access Management) • Information Security (InfoSec) campaigns • Security Scorecard for the group • Security Capability Maturity Model • Vulnerability Assessment and Penetration Testing (VAPT)
Information Technology / Operational Technology	• Periodic upgrades of technological equipment to address rapid developments • SD-WAN for our head office and operations in Batangas • Internet of Things (IoT) devices, such as smart meters, for our sites
IT Infrastructure	• Network infrastructure equipment for new sites and business units • Strengthened internet infrastructure within FPIP's sites • Internet subscription from satellite internet constellation providers

Enhancing our data management capabilities through Project Eve and Project e-Cloud has been a focus for 2023. Project Eve, which was piloted in our social services segment, is a data pipeline that automates the collection and management of business operations data. Project e-Cloud is the data warehouse of the conglomerate's ESG data. These platforms are intended to aid our leaders and employees in making efficient and timely decisions through the availability of dashboards and reporting functionalities. Similar initiatives are already being done across our corporate functions and business segments.

We continue to install and strengthen the network infrastructures of our businesses to ensure that employees have reliable internet connection in our areas of operation. Several of our businesses began to subscribe to satellite internet constellation services to provide connectivity in areas not penetrated by local telecommunication providers. Safekeeping consistent communication lines with our employees in remote areas ensure the smooth and timely operation of our businesses.

Data Privacy and Information Security

The adoption of technological advancements has subsequently posed risks to our information security systems. Cybersecurity concerns are managed by our Enterprise Risk Management's (ERM) Information Security (InfoSec) team. Mitigation measures related to these risks are lodged under our business continuity management (BCM), which protects critical business processes from failures of information and industrial control systems.

The FPH Data Privacy Policy, and its management guidelines, are in place to ensure that personal data are managed in accordance with Republic Act 10173 (Data Privacy Act of 2012). This covers all of the company's employees and third-party stakeholders. A Data Protection Officer (DPO) is responsible for the implementation of the policy. Concerns related to data breaches are escalated to the DPO and disciplinary actions are implemented against violators and perpetrators. The policy and guidelines are regularly reviewed and updated to warrant its applicability to our systems.



In addition, we released the FPH Information Security Policy and FPH Information Asset Management Policy to emphasize the important role of our employees in protecting our digital assets. We released an FPH Removable Media Acceptability Use Policy, which prohibits employees from using removable storage devices, such as flash drives, in our technological assets. Project ADAM (Active Directory Access Management) was rolled out to serve as a single sign-on (SSO) service for work-related applications. Furthermore, this encrypts our employees' accounts by enabling multi-factor authentication (MFA), making it difficult for cybercriminals to penetrate sensitive corporate data. Multiple internal controls, such as firewalls, Vulnerability Assessment and Penetration Testing (VAPT), and extended detection and response (XDR), are installed in our information and operational technologies to protect our digital platforms from perpetrators.

An integral component of the InfoSec campaign is building the capabilities of our employees and other stakeholders in mitigating and addressing the emerging threats of cybersecurity breaches. New employees are oriented on the subject matter and existing employees are required to take regular training modules. Phishing tests were also rolled out to employee emails, and victims were subjected to online training to avoid recurrence. Due to the ever-evolving nature of cybersecurity, communication materials are regularly shared with employees to inform them of new threats they may encounter in the workplace and their personal lives.

In 2023, FPH and its subsidiaries did not encounter any incidences of breaches in personal and corporate data.

Utilizing Technologies and Capabilities to Advance Decarbonization and Regeneration

Integrating our mission goes beyond our operational boundaries. Our business units are empowered likewise to embed our mission's twin principles of decarbonization and regeneration into their products and services. This encourages their customers to join us in our advocacy.

FIRST GEN CORPORATION

As one of the leading power generation companies in the Philippines, First Gen and its subsidiaries are positioned to support the country in its energy security aspirations. Through the Green Energy Option Program (GEOP), our retail and industrial consumers can purchase electricity from our renewable energy portfolio, which includes those from solar, wind, and hydroelectric energy sources.

First Gen produced 7,653.6 GWh of renewable energy in 2023. Their power generation activities support around 19.4% of the country's electricity supply on average in the past years.⁴⁰ To bolster our decarbonization efforts, we commit to adding 13 gigawatts (GW) of new clean and renewable energy by 2030.



FIRST PHILEC INC.



First Philec continued to acquaint their consumers on their roster of green transformers, the Biodegradable Distribution Transformers (BioDT) and Super Green Transformers. Through these efforts, majority of the transformers used by their biggest client are BioDT.

In 2023, First Philec launched smart meters as a new product. Called the Advanced Metering Infrastructure, the product assists their customers in maximizing their electricity distribution activities. Additionally, they released Surge Arresters, a device used to protect electrical transformers from temporary overvoltage events.

First Philec is exploring the possibility of offering battery storage and electric vehicle charging stations to expand its position in the energy solutions space and support the nation's decarbonization efforts.

⁴⁰ As measured referencing the Department of Energy's Philippine Power Statics for 2020-2022.

FIRST BALFOUR INC.

First Balfour positions its engineering, procurement, and construction (EPC) expertise for projects related to renewable power generation, sustainable water infrastructure, transport infrastructure, and specialized buildings.

Taking part in nation-building and decarbonization, First Balfour's projects in 2023 include the construction of a battery energy storage system (BESS) facility and several railway projects in Metro Manila. Furthermore, T1 Transport continues to expand its electric vehicle rental offerings for various corporate clientele in the country.



FIRST PHILIPPINE INDUSTRIAL PARK



Home to over 150 locators and more than 70,000 employees, FPIP is a thriving, regenerative, and decarbonized job-centered community. Locators are encouraged to source electricity from renewable sources and effectively manage their consumption through our energy management systems offering. FPIP's Water Sustainability Master Plan was refined to address the changing conditions of water supply and demand within the industrial park. Additionally, we are working with partners to re-fleet our shuttle services into electric vehicles.

Positioning itself as a township, the industrial park also features affordable housing facilities for employees, a natural park that is habitat to several native trees, and a pavilion that can host various events. FPIP also aims to integrate a human-oriented design in its township community project.

ROCKWELL LAND CORPORATION

Rockwell Land is a pioneer in developing master-planned integrated communities. Resource conservation technologies, such as the installation of solar panels for electricity consumption and low-flow fixtures for water management, are implemented across our commercial and residential developments. We strive to implement climate-resilient features in our developments to guarantee the safety of our tenants. Despite the scarcity of renewable energy sources, Rockwell secured contracts to transition 10 of its developments to RE. At the end of 2024, it is expected that 97% of their existing developments are already powered by renewables.

As an attestation, three (3) Rockwell properties remain to be certified by the US Green Building Council's (USGBC) Leadership in Energy and Environmental Design (LEED): 8 Rockwell, Rockwell Business Center Sheridan, and 1 Proscenium.



ASIAN EYE INSTITUTE



Asian Eye Institute is a world-class eye care provider in the country. Imbibing our mission to its products and services, Asian Eye offers eyewear derived from recycled marine plastic waste. Additionally, they collect used eyewear, which is then refurbished and repurposed for donation to indigent patients.

Furthermore, we socialize our mission with our consumers and clients through various activities. These are detailed in the next section on Social and Relationship Capital.

Summary

- Our businesses maintained their respective ISO certifications for quality management, environment management, occupational health and safety management, and asset management.
- We valiantly pursued various digital transformation initiatives, focusing on automation, data management, information and operational technology, and IT infrastructure. These initiatives are targeted to increase the productivity of our business segments and corporate functions.
- As cybersecurity remains a risk for the conglomerate, we improved our capabilities to prevent and address cyber-attacks by installing policies, programs, and initiatives. We also empowered our employees to be the first line of defense against these circumstances.
- Our businesses continued to offer products and services aligned with the principles of our mission.

Non-Financial Outcomes

- We preserved our intellectual capital by maintaining our robust management systems, while capital was created by strengthening our digital and cybersecurity capabilities.

Financial Outcomes

- Providing products and services aligned with the principles of our mission enabled our businesses to attract new customers. Similarly, our management systems and digitalization initiatives maximize the productivity of our businesses. These contribute to the positive financial results of all our business segments.

Social and Relationship Capital

Our social capital consists of the relations and partnerships we have fostered with our stakeholders in executing our business objectives and corporate mission. Guided by the Pentad Stakeholder Framework of Carol Sanford⁴¹, we enrich our relationships with our customers, co-creators (employees, suppliers, and business partners), earth, communities, and investors. Through their support, we are able to continuously improve the value we provide to society. As a corporate citizen, we ensure our compliance with local and national laws and regulations. These ultimately grant our businesses the social license to operate in various parts of the Philippines.

Our approach to managing our Social and Relationship Capital is detailed in the Sustainability Strategy section, which can be found on page 74.



Fostering Meaningful Engagements with Stakeholders



Maintaining mutually beneficial relationships with our stakeholders strengthens the efficacy of our conglomerate's varying business models. Inspired by Carol Sanford's Pentad Stakeholder Framework, our businesses understand the pivotal role each stakeholder group has to play in our value creation process. By working with these distinct groups, we shall accomplish our mission to collaborate for a decarbonized and regenerative future for all.

⁴¹ Sanford, C. (2011). *The Responsible Business: Reimagining Sustainability and Success*. San Francisco, CA: Jossey-Bass.



Stakeholder Engagement for the FPH Group

1. CUSTOMERS			
Stakeholder	Interests and Concerns	Strategic Engagement Mechanisms	
Customers	- Availability, affordability, and quality of products and services - Product and service innovations - Regulatory compliance - Social and environmental impact of offerings - Creating shared value with consumers	A Customer Satisfaction Surveys (CSAT) AN Client dialogues and meetings AN Communication campaigns through official channels AN Value-Adding Services AN Product certifications AN Company websites and consumer platforms AN Trade shows, exhibitions, and industry expos	We provide the highest level of quality in the delivery of our products and services at competitive rates. Communicating and seeking the feedback of our consumers enable us to meet their requirements, while subsequently improving our offerings. Details on our interactions with consumers can be found in the succeeding sub-sections on page 167.

LEGEND:

A Annual
 B Bi-Annual
 Q Quarterly
 AN As Needed
 BI Biennial
 M Monthly



2. CO-CREATORS

Stakeholder	Interests and Concerns	Strategic Engagement Mechanisms	
Employees	- Job security and human capital development - Health and safety in the workplace - Human Rights and dignity at work - Intellectual capital and innovations - Business performance and long-term strategies	A Pulse Surveys and feedback forms Q Employee Assemblies AN Internal communication platforms AN HR business partners and help-desks BI Employee Engagement Surveys	As an employer of choice, safeguarding the rights, dignity, well-being, and development of our employees are our top priority. We proactively communicate with our employees to better understand their needs and properly address them. Details on the initiatives, engagement mechanisms, programs, and policies for our employees can be found in the Human Capital section on page 140.
Suppliers, vendors, and contractors	- Business and financial performance of the organization - Addressal of agreed service level agreements (SLA) between the company and the vendor - Regulatory compliance - Supply Chain Sustainability	A Supplier-focused events: Supplier Assemblies, Vendor's Forum, Supplier Day AN Ad-hoc communications through verbal and written AN Regular supplier dialogues and meetings AN Trade shows, exhibitions, and industry expos	Our suppliers and business partners are our collaborators in delivering value to our consumers. We encourage them to be aligned with our business objectives and our mission of decarbonization and regeneration. Details on our relationships with suppliers can be found in the succeeding sub-sections on page 168.
Business Partners, Joint Ventures, and Lopez-affiliates	- Business and financial performance of the organization - Risk management processes - Strategic imperatives of the organization - Regulatory compliance - Climate Change Impacts on business activities - Social and environmental impacts of the organization	AN Ad-hoc communications through verbal and written modalities AN Dialogues with business partners AN Company websites and external platforms	

3. EARTH

Stakeholder	Interests and Concerns	Strategic Engagement Mechanisms	
Environment	- Impacts of our operations on the natural environment - Extreme impacts of climate change - Natural capital performance - Biodiversity conservation and restoration efforts	A Decarbonization and Regeneration Strategy M Environment Management Systems M Corporate Social Responsibility initiatives M Compliance with local and national environmental regulations Q A	The environment provides the natural resources and raw materials needed to operate our businesses. As its stewards, we commit to the protection, conservation, and restoration of our natural environment. Our environmental risks and opportunities are detailed on page 88. Details on our environmental initiatives and programs can be found in the Natural Capital section on page 137.

4. COMMUNITIES

Stakeholder	Interests and Concerns	Strategic Engagement Mechanisms	
Local Communities and Indigenous Peoples	- Social license to operate - Socioeconomic and environmental impacts of business activities - Health, safety, and well-being of community members - Philanthropy and corporate social responsibility - Creating shared value with our host communities	M Corporate Social Responsibility M Compliance with local and national regulations M Community dialogues AN Localized grievance redress mechanisms (GRM) AN Ad-hoc communications through verbal and written modalities	We consider the communities within our areas of operations as our partners in creating value for society. Maintaining a healthy and harmonious relationship with our host community members, regulators, and civil society organizations enables us to enjoy a social license to operate.
Regulators	- Compliance with local and national regulations - Environmental risks and opportunities - Health, safety, and well-being of our host communities - Creating shared value with the government	M A Compliance with local and national regulations Q Annual corporate filings to government agencies A AN Ad-hoc communications through verbal and written modalities AN Policy and position papers AN Participation in government-initiated activities and events	We regularly engage with our regulators and external partners through our compliance with regulations. Subsequently, we maintain open communication channels to consult on our business activities and address their concerns.
External Partners	- Socioeconomic and environmental impacts of business activities - Environmental risks and opportunities - Strategic imperatives of the organization - Creating shared value with civil society organizations	AN Ad-hoc communications through verbal and written modalities M A Compliance with local and national regulations AN Participation in events initiated by civil society organizations AN A Membership in industry organizations	Details on our engagement activities with our local and host communities can be found in the succeeding sub-sections on page 170.

LEGEND:

A Annual
 B Bi-Annual
 Q Quarterly
 AN As Needed
 BI Biennial
 M Monthly

5. INVESTORS

Stakeholder	Interests and Concerns	Strategic Engagement Mechanisms	
Investors and Shareholders	- Business performance, growth potential, and value positioning - Intellectual capital and innovations - National and local regulatory landscape - Sustainability performance and impact - Environmental risks and opportunities - Climate change impacts on business activities and stakeholders	A Annual Integrated Reports A Annual Stockholders Meeting AN Compliance with A Investor Due Diligence Questionnaires AN Company website and A external platforms AN Ad-hoc communications through verbal and written modalities	As our providers of capital, we ensure our investors that our business and financial objectives are met as we pursue our mission of a decarbonized and regenerative future. As a corporate citizen, we ensure that our businesses are operated and managed ethically. In engaging our shareholders and investors, we regularly release the results of our business activities through our official channels. We maintain open communication channels to address stakeholder concerns in a timely manner. Additionally, we hold Annual Shareholders Meetings (ASM), socializing our business and sustainability performance. Details on our financial activities can be found in the Financial Capital section on page 110. Details on our Corporate Governance can be found on page 54.

LEGEND:

A Annual
 B Bi-Annual
 Q Quarterly
 AN As Needed
 BI Biennial
 M Monthly

Safeguarding our Stakeholders by Respecting their Human Rights



In line with our mission of becoming a regenerative business, we strive to safeguard the rights and dignity of individuals impacted by our business operations. We maintained our practices and improved our initiatives on Human Rights, enabling our stakeholders to unlock their potential in supporting our value creation process.



Our conceptual framework for identifying human rights concerns in our operations served as the foundation of our business segment's respective HRDD process. It is aligned with the Ruggie Framework and the UN Guiding Principles for Business and Human Rights (UNGPs), emphasizing the role of the state in protecting human rights, the role of businesses in respecting human rights, and allowing stakeholders access to remedy if human rights are transgressed. Our HRDD process covers all stakeholders impacted by our operations, such as employees, suppliers, contractors, communities, and consumers.

Following the completion of our HRDD in 2022, we focused on improving our policies, processes, and initiatives to further safeguard the rights of our stakeholders

HUMAN RIGHTS DUE DILIGENCE (HRDD) PROCESSES

HRDD Activities	Description	Developments to Date
Issuance of Social Safeguard Policies and Guidelines	Issuance of our policies on Human Rights, Gender Equality and Diversity, Cultural Heritage and Indigenous Peoples, and Responsible Asset Management.	In addition to these, we have the following related guardrails issued as of 2023 to protect and respect the rights and dignity of our stakeholders: - Policy Against Child and Forced Labor - Leaves for Victims of Violence Against Women and Children (VAWC) Policy - Respectful Workplace Policy - Anti-Sexual Harassment Policy - Employee Code of Conduct - Corporate Social Responsibility (CSR) Policy - Environment, Safety, and Health (ESH) Policy
Policy Cascades and Capacity Building	Our social safeguards policies were cascaded to all employees and officers. External stakeholders are also informed of the existence of these policies through our official channels.	Cascades of our social safeguards and related policies are conducted for existing and new employees of the organization. Our HR group has initiated training on Overcoming Unconscious Bias for employees. Materials on topics related to anti-sexual harassment and anti-child and anti-forced labor are uploaded to our internal platforms for employee use.

HRDD Activities	Description	Developments to Date
Human Rights Impact Assessment (HRIA) and Human Rights Management Plan (HRMP)	Our businesses 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. Afterward, our subsidiaries then identified their respective action plans and mitigation measures to address these hotspots or risks.	Our business segments have developed their respective HRMPs bespoke to their organization's circumstances in 2022. To further improve these plans, HRIAs are conducted regularly to ensure the applicability of human rights-related risks and mitigating measures due to business developments.
Grievance Redress Mechanism (GRM)	This is the procedure that allows stakeholders to raise concerns, lodge complaints, and seek for perceived or actual harm caused by the actions of the organization.	In line with our social safeguards and related policies, GRMs are housed under various process owners and corporate functions. Through the development of our GRM toolkit in 2022, several of our businesses have formalized their GRM for concerns coming from employees and community members in 2023.

HUMAN RIGHTS RISKS

Aligned with our social safeguards policies and our HRDD processes, our businesses are advised to regularly assess human rights risks associated with operations and project sites. This enables our group to implement programs, activities, and policies to ensure that the rights and dignities of our stakeholders are upheld at all times.

Human Rights Risks	Our Response and Mitigating Measures
Labor Management	We respect the rights of our employees by abiding by the Labor Code of the Philippines and other labor-related laws and regulations. We study the feedback of our employees to improve our workplace practices and policies. GRMs are also available to properly address employee concerns.
Child and Forced Labor	We strictly implement our Anti-Child and Forced Labor policies. Using a screening mechanism, we ensure that our suppliers, vendors, and contractors abide by these policies. We regularly evaluate the risks of our business operations and their respective suppliers for practices related to child and forced labor.
Collective Bargaining and Freedom of Association	We respect our employee's rights to collective bargaining and association by virtue of our policies. We ensure to maintain healthy and meaningful dialogues with employees belonging to Collective Bargaining Agreement (CBA) groups.



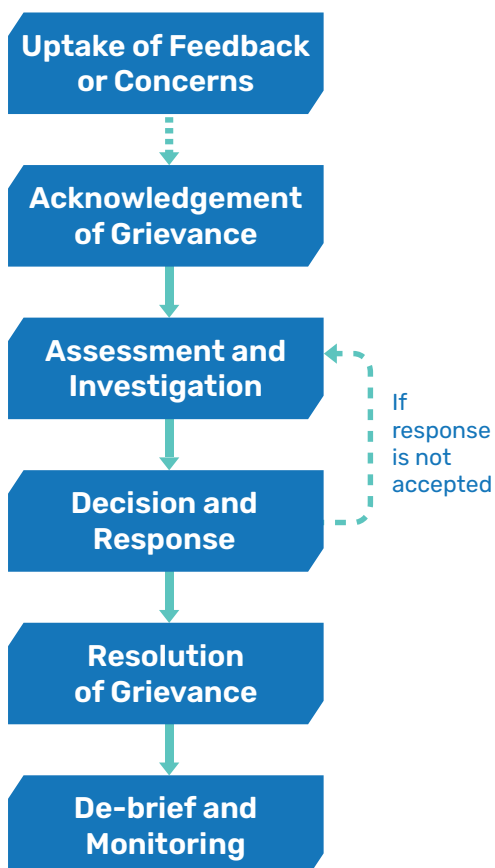


Human Rights Risks	Our Response and Mitigating Measures
Discrimination and Harassment	We have guardrails for our stakeholders so they may uphold their rights and dignity as individuals. We do not tolerate harassment and discrimination and we have robust grievance machinery to protect our employees against discrimination and harassment.
Health & Safety of Employees and Other Stakeholders	We maintain health and safety programs to ensure a safe working environment for our employees and workers. We conduct routine dialogues with them and install health and safety officers in our operating sites. We work with various rural health units (RHU) and local government units (LGU) to safeguard the health and safety of our communities.
Environmental Impacts on Stakeholders (Right to a Healthy Environment)	In our project sites, we conduct rigorous environmental impact assessments (EIA) to address and mitigate our businesses' negative impacts. Simultaneously, we hold regular consultation sessions with stakeholders and monitor our environmental performance. In the workplace, we employed technologies on Industrial Hygiene to ensure the well-being of our employees.
Community Relations	Guided by our social safeguard policies, we are committed to protecting and respecting the rights of our host and local communities where our operations are nested. Consistent with the regeneration principle, we assist them in realizing their potential through various community projects. We regularly conduct corporate social responsibility (CSR) projects to address their needs. For sites with indigenous cultural communities, we abide by RA 8371 or the Indigenous Peoples' Rights Act, signifying our role to respect the four bundles of rights of our host IP communities.
Physical and Social Displacement	We conduct early consultation and relocation assistance for communities impacted by our operations. Additionally, we support potentially displaced communities by replacing lost structures, livelihoods and amenities.
Priority Hiring Concerns	In our areas of operation, we installed local hiring processes to consider employing members of local communities. This considers local regulations and our organization's hiring standards.

