

aboitiz

Equity Ventures



SUSTAINING

LEADERSHIP

Aboitiz Group Sustainability
2015 ANNUAL REPORT

36 PEOPLE



58 PLANET



76 PROFIT



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Chairman and President & CEO

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SUSTAINING LEADERSHIP

Sustaining Leadership is our organization's commitment as we move forward in our growth journey, focused on creating shared value in every community, sector, and society that we serve. We will pursue growth in our core businesses of power, banking and financial services, food, land, and infrastructure, while at the same time aiming to drive economic and social development together.

We will set a new benchmark for diversification and sustainable growth, just like what the first generation of Aboitiz leaders did when they established our standards over a century ago.

Our brand of leadership is driven by the Aboitiz BetterWorld mindset. As we build our bench strength, we nurture leaders from among our ranks who will lead by example, mentor and foster teamwork, speak what's on their mind, and deliver results for sustainable growth. As we prepare our future leaders, we are all united in our goal to build a sustainable enterprise that we can entrust to future generations. Today and in the future, the Aboitiz story will be told by our own people and our stakeholders highlighted by the good that we create for society.

The Aboitiz Way

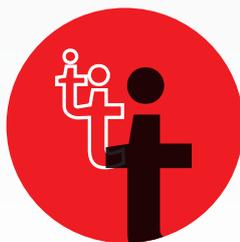
For over a hundred years of doing business, we in the Aboitiz Group have nurtured and strengthened our core values and beliefs that guide us to be the best at what we do, and embolden us to uphold our mission of creating long-term value for all our stakeholders.

We refer to this comprehensive system of values and beliefs as The Aboitiz Way, the distinctly unique way we do things.

- **We keep alive our passion for better ways.**
- **Driven is what we are...driven to lead, driven to excel, and driven to serve.**
- **We are guided by our time-honored values of integrity, teamwork, innovation, and responsibility.**
- **We value our fellow team members and celebrate our successes.**
- **Our leaders lead by example, mentor and foster teamwork, speak what's on their mind, and deliver results for sustainable growth.**



Integrity



Teamwork



Innovation



Responsibility



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

Dear Stakeholders,

We in the Aboitiz Group commit to a Group-wide Sustainability Policy that reflects our BetterWorld mindset that we can do well by doing good, always making the right long-term decisions that balance the interests of people, planet and profit. It is a mindset anchored on our organization's core values of integrity, teamwork, innovation, and responsibility.

As in the previous year, we used the Global Reporting Initiative (GRI) G4 framework in developing this report. In the following pages, we will share with you our sustainability journey—what we have done and what we continue to do as we pursue further growth in our core businesses of power, banking and financial services, food, land and infrastructure.

In running our businesses, we look beyond profitability and constantly explore better ways to integrate social development and environmental stewardship into our operations. As a socially responsible organization, we will continue to focus on delivering value for our stakeholders and meeting their expectations, while working towards creating shared value for people and society at large.

Supporting the Global Sustainability Agenda through Partnerships

We believe that business has a fundamental role to play in addressing global challenges as complex as climate change, poverty, and scarcity of food and water resources. The Aboitiz Group supports the United Nations' 17 Sustainable Development Goals (SDGs). Central to this new set of global goals is caring for the planet and for the world's poorest citizens; this is also what is at the core of the Aboitiz BetterWorld mindset.

Through our group-wide communication campaigns, we encourage our team members and stakeholders to join our efforts especially in our corporate social

responsibility (CSR) programs to help build a sustainable future. All of our CSR initiatives in our focus areas of education, enterprise development, environment, and health and well-being are aligned to the SDGs.

The SDGs also apply to what we do in our sustainability focus areas: team member engagement and development, customer focus, CSR, disaster resilience, carbon emissions reduction, resource efficiency, waste management, and renewable energy.

In 2015, the Aboitiz Group participated in the national-level consultation process that formulated the Philippine Government's intended nationally determined contribution (INDC), a pledge of emissions reduction and adaptation efforts that was presented at the UN Climate Change Conference in Paris in December 2015.

Although the Philippines accounts for only 0.3% of global greenhouse gas (GHG) emissions, we fully support the government's call to further reduce our carbon footprint. To ensure that we keep up with the growing demand and secure the country's energy mix target of 30% renewable, AboitizPower will continuously invest in more Cleanergy, our brand for clean and renewable energy. This demonstrates our serious commitment to support the government in tackling the risks of climate change while protecting economic growth and development.

In response to the global call to combat climate change, Aboitiz signed the 2015 Manila Declaration, and through this accord, we join the National Climate Change Commission, the Philippine Business for the Environment, and the rest of the private sector to pursue the same goals. Our collective efforts aim to lower emissions, to help increase the resiliency of communities against the consequences of climate change, and to address developmental challenges. For us in Aboitiz, disaster resilience is closely tied to

the mission of WeatherPhilippines Foundation, which is to help build a disaster-resilient nation through its three-pronged strategy of technology, partnership and communication. We believe that building disaster resilience in communities and nations is essential, not only for reducing the risks and the impact of natural hazards, but also for helping poor communities most vulnerable to the effects of extreme weather events.

In 2015, WeatherPhilippines signed a partnership with the Philippine Disaster Resilience Foundation and the United Nations Office for Disaster Risk Reduction to further strengthen public-private capacity-building programs.

We also joined the Water Alliance, an initiative led by the Philippine Business for Social Progress that aims to address issues and create solutions to the impending water disturbances in the Philippines. Our support for the Water Alliance came ahead of the release of the World Economic Forum report Global Risks 2016, which ranked water crisis as one of the top three perceived “most impactful” risks. This crisis is now considered as the top threat facing the world in the next 10 years. Through our participation in the Water Alliance, we are contributing to the global action to find and implement innovative solutions to address the adverse effects of the El Niño phenomenon.

Our Sustainability-Driven Focus Areas

We are determined to pursue more initiatives in our focus areas of people, planet and profit, working together with our partners and other stakeholders to create a deeper and more positive social and environmental impact on the communities we serve.

Through AboitizPower, which is one of the largest producers of clean energy in the Philippines, we are

generating 1,263 MW or close to 40% of our total net sellable capacity, and we intend to further expand our renewable energy portfolio. We are pleased to announce that AP Renewables, Inc. (APRI) recently issued the first-ever green bonds in the Asia-Pacific amounting to PhP10.7 billion.

In March 2016, together with our joint venture partner Sun Edison, we commissioned the 59-MWp solar power plant in San Carlos City, Negros Occidental. Our other power projects undergoing construction include the 68-MW Manolo Fortich hydro plant in Bukidnon, the 8.5-MW Maris Canal hydro plant of SN Aboitiz Power in Isabel, and the 8.8-MW biomass power facility of Aseagas in Batangas.

To bolster our efforts in carbon emissions reduction, we signed a partnership with the Department of Environment and Natural Resources that enrolled our A-Park tree planting initiative in its National Greening Program (NGP), the government’s nationwide reforestation effort. This partnership makes the Aboitiz Group one of the biggest private contributors to the NGP. Through A-Park, we target to plant 9 million trees all over the country by 2020. As of yearend 2015, we have planted 3.8 million trees with an average survival rate of 78%.

In 2015, we opened the Aboitiz Cleanergy Park in Davao City. An eight-hectare urban biodiversity park that educates the public on environmental conservation and protection, it is also a nesting sanctuary of the critically endangered hawksbill turtle or *pawikan*. The entire area is home to 66 other species, making it an important wildlife habitat in Mindanao. In 2015, we planted 2,170 mangrove propagules, discovered 17 turtle nests, and released 1,876 hawksbill turtle hatchlings.

In the area of disaster resilience, the WeatherPhilippines Foundation strengthened its #WeatherWiser Nation campaign in 2015.



Through AboitizPower, which is one of the largest producers of clean energy in the Philippines, we are generating 1,263 MW or close to 40% of our total net sellable capacity, and we intend to expand further our renewable energy portfolio.

We launched the WeatherPhilippines mobile app for iOS and Android devices, conducted trainings for our LGU partners, the Department of Education, and private sector partners, and expanded our network of sponsors and donors. In 2015, Ayala Corporation, Pilipinas Shell Foundation, and our business unit SN Aboitiz Power joined our roster of inclusive partners, bringing us closer to achieving our goal of building a #WeatherWiser Nation.

Building a Culture of Sustainability

We are very well aware of the social, environmental and economic impact of our businesses, so we are stepping up our efforts to build a culture of sustainability among our team members and stakeholders.

In our CSR efforts, we continue to improve the way we do things by taking a closer look at the relevance, effectiveness and sustainability of our existing projects. Our initiatives have evolved from CSR 1.0, or projects that are philanthropic in nature, to CSR 2.0, or projects that have longer-term benefits, are scalable nationwide, more inclusive, aligned to our core competencies, and encourage team member participation.

We implement our CSR programs guided by our strategic pillars of execution excellence in program development, stakeholder engagement, and capability building. In 2015, our CSR programs made an impact on the lives of more than 500,000 direct beneficiaries, and our team members group-wide devoted more than 36,000 volunteer hours to participate in various projects.

The Wealth on Waste (WoW) program is our response to the Ecological Solid Waste Management Act, which promulgates the proper management of wastes using the 3Rs—reduce, reuse and recycle. On top of the waste segregation and solid waste recycling, we are also implementing the electronic waste recycling initiative in tandem with Globe Telecom's 1Phone project. 23 Aboitiz business units (BUs) are participating in the WoW program and are guided by their respective environmental, health and safety policies.

The Green Fashion Revolution (GFR) is our youth-oriented waste management program that uses this fashion design competition as a platform to promote our advocacy. The GFR is a brainchild of Aboitiz scholars, and for five years now, it has been challenging our youth to produce clothing, footwear and accessories that are made from recycled materials. The 2015 GFR used a total of 212 kilos of recyclable waste, including flour sacks and tarpaulin streamers, gathered from various Aboitiz BUs. In January 2016, the GFR was successfully held in Manila for the first time, bringing the competition to a national audience.

Our Race to Reduce (R2R) program, now on its 6th year, underpins the Aboitiz Group's commitment to manage our resources efficiently and minimize our operational footprint. A total of 261 enrolled facilities across the Group are currently monitoring and managing their consumption of water, electricity and paper. In 2016, we are going a notch higher by running a series of more R2R activities such as the Water Conservation Challenge, participation in Earth Hour, and the No Impact Challenge.

Sustaining Leadership Through Creating Shared Value (CSV)

As the Group pursues further growth, we are facing greater expectations from our stakeholders to help address a variety of societal challenges, while generating value for our businesses.

To establish a common understanding and appreciation of the CSV framework in business strategy formulation, we ran an executive session in January 2015 with the help of Incite, a shared value advisory network and an affiliate of the Shared Value Initiative organization.

In March 2016, a series of expanded coaching sessions was held as part of the corporate governance training of the Board of Directors and senior management.

The Aboitiz Group has been a partner in the country's nation building for over a century now. We are fortunate to have dedicated team members who help us grow our businesses and create value for our communities and stakeholders, especially where our businesses operate.

For our power business, we consider it our responsibility to provide ample, reliable and reasonably priced power with the least adverse effect on the environment and our communities. This we are doing through AboitizPower's balanced mix of renewable and non-renewable energy resources.

In our food business, we recognize that our suppliers include small farmers and provincial vendors, whom we consider as our partners for growth. Through the Mahalin Pagkaing Atin campaign, Pilmico is promoting sustainable backyard farming by providing farmers not only with startup resources but also capability-building trainings. When empowered, they can be important food supply chain players with a mission to ensure the food security of our country's growing population. Through CitySavings, we provide

services that promote financial inclusivity, mainly looking out for underserved markets like teachers and pensioners who are our loyal customers. Our thrift bank has been doing this for the past 50 years, helping thousands of teachers fulfill their hopes and aspirations.

We will continue to identify existing shared value initiatives and expand them as well as create new ones to ensure a more sustainable social impact.

Message of Thanks

In closing, we would like to thank all of you, our stakeholders, including the 31,000 team members across the Aboitiz Group, for your continued support. Your trust and confidence over all these years inspire us to do even better.

While we are proud of what we have accomplished so far, we know there is still so much to be done. Our sustainability journey continues as we put to use consistent key indicators to measure and closely monitor our performance. This is to ensure that we are on track to hit our target to achieve significant social impact for all of those we serve.

With determined focus, we will be untiring in our efforts towards realizing our vision for the Aboitiz Group to be a truly sustainable enterprise that we can entrust to future generations. Doing well by doing good empowers us to secure a BetterWorld for all of us today, and for the generations of tomorrow.

Sincerely,



Jon Ramon Aboitiz
Chairman
Aboitiz Equity Ventures, Inc.



Erramon I. Aboitiz
President & CEO
Aboitiz Equity Ventures, Inc.

2015 Performance Highlights

We continue to make significant headways in our sustainability journey in 2015. This is reflected in these figures that highlight our performance in support of our triple bottom line.



People

Goal:
Partner with our stakeholders
to create shared value



31,132 TMs

2014 28,518 TMs

9% increase in team members (TMs) employed group-wide



922 Individuals

2014 860 Individuals

7% increase in the no. of individuals who participated in capacity-building trainings



36,167 Hrs.

2014 35,133 Hrs.

3% increase in TMs volunteered hours



P 415 M

2014 P 610 M

32% decrease in CSR fund allocation



777 AWS

2014 750 AWS

4% increase in deployed automated weather stations (AWS)



738 CSR Projects

2014 742 Projects

1% decrease in CSR projects



507,086 Beneficiaries

2014 114,449 Beneficiaries

In 2015, the scope expanded to include beneficiaries from Business Units' Direct CSR Initiatives



Planet

Goal:
Minimize our environmental impact



3.8 M Trees

2014 3.4 M Trees

42% of the 9 million trees target



1,558,956 tCO₂e

Greenhouse Gas (GHG) Emissions
In 2015, the scope of our GHG emissions monitoring expanded.



1,217 MW

2014 1,189 MW

2% increase in renewable energy (RE) net sellable capacity



7 Group Initiatives

2014 7 Group Initiatives

Waste management group initiatives



Profit

Goal:
Grow profitably



P 17.7 B

2014 P 18.4 B

4% decrease from previous year's Net Income After Tax



17%

2014 20%

15% decrease from previous year's ROE



12% (5 years)

2014 46% (5 years)

Total Return to Shareholder per year compounded annually



P 40.2 B

2014 P 38.4 B

4% increase from previous year's EBITDA



Power

AboitizPower's Generation Business Group is one of the largest private power producers in the Philippines. The company operates 45 generation facilities across the country, harnessing power from a right mix portfolio of renewable (hydro, geothermal and solar) and non-renewable (coal and oil) energy sources. The Group ensures that its generated power is available and reliable, with facilities operating efficiently at the lowest possible cost, and with the least adverse effects on the environment and their host communities.

The Distribution Business Group is composed of eight utilities, including the nation's second and third largest, which supply electricity to high-growth areas in Central Luzon, Visayas and Mindanao. The Group continues to implement innovative and efficient ways to serve the growing needs of about 882,000 customers.



Banking and Financial Services

UnionBank ranks 8th largest in resources and loans, 7th in deposits, and 6th in capital as of end 2015. It offers a wide range of quality financial products and services to retail customers, middle market and corporate clients, as well as major government institutions. The bank distinguishes itself through superior technology, a unique branch sales and service culture, and centralized backroom operations.

UnionBank's acquisition of thrift bank **City Savings Bank** from AEV in January 2013, is aligned with its FOCUS 2020 strategy of becoming a great retail bank. CitySavings specializes in granting salary loans to teachers.

PETNET is the country's largest Western Union agent network, which includes over 300 company-owned locations and 1,800 sub-agents located in banks, pawnshops, business centers, money changers, and supermarkets. AEV acquired a 51% stake in the local remittance firm in June 2015.



Food

Pilmico is among the top three flour milling companies in the Philippines, and is also a major player in the animal feeds and swine production sectors. Pilmico is committed to ensuring the highest level of quality in its products and throughout all aspects of its operations; thereby guaranteeing market competitiveness and increased customer satisfaction. In 2014, the Pilmico International acquired Vinh Hoan Feeds, an aqua feeds plant in Vietnam, marking Pilmico's entry in the international market.



Land

AboitizLand is engaged in the design and development of distinct communities for residential, industrial, and commercial use. As a national player in the land sector, it continues to expand geographically in key growth areas. In 2014, AboitizLand acquired LiMA Land, the developer of the 549-hectare LiMA Technology Center in Batangas.



Infrastructure

The **Republic Cement Group**, AEV's partnership with CRH plc, is the country's second largest local cement manufacturing and distribution company. It operates six cement facilities across Luzon, Visayas, and Mindanao.

Apo Agua, a joint venture between AEV and J.V. Angeles Construction Corporation, will develop, build, and operate the country's second largest private bulk water treatment facility in Davao. In March 2015, the company signed a supply agreement with the Davao City Water District for the delivery of 300 million liters per day of potable water to the city's residents.

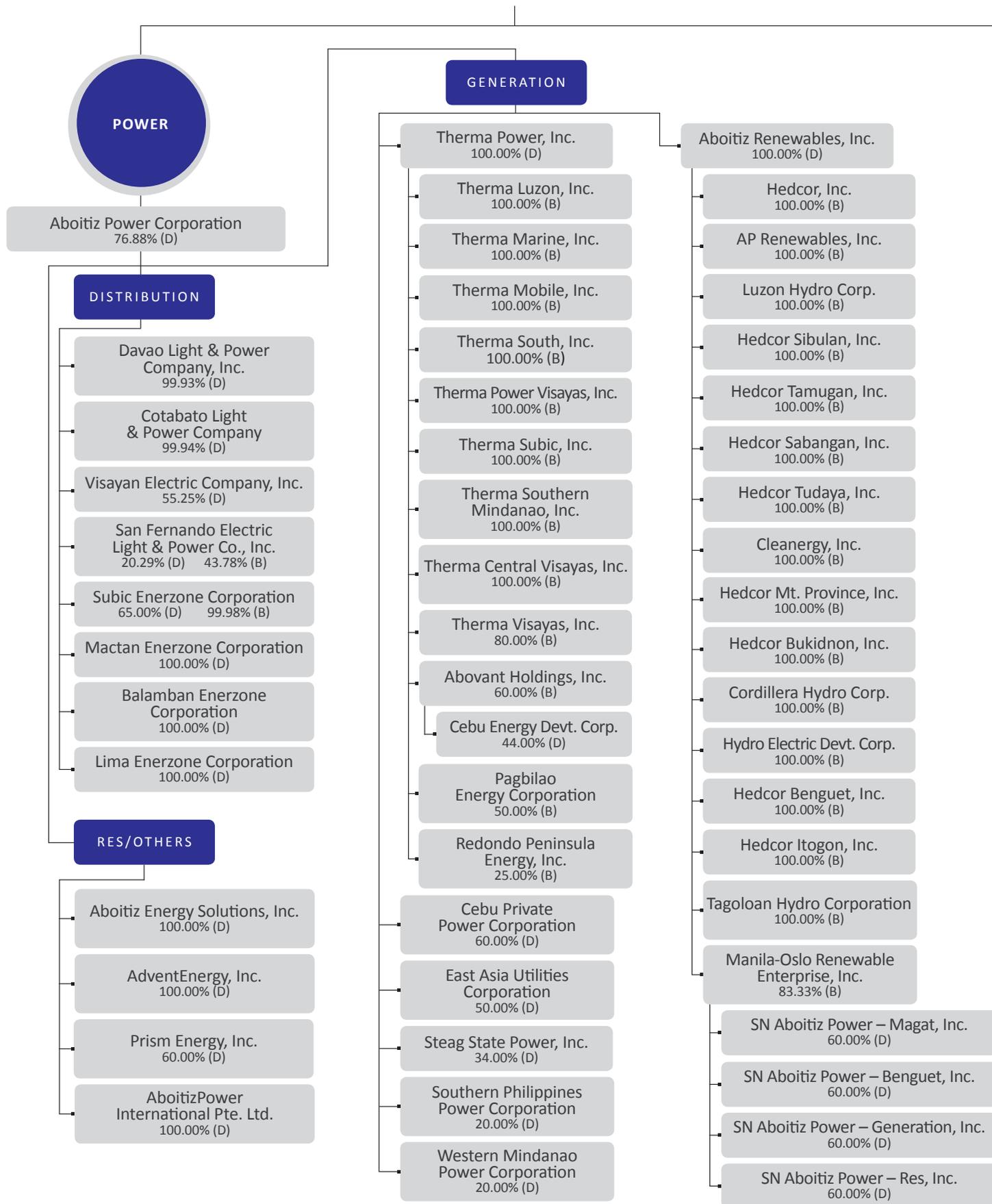


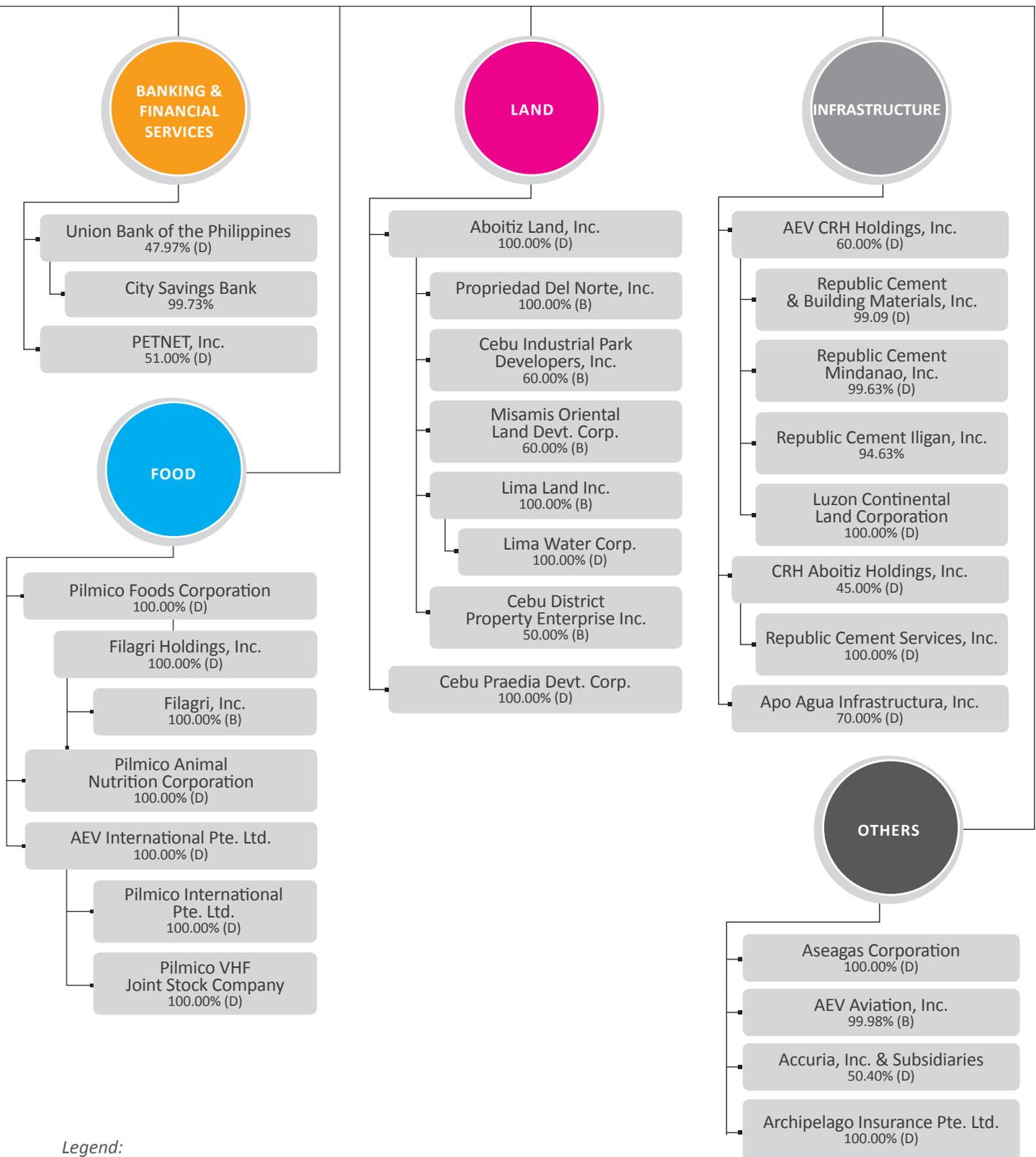
Corporate Social Responsibility

The **Aboitiz Foundation** is the corporate foundation of the Aboitiz Group. Established in 1988, it implements corporate social responsibility interventions especially in communities where Aboitiz companies operate. The Foundation focuses its efforts on education, enterprise development, environment, and health and well-being.

WeatherPhilippines provides the country with a premier weather sensing and forecasting system made possible by technology, inclusive partnerships, and communication. Founded in 2012 by the Aboitiz Foundation, UnionBank, and MeteoGroup, it delivers free, more localized, and accurate weather information accessed through weather.com.ph and the free WeatherPhilippines mobile application. WeatherPhilippines complements the government's nationwide efforts on disaster risk reduction, and aims to help build a #WeatherWiser nation.

aboitiz Equity Ventures





Legend:
B - Beneficial Ownership
D - Direct Ownership

As of March 28, 2016



About the Report G4.22

Sustaining Leadership is the sixth Aboitiz Group sustainability report.