Human Rights Risks	Our Response and Mitigating Measures
Delivery of Quality Products and Services	Aligned with our quality policy, we ensure that our products and service offerings are held to the highest standards. The majority of our businesses are certified under ISO 9001:2015.
Equitable Benefit Sharing	We conduct rigorous stakeholder profiling, periodic community consultations, and regular social acceptability surveys to ensure that the needs of our local communities are met.
Bribery and Corruption	Our procurement systems contain prohibitions for instances of bribery and corruption. We have GRMs, such as our whistle-blower policy, to ensure the strict implementation of our anti-corruption practices.
Cultural Issues	In our areas of operations, we secure the free and prior informed consent (FPIC) of our host IP communities. They are also regularly engaged to seek where we can assist.



GRIEVANCE REDRESS MECHANISM



In maintaining healthy relationships with our stakeholders, we ensure that we have open feedback mechanisms that efficiently gather their concerns and issues. Grave concerns, especially those related to affecting the rights of our stakeholders, are then lodged in our grievance machinery. These are in place to ensure that we protect the dignity of employees, community members, consumers, suppliers, and other stakeholders whose rights are transgressed. Our HRDD processes strengthened our existing machinery, ensuring its alignment with internationally recognized practices.



Creating Value with and Through Our Customers

Sustaining healthy relationships with our customers empowers our businesses to thrive in our chosen industries. With our continued engagements with them, we are able to elevate our offerings to meet their growing demands.

Customer satisfaction (CSAT) surveys are regularly conducted by our businesses to solicit the feedback and insights of our customers. For the years 2022 and 2023, we generally received positive remarks, averaging 92 percent for the conglomerate. Our business segments prioritize delivering bespoke solutions to address the diverse needs of their customers. Our commitment lies in understanding the unique requirements of our customers, allowing us to offer targeted products and services accordingly. Through this, we ensure that our customers receive solutions that are precisely aligned with their needs, fostering long-term satisfaction and loyalty.

Detailed below are the engagement activities of our subsidiaries with their customers and clients. Information on how we integrate our mission and advocacy into our products and services is detailed in the Intellectual Capital section found on page 155.

Our businesses are proactive in showcasing our products and services in various trade shows, roadshows, and conventions. This is done not only to acquire new customers but also to communicate our offerings to existing customers and the general public. We also maintained our digital presence through our company website and social networking channels, highlighting our businesses' offerings and corporate initiatives. We maintain open communication channels, ensuring our delivery of excellent customer service.

The transformers produced by our energy solutions segment, First Philec, gained international traction, enabling them to penetrate the US market. They continue to adapt to market requirements while staying true to their brand promise of product availability and the fastest turnaround time.

Various programs to improve the locators' experience were initiated by our industrial real estate company, FPIP. Aligned with our thrust in digitalization, we have set up the FPIP Locator Portal and FPIP Access

Company	Average Score	Highest Possible Score
First Gen Corporation	3.78	4.00
First Philec Inc.*	98	100
First Balfour Inc.	87.5	100
FPIP*	85	100
Asian Eye Institute	97.5	100

**Note: CSAT scores are for 2022 as 2023 data is not yet available*

Management (FAM). Through the portal, locators can access information on their properties and conduct park-related administrative transactions remotely. The FAM is intended to improve the security of the park by setting up access card terminals for locator employees. Additionally, FPIP has communication campaigns to cascade and embed our mission to their locators. Locators are also encouraged to participate in and support FPIP's CSR initiatives.

Our energy segment continues to provide value-adding services (VAS) to its consumers. They collaborated with PiEnergy in offering a remote energy monitoring system (REMS). This monitors the energy parameters of a customer's facility, such as fluctuations, consumption, and power quality. Through the PowerEd Learning sessions, our consumers are capacitated on topics such as understanding renewable energy, energy management systems, and those related to our mission of decarbonization and regeneration. Power plant tours were offered to existing consumers, allowing them to gain interest and affinity for clean and renewable energy. We participate in trade shows and roadshows to present our energy portfolio, products, and solutions to potential customers.

Collaborating with our Suppliers for a Shared Purpose

Through our co-creation efforts with our vendors, suppliers, and contractors, we can provide the highest quality of offerings to our consumers. As one of our key partners in value creation, we ensure that they meet our business requirements while empowering them to adopt responsible business practices.

We released the FPH Code for Responsible Sourcing in 2022. This details our commitment to enjoining our suppliers in attaining a decarbonized and regenerative future for all. For our head office and power generation segment, an ESG questionnaire was disseminated to suppliers to gather insights on their current practices and alignment with our mission. With their varying maturity in ESG and sustainability, the FPH Corporate Sustainability Group held online **Suppliers' Assemblies** to communicate our mission and its applicability to their businesses. The session was attended by tier 1 suppliers, vendors, and contractors from the FPH Group, covering a significant percentage of our business units' top suppliers.

Subsequently, our subsidiaries conducted targeted sessions to cascade and embed the essence of our mission with their respective suppliers.

First Philec held an in-person **Supplier Conference** in the first quarter of 2023. This served as a platform to discuss First Philec's sustainability initiatives with partners. Furthermore, Philec incorporated elements of the Code for Responsible Sourcing in its procurement policy. These initiatives amplify their ambitions to utilize low-carbon materials for their products' packaging and integrate emerging decarbonization technologies into their product pipeline, ultimately reducing their GHG emissions.

First Balfour, conducted a **Vendors' Forum** at the tail end of 2023. The session was held simultaneously in-person and online to accommodate First Balfour's local and international suppliers. The session served as an avenue to work with our suppliers in forming viable strategies to implement our mission. Selected partners also shared their sustainability-related insights and initiatives. In line with the Vendor's Code of First Balfour, accredited vendors are required to submit a Sustainability Compliance Form to attest their support to Balfour's mission-related endeavors.

Sowing the Seeds to Amplify Decarbonization and Regeneration Efforts

In line with our mission of forging collaborative pathways for decarbonization and regeneration, the FPH Climate Advocacy Program had several achievements in 2023. During the year, we found additional allies in our mission. We engaged 2,559 individuals in 20 activities across five sectors. Details on our external engagement is detailed in Annex 3 found on page 214.

In addition to our engagement with our suppliers and our membership in Net Zero Carbon Alliance to amplify climate action, we partnered with DENR and a civil society movement "Ako ang Bukas" ("I am the Future") in 2022 and 2021, respectively. As an active participant of both groups, strategic outputs were delivered in 2023 that set the templates for climate action. Both initiatives adopt a whole-of-society approach to contribute to climate resilience and GHG mitigation.



TRANSFORM (Transdisciplinary Approach for Resilience and Environmental Sustainability Through Multi-Stakeholder Engagement)

In October 2022, FPH joined the development partners of DENR, namely the National Resilience Council, Philippine Business for Social Progress, Peace and Equity Foundation, and Zuellig Family Foundation to assist DENR in an initiative called TRANSFORM. It serves as a platform for collaboration among DENR, local government units (LGU), civil society organizations, and businesses. TRANSFORM also supports DENR's new Environment and Natural Resources (ENR) Resiliency Framework in order to deliver nature's integrity, improved community well-being, and a robust local economy for LGUs nationwide. The pilot project for the initiative was developed by FPH with its subsidiary EDC as implementer in its Ormoc geothermal site. Five modules are undergoing implementation from January 2023 to 2024, consisting of biodiversity profiling, financial literacy, community GHG inventory, disaster risk reduction and management, and nature-based solutions. The outputs of the TRANSFORM Ormoc project will be policies, knowledge products, and templates to facilitate participation by various sectors. The TRANSFORM Ormoc and TRANSFORM Bataan projects provide the proof of concept that demonstrates a holistic approach for local environmental, social and economic gains.

- TRANSFORM Ormoc pledge signing by DENR, EDC and partners (January 19, 2023)
- Agreement of partnership between FPH Chairman and DENR on nature-based solutions pilot project (June 6, 2023)
- Floral inventory in remaining Ormoc forest (January 2023)
- Disaster risk management training for Ormoc (November 2023)



AKO ANG BUKAS MOVEMENT

The Ako ang Bukas Movement (AAB) is a multisectoral environmental initiative whose campaign, "Quantum Leap NOW: Climate Neutrality 2050" was convened in 2021 by Green Convergence, an environmental education organization for more than 30 years. The campaign calls for a whole-of-nation approach, involving all levels of society from the youth, academe, faith-based groups, LGUs, civil society organizations, business, and Indigenous Peoples. It involves taking stock of contributions to solving the climate change problem in terms of our greenhouse gas emissions, avoidance, and drawdown. FPH is an active member of AAB's technical, LGU, and business task forces. In 2023, AAB partnered with FPH to develop the template for community GHG Accounting for the TRANSFORM Ormoc. In June 2023, the DENR entered into a Memorandum of Agreement with AAB to replicate the project in all its TRANSFORM areas nationwide. The TRANSFORM Ormoc project will be completed by March 2024 except for the nature-based solutions pilot project.

Working with our Communities for a Shared Value

Alongside being environmental stewards, our businesses are entrusted to empower all of our host communities. Our environment and biodiversity initiatives are detailed in the Natural Capital section, found on page 137. We maintained our social development programs to address the needs of our host communities and ensure their self-reliance.

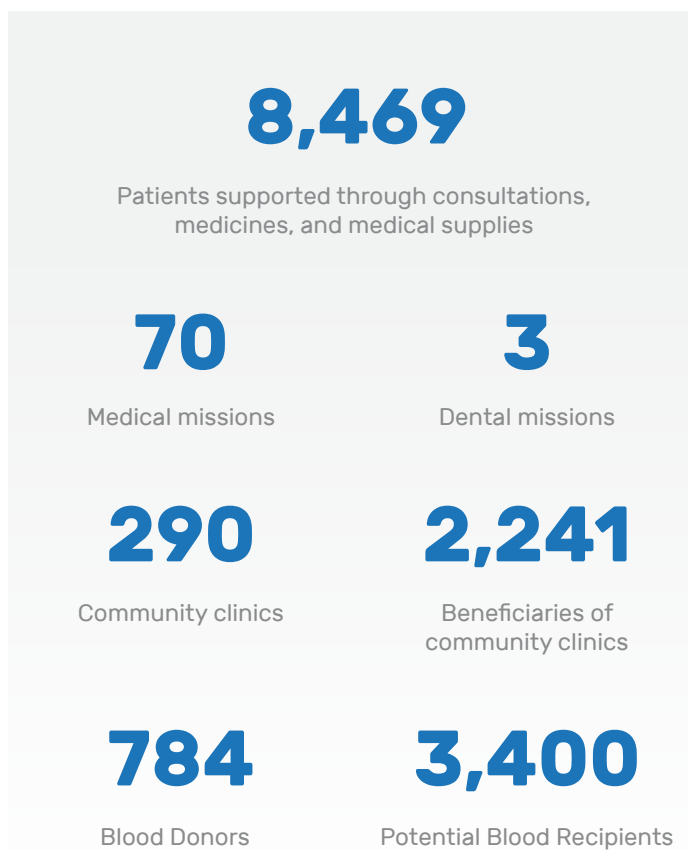
Corporate Social Responsibility (CSR) teams are deployed within the areas of our operations. Through them and our local operations team, we regularly engage with our host and local communities to ensure

the smooth implementation of our environmental and social development programs. These are done in the form of regular community dialogues, focused group discussions, maintaining an open communication line with our community members, and installation of grievance redress mechanisms to address their concerns. 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 a social license to operate in various parts of the country.

HEALTHCARE

Working with partners from the local government maximized our delivery of health services to community members. We continued to empower rural health units by providing the necessary medical supplies, employing healthcare professionals, and carrying out specialized medical and dental missions to address local community needs. FPIP and First Balfour held separate blood donation drives participated by their employees and partners, which could benefit 3,400 recipients. Through these activities, medical institutions can utilize blood donations for emergency and medical procedure purposes.

Sanitation programs were carried out by First Gen and FPIP this 2023, installing 16 handwashing facilities in selected schools in Batangas and Nueva Ecija. These programs not only instill water, sanitation, and hygiene (WASH) programs but also elevate school facilities.



EDUCATION

On the education front, we implemented various programs to uplift the youth in our communities and support improvements in education infrastructure. Our business segments supported the Brigada Eskwela initiative of the government. Aimed at preparing educational facilities before a new academic year, 49 elementary and high schools were supported by the program. Through these, we maximize the learning experience of at least 22,000 students within our nearby communities. Employees and partners also expressed their support in this endeavor, with around 217 individuals participating in these activities.

To support learners in their academic journey, we donated school supplies to around 14,720 students from elementary and high school, alternative learning systems (ALS), and daycare centers. FPIP sustained its Project Booklat initiative in 2023, installing reading spaces and mobile libraries utilized by around 15,500 learners and 450 teachers within our communities in Batangas. EDC, with the collaboration of international partners, provided 420 laptops to learners in their host communities in Sorogon, Albay, and Ilocos, strengthening high-quality, interactive, and meaningful education using multimedia support. Various scholarship programs are maintained by our business segments to support the education and development of students.

51,542

Learners supported through various educational initiatives

1,159

Educational institutions supported through various educational initiatives

643

Students granted Scholarships and Educational Grants



Scholarship Program	Scholars
FPIP's Scholastic Excellence through Empowerment and Development Support (SEEDS) Project	9
FPIP Achievers College Education Scholarship (FACES) Grant	3
FPIP - FIRST College Scholarship Grant for Senior High School Students	15
EDC's SIKAT Program	132
EDC's Technical-Vocational training in Negros in partnership with LGU and TESDA	349
EDC's Mt. Apo Foundation Inc. Scholarships	22
First Balfour Scholars	9
First Gen's Scholarship and Educational Incentive Program	34

SUSTAINABLE LIVELIHOODS

Promoting social enterprises and sustainable livelihoods ultimately supports our partner communities and ensures their self-reliance. EDC-supported community organizations generated around PHP11 million in net revenues from livelihood projects and community contracts. Subsequently, they are supporting three long-term social enterprise projects that collectively benefit an estimated 2,000 households across their project sites.

Consistent with its strategic objective of being an employment hub in southern Luzon, FPIP held the SulongBuhay Job Fair to connect 39 of their locators with job-seekers. Thousands participated in the activity, with 784 job-seekers hired on the spot and 2,447 job-seekers being short-listed as potential talents for locators.



DISASTER RISK REDUCTION AND MANAGEMENT

In the climate-changed world, we are poised to capacitate our partner communities in strengthening their respective disaster risk reduction and management (DRRM) measures. Through these, we prepare them in times of natural catastrophes and man-made disasters.

EDC supported the local government of Burgos, Ilocos Norte by conducting a Rope Rescue and Flood Rescue Training for the LGU's DRRM officers. This will help build the knowledge and skills of the participants in Rope Rescue and apply rescue techniques in flood and swift water incidents. To support Ormoc's climate resilience program, they deployed a robust and easy-to-operate water filtration system in partnership with water solutions provider Power 4 All. Capable of producing up to 3,000 liters per hour of clean potable water, the water filtration system

addresses a critical need and serves as a proactive solution to address the recurring challenges posed by floods, landslides, and deforestation.

FPIP capacitated 123 volunteers from various barangays in Batangas to properly respond to disasters and calamities. Furthermore, they co-established barangay DRRM protocols and processes, familiarizing volunteers with disaster response equipment, skills, and procedures.



UPLIFTING THE LIVES OF OUR INDIGENOUS COMMUNITIES

One of our power assets, Mt. Apo Geothermal Project, operates within the area of indigenous peoples (IP). Guided by the Indigenous Peoples' Rights Act (RA 8371), we are obligated to respect the four bundles of rights of our host IP community. These are: 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. Subsequently, we support these communities by offering social development programs targeted to their needs and development goals.

special project externally supported by the United States Agency for International Development (USAID) and Gerry Roxas Foundation (GRF). MAFI continued its collaboration with EDC on the School of Indigenous Knowledge (SIK) in Barangay Bongolanon, Magpet by assisting in the honorarium of the culture masters who are running the periodic classes in the SIK; and during the launch and inauguration of another SIK in Magpet through the Posokaddoy Project. *Posokaddoy*, a Manobo term for unity or unification, aimed to promote regenerative development within the Mt. Apo and Mt. Mahuson Key Biodiversity Areas (KBAs) by empowering various IP groups within their respective ancestral domains.



EDC-supported foundation, Mt. Apo Foundation, Inc. (MAFI), provides academic scholarship grants to deserving youth in Mindanao. As one of MAFI's flagship programs, the Educational Development Program (EDP) offers scholarships to poor but deserving upcoming Senior High School (SHS) and college students from the indigenous communities and non-IP upland dwellers. For AY 2022-2023, MAFI maintained 22 scholars, 10 of whom are in Senior High School while the rest are in college.

Programs for the environment and the cultural heritage of the indigenous peoples were scaled up through the second-year implementation of a three-year

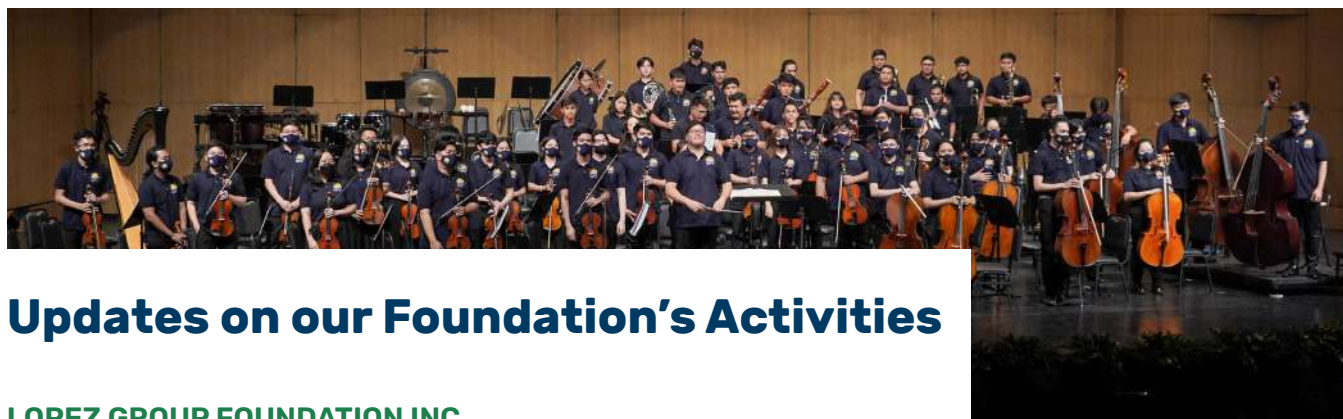


WATTS NEXT? – EMPOWERING LOPEZ GROUP EMPLOYEES TO REGENERATE ISLAND LIFE

FP Island, First Gen, and FPH held an ideation competition entitled "Watts Next? Regenerative Solutions for Island Life." Participated by employees within the Lopez Group, the competition solicited project proposals that will foster regenerative growth in the island communities of Caramoan and Garchitorena in Camarines Sur. Entries were judged based on socio-economic impact, innovation, and climate responsiveness.