Developing this report has generated a wealth of stories across our business units, allowing us to piece together a robust storyline that chronicles our sustainability journey so far. This report showcases our sustainability performance, and demonstrates how our sustainability efforts go hand-in-hand with our group-wide business strategy. This report is organized and presented in accordance (cour) with the G4 framework established by the Global Reporting Initiative (GRI). Key performance discussions are also mapped using the United Nations Sustainable Development Goals, whenever possible.

Sustaining Leadership shares with you the Aboitiz Group's performance guided by its People, Planet, and Profit Framework. The stories in the following pages affirm the Aboitiz mission of creating long-term value for all its stakeholders, while at the same time conserving resources, protecting the environment and improving social conditions for those who need it most.

Reporting Period, Boundary and Scope **G4.17-18, G4.23**

This report covers our operations and performance in the calendar year 2015, and includes our assets, joint ventures and operations over which we have majority management control, as per GRI guidance. The structure of this report is guided by our sustainability framework and focus areas that have been materially tested to be applicable to our business units.

It also follows our Aboitiz BetterWorld framework that allows us to track, monitor, report, and evaluate key business impacts through our focus areas.

We work closely with our business units located across the country to be able to provide a consistent and unified manner of reporting performance indicators that are material to our businesses and our stakeholders.

The following business units are covered in this report:

Power

AboitizPower Generation Group (Hedcor Group, SN Aboitiz Power, AP Renewables, Inc., Therma Marine, Inc., Therma Mobile, Inc., Therma South, Inc., Cebu Private Power Corporation)

AboitizPower Distribution Group (Davao Light & Power Company, Inc., Visayan Electric Company, Inc., Cotabato Light & Power Company, Subic EnerZone Corporation, Mactan EnerZone Corporation, Balamban EnerZone Corporation)

Banking

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

Food

Pilmico Foods Corporation
Pilmico Animal Nutrition Corporation

Land

Aboitiz Land, Inc.

Corporate Social Responsibility

Aboitiz Foundation, Inc.
WeatherPhilippines Foundation, Inc.

Materiality **G4.20, G4.21**

Our process involved an internal analysis of the importance of a broad list of sustainability issues related to the Aboitiz Group's core businesses in power, banking and financial services, food, land, and infrastructure.

We have identified material issues that may have direct or indirect impact on our businesses and our stakeholders. Using the process prescribed by the Global Reporting Initiative (GRI), we conducted consultations and focused group discussions with our sustainability stewards from the different business units.

Materiality, as defined by the GRI G4 reporting framework, includes topics and indicators that reflect the Group's significant economic, environmental, and social impacts or would substantively influence the assessments and decisions of stakeholders. At the parent company level, we integrated the common material issues that are within the five-year horizon of our reporting parameters. We used our stakeholder dialogues and company-wide feedback channels to inform the selection of these material issues. Our stakeholder and customer-facing sustainability stewards used customer satisfaction and social acceptability surveys in the conduct of their operational tasks.

Using the results of these activities, and after a series of alignments, we were able to develop our sustainability policy, framework, focus areas and metrics, which we now use in our group-wide sustainability performance monitoring and reporting.

These material issues form the basis for the management discussions and performance data presented throughout this report.



OUR SUSTAINABILITY APPROACH

We view sustainability not as a cost of doing business, but as a way of doing business. For us, it's an integral part of our business strategy. We measure our commercial success beyond traditional metrics to include our contribution to improving people's lives and making our planet livable for future generations.





Sustainability Policy

**We can do well by doing good,
always making the right long-term decisions that
balance the interests of people, planet, and profit.**

We are guided by the following principles:

- Stakeholders must be treated with fairness.
- Corporate Social Responsibility is an integral part of doing business.
- Decisions are made with highest regard for their long-term impact.
- We live our core values of integrity, teamwork, innovation, and responsibility.

We make decisions based on our objectives to:

- Partner with communities to promote inclusive growth.
- Provide a commercially sustainable customer experience.
- Attract, retain, and optimize A-People.
- Build, protect, and enhance our reputation.
- Minimize our environmental impact.
- Enhance overall long-term effectiveness of the organization.
- Grow profitably.

**We are committed to making Aboitiz
a truly sustainable enterprise that we can
entrust to future generations.**

Sustainability at Aboitiz

The Aboitiz Group's approach to sustainability is embodied in our BetterWorld mindset. Aboitiz BetterWorld resonates in our firm belief that we can do well by doing good, always making the right long-term decisions that balance the interests of people, planet and profit.

BetterWorld is all about growing the business while managing for the long term. Everything we do considers the next generation. We believe that the only way to sustain the robust growth of our businesses is to continue contributing to improving the lives of the people we serve and to protecting and preserving the Earth's natural resources.

BetterWorld is also about joining the international community in addressing global challenges on sustainable development. We support the Sustainable Development Goals (SDGs) of the United Nations, which was formalized by its member-nations in New York last September 2015. The SDGs lay out a clear vision for a sustainable future, and will shape a new era for business. Our group-wide communications on the SDGs encourage our team members and stakeholders to join our efforts in building a sustainable future especially in SDG areas that directly relate to our sustainability focus areas on team member engagement and development, customer focus, CSR, disaster resilience, carbon emissions reduction, waste management, resource efficiency, and renewable energy.

We continued our BetterWorld journey in 2015 with the alignment of all our business units to the group-wide strategic pillars: Growing the Business, Building Human Capital, Stakeholder Engagement, and Execution Excellence. With it followed the embedding of the BetterWorld mindset that is now inspiring everyone to work towards not only sustaining leadership in the industries where our businesses operate, but also in leading the way to create shared value for society.

Our Sustainability Strategy **G4.21**

The Aboitiz BetterWorld mindset guides us to look beyond profitability, and to explore better ways to integrate social development and environmental stewardship into our business. This mindset is further articulated in our Sustainability Policy.

Our Sustainability Framework

We operate with the intent to balance the triple bottom line of sustainability—people, planet, and profit. Under these three thrusts are the 10 focus areas where we believe we can make the biggest impact. Identifying these focus areas guides us in setting targets, measuring performance, and extending the scope of the value we create.

On People, our goal is to partner with our stakeholders to create shared value. As a socially responsible organization, we believe in providing employment and ensuring that our team members grow in and with the organization. With the aim of being the neighbor of choice, we help uplift and make our host communities sustainable and disaster resilient. We ensure that we provide a commercially sustainable customer experience, always delivering on our promises.

On Planet, our goal is to minimize our environmental impact. We are committed to growing our businesses in a manner that has the least adverse effect on the environment and our communities. We aim to improve energy efficiency, reduce water consumption, and recycle whenever possible. We strive to provide reliable and reasonably priced power while tapping renewable energy sources where and when feasible.

On Profit, our goal is to grow profitably. We aim to continually enhance shareholder value by being true to ethical business practices, sticking to our core competencies, and executing well-defined strategies. We will continue to explore opportunities while managing our operations prudently, utilizing our resources wisely to ensure long-term financial growth and profitability.



ENABLING DIALOGUES. The Davao Multi-Stakeholders Group for Energy Concerns (DMGENCO) experience allowed the company to bring the practice of stakeholder engagement to a whole new level, enabling effective dialogues that resulted in the successful commissioning of the Davao baseload power plant in Mindanao.

Stakeholder Engagement **G4.24**

The Aboitiz business model is inclusive and respectful of all material stakeholders. As we engage our stakeholders, it is crucial to understand what they consider important, and to create positive relationships with them through the appropriate management of their expectations and agreed objectives.

Our stakeholders include our team members, customers, shareholders and investors, government and regulators, civil society, and host communities. Engaging in dialogues and building relationships with them are critical to our business because they help us gain social acceptability, ensure business continuity, and enable us to develop Aboitiz BetterWorld advocates.

The expectations and requirements of our stakeholders are taken into consideration in strategic decision-making, goal-setting, and then throughout project delivery and operation. In 2015, our team members participated in several workshops designed to make them understand, apply, and fully embody the principles and processes of stakeholder relationship management (SRM) and communication.

Stakeholder groups that we work and engage with on an ongoing basis include team members, company and project shareholders, primary suppliers and contractors, financial institutions, government regulators, public agencies, and local communities where our assets are located.

By defining who our stakeholders are, we were able to gain an integrated view and appreciation of the value of stakeholder engagement. Moving forward, we plan to update our stakeholder management plans for our business units anchored on the strategies we learned from the SRM workshops.

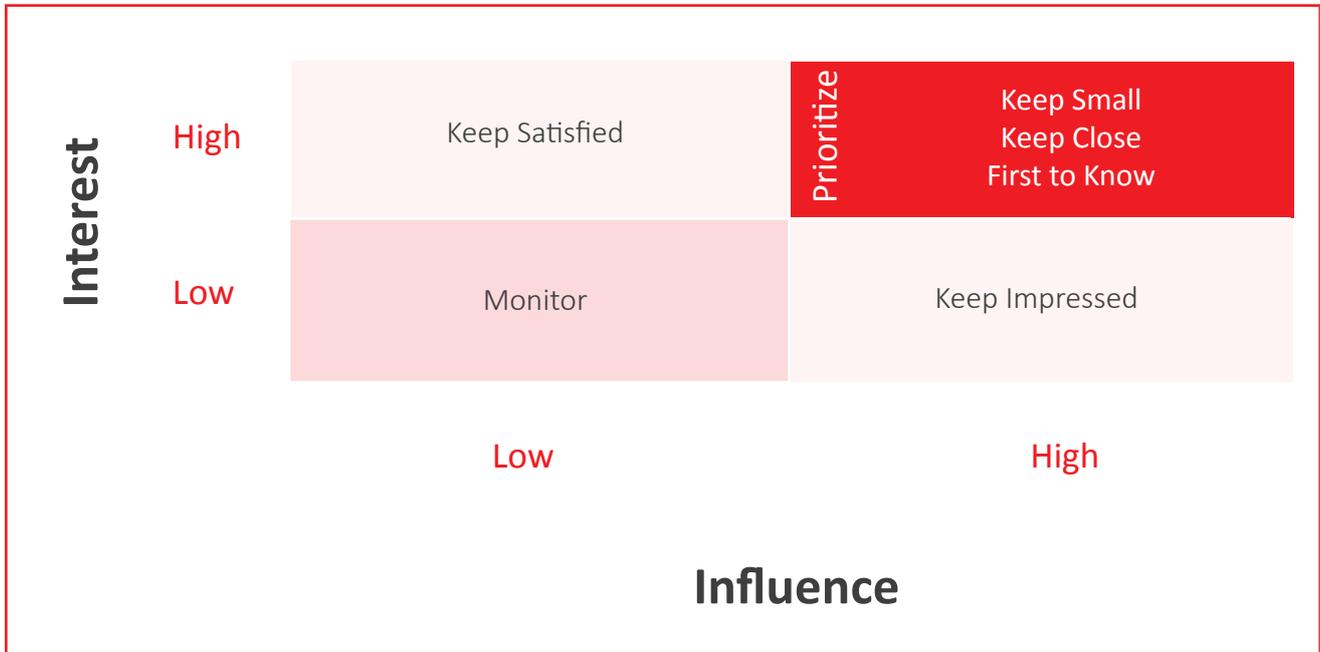
Our stakeholder engagement and dialogue processes are multi-layered and primarily visible and public at the asset level. Engagement is an important shared task and one of the key business processes of our operations through:

- Project development and bidding processes
- Undertaking Environmental and Social Impact Assessments (ESIAs) which incorporate stakeholder engagement
- Budgeting for supporting and promoting local socio-economic development
- Local networks and structures focusing on community development, economic impact, capacity building, and recruitment

Reviewing our stakeholder engagement processes and the multitude of engagement activities is an ongoing and evolving task for all concerned. We continue to share good practices internally and to learn from challenges and achievements.

Engaging with Stakeholders

Stakeholder Mapping G4.25, G4.26



Engagement Goals



Stakeholder Communication Strategy



Stakeholder Engagement Process

- | | | |
|---|---|--|
| <p style="text-align: center;">1
Identify</p> <ul style="list-style-type: none"> Brainstorm to identify key stakeholders Identify all operations of the company and determine the participating stakeholder Stakeholders would be people who are affected by, have influence over, or have interest in your work | <p style="text-align: center;">2
Understand</p> <ul style="list-style-type: none"> Understand the stakeholders and their concerns
Sample questions:
– What motivates them most of all?
– What information do they want from you? Develop Stakeholder Management Engagement Plan that would address relevant interests of each stakeholder | <p style="text-align: center;">3
Engage</p> <ul style="list-style-type: none"> Engage with stakeholders focusing on four key values: <i>transparency, empathy, expertise</i> and <i>commitment</i> The ultimate goal is to create a trust-based relationship with stakeholders |
|---|---|--|

Sustaining Enterprise Resilience

In 2012, we launched the Aboitiz group-wide strategic roadmap to institutionalize the culture of risk management, with the intent of achieving enterprise resilience. Our risk management philosophy is anchored on the four pillars of the Aboitiz Group Enterprise Risk Management (ERM) Framework, namely: governance, process and integration, risk finance, and capability building.

Over the last three years, we have worked on developing and executing the enterprise-wide risk management program to achieve risk maturity level 4 on a group-wide scale (on a scale of 1-5, 5 being the most mature). In 2015, we have attained an average risk maturity rating of 3.9. This puts the Group in the top 15% of all organizations who participate in the global Risk Maturity Index (RMI) assessment conducted by Aon annually. The assessment conducted in September 2014 was participated in by 110 Aboitiz Group team leaders, which included the Board, the C-Suite, key operating team leaders, and risk managers from 16 business units.

Risk Maturity – 2016 and Beyond

Consistent with our passion for better ways, we will build on the momentum generated from our risk maturity efforts by doing the following:

- Continue to challenge and enhance our established risk management framework, governance structures, policies and strategies and processes such as:
 - Ensure that strategic and operational risk management is performed and embedded in the strategic and operational planning and management of our BUs at all levels, including our new companies
 - Provide project risk management for all our prospective investments, whether greenfield and brownfield projects or mergers and acquisitions
 - Look for the best strategies to achieve the optimal balance between retaining and transferring risks and lowering our total cost of insurable risk
 - Address potential cyber risk exposures
 - being one of the global emerging risks by institutionalizing Information Security (IS) management group-wide
 - Leverage existing IS frameworks and practices implemented in the group with the requirements of ISO-27001
 - Improve and test our existing Business Continuity Plans (BCPs) and development of BCPs for new scenarios

2015 Top Risks

An integral part of the Aboitiz Group's ERM efforts is to understand and anticipate risks that are crucial to the success of AEV and its businesses.

The Group, therefore, undertakes an annual risk management process to identify and report on new and emerging risks, as well as changes to existing key risks, with special emphasis on treatment mechanisms relating to said risks. A detailed discussion of these risks is in the 2015 AEV 20-IS Form submitted to the Securities and Exchange Commission.

- Accelerate our risk management information, communication and education campaign
- Incorporate information, learning from best practices as well as past risk events
- Integrate risk management into more of our internal and external processes
- Innovate and expand the use of technology and implement measurement via indicators and metrics to boost our current capabilities in identifying, quantifying and responding to risk

Safety, Health, Environment and Quality Policy

The AboitizPower Generation Business Group has strengthened its Safety, Health, Environment and Quality Policy (SHEQ) in 2015. All our operations are required to have systems in place to identify and effectively manage foreseeable crises and emergencies. This ensures our operations can deal with potential casualties, to limit harm and safely return to full function as soon as possible.

The health and safety of our people and of the broader communities in which we operate are central to every aspect of our business. Regardless of where our people are located, the area of the organization in which they work, or the type of work they undertake, we strive to create an environment that is free from occupational harm.

The first SHEQ Forum was held in October 2015 to bring everyone up to speed on the improvements made on the



SAFETY OLYMPICS. AboitizPower's Safety Olympics boosted its SHEQ Policy, cascaded by using a creative approach to instilling the culture of SHEQ among team members.

SHEQ policy. With the 1AP program of AboitizPower, the updated policy is the first step to aligning SHEQ practices that can be considered not only as world-class but as responsive to the needs of a deregulated local energy industry. Therefore, its immediate application has been rolled out among the business units. The ultimate goal is to apply consistent standards pertaining to safety, health and environment, whether the asset is power generating, distribution, on field, or in an office.

Integrated Management System

Institutionalizing the Aboitiz Integrated Management System (AIMS) is in line with the Group's core values of teamwork and innovation. Through AIMS, we are given a clear view of our teams' different processes and their interdependence.

AIMS allows us to optimize the use of resources, processes, and procedures, particularly in the implementation of our Information Security Management System (ISMS) and Quality Management System (QMS), which were established in 2007 and 2011, respectively.

ISMS sought to protect the confidentiality, integrity, and availability of company information while QMS was applied to ensure documentation and improvement of processes across our corporate service units (CSUs).

In 2014, we were granted certification in ISO 27001:2013. This certification attests to our strong adherence to the measurement and management of

information security-related risks. This year, we are scheduled to renew our ISO certification and will now include the data center of Davao Light.

The re-certification is expected to bolster the culture of risk management while ensuring the effective implementation of the ISMS policy. The certification gives confidence to our customers, letting them know that data and information are secured through the application of best practices and compliance with international standards. The ISMS Policy focuses on ensuring confidentiality, integrity and availability of information, which ultimately help in building the trust and confidence of stakeholders.



Meanwhile, our Power Generation Business Group pursued the following certification initiatives: Quality Management Systems (QMS 9001), Environment Management Systems (EMS 14001), and Occupational Health and Safety Systems (OHSAS 18001).

It has also aligned its Asset Management plans to ISO 55001 with the goal of optimizing its operating costs. It applies reliability centered maintenance practices, and continuously monitors, reports and compares reliability key performance indicators against set targets and industry benchmarks. To ensure reliable operations, the Group established standard practices and procedures to mitigate asset risks such as natural calamities that could affect the availability of the plants.

	FOCUS AREA	OBJECTIVE
 <p>People</p> <p>Goal Partner with our stakeholders to create shared value</p>	Team Member Engagement and Development	Attract, retain, and optimize A-People
	Corporate Social Responsibility	Partner with communities to promote inclusive growth
	Disaster Resilience and Preparedness	Increase the capacity of local government and the public in disaster preparedness
	Customer Focus	Provide a commercially sustainable customer experience
 <p>Planet</p> <p>Goal Minimize our environmental impact</p>	Carbon Emissions Reduction	Reduce Greenhouse Gas (GHG) emissions across facilities under our control
	Resource Efficiency	Manage resources efficiently
	Waste Management	Reuse and recycle
	Renewable Energy (RE)	Tap other RE sources and strengthen our renewable energy portfolio with the development of more hydropower and geothermal capacity
 <p>Profit</p> <p>Goal Grow profitably</p>	Financial Return	Grow profitably
	Financial Growth	Grow profitably

G4.19

Focus Areas and Metrics

MEASURE	TARGET	2015 RESULTS
Team members (TMs) employed	More than previous year's number of employed TMs	31,132 TMs <i>(includes non-direct hires)</i>
TM satisfaction rating	3.5 and above (using a 5-point scale)	3.6 <i>(Corporate Center only)</i>
Average training hours per TM	40 hours	36 Hours
Volunteerism	More than previous year's number of volunteers	36,167 Volunteered Hours
Retention rate (100% less turnover rate)	≥ 93%	92%
Number of beneficiaries	More than previous year's number of direct beneficiaries	507,086 Direct Beneficiaries
CSR fund allocation (PhP)	100% implementation of planned projects for the year	PhP 415 Million
CSR projects	100% implementation of planned projects for the year	738 CSR Projects
Number of deployed Automated Weather Stations (AWS) nationwide	1,000 AWS	777 AWS
Trained individuals on weather for disaster preparedness (from media, public, and private sectors)		922 Individuals
Customer satisfaction rating	More than or equal to "satisfied" rating (using a 5-point scale)	4 <i>(see p.57 for details)</i>
Customers served		18,660,678 Customers
Carbon emissions (tCO ₂ e)	Carbon neutral	1,558,956 tCO ₂ e
Number of trees planted (cumulative)	9 million trees by 2020	3.8 Million Trees
Water consumption (m ³)	Less than previous year's consumption	1,143,118 m ³
Energy consumption (MWh)	Less than previous year's consumption	413,421 MWh
Number of initiatives to manage waste	More than previous year's number of initiatives	7 Group-wide Initiatives
RE source capacity (net sellable capacity)	More than previous year's RE source	1,217 MW
Generating capacity from RE (net sellable capacity)	Ratio of RE to non-RE (%)	38% RE
Total Return to Shareholders	Achieve target	12% <i>(5 years)</i>
Return on Equity	Achieve target	17%
Net Income After Tax		PhP 17.7 Billion
EBITDA		PhP 40.2 Billion

G4.19

Our Group Awards

In 2015, the Aboitiz Group has consistently been recognized by local and international institutions. These recognitions not only affirm our position as one of the best managed companies in the region but allow the organization to continue to enjoy the trust and confidence of our stakeholders.

Recipient	Award Giving Body	Award
Aboitiz Group	Corporate Governance Asia – 5 th Asian Excellence Awards	Best CSR
		Best Corporate Communications Team
Aboitiz Equity Ventures	ASEAN Corporate Governance Awards	Top 50 Publicly Listed Companies
	2015 PSE Bell Awards	Top 5 Listed Companies
	Corporate Governance Asia – 5 th Asian Excellence Awards	Best CEO – Investor Relations (Erramon I. Aboitiz)
		Best CFO – Investor Relations (Stephen G. Paradies)
Corporate Governance Asia – 2 nd Asian Company Secretary of the Year	Best Investor Relations Company	
Corporate Governance Asia – 2 nd Asian Company Secretary of the Year	Asian Company Secretary of the Year Award (M. Jasmine Oporto)	
Aboitiz Foundation	Philippine Center for Entrepreneurship – Go Negosyo	Plaque of Special Recognition (Abag Program)
AboitizPower	15 th FinanceAsia Best Companies in Asia	Most Committed to Paying Good Dividends (Ranked 8 th)
		Best in Corporate Governance (Ranked 10 th)
	Alpha Southeast Asia Institutional Investor Awards 2015	Strongest Adherence to Corporate Governance
		Best Strategic Corporate Social Responsibility
Corporate Governance Asia – 5 th Asian Excellence Awards	Best Investor Relations Company	
	Best Environmental Responsibility	
SNAP Benguet	DENR Track 1 Philippine Environment Partnership Program	Citation, Job Generation
SNAP Magat	SHAPES-DOE 10 th Energy Safety and Health Conference	Official Seal of Approval (Ambuklao and Binga Hydroelectric Power Plants)
		One Million Man Hours of No-Lost Time Incidents (Magat Hydroelectric Power Plant)
Hedcor	11 th Asian Power Awards	Power Utility of the Year
		Gold, Hydropower Project of the Year (Sabangan Hydro)
		Silver, Innovative Power Technology of the Year (Talomo Hydro)
		Gold, Smart Grid Project Of The Year (Talomo Hydro)
	2015 Search for Outstanding Labor Management Cooperation (LMC) for Industrial Peace in the Cordillera Administrative Region	Hall of Famer for Outstanding Labor Practice
	Employers' Confederation of the Philippines	Citation, Social Accountability, Industrial Peace, and Harmony
		Citation, Strategic Visioning and Partnering for Business Growth
Citation, Job Generation		
APRI	SHAPES-DOE 10 th Energy Safety and Health Conference	One Million Man Hours of No-Lost Time Incidents (Apri Makban And Tiwi Geothermal Power Plants)
		Outstanding Safety Professional Awards (EHS Manager Ronald Ambrocio, Safety Supervisor Dennis Azarcon, Safety Specialist Walfredo Mariano, Safety Technician Leo Franzo, Nurse Feliciano Barlizo)
	DENR Region 5 Saringaya Awards	Winner, Covered Industry Category

Recipient	Award Giving Body	Award
Pagbilao Energy (AboitizPower and TeaM Energy)	The Asset Magazine Triple A Asia Infrastructure Awards	Best Power Deal
	8 th Annual Alpha Southeast Asia Deal and Solution Awards	Best Project Finance Deal of the Year in Southeast Asia (Pagbilao Energy's PhP33.3-Billion Lending Facility)
STEAG Power	SHAPES-DOE 10 th Energy Safety and Health Conference	Outstanding Safety Professional Awards (SHESQ Manager Eliseo Ingles, SHES Sr. Specialist Cesar Vicente)
		Outstanding Safety Professional Awards (State EHS Manager Franciso Libao)
Davao Light	Philippine National Volunteer Service Coordinating Agency and National Volunteer Month Steering Committee	Regional Nominee for the Outstanding Volunteers 2015 Corporate Organization Category
	TESDA Kabalikatan Awards	Bronze, Communications/PR Campaign: Investor Relations Category (Cebu Unplugged Campaign)
Visayan Electric Company	2015 Asia Pacific Awards	Industry Champion for Visayas
	Corporate Governance Asia – 5 th Asian Excellence Awards	Best Investor Relations Company
UnionBank	The Asian Banker International Excellence in Retail Financial Services 2015	Best Employee Engagement (First Philippine Bank to Receive Award from the Asian Banker)
	6 th Asia Best Employer Brand Awards	Asia's Best Employer Brand
	2015 Asian Banking and Finance Retail Banking Awards	Gold, Corporate Social Responsibility Program (GoBeyond Communities) Silver, Employer Award of the Year
	Megalink	One of the Top 3 Awardees on Effective Operational Performance For 2014 (Highest Reply Rate in its Network, Deploying One of the Top 3 Performing Off-Site ATM for its Solaire and Casino Machine)
	2015 Asia Pacific Awards	Silver, Communications/PR Campaign: Public Service Category (Mahalin Pagkaing Atin)
Pilmico (With Geiser Maclang)	12 th Annual International Business Awards	Gold Stevie, Communications/PR Campaign: Investor Relations Category
		Bronze Stevie, Communications/PR Campaign: Marketing - Reputation/Brand Management Category
Pilmico	35 th Productivity Improvement Circles National Convention (PINC)	Gold, Easy Kaizen Non-Production Category (Quality Assurance Department's "An Experiment to Determine Possible Reduction in the Wheat Conditioning Time of the Experimental Milling Process", and Central Maintenance Department's "Provision of Overtail Spout and Hopper for Belt Conveyor #5 Intake Plant")

Sustainability Approach
Feature Story

Building and Sustaining the Aboitiz Leadership G4.27



The Aboitiz Group recognizes the pivotal role of the leadership team in growing the business and becoming a formidable partner in creating shared value. This highlights the importance of placing succession management and leadership development as the topmost priorities in the HR agenda for the Group.