Participating teams were mentored by experts from FPH, First Gen, EDC, and external partners to ensure the feasibility of the proposals. These external partners include the New Energy Nexus and the Department of Science and Technology's Philippine Council for Agriculture, Aquatic and Natural Resources Research and Development (DOST-PCAARRD).

The submitted proposals underwent a rigorous evaluation process and were then presented to a panel. The panelists consist of leaders with profound experiences in strategic planning, business development, sustainability, and climate science. Out of the numerous proposals, only three (3) project proposals were selected for the development stage. This entails a field visit to our partner communities, resource planning, prototyping, and project execution. The winning teams focused on empowering the members of the island communities through social enterprises, incorporating elements of innovation, climate resilience, and economic viability.



Updates on our Foundation's Activities

LOPEZ GROUP FOUNDATION INC.

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 capitalize on and maximize the advocacies and expertise brought by these companies to continuously deliver exponential value to our stakeholders.

Despite the varying nature of the businesses under the Lopez Group, LGFI has identified seven advocacy clusters on which it can maximize its impact on community members. These are Environment, Education, Child's

Rights and Development, Humanitarian Action, Social Entrepreneurship & Sustainability Livelihood, Health & Wellness, and Arts & Culture.

Piloted in 2021, LGFI continues to support Lobo, Batangas through its Integrated Area Development (IAD) program. We focused on four clusters, as these programs are geared towards enabling our partner communities to be self-reliant. These initiatives were not solely implemented by LGFI, as various partners from the private sector and local and national governments poured their support into the success of these activities.

IAD Focus Area	Objective	2023 Activities and Outcomes
 Children's Rights and Development	Raising awareness of children's rights among the community members	- Held Child Protection Policy and Programs Training for various local stakeholders. - Conducted a series of information, education, and communication (IEC) sessions on Child Protection with 200 learners. 200 parents attended parenting sessions, wherein they were taught positive parenting principles and discipline without pain
 Education	Develop a localized science and education program and enhance the capacities of teachers	- Mentored 35 science teachers from basic education institutions through LGFI's "Agham Para sa Pagbabago" (Science for Change). - The program utilizes the Learning Effectively Through Enhanced and Evidence-based Pedagogies (LEEP) approach to effectively teach Science and Technology to learners.
 Social Entrepreneurship and Sustainable Livelihood	Establish community-based social enterprises while ensuring environmental sustainability	- Supported various farmer groups in Lobo by providing rice planters, harvesters, knapsack sprayers, grass cutters, and hand tractors. - Provided Payao to various fisherfolk groups, and capacitated them on effectively managing these. - Held a year-end presentation, highlighting progress and plans, with partner communities and organizations.
 Environment	Develop a regenerative program using the ridge-to-reef framework	- Planted 800 native trees, 400 of which are Philippine Teak, in celebration of Arbor Day in Brgy. Sawang, Lobo, Batangas. 100 individuals participated in Arbor Day. This comprised employees from the Lopez Group, the local government, DENR, and the Philippine National Police (PNP). - Continued the tagging of Philippine Teak and reviews of local ordinances related to the tree species together with the LGU. - Continued reef monitoring surveys, attended by 28 representatives from various stakeholder groups. - Held various workshops and information, education, and communication (IEC) sessions on topics such as mangrove and seagrass monitoring.

OSCAR M. LOPEZ CENTER

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.

In 2023, OMLC produced the 2020 and 2021 State of the Philippine Climate. These form part of their commitment to making climate change information both comprehensible and actionable for the public. The 2020 report provides a detailed analysis of the key climate indicators from 2020, including temperature, rainfall, the El Niño–Southern Oscillation, and tropical cyclones. The subsequent report reveals that the year 2021 was marked as the 11th wettest year on record in the Philippines, reflecting the continuation of a warming trend. These documents serve as a call to action, highlighting the urgent need for comprehensive climate strategies to address the ongoing and future challenges posed by climate change.



The Center worked with USAID for the “Climate Resilience of the Deaf: Signs for Inclusive Governance and Development” or Project SIGND. It is the first deaf-led project on climate change in the Philippines, aimed at increasing the preparedness and adaptive capacities of the deaf to climate-related risks and disasters by increasing access and empowering their participation in hearing-led programs on climate awareness and action. The project participated at COP28 through a side event entitled, “Reading the Signs: Inclusive Governance for the Resilience of the Deaf.”

In communicating the impacts of climate change to the public, the Center held the 2023 iteration of the Mga Kwento ng Klima (Stories about the Climate) Short Films competition. The film screening and awarding ceremonies, which were held in person, garnered interest from existing and potential partners to collaborate on public awareness programs on climate change and climate action.

To enhance climate change awareness and action among high school students, the Center released “Klimaalang: Step Up and Step In to Act on Climate.” It is an eight-chapter activity book that provides an in-depth understanding of climate change impacts in the Philippines and emphasizes the importance of adaptation and mitigation strategies. Furthermore, it equips students with the knowledge and tools necessary to address climate risks and impacts, particularly in coastal, urban, and farming areas.

ANG MISYON INC.

Ang Misyon Inc. is a non-profit organization that supports the musically talented, less privileged youth. They believe that social change is sparked through the learning of orchestral music. Their flagship music program and main performing arm is the Orchestra of the Filipino Youth (OFY). Under the guidance of professional mentors, the OFY curriculum is specifically curated for a high-quality youth orchestra.

OFY regularly held rehearsals to continuously hone and master their musical instrument skills. They held the OFY Music Camp, a four-day intensive, camp-style format where the scholars get to commune with peers and learn

challenging pieces together. It engages them to interact with their peers not only by socialization but also through sectional workshops and full orchestra rehearsals. This year's camp featured two experts in the industry to share their knowledge with OFY scholars: Juan Sebastian Castillo Diaz, who did a Viola Master Class; and Jonathan Manalo, who held a Songwriting Workshop. The Repertoire for their Culminating Concert included Copland Fanfare for the Common Man, Mozart's Overture to the Magic Flute, and Beethoven Symphony No. 7.

Aside from recitals, the OFY professed their musical talents through the following shows:

"Rama, Hari", a ballet musical masterpiece, went back to the stage this 2023. The OFY had the honor to perform live orchestral music and work with National Artists Alice Reyes and Ryan Cayabyab, together with theater luminaries for a legendary ballet musical. These served as a testament to artistic collaborations, showing the unwavering commitment to nurture next-generation talent and inspire audiences through music.

Every year, the Orchestra of the Filipino Youth's tradition is to launch the holiday season with a Christmas performance through ***"Namamasko Po!"*** This 2023, the OFY's annual Christmas Caroling was performed live at our head office. Donations made by audiences support the OFY's music lessons and maintenance of musical instruments. This year's show included the OFY Stories of Hope, featuring OFY Stories of Hope, aiming to spark inspiration and share the progress of scholars in the music program.



SOLAR SIKAT CHALLENGE FOUNDATION

Sikat Solar Challenge Foundation, Inc., or SIKAT, is a non-profit organization that aims to uplift the lives of rural communities through electrification. Aligned with decarbonization and regeneration, SIKAT carries out their projects by installing renewable energy systems and nano grids, powered by solar, in their supported communities.

The Liwanag sa Sitio Program brought solar-powered generators to off-grid mountain communities in Mindoro. Using these systems, community members can power communication devices, power banks, and small rechargeable lights. Through electrification, we improve their access to communication and expand sustainable livelihood opportunities to community members. These communal assets are turned over under a conditional agreement but are closely monitored by our partners, Keep Hope Alive (KHA), regularly. The Kaibigang Araw Program, initially sponsored by the UK Aid Fund, supports the electrification of livelihood activities in a community from Victoria, Mindoro. Through the installed solar-powered systems, community members can maintain beekeeping and honey production activities. Similarly, these support the production of woven products, such as baskets, bags, wallets, and home decorations.



To further support their livelihood activities, SIKAT and KHA launched the Mangyari Project, cataloging handicrafts and other local products from our partner indigenous communities, the Mangyan. This was launched internally to employees, assisting our partners to better market their products.

In collaboration with Solar Hope, SIKAT-UGNAY installed a nano grid system in an off-grid elementary school in Tanay, Rizal. Engineers from FP Island, an FPH enterprise, designed the school's nano grid system.

Summary

- We maintained harmonious relations with our pentad stakeholders (customers, co-creators, earth, communities, and investors).
- We continued to improve our HRDD processes, safekeeping the rights of all our stakeholders. Furthermore, we developed robust GRMs addressing any potential and actual human rights-related concerns in any of our business activities.
- In attaining our mission of decarbonization and regeneration, we worked with our suppliers and vendors to ensure that they share the same vision as ours. We continued to engage them through capacity building and ESG data collection efforts.
- We maintained our social development programs empowering our host and local communities. In 2023, we invested a total of PHP242.2 million in community-based programs. Furthermore, our employees continue to volunteer in these programs and activities.
- Our foundations, LGFI, OMLC, SIKAT, and Ang Misyon, continued to implement their chosen socioeconomic and environmental programs.
- We collaborated with government and civil society organizations to amplify climate action and advance our mission.

Non-Financial Outcomes

- We preserved our Social and Relationship capital by forging meaningful relations with our consumers, co-creators, community members, and investors. Additionally, we created new capital by forging partnerships with new external organizations in the realization of our socio-economic and environmental programs.

Financial Outcomes

- Through our engagements with stakeholders and socio-economic programs, we attain a social license to operate in various parts of the country. This enables our segments to continue their business operations.

Summary of Outcomes



Capital	Impact Materiality	Financial Materiality	Impact/Support to Strategic Priorities*
Financial - Capital Created - Short-term Impact	The increase in our financial capital allows our business segments to continue their activities, therefore allowing them to distribute more value to their respective stakeholders. The stable financial performance of the company resulted in the adequate allocation of funds for activities that will preserve or improve the rest of the capitals (manufactured, natural, human, intellectual, social and relationships).		Diversification and Rebalancing
Manufactured - Capital Created - Long-term Impact	Majority of the business segments of FPH maintained their manufactured capital in 2023, with the exception of First Balfour whose T1 Rentals business had significant growth and Rockwell Land with several properties beginning operations within the year. Other businesses, especially the power generation businesses and Rockwell Land, have numerous upcoming projects in development. This will create great growth for their manufactured capital in the future.	The decrease in electricity produced by the power generation business translated to a slight decrease in their revenue, whereas the launch of various new properties in our real estate business brought in a good increase in revenue.	Diversification and Rebalancing: The growth of our businesses, as well as their growth in new sectors and new markets (e.g. First Balfour's growth in T1 Rentals and First Philec's growth into overseas markets and ongoing exploration of battery storage solutions) supports this pillar. Capability Building The growth of our businesses as mentioned above requires building strategic partnerships with various stakeholders. Transformation of Core Models Our businesses are trying to grow in such a way that business operations have a direct link to regeneration and decarbonization.
Natural - Capital Preserved - Long-term Impact	Overall, the Natural Capital of FPH's businesses was maintained. Generally, less material and utility consumption in 2023 preserve our resources. Additionally, the businesses' activities for biodiversity and habitat build up natural capital. At the same time, the activities and programs to better manage our resources require investments and activities within the domain of Intellectual Capital and Social and Relationships Capital - such as the plans and agreements that needed to be made by our businesses to transition to using more renewable energy and developing roadmaps for better resource management such as in FPIP's Water Sustainability Master Plan.	The activities mentioned in the Non-financial Outcomes would need financial investments for their development and execution.	Transformation of Core Models: This occurs as the restoration and creation of habitats by FPH subsidiaries enable the regeneration of the planet which is a strategic goal of the company Capability Building Partnerships developed through managing our outcomes on natural capital help meet this strategic priority. Partnerships with government and civil society organizations helped manage outcomes on natural capital to meet the strategic priorities of the business.



Capital	Impact Materiality	Financial Materiality	Impact/Support to Strategic Priorities*
Human • Capital Created • Short-term Impact	We improved our human capital performance by ensuring we are up to date with the latest developments in talent management, occupational health and safety, human rights, and DEI. In response to the growth of our businesses, we increased our human capital, employing an additional 24.3% in comparison to our previous year's headcount.	As we continue to strengthen our human capital, we are empowered to deliver products and service offerings to our consumers. This, in turn, drives profit for the organization, attributing to the increased revenues at the end of 2023.	Capability Building: This is manifested by employees' deeper understanding of the mission and access to training. Transformation of Core Models This occurs towards inclusivity and diversity as affirmed by the gender gap analysis better than the global average.
Intellectual • Capital Created • Medium-term Impact	We preserved our intellectual capital by maintaining our robust management systems, while new capitals were created by strengthening our digital and cybersecurity capabilities.	Providing products and services aligned with the principles of our mission enabled our businesses to attract new customers. Similarly, our management systems and digitalization initiatives maximize the productivity of our businesses. These contribute to the positive financial results of all our business segments.	Capability building: In 2023, we scaled up our digital and technological capabilities. We utilized these technologies to advance our decarbonization and regeneration goals
Social and Relationships • Capital Created • Long-term	We preserved our Social and Relationship capital by forging meaningful relations with our consumers, co-creators, community members, and investors. Additionally, we created new capital by forging partnerships with new external organizations in the realization of our socio-economic and environmental programs.	Through our engagements with stakeholders and socio-economic programs, we attain a social license to operate in various parts of the country. This enables our segments to continue their business operations.	Capability building: In 2023, we scaled up our digital and technological capabilities. We utilized these technologies to advance our decarbonization and regeneration goals

*See page 72 for more information about the strategic priorities of FPH

Business Segments of FPH

Power Generation

Energy Solutions

Real Estate (Residential
and Commercial)Construction and
Energy Services

Real Estate (Industrial)

Social Services



INPUTS

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

FINANCIAL CAPITAL

These are the sources of funds we draw on to maintain and improve our businesses. The increase in our financial capital from 2022 enabled us to distribute more value to support our business activities in 2023.

- **PHP270.5 billion**
 - **48.2%** loans and debts
 - **51.5%** retained earnings
 - **0.3%** stocks
- **54.5%** common stocks owned by Lopez Holding Corporation

Distribution of Resources

- **PHP35.5 billion** in Manufactured Capital
- **PHP8.8 billion** in Human Capital
- **PHP76.2 billion** in Natural Capital
- **PHP1.6 billion** in Social Capital
- **PHP14.3 million** in Intellectual Capital

MANUFACTURED CAPITAL

These are the physical assets that our businesses use to develop and deliver our products and services. The growth of our businesses meant investing and further developing manufactured capital throughout the year.

Assets across FPH

- **31** power plants across natural gas, geothermal, hydro, solar, and wind
- **30** residential, commercial, and office properties
- First Philippine Industrial Park and expansion
- Transformer production plant
- Equipment fleet for construction and drilling services
- **3** clinics, **3** eyesites, and **1** optical shop
- FPH Head Office, and the respective head offices of our subsidiaries

NATURAL CAPITAL

These are the resources we draw on to develop and deliver our products and services. At the beginning of 2023, the availability of needed resources varied across FPH's subsidiaries.

Total resources used by FPH as a whole

- **68.1 GWh** electricity
- **2.5 million tonnes** fuel
- **48.5 million tonnes** steam
- **1.5 million ML** water for hydro plants
- **1.1 million ML** seawater for power plant cooling
- **10.0 ML** water used for non-power purposes
- **76.1 kilo tonnes** materials

Governance Processes

Strategy

Culture

Policies and
ProceduresMarketing and
ReportingLeadership and
Development

Communication

Mission

To forge collaborative pathways
for a decarbonized and
regenerative future

Outlook

The sustained economic growth of the country due to its local driven economics will be beneficial to the company in terms of increased use of its products and services. On the non-financial front, FPH has developed the capability and plans to mitigate the barriers to the execution of its business strategy.

OUTCOMES

Business Strategy



Parent Roles

Strategic Management

Portfolio Management and
Capital Allocation

Performance Management

Corporate Entrepreneurship

Policies and Procedures

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)

- **PHP165.0 billion** consolidated revenue
- **PHP29.1 billion** consolidated net income
- **PHP15.1 billion** net income attributable to parent
- **PHP13.8 billion** RNI attributable to parent

MANUFACTURED CAPITAL

(CREATED) (SHORT, MEDIUM, AND LONG-TERM IMPACT)

- **21,604.5 GWh** electricity sold by power generation
- **112,887.6 sqm** residential and commercial real estate completed
- **118,000.0 sqm** residential and commercial real estate reserved and sold
- **233,000.0 sqm** residential and commercial real estate leased
- **380,557.0 sqm** RBF space leased
- **3** residential and commercial properties completed and operational
- **5** new residential and commercial properties launched
- **1,724,742 kVa** transformers manufactured
- **1,736,776 kVa** transformers delivered to customers
- Drilling projects with **1 major client**
- Total of **PHP113.7 billion** in book value of assets, as of end-year 2023



NATURAL CAPITAL

(MAINTAINED AND CREATED) (SHORT AND LONG-TERM IMPACT)

- **127,608 ha.** natural forests protected
- **1.7 million tCO2** sequestered by FPH protected forests and restored landscapes
- **10.7 million tCO2e** emissions avoided

By-products of our businesses:

- **12.4 million tCO2e** emitted
- **14.3 thousand tonnes** wastes disposed



INPUTS

HUMAN CAPITAL

These are the skills, capabilities, and expertise brought by our employees, enabling our organization to deliver value for our customers and other stakeholders. The growth of our business operations prompted us to improve our talent management capabilities and further develop our employees.

- **9,538** employees across the group
- **4,905** new hires across the group
- Women in our workplace: **24%** employees, **38%** managers, and **20%** senior managers
- **9** policies protecting human rights in our value chain
- Partnership with UN WEPs, PBCWE, and USAID E4SEA for diversity, equality, and inclusion
- **6** entities certified with ISO 45001:2018 (OHSMS)
- **PHP62.6 million** worth of investments for employee training and development
- **PHP38.7 million** worth of investments for occupational health and safety

INTELLECTUAL CAPITAL

These are our organizational and knowledge-based intangibles such as intellectual property rights, licenses, protocols, and information technologies. These allowed our businesses to maintain the quality of our products and services and ensure uninterrupted operations.

- **20** ISO certifications across the FPH Group concerning QMS, EMS, OHSMS, and Asset Management Systems
- Establishment of the Digital Platforms Shared Services Initiative, a roadmap that ramps up our digitalization efforts
- **PHP794.1 million** worth of investments for digitalization and cybersecurity

SOCIAL AND RELATIONSHIP CAPITAL

These are the relations and partnerships we fostered with our stakeholders. We are guided by the Pentad Stakeholder Framework in our interactions with these groups.

- Strong relationships with our pentad stakeholders
- Competitive pricing of products and services
- Issued guidelines for responsible sourcing
- Membership in NEDA's SDG Stakeholder Chamber
- Maintained our Human Rights policies, practices, and protocols
- **PHP242.2 million** worth of investments for socioeconomic empowerment and philanthropy

Our Business Environment

Economic

- Geopolitical tensions and its effects on economies

Environmental

- Increasing awareness on climate change
- Supply chain security and resilience as related to climate change
- Physical impacts of climate change
- Concern for biodiversity
- Renewable energy expansion plans of government (Paris Agreement commitment)

Governance

- International standards on climate and sustainability disclosures

Social

- Recovery from COVID-19 pandemic
- War for talent

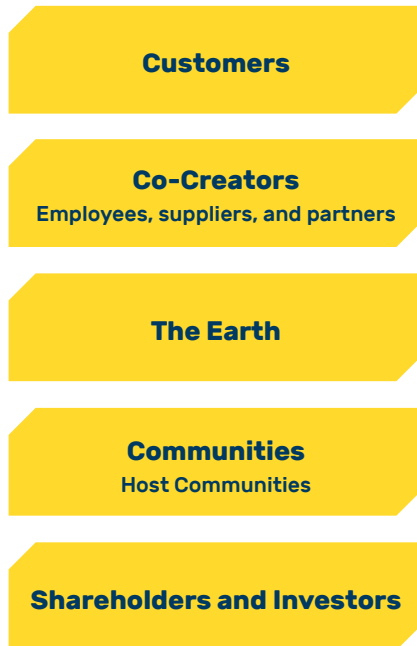
Our Risks

- Inflation and increasing interest rates
- Supply chain shocks
- Risks arising from the regulatory landscape in the country
- Climate change impacts and natural catastrophes
- Cybersecurity and data privacy risks
- Post-pandemic recovery challenges
- War for talent



Time-frame of impacts

Our Stakeholders



Our Opportunities

- COP 28 and Philippine Energy Plan to increase renewable energy (RE) is aligned with FPH's planned growth of RE generation by 2.5 times
- Sustained growth of the country may increase consumption of FPH products and services
- Climate crisis affirms the new sustainable investments of FPH
- Strengthen collaboration with stakeholders on FPH's environmental and social advocacies
- Fortification of data systems and cybersecurity

Short term:
1-5 years

Medium term:
6-10 years

Long term:
> 10 years

HUMAN CAPITAL

(CREATED) (SHORT-TERM IMPACT)

- Employees developed a deeper understanding of the FPH mission
- **51.4%** of group-wide employees are new hires
- **20.6** average training hours per employee across the group
- **53.6%** in the WEPs Gender Gap Analysis Tool vs. 32% global average
- Validated the FPH culture through **Nurturing Each Other, Regenerative Together** sessions
- Total recordable incident rates (TRIR) within industry benchmark
 - **First Gen** - 0.16 vs 1.0
 - **First Philec** - 2.34 vs 2.7
 - **First Balfour** - 0.13 vs 2.4
 - **FPIP** - 0.31 vs 0.8
 - **Asian Eye** - 0.0 vs. 8.5



INTELLECTUAL CAPITAL

(CREATED) (MEDIUM-TERM IMPACT)

- **30** Awards and Recognition
- **3** LEED-certified properties under our Real Estate Business
- Our subsidiaries generated their respective mission-related plans for implementation and refinement
- Our subsidiaries continue to offer **mission-aligned products and services**
- **Zero** incidence of data breach



SOCIAL AND RELATIONSHIP CAPITAL

(PRESERVED) (MEDIUM TO LONG TERM IMPACT)

- **92%** average customer satisfaction score
- **4** foundations provided with financial, technical, and manpower support
- **20** climate and sustainability advocacy engagements attended by **2,559** participants
- **38** socio-economic development and environmental projects and programs

Beneficiaries:

- **363** medical beneficiaries
- **643** scholars
- **72,445** students
- **1,173** schools supported



Our ESG Values

Aligned with our mission of decarbonization and regeneration, our businesses are called to embed ESG principles in how we conduct our business operations. Thus, we consistently prioritized the protection of the environment and our stakeholders. This allowed our businesses to thrive and prosper as we simultaneously enhanced the communities in the areas where we operate. We paid close attention to our tangible and intangible assets, preserving the quality and quantity of our six (6) capitals while averting ESG challenges and issues. This granted our business segments to maintain mutually beneficial ESG values for our stakeholders and the company.

Values Created for FPH and its Stakeholders

Stakeholders	Values for the Stakeholder	Values for FPH
Customers	- Quality products and services for customers and clients - Excellent customer experience	- Recurring revenues from our current customers - Realization of our mission through our offerings
Employees	- Job security and stability - Fair labor practices - Career and professional development - Employee well-being, health, and safety	- Retention of top-caliber talents within the organization - Improvements in our employer branding - Maximizing our human capital to deliver value for customers
Suppliers and Business Partners	- Continued business operations of our suppliers - Contributions to the local economy	- Capability of our businesses to deliver products and services - Collaboration to implement decarbonization and regeneration
Environment	- Efficient use of natural resources - Environmental conservation, preservation, and restoration activities	Ensured the continued supply of raw materials used in our operations and by our host communities and other entities in the area
Host Communities	- Equitable benefit-sharing - Socio-economic empowerment	- Maintained social license to operate - Potential assistance from a supportive host community for any issue that may be encountered in the area
Government	Contributions to sustainable development and national economy	Government support to perform business activities and new projects
Investors	- Financial performance of our businesses - Lower ESG risks, enabling stable investments and long-term value of FPH assets - May address the investors' own ESG goals and commitments	Continued access to financial capital



Introduced in 2021, our internal financial tagging tool enabled our businesses to identify material investments related to the six capitals. Quantifying these contextualizes and relates our value proposition with our capital performance. We continue to introduce improvements in our methodology, further capturing expenses that prevent capitals from potential damage and those that create new capitals.

ESG Expenses and Investments

Capital	Amount (PHP millions)	Percentage of Expenses	Composition of Expenses
Natural Capital	76,180.9	55.8%	Land acquisition and maintenance, research for alternative materials, energy efficiency projects, water use efficiency, waste management, GHG reduction initiatives, biodiversity projects, environmental CSR projects, and environmental permits
Manufactured Capital	35,527.2	26.0%	Buildings, facilities, heavy equipment, infrastructure such as roads, substations, transmission towers, and other related physical structures and equipment
Intellectual Capital	14,318.2	10.4%	Intellectual property, software, tools, cyber security, permits, licenses, rights, and certifications
Human Capital	8,840.7	6.5%	Employee compensation and benefits, training and development, well-being initiatives, and health and safety programs
Social Capital	1,648.5	1.2%	Social CSR projects, customer and investor relations, partnerships, permits, and conferences
Total	136,515.7	100%	

There was a significant increase in our natural capital expenditures in 2023, stemming from the execution of growth plans by our power generation, industrial real estate, and construction segments. Most of our businesses acquired new lands to establish new sites. Growth of the businesses also merited more investments in manufactured capital with expenditures towards acquiring key equipment. Our intellectual capital expenditure increased more than twofold, mainly caused by our rapid digitalization efforts and continued activities to protect our existing digital platforms.

With the waning impacts of the COVID-19 pandemic, our human capital and social and relationship capital expenditures reduced slightly. This is due to COVID-19 vaccinations being offered by the local government units to our employees, partners, and communities, reducing expenditures from our end. Aligned with our CSR objectives, we ensured the self-reliance of our communities through our social development programs. This prompted our businesses to further invest in environmental CSR projects, which are included in our natural capital expenditures.

Contribution to the SDGs

Sustainable Development



In striving towards a decarbonized and regenerative future, we are proactive in addressing the challenges faced by both our planet and society. Doing business as usual is not enough; thus, we are committed to operating in a manner that fosters positive impacts within the intricate systems in which our stakeholders and the environment coexist. We are guided by the UN Sustainable Development Goals (SDGs) and the Philippine Development Plan (PDP) in this pursuit. Through these, our businesses aspire to contribute to the creation of a society that is healthy, resilient, inclusive, and progressive, all while protecting and restoring the integrity of our natural environment and resources.

In quantifying our impacts, we assessed our capital performance and aligned them with SDG targets and indicators. We also referenced our performance with the PDP to further contextualize our impacts on the local setting. All our businesses have positively impacted the environment and society through their business activities and corporate initiatives. Consolidating these, we contributed to 16 out of 17 goals and impacted 43 targets and indicators.

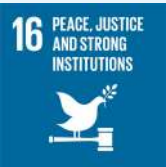
We continue to be an active member of NEDA's SDG Stakeholder Chamber, solidifying our commitment to work with the government in their pursuit of sustainable development. Through our membership, we contribute and align our SDG contributions to maximize our concerted impacts. Illustrated in this section are our contributions and outcomes related to sustainable development.



People

SDG	SDG Targets	Our Contributions
	1.5	- Supported our partner LGUs in various disaster risk reduction and management activities 123 barangay representatives were capacitated by FPIP on DRRM measures - FPIP supported the creation of DRRM protocols for their partner barangays
	3.8	8,469 patients supported through consultations, medicines, and medical supplies 2,241 patients of our community clinics 784 Blood donors, supporting around 3,400 potential blood recipients
	4.1 4.3 4.4 4.5 4.7	643 students granted scholarships and educational grants 49 elementary and high schools supported through Brigada Eskwela 51,542 learners supported through various educational initiatives 1,159 educational institutions supported through various educational initiatives - PHP62.61 million worth of investments to develop our employees through learning and development
	5.1	24% of employees are women 38% of managers across the group are women 20% of FPH senior managers are women 29% of our board members are women - FPH is a UN WEPs Signatory - Scored 53.6% in the WEPs Gender Gap Analysis Tool 84% of people managers from FPH and First Gen trained on overcoming unconscious bias

Peace

SDG	SDG Targets	Our Contributions
	16.3	- Continued our partnerships with the government, academic institutions, and civil society organizations for our environmental and social initiatives. - Maintained our social safeguard policies, and created related policies and guidelines further respecting human rights - Improved our businesses' existing GRM to address human rights risks in their respective value chains

Planet

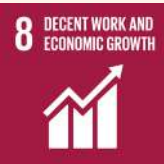
SDG	SDG Targets	Our Contributions
	6.2 6.3 6.4	• 16 handwashing facilities were constructed in support to water, sanitation, and hygiene (WASH) activities • 34,420 cu.m of recycled water used • First Balfour has infrastructure projects on Sustainable Water Management • FPIP refined their Water Sustainability Masterplan addressing supply and demand concerns in the park.
	12.5 12.6 12.7	• Our businesses have developed various plans to address their waste management, as discussed in the Natural Capital section. • FPH and First Gen have a Code for Responsible Sourcing • Supplier Assemblies were attended by our Tier 1 suppliers, capacitating them on our mission
	13.1 13.2 13.3	• We continue to work with our businesses in implementing their respective decarbonization plans. • PHP20.92 million worth of investments for GHG management and reduction initiatives • 10 LGUs supported in developing their Local Climate Change Action Plans (LCCAP) • 313 First Gen employees participated in various climate learning activities
	14.2 14.4 14.5 14.6	• Several of our businesses conduct regular coast and river clean up activities • First Gen supports the provincial network plan of the Batangas Bantay Dagat Network
	15.1 15.2 15.3 15.4 15.5 15.7	• 272,443 seedlings produced at central and satellite nurseries • 41 arboreta established by BINHI and its partners to date • 127,608 hectares of natural tropical rainforest protected • 2,698 km of foot patrols and drone patrols in the geothermal reservations. No forest fires were reported in 2023. • 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

Partnerships

SDG	SDG Targets	Our Contributions
	17.17	• 20 external engagement events participated • 2,559 individuals engaged for our external advocacy on climate action • FPH sits at NEDA's SDG Stakeholder Chamber Council, working with the government and other stakeholders to achieve the global goals



Prosperity

SDG	SDG Targets	Our Contributions
	7.1 7.2	150 households electrified by First Gen in their partner communities in Garchitorena and Caramoan Camarines Sur 7,680.3 GWh net power generated from RE sources (35.5% of total power generated from portfolio) 1,456.3 GW installed capacity of renewable energy plants (41.9% of total power generation portfolio) 74.1% of our operations are powered by renewable energy
	8.2 8.3 8.5 8.7 8.8	70,142 jobs generated by FPIP and its locators 9,538 employees across the FPH group 9 policies respecting the rights of our employees and other stakeholders - Establishment of a robust grievance redress mechanism - PHP38.69 million worth of investments for occupational health and safety - Total recordable incident rates (TRIR) within industry benchmark
	9.1 9.2 9.3 9.4	- PHP24.59 billion worth of investments for infrastructures in 2023 79,405 jobs generated by the entire FPH Group 84.7% of our supplier spend are from local suppliers 3 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 - Biodegradable Distribution Transformers (BioDT) and Super Green Transformers are made available by First Philec - Asian Eye Institute offers recyclable eyewear in its roster of products
	10.2 10.3	- We continue to maintain harmonious relationships with members of the host IP community 22 scholars from IP communities in Mount Apo were supported by EDC through MAFI - Around 87,000 individuals were supported with various socio-economic development initiatives across the group
	11.7	FPIP positions itself as a township, featuring affordable housing facilities for employees, a natural park habitat to several native trees, and a pavilion that can host various events.

Progress On Our Mission

Despite the country's recovery from the COVID-19 pandemic and the opening up of the economy in 2023, we took the stance of cautious optimism due to geopolitical tensions such as continuing wars in Ukraine and Gaza. At the same time, amidst the relentless assaults of climate change on our country, we continuously work to improve the resilience of our operations and conscientiously design our decarbonization and regeneration plans.

Adhering to our Value Creation Process and navigating the operating conditions we faced in 2023, we achieved new marks in our mission.

New Instruments

The first set of outputs in our mission's progress are the tools we put in place:

INTEGRATED MANAGEMENT FRAMEWORK (IMF)

This framework facilitates the unification of key management processes to ensure a strategy-driven risk-based decision-making and resource allocation. Communication and socialization of this initiative to all our businesses is scheduled in 2024. The IMF initiative is expounded on in page 99.

ESG DATA MANAGEMENT PLATFORM (PROJECT ECLLOUD)

With the increasing volume of the ESG regulatory requirements and stakeholder expectations, our data output increased considerably. Thus, in 2023 FPH began Project eCloud which aims to develop an ESG Data Management Platform to help consolidate, process, and analyze our ESG data. The proper ESG data collection, analysis, and management will lead to more accurate inputs to strategic planning, risk management, financial allocation, performance monitoring, and reporting.



ESG DATA GOVERNANCE

We developed a reference for the internal stakeholders on the proper collection, analysis, and reporting of the company's ESG data. The guidance document is for internal consultation and enhancement in 2024.

SUPPLY CHAIN

Based on our pilot project with First Balfour on supplier engagement in 2021-2022, we conducted FPH Suppliers' Assemblies in 2023, specifically on August 18, 22, 24, and September 5. We invited the Tier 1 suppliers of FPH and our subsidiaries to join us in our decarbonization and regeneration journey. The initiative was meant to amplify climate action. It was also intended to help protect the suppliers' businesses and to contribute to the stabilization of the planet and society. The sessions received good support from the suppliers. This engagement is critical to our plan to regularly capture the Scope 3 GHG data from their operations so engagement with them will continue.

Developments in our Mission

The most important driver for the constancy and consistency in the implementation of our mission is the projected acceleration of climate catastrophes due to tipping points being breached as affirmed in the 2023 Global Tipping Points Report (GTPR)⁴². The UN defines the “tipping point” as a critical limit that when exceeded can lead to a significant change in the state of the system, leading to a change that is often irreversible.⁴³ Unfortunately, the world is now on track to breaching the tipping points by years 2026–2042 at median estimates.⁴⁴ Further, the GTPR suggests that the current global warming will push five of the major earth systems past their tipping points, and another three will follow if temperatures exceed 1.5° Celsius of global warming above pre-industrial levels. However, the report notes

that positive tipping points such as renewable energy can help the situation. With this backdrop, climate action must seriously be considered an imperative not only by everyone in the country but across the world due to the interconnectedness of the natural, social, and economic systems.

FPH has gone a long way since the launch of our climate-centric mission in 2020. It has progressed from awareness in the early years to concrete climate actions this year. The call of FPH leadership is for the company to move from mission to action, silos to integration, and mere cost savings to prosperity that we can share with our stakeholders.

Status of the FPH mission journey



⁴² Global Systems Institute (2023). *Global Tipping Points Report*. Retrieved from <https://global-tipping-points.org/>

⁴³ IPCC (2018). *Impacts of 1.5C of global warming on natural and human systems*. Retrieved from https://www.ipcc.ch/site/assets/uploads/sites/2/2022/06/SR15_Chapter_3_LR.pdf

⁴⁴ Carbon Brief (2020). *Analysis: When might the world exceed 1.5C and 2C of global warming?* Retrieved from <https://www.carbonbrief.org/analysis-when-might-the-world-exceed-1-5c-and-2c-of-global-warming>

Actions on our Mission

In 2022, we inventoried the climate strategies we could adopt, as expounded on pages 80-83 of our 2022 Integrated Report.



PATH TO REGENERATION

Environment:

Decarbonization of operation, biodiversity and improved impact on water, waste, and energy use

Social: Creating safe and enabling environment for stakeholders

Governance: Progressing on our mission



Natural gas plants



RE



Energy Efficiency



E-Vehicles



Waste Circularity



Digitalization



Clean Tech: Carbon capture & storage and Hydrogen



DECARBONIZED REGENERATIVE FUTURE



Empowering communities employees and other stakeholders



Human rights Social equity



Nature-based Solutions



Adequate water Biodiversity



DEGENERATING SYSTEM

REGENERATING SYSTEM

CONVENTIONAL

Meeting minimum standards

GREEN & SUSTAINABLE

From doing less damage to carbon neutrality

REGENERATIVE

Co-evolving with nature and stakeholders



By 2023, our plans have become more granular, some of which we have started to implement. But for hard-to-abate and high-emission segments, the technical design and economics of some measures need to be worked on further in order to execute them well on the ground. In general, the subsidiaries made use of the KPIs derived from the mission pillars in preparing their detailed decarbonization and regeneration plans, presented on page 95 on the Metrics and Targets. The figures below present the measures of the various FPH business segments which they started implementing in 2023. These will be further refined and targets shall be identified in 2024.

Decarbonization and regeneration program of FPH business segments

Power	Real Estate CRE/Residential	Real Estate-Industrial Park
Decarbonization Efficiently operate existing low carbon operation Energy efficiency and conservation Decarbonize energy growth (RE dominant generation mix and 2.5 increase in RE generation by 2030) Waste reinjection and waste circularity Electrify transport and other potential aspects of operation Nature-based Solutions Deploy viable abatement technologies in the long run	Decarbonization Renewable energy power source Design guidelines for buildings to reduce consumption and emissions Transition to LED lightning Energy efficient equipment (VRF, ERV, AC Inverter, etc.) Waste management - Improve waste policies - Material recovery facilities - Waste recycling (oil, plastic and electronic wastes) Engagement with partners for sustainable materials & processes	Decarbonization Renewable energy power source Green building and materials Re-fleeting with EVs Waste recovery facilities, recycling/ phytoremediation Nature-based solutions (forest parks and mangroves) Use of low carbon alternative materials for construction
Regeneration Enviromental Pillar • Preserving nature's integrity • Efficient water use Social Pillar • Employees - Fully embed mission in culture - Diversity, equity and inclusion in employee life cycle - Enabling employee contribution to the mission - Natural catastrophe and resiliency plans for projects • Host Communities - Equitable access to natural resources - Community awareness on climate change (including risk awareness, risk reduction and effective response and recovery) - Shared prosperity with host community	Regeneration Enviromental Pillar • Water concervation design - Low flow fixtures - Use of recycled water • Biodiversity - Land use design to incorporate biodiversity - Partnership with co-creators for energy efficiency, water management and sustainable materials and processes Social Pillar • Resillience (storm, flooding, rising temperature, drought and earthquakes) • Back-up facilities during crisis • Anticipating concerns of stakeholders • Promoting employee volunteerism in community projects	Regeneration Enviromental Pillar • Decarbonization • Water conservation and efficiency • Waste treatment, recycling and circularity • Biodiversity and habitat protection and restoration • Stewardship of San Juan river Social Pillar • Customers - Safe, secure, livable spaces - Renewable energy and green solutions - Develop new services aligned with ESG strategy • Co-creators - Safe & secure workplace - Awareness and capacity building on ESG • Communities - Human rights due diligence - Support education and job creation - Shared prosperity with host community • Investors - Company ESG performance transparency • General: - Building a job centered community - Gender equality and diversity practices for employee's life cycle - Robust human rights due diligence, human rights management plan, and grievance redress mechanism
Governance Support Adopt FPH mission ESG Technical Working Group Integration of ESG in Strategic Planning processes	Governance Support Adopt FPH mission ESG champions ESG Technical Working Group	Governance Support Alignment of subsidiary mission with FPH mission ESG Technical Working Group Embedding ESG across organization



Construction	Energy Solutions	Health Services
Decarbonization	Decarbonization	Decarbonization
- Energy efficiency and conservation - Waste management and circularity - Productivity efficiency - Shift to renewable energy - Material reduction - Fleet decarbonization - Use of less carbon intensive materials (e.g. Carbon cure) - Sustainable investments - Nature-based solutions	Green manufacturing • Green product design and energy solutions (e.g. super green transformer) • Renewable energy power source • Energy efficiency and conservation • Use of battery storage systems • Digitalization of processes • Waste management - Ban single use plastics - Paperless operation • Automated and battery powered equipment • Suppliers' decarbonization efforts • Nature-based solutions Green logistics • Route planning in deliveries • Increase use of EV	Sustainable resources • Energy efficiency • Waste management • Eco-friendly supplies • Paperless operation via digitization Stakeholder engagement • Promote personal GHG foot printing and action • Participation in recycled frames project Environmental stewardship • Zero waste on single use plastic and styropor packaging from suppliers
Regeneration	Regeneration	Regeneration
Enviromental Pillar • Sustainable water management Social Pillar • Human rights due diligence and amendment of Code of Conduct • Safe and healthy and learning work environment • Gender gap analysis • Engaging vendors on ESG • Investors in People Certification • Strategic CSR (environment, education and employee well-being) • Vendor engagement on ESG • Partnership (Phil Green Building Council, Net Zero Carbon Alliance, Green Convergence, and Council for Inclusive Capitalism)	Enviromental Pillar • Water management and conservation • Supplier sustainability and diversity Social Pillar • Playbook on strategic and cultural strategies • Employee wellness • Equality and diversity in workplace • Non-contractual hiring • CSR aligned with chosen SDGs	Enviromental Pillar • Efficient water consumption and shift to recycled water Social Pillar • Improvingg Filipino eyesight - Safety and quality of eyecare - Equity and accessibility of services • Awareness building on eye health and eyecare • Outreach services
Governance Support	Governance Support	Governance Support
- Adopted the FPH mission - Embedding the FPH mission in business strategy - ESG Technical Working Group - Playbook (Code of ethics, culture, workplace policies and goals) - Imporvement of Suppliers' contract to include ESG goals	- Adopted the FPH mission - Embedding the FPH mission in business strategy - ESG Technical Working Group - Playbook (Code of ethics, culture, workplace policies and goals) - Improvement of Suppliers' contracts to include ESG goals	- Crafted AEI Sustainability Statement aligned with the FPH mission - Embedding the FPH mission in business strategy - ESG Technical Working Group

Outlook



Experts have projected that the Philippines will remain resilient despite global headwinds like geopolitical tensions, tightening in global financial conditions, and overall weaker global economic growth.^{45, 46, 47, 48} They also assessed that in 2024, the country is projected to grow between 5.5 percent and 6.2 percent. The country's domestic demand-driven economy makes it less sensitive to global headwinds. The domestic factors that buffer the weaker global economic outlook include: a) sustained private consumption, b) the rise in government infrastructure spending, c) the steady flow of remittances from overseas Filipinos, d) an improving job market with an increasing number of wage and salary earners, e) fast-growing IT-BPO sector exports, and f) the continued recovery of the tourism sector. While the outlook for the Philippine economy is favorable, there can be risks to its near-term growth outlook due to persistently high inflation influenced by weak global economic performance.³⁹

On the non-financial front, climate change, evolving stringent ESG regulations, the threat of biodiversity loss, cybersecurity risks, and the preservation of human rights during renewable energy expansion efforts are reported to dominate the concerns for 2024. However, for the past five years and in the years to come, FPH has been and will continue to be steadfast in preparing our organization for ESG-related risks through robust governance, the full integration of ESG in corporate functions for decision-making, capacity building, and the establishment of environmental and social safeguards. This ESG integration process is expounded upon further in the Value Creation section on page 99.