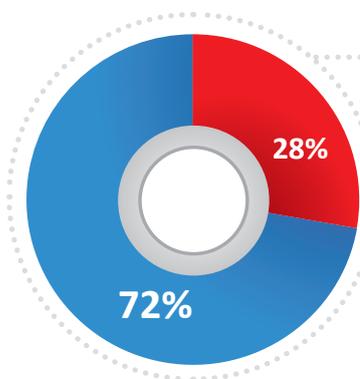
Sustaining leadership in Aboitiz means:

- Defining the Aboitiz Leadership Model
- Assessing leadership capabilities today and tomorrow
- Enabling leaders through high-impact development
- ‘Future proofing’ the Aboitiz leader

Defining the Aboitiz Leadership Model

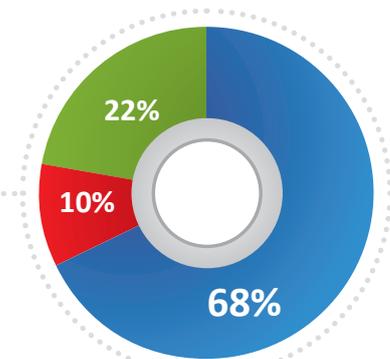
“Begin with the end in mind” is the overarching philosophy that guides the Aboitiz definition of leadership. In developing its people to become effective leaders, the Group first identified the unique and desirable leadership traits and measures its leaders based on how well they are able to manifest this select set of competencies.

At the heart of every Aboitiz leader is the commitment to live out the organization’s core values of integrity, teamwork, innovation, and responsibility.



Sources of Talent
(Top Executives)

- Homegrown
- External Hire



Succession Strategy
(Top Executives)

- Build
- Borrow
- Buy

Talent Analytics as of December 2015

The Aboitiz leader is also equipped with the right competencies to adapt to challenges using innovative responses. With the help of a consultant from Leadership Circle™, the Aboitiz leader was further redefined through the six leadership dimensions: mentoring and developing, fostering teamwork, courageous authenticity, achieving results, sustainable growth, and integrity. In 2015, these leadership dimensions were rolled out through various programs and interventions to help leaders embrace these key elements to be an integral part of the Aboitiz leader DNA.

Assessing our Leadership Capabilities Today and Tomorrow

The winning traits that made Aboitiz leaders of the past highly successful may not be the same set of traits that will be required of leaders to succeed in the future.

The tremendous growth of the Aboitiz Group in recent years has forced it to take stock of its leadership bench and acknowledge the real challenges it faces toward sustaining leadership. These challenges include aging leaders, a thin pool of potential successors, and an inadequate view of the current state of succession management happening across the Group. To close these gaps, HR has enforced a robust succession management program, compelling all leaders to become responsible for identifying potential successors and honing their protégés.

Today, a formal and structured succession management program has been institutionalized as part of the overall leadership strategy. Each leader's profile is reviewed and discussed at least twice a year by the succession committee. A succession strategy of "build, buy or borrow talent" is also firmly in place for each identified critical leadership position in the organization. The Group's leadership bench is constantly being studied in order to achieve a healthy balance of internal and external successors.

Enabling Leaders through High-Impact Development

In 2015, HR launched the concept of self-driven career management, which is about empowering leaders rather than their superiors to chart their own development and career aspirations. This management program has stirred

a whole new mindset of leaders being in charge of their own advancement and opening up for them various career opportunities across the Group.

A number of leadership development programs have been made available in the form of formal training, online courses and experiential learning. Recognizing that coaching and mentoring is a leadership skill that will be most required in an organization of the future, an intensive coaching and mentoring workshop has been developed and conducted for all leaders.

In 2015, the Better Ways Academy, a web-based one-stop hub of learning programs, tools, and resources, was restructured to include programs specifically designed to shape future Aboitiz leaders and to equip them with competencies that will catapult them from leading the self, to leading others, to leading teams, and ultimately toward leading the organization.

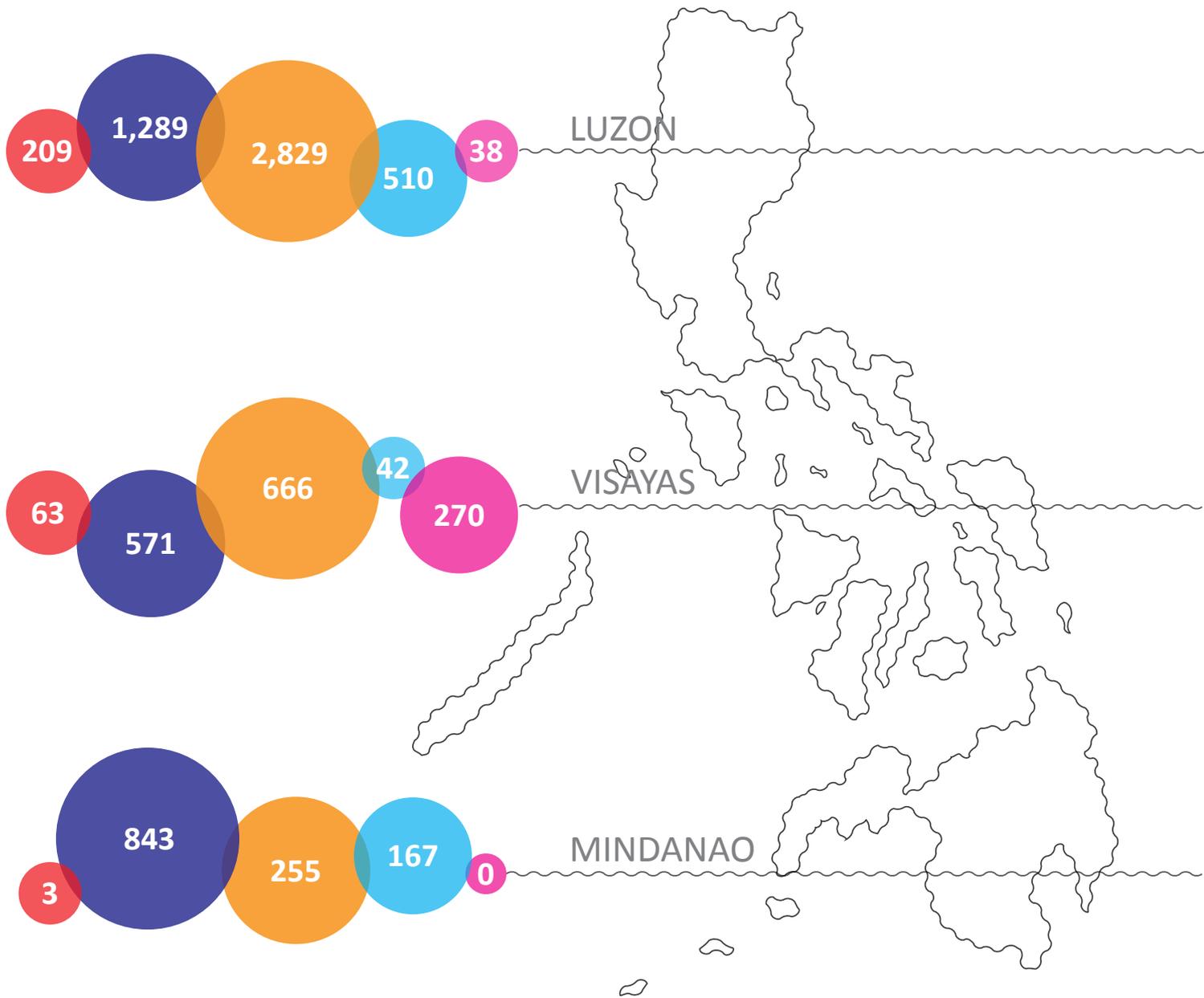
Making the Aboitiz Leader 'Future Proof'

The Aboitiz Group is at a crucial crossroad where the passing of the baton from the current to the future generation of leaders is about to take place. The younger leaders, including young members of the 5th generation Aboitiz family, with high potential talents are being prepared through accelerated development programs for the transition. Aboitiz is among the few multi-generational family-based conglomerates that seek to preserve their mission and core values for generations to come. HR closely monitors and regularly evaluates the performance of 5th generation Aboitiz family members who have actively joined the workforce as management associates in recent years.

As the Group's younger set of new leaders inch their way up the corporate ladder, reaching a delicate balance of wisdom gained through experience and having a fresh contemporary perspective is the ultimate combination HR seeks to attain in order to develop trust for the senior leadership of the future.

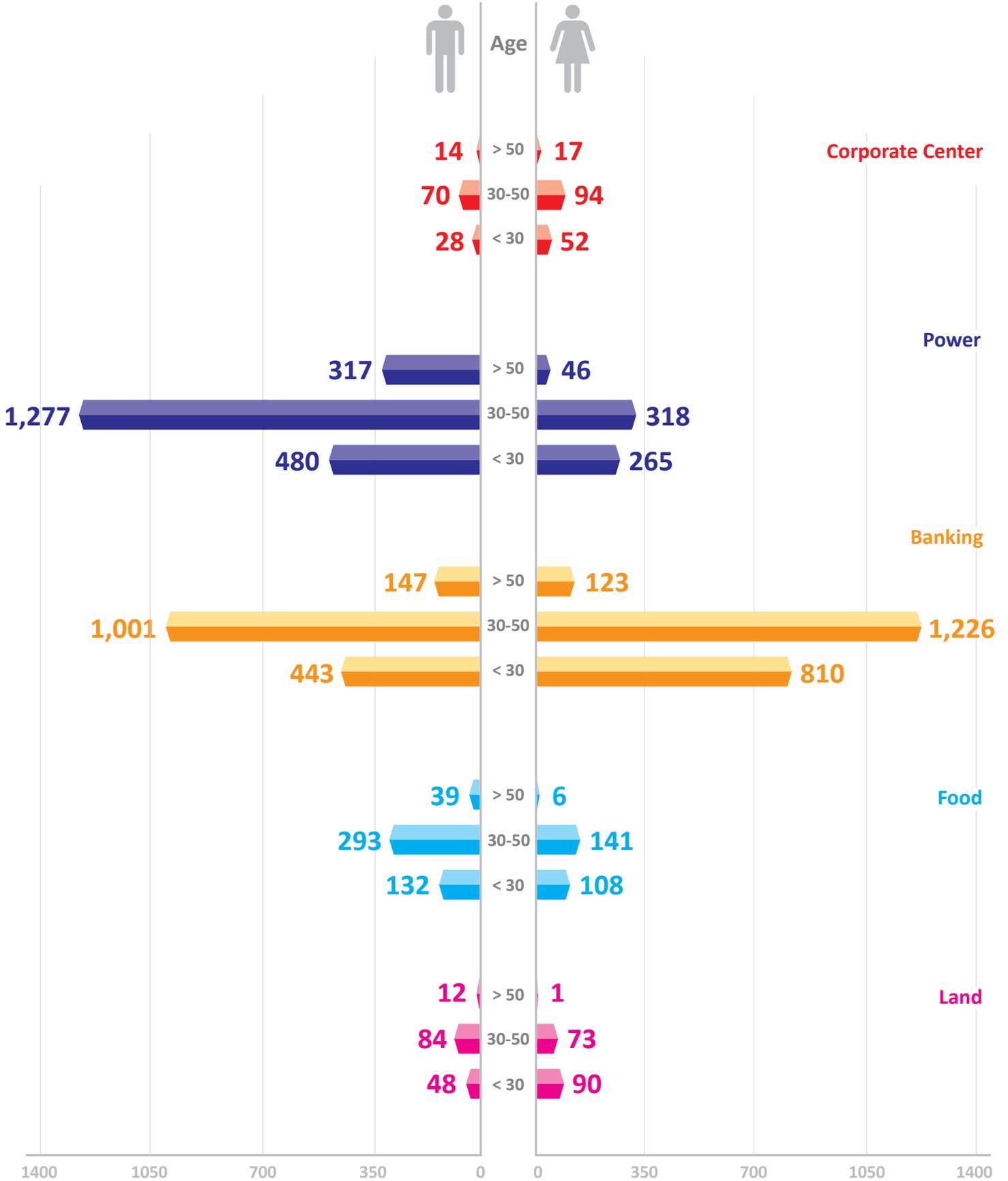
2015 Talent Analytics

By Geographical Distribution



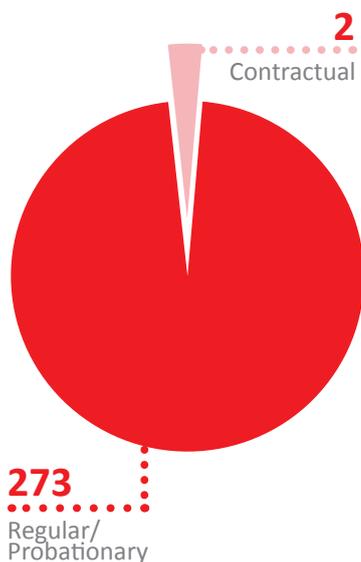
■ Corporate Center ■ Power ■ Banking ■ Food ■ Land

By Age and Gender

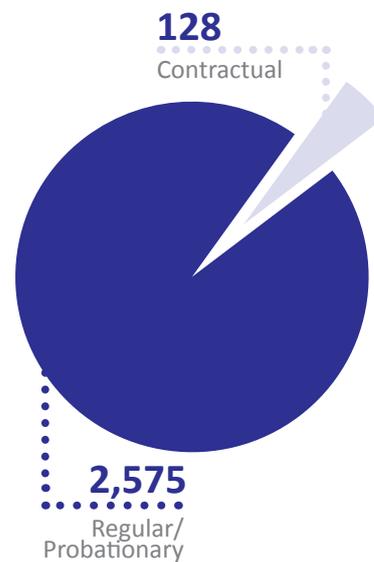


2015 Talent Analytics

By Type

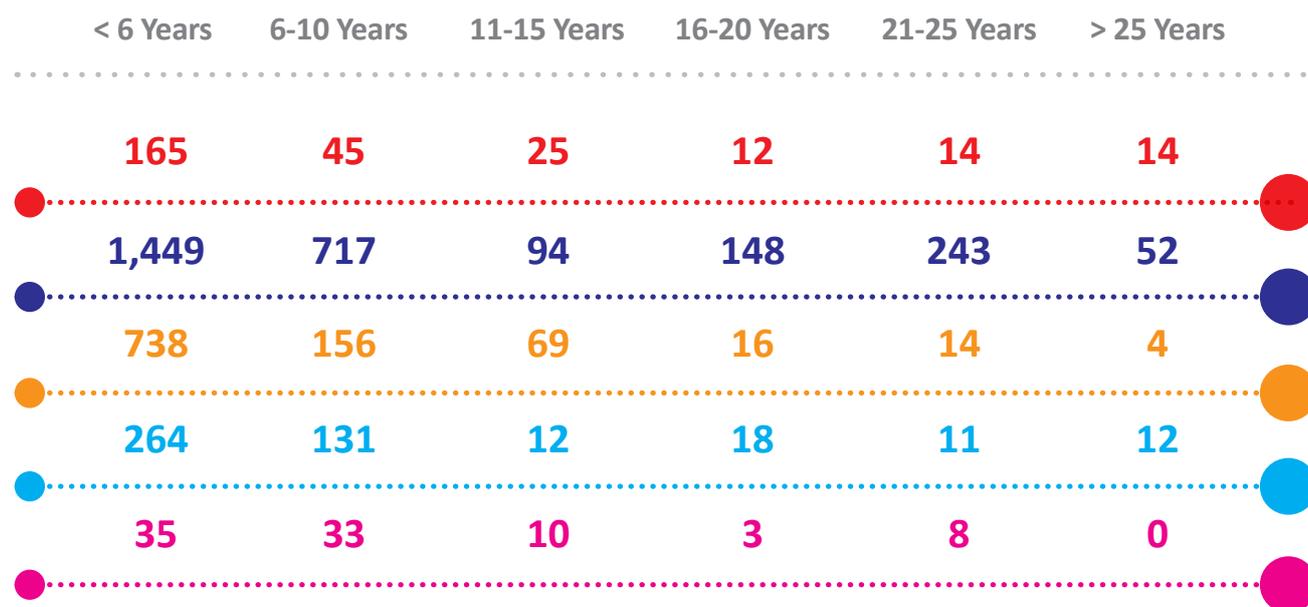


Corporate Center

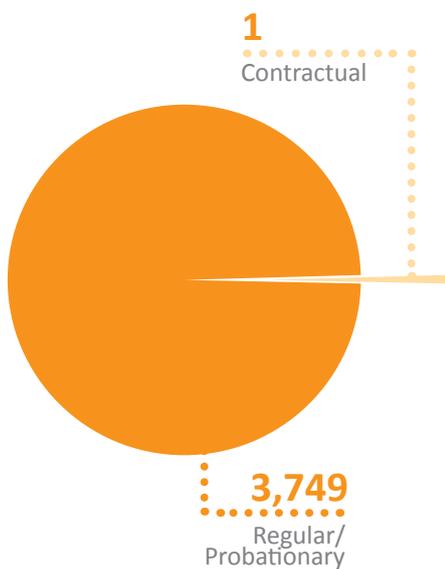


Power

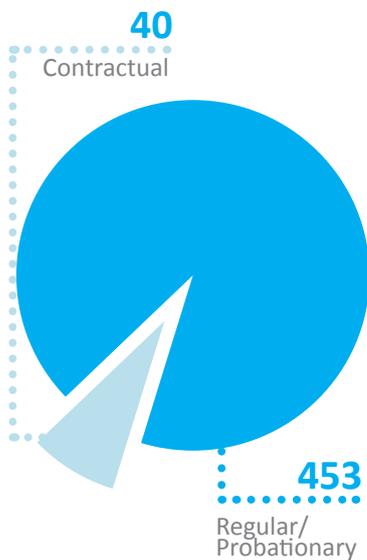
By Years of Tenure



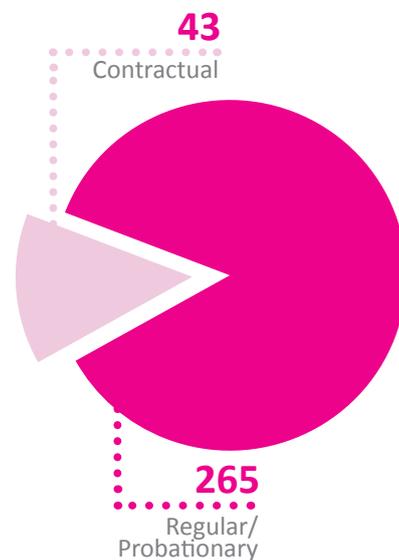
■ Corporate Center
 ■ Power
 ■ Banking
 ■ Food
 ■ Land



Banking

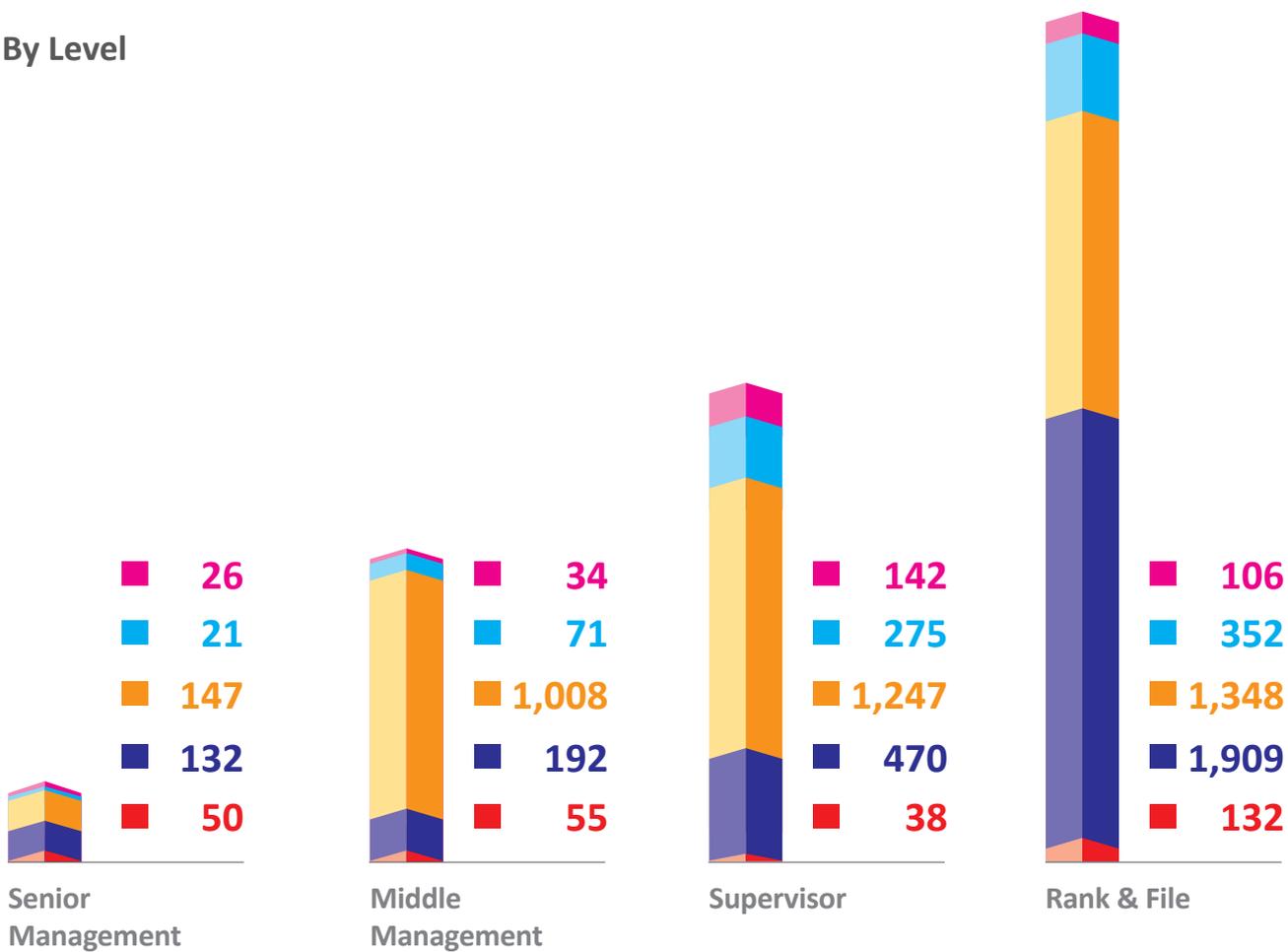


Food



Land

By Level



PEOPLE





Business thrives in a society that works.

Our belief, therefore, is simple: business can be part of the solution, correcting social imbalances that get in the way of development. We make it a point to implement fair and beneficial practices toward our team members, customers, communities, and society. **G4.27**

Our efforts in the People focus areas contribute to the following SDGs:

- Helping the government provide quality basic education
- Addressing poverty in areas where we operate
- Reducing hunger and enabling sustainable agriculture for our supply chain stakeholders
- Facilitating good health and well-being for our team members and host communities
- Fostering gender equality, and creating decent work for our team members and business suppliers
- Institutionalizing disaster resilience for both our stakeholders and the general Filipino public
- Reducing inequality for our customers and stakeholders
- Building sustainable cities and communities
- Taking collective action and building partnerships to achieve all our sustainability objectives





Team Member Engagement and Development

Building a work environment where passion and purpose thrive in order to achieve sustainable growth is our way of managing human capital while providing a unique talent experience that only the Aboitiz Way can.