⁴⁵ ADB (2024). Consumer spending, public investment to support Philippine economic growth in 2023,2024-ADB. Retrieved from <https://www.adb.org/news/consumer-spending-public-investment-support-philippine-economic-growth-2023-2024-adb>

⁴⁶ IMF (2024). Transcript of Press Briefing: Regional Economic Outlook Update for Asia and the Pacific. Retrieved from <https://www.imf.org/en/News/Articles/2024/01/31/tr013124-press-briefing-regional-economic-outlook-asia-pacific-department>

⁴⁷ PIDS (2024). PH growth steady in 2024 but strategic policies needed-PIDS study. Retrieved from <https://www.pids.gov.ph/details/news/press-releases/ph-growth-steady-in-2024-but-strategic-policies-needed-pids-study>

⁴⁸ S & P Global. Philippines economy shows robust growth into the new year. Retrieved from <https://www.spglobal.com/marketintelligence/en/mi/research-analysis/philippines-economy-shows-robust-growth-into-the-new-year.html>

As a result of the confluence of the Philippines' modestly resilient situation and the continuing buildup of the Company's readiness to attend to ESG risks, we project a positive outlook for FPH in both the short-term and long-term. The detailed implications of these factors to the FPH businesses are discussed in the table below.

Issue	Outlook	FPH Action	Timeframe*
Macroeconomic pressures	Experts assessed the sustained resilience of the country despite slow global economic growth due to its domestic demand- driven economics. The projected growth of the Philippines is between 5.5% and 6.2%. However, there can be a risk to the near-term outlook as inflation persists.	Response: Continue the prudent fiscal management of 2023. (Affected Capital: Financial) Opportunities: The expected growth of the country will require the type of services and products offered by FPH. a. The projected sustained economic growth of the country will support higher energy demand, the backbone of FPH's business portfolio. Allied to this are the energy products and services from our energy solutions arm, which can benefit as well. (Affected Capital: Manufactured) b. Our construction and real estate segments are expected to thrive, as evidenced by the upturn in the government's infrastructure spending. (Affected Capital: Manufactured) c. A strong growth in urban household incomes also means an increase in private consumption spending that will create more opportunities for the expansion of FPH's other businesses such as healthcare and education services. (Affected Capital: Intellectual, Social and Relationship)	Short-term
Climate crisis	It is projected that in 2024, the 1.5 degrees Celsius limit for global warming will be breached. ^{49,50} Extreme climate events continue to be among the top global risks. ⁵¹ Of particular concern is the life-threatening heat.	Response: While FPH is accelerating our GHG mitigation road map, we must develop a climate adaptation plan to augment the current Natural Catastrophe Plan. (Affected Capitals: Natural, Human, and Social and Relationship) Opportunities: The climate crisis affirms our move towards sustainable investments (e.g. super green transformers, electric vehicles, circularity, etc.). This is expected to continue. (Affected Capital: Manufactured)	Short-term to long-term



*Time-frame of impacts

Short term: 1-5 years

Medium term: 6-10 years

Long term: > 10 years

⁴⁹ Ravillious, K. (2024). Is 2024 going to be the first full year to breach 1.5C of warming? Retrieved from <https://www.theguardian.com/news/2024/jan/04/is-2024-going-to-be-the-first-full-year-to-breach-15c-of-warming?>

⁵⁰ Copernicus (2024). In 2024, the world experienced the warmest January on record. Retrieved from <https://climate.copernicus.eu/record-warm-november-consolidates-2023-warmest-year>

⁵¹ World Economic Forum (2024). Global Risks Report 2024. Retrieved from <https://www.weforum.org/press/2024/01/global-risks-report-2024-press-release/>

Issue	Outlook	FPH Action	Timeframe*
Heightened ESG regulations	ESG continues to become material to investors and the rest of the financial ecosystem due to the increasing scientific evidence of the climate crisis.	Response: Since 2022, FPH has been scanning the evolving regulatory landscape and has initiated capacity building to prepare the whole organization. This practice will continue due to the fast pace of developments in this space. (Affected Capitals: Human, Intellectual and Social and Relationship) Opportunity: By adopting the international sustainability standards, we will meet the expectations and requirements of our funders. (Affected Capital: Social and Relationship)	Short-term to medium-term
	There is greater adoption of ESG by the national government. The Philippine SEC and other national agencies such as the Department of Finance (DoF), Central Bank of the Philippines, and National Economic and Development Authority (NEDA) are increasingly referencing their risks analysis and their decision-making on ESG. More agencies are expected to do the same.	Response: FPH has progressed in our integration of ESG across the corporate functions. This process will be completed by 2024. (Affected Capital: Human and Intellectual) Opportunity: By fully integrating ESG into our operation, the company will be prepared to address the potential requirements of the government in the future. (Affected Capital: Social and Relationship)	
Cybersecurity threats	Globally, this may be a continuing and progressing threat beyond 2023.	Response: Our intellectual capital expenditure increased more than twofold in 2023, mainly caused by our rapid digitalization efforts and continued activities to protect our existing digital platforms. Details of our measures are found on pages 152-157. The conglomerate will need to continue this posture. Opportunity: Increasing resilience to cyber threats for business continuity.	Short- to medium-term



*Time-frame of impacts

Short term: 1-5 years

Medium term: 6-10 years

Long term: > 10 years





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 2023 Integrated Report

The Center for Social Responsibility of the University of Asia and the Pacific (UA&P-CSR), a competent and independent practitioner of the International Integrated Reporting <IR> Framework, conducted an internal review of First Philippine Holdings (FPH) Corporation's 2023 Integrated Report (IR). Through its expertise, UA&P-CSR provides valuable technical assistance and content development on sustainability and integrated reporting for several publicly-listed companies in the Philippines. As a result, it has earned their trust and preference, establishing itself as a partner-of-choice in the field.

Purpose of the Internal Review

Integrated reporting serves as a strategic communication tool for organizations, allowing them to articulate their strategy, governance, performance, and outlook in the context of their external environment including existing and potential risks and opportunities. Guided by the International Integrated Reporting <IR> Framework, this approach aims to streamline corporate reporting by providing clear and concise information that highlights how various factors contribute to value creation or preservation over time.

UA&P-CSR conducted a review of FPH's 2023 IR to assess its quality and alignment with the guidelines provided by the <IR> Framework, ensuring that its reporting process and the IR itself undergo internal quality control processes and compliance checks. Overall, these processes contribute to the robustness of the report.

Methodology: UA&P <IR> Practitioners Scorecard

We have developed the UA&P <IR> Practitioners Scorecard to evaluate FPH's IR through indicators that assess the report's alignment with the requirements of the <IR> Framework's Content Elements and Guiding Principles, as shown in Figure 1. Additionally, the scorecard also contains indicators to evaluate how well the disclosures in the report align with the latest version of the Sustainability Accounting Standards Board (SASB) Standards and the GRI Standards. We only evaluated the alignment of the report's disclosures with the GRI Standards, as FPH has declared that its SASB industry-specific metrics are a work in progress and will be available in the next reporting period.

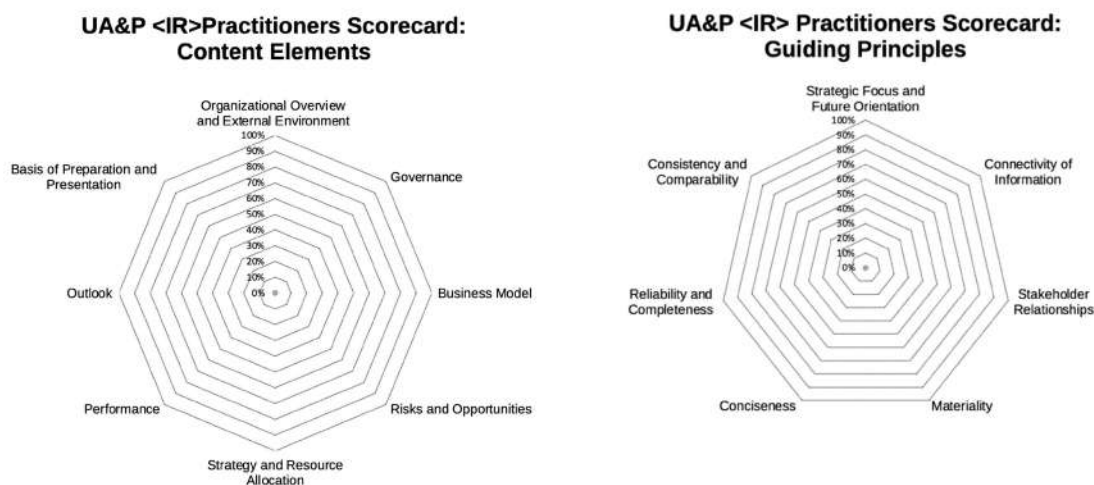


Figure 1. UA&P <IR> Practitioners Scorecard: Content Elements and Guiding Principles

The primary aim of the UA&P <IR> Practitioners Scorecard is to provide FPH with recommendations to enhance its discussion on the <IR> Content Elements and effectively embed the <IR> Guiding Principles throughout its report. Specifically, our scorecard consists of specific indicators based on the <IR> Framework to facilitate the enhancement of the report's content. UA&P-CSR reviewed the report quantitatively, using percentage scores, and qualitatively, by drawing on the leading practices of global companies recognized by the International Integrated Reporting Council (IIRC) in the integrated reporting space, including some icon companies of FPH.

UA&P-CSR provided three feedback reports to the Company which contained scores, observations, and recommendations for each <IR> Content Element and <IR> Guiding Principle based on the three IR drafts submitted by FPH on February 20, March 5, and March 19, 2024. However, it is crucial to emphasize 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: *Aligning FPH's 2023 IR with the <IR> Framework*

The evaluation of FPH's report highlights advancements across its business segments, showcasing resilience and operational efficiency. With a consolidated net income of PHP 29.1 billion (unaudited), FPH demonstrates dedication to value creation, integrating sustainability practices, and embracing the <IR> Framework. In producing its 5th Integrated Report, FPH has emerged as a trailblazer in integrating the latest developments in sustainability and integrated reporting, by aligning its report with the <IR> Content Elements and <IR> Guiding Principles and incorporating elements of the International Sustainability Standards Board (ISSB) Standards. This integration showcases the complementarity of the <IR> Framework alongside ISSB Standards, fostering a holistic view of the value creation process. Moreover, this initiative has enabled FPH to formulate its Integrated Management Framework, ensuring that environmental, social, and governance (ESG) matters are fully integrated into its operations.

The assessment of FPH's 2023 IR reveals alignment with <IR> Content Elements and Guiding Principles while highlighting areas for improvement. The report effectively presents the <IR> Content Elements such as organizational overview and external environment, governance, business model, risks and opportunities, strategy, performance, outlook, and basis of preparation and presentation, demonstrating a commitment to transparency and alignment with the leading practices in the integrated reporting space. However, there are recommendations for enhancements, including embedding measurable targets and ensuring data integrity in the entire report.

In terms of the <IR> Guiding Principles, FPH integrates its strategy into discussions on various <IR> Content Elements, demonstrates connectivity of information across the report, and strengthens stakeholder relationships through improved engagement mechanisms. Moreover, FPH employs a robust materiality determination process and demonstrates reliability and completeness in its report.

Utilizing the <IR> Framework not only allowed FPH to consistently elevate its reporting process, but it also enabled them to enhance its business processes and as a result, create value for the Company and its pentad stakeholders. FPH's commitment to renewable energy, diversification strategies, and climate change initiatives highlight strategic foresight. These efforts are guided by the Board and Management, who steer the Company's direction to achieve positive results. However, amidst the positive developments, certain areas necessitate careful consideration and strategic adjustments. For instance, a more granular and sustainable long-term energy transition plan would provide stakeholders with a clearer roadmap for the future, addressing apprehensions about the viability of current practices. Additionally, while the report emphasizes environmental responsibility in the energy sector, a more comprehensive overview of sustainability practices in non-energy sectors, such as real estate, healthcare, and education, would enhance transparency and strengthen the conglomerate's holistic sustainability narrative.

While FPH's 2023 IR showcases a positive trajectory, addressing concerns related to energy transition strategies and providing a more comprehensive sustainability narrative will further solidify its commitment to societal and environmental responsibility. At the same time, utilizing the <IR> Framework will help bolster business processes and operations while addressing risks and leveraging opportunities for long-term value creation.

Upon conducting three reviews of FPH's IR drafts, which were respectively submitted to UA&P-CSR on February 20, March 5, and March 19, 2024, we have observed notable improvements in meeting the requirements and

guidelines of the <IR> Framework, as shown in Figure 2. The detailed findings and recommendations for each <IR> Content Element and Guiding Principle can be found in Tables 1 and 2, respectively, which were based on the third and final IR draft submitted by the Company on March 19, 2024.

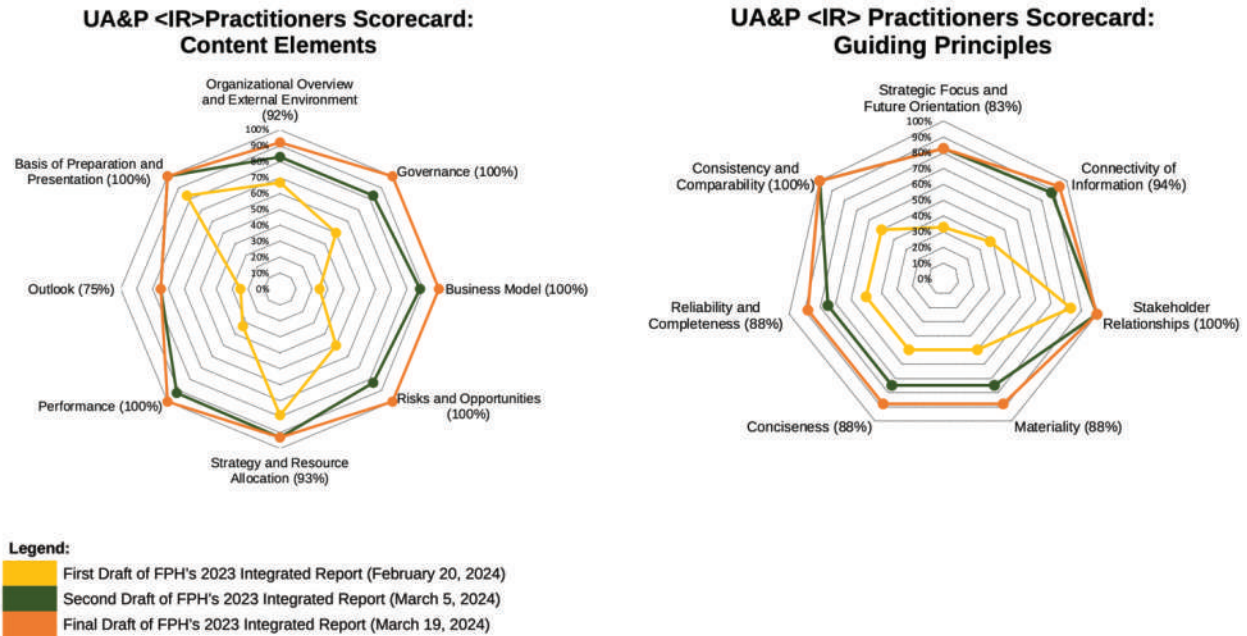


Figure 2. Summary of Scores of the <IR> Content Elements and Guiding Principles of FPH's 2023 IR

Table 1. Assessment on the <IR> Content Elements of FPH's 2023 IR (March 19, 2024 version)

<IR> Content Elements	Findings and Recommendations
Organizational Overview and External Environment	The Company presented key information to provide context about its organizational overview through its company profile, including its credo and values, mission, and chosen path, as well as its market positioning through the business review of its segments. FPH also discussed its operating context through its business environment discussion, which outlined external factors that have positive (i.e., accelerators) and negative (i.e., barriers) influences on its value creation. Importantly, sufficient descriptions are provided for each factor, and FPH also indicated the corresponding implications, the Company's response, and the impact on value creation for further clarity.
Governance	The report presents the organization's amended governance structure which illustrates alignment with the Company's regulatory framework, encompassing both external regulations and guidelines and internal ESG Safeguards Policies, along with assurance and certification processes. The governance section also has detailed descriptions of various committees and their respective functions. Additionally, the inclusion of a table linking board activities to strategic priorities provides stakeholders with valuable insights into how governance mechanisms support FPH's strategic direction. The Company's proactive stance towards fostering a culture of integrity and accountability is evident through its comprehensive array of organizational policies. FPH also provided the three (3) guiding principles governing its core compensation strategy, showcasing a commitment to value creation, performance, and competitiveness, while also disclosing its decision not to incentivize ESG performance at present to demonstrate a broader commitment to sustainability.
Business Model	FPH identified the key elements of the business model, particularly the inputs, business activities, outputs, and outcomes. For the inputs, it provided context on the relevance of the capitals to the Company, as well as an overview of their status during the reporting year. Meanwhile, for the outcomes, it determined the values created and preserved, along with the time horizons of the impacts for each capital. Furthermore, it provided an explanation of the outputs based on FPH's context. The diagram also depicted the link with other <IR> content elements (e.g., risks and opportunities, external environment, outlook), and the alignment of capitals with the UN SDGs.
Risks and Opportunities	The Company presented a holistic discussion of its risks and opportunities, covering not only the conglomerate level but also its various business segments, outlining context, impact, timeframe, nature, stakeholders impacted, and capitals affected. FPH also consistently provided sufficient information to ensure a clear and concise discussion of how it can mitigate risks and capture opportunities, which are crucial in its value creation journey.

Strategy and Resource Allocation	- FPH demonstrated a clear vision supported by tangible action plans to achieve its strategic objectives. It also discussed its two dimensions of strategy, particularly emphasizing the business strategy, which encompasses economic benefits, and the sustainability or ESG strategy, which addresses sustainability- and climate-related risks and opportunities. This was further elaborated through the Company's three elements of the business strategy, strategic priorities, and their linkage with associated risks and opportunities. Moreover, a significant update for 2023 was the enhancement of programs across its business segments in line with its decarbonization journey. - To provide further insight into its progress, FPH should include reporting on its quantitative targets once they become available. It is worth noting that the Company is currently taking deliberate steps to develop technical plans aimed at establishing quantitative targets for its decarbonization and regenerative initiatives.
Performance	- FPH was able to complete its data and provide relevant discussions on the performance of its six capitals. - To reinforce the accuracy and reliability of all data presented, the Board of Directors must confirm and certify that all figures presented were referenced from the audited financial statement of the Company.
Outlook	- FPH has retained the information from the second draft, including the tabular format in the Outlook section, highlighting affected capitals. - Further recommended actions, such as including icons representing the affected capitals and incorporating additional information such as objectives, allocation, budget management, and specified target years for achieving the Company's goals/plans in the Outlook section, may be implemented in the laid-out version of the report and the next reporting cycle, respectively.
Basis of Preparation and Presentation	FPH was able to satisfy the requirements sought for its Basis of Preparation and Presentation by presenting specifically the inclusions, coverage, and frameworks and standards used in its 2023 IR.

Table 2. Assessment on the <IR> Guiding Principles of FPH's 2023 IR (March 19, 2024 version)

<IR> Guiding Principles	Findings and Recommendations
Strategic Focus and Future Orientation	• The Company presented the progress of its strategy with its decarbonization and regeneration journey, integrating it into discussions on the <IR> Content Elements, specifically risks and opportunities, the external environment, governance, and outlook. Moreover, FPH's Integrated Management Framework provided a clear alignment of the Company's strategy with its key management processes. It also reported significant updates on the progress of its mission. • For the next reporting period, it may consider providing a more detailed presentation of its quantitative targets in relation to its strategy upon completion of its analyses and technical plans.
Connectivity of Information	• Overall, FPH presented a holistic overview of its value creation journey by discussing key sections of the report. Additionally, it introduced its Integrated Management Framework, demonstrating how the core elements of the report are integrated into the Company's operations. Moreover, it provided guidance on navigating the IR through the "How to Read the Report" section. • While it presented a comprehensive discussion and presentation of both quantitative and qualitative data, it should ensure the presentation of its audited financial data upon finalization of the report.
Stakeholder Relationships	• The Company has presented a comprehensive table outlining the FPH Group's stakeholder engagement. It also provided further insights into its stakeholder engagement efforts by indicating the frequency of engagement mechanisms with its stakeholders and the activities conducted for and with its stakeholders, notably for customers, communities, and its human capital.
Materiality	• The report outlined a robust materiality determination process employing a Double Materiality approach, emphasizing the Company's economic value creation and its impact on broader stakeholders. FPH summarized its material topics in a table which includes the importance of each ESG topic to the Company as well as their impact timeframe. It has also taken steps to strengthen its discussion on materiality by clearly articulating its coverage of 36 material topics and the assessment criteria for updating the ESG topics. The Company also included plans to integrate industry-specific material indicators based on the SASB standards to stay abreast of sustainability reporting developments. Specific disclosures/KPIs are also presented in the Content Indices facilitating easy reference to relevant sections for material topics. • To further reflect materiality, FPH may refine its KPIs to include specific targets, aligning them with each material issue addressed by the Company. FPH intends to develop these targets by the 2024 reporting period.

Conciseness	- Overall, FPH demonstrated a clear structure in its report, using plain language and explaining concepts clearly. It also utilized infographics to enhance understanding and provided sufficient context on the reported information. - In the final laid-out report, it should ensure that all cross-references are complete, as they are useful in preventing the repetition of information.
Reliability and Completeness	- FPH was able to exhibit the reliability of its report by providing a balanced discussion and presentation of its qualitative and quantitative data. - The next step is to complete the remaining sections including the key messages and present the Third-Party Review Statement to reinforce the reliability and completeness of the 2023 IR report.
Consistency and Comparability	The Company showed consistency and comparability of its data across all capitals by aligning its KPIs and the corresponding discussions from the previous IR and at the same time, updating its material issues considering the changes in the business environment in 2023.

Summary of Expert Opinion

FPH remains steadfast in its commitment to its mission, despite materiality issues related to corporate valuation and worsening climate conditions globally and in the Philippines. The Company continually refines its management and governance structures, processes, and strategies to aptly respond to and align with external and internal standards set by global reporting standard entities and the Company's own commitment to uphold them. The Company even took a proactive stance of integrating the International Financial Reporting Standards (IFRS) S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and S2 (Climate-related Disclosures), also known as the ISSB Standards, introduced in October 2023, which was further supported by the Philippine Securities and Exchange Commission (SEC) by issuance of a draft Memorandum Circular. The Integrated Reporting <IR> Framework remains the primary reporting structure with which the Company discloses material financial performance measuring the value created internally through integrating elements of IFRS S1 and S2 and, applying the Task Force on Climate-Related Financial Disclosures (TCFD); and its impact performance measuring value created externally on the pentad stakeholders (customer, co-creators, environment, community, and investors) using the disclosure standards and guidelines of Global Reporting Initiative (GRI), United Nations Sustainable Development Goals (UN SDGs), United Nations Conference on Trade and Development (UNCTAD), and the UN Guiding Principles on Business and Human Rights (UNGP BHR). FPH's disclosures, through adherence with <IR> Content Elements and <IR> Guiding Principles, underwent further assurance and certification processes to reinforce the relevance and alignment with industry practices and standards.

The exhaustive identification of attendant risks that can directly and indirectly affect the returns on various capitals, along with opportunities they present in terms of returns when effectively addressed, underscores FPH's comprehensive approach. Additionally, the Company clearly identified the metrics to measure the desired outcomes of the pursuit of its mission against ESG commitments.

FPH, with its deep concern on the external returns or value created by its six capitals deployed to the various core subsidiaries, namely power generation, energy solutions, construction, real estate, and healthcare, does not take away its focus on the business case presented as in the financial and operational performance and projects of each of its portfolio – the primary driver of financial capital and returns. This focus continues to drive management thinking, decision-making, and action.

In summary, FPH's portfolio of strategies, activities, financial performance, and impact measurements to capture the value creation, distribution and recapture from its various capitals together with attendant risks and opportunities in pursuit of its decarbonization and regeneration mission, are comprehensively disclosed in its 2023 IR.

Over the years, FPH has attained a certain level of sophistication and maturity in gathering relevant data and information, disclosing them in a disciplined and logical manner. The Company is now poised to forge ahead, as reflected in the theme of its 2023 IR: *"Innovation and Investing in/for the Future."* This involves a deeper examination of its institutional impact, considering the following:

- 1) As a publicly-listed company with a long record of disclosing its ESG practices, FPH may analyze the impacts of the Company since it first started disclosing its performance vis-à-vis its financing structure over time, specifically the profile of investors it attracts (whether in the form of equity and/or debt or institutional, corporate, government, family, or individual investors), which offers insights into investor motivations – whether driven by “corporate value” or “corporate values.” The insights are crucial for FPH's collaborative pathways strategy, as investors serve as key partners in supporting its mandate. Perhaps, if the findings can be validated, FPH's future reports could potentially disclose investor appreciation and alignment with corporate “value” and “values.”
- 2) It may disclose the effectiveness and value created by ESG practices realized through collaborative pathways, including long-term partnerships forged with like-minded partners, the customers they have attracted and retained due to positive corporate reputation from sustainability practices, the talent they have attracted and retained, and investor loyalty and competitive differentiation established by FPH and its subsidiaries over time due to its adherence to its mission.

3) In the next IR, it may consider the role and impact of Artificial Intelligence (AI) in its operations, strategies, and pursuit of its mandate. While institutions are still starting to adopt or grapple with AI's rapid rise and accelerated improvements and power, its potential to enhance labor productivity, understand and anticipate customer behavior, automate processes, improve decision-making, and provide insights from processing vast amounts of data, whether structured or putting structure on them, can contribute to generating more value from FPH's capitals and advancing its pursuit of its decarbonization and regeneration mission.

23 March 2024

**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 2023 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 alignment 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 2023 IR is, in our opinion, fairly stated in material respects, in alignment 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 a professor of industrial economics and strategic management. Concurrently, he also serves as the President of the Center for Research and Communication Foundation, Inc. – the research and communication arm of UA&P that aims to promote inclusive growth and development. 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 in partnership with the UA&P Center for Social Responsibility. Also, he sits on the board of non-government organizations that promote good governance and education for the less privileged including CSR Philippines, Center of Excellence in Governance, the Institute of Solidarity in Asia, the Institute of Corporate Director, Center for Family Governance and Center for School Governance, and the Jose Jon Tiamsuy Foundation that extends scholarships to deserving students in Iloilo City. He also serves as policy advisor to several industry associations in the country such as Subdivision and Housing Developers Association (SHDA), Organization of Socialized and Economic Housing Developers of the Philippines (OSHDP), the National Real Estate Association, Inc. (NREA), Semiconductor and Electronics Industries of the Philippines (SEIPI), Philippine Franchise Association (PFA), and the Philippine Retailers Association (PRA).

Dr. Winston Conrad Padojinog
President, University of Asia and the Pacific



Mr. Colin Legarde Hubo is a global ambassador for the International Integrated Reporting Council (IIRC-London) which is now also part of the International Financial Reporting Standards (IFRS). He was also an elected stakeholder council member of the Global Reporting Initiative (GRI Amsterdam) for six years and currently a member of the consultative group of the United Nations Commission on Trade and Development (UNCTAD) Regional Partnership for Sustainability Reporting in Asia. In the Philippines, he sits as an independent trustee of Petron Foundation and acts as the sustainability and ESG advisor of several conglomerates including GT Capital Holdings, Inc., First Philippine Holdings Corporation, SM Prime Holdings, Inc., DMCI Holdings, Inc., San Miguel Global Power, Petron Corporation, First Gen Corporation, Energy Development Corporation, and multiple mining and energy companies.

In 2022, Diligent (New York) recognized him as an ESG, Diversity, and Climate Trailblazer and featured him in the Modern Governance 100 list. Colin initiated the UA&P Applied Sustainability Management in Asia Pacific (ASMAP) executive program which has been accredited by the Philippine Securities and Exchange Commission (SEC). Colin holds a Business Economics Certificate from UA&P's Strategic Business Economics Program (SBEP) and completed the Wharton Executive Education for Leadership and Management. He was also Fleishman fellow at Duke University and has worked with IFC-World Bank, Control Risks Group, French Development Agency, and the UK Embassy in Manila.

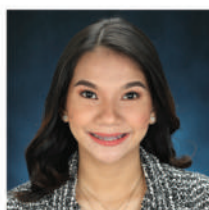
Mr. Colin Legarde Hubo
*Global Ambassador, International Integrated Reporting Council
Former Stakeholder Council Member, Global Reporting Initiative
Certified Specialist, Task Force on Climate-related Financial Disclosures*



Lindsay Anne Estacio
Lindsay Anne Estacio



Francesca Louise Cabugoy
Francesca Louise Cabugoy



Reana Aliah Dolor
Reana Aliah Dolor



Ernest Marc Castillo
Ernest Marc Castillo



Alliah Leona Tan
Alliah Leona Tan

*GRI Standards and <IR> Framework Practitioners
TCFD-certified Specialists
UA&P Center for Social Responsibility*

ANNEX 2: AWARDS AND RECOGNITIONS

Sustainability and Integrated Reporting

Gold Award: Best Sustainability Report (CEO Letter) for Energy Development Corporation

2022 Asia Sustainability Reporting Awards, CSRWorks International

Silver Award: Best Integrated Report (Value Creation) for Energy Development Corporation

2022 Asia Sustainability Reporting Awards, CSRWorks International

Silver Award: Best Sustainability Report (Private Company) for Energy Development Corporation

2022 Asia Sustainability Reporting Awards, CSRWorks International

Bronze Award: Best Integrated Report (Value Creation) for First Gen Corporation

2022 Asia Integrated Reporting Awards, CSRWorks International

Bronze Award: Best Integrated Report (Integrated Thinking) for First Gen Corporation

2022 Asia Integrated Reporting Awards, CSRWorks International

**Certificate of Achievement for the Corporate Sustainability Reporting Category
for Energy Development Corporation**

2023 Asia Responsible Enterprise Awards (AREA), Enterprise Asia

Environment Initiatives

2023 Sustainability Champions for integrating the UN SDGs into core operations for First Gen Corporation

ATR Asset Management

**Wellness Champion for sustained support for clean energy and improvements in water and energy
utilization for First Gen Corporation**

ATR Asset Management

Grand Prix Winner: Greening a Regenerative Future of Energy for Energy Development Corporation

2023 Tambuli Awards, School of Communication of the University of Asia and the Pacific

**Gold citation under the Care for the Environment category of the Sustainability & Corporate Purpose
division for Energy Development Corporation's BINHI Project**

2023 Tambuli Awards, School of Communication of the University of Asia and the Pacific

**Silver award under the Inclusive Growth category in the Sustainability & Corporate Purposedivision
for Energy Development Corporation's Baslay Coffee Program**

2023 Tambuli Awards, School of Communication of the University of Asia and the Pacific

**ASEAN Green Initiative recognition under the Large Scale category of planting 5,000 or more
trees for Energy Development Corporation's BINHI Project**

ASEAN Centre for Biodiversity

**Top 25 in the Asia-Pacific region's Steward Leadership (SL25) initiative list
for Energy Development Corporation's BINHI Project**

Stewardship Asia

**Recognition Award - Adopt-an-Estero/Waterbody Program
for First Gen Corporation - FGPC**

Department of Environment and Natural Resources (DENR) -
Environmental Management Bureau (EMB)

Corporate Governance

2 Golden Arrows based on the 2022 Asian Corporate Governance Scorecard (ACGS) assessment results for First Philippine Holdings

Institute of Corporate Directors

3 Golden Arrows based on the 2022 Asian Corporate Governance Scorecard (ACGS) assessment results for First Gen Corporation

Institute of Corporate Directors

Corporate Social Responsibility

2023 Best Corporate Social Responsibility Project for Education for Energy Development Corporation's Keitech Education Program

League of Corporate Foundations

Business Excellence

Finalist in Ecozone with the Highest Number of Mother-Baby Friendly-Certified Companies (C.Y. 2014-2023) for First Philippine Industrial Park

DOH - Center for Health Development CALABARZON

Top 2 in Most Outstanding Stakeholder - Private Sector for First Philippine Industrial Park

Department of Education - Division of Santo Tomas, Batangas

Top 2 in Most Outstanding Stakeholder - Private Sector for First Philippine Industrial Park

Department of Education - Division of Tanauan, Batangas

Top 7 in Most Outstanding Corporate Taxpayer - Real Property Tax for First Philippine Industrial Park

City Government of Santo Tomas, Batangas

Top 7 in Most Outstanding Corporate Taxpayer - Real Property Tax for First Philippine Industrial Park

City Government of Tanauan, Batangas

Top 10 in Most Outstanding Corporate Taxpayer - Real Property Tax for First Philippine Industrial Park

City Government of Tanauan, Batangas

Infrastructure Category for First Balfour's CCLEX

Philippine Excellence in Concrete Construction Awards

Award in Construction Innovation for First Balfour's CCLEX

International Association of Bridges and Structural Engineering (IABSE)

Early Adopters of Extended Reality for T1 Rentals

TESDA

Employee Health and Safety

7,213,641 Safe Man-Hours without Lost Time Accident for First Gen Corporation - FGPC

Safety Organization of the Philippines, Inc.

3,040,066 Safe Man-Hours Without Lost Time Accident for First Gen Corporation - FGP

Safety Organization of the Philippines, Inc.

2,125,686 Safe Man-Hours Without Lost Time Accident for First Gen Corporation - FNPC

Safety Organization of the Philippines, Inc.

Blood Services Platinum Award (606 blood units donated in 13 years of partnership) for First Gen Corporation

Philippine Red Cross

ANNEX 3: EXTERNAL ENGAGEMENTS

Academe

Organization	Activity Description	Role of FPH
1. Ateneo Sustainability Institute and Sustainable Development Solutions Network	"Evolving Role of Universities in Sustainability" <i>March 13, 2023</i> The event was conceptualized as a tangible contribution of the academe in molding future business leaders. With the clamor for business to operate responsibly, appropriate skills and knowledge are required to address this concern. Academic institutions play a pivotal role in equipping the current and future workforce with competencies aligned with emerging career paths in sustainability. FPH discussed how the business landscape changed for sustainability career opportunities, how university curricula must change and the role of universities in sustainability and reporting.	Panelist
2. University of Asia and the Pacific (UA&P) Network	UA&P's executive course on "Applied Sustainability Management in Asia-Pacific (ASMAP)" where FPH gave insights on the topic "ESG Materiality Assessment for Robust Disclosures". <i>May 5, 2023</i>	Presenter
3. Ateneo School of Governance	Thesis entitled "The Relationship of Sustainability Practices and the Corporate Financial Performance of Publicly Listed Companies in the Philippine Stock Exchange's Industrial Sector" was successfully defended by Regina Maria Padojinog. <i>July 24, 2023</i>	Thesis Reader

Organization	Activity Description	Role of FPH
4. Ateneo School of Governance	"A case study on carbon tax revenue as a loss and damage fund for vulnerable provinces in the Philippines" was prepared by Ma. Katreena V. Pillejera for a degree on Master of Public Management. <i>April 3, 2023</i>	Reader of the Study
5. Ateneo Sustainability Institute	A doctoral research entitled "How Formative Experiences of Sustainability Leaders Contribute to Their Sustainability Leadership". <i>December 8, 2023</i>	Informant in the Research

Government

Organization	Activity Description	Role of FPH
1. Department of Environment and Natural Resources (DENR)	"Brown Bag Session" <i>June 26, 2023</i> FPH shared "EDC's Experience on Nature-based Solutions (NbS)" to DENR leaders and employees.	Presenter
	"TRANSFORM Rizal launch" <i>October 20, 2023</i> TRANSFORM stands for "Transdisciplinary Approach for Resilience and Environmental Sustainability Through Multi-Stakeholder Engagement". FPH/EDC are piloting DENR's new framework (nature's integrity, improved community well-being and robust local economy) in partnership with the Ormoc local government, National Resilience Council and DENR Region 8. FPH shared the experience in TRANSFORM Ormoc, the pilot project of DENR.	Presenter
2. DENR and Department of Interior and Local Government	"Barangayan Para sa Kalikasan at Bayang Matatag" (Role of Villages in Resilience Building). FPH shared the background on NbS. <i>October 12, 2023</i>	Presenter

Organization	Activity Description	Role of FPH
3. National Disaster Risk Reduction and Management Council (NDRRMC)	"BIDAng Pilipino: Building A Stronger Filipino Well-being towards Disaster Resilience", where FPH shared the update on the TRANSFORM Ormoc Project. <i>July 17, 2023</i>	Presenter
4. National Economic Development Authority (NEDA)	Symposium on "Accelerating SDGs through Sustainable Business Practices" where FPH participated in the discussion for the segment "Integrating ESG into Corporate Strategy-Best Practices and Lessons Learned" <i>December 1, 2023</i>	Panelist

Business

Organization	Activity Description	Role of FPH
1. 3 Zero Organization	"Breakfast Forum on Sustainability Reporting" <i>May 13, 2023</i>	Panelist
2. Asia Pacific Tambuli Awards	Tambuli recognizes brand campaigns with a purpose that drives performance, and sustainability initiatives of companies that positively impact the world. FPH was a jury in Tambuli Awards category on Leaders for Sustainability and Corporate Purpose. <i>June 5, 2023</i>	Jury
3. Suppliers	For General Suppliers: FPH launched Suppliers' Assemblies and discussed the topic "Business Case of Climate Action by Companies". <i>August 18, 22, 24 and September 5, 2023</i>	Sponsor and Presenter
	For First Balfour Suppliers: Vendors' Assembly where FPH discussed "Sustainability 101 and the Supply Chain". <i>December 20, 2023</i>	Presenter

Organization	Activity Description	Role of FPH
4. NextGen Organization of Women Corporate Directors	General Assembly where FPH discussed the topic "Beyond Sustainability: Addressing the Climate Emergency". <i>September 12, 2023</i>	Presenter
5. Net Zero Carbon Alliance	"Net-Zero: From corporate pledges to action" where FPH participated in the segment "Beyond compliance: The Business case of Net-Zero for MSMEs". <i>September 25, 2023</i>	Panelist
6. Diligent Corporation	Diligent Connections, Manila where FPH participated in the segment "ESG market trends and what organizations need to do to get ready for". <i>October 10, 2023</i>	Panelist
7. Management Association of the Philippines (MAP)	Member of the Environmental Working Group to develop the roadmap of MAP during the " Summit on Shared Prosperity with the theme: Bridging and building a progressive future". <i>November 28, 2023</i>	Informant

Multilateral Agency

Organization	Activity Description	Role of FPH
Asian Development Bank with US Agency for International Development (USAID)	"Asia Clean Energy Forum USAID/USG Partnerships for Southeast Asia's Clean and Inclusive Energy Future" where FPH participated in the segment "Private Sector Role in Developing Inclusive Energy Sector Workforce of the Future". <i>June 14, 2023</i>	Panelist

Professional Organization

Organization	Activity Description	Role of FPH
Institute of Internal Auditors of the Philippines	"Be a DIAMOND for Sustainable Relevance and Growth" where FPH participated in the segment "Climate Change, Business Responsibility and Climate Action". <i>August 24, 2023</i>	Panelist

ANNEX 4: BOARD OF DIRECTORS



FEDERICO R. LOPEZ

62 Years Old, Filipino

Chairman and Chief Executive Officer

E

CG

CR

FI

Tenure: 17 years

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, Chairman of Energy Development Corporation and the Vice Chairman of Rockwell Land Corp. He likewise chairs the Boards of Asian Eye Institute, First Balfour, Inc., Terraprim, 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).