Beyond rewarding our team members with competitive benefits, we understand that being the best employer means being a company that our team members can be proud of. We place esteem on such intangibles as company culture and team morale, believing that they can have an impact on the engagement and productivity of our people.



CELEBRATING TEAMWORK AND INNOVATION. Team members and team leaders band together as they endeavor to develop innovative ideas that improve processes and systems.

Achieving 1AP Through Project Forward

AboitizPower has embarked on a company-wide organizational strategy called 1AP, which aims to prepare the Power Business Group for future growth, while leading with excellence in the Philippine energy industry.



To implement this strategy, the Project Forward was created. A task force was formed consisting of team members and key team leaders to perform the 50-week improvement program of 1AP. The task force focuses on three major areas: Management Control System (MCS) and Processes, Organizational Structure, and Organizational Behavior.

Fast forward to today, the Project Forward task force has designed 26 solutions that range from process and systems improvement to culture building. In 2016, Project Forward will be in the sustainability or Go Forward phase to sustain all the solution designs that have been implemented.

Creating the Future Organization Through 'Inyovation'

Inyovation, the Power Generation Business Group's brand for its Quality Improvement Program (QIP), is designed to encourage its team members to create better solutions for process improvements, discover effective measures, strategize business growth, and take responsibility to achieve world class operations.



It is a play on the words "innovation" and "inyo". "Inyo" is a Filipino word that means "yours". Putting the two together, this program seeks to imbue ownership among team members and inspire them to be innovative in developing and implementing ideas that can be used by the organization.

Throughout the program, team members are expected to gain a deeper understanding of problem-based learning on how to respond to challenges.



ABOITIZ TRI2015 CHAMPIONS. Aboitiz team members dominate the relay bagging the top 3 places. (L-R): AEV SVP and Chief Human Resources Officer Txabi Aboitiz poses with the 2nd placers Carlos Aboitiz and Manny Rubio (AboitizPower Team); 1st placers Edward James Roque, Kristian Reyes, Jose De Jesus (AboitizPower-sponsored cycling team); and 3rd placers Jana Pedro, Felino Bernardo and Obet Javier (Triple Threat Team).

Promoting Teamwork Through Sports

The Aboitiz Tri2015 swim-bike-run event drew 418 participants including the 36 team members who are championing a healthy and active lifestyle. The triathlon featured a unique point-to-point course in and around Pico de Loro and the Nasugbu-Ternate Highway.



Our team members who have participated in this triathlon are champions because of their personal commitment to live a healthy and active lifestyle. They clearly demonstrate an important principle of sustainable living.

We will continue to be involved in more of these activities in line with our commitment to making Aboitiz a truly sustainable enterprise that we can entrust to future generations.

Txabi Aboitiz
SVP and Chief Human Resources Officer
Aboitiz Equity Ventures, Inc.





HEALTHIER AND STRONGER TOGETHER. Is being fit one of your personal goals this 2016? Then you can take a tip or two from Davao Light team members who participated in the company’s first ever body fat loss challenge. Davao Light EVP and COO Art Milan led fellow team members as they commit to a health and wellness program.

Shaping Up for a Better Me

Davao Light launched its team member health project with the theme “sustainable health is every person’s wealth”. The program promotes company-wide health and wellness culture by encouraging team members to lose unhealthy habits and lower their total body fat percentage (not weight).

Driven by *esprit d’corps*, our team members participate in pockets of events that include fitness seminars, zumba classes, and Fitness Friday group exercises. These are organized by the Human Resources Department, Labor Management Cooperation - Safety, Health and Security Sub-Committee, and the Occupational Safety, Security, Health and Environment Department.



SHAPING UP. Jay Duluguin of Davao Light was declared the champion, losing 35% of body fat. Aside from the team wellness activities, his fitness regimen includes cleansing, exercising, drinking lots of water, eating a balanced diet, sleeping early and boosting his immune system by taking natural supplements.



Corporate Social Responsibility

Our CSR programs are developed and implemented by the Aboitiz Foundation, the social arm of the Aboitiz Group. Since the late 1980s, our initiatives have evolved from CSR 1.0, which involves simple philanthropic activities, to CSR 2.0, which engages projects that are more sustainable for our stakeholders, and aligned to our businesses. We have firmed up our group-wide CSR programs by creating the CSR Strategic Pillars, which set goals on three performance parameters: Program Development, Stakeholder Engagement and Capability Building. Our intention is to create bigger social impact through the collective action of our business units as we move into bigger partnerships with public and private sectors.



STANDING OUT AMONG YOUNG ROLE MODELS. Aboitiz scholar Adriel Gamier Sanchez (front row, fourth from left) is hailed as one of the Ten Outstanding Students of the Philippines (TOSP) in 2016. He emerged as the sole representative of Cebu and the Visayas in the outcome of the rigorous nationwide search. The awards ceremony was held at the Heroes' Hall in the Malacañang Palace. Cabinet Secretary Rene Almendras (back row, third from left) led the awarding ceremony together with (L-R) TOSP founder Jose Concepcion Jr., CHED chairperson Dr. Patricia Licuanan, TOSP officials Joey and Marie Concepcion. (Photo from Malacañang Photo Bureau)

Aboitiz Scholar Receives Top Accolade

Aboitiz scholar and BS Industrial Engineering summa cum laude graduate Adriel Gamier Sanchez is commended as one of the Ten Outstanding Students of the Philippines (TOSP), an accolade that recognizes young role models all over the Philippines who have personified academic excellence, exemplary leadership and a deep sense of social responsibility, all anchored on good moral values.

In college, Adriel and his team won the Proposal-Making Competition during the Aboitiz Scholars' CSR Summit. They used the prize as seed money to open the Panlambo Bakeshop in Cebu using the social enterprise model that is now sustainably supporting 200 families. He also started a book donation movement that is now benefiting children who have limited access to learning materials.



We should not focus more on our achievements in life but on our character, because recognitions may be forgotten but the values and principles that you stand for will surely remain in the hearts of people.

Adriel Sanchez

Ten Outstanding Students of the Philippines
Summa cum laude Graduate
University of San Jose Recoletos

Project e.Lab Boosts Tech-Voc Skills of Students

Davao Light's Electrical Installation & Maintenance (EIM) Laboratory or Project e.Lab is an intervention to help schools meet the requirements of the "K to 12" program, the new curriculum being implemented under the Philippine education system.

The new education curriculum aims to equip students with technical vocational skills while completing high school. By providing support to public high schools, Davao Light also enables them to meet the standards of the Technical Skills Development Authority (TESDA)



BOOSTING TECH-VOC SKILLS FOR TOMORROW'S NATION BUILDERS. The Project e.Lab of Davao Light aims to help students acquire the skills that will prepare them not only for local and foreign employment, but also enable them to become entrepreneurs by providing them with ample workshop equipment to learn electrical installation and maintenance.

by setting up a state-of-the-art training center. Project e.Lab will boost the ability of students to acquire Certificates of Competency and National Certifications from TESDA.

Project e.Lab prepares students to join the labor force, either for immediate employment or for entrepreneurial ventures that are needed by the country as the infrastructure sector grows. They can be employed as building wiring, residential/commercial wiring, and maintenance electricians, or they can be independent electrical services provider.

The Department of Education recognized the Aboitiz Group as its biggest private partner not only for its Adopt-A-School program but also across all its education-related initiatives. We firmly believe that education is where we can create the greatest impact because a better-educated youth means a better Philippines.



29,845
scholars



890
classrooms



78
teachers trained



25 technical-vocational schools adopted



10 special science elementary schools adopted

- Since 2011, Aboitiz and AGAPP have spent over **PhP124 Million**
- to build **216 Silid Pangarap** classrooms in **108** schools nationwide,
- benefiting **40,320** kindergarten students.

Data as of Dec. 2015

Enterprise Development for Communities

We partner with different cooperatives in implementing livelihood projects in rural areas. The Aboitiz Foundation has been working with various cooperatives by providing technical skills trainings to start up community-owned enterprises. The Foundation is accredited by the Philippine Cooperative Industry Development Authority (CIDA).

In 2001, Cambinocot’s residents, with the help of the Aboitiz Foundation banded together to form the Cambinocot Multi-purpose Cooperative. They applied for a loan worth Php3 million to set up a multi-purpose building-cum-commercial center. Today, the cooperative has diversified its services, providing savings and lending services, cafeteria, photocopying center, and bills payment. Its expansion plan includes setting up a bigger cafeteria, a school supplies store and a beauty salon with spa.

Similarly, the Paknaanon Multi-purpose Cooperative, another Cebu-based cooperative, applied for a loan grant worth Php6.4 million in 2009. It has already paid back its principal loan and has grown the value of its assets to Php11.9 million. Its main commercial business is crafts and broom-making that they sell to various merchants in Cebu City.

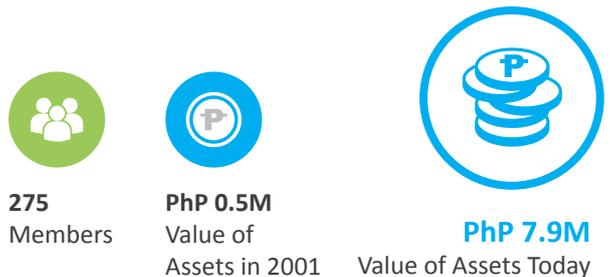


COMMUNITY ENTERPRISE DEVELOPMENT. The Cambinocot Multi-purpose Cooperative owns and operates this commercial building, which is serving as the community’s shopping center. Beside it is a thriving bakeshop that generates income for its members.

Paknaanon Multi-purpose Cooperative



Cambinocot Multi-purpose Cooperative





READY TO HELP. In times of disaster, communities in need can count on the immediate assistance of the Aboitiz Foundation and Aboitiz Group business units.



The assistance that we give extends beyond the areas where we operate, especially in times of calamity. By sending our team, we hope to at least ease a little the current situation of the community. We're also grateful to our linemen who chose to spend the Christmas holidays working to speed up restoration works in Sorsogon instead of being with their families.

Mark Valencia
AVP, Engineering Operations
Davao Light

Helping in Times of Calamity

Aside from programs in education, enterprise development, and environment, Aboitiz Foundation remains at the forefront of quickly responding to major natural calamities. In 2015, our team members and volunteers distributed 4,669 relief packs to the families affected by typhoons Nona and Lando. Davao Light sent a team of 10 linemen to assist Sorsogon 1 Electric Cooperative (SORECO1) in the re-energization of the province. Meanwhile, VECO joined a task force consisting of different electric cooperatives and companies to assist in the restoration of electricity in Mindoro.

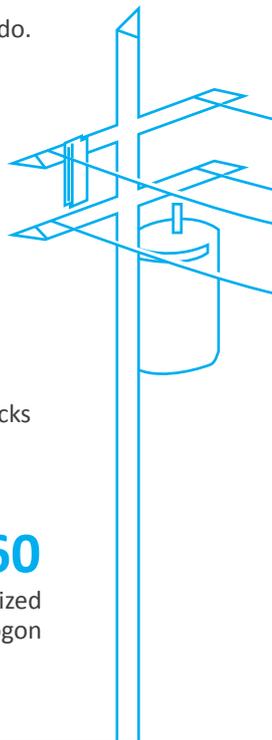


4,669

Families provided with relief packs for the year 2015 (Typhoons Lando and Nona)

60

Transformers were energized in Oriental Mindoro and Sorsogon





Customer Focus

Our passion for better ways entails providing a commercially sustainable customer experience. Our business units ensure that customer needs and expectations are met and exceeded.



Promoting Sustainable Backyard Farming

What started as a corporate-giving activity for the victims of super typhoon Yolanda in Leyte has become a model of creating shared value in Aboitiz. Our Food Business Group developed this erstwhile philanthropic activity into a full-scale shared value endeavor by championing backyard farming for local farmers, who also happen to be our potential suppliers.

Small farmers are encumbered by volatile farm gate prices, high input costs, inefficient farming techniques and costly middlemen. They also don't have a substantial customer base to sell their products come harvest time. Even if they did, they couldn't make a profit off of the transaction. Furthermore, the farmers don't feel pride and satisfaction in what they were doing, largely dismissing their role of cultivating the bounty of the soil as a consequence of their own poverty, oblivious of the higher and nobler undertaking of nation-feeding.

So the save-the-backyard activity metamorphosed into Mahalin Pagkaing Atin, an advocacy that promotes love of local food, champions sustainable livelihood and instills a deeper pride of place and product. We have been to 20 areas nationwide where we distributed 223 egg machines, 796 piglets and 14 agri-posts that benefitted 411 families, whom we have identified to have potential in starting, running and maintaining a business that can also supply our production needs.

Mahalin Pagkaing Atin is our own way of addressing a sustainable development challenge, that of providing food for people to end hunger, to achieve food security, and promote sustainable agriculture.



MODELING SHARED VALUE. What started as a corporate social initiative for Typhoon Yolanda victims in North Cebu and Leyte came to be a full-grown campaign that promotes sustainable entrepreneurship and pushes preference for homegrown produce. The program aims to enable farmers to be efficient producers of table eggs either for their own consumption or to sell to immediate consumers (top photo). Since then, the campaign has gone to various provinces to promote sustainable backyard farming. Local producers and entrepreneurs from all over converge at Mahalin Pagkaing Atin expos to gain new knowledge on backyard livestock farming through Pilmico's seminars and learn from Chef Boy Logro's live cooking demo. Aboitiz team members at the Taguig Corporate Center flocked to the Mahalin Pagkaing Atin Market Day held in February 2016. (bottom photo)



E-commerce is the way of the future, and today, competition is not only limited to local brick-and-mortar businesses but also businesses from all over the world.

Edwin R. Bautista
President & COO
UnionBank

Making our Customers Financially Savvy

It is said that financial inclusion is a key enabler to reducing poverty and boosting prosperity. According to World Bank, there are around two billion people who don't use formal financial services, and more than 50% of adults in the poorest households are unbanked. Yet while the poor don't have the same access to financial products as wealthier individuals, their need for financial services may even be greater.

UnionBank's Ureka Forum was developed after a study showed that despite representing 95% of the country's registered businesses and employing 62% of the labor force, only 1% of all SMEs in the Philippines have a working website. What UnionBank is doing is to hold the Ureka events, a gathering of hundreds of entrepreneurs and students with the objective of teaching them e-commerce to help jumpstart their ventures. At the end of the forum, SMEs walk out with their own personalized websites complete with payment portals making them financial technology users.

Meanwhile, CitySavings' Project TeACH aims to up-skill its primary customers, the teachers. In partnership



FINANCIAL TECHNOLOGY FOR CUSTOMERS. UnionBank remains committed to its advocacy of inclusive innovation and its goal of empowering local businesses to improve their capabilities to create bigger social and economical impact. Using the three-pillar model of thought leadership, business development, and a platform for enterprise partnerships, the forum helped SMEs realize the potential of their businesses in the online world.

with the Coalition for Better Education (CBE), CitySavings is also providing a five-day certification program on information and communication technology (ICT), which is an identified, needed skill for public school teachers by the Department of Education. The training program consists of modules in standards development, online authentic assessment, ICT application for classroom projects, project-based learning approaches and project preparation and defense.



Project TeACH made me become an innovative educator and a 21st century teacher. It helped me realize that we have to be innovative in creating a learning community that answers highly complex problems of society.

Michael Morella
Grade 9 Public School Teacher



EDIBLE LANDSCAPING. AboitizLand, through Kishanta, Pristina North, and Almiya residential communities, is partnering with vecinos (Spanish for “neighbors”; AboitizLand’s term for their homeowners) in showing how beautiful food can be by mixing ornamental plants with vegetables, herbs, and fruit-bearing trees. AboitizLand’s Community Stewards Team (CST) is spearheading the initiative and has started sowing seeds for Pristina North community in Talamban, Cebu City and Ajoya in Cordova, Lapu-Lapu City. Using organic farming tools, both edible gardens will also utilize coffee grounds from vecinos to be used as fertilizers.

Nurturing Communities

What if you could create a beautiful landscape and grow organic produce, too?

AboitizLand’s Kishanta in Talisay City, Cebu, The Persimmon in Cebu City and Ajoya in Cordova, Lapu-Lapu City are doing just that—showing our customers how beautiful growing food can be by planting vegetables, herbs and fruit-bearing trees in their shared gardens. The edible garden is a significant feature of AboitizLand’s residential communities. It allows its vecinos (Spanish for “neighbors”; a term coined by AboitizLand to refer to its homeowners) to produce their own nutritious and organic food while reducing farm-to-table carbon emissions. This initiative also enhances neighborhood relations as they work together in growing food in communal areas.

AboitizLand’s residential communities are also utilizing green spaces. Its newest village Amoa, for instance, allots 46% of its open areas for vecinos to enjoy. Likewise, urban farming initiatives will be rolled out to AboitizLand’s host communities. Through AboitizLand, we are determined to deliver a sustainable vecino experience via our carefully designed developments that nurture communities.





Disaster Resilience and Preparedness

Much of our resilience comes from community, from the relationships that allow us to lean on each other for support when we need it. It is therefore incumbent upon us in the Aboitiz Group to be able to help our stakeholders and the Filipino public when natural disasters occur. We are committed to increase people's capacity to prepare for disasters and to rise up in the aftermath.

Building a #WeatherWiser Nation

WeatherPhilippines delivers free, accurate and localized weather information to aid local governments and communities, in timely response to severe weather conditions.

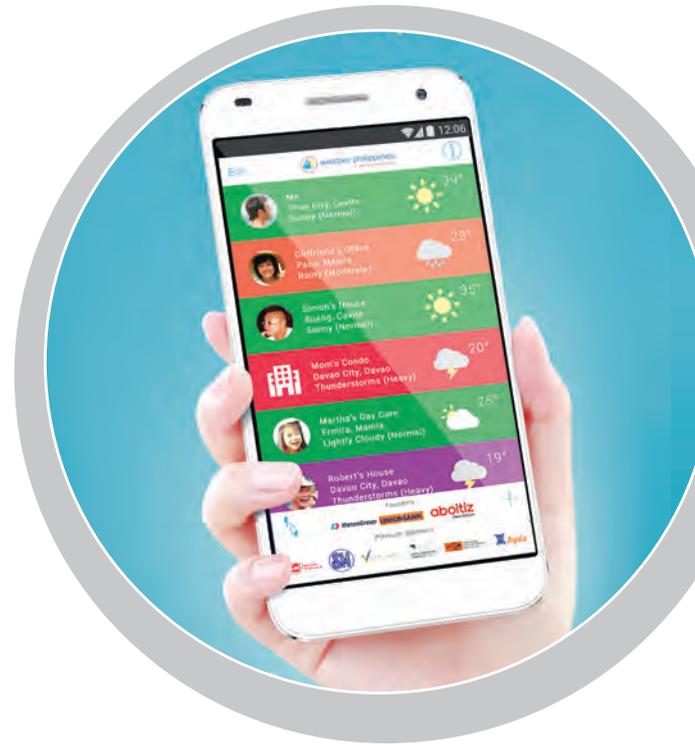
Through localized weather technology, inclusive partnerships, and educational engagements, WeatherPhilippines is helping communities optimize weather data for socioeconomic growth and sustainable development planning.

In 2015, WeatherPhilippines launched its free iOS and Android mobile application and expanded its network of sponsors and donors. New partners in the private sector include the Ayala Corporation, Pilipinas Shell Foundation (PSFI), and the Philippine Disaster Resilience Foundation (PDRF).

Through inclusive collaborations with the public and private sector, we are closer to achieving our goal of building a #WeatherWiser Nation.

WeatherPhilippines partnered with the PDRF, the country's major private sector vehicle and coordinator for disaster management, to establish the Disaster Operations Center.

Through this knowledge-sharing partnership, WeatherPhilippines will provide localized weather information, forecasts, and access to early warning systems that will strengthen PDRF's capacity-building programs. Its trainings and expert meteorological advice will also enhance the business continuity mechanisms of the PDRF's network.



777

Automated weather stations (AWS) deployed



576

Donors and Partners

6

Platinum Donors

21

Gold Donors

13

Service Partners

534

Site Partners

2

Capability-building partners



922

individuals who participated in capacity-building trainings



ONBOARD AND #WEATHERWISER. Ayala Corporation bolsters the WeatherPhilippines campaign as Platinum Sponsor. Ayala facilities in strategic locations nationwide will host 247 additional automated weather stations (AWS) to be installed by WeatherPhilippines. John Philip Orbeta, Ayala Corporation's Head of Corporate Services signs the Memorandum of Agreement (MOA) with WeatherPhilippines Foundation's Chairman Enrique Aboitiz and President Susan Valdez.



FASTER CASH AID. Survivors of typhoon Yolanda and Hagupit from Tacloban and Samar were among the first users of the Electronic Prepaid Solution (EPS). In photo are (L-R) UnionBank SVP and Head of Business Transformation Paolo Baltao, Oxfam Country Manager Justin Morgan, and (rightmost) VISA Asia-Pacific Head of Financial Inclusion Ihab Zaghloul.

UnionBank’s Electronic Cash Transfer Sends Aid Faster

Every minute counts when it comes to saving lives. This is why UnionBank revolutionized disaster relief using its Electronic Prepaid Solution (EPS). By partnering with Oxfam and VISA, UnionBank’s EPS allows convenient, cost-efficient, transparent and secure distribution of cash donations to disaster-hit communities.

In the past, disaster relief funds take 48 hours or more before reaching the disaster site. UnionBank’s e-cash transfer provides fast and reliable support system for its customers affected by natural disasters, allowing them to get back on their feet the quickest way possible.

This initiative enables local response teams and residents to mobilize immediate aid that complements the national government’s disaster and risk management efforts.



We assist disaster survivors by getting cash aid to them in the quickest way possible, ushering their way back to normalcy.

Justo A. Ortiz
Chairman and CEO
UnionBank



TRAINING AND EMPOWERING. A safety mindset is critical not only to the business but also the communities where our business is operating.



Safety is everybody's responsibility.

The training and signage installation highlight the importance of awareness and preparedness in preventing accidents and unwanted occurrences.

Manny Lopez
AVP and Plant Manager
SNAP-Benguet

Water Safety for Our Host Communities

SN Aboitiz Power-Benguet, Inc. (SNAP-Benguet) sponsored a two-day training course on moving water rescue awareness for its host communities in barangays Ambuklao, Tinongdan, and Dalupirip. The training was conducted by the Emergency Research Center, a non-governmental organization that specializes in emergency preparedness, management, and education. The participants spent two days learning about safety measures when working near water, and how to use basic water equipment. They also learned how to manage water-related injuries and save individuals in water-related accidents.

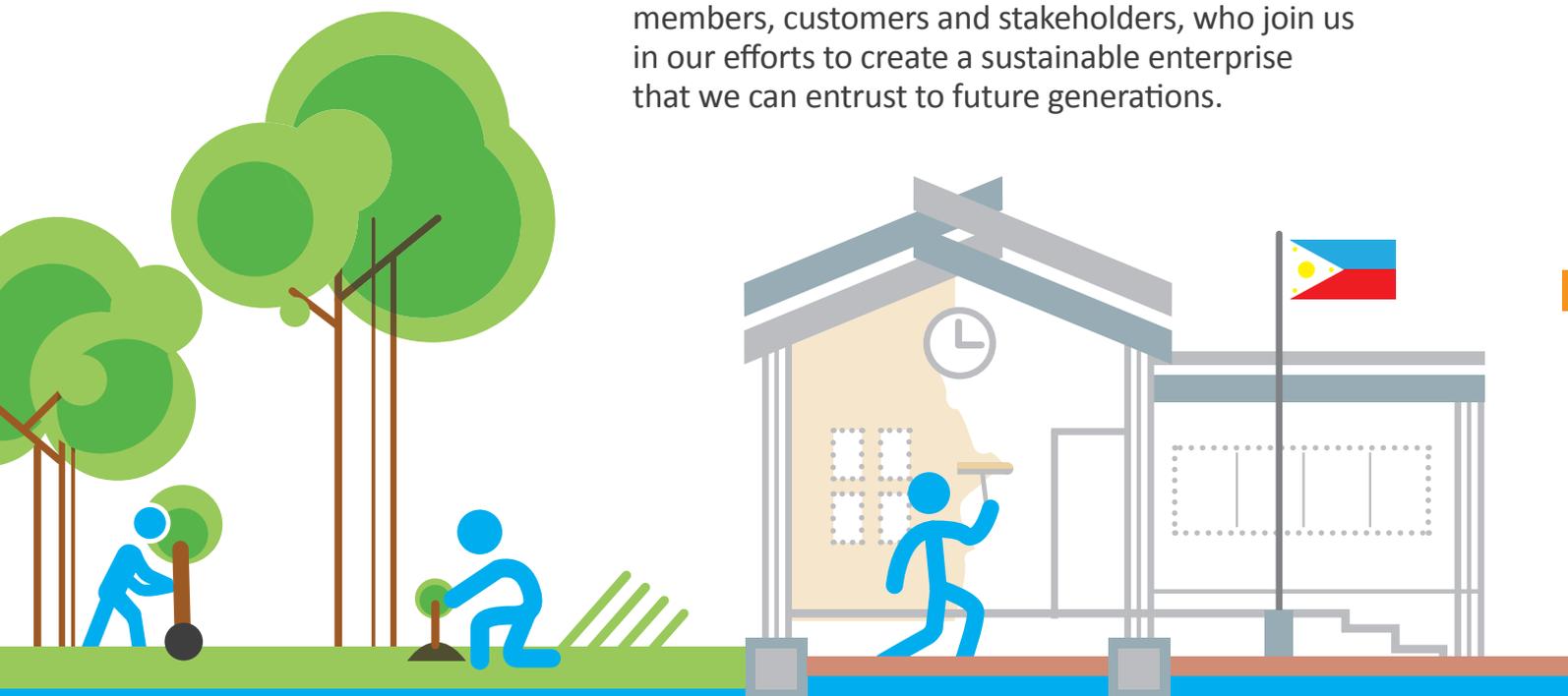
Doc Ted Talks: How Much is Your Child's Life Worth?

The adage, *amat victoria curam*, which means “victory loves preparation”, can never be overrated, says Dr. Ted Esguerra, medical head of the Philippine Mount Everest Team, who conducted a series of Disaster Readiness Talks for our team members last year at the start of the typhoon season.

As part of the company's natural disaster awareness and preparedness measures, the Disaster Readiness Talk aims to equip our team members with vital information on dealing with various types of natural disasters. Dr. Ted emphasized the importance of teaching these survival skills to family members and children to enable them to make correct decisions before, during and after emergency situations. While every disaster is different, they share the same “life cycle”—preparedness, urgent response, and longer-term recovery. Therefore, everyone in the company must be prepared at every stage of this life cycle.



Our diverse operations are supported by our team members, customers and stakeholders, who join us in our efforts to create a sustainable enterprise that we can entrust to future generations.



Team Member (TM) Engagement & Development

Attract, retain, and optimize A-People

31,132
TM Employed ¹

Corporate Center ²	286
Power	5,784
Banking	3,750
Food	2,621
Land	399
Others ³	18,292

3.6
TM Satisfaction Rating ⁴

92%
Retention Rate ⁵

36
Average Training
Hours Per TM

Corporate Center ²	33
Power	48
Banking	42
Food	39
Land	18

1,854
Employees Covered
under a Collective
Bargaining Agreement

Corporate Center ²	N/A
Power	711
Banking	1,121
Food	22
Land	N/A

Corporate Social Responsibility

Partner with communities to promote inclusive growth

507,086
Direct Beneficiaries ⁶

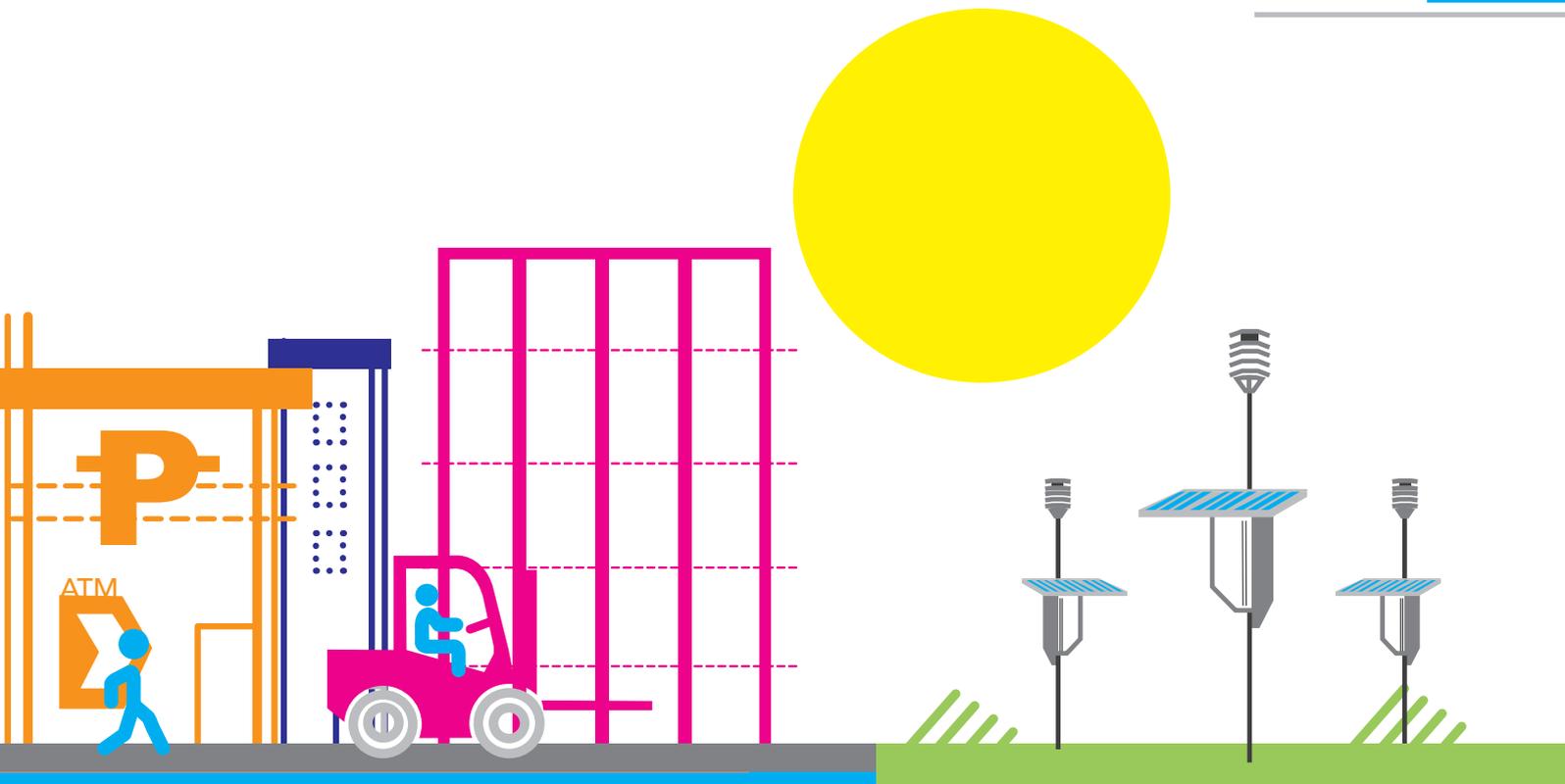
Education	215,217
Enterprise Dev.	18,590
Environment	14,103
Health &	
Well-Being/Others	259,176

PhP 415M
CSR Fund Allocation

Luzon	PhP 170M
Visayas	PhP 119M
Mindanao	PhP 126M

738
CSR Projects

Luzon	321
Visayas	246
Mindanao	171



Customer Focus

Provide a commercially sustainable customer experience

Customer Satisfaction Rating

Bank	Overall Satisfaction Rating	4.27
	Branch Service Rating	4.42
Food	Flour	4.36
	Feeds	4.00
Land	Vecinos (Residential)	4.05
	Locators (Industrial)	4.20

18,660,678

Customers Served

Power	601,102
Banking	18,055,308
Food	386
Land	3,882

Disaster Resilience and Preparedness

Increase the capacity of local government and the public in disaster preparedness

777

Automated Weather Stations Deployed

Luzon	467
Visayas	186
Mindanao	124

922

Individuals Who Participated In Capacity-Building Trainings

Public Sector and Communities	584
Private Sector	321
Media	17

¹ Scope of the total number of team members include non-direct hires and the direct hires of other business units of the Aboitiz Group not yet included in the G4 reporting scope of the Group

² Includes WeatherPhilippines and Aboitiz Foundation team members

³ Refers to Construction Group, Shipbuilding, Ramon Aboitiz Foundation, and other business units of the Aboitiz Group not yet included in the G4 reporting scope

⁴ No survey was conducted in 2015; basis of rating is still 2014

⁵ Computed as follows: 100% less turnover rate

⁶ Categorization of beneficiaries is based on Aboitiz Foundation program components



PLANET



Many organizations undertake efforts thinking of the kind of planet they will leave behind for their children. But we ask the opposite: what kind of children are we leaving behind for our planet? The only legacy we all leave behind is the effect we have on others, the changes we create in them by interacting with them, and thus the world.

It is incumbent upon us to teach these values of caring for the environment to those who will succeed us in the business, and to those who will live tomorrow in the communities that our businesses are serving today. We strive to instill in them an immutable lesson—the rules of business must align with the laws of nature. And so, we turn to the core of human values to establish a living guide for the care of our planet; this as we build a sustainable enterprise that we can entrust to future generations. **G4.27**

By reporting on our performance in the Planet focus areas, we are contributing to the following SDGs:

- Addressing poverty in areas where we operate
- Developing and operating affordable and clean energy
- Helping build sustainable cities and communities
- Implementing climate action
- Protecting life on land and below water
- Taking collective action and building partnerships to achieve all our sustainability objectives





Carbon Emissions Reduction

We are committed to the highest standards of environmental management and performance, striving to go beyond regulatory compliance and lead with industry best practices.

Along with our business units, we express our commitment as a company and as individuals to environmental stewardship. We have pioneered a number of environmental projects in partnership with our stakeholders.

A-Park for a Greener Philippines

The vast forest resources that have been in our care for more than three decades now have inspired us to launch a group-wide greening program, which is very much aligned to the national efforts to halt and reverse forest degradation. In 2010, we consolidated our various tree-planting projects under the A-Park program where we pledged to plant three million trees in five year’s time. By the end of 2014, we were able to hit that target, inspiring us to plant another six million trees to bring our reforestation contribution to a total of nine million trees by 2020.

Our A-Park program has been pledged to the National Greening Program, formalized through a partnership by signing the Memorandum of Agreement with the Department of Environment and Natural Resources in July 2015. We are proud to be one of the government’s biggest private partners in this very important undertaking.

What makes A-Park more meaningful is the participation of our team members and community stakeholders who join us every year in our group-wide simultaneous tree planting. Last year, a total of 2,144 team members from across the business units volunteered and planted 61,855 seedlings in one day.

Three Decades of Watershed Management

For more than thirty years, Hedcor has been taking care of watershed forests that are vital to its run-of-river hydropower business.

As part of its watershed management program, Hedcor maximizes the relationships it has established with local communities. Through partnerships, Hedcor provides the communities with fruit-bearing trees, which serve as a source of sustenance and livelihood. As of 2015, Hedcor has planted **1,514,381 seedlings** with a survival rate of **89 percent**.

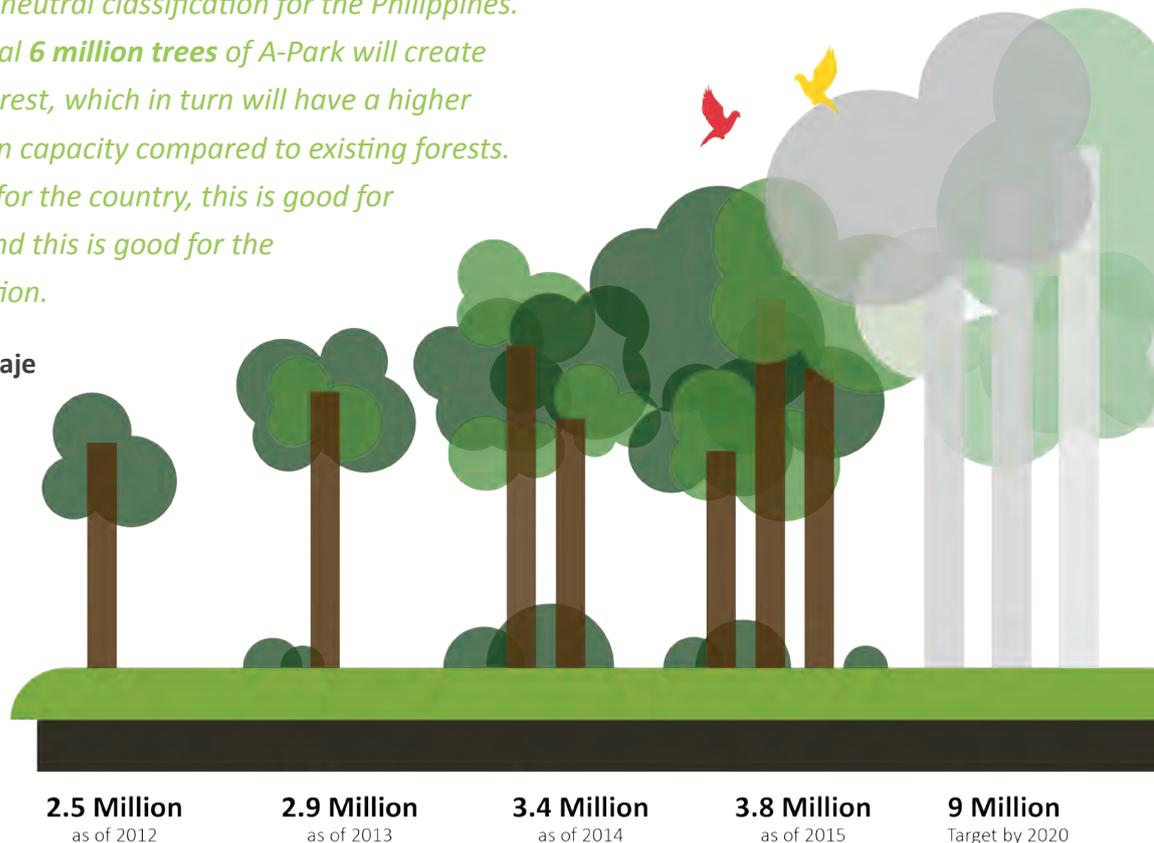


The A-Park helps strengthen the national government’s case for a carbon neutral classification for the Philippines.

*The additional **6 million trees** of A-Park will create a growing forest, which in turn will have a higher sequestration capacity compared to existing forests.*

This is good for the country, this is good for the planet and this is good for the next generation.

Sec. Ramon Paje
DENR





214,630

Trees Planted

209

Hectares Covered

91%

Survival Rate

37,135

Seedlings Propagated at the
TSI Central Nursery

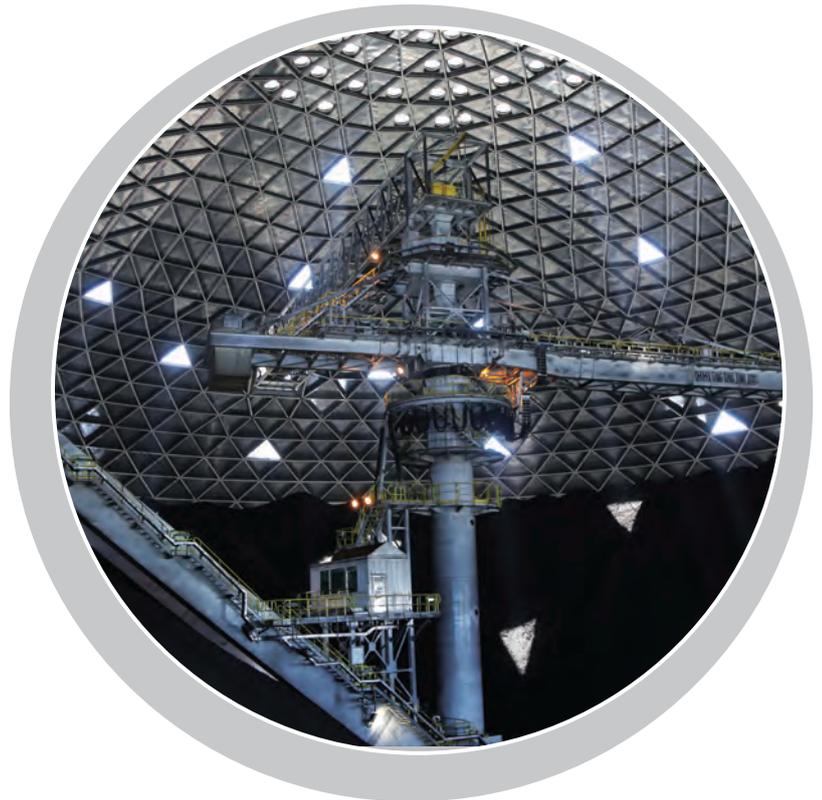
Carbon Sink Project with Indigenous People

In a land that spans 40,000 hectares and 50 kilometers away from Davao City's center is the community of the Matigsalug tribal people. The Matigsalug indigenous people long to preserve their ancestral land, which has been ravaged by logging and irresponsible farming.

The Matigsalug people's objective aligns with the intent of our Therma South, Inc. (TSI) business unit to take care of watersheds under its environmental management plan. One of the major initiatives of the plan is to create a buffer area that will sequester carbon dioxide in the atmosphere emitted by the Davao region's industrial and transportation sectors.

Our partnership with the Matigsalug builds their capability by providing them with trainings and education on community-based forest management. TSI will provide the beneficiary families with a startup grant to be released in tranches so they can pursue agro-forestry livelihood, with the ultimate goal of making them stewards of their own land, as well as become protector of the contiguous carbon sink forests.

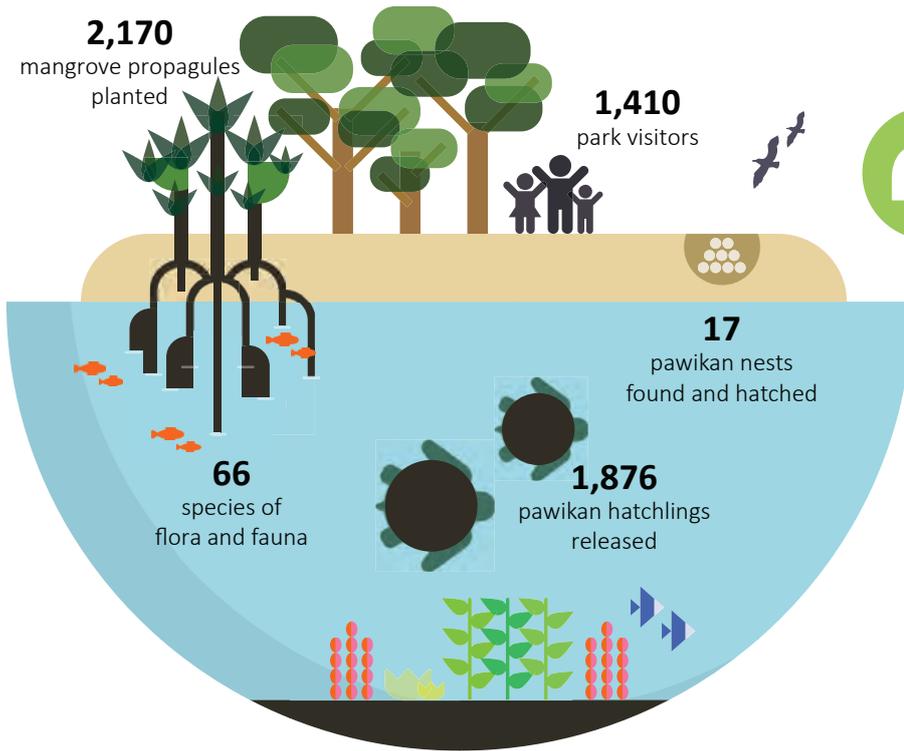
We are targeting to utilize 1,000 hectares in the Marilog district for the carbon sink program, and this will include as many as 250 families as our partner-beneficiaries to be part of the project.



Delivering Power the Responsible Way

Therma South, Inc. is now providing Mindanao with 300 MW of reliable base load power, independent from rainfall or other natural weather conditions that are out of our control. Located in Davao, the baseload power plant features the first "coal dome" in Southeast Asia—a modern coal storage facility that will ensure security of the fuel and safety and well-being of the surrounding areas.

It uses state-of-the-art circulating fluidized bed technology that is many times referred to as "clean coal" and will ensure high efficiency and dependability.



Data as of Dec. 2015



We always believe that learning does not only happen inside the classroom and that experience is still the best teacher. By visiting the Aboitiz Cleanergy Park, our children will have more appreciation of the environment and wildlife conservation.

Krispy Arenga
 Kinder Class Adviser and Coordinator
 St. Mary's Initial Learning Experience

Aboitiz Cleanergy Park: Hatching Hope and Inspiring Action

We officially opened the Aboitiz Cleanergy Park in Davao City, coinciding with the celebration of World Earth Day in April 2015. The eight-hectare Park is a showcase of the area's mangrove reforestation site, nursery, and botanical garden for the propagation of 29 native tree species. Aside from helping reduce carbon emissions, the Park is also actively promoting habitat conservation and biodiversity management in an urban setting. Most importantly, the Park was built as a sanctuary and safe nesting ground for the hawksbill sea turtles commonly called pawikan. The Park is one of only ten identified breeding grounds of the hawksbill turtles in the Philippines according to the DENR. The entire Park itself is home to 66 species making it an important ecological spot in Mindanao.



STARTING THEM YOUNG. Teaching our kids how to take care of our shared habitat by involving them in the Aboitiz Cleanergy Park tree planting and coastal cleanup activities.



Resource Efficiency

Sustainability is not only about business continuity; it is also about the efficient management of resources, allowing us to create more with less wastage.

Resource efficiency is often a practical, cheap and faster way to address the intermittent uses of our water, electricity and paper resources in the office.



171,719 MWh

▲ 4% increase from 2014



439,912 m³

▼ 20% decrease from 2014



6,284 reams

▲ 74% increase from 2014

Above data pertains only to the consumption of facilities enrolled to the R2R challenge for the year 2015.

Driving the Culture of Resource Efficiency

The Race to Reduce (R2R) program underpins our commitment to manage resources efficiently and minimize our operational footprint. We encourage our business units to reduce their consumption on three finite resources: water, electricity, and paper. By the end of 2015, we are happy to report that there are now 261 facilities enrolled in the R2R.

In 2016, we are bringing the resource efficiency mindset down to the individual team member's level. We want to make our team members become more aware of their capability to contribute to the global climate action, especially this year when the effects of El Niño has been forecast to be more severe. A pocket of events will be implemented such as the Water Conservation Challenge, Earth Hour participation, and the No Impact Challenge.

Unplugging When It Matters Most

Cebu Unplugged, the energy conservation campaign of our distribution business unit VECO has gained the cooperation of 24 of its large customers to participate in the Interruptible Load Program or ILP. The ILP helps mitigate the country's electricity supply problems especially during summer when power suppliers undergo performance maintenance shutdown. The ILP is approved by the Department of Energy and the Energy Regulatory Commission and is now being replicated by other distribution utilities across the country. VECO has campaigned for energy conservation and electrical safety in 1,650 elementary and high school students in both private and public schools, providing incentive for the school with the most significant decrease in electricity use.



SPOTLIGHT ON SOLAR AND SAVINGS. Based on 2015 records, a typical CitySavings branch consumes an average of 1,900 kilowatt-hours of electricity per month. The newly installed solar power generator in its Gumaca branch can produce an estimated 1,125 kilowatt-hours of AC power per month, effectively providing almost 60% of the branch's power needs.



Sun-Powered Savings

The CitySavings branch in Gumaca, Quezon has generated power resource savings, thanks to the 7.5-kW solar thin film flexi system installed on its roof, which harnesses the sun's rays and converts it to direct electricity (DC). Based on 2015 records, a typical CitySavings branch consumes an average of 1,900 kilowatt-hours of electricity per month. The newly installed solar power generator can produce an estimated 1,125 kilowatt-hours of AC power per month, effectively providing almost 60% to 80% of the branch's power needs. CitySavings is taking its practice of resource efficiency to a new level by pursuing sustainable energy-saving solution.



Waste Management

Through our Wealth on Waste (WoW) program, we are supporting Republic Act 9003 also known as the Ecological Solid Waste Management Law, which promulgates the proper management of wastes using the 3Rs – reduce, reuse and recycle. We have 23 business units that are actively practicing waste management following their respective environmental, health and safety policies. We go beyond compliance and we have initiated projects to spread our advocacy among our stakeholders.

Waste Management Starts with Changing our Lifestyle

When we think of pollution, we envision a smokestack of black clouds in the sky, strip-mined mountain tops and dirty oceans. We don't often think of the shirts on our backs or the mobile phones in our hands. But the overall impact the apparel and electronics industries have on our planet is quite big, and yes, wasteful. In Aboitiz, we try to address these by asking our team members, business partners and communities to recycle them first before throwing away.

The Green Fashion Revolution (GFR) taps the youth-oriented clothing design competition to encourage recycling. GFR is the brainchild of our Aboitiz Foundation scholars who participated in the CSR Summit in 2011. Since then, it has been challenging their fellow students to create clothing, footwear, and accessories that make use of recycled materials. In 2015, the project used a total of 212 kilos of wastes gathered from the different Aboitiz business units. When we staged the GFR on September 26, we joined the Global Day of Action on Climate Change to help combat environmental degradation through proper waste management.

Meanwhile, to help dispose electronic gadgets properly, we have participated in Globe's Project 1Phone, an initiative that recycles electronic wastes via its accredited recycler. The funds raised from this joint effort will be used to rehabilitate typhoon-hit schools. Through this program, we help avoid toxic components from ending up in our landfills, and ultimately prevent it from polluting our land and freshwater supply.



DESIGNING FOR A BETTERWORLD. The Cebu Institute of Technology-University (CIT-U) students strut their tropical paradise-themed collection on the runway to emerge as the Grand Winner of the 2015 Green Fashion Revolution (GFR). Graphics and Media students Christian Conienda, Jeson Baraclan and Jordan Bayot designed wearable pieces using recycled materials. CIT-U received a cash prize of Php30,000 and a trophy made from recycled VECO wooden crates.

The Eco-Market Day project of Hedcor aims to lessen garbage that might otherwise pollute the streams and rivers within Hedcor's host communities while also raising local awareness of global environmental issues. Host communities in Davao City, Davao del Sur, Bukidnon, Benguet, Ilocos Sur and Mountain Province, including elementary and high school students participate in the Eco-Market Day.



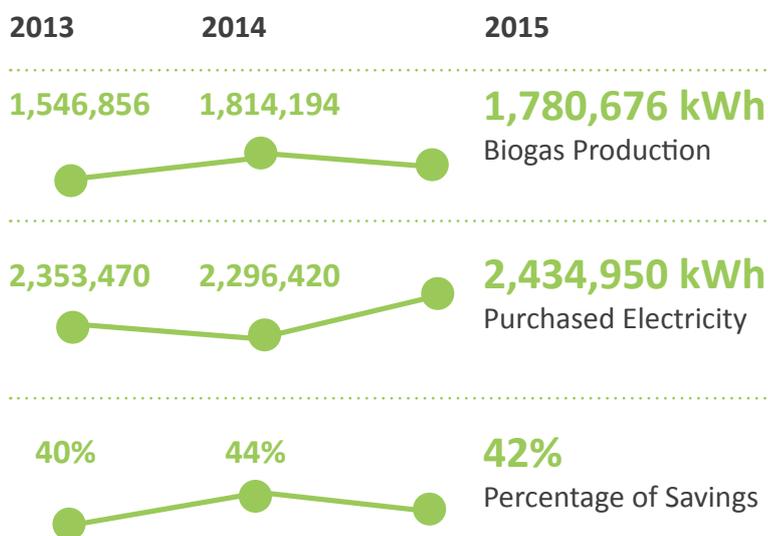
Hedcor's Eco-Market Day Makes Eco Warriors of its Residents

The communities of our mini-hydro business unit Hedcor have been participating in the monthly eco-market day, a school-based waste management project that aims to lessen garbage that might otherwise pollute the streams and rivers that supply its run-of-river power generating facilities. Eco-market day is supported by the schools of our host communities in Davao City, Davao del Sur, Bukidnon, Benguet, Ilocos Sur and Mountain Province. They gather household recyclables such as scrap metals, bottles, and a variety of plastic products, which are sold to participating junk shops. This augments the income of the students' parents, which they use for other school expenses. At the same time, the local community's micro-economy is also stimulated by the commercial activities of reselling the recyclable wastes.

From Waste to Energy

Our food business unit, Pilmico Animal Nutrition Corporation, is demonstrating the Aboitiz passion for better ways through its farm waste management innovation.

Developed in 2008, it is operating a biogas system in three of its Tarlac farms, generating electricity out of hog waste. This waste management system is saving up operating costs because of its in-house power source that supplies an average 40% of electricity annually. Two more bio-waste plants, with expected additional 500,000 kWh output, are being developed for its fourth and fifth farm and are expected to go online in 2017.





Renewable Energy

We consider it as our contribution to provide ample and reliable power when needed, at a fair and competitive price, and to do so with the least adverse effect on the environment and the community. We are doing this through Cleanergy, our brand for clean and renewable energy assets, which altogether comprise almost 40% of AboitizPower's right mix of power portfolio.

Learn more about how we develop sustainable energy resources at our Cleanergy Center, an educational facility that showcases interactive displays and learning materials devoted to sustainable ways of generating and consuming energy in the Philippines. The learning center is located within our APRI MakBan geothermal facility's administration office in Laguna, Southern Luzon.



WATER POWER. Hydropower draws energy from falling or flowing water and converts it into electricity, without consuming, wasting or depleting water in the process. It brings much more than electricity, jobs and development to communities. Hydropower can provide unique flexibility and energy storage capacity. It provides stability to the electricity system and can instantly meet increases in demand. Moreover, it can help control floods and store water for irrigation.

A River Runs Through It

We develop and operate efficient hydropower systems across the country. Hydroelectric power harnesses water's potential energy and converts it into electrical energy.

It is a simple process: falling or running water turns a turbine, which turns a generator, producing electricity.

Our large hydropower facilities are lodged in the SN Aboitiz Power Group, the business unit that operates the Magat, Ambuklao and Binga power plants. Meanwhile, our run-of-river hydropower plants are operated by our business unit Hedcor, which has more than 30 years of proven experience in developing mini-hydro projects.





GREEN INVESTMENT. When properly developed and managed, geothermal systems are a clean, abundant, and reliable source of renewable energy. The Aboitiz Power Renewables, Inc. has recently secured from the Asian Development Bank the first ever climate bond in Asia-Pacific and the first climate bond for a single project in an emerging market. The agreement includes a Php10.7 billion local currency bond and a Php1.8 billion direct loan that includes credit enhancement that guarantees 75% of principal and interest on the bond. The funding will be used in the development of the Tiwi-MakBan geothermal energy facilities.

Power From Below the Earth

Geothermal energy resources abound in the country by virtue of the Philippines' location in the Pacific Ring of Fire. In the 1960s, a young Filipino volcanologist, Dr. Arturo P. Alcaraz, succeeded in lighting up incandescent bulbs using electricity from the steam of Tiwi's volcanic backyard. This event ushered the birth of the geothermal era in the Philippines.

Today, Tiwi is home to APRI's geothermal power plant, the first to be commissioned in the country after the Alcaraz tests. APRI won the government bid for Tiwi and MakBan power plants in 2008. The combined generation of these power plants contributes pure, clean steam power to the country's energy mix. The heat that produces the steam is virtually inexhaustible if the reservoir is properly managed. And because it does not need to be mined, refined, or transported over long distances, it's cheaper and more environment-friendly than conventional energy resources.

Shining Through

Our foray into solar energy production boosts the Cleanergy platform and could very well set the tone for the rest of the power industry as it looks for more innovative means of meeting the country's energy demands with the environment in mind.

With the addition of the Negros Occidental solar farm to AboitizPower's portfolio of power generating assets, we are delivering on our Cleanergy promise. This further cements the Aboitiz Group's commitment to build a BetterWorld for future generations.



In 2015, we spent around PhP37.5 million on our environment-related initiatives. We are committed to ensuring effective environmental management through, first, understanding and minimizing impacts, and, second, contributing more broadly as environmental stewards.



Carbon Emissions Reduction

Reduce Greenhouse Gas (GHG) emissions across facilities under its control

1,558,956¹

Carbon Emissions (tCO₂e)

3,803,051

Trees Planted as of December 2015

Corporate Center	58,500
Power	1,051,576
Banking	626
Food	5,315
Land	231,018

Trees planted from 2012 and prior years **2,456,016**

Resource Efficiency

Manage resources efficiently

413,421¹

Energy Consumption (MWh)

Corporate Center	2,496
Power	342,521
Banking	27,240
Food	40,473
Land	691

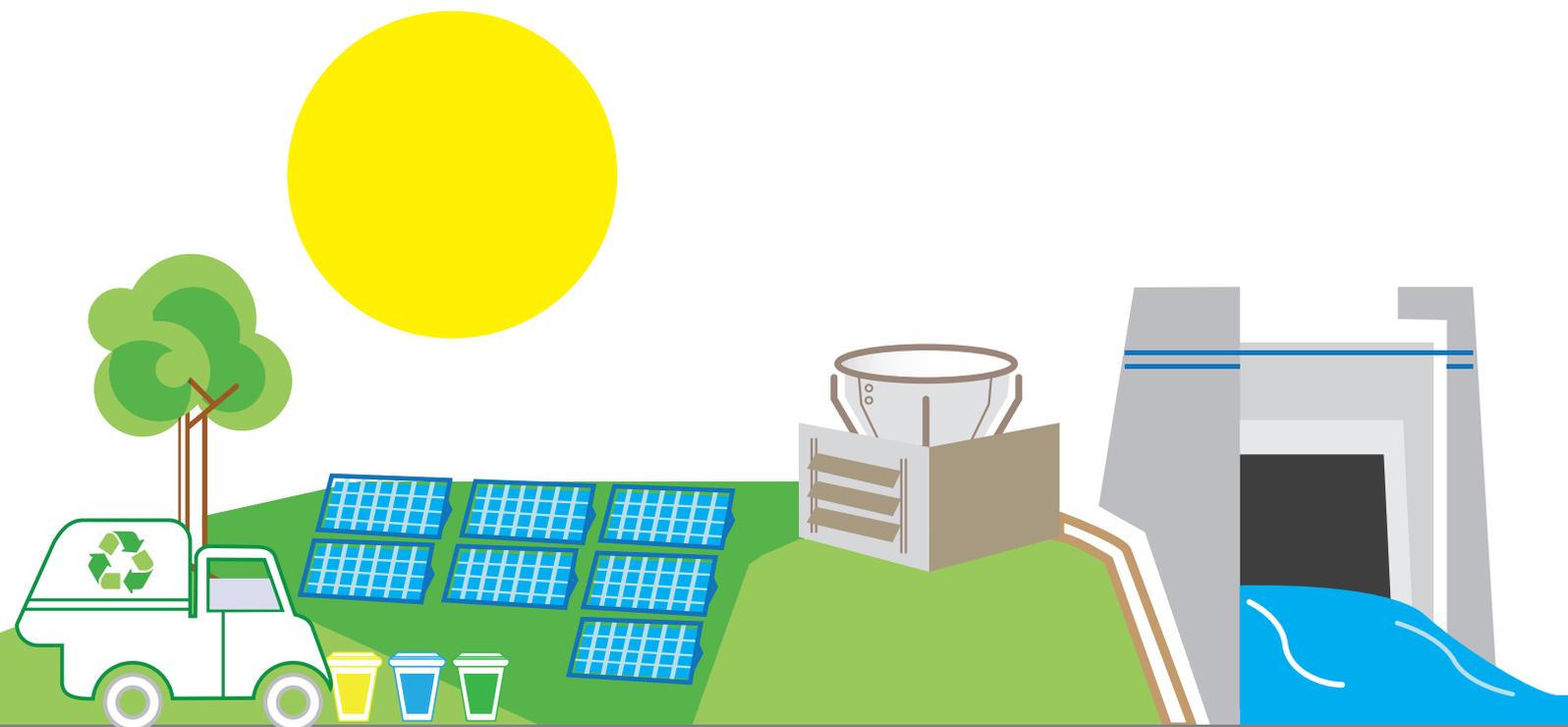
1,143,118¹

Water Consumption (m³)

Corporate Center	9,235
Power	441,895
Banking	212,365
Food	67,963
Land	411,660

17,323²

Paper Consumption in Reams



Waste Management

Reuse and Recycle

7¹

Groupwide Initiatives

Wastes

Recycled (%)³

Recyclable Paper	100%
Plastic	38%
Metal	100%
Oil ⁴	100%

Renewable Energy (RE)

Tap other RE sources and strengthen its renewable energy portfolio with the development of more hydropower and geothermal capacity.

1,217

RE Source at Net Sellable Capacity in MW

Hydropower	787
Geothermal	430

38%

Generating Capacity from RE based on Net Sellable Capacity

¹ Data is for 2015 only

² 1 ream = 500 A4 pages

³ Data for Corporate Center, Banking, Food, and Land are not available

⁴ Data for Davao Light only

PROFIT





As it was more than 100 years ago, we in the Aboitiz Group today remain steadfast in our role as the Filipinos' partner in nation building. We will continue along a path of creating shared value, addressing social development and environment stewardship while driving profitability for our businesses. **G4.27**

Our business will only truly be sustainable and enduring if all our stakeholders, including our host communities, benefit from our value creation efforts.

In this section, we share our growth story in 2015 and how we are contributing the following SDGs:

- Developing clean water and sanitation
- Enabling economic growth
- Paving the way for industry, innovation and infrastructure development
- Building sustainable cities and communities
- Partnering with key sector players to achieve the development goals

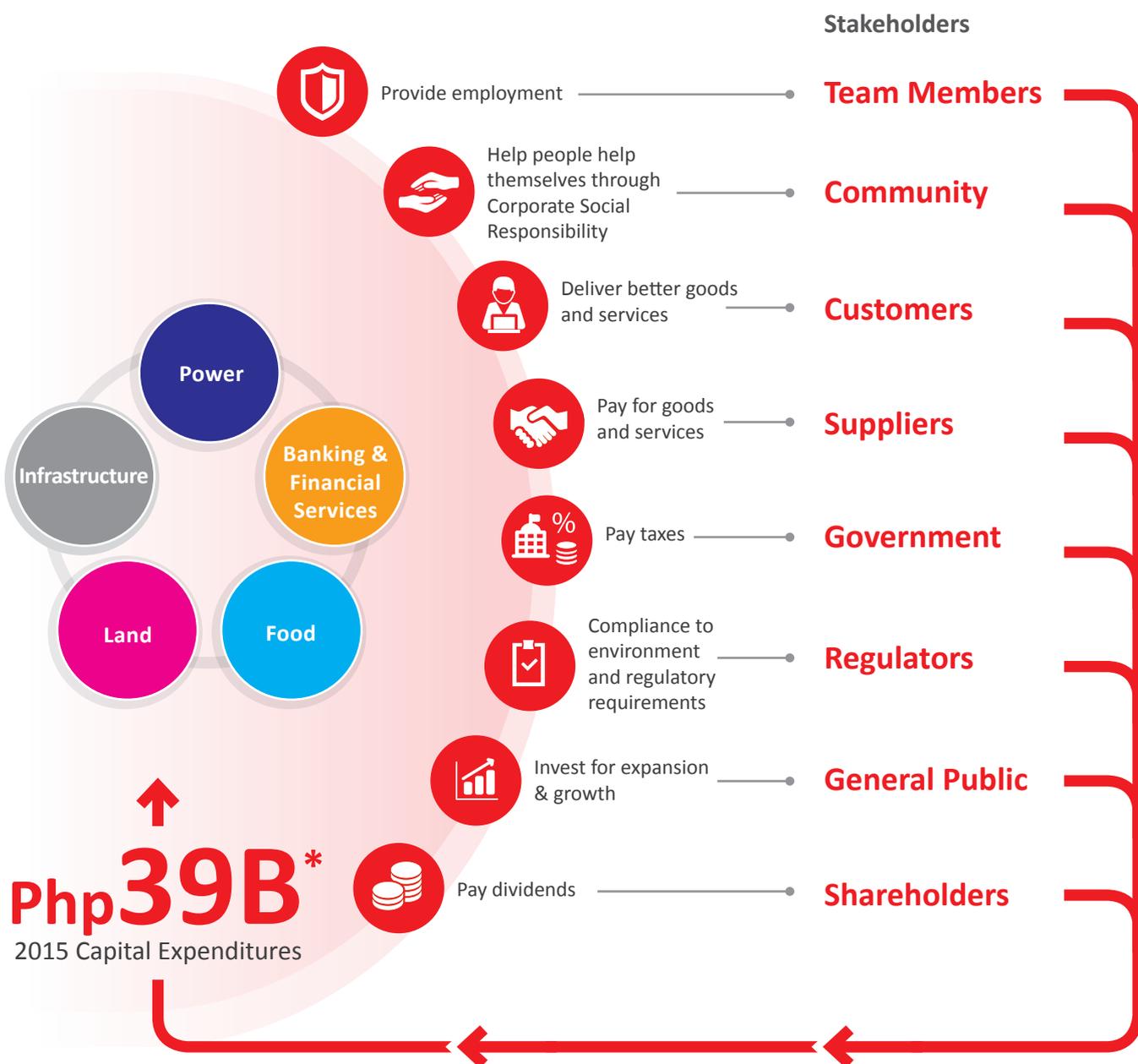


Providing Stakeholder Value

More than just being a successful enterprise, Aboitiz Equity Ventures, Inc. and its business units are committed towards constantly striking a triple balance of people, planet, and profit.

In its core businesses of power, banking and financial services, food, land, and infrastructure, the organization and its team members serve countless people during the daily course of operations across the country. They all share a goal to touch and enrich lives, help stakeholders attain a better future, and collectively care for the one planet that sustains us all.

The Group is committed to making Aboitiz a truly sustainable enterprise that can be entrusted to future generations.



*Excluding Infrastructure and Financial Services

Power Generation

- Increased attributable net energy sold by 11% to 12,550 GWh
- Started commercial operations of Therma South's Unit 1 in Davao
- Inaugurated Hedcor's 14-MW Sabangan hydro plant in Mountain Province
- Started construction of a 59-MWp solar photovoltaic power generation facility in San Carlos, Negros Occidental
- Entered into agreements with PT Medco Power Indonesia to develop a 2x55-MW geothermal plant in East Java Province, and with Energi Infransantara to develop a 127-MW hydro project in Central Sulawesi, also in Indonesia

Power Distribution

- Increased aggregate energy sales by 6% to 4,759 GWh
- Increased overall customer base by 5% to 881,944 customers
- Went live with VECO's new Meter Data Management system for Open Access and smart prepaid offering requirements
- Added 79 MVA to Davao Light's transformer while LiMA EnerZone installed 50 MVA transformers to improve distribution network reliability
- Completed the installation of Davao Light's Underground Distribution System (UDS) within Davao City

Banking and Financial Services

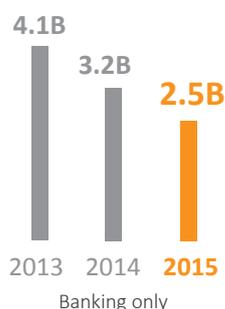
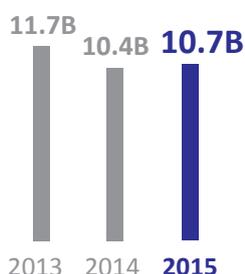
- Maintained UnionBank's total resources at PhP433.3 billion as the bank re-balanced its asset portfolio
- Increased UnionBank loans by 29% to PhP179.6 billion
- Shifted to UnionBank's accrual business model, focusing more on customer centricity and channel expansion
- Opened CitySavings' 100th branch
- Rolled out PETNET's DepEd teachers' salary loans in more than 300 company-owned branches and piloted GSIS pension loans in three outlets, on behalf of CitySavings

Food

- Posted PhP22.8 billion in Pilmico's revenues and recorded 14% year-on-year (YoY) increase, largely driven by the new contribution of Pilmico VHF coupled with the stellar performance of Feeds Philippines
- Completed construction of a new pier at the Iligan complex, supplementing existing international port facilities
- Started the Flour Export Program operations in Hong Kong, Vietnam, and Indonesia
- Conducted 20 Mahalin Pagkaing Atin events nationwide reaching over 15,000 partners
- Built a new breeder farm, nursery farm, 2 growing finishing farms, and its first layer farm

2015 Operating Highlights

Net Income Contribution to AEV (in PhP)



2016 Outlook

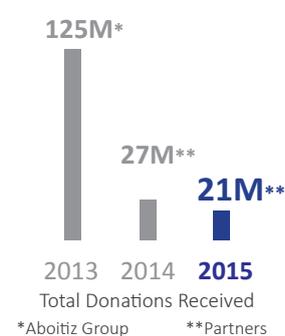
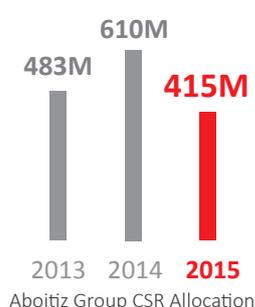
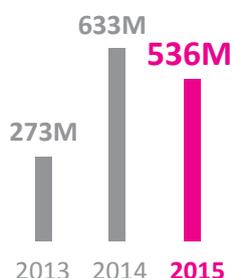
- Inaugurate Therma South's 300-MW Davao baseload plant
- Begin commercial operations of the first solar power project in San Carlos, Negros Occidental
- Continue construction of Hedcor's 68-MW Manolo Fortich hydro plant in Bukidnon, SNAP's 8.5-MW Maris Canal hydro plant in Isabela, Therma Visayas' 340-MW baseload plant in Cebu, Pagbilao Energy's 420-MW baseload plant in Quezon Province, and RP Energy's 600-MW baseload plant in Zambales
- Introduce biomass energy into AboitizPower's renewable portfolio through Aseagas' 8.8-MW plant
- Roll out a new self-service system and mobile app to provide enhanced customer service
- Install more smart elevated meter clusters in areas of concentrated high losses
- Continue the extensive use of Tree Wire to be deployed in urban areas
- Upgrade the sub-transmission and distribution networks of Davao Light, VECO, and LiMA EnerZone
- Expand the UDS in the franchise areas of Davao Light and VECO
- Grow customer base using award-winning cash management solutions
- Grow earning assets through corporate loan products
- Introduce financing schemes to community members to expand its commercial/SME banking loan book
- Launch PETNET's PERA HUB brand to effectively communicate expanded services
- Operationalize new feeds production facilities in Iligan and Tarlac and a new aqua feed mill in Vietnam by the second quarter
- Increase sow level by 14,000 and build additional farm facilities
- Operationalize a new layer farm with a monthly output of 4 million eggs
- Export flour to the ASEAN region

Land Infrastructure Aboitiz Foundation WeatherPhilippines

2015 Operating Highlights

- Land**
 - Posted Php2.7 billion in AboitizLand's revenues
 - Exceeded annual sales target by 300% for AboitizLand's Amoa project, a 60-hectare mid-end residential community located in Compostela, Cebu
 - Exceeded LiMA Land's industrial sales target by 10%
 - Entered into a construction partnership with Metaphil to develop high-quality communities
- Infrastructure**
 - Acquired a majority stake of Lafarge cement assets in the Philippines through a partnership with CRH plc, and formed the Republic Cement Group
 - Formed Apo Agua to develop, build, and operate the country's second largest private bulk water treatment facility to supply the Davao City Water District with 300 million liters per day
- Aboitiz Foundation**
 - Combined Aboitiz Group CSR fund allocation totaled Php415 million, which made positive impact on the lives of over 500,000 direct beneficiaries, plus 60 barangay and 294 various groups
 - Established the Aboitiz Foundation's strategic pillars: program development, stakeholder engagement, and capability building
 - Signed a partnership with DENR and enrolled the A-Park trees in the National Greening Program
 - Opened the Aboitiz Cleanergy Park in Davao City
- WeatherPhilippines**
 - Deployed 777 automated weather stations nationwide as of end-2015
 - Launched WeatherPhilippines' free mobile app for iOS and Android devices
 - Signed 10-year partnerships with the Ayala Corporation and Pilipinas Shell Foundation
 - Partnered with the Philippine Disaster Resilience Foundation (PDRF) and ARISE for capacity building
 - Conducted Weather 101 and Tropical Cyclone 101 trainings for 922 LGU and private organization representatives

Net Income Contribution to AEV (in PhP)



2016 Outlook

- Land**
 - Transfer corporate headquarters from Cebu to Manila to better facilitate growth as a major real estate company in the country
 - Launch three residential projects in Luzon
 - Launch first project under the Cebu District Property Enterprise, Inc., in partnership with Ayala Land
 - Maintain strong foothold in Cebu while pursuing landbanking activities in strategic areas nationwide
 - Increase capital expenditures to ensure appropriate resources and support for future land developments
- Infrastructure**
 - Inaugurate Republic Cement's new P900-million horizontal roller mill in Norzagaray, Bulacan, increasing production capacity by an additional 850,000 MT
 - Secure the required regulatory permits and approvals to begin construction of Apo Agua's Php12-billion bulk water facility
 - Continue to bid for infrastructure opportunities in toll roads, airports, rail, or water projects
- Aboitiz Foundation**
 - Further increase CSR 2.0 projects across the whole group
 - Measure effectiveness of CSR projects based on social impact KPIs
 - Expand the reach of enterprise development program through partnership with the Center for Agriculture and Rural Development (CARD), Inc.
 - Implement CSR strategies that support the Aboitiz Foundation's strategic pillars
- WeatherPhilippines**
 - Focus on seamless delivery of localized weather information
 - Redesign the WeatherPhilippines website to make it more user friendly
 - Continue to build a #WeatherWiser Nation through trainings, communication, and partnerships



NEW HORIZONS. In building on the foundations of our infrastructure business, we will also be aggressive in establishing footholds in other priority infrastructure sectors while continuing initiatives to reach out to key stakeholders to gain crucial community support.

Cementing our Way to the Infrastructure Industry

AEV has partnered with CRH to acquire a majority stake in the operations of Lafarge in the Philippines. Operating in 34 countries, CRH is a global leader in the manufacture and supply of a diverse range of building materials and products for the modern built environment. It is the largest building materials company in North America, a regional leader in Europe, and has strategic locations in Asia. CRH shares are listed on the London and Dublin stock exchanges and on the New York Stock Exchange in the form of American Depositary Shares.

We believe that the opportune time has arrived for us to invest in the cement industry amid growing public infrastructure spending and the double-digit growth in private sector spending on housing and commercial projects in the Philippines. We consider this partnership with CRH to be strategic: AEV provides the industrial expertise and local market knowledge, while CRH delivers the technical expertise.



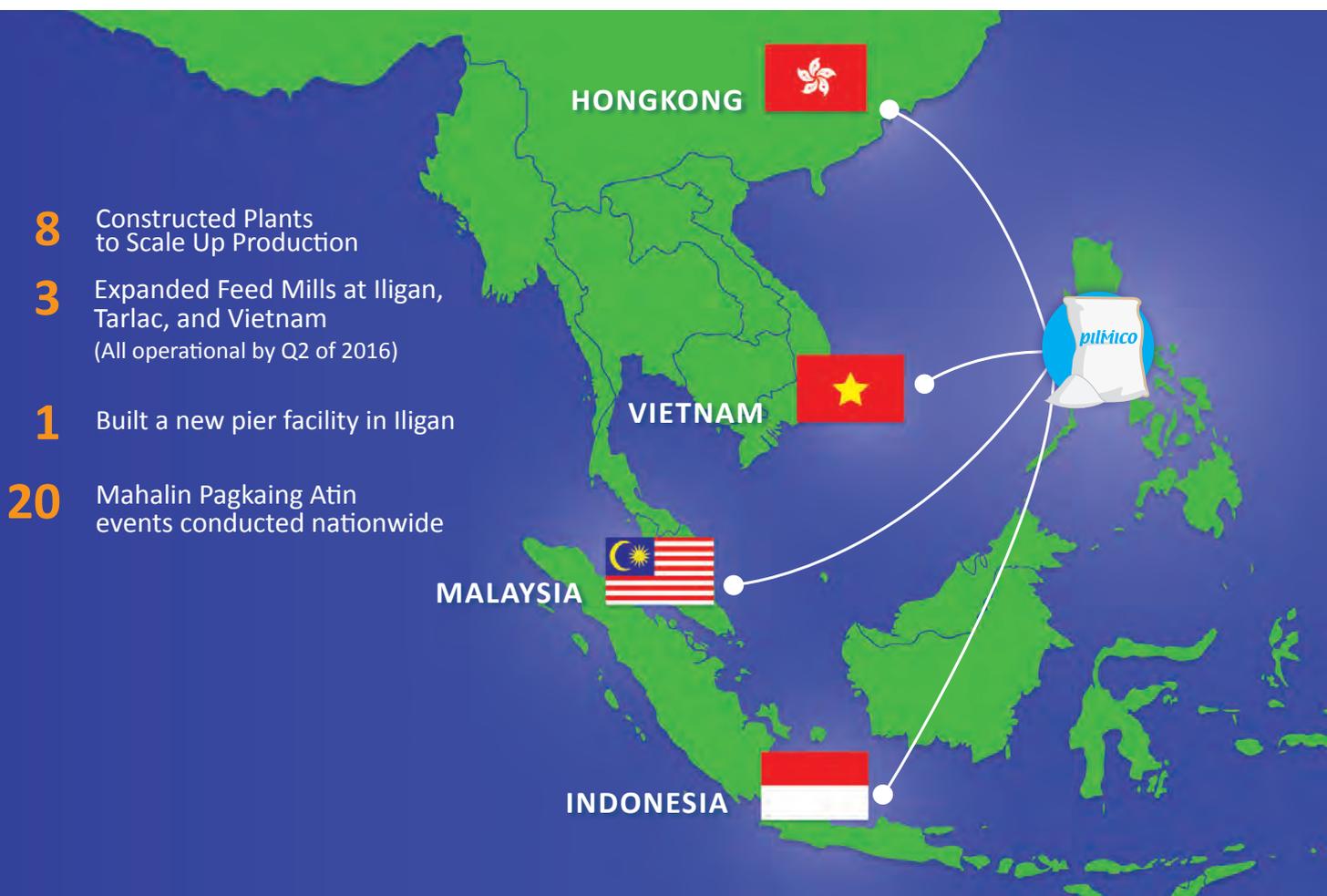
Engaging in partnerships has played a vital role in the Aboitiz Group's success and expansion over the past 100 years. Today, we are very selective about the partners we choose. They have to bring in something to boost existing capacities and capabilities beneficial to the company. We enter into a partnership wherein all parties can make valuable contributions; a partnership built on shared values and propelled by mutual trust and respect; and a partnership in which decisions are made for the good of the company and its stakeholders.

Erramon I. Aboitiz
President & CEO
Aboitiz Equity Ventures, Inc.

Partners for Growth in ASEAN

We will relentlessly work towards building a purpose-driven, fully integrated food company with an expanded customer reach in the ASEAN Region. Setting up our Vietnam feeds and export business has helped us prepare for the ASEAN integration. This has helped us open doors for more potential cross-border partnerships, learn new markets and new products, and strengthen our competencies in current industries and the markets we operate. Couple this with favorable economic conditions and we have a wider window of opportunity to test our business stratagem at an international scale.

Pilmico Vinh Hoan Feeds in Vietnam, which celebrated its first anniversary last August, is well on its way to establishing its strong presence in the market. We now enjoy an 8% market share of the Mekong Delta aqua feeds industry. Through Pilmico, we have also been exporting flour to Hong Kong, Indonesia and Vietnam.





Corporate Governance

Sustainable Leadership – Building Block for Breakthrough Performance

How does a company deliver on its promise to create long term value for its stakeholders?

For AEV, this requires a constancy of focus and a continuous drive to pursue and achieve our corporate strategic objectives. The Company is guided in its pursuit of its corporate mission by AEV's Strategic Pillars: Grow the Business, Engage Stakeholder, Execution Excellence, and Build Human Capital.

In 2015, we focused not just on building human capital, but building a Sustainable Leadership, as the driver for sustained growth and breakthrough performance. Like any living organism, AEV's organization needs to be nurtured in order to live up to constantly changing stakeholder expectations. Our Company's commitment requires development of our team leaders and members who learn how to lead by example, to mentor and foster teamwork, create a work environment that fosters speaking out, and to deliver the sustainable resulting growth.

Leadership Succession

We are pursuing the Group's succession management program and casting a wider net for our key talents across the Group. One of the 2015 milestones of Aboitiz Group was the setting up of a clear succession and management transition plan for the CEOs and COOs of AEV and AboitizPower—a transition that makes sense to the entire organization. A transition plan is now in place to address the future retirement of our C-suite executives.

Sustaining leadership is one of our commitments to our stakeholders as we move forward in our Aboitiz growth journey. This leadership brand focuses on creating shared value in every community, sector, and society that our Company serves. AEV will pursue growth in its core business of power, banking and financial services, food, land, and infrastructure, while at the same time aiming to drive economic and social development alongside its communities.

According to Innosight, the average lifespan of corporates on the S&P index is shrinking from an

average lifespan of 60 years in the 60s to a 7-year rolling average lifespan in the current times. Creative disruptive forces of today pose challenges for our companies. In the face of disruptive technologies that are reshaping how businesses are being conducted, our organization is taking the bold step to set a new benchmark for diversification and sustainable growth, in the same way the first generation of Aboitiz leaders blazed the trail over a 100 years ago when they established the Aboitiz standards of doing business.

AEV's brand of leadership is driven by our Aboitiz BetterWorld mindset. As we continue to build and strengthen our organization's bench, the Company will nurture leaders from among ranks. In 2015, the Company successfully pursued its group-wide leadership coaching, mentoring and development program of our people resources. From the start of the program in 2015, 168 team leaders out of a target of 249 leaders in Aboitiz organization have completed coaching and mentoring courses.

As the Company today prepares its future leaders, the management teams are all united in one goal: to build a sustainable enterprise that can be trusted to future generations. Today, and in the future, the Aboitiz story will be told by our own people and our stakeholders, and it will be a story of the good that the Company and the organization will have created for the society.

The Board of AEV conscientiously ensured that they kept abreast of developments in the industries and business environment and shared their expertise and insights with Management. As team leaders and members of AEV, we collectively set and pursued our 2015 strategic goals and business objectives without losing sight of the vision and mission of the company. On the other hand, the Board worked tirelessly to ensure accountability of past and current company actions through review of corporate strategies and reports to shareholders, legal and regulatory compliance reports, audit reports, financial results and budgets, and contemporaneous events that affect the business of AEV.

Aboitiz Corporate Governance Guiding Principles

The Aboitiz governance structure is grounded on its core values of integrity, teamwork, innovation, and responsibility. These values, together with the Group's brand attributes of being driven, driven to lead, driven to excel, and driven to serve, provide a moral guide for meeting the challenges of everyday business and satisfying various stakeholder interests and concerns. These core values, attributes, vision, and mission constitute the Aboitiz DNA. More importantly, these values constitute the strong foundation for the organization's corporate governance structure.

The Aboitiz Group continues to believe in and adopt the following core principles and practices: (i) the Company's personality is independent from that of its Board, officers, and employees; (ii) the Company has its own distinct rights and duties; (iii) the Board has the original power to decide on the Company's policies; (iv) the Company can demand loyalty from its Board, officers, and employees; (v) the Company's business must be pursued through a long-term sustainability strategy; (vi) shareholders and stakeholders must be treated equitably and with fairness; (vii) a system of accountability; (viii) transparency in corporate operations and company reports; (ix) and ethical business; (x) creating shared value (CSV); and most importantly, (xi) sustainability and environmental compliance.

In 2015, AEV Board also set in motion the review and updating of the company's Code of Ethics and Business Conduct, engaged a gap analysis study of FCPA practices, and a study for a group wide related parties transaction manual that would be relevant as a conglomerate as well as operating business units. The Board Risk and Reputation Committee and the Board Audit Committee have embedded regular assurance procedures for the Aboitiz risk universe. Today, Aboitiz Group Audits are now Risk-based. These are intended to preserve and protect the rights of shareholders to ensure shareholders' equitable treatment by the companies, to enhance the stakeholder value, to promote continuous improvement of stakeholders' engagement, and to make timely and responsive corporate disclosure balanced with the requirements for confidentiality

in a competitive business environment. The Board receives regular updates on the top residual risks of their companies.

In 2015, our management team enhanced the IT Committee leadership and its organizational structure to ensure that the Group's IT system and policies sustain or support our group strategy and objectives. Our group also focused on important IT Governance initiatives that encompassed cloud computing policies, mobile device policies, cyber risk and threat responses, among others.

Responsibilities of the Board

The Boards of Directors under the Aboitiz Group are fully engaged Boards. The Boards are composed of highly professional directors that work under environments of respect and collegiality, where candidness and robust discussions are not only encouraged, but are the norm.

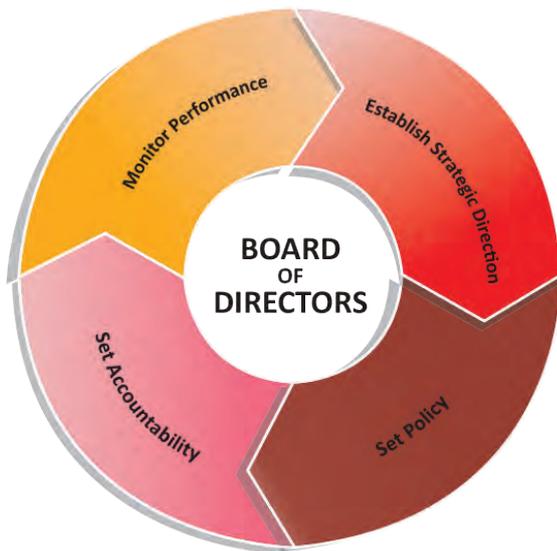
The AEV Board is composed of three independent directors, and independent-minded executive and non-executive members who have diverse professional backgrounds, such as economics, corporate finance, engineering, accounting, audit, chief executive and chief operations experience, investment banking, private, government sector and multilateral agencies sector, as well as experience in policy-making bodies.

The selection process involves the nomination of directors by both controlling shareholders and minority shareholders who actively participate in the process. Minority shareholders nominated the independent directors for the 2015–2016 term. The criteria for selection of the nominated independent directors include, not only their expertise and professional backgrounds, but also their track record for being independent minded, their strategic thinking, and their understanding of the drivers of our companies' businesses. The Board Corporate Governance Committee believes that this contributes to the successful execution of our vision as a conglomerate doing business in our specific industries. The Board Corporate Governance Committee, sitting in its capacity as a Nominations and Compensation Committee then approves the nomination by shareholders of executive and independent directors

for endorsement to the shareholders for their vote at the annual shareholders meeting.

Directors are elected at the Annual Stockholders' Meeting by personal vote or by proxy. A Proxy Validation Committee validates all proxies prior to the annual shareholders meeting. Voting at the Annual Stockholders' Meeting is done through an electronic platform and the results are immediately disclosed to the assembly within a few minutes of the completion of the voting.

The directors lend their broad experience and expertise to the Board and the Management team in all relevant matters affecting the Aboitiz Group. AEV is continually reviewing the roles and responsibilities of their Boards to assess the propriety and value of existing and proposed Board and Board Committee protocols, systems and policies. All directors have been carefully selected, nominated, and elected based on their credentials as well as their ability to contribute and share their expertise in all relevant matters affecting the business units of AEV.



The existing company policies of AEV, such as those found in the By-Laws, the Amended Manual of Corporate Governance, the Code of Ethics and business Conduct, Board protocols, other Board secretariat guidelines, and the Aboitiz Information Management System protocols, ensure excellence in the performance of the directors' roles and responsibilities.

In 2015, the Independent Directors of AEV worked closely with the internal audit teams in the performance of their functions as members of the Board Audit Committee.

To broaden the directors' depth of knowledge and industry competence, AEV organized seminars, lectures and orientations on highly technical topics unique to or relevant to the Aboitiz Group's businesses. These include discussions on changing regulatory oversight of the energy market and their impact to AboitizPower, analysis and review of Aboitiz risk maturity index results up to 2015, top residual risks of the Aboitiz Group, cyber risks, political and country risks and the World Economic Forum Global Risks, mandatory corporate governance seminar, Philippine economic briefings, and a review of the Aboitiz Group's strategic objectives and identified business strategies.

AEV has three Board committees that assist their respective Boards in their oversight responsibility over the Aboitiz business units. These committees are the Board Corporate Governance Committee (incorporating the former Nomination and Remuneration Committee), the Board Risk and Reputation Management Committee, and the Board Audit committee. Three Independent Directors sit on the Board Corporate Governance and Board Audit Committees, comprising a majority of the membership of these Board Committees. In the Board Risk and Reputation Management Committee, while not constituting the majority of the committee membership, two Independent Directors sit in the respective Board Committees.

2015 was a hectic year for the directors with their attendance and active participation at regular and special meetings. They were diligent in the performance of their duties. They had an attendance score of above 96.3% and a Board appraisal average score of 3 on a scale of 1-5.

Directors	Regular and Special Meetings — 2015 Attendance									No. of Meetings Attended	Percentage of Meetings Attended
	Jan 9 Special	Jan 28 Regular	Mar 10 Special	Mar 26 Regular	May 18 Regular	Jul 29 Regular	Sep 24 Regular	Dec 4 Regular	Dec 18 Regular		
Jon Ramon Aboitiz	P	P	P	P	P	P	P	P	P	9	100%
Erramon I. Aboitiz	P	P	P	P	P	P	P	P	P	9	100%
Roberto E. Aboitiz	P	P	P	P	P	P	P	P	P	9	100%
Enrique M. Aboitiz	P	P	A	P	P	P	P	A	P	7	78%
Justo A. Ortiz	P	P	P	P	P	P	P	P	P	9	100%
Antonio R. Moraza	P	P	P	A	P	P	P	P	P	8	89%
Jose C. Vitug	P	P	P	P	P	P	P	P	P	9	100%
Stephen T. CuUnjieng	P	P	P	P	P	P	P	P	P	9	100%
Raphael P. M. Lotilla	P	P	P	P	P	P	P	P	P	9	100%
Total No. of Directors Present	9	9	8	8	9	9	9	8	9		96%
Percentage of Directors Present In Each Meeting	100%	100%	89%	89%	100%	100%	100%	89%	100%		96%

Legend: P - Present, A - Absent

Rights of Shareholders

The rights of shareholders are unequivocally recognized in the AEV By-laws, Code of Ethics and Business Conduct, and Company's Manual on Corporate Governance. The policy statements found in these documents reflect the commitment of AEV to ensure protection of shareholder interests and concerns, as well as the free exercise of these rights. These include rights to receive notices and attend shareholders' meeting, to participate and vote in meetings on the basis of the one-share, one-vote rule, to cumulate their votes to inspect corporate books and records, to vote in person, in absentia or by proxy, to receive dividends, to nominate and elect directors to the Board, and to ratify corporate action, among others.

The Aboitiz Group believe that the rights and interests of shareholders are aligned to that of the controlling shareholders, not only in terms of returns on their investments, but also in the sustainability of the

businesses. AEV take exceptional efforts in ensuring that shareholders receive timely public information affecting the businesses they have invested in, and that every one receives their dividends in accordance with the established dividend policy.

The commitment of AEV to its shareholders' rights is shown in their well-defined and published dividend policy, the regular holding of the Annual Stockholders' Meetings, and the timely and accurate disclosures with the Securities and Exchange Commission, the Philippine Stock Exchange and the Philippine Dealing Exchange. The Board Secretariats of AEV liaise with and provide directions to the companies' stock transfer agent to ensure appropriate responses and the immediate resolution of shareholders' queries and request brought to their attention.

Equitable Treatment of Shareholders and Fair Dealings for All Shareholders

All shareholders, regardless of the amount of their shareholdings, are given the right to participate in company decision-making, pursuant to the one-share one-vote policy of AEV.

As a matter of policy and practice, to ensure that directors, officers, and even majority shareholders do not take advantage of their position of knowledge in AEV Group related party transactions and amounts are disclosed. The related party transactions of the Group are reported in the consolidated annual Audited Financial Statements. AEV also strictly enforce Policies on Trading of Company's Securities, which regulate insider-trading, and impose a trading blackout to prevent insider opportunism. The management team is quite vigilant in ensuring that insider trading and trading blackout rules are followed by team leaders and team members who are privy to sensitive transactions.

All shareholders likewise receive notices of all shareholders' meetings and all agenda items to be discussed and decided upon during the said meetings are set out in the notices and that no new agenda will be taken up during the meeting. For the guidance of shareholders, the rationale of agenda items subject to shareholder approval is included in the notices to shareholders' meetings.

As long as shareholders provide their contact details, AEV send out notices to all shareholders of record for all annual shareholders' meetings, as well as provide them with copies of the Annual Report. The agenda items are listed in the notices and are discussed and voted upon at the annual shareholders' meetings. At the meetings, the Board of Directors, the chief executive officer, the auditors, the stock transfer agent, and other key officers of AEV attend and make themselves accessible and available for any questions that shareholders and investors may have. Questions from shareholders on the floor are encouraged by the CEO.

AEV strictly enforce its Code of Ethics and Business Conduct. The Code outlines the general expectations of and set standards for directors, and employee behavior and ethical conduct. The Codes encompass

prohibited practices involving conflicts of interest, proper dealings with proprietary and confidential information, and truthful disclosures of material information with transparency in the best interests of the customers, the company, the shareholders, and the public.

Role of Stakeholders

The business model of AEV is anchored on the sustainable growth of the Group's businesses with full engagement of its stakeholders. The key stakeholders include the team leaders and team members who work toward achieving business strategies; the host communities of the company and business units; the local government units that support and host the Group's businesses; the regulators of the businesses; the customers whom they serve, and the environment that sustains growth.

The Group recognize that corporate governance principles revolve around relationships between and among these stakeholders and the Group's goals. Together, they contribute to the successful pursuit of business goals. AEV corporate governance practices include policies and procedures that promote awareness and observance of stakeholders' rights at the company level. Indeed, stakeholder engagement is one of the strategic pillars and part of the Aboitiz corporate culture.

The Aboitiz Group is committed to the principles of sustainability to balance the interest of people, planet, and profit. By following this rule, the Group has obtained and maintained a good health, safety, and environmental track record, a clear proof that a business can align itself to the principles of sustainability while operating a profitable business.

The Group launched its Sustainability Policy in 2013, in the belief that all stakeholders must be treated with fairness and that corporate social responsibility is an integral part of doing business. In 2014, AEV continued to implement this policy and as an initiative for the year, launched the BetterWorld campaign to encourage all stakeholders to adopt this policy for sustainability. IN 2015, the Group began its journey on the Creation of Shared Value as a corporate culture. Through Aboitiz Foundation, our Group is pursuing concrete projects to fulfill eight our of 17 Global Goals for Sustainable Development, namely: Zero Hunger, Good Health & Well Being; Quality

Education; Responsible Production & Consumption; Climate Change; Life Below Water, and Life on Land.

As a commitment to its employees, AEV embarked on a transformational leadership program across the organization through the creation of Leadership Circles. As a result of the Leadership Circle initiatives, both organizations committed to six leadership dimensions that would characterize the way the leaders of AEV would lead.

The leadership dimensions are mentoring and development, fostering teamwork, courageous authenticity, achieving results, sustaining growth, and integrity. These are intended to create a deep bench in the Aboitiz organization with the objective of achieving sustainable breakthrough performance. The company recognizes the value of its people resources. The team members have also been encouraged to craft their own individual development plans and career path as a way to ensure the fit of people in the right jobs. The right fit ensures a truly engaged team and consequently a sustainable leadership.

The Aboitiz Group is especially proud of its track record in corporate social responsibility commitments. AEV through its business units and through the Aboitiz Foundation have long standing and deeply rooted practices, commitments, and partnerships in the field of CSR. Over the past five years, the Group has allocated more than PHP2 billion for its various CSR projects that are focused on education enterprise development, and the environment.

For 2015, the Aboitiz Foundation budgeted around PHP415 million for its CSR projects. Indeed, a recent March 2016 Forbes magazine article noted that based on publicly available financial statements, the Aboitiz Foundation (together with the Ramon Aboitiz Foundation, Inc.) is collectively the biggest social initiatives giver in the Philippines.

Disclosure and Transparency

The Board and Management of AEV believe that good governance practices, especially in the areas of disclosure and transparency, elicit the trust and confidence of stakeholders. The Aboitiz Group puts a high premium to its collective reputation and work at keeping this well earned trust gained from its dealings with stakeholders over the years.

AEV exerts effort and time to consistently maintain their legal compliance and good corporate governance track records. In 2015, there was no deviation from or violation of the rules set forth in the Manual on Corporate Governance, other company governance and compliance policies, and protocols.

Pursuant to the Group's commitment to transparency and accountability, AEV continues to improve its dedicated corporate governance web pages on its website (www.aboitiz.com). The web page contains company information such as the annual corporate governance reports, annual reports, company disclosures and reports, the Board Committees, the Manual on Corporate Governance, Code of Ethics and Business Conduct, minutes of the Annual Stockholders' Meetings, Investor Relations information, and other relevant information to stakeholders. The pages serve as a resource center for stakeholders and the public.

The Aboitiz business model integrated the principle of Sustainability by way of the business practices that ensure long term corporate life, through an organization that focuses on creation of shared value and takes concrete responsibility for the environment, and through execution excellence not only in business operations but also the implementation of corporate social responsibility programs that deliver on promises.

(Visit www.aboitiz.com for the full AEV Corporate Governance Report with more details on current corporate governance practices, corporate achievements, milestones, and initiatives for the year 2015.)

Disclosure of Remuneration of Each Director in the Annual Report

The Company has a policy on transparency of compensation for its Directors and key executives. Information on the basis of Board remuneration is readily accessible through the Company's Annual Report, Annual Corporate Governance Report, and its Board Corporate Governance Committee minutes. The Board Corporate Governance Committee ensures that the Directors' and executives remunerations are consistent with the Company culture, strategy and

business policies at a level sufficient to attract and retain directors and officers who are needed to run the Company successfully. The Company rewards its individual Directors and Officers based on ability to execute their duties and responsibilities. It is the Company's philosophy to reward officers and employees based on individual performance measure through established Human Resources management metrics. Performance is evaluated and compensation is reviewed on an annual basis. The Company ensures that it pays its directors and officers competitively by comparing rates with other Philippine based companies through participation in and access to market salary surveys.

Prior to the 2015 Annual Stockholders' Meeting, all of AEV's directors receive a monthly allowance of PhP100,000, except for the Chairman of the Board who received a monthly allowance of PhP150,000. On May 18, 2015, the shareholders approved an increase in the directors' monthly allowance to PhP120,000 for the members of the Board, and PhP180,000 for the Chairman of the Board.

Type of Meeting	Directors	Chairman of the Board
Board Meeting	PhP 100,000	PhP 150,000

Type of Meeting	Committee Members	Chairman of the Committee
Committee Meeting	PhP 80,000	PhP 100,000

Board Structure and Composition

Independent Directors

The Company is compliant with Section 38 of the Securities Regulation Code and Rule 38 of its Amended Implementing Rules requiring public companies to have independent directors constituting 20% of the total number of directors.

Independent Directors Independent of Management and Major Shareholders

As defined in the Securities Regulation Code, an independent director "is a person other than an

officer or employee of the corporation, its parent or subsidiaries, or any other individual having a relationship with the corporation, which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director".

The Company's Independent Directors are independent from Management. They are not encumbered with any management responsibility and are free from any business or other relationship with the Company. They are not major/substantial shareholders or hold shares in such amounts that could materially interfere with their exercise of independent unfettered judgment as members of the Board. More importantly, the Independent Directors chosen to the Company's Board are independently-minded professionals. There is nothing in the Company's By-Laws and in any shareholder agreements or arrangements that constrain the Independent Director's ability to vote independently.

Independent Directors of the Company do not perform any management duties and do not perform any minor or substantial management work. The Independent Directors sit in the Board Committees and perform their functions as members of the various Committees, solely for oversight of the Company's management team.

The Company's non-executive directors and Independent Directors meet at least once a year without the presence of the executive directors for an informal discussion of issues. The Independent Directors met with the non-executive Chairman of the Board for their annual executive sessions on July 23 and 29, 2015 at Taguig City for an informal discussion of issues.

Term Limits of Independent Directors

The Company also adopted SEC Memorandum Circular No. 9, Series of 2011, imposing term limits for Independent Directors aimed at enhancing the effectiveness of Independent Directors and at encouraging the infusion of fresh ideas to a Board of Directors. In compliance with the said Memorandum, the Board Corporate Governance Committee regularly monitors the tenure of the Company's Independent Directors. The Company has adopted a 5-year tenure for its Independent Directors counted from the effectivity of the SEC Circular.

Limitation on Board Membership of Independent Directors

In the Company's Manual on Corporate Governance, the Board Corporate Governance Committee shall consider among others, number of directorship/active memberships and officerships in other corporations or organizations in the selection of board of members. The same limitation applies to independent directors. The Independent Directors of the Company do not sit in more than five (5) boards of publicly-listed companies (PLCs). Justice Jose C. Vitug (Ret.) sits as an Independent Director in only one other PLC, the ABS-CBN Holdings Corporation. Mr. Stephen C. CuUnjieng sits on the board of SM Investments Corporation, Century Properties Group, and Mr. Raphael P.M. Lotilla sits on the board of Trans-Asia Petroleum Corporation. This is shown in the certification of affiliations required from each of the nominated Independent Directors. Likewise, executive directors do not generally sit on other boards of PLCs outside the Group, unless they have substantial interest in the said company or they have been asked to sit in the capacity as independent directors. The executive directors do not sit in more than two boards of listed companies outside the Aboitiz Group.

Executive Directors in the Boards of Other PLCs

Executive directors do not generally sit on other boards of PLCs outside the Group, unless they have substantial interests in those PLCs or they have been asked to sit in the capacity as independent directors.

The Company's executive directors do not sit in more than two boards of publicly listed companies outside the Aboitiz Group. The Company's Manual on Corporate Governance also provides that the CEO and other executive directors shall submit themselves to a low active limit on membership in other corporate boards.

Board Committees

The Company's Board Committees consist of the following: Board Audit Committee, Board Risk and Reputation Management Committee and Board Corporate Governance Committee. Members of the Board Committees are the duly qualified and elected directors of the Company's Board of Directors as regular members and are assisted by key officers of the

Company on ex-officio basis. These Board Committees hold meetings at least every quarter to ensure that sound strategies for the Company's development are reviewed, monitored, executed and achieved.

The Board decided at its May 17, 2010 meeting to amend the Manual on Corporate Governance and have the functions of the Board Strategy Committee subsumed under the scope of functions of the full Board membership.

As a result, the Board regularly holds a special strategy Board meeting in addition to the strategy sessions at regular board meetings and the informal strategy meetings of the Directors.

The Board folded in the Board Nominations and Compensation Committee into the Board Corporate Governance Committee. On February 1, 2012, the Board Corporate Governance Committee endorsed the creation of an expanded Board Risk Management Committee into a Board Risk and Reputation Management Committee. Membership of Independent Directors to both Board Corporate Governance Committee and Board Risk and Reputation Committee was recently increased. Independent Directors now comprise 60% of the voting members of the Board Corporate Governance Committee, 60% for the Board Audit Committee, and 20% for the Board Risk and Reputation Management Committee.

Board Corporate Governance Committee (with Nomination and Compensation Committee)

The Board's ability to make decisions with governance impact is supported by the work of the Board Corporate Governance Committee.

Board Corporate Governance Committee (2015-2016)

Jon Ramon Aboitiz	Chairman (Non-Executive)
Roberto E. Aboitiz	Director (Executive)
Jose C. Vitug	Independent Director
Raphael P.M. Lotilla	Independent Director
Stephen T. CuUnjieng	Independent Director
M. Jasmine S. Oporto	Ex-officio Member
Xavier Jose Y. Aboitiz	Ex-officio Member

The Board Corporate Governance Committee provides information and recommendations necessary for making good governance decisions.

The Board Corporate Governance Committee assists the Board but does not pre-empt any board responsibilities in making final decisions on corporate governance, nomination and compensation matters.

In performing its duties, the Board Corporate Governance Committee maintains effective working relationships with the Board and the Group's senior leadership to enable it to perform its roles effectively. Each Committee member strives to obtain an understanding of the detailed responsibilities of Committee members as well as the Group's businesses and operating environment.

The Committee is expected to contribute to the management of the Group's affairs through good governance practices for the overall interests of the stakeholders.

Since the Board Corporate Governance Committee is a merger of the Nomination and Compensation Committees and the original Corporate Governance Committee, the Board Corporate Governance Committee formulates policies, guidance in selecting nominees for the Board of Directors, among others, in a coordinated way. In performing its duties, the Committee maintains an effective working relationship with the Board of Directors. The Board Corporate Governance Committee performs the functions of the Nominations and Remuneration Committee.

Pursuant to the merger of Board Committees, the Board Corporate Governance Committee performs the functions of the Nominations and Remuneration and the Board Corporate Governance Committees. It accepts the shareholder nominations of directors and recommends, after study, the compensation of directors, as well as succession issues.

Independent Directors Comprise Majority of the Corporate Governance Committee

The Committee is composed of a majority of Independent Directors (three out of five directors). The Chairman of the Committee is a non-executive director and brings with him his past valuable

experience and expertise in the major businesses of the Company, having served as its Chairman of the Board from 1998 to 2008.

Chairman of the Corporate Governance Committee is an Independently Minded Non-Executive Director

Since the Board Corporate Governance Committee is a merger of the Nomination and Compensation Committees and the original Corporate Governance Committee, the Board Corporate Governance Committee formulates policies, guidance in selecting nominees for the Board of Directors, among others, in a coordinated way. In performing its duties, the Committee maintains an effective working relationship with the Board of Directors. The Board Corporate Governance Committee performs the functions of the Nominations and Remuneration Committee. It accepts, receives and recommends directors nominated by shareholders, as well as assesses succession issues of management.

Disclosure of Governance Structure and Charter of the Corporate Governance Committee

The composition, roles and responsibilities of the members of the Corporate Governance Committee are defined in the Company's Manual on Corporate Governance, which serves as the committee's charter. The Manual on Corporate Governance is available at www.aboitiz.com under Policies & Protocols in the Corporate Governance page.

Nomination of Independent Directors

The nomination and selection of Independent Directors by the Board Corporate Governance Committee, acting in its capacity as a Nominations Committee, are intended to obtain a balanced mix of discipline and expertise among the Independent Directors and to align the Independent Directors' credentials with that of the Company's strategic goals, mission and directions. The Committee therefore looks for the disciplines of finance and accounting, legal, engineering, investment banking, economic planning and business development, among many other skills and credentials.

Approval of the Corporate Governance Committee

The resolutions of the Board Corporate Governance Committee can only be approved with the vote of at least one Independent Director.

Annual Performance Assessments

The annual performance assessments of the CEO, the individual members of the Board, and the Board of Directors as a body are conducted by the Board Corporate Governance Committee. The attendance of directors at Board meetings is reported to the Board Corporate Governance Committee through the Board Performance Report and the Certificate of Attendance. Pursuant to SEC Memorandum Circular 1-2014, the Company updated its Annual Corporate Governance Report in its corporate governance website to reflect the attendance of the members of the Board of Directors in meetings conducted for the year 2015.

The Office of the Corporate Secretary and Chief Compliance Officer, pursuant to the mandate of the

Board Corporate Governance Committee, implements the current written policies and procedures designed to ensure compliance with the PSE and SEC disclosure rules, as well as other disclosure requirements under existing laws and regulations. These policies provide procedures and timelines for the disclosure of: material contracts, agreements and events that may impact on the control, ownership, and strategic direction of the Company, director and executive compensation policy, disclosures of groups or individuals who hold five percent or more ownership interest in the Company, significant cross-shareholding relationship and cross guarantees, as well as the nature and scope of the Company's ownership in other entities, annual and quarterly consolidated reports, cash flow statements and special audit revisions, consolidated financial statements and interim reports, changes to its Manual on Corporate Governance and practices, information necessary for shareholders decision making, trading of Company shares by directors, officers and controlling shareholders, annual reports, and any material event or information.

Board Corporate Governance Committee — 2015 Attendance

Member	Feb 26	Jul 23	Dec 2	No. of Meetings Attended by Each Member	Percentage of Meetings Attended
Jon Ramon Aboitiz	P	P	P	3	100%
Roberto E. Aboitiz	P	P	P	3	100%
Jose C. Vitug	P	P	P	3	100%
Raphael P.M. Lotilla	P	P	P	3	100%
Stephen T. CuUnjieng	P	P	P	3	100%
M. Jasmine S. Oporto	P	P	P	3	100%
Xavier Jose Y. Aboitiz	P	P	P	3	100%
Total No. of Members Present in Each Meeting	7	7	7		100%
Percentage of Members Present in Each Meeting	100%	100%	100%	100%	

Legend: P - Present, A - Absent

Board Audit Committee

Board Audit Committee (2015-2016)	
Jose C. Vitug	Independent Director
Raphael P.M. Lotilla	Independent Director
Stephen T. CuUnjieng	Independent Director
Roberto E. Aboitiz	Director (Executive)
Justo A. Ortiz	Director (Executive)

The Board Audit Committee oversees the function of the Group Internal Audit in maintaining a comprehensive enterprise-wide compliance program and a robust institutionalized quality service platform for the Company's internal audit functions that are annually reviewed. The Board Audit Committee, in conjunction with the Group Internal Audit, performs the following functions: reviews and approves non-audit services conducted by the external auditor and corresponding fees, assesses and recommends the external auditor on behalf of the Board to ensure a selection of credible, competent external auditor with the ability to understand the complexity of the entire range of the transactions of the Company, provides the Board with adequate and relevant information on the external auditors for a fair and transparent selection or tender process, and schedules regular meetings and dialogues with the external audit team (with and without management teams present). The Company's CFO, when invited by the Board Audit Committee, attends the meetings of the Board Audit Committee (a) to ensure immediate clarification and feedback of audit issues to the Board Audit Committee, and (b) to give prompt instructions to the Company of any policy that the Board Audit Committee proposes to implement.

Existing corporate audit policies require that the financial reports are attested to by the CEO and CFO, and that a sound internal audit, control and compliance system is in place and working effectively in the Company. The Company follows the policy of rotating its lead external audit partner of every five years.

The audited financial statements are released in accordance with the BIR requirement to file every April 15.

Independent Directors Comprise Majority of the Audit Committee

The Board Audit Committee is composed of at least three (3) directors, two (2) of whom shall be independent directors. Currently, three Independent Directors sit in the Committee. The Chairman of the Board Audit Committee is an Independent Director.

Chairman of the Audit Committee is an Independent Director

During the Company's Organizational Meeting last May 19, 2015, the Board appointed Retired Justice Jose C. Vitug as Chairman of the Board Audit Committee. Retired Justice Vitug brings with him a wealth of experience in internal controls and audit having worked with companies such as ABS-CBN Holdings Corporation.

Governance Structure and Charter of the Board Audit Committee

The composition, roles and responsibilities of the members of the Corporate Governance Committee are defined in the Company's Manual on Corporate Governance and Audit Charter. The Manual on Corporate Governance and the Charter of the Board Audit Committee are available at www.aboitiz.com under the Policies and Protocols in the Corporate Governance page and under the Board Committees in the Governance and Management Team page, respectively.

Disclosure of the Qualifications or Profile of the Audit Committee Members

The Company fully discloses the qualifications of the members of the Board, including the members of the Audit Committee. As reported in the Company's Definitive Information Statement which is distributed to the shareholders prior to the Annual Stockholders' Meeting, each member of the Audit Committee has vast experience in auditing, finance and accounting. The profiles of the Directors are disclosed to the SEC and PSE prior to the shareholders' meeting and uploaded in the Company's website. (Please refer to www.aboitiz.com under the Board Committees in the Governance and Management Team Page.)

Each member of the Board Audit Committee has long accounting and finance working experience in their respective professional careers: each has adequate

understanding, familiarity and competence on most of the Company's financial management systems and environment.

Accounting Experience of the Independent Directors who are Members of the Audit Committee

Each member of the Audit Committee, generally with accounting and finance backgrounds, has adequate understanding, familiarity and competence on most of the Company's financial management systems and environment.

Justice Jose C. Vitug is a retired Justice of the Philippine Supreme Court, professor of law and a legal luminary. Mr. Raphael P.M. Lotilla was formerly the Secretary of the Department of Energy and head of the National Economic Development Authorities of the Philippines. Mr. Stephen C. CuUnjieng is both a lawyer and a seasoned and multi-awarded international investment banker. His professional background provided him with working knowledge of current accounting and finance best practices, which knowledge he is able to contribute to his Board and Board Committee work. Mr. CuUnjieng has advised global and Philippine companies in mergers, acquisitions, capital and debt markets and other fund raising exercises in the major financial centers in the world.

Disclosure of the Attendance of Members of the Audit Committee Members

The Company fully discloses the attendance of the members of the Board Audit Committee for the year 2015 in its Annual Corporate Governance Report duly filed with the SEC and is readily available in the Company's website at www.aboitiz.com in the Governance Reports and Scorecards under the Corporate Governance page.

Audit Committee's Primary Responsibility to Recommend the Appointment and Removal of External Auditor

The Board Audit Committee, in conjunction with the Group Internal Audit, performs the following functions: reviews and approves non-audit services conducted by the external auditor and corresponding fees, assesses and recommends the external auditor on behalf of the Board to ensure a selection of credible, competent

external auditor with the ability to understand the complexity of the entire range of the transactions of the Company, provides the Board with adequate and relevant information on the external auditors for a fair and transparent selection or tender process, and schedules regular meetings and dialogues with the external audit team (with and without management teams present).

By policy and practice, the Board Audit Committee makes recommendations to the Board of Directors concerning the selection of the external auditor and preapproves audit plans, scope and frequency before the audit is conducted. In 2015, the shareholders delegated to the Board the authority to qualify and appoint the Company's external auditor.

Transparency of Audit Process

The Company's Group Internal Audit Team and the Board Audit Committee conducts and reviews the Company's internal audit operations to make sure that all information are prepared and disclosed in accordance with high integrity standards of accounting, financial and non-financial disclosure. The Board Audit Committee has oversight over the Group Internal Audit. The Group Internal Audit conducts its own internal audit, providing an independent review of the Company's internal organizational and operational controls and risk management policies to ensure its effectiveness and appropriateness, and that they are complied with. The Group Internal Audit reports to the Board Audit Committee.

With an independent audit function, the Group Internal Audit Team provides reasonable assurance that the Company's key organizational and operational controls are effective, appropriate and complied with. The team is also responsible for identifying and evaluating significant risk exposures and accordingly contributes to the improvement of risk management and control systems. The team does this by assessing adequacy and effectiveness of controls covering the organization's governance, operations and information systems. The Group Internal Audit also utilizes other quality assurance providers within the organization.

The Group Internal Audit adheres to established professional standards and such standards promoted by the Institute of Internal Auditors' Code of Ethics. The Board Audit Committee assists the Board of Directors

in its oversight responsibility of monitoring the quality and integrity of the accounting, auditing, legal, ethical and regulatory compliance, risk management and reporting practices of the Group and such other duties as directed by the Board. The Committee assists the Board in fulfilling its responsibility of corporate governance. The role and responsibilities of the Board Audit Committee are clearly defined in the Manual on Corporate Governance, specifically the Board Audit Committee Charter. The Independent Director who acts as Chairman of the Board Audit Committee signs off on all Board Audit Committee Reports.

Aside from an internal audit, an annual external audit of the Company is performed by SGV, an independent, competent and qualified auditor. SGV has been the Company's external auditors for the fiscal years 1998 to 2015. SGV provides an external and objective assurance to the Board as well as provides additional protection to the rights of shareholders and creditors that the financial statements fairly represent the financial position and performance of the Company in all materials aspects.

Ms. Leovina Mae V. Chu is the Company's audit partner for 2015. She replaced Mr. Ladislao Z. Avila, Jr. who served as the audit partner of the Company in 2011. The external auditors also attend the Company's Annual Stockholders' Meeting to respond to any questions on the Company's audited financial statements. They also have the opportunity to make a statement if necessary. In instances when the external auditor suspects fraud or error during its conduct of audit, they are required to disclose and express their findings on the matter.

There has been no event in the past 16 years where the Company and its external auditors or the handling partner had any serious or material disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure.

Audit of Company

The Company has a well-entrenched independent internal audit group, the Group Internal Audit (GIA), which is overseen by the Board through the Board Audit Committee. The independent internal auditors reports directly to the Board Audit Committee, and the Board Audit Committee has the ultimate authority and responsibility to select, evaluate, recommend,

and where appropriate, re-appoint or replace the Company's Independent External Auditors. The Board Audit Committee represents the Board in its oversight responsibility over all audit related matters of the Company's group companies. It oversees the optimization of effective financial management, as well as compliance with regulatory reporting requirements for all business units.

ISO 9001:2008

The Group Internal Audit ensures that existing Company mechanisms allow all stakeholders to raise valid audit issues to the Board Audit Committee. The Company's internal audit team, together with AEV Corporate Center, achieved an ISO 9001:2008 QMS certification further raising the quality and integrity of internal audit services of the Company to itself and to all its business units.

Interface with External Auditor

The Board Audit Committee's executive decision-making authority is delineated in the Manual on Corporate Governance, in the Audit Charter and under such delegated authority issued by the Board. By defined policy, the Board Audit Committee has the primary responsibility to recommend the appointment and removal of external auditor to the Board of Directors. It pre approves audit plans and the scope and frequency of audits before an audit is actually conducted. Services of external auditors for the past five years were pre-approved by the Board Audit Committee. The Board Audit Committee also reviews the extent and nature of these services to ensure that the independence of the external auditors, are preserved.

Internal Company Controls

In the pursuit of its core businesses and in its dealings with all stakeholders, the Company complies with its external and legal framework involving various general and special laws and their implementing rules and regulations.

The Company's internal regulatory framework is primarily based on the corporate governance principles and policies laid down in its Articles of Incorporation and By-Laws, the Manual on Corporate Governance, the Code of Ethics and Business Conduct, Board Protocols, Board Committees' Charters, and work procedures, and policies laid down by the

Board Corporate Governance Committee, Board Audit Committee, Board Risk and Reputation Management Committee, the Group Mancom, AEV Corporate Mancom, Human Resources Committee, BIT Committee, Investment Committee, Insurance Management Committee, among others.

Board Audit Committee Self-Assessment

The Board Audit Committee Self-Assessment for showed exemplary compliance to the standards required of a Board Audit Committee under the SEC Revised Code of Corporate Governance. In compliance with SEC Memorandum Circular No. 4: Guidelines for the Assessment of the Performance of Audit Committees of PLCs, the Board Audit Committee and the Board of Directors approved the Amended Board Audit Committee Charter, on August 2, 2012 and September 27, 2012, respectively. The Company also disclosed to the PSE and SEC, the SEC FORM 17-C in compliance with the SEC Memorandum Circular No. 4 last October 4, 2012. No additional self-assessment was required to be conducted in 2015.

The role of the Board Audit Committee is important because it ensures that local investors and global capital markets rely on quality financial statements. The Board Audit Committee approves and submits accurate and transparent financial disclosures and observes adequate risk controls.

The Board Audit Committee Charter contains its purpose, membership, structure, operations, reporting

procedures, resources, assessment of the members of the committee and other relevant information.

As reported by the Chairman of the Board Audit Committee in the Annual Report, the Company's internal controls are adequate and the basic control assertions of reliability and integrity have been satisfactorily complied with. Standardization and alignment of processes across the Group have also been satisfactorily addressed in 2013 and throughout 2015.

Report of the Board Audit Committee

For 2015, the Company did not receive any sanctions from regulators on financial reports nor did it receive any qualified, adverse and disclaimer opinions on its external audit report. The Board Audit Committee also reported to the Board on the adequacy of the Company's current internal controls. The Board Audit Committee recently passed its 2015 mandatory self-assessment for audit control, procedures and system.

There was no incidence where the Company did not comply with any listing rules and regulations over the past year.

The Company also disclosed to the SEC and the PSE its compliance with SEC Memorandum Circular No. 4-2012, Guidelines for the Assessment of the Performance of Audit Committee of Companies Listed on the Exchange last October 4, 2012 based on SEC's compliance monitoring schedule.

Board Audit Committee — 2015 Attendance

Member	Mar 5	May 7	Jul 28	Oct 26	Dec 2	No. of Meetings Attended by Each Member	Percentage of Meetings Attended
Jose C. Vitug	P	P	P	P	P	5	100.00%
Raphael P.M. Lotilla	P	P	P	P	P	5	100.00%
Stephen T. CuUnjieng	P	P	P	P	P	5	100.00%
Roberto E. Aboitiz	P	P	P	A	P	4	80.00%
Justo A. Ortiz	A	A	A	P	P	2	40.00%
Total No. of Members Present in Each Meeting	4	4	4	4	5		84%
Percentage of Members Present in Each Meeting	80%	80%	80%	80%	100%	84%	

Legend: P - Present, A - Absent

Board Risk and Reputation Management Committee

The Board Risk and Reputation Management Committee primarily assists the Board, and to some extent the Board Audit Committee, in fulfilling the corporate governance responsibilities relating to risk management and brand reputation. The Board Risk and Reputation Management Committee assists in defining the Company's risk appetite and tolerance levels and oversees the risk profile and performance against the defined risk appetite. It is also responsible for overseeing the identification, measurement, monitoring and controlling of the Company's principal business risks. With respect to reputation management, the Committee likewise oversees reputational risks and provides guidance to management in corporate branding and communication strategies.

The Board Risk and Reputation Management Committee oversees the Company's Enterprise Risk

Board Risk & Reputation Management Committee (2015-2016)

Enrique M. Aboitiz	Chairman (Non-Executive)
Erramon I. Aboitiz	Director (Executive)
Jon Ramon Aboitiz	Director (Executive)
Justo A. Ortiz	Independent Director
Stephen T. CuUnjieng	Independent Director
Raphael P.M. Lotilla	Independent Director
Manuel R. Lozano	Ex-officio Member
Susan V. Valdez	Ex-officio Member

Management (ERM) initiatives. The Company's ERM pillars are Risk Management Governance, Process and Integration, Risk Finance and Capability Building.

The Board Risk & Reputation Management Committee is composed of four directors, one of whom is independent, as well as two non-voting members in the persons of the Chief Financial Officer (CFO) and the Chief Risk and Reputation Management Officer.

Board Risk and Reputation Management Committee — 2015 Attendance

Member	Feb 26	Jul 23	Dec 2	No. of Meetings Attended by Each Member	Percentage of Meetings Attended
Enrique M. Aboitiz	P	P	A	2	67%
Justo A. Ortiz	P	P	P	3	100%
Jon Ramon Aboitiz	P	P	A	2	67%
Stephen T. CuUnjieng	P	P	P	3	100%
Erramon I. Aboitiz	N/A	P	P	2	100%
Stephen G. Paradies <i>*Replaced by M. Lozano in May 2015</i>	P	N/A	N/A	1	100%
Jose C. Vitug <i>*Appointed in May 2015</i>	N/A	P	P	2	100%
Raphael P.M. Lotilla <i>*Appointed in May 2015</i>	N/A	A	P	1	50%
Susan V. Valdez	P	P	P	3	100%
Manuel R. Lozano <i>*Appointed in May 2015; replacing Stephen G. Paradies</i>	N/A	P	P	2	100%
Total No. of Members Present in Each Meeting	6	8	7		89%
Percentage of No. of Members Present in Each Meeting	100%	89%	78%	89%	

Legend: P - Present, A - Absent

Other Committees and Group Initiatives

The Company and its Management team work through other committees for the formulation and implementation of management policies.

The Group Management Committee (Group ManCom) reviews and approves group-wide policies and initiatives and conducts Key Talent Reviews. The committee also serves as Risk Management Council that ensures proper implementation of the Risk Management framework and its strategies, policies, and