BENJAMIN R. LOPEZ

53 Years Old, Filipino

CG

Tenure: <1 year

Mr. Benjamin R. Lopez was appointed Director and Vice Chairman of the Corporation last March 30, 2023. He has been Vice President of the Corporation since November 2006. He has been with FPH since October 1993. He is a Director of Rockwell Land Corporation. He was assigned to Rockwell in May 1995 where he held various posts in Business Development, Sales and Marketing. Prior to his recall to FPH in June 2004, he was a Vice President for Project Development of Rockwell. He is currently the President of INAEC Aviation Corporation. Mr. Lopez is currently the Senior Executive Vice President of Lopez, Inc. He is also a member of the Board of Directors of various subsidiaries such as First Balfour, Inc., Terraprim, Inc., First Philippine Electric Corp., First Philec, Inc., First Philec Solar Solutions Corp., First Philippine Power Systems, Inc., First Philippine Realty Corp., FPH Capital Resources, Inc. and First Philippine Utilities Corp. He graduated with a Bachelor of Arts degree in International Affairs (1992) from George Washington University. He pursued his Executive Masters in Business Administration degree at the Asian Institute of Management (2001). Harvard Business School -OPM 60, Executive Education (2023).



LEGEND:

E	Executive Committee
CG	Corporate Governance Committee
CR	Compensation and Remuneration Committee
FI	Finance and Investment Committee

BRO	Board Risk Oversight Committee
A	Audit Committee
RPT	Related Party Transaction Committee
◀	Chairman

**Tenure is based on December 2023 cut-off*



JAIME I. AYALA

Independent Director
62 Years Old, Filipino



Tenure: 2 years

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

55 Years Old, Filipino



Tenure: 2 years

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., 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



ANNEX 4: BOARD OF DIRECTORS

St. Jude Catholic School Alumni Association, and Chapter Chairman 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
65 Years Old, Filipino



Tenure: 5 years

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 until May 2024, and is part of the International Advisory Board of the New York Philharmonic. He is also an independent director at Century Properties Group, Century Pacific Food, Inc. Philippine Bank of Communications, and AvePoint. He is a Director in MiCare HealthTech Holdings Pte. (Singapore). He was previously an independent director of Aboitiz Equity Ventures, an Adviser to the Board of SM Investments Corporation (2008-2017), and was a director of Manila North Tollways Corporation, Phoenix Petroleum, and Golden Springs. He was Vice Chairman, ASEAN of Macquarie (Hong Kong) Limited from 2007 to 2009. He is a member of

LEGEND:

E	Executive Committee	BRO	Board Risk Oversight Committee
CG	Corporate Governance Committee	A	Audit Committee
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FI	Finance and Investment Committee	◀	Chairman

**Tenure is based on December 2023 cut-off*

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
69 Years Old, Filipino

A **BRO**

Tenure: 3 years

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 of the Angara Abello Concepcion Regala & Cruz Law Offices (ACCRAALAW). He holds the following positions: Trustee, CIBI Foundation, Inc.; Trustee and Chairman, 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) and Financial Executives Institute of the Philippines (FINEX). 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 (on leave) 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 Chair, the Committee on Commercial Law, Philippine Judicial Academy, among



ANNEX 4: BOARD OF DIRECTORS

others. He is a columnist of Rappler. 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

62 Years Old, Filipino

BRO

Tenure: 2 years

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).



LEGEND:

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**Tenure is based on December 2023 cut-off*



MERCEDES LOPEZ VARGAS

65 Years Old, Filipino

A

Tenure: 2 years

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 the 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 a BA in Communication Arts at Assumption College.

ANNEX 4: BOARD OF DIRECTORS



MIGUEL ERNESTO L. LOPEZ

54 Years Old, Filipino

E A FI

Tenure: 3 years

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.

LEGEND:

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**Tenure is based on December 2023 cut-off*



RIZALINA G. MANTARING

Lead Independent Director
63 Years Old, Filipino



Tenure: 7 years

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., Bank of the Philippine Island, PHINMA Corporation, Universal Robina Corporation, Inc., Maxicare Healthcare Corp., GoTYME Bank, BPI Asset Management & Trust Corp., 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.

ANNEX 4: BOARD OF DIRECTORS



CIRILO P. NOEL

Independent Director
66 Years Old, Filipino

A **BRO** **RPT**

Tenure: 2 years

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, Juxtapose Ergo Consultus, Inc, and Cofiar Land Corp. He has been the interim Chairman of Security Bank Corporation since May 2023, a Director since April 2018, and was appointed Vice Chairman in 2020.

He is a Director of Eton Properties, Inc., Transnational Diversified Group Holdings, Amber Kinetics Holdings Co., PTE Ltd., Globe Telecom, Inc., LH Paragon Group, Golden ABC, San Miguel Foods and Beverage, Inc. , Robinsons Retail Holdings.

He is also a member of the Board of Trustees of St. Luke’s Medical Center Quezon City and St. Luke’s Medical Center College of Medicine. He sits as a board member of St. Luke’s Medical Center – Global City and St. Luke’s Foundation, Inc. He is affiliated with the Makati Business Club, Harvard Law

School Association of the Philippines, and Harvard Club of the Philippines. He was a Director of Philippine Airlines, PAL Holdings, Inc., and JG Summit Holdings.

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, Managing Partner, Vice Chairman and Deputy Managing Partner, Head of Tax Division, and Partner, Tax Services. 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.

LEGEND:

E	Executive Committee	BRO	Board Risk Oversight Committee
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**Tenure is based on December 2023 cut-off*



FRANCIS GILES B. PUNO

President, and Chief Operating Officer
59 Years Old, Filipino



Tenure: 12 years

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 has been a Director of the Energy Development Corporation and its various subsidiaries since 2007 and was appointed as Vice Chairman and Chief Executive Officer last July 1, 2023. He is also Chairman of First Batangas Hotel Corp. and First Philippine Development Corp. He is President of First Philippine Industrial Park, Inc., First Philec, 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 likewise a director of First Balfour, Inc., Terraprim, 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., Knowledge Channel Foundation, Inc., Sikat Solar Challenge 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.

ANNEX 4: BOARD OF DIRECTORS

ANITA B. QUITAIN

77 Years Old, Filipino

BRO

Tenure: 5 years

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 ANTONIO P. SINGSON

58 Years Old, Filipino

E

FI

RPT

Tenure: 2 years

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 EVP, 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

LEGEND:

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BRO	Board Risk Oversight Committee
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◀	Chairman

**Tenure is based on December 2023 cut-off*

Balfour, Inc., Terraprim, 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. He is also a member of the board of trustees to the following foundations: Knowledge Channel Foundation, Inc, Ang Misyon, Lopez Group Foundation, Inc. (LGFI), and Solar Village Foundation. Mr. Singson holds a Bachelor of Science degree in Business Management from the Ateneo de Manila University (1987).

RICHARD B. TANTOCO

57 Years Old, Filipino

E	CG	FI	RPT
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Tenure: 6 years

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 was an Executive Vice President from September 2011 to June 2023 and a Vice President of the Corporation from May 1997 to August 2011. He was the President and Chief Operating Officer of Energy Development Corporation and several EDC subsidiaries from 2009 to June 2023. He also sat as a director of First Gen Corporation from August 2005 to June 2023 and was an Executive Vice President of the company and several First Gen subsidiaries and its affiliates from 2007 to June 2023. He is also an independent director of Cebu Air, Inc since 2021. He is the President and Trustee of the Oscar M. Lopez Center for Climate Change Adaptation and Disaster Risk Management Foundation, Inc., and is 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



ANNEX 4: BOARD OF DIRECTORS

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).



JONATHAN C. RUSSELL

Senior Adviser

59 Years Old, British

Tenure: 11 years

Mr. Jonathan C. Russell is a Senior Adviser of FPH since August 2012. He is also the Chief Commercial Officer and Executive Vice President of First Gen Corporation and is a Director and Chief Commercial Adviser of Energy Development Corporation since November 2007. Until 1998, he was Vice President of Generation Ventures Associates (GVA), an international developer of independent power projects based in Boston, USA. Before joining GVA, he worked for BG PLC based in London and Boston. He has a Bachelor of Science degree in Chemical and Administrative Sciences (with Honours) (1987) from City University in London, England and a Master of Business Administration in International Business and Export Management degree (with Distinction) (1989), from City University Business School in London, England. Mr Russell has 33 years of experience in the Energy industry, having developed and managed natural gas, LNG, wind, solar, hydro and geothermal projects.

LEGEND:

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◀	Chairman

**Tenure is based on December 2023 cut-off*

MARIO L. BAUTISTA Senior Board Adviser 70 Years Old, Filipino

Tenure: 9 years

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 also sits as a director of Asian Eye Institute, Inc. 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 66 Years Old, Filipino

Tenure: 1 years

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. Mr. Wassmer 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).

ANNEX 5: SENIOR MANAGEMENT



OSCAR M. LOPEZ (†)

Chairman Emeritus

January-April 2023



**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



ANTHONY L. FERNANDEZ

Senior Vice President



**JOSE VALENTIN A.
PANTANGCO, JR.**

Senior Vice President and
Head of Corporate Planning



ANNA KARINA P. GEROCHI
Vice President and Head,
Human Resources Management



EMELITA D. SABELLA
Vice President



JONATHAN C. TANSENGCO
Vice President



RAMON A. CARANDANG
Vice President



SHIRLEY H. CRUZ
Vice President and Chief of Staff,
Office of the Chairman



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
Compliance Officer

ANNEX 5: SENIOR MANAGEMENT



MILAGROS D. FADRI
Vice President



AGNES C. DE JESUS
Vice President and
Chief Sustainability Officer



ANGELO G. MACABUHAY
Vice President and
Head of Internal Audit



RENE J. MAYOL
Vice President



**JANNINA CYNTHIA P.
MENDOZA**
Vice President for Strategic
Brand Management



ERNIE G. IMPERIAL
Vice President and
Chief Digital Officer



KAREN Y. CHUNG
Vice President and
Investor Relations Officer



ENRIQUE I. QUIASON
Corporate Secretary



LIANNE M. BACORRO
Assistant Compliance Officer



ANNEX 6: RESEARCH AND PUBLICATIONS OF OML CENTER

The OML Center provides detailed analyses of the state of the Philippine climate through its annual reports. These publications are valuable for understanding the trends and impacts of climate conditions in the Philippines and contribute to informed policy-making.

Oscar M. Lopez Center (2023). 2020 State of the Philippine Climate. Available at

https://www.omlopezcenter.org/?download=&kccpid=4412&kcccount=https://drive.google.com/file/d/1fqVuAG52BwwLpMfr7W8kdqARNlx9uwqW/view__QUESTION__usp=share_link

This report provides a detailed analysis of the key climate indicators from 2020, including temperature, rainfall, the El Niño–Southern Oscillation (ENSO), and tropical cyclones (TC). It is an essential resource for understanding the climatic conditions affecting the Philippines in that year.

Oscar M. Lopez Center (2023). 2021 State of the Philippine Climate. Available at

https://www.omlopezcenter.org/?download=&kccpid=4412&kcccount=https://drive.google.com/file/d/1mclt4KOU_B0MuMANteimT-judzJdjjGu/view__QUESTION__usp=sharing

The subsequent report reveals that the year 2021 was marked as the 11th wettest year on record in the Philippines, reflecting the continuation of a warming trend. The document serves as a call to action, highlighting the urgent need for comprehensive climate strategies to address the ongoing and future challenges posed by climate change.

Lasco, R.D., et al. Climate Change 2023: Synthesis Report. Contribution of Working Groups I, II and III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change. ResearchGate. March 2023. Available at
https://www.researchgate.net/publication/370465535_Climate_Change_2023_Synthesis_Report_Contribution_of_Working_Groups_I_II_and_III_to_the_Sixth_Assessment_Report_of_the_Intergovernmental_Panel_on_Climate_Change

The report provides a comprehensive synthesis based on the contributions of the three Working Groups to the IPCC's Sixth Assessment. It serves as a crucial document for understanding the latest scientific findings on climate change impacts, adaptations, and vulnerabilities globally.

Oscar M Lopez Center. Climate Disaster and Development Journal.

- **Oscar M. Lopez Center (2023). Climate Disaster and Development Journal. Volume 5. Issue 1 Compilation.**
<https://doi.org/10.18783/cddj.v005.i01>

This issue features assessment studies on the: 1) risks, sense of place, and preparedness of communities along a river; 2) climate change and civil-military coordination; 3) adaptive capacity to flooding of household in lakeshore communities; 4) disaster preparedness index of households and LGUs; 5) risk and impacts of tropical cyclones on banana production in the Philippines.

- Characterizing the risk and impacts of tropical cyclones on banana production in the Philippines (<https://doi.org/10.18783/cddj.v005.i01.a05>)
- Disaster Preparedness Index of Households and Selected Local Government Units in Laguna, Philippines (<https://doi.org/10.18783/cddj.v005.i01.a04>)

- Enhancing Adaptive Capacity to Flooding of Households: Evidence from Lakeshore Communities of Pila, Laguna, Philippines (<https://doi.org/10.18783/cddj.v005.i01.a03>)
- Climate Change and Civil-Military Coordination in the Philippines: How climate change disasters will impact aid delivery in areas affected by conflict (<https://doi.org/10.18783/cddj.v005.i01.a02>)
- Flood Disaster Risk, Sense of Place, and Preparedness of Entrepreneurs in Communities along a River (<https://doi.org/10.18783/cddj.v005.i01.a01>)
- **Cruz, N. A. (2023). Building Back Better After Disasters: Enhancing Community Resilience Through In-City Resettlement in Valenzuela City, Philippines. Climate, Disaster and Development Journal, Volume 5, Issue 2, Article 1, Pages 1–13. <https://doi.org/10.18783/cddj.v005.i02.a01>**

The study analyzes the application of Build Back Better (BBB) in an in-city resettlement for disaster-affected individuals, using the IFRC community resilience framework. Relocation significantly improves community resilience in knowledge, health, infrastructure, and economic opportunities. Areas for improvement include psychological support and managing natural assets within spatial constraints. Identified good practices align with BBB principles, such as improved structural design, hazard-based land-use planning, participatory approaches, multi-partnership models, and effective stakeholder management. These findings offer valuable lessons for disaster governance, aiding better post-disaster recovery in line with Sustainable Development Goal 11 on sustainable cities and communities.

- **Oscar M. Lopez Center (2023). Klimaalam: Step Up and Step In to Act on Climate. Available at <https://www.omlopezcenter.org/our-work/klimaalam/>**

“Klimaalam: Step Up and Step In to Act on Climate” by the Oscar M. Lopez Center is a comprehensive educational initiative designed to enhance climate change awareness and action among high school students. It provides an in-depth understanding of climate change impacts in the Philippines and emphasizes the importance of adaptation and mitigation strategies. The program aims to equip students with the knowledge and tools necessary to address climate risks and impacts, particularly in coastal, urban, and farming areas.

Thought Pieces and Articles:

- Lasco, R.D. [“Conserving the high seas”](#), Philippine Daily Inquirer. 15 March 2023.
- Lasco, R.D. [“Climate-induced tipping points”](#), Philippine Daily Inquirer. 26 April 2023.

Other Works:

- Knowledge Production Manager Ayn Torres joined the **‘Ang Ating Kwentong Klima’ Twitter Space** on 20 April to share how climate change impacts the lives of every Filipino, and what adaptation and mitigation measures shall be undertaken to reduce its risks in the future.
- Dr. Rodel Lasco’s live interview on **TeleRadyo’s “Kapamilya Konek” episode** last 29 May. Dr. Lasco shared the causes of climate change, its impacts on our communities, and adaptation measures that can be undertaken to address the phenomenon. The interview is available for streaming at <https://www.youtube.com/watch?v=LI57ygxJII0>
- John Leo Algo wrote an opinion piece on the Center’s **“Climate Resilience of the Deaf: Signs for Inclusive Governance and Development”** (Project SIGND) in Rappler on 25 June entitled [“How the climate crisis affects persons with disabilities”](#).
- An article released by Eco-Business in November 2022, entitled, [“In Central Philippines, traditional fisherfolk struggle to protect a river oasis from tides of climate change”](#) featured OML Center’s Umalohokan fellow, Team Bintuwak, under its Balangay Media Fellowship. It detailed a traditional, non-destructive fishing practice of a community in Aklan.
- Team Bintuwak (one of OML Center’s Umalohokan grantees) has also published their research titled [“Climate Change, Traditional Ecological Knowledge, and Riverine Biodiversity Conservation: A Case in Aklan, Central Philippines.”](#)

ANNEX 7: CONTENT INDICES

Integrated Reporting Framework

Core Elements	Material Topic	Page No. / Remarks
Organizational overview and external environment		About the Company: pp 20 to 25 2023 Highlights: pp 8 to 9
Business Environment		pp 26 to 31
Governance	Corporate Governance	pp 54 to 67
Business model		About the Company: pp 20 to 25 Strategy and Business Model: pp 70 to 94 Value Creation Framework: pp 180 to 183 ESG Outcomes: pp 108 to 177
Risk and Opportunities	Risk Management	pp 68 to 69 pp 75 to 87
Strategy and Resource Allocation		pp 70 to 72
Performance		2023 Highlights: pp 8 to 9 Progress on Our Mission: pp 190 to 195 ESG Outcomes: pp 108 to 177
Outlook		pp 196 to 199
Basis of preparation and presentation		About the Report: pp 4 to 6 Materiality: pp 100 to 107

Task Force on Climate-related Disclosures

Core Elements	Disclosure	Material Topic	Page No. / Remarks
Governance	a) Describe the board's oversight of climate-related risks and opportunities.	Corporate Governance, Climate Governance, Governance Structure	pp 68 to 69 p 54
	b) Management's role in assessing and managing climate-related risks and opportunities.	Corporate Governance, Climate Governance, Governance Structure	pp 68 to 69 p 54
Strategy	a) Climate-related risks and opportunities	Risk Management	pp 88 to 91
	b) Impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Implications on Business and Strategic Options, Implications on the Resilience of FPH Business Strategy	pp 92 to 93
	c) Organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Climate Scenario Analysis, Our Chosen Path (subsidiary strategy)	pp 88, 22

Core Elements	Disclosure	Material Topic	Page No. / Remarks
Risk Management	a) Organization's processes for identifying and assessing climate-related risks.	Risk Management, Climate Scenario Analysis, Climate Risk/ Opportunity Analysis	pp 68 to 69 p 88
	b) Organization's processes for managing climate-related risks.	Risk Management	pp 68 to 69
	c) Integration of processes to identify, assess, and manage climate-related risks in the organization's overall risk management.	Risk Management, Climate Risk and opportunity analysis	pp 68 to 69 pp 89 to 91
Metrics and Targets	a) Metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Risk Management, Climate Action	To be developed in 2024
	b) Scope 1, Scope 2, and Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Emissions	pp 127 to 129
	Targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Emissions	Targets to be established

Global Reporting Initiative

Topic Standard	Disclosure	Material Topic	Page No. / Remarks
General Information			
GRI 2: General Disclosures; The organization and its reporting practices	2-1 Organizational details		p 20
	2-2 Entities included in the organization's sustainability reporting		p 4
	2-3 Reporting period, frequency and contact point		p 4
	2-4 Restatements of information		p 253
	2-5 External assurance		pp 202 to 211
GRI 2: General Disclosures; Activities	2-6 Activities, value chain and other business relationships		pp 20 to 25

Topic Standard	Disclosure	Material Topic	Page No. / Remarks
Environment			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions		pp 126 to 129
	305-2 Energy indirect (Scope 2) GHG emissions		pp 126 to 129
	305-3 Other indirect (Scope 3) GHG emissions		pp 126 to 129
	305-6 Emissions of ozone-depleting substances (ODS)		pp 126 to 129
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		p 129
GRI 302: Energy 2016	302-1 Energy consumption within the organization		pp 124 to 126
	302-4 Reduction of energy consumption		pp 124 to 126
GRI 301: Materials 2016	301-1 Materials used by weight or volume		pp 130 to 131
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts		pp 131 to 133
	306-2 Management of significant waste-related impacts		pp 131 to 133
	306-3 Waste generated		pp 131 to 133
	306-4 Waste diverted from disposal		pp 131 to 133
	306-5 Waste directed to disposal		pp 131 to 133
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource		p 134
	303-2 Management of water discharge-related impacts		p 134
	303-3 Water withdrawal		p 135
GRI 304: Biodiversity 2024	304-3 Habitats Protected or Restored		pp 137 to 139
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria		p 168
	308-2 Negative environmental impacts in the supply chain and actions taken		p 168

Topic Standard	Disclosure	Material Topic	Page No. / Remarks
Social			
GRI 2: General Disclosures; Stakeholder Engagement	2-29 Approach to stakeholder engagement		pp 158 to 162
	2-30 Collective bargaining agreements		p 164
GRI 2: General Disclosures	2-7 Employees		pp 140 to 141
GRI 401: Employment 2016	401-1 New employee hires and employee turnover		p 142
	401-3 Parental leave		p 147
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee		p 143
	404-2 Programs for upgrading employee skills and transition assistance programs		pp 143 to 144
	404-3 Percentage of employees receiving regular performance and career development reviews		100% of employees received performance reviews in 2023.
GRI 402: Labor and Management Relations 2016	402-1 Minimum notice periods regarding operational changes		30 days
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees		pp 59, 140-141, 147
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		p 164
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system		pp 148 to 150
	403-2 Hazard identification, risk assessment, and incident investigation		pp 148 to 150
	403-3 Occupational health services		pp 148 to 150
	403-4 Worker participation, consultation, and communication on occupational health and safety		pp 148 to 150
	403-5 Worker training on occupational health and safety		pp 148 to 150
	403-6 Promotion of worker health		pp 148 to 150

Topic Standard	Disclosure	Material Topic	Page No. / Remarks
Social			
GRI 403: Occupational Health and Safety 2018	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		pp 148 to 150
	403-8 Workers covered by an occupational health and safety management system		pp 148 to 150
	403-9 Work-related injuries		p 150
	403-10 Work-related ill health		p 150
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken		No incidences of discrimination have been reported in 2023.
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor		p 164
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor		p 164
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs		pp 165, 170-173
	413-2 Operations with significant actual and potential negative impacts on local communities		p 165
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples		p 165
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria		p 168
	414-2 Negative social impacts in the supply chain and actions taken		p 168
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services		No cases of non-compliance
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data		p 154 No incidences of breaches in personal and corporate data.

Topic Standard	Disclosure	Material Topic	Page No. / Remarks
Governance			
GRI 2: General Disclosures; Governance	2-9 Governance structure and composition		p 54
	2-10 Nomination and selection of the highest governance body		p 57
	2-11 Chair of the highest governance body		p 54
	2-12 Role of the highest governance body in overseeing the management of impacts		p 54
	2-13 Delegation of responsibility for managing impacts		p 54
	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.
	2-15 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 the highest governance body		p 66
	2-18 Evaluation of the performance of the highest governance body		An annual board assessment is conducted by the Board of its performance, key officers, and committees.
	2-19 Remuneration policies		p 57
	2-20 Process to determine remuneration		p 57

Topic Standard	Disclosure	Material Topic	Page No. / Remarks
Governance			
GRI 2: General Disclosures; Strategy, Policies, and Practices	2-22 Statement on sustainable development strategy		p 73
	2-23 Policy commitments		p 55
	2-24 Embedding policy commitments		pp 55, 163
	2-25 Processes to remediate negative impacts		pp 55, 158, 162
	2-26 Mechanisms for seeking advice and raising concerns		pp 55, 158, 162
	2-27 Compliance with laws and regulations.		The FPH group ensures compliance with all laws and regulatory requirements.
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed		p 113
	201-2 Financial implications and other risks and opportunities due to climate change		pp 88 to 91
	201-3 Defined benefit plan obligations and other retirement plans		p 151
	201-4 Financial assistance received from government		No assistance received from government
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported		pp 170 to 173
	203-2 Significant indirect economic impacts	Indirect Economic Impacts	pp 170 to 173
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers		p 113
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption		p 55
	205-3 Confirmed incidents of corruption and actions taken		From our knowledge, no corruption or bribery issues have been reported in 2023.

SASB Sustainability Accounting Standards Board

The development of SASB industry-specific metrics is a work in progress. More information on this in the sections on About the Report (pages 4 to 6), the section on Metrics and Targets (page 95), and the section on Materiality (pages 105 to 107).

Sustainable Development Goals

Goal Number	Target	Page No. / Remarks
1 No Poverty	1.5 By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters	pp 170 to 173
3 Good Health and Well-being	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all	p 170
4 Quality Education	4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes	p 171
	4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university	p 171
	4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship	p 171
	4.5 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations	p 171
	4.7 By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development	pp 143, 171
	4.b By 2020, substantially expand globally the number of scholarships available to developing countries, in particular least developed countries, small island developing States and African countries, for enrolment in higher education, including vocational training and information and communications technology, technical, engineering and scientific programmes, in developed countries and other developing countries	pp 143, 171
5 Gender Equality	5.1 End all forms of discrimination against all women and girls everywhere	pp 147 to 148

Goal Number	Target	Page No. / Remarks
6 Clean Water and Sanitation	6.2 By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations	p 170
	6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally	pp 134-135, 170
	6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity	pp 134-135, 170
7 Affordable and Clean Energy	7.1 By 2030, ensure universal access to affordable, reliable and modern energy services	pp 114-116, 155, 189
	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix	pp 114-116, 155, 189
12 Responsible Consumption and Production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	pp 131 to 133
	12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle	FPH annually produces an Integrated Report that details the conglomerate's impact to the environment and its stakeholders.
	12.7 Promote public procurement practices that are sustainable, in accordance with national policies and priorities	p 168
13 Climate Action	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries	p 172
	13.2 Integrate climate change measures into national policies, strategies and planning	p 172
	13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning	p 172
14 Life Below Water	14.2 By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans	pp 137 to 139

Goal Number	Target	Page No. / Remarks
14 Life Below Water	14.4 By 2020, effectively regulate harvesting and end overfishing, illegal, unreported and unregulated fishing and destructive fishing practices and implement science-based management plans, in order to restore fish stocks in the shortest time feasible, at least to levels that can produce maximum sustainable yield as determined by their biological characteristics	pp 137, 139
	14.5 By 2020, conserve at least 10 per cent of coastal and marine areas, consistent with national and international law and based on the best available scientific information	pp 137, 139
	14.6 By 2020, prohibit certain forms of fisheries subsidies which contribute to overcapacity and overfishing, eliminate subsidies that contribute to illegal, unreported and unregulated fishing and refrain from introducing new such subsidies, recognizing that appropriate and effective special and differential treatment for developing and least developed countries should be an integral part of the World Trade Organization fisheries subsidies negotiation.	pp 137, 139
15 Life on Land	15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements	pp 137 to 139
	15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally	pp 137 to 139
	15.3 By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world	pp 137 to 139
	15.4 By 2030, ensure the conservation of mountain ecosystems, including their biodiversity, in order to enhance their capacity to provide benefits that are essential for sustainable development	pp 137 to 139
	15.5 Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species	pp 137 to 139
	15.7 Take urgent action to end poaching and trafficking of protected species of flora and fauna and address both demand and supply of illegal wildlife products	pp 137 to 139
8 Decent Work and Economic Growth	8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors	pp 140 to 144
	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services	pp 140, 172

Goal Number	Target	Page No. / Remarks
8 Decent Work and Economic Growth	8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	p 172
	8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms	pp 162 to 166
	8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment	pp 162 to 166
9 Industry, Innovation and Infrastructure	9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all	pp 155 to 157
	9.2 Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries	p 172
	9.3 Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets	p 172
	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities	pp 155 to 157
10 Reduced Inequalities	10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status	pp 170 to 173
	10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard	pp 170 to 173
11 Sustainable Cities and Communities	11.7 By 2030, provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities	p 145
16 Peace, Justice and Strong Institutions	16.3 Promote the rule of law at the national and international levels and ensure equal access to justice for all	p 187
17 Partnership for the Goals	17.17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships	pp 160 to 162

UNGP Guiding Principles on Business and Human Rights

All items under the UNGP Guiding Principles on Business and Human Rights correspond to Human Rights as a material topic to FPH.

Item	Description	Page No. / Remarks
The State Duty to Protect Human Rights		Not applicable to FPH as a private organization
The Corporate Responsibility to Respect Human Rights		
Foundational Principles	Business enterprises should respect human rights. This means that they should avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved.	FPH has existing social safeguard policies that realize our role and commitment to respecting the human rights of all of our stakeholders. These policies are: Human Rights, Gender Equality and Diversity, Rights of Indigenous Peoples, and Responsible Asset Management. FPH and our subsidiaries have undertaken the basic requirement of “Human Rights Due Diligence” to ensure potential salient issues are prevented. These are detailed in our Social and Relationship Capital section.
	The responsibility of business enterprises to respect human rights refers to internationally recognized human rights—understood, at a minimum, as those expressed in the International Bill of Human Rights and the principles concerning fundamental rights set out in the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work.	The respect for universal rights under the International Bill of Rights is a requirement under the FPH Human Rights Guidelines to support the policy issued December 15, 2020
	The responsibility to respect human rights requires that business enterprises: (a) Avoid causing or contributing to adverse human rights impacts through their own activities, and address such impacts when they occur; (b) Seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts.	The “Due Diligence” process undertaken by FPH and our subsidiaries included a Human Rights Impact Assessment across the value chain to address these requirements.
	The responsibility of business enterprises to respect human rights applies to all enterprises regardless of their size, sector, operational context, ownership and structure. Nevertheless, the scale and complexity of the means through which enterprises meet that responsibility may vary according to these factors and with the severity of the enterprise’s adverse human rights impacts.	The FPH subsidiaries are of varied sizes and complexities numbering from less than 50 to as high as 4,800 employees or operating in one location or across the country and abroad. All these operating units are covered by the Human Rights policy and guidelines.

Item	Description	Page No. / Remarks
Foundational Principles	In order to meet their responsibility to respect human rights, business enterprises should have in place policies and processes appropriate to their size and circumstances, including:	All the 3 requirements are present in FPH and its subsidiaries:
	(a) A policy commitment to meet their responsibility to respect human rights;	Policy was issued on December 19, 2018
	(b) A human rights due diligence process to identify, prevent, mitigate and account for how they address their impacts on human rights;	Training conducted by the Philippine Commission on Human Rights, University of the Philippines Human Rights Institute and Ateneo Human Rights Center, and Business and Human Rights Resource Center, UK in Aug.2021 and completed in 2022.
	(c) Processes to enable the remediation of any adverse human rights impacts they cause or to which they contribute.	Grievance Redress Mechanism is available in all subsidiaries
Operational Principles	POLICY COMMITMENT As the basis for embedding their responsibility to respect human rights, business enterprises should express their commitment to meet this responsibility through a statement of policy that: (a) Is approved at the most senior level of the business enterprise; (b) Is informed by relevant internal and/or external expertise; (c) Stipulates the enterprise's human rights expectations of personnel, business partners and other parties directly linked to its operations, products or services; (d) Is publicly available and communicated internally and externally to all personnel, business partners and other relevant parties; (e) Is reflected in operational policies and procedures necessary to embed it throughout the business enterprise.	FPH has existing social safeguard policies that realize the role of businesses in respecting human rights. These policies are: Human Rights, Gender Equality and Diversity, Rights of Indigenous Peoples, and Responsible Asset Management. Similarly, we completed our Human Rights Due Diligence processes in 2021-2022. Details on our progress and activities done by the conglomerate are detailed in our Social and Relationship Capital section.
	HUMAN RIGHTS DUE DILIGENCE In order to identify, prevent, mitigate and account for how they address their adverse human rights impacts, business enterprises should carry out human rights due diligence. The process should include assessing actual and potential human rights impacts, integrating and acting upon the findings, tracking responses, and communicating how impacts are addressed. Human rights due diligence:	Training conducted by the Philippine Commission on Human Rights, University of the Philippines Human Rights Institute and Ateneo Human Rights Center, and Business and Human Rights Resource Center, UK in August 2021 and completed in 2022.
	(a) Should cover adverse human rights impacts that the business enterprise may cause or contribute to through its own activities, or which may be directly linked to its operations, products or services by its business relationships;	Our Human Rights policies and HRDD process encompasses all of our business activities and all of our stakeholders. Details on our progress and activities done by the conglomerate are detailed in our Social and Relationship Capital.

Item	Description	Page No. / Remarks
Operational Principles	(b) Will vary in complexity with the size of the business enterprise, the risk of severe human rights impacts, and the nature and context of its operations;	The Human Rights Impact Assessment was conducted per subsidiary across the value chain to capture the peculiarities of their respective operations.
	(c) Should be ongoing, recognizing that the human rights risks may change over time as the	Regularly reviewed
	18. In order to gauge human rights risks, business enterprises should identify and assess any actual or potential adverse human rights impacts with which they may be involved either through their own activities or as a result of their business relationships. This process should: (a) Draw on internal and/or independent external human rights expertise; (b) Involve meaningful consultation with potentially affected groups and other relevant stakeholders, as appropriate to the size of the business enterprise and the nature and context of the operation.	
	In order to prevent and mitigate adverse human rights impacts, business enterprises should integrate the findings from their impact assessments across relevant internal functions and processes, and take appropriate action. (a) Effective integration requires that: (i) Responsibility for addressing such impacts is assigned to the appropriate level and function within the business enterprise; (ii) Internal decision-making, budget allocations and oversight processes enable effective responses to such impacts. (b) Appropriate action will vary according to: (i) Whether the business enterprise causes or contributes to an adverse impact, or whether it is involved solely because the impact is directly linked to its operations, products or services by a business relationship; (ii) The extent of its leverage in addressing the adverse impact.	Our HRDD processes are performed by our business segments across the value chain or in collaboration with their respective corporate functions. These include key personnel such as those from human resources, community relations, operations, project management, corporate communications, and procurement to name a few.
	In order to account for how they address their human rights impacts, business enterprises should be prepared to communicate this externally, particularly when concerns are raised by or on behalf of affected stakeholders. Business enterprises whose operations or operating contexts pose risks of severe human rights impacts should report formally on how they address them. In all instances, communications should: (a) Be of a form and frequency that reflect an enterprise's human rights impacts and that are accessible to its intended audiences;	Part of our human rights due diligence activities is the identification of human rights-related risks encountered by our subsidiaries in their respective operations. Our businesses are required to enumerate measures to address or mitigate these risks from occurring. For 2023, these risks are identified on pages 164-166 of the Social and Relationship Capital section.

Item	Description	Page No. / Remarks
Operational Principles	(b) Provide information that is sufficient to evaluate the adequacy of an enterprise's response to the particular human rights impact involved; (c) In turn not pose risks to affected stakeholders, personnel or to legitimate requirements of commercial confidentiality.	
	REMEDIATION Where business enterprises identify that they have caused or contributed to adverse impacts, they should provide for or cooperate in their remediation through legitimate processes.	As prescribed by our Human Rights policy, our business operations are encouraged to maintain a grievance redress mechanism (GRM), enabling stakeholders to report cases, therefore allowing the organization to provide remedies for such cases and instances. The GRM is also a tool not only to get the incidents but to analyze how the transgression of rights can be prevented.
	ISSUES OF CONTEXT In all contexts, business enterprises should: (a) Comply with all applicable laws and respect internationally recognized human rights, wherever they operate; (b) Seek ways to honor the principles of internationally recognized human rights when faced with conflicting requirements; (c) Treat the risk of causing or contributing to gross human rights abuses as a legal compliance issue wherever they operate.	Our human rights policies are compliant and aligned with the applicable local laws and internationally recognized legislations on human rights.
	Where it is necessary to prioritize actions to address actual and potential adverse human rights impacts, business enterprises should first seek to prevent and mitigate those that are most severe or where delayed response would make them irremediable.	Our projects undertake an Environmental and Social Assessment where we can identify the areas of impact and on whom (individuals or communities). Measures are provided and submitted to secure an Environmental Compliance Certificate from the government to operate the project. The GRMs are operations-focused so we can capture the issues on the ground.

Item	Description	Page No. / Remarks
Access to Remedy		
Foundational Principles	To make it possible for grievances to be addressed early and remediated directly, business enterprises should establish or participate in effective operational-level grievance mechanisms for individuals and communities who may be adversely impacted.	FPH and our subsidiaries have an established GRM targeted to provide remedies to stakeholders impacted by our business operations. Additionally, the company identifies potential human rights risks through the existence of our Human Rights Due Diligence process. These are performed on a regular basis to ensure that all potential and actual incidences are mitigated and remediated.
	Industry, multi-stakeholder and other collaborative initiatives that are based on respect for human rights-related standards should ensure that effective grievance mechanisms are available.	FPH and our subsidiaries work with local agencies and institutions to properly execute our HRDD activities. We have a firm partnership with the Commission of Human Rights in the Philippines guiding the organization's HRDD activities.
Operational Principles	Operational-level mechanisms should also be: (h) Based on engagement and dialogue: consulting the stakeholder groups for whose use they are intended on their design and performance, and focusing on dialogue as the means to address and resolve grievances.	Stakeholder engagement plays a key role in ensuring the success of our HRDD processes and human rights policies. In our areas of operation, we deploy our community relations and operation teams to regularly dialogue with community members on these matters.



ANNEX 8: RESTATEMENTS

Amendments of Past Integrated Reports

Referencing on the IFRS-ISSB guidelines, we present the following items uncovered in past reports and restatements of certain information:

Year of FPH IR	Original Information	Amended Information	Remarks
2021	Landslides at sites were reported under drought category	Landslides at sites must be grouped under the typhoons category	Misplaced line in the layout on page 69 caused landslides to be grouped under drought
2021 to 2022	Power Generation Segment Data: Net Generation, 2022 • 2928.2 GWh, Unified Leyte • 1,232.1 GWh, Palinpinon • 1,042.1 GWh, Bacman • 901.9 GWh, Tongonan • 670.1 GWh, Mindanao • 382.5 GWh, Nasulo • 303.1 GWh, Pantabangan-Masiway • 5.4 GWh, Solar Rooftops Water Extracted • 2,831,657.93 ML total 2022 Water Extracted • 2,687,508.03 ML total 2021 Water Extracted GHG Emissions • 6,703,281.4 tCO₂e total 2022 GHG Emissions • 6,039,223.3 tCO₂e total 2021 GHG Emissions	Power Generation Segment Data Net Generation, 2022 • 2,921.8 GWh, Unified Leyte • 1,195.8 GWh, Palinpinon • 1,050.3 GWh, Bacman • 885.8 GWh, Tongonan • 670.1 GWh, Mindanao • 375.2 GWh, Nasulo • 300.7 GWh, Pantabangan-Masiway • 5.2 GWh, Solar Rooftops Water Extracted • 2,831,654.25 ML total 2022 Water Extracted • 2,687,510.09 ML total 2021 Water Extracted GHG Emissions • 6,612,723.4 tCO₂e total 2022 GHG Emissions • 5,924,961.3 tCO₂e total 2021 GHG Emissions	Please see page 228 in the 2023 First Gen Integrated Report for more details. Net generation data were amended upon review of 2022 data. Water information were amended based on data collection improvement identified in 2023. Most of the water use in the power segment are flow through (e.g. cooling water and hydropower) GHG information were amended based on the improvements identified during the 3rd party GHG assurance readiness assessment.
2022	First Balfour Data Scope 1 Emissions: 11,859.6 tCO₂e Hazardous waste: 903.4 tonnes Non-hazardous waste: 2,194,207.3 tonnes Landfilled waste: 1,730,518.5 tonnes Recycled waste: 467,648.4 tonnes	First Balfour Data Scope 1 Emissions: 32,289.3 tCO₂e Hazardous waste: 0.0 tonnes Non-hazardous waste: 2,197.3 tonnes Landfilled waste: 476.0 tonnes Recycled waste: 301.3 tonnes	First Balfour GHG emissions were updated based on review of 2022 data. Data on waste disposed were amended to reflect only waste that First Balfour has control of as opposed to including waste handled by their project proponents. This is to allow for fair comparison of data across 3 years.
2021 to 2022	Financial Highlights 2021 Total Liabilities: 19,344	Financial Highlights 2021 Total Liabilities: 193,944	Typographical error in Total Liabilities in previous reports

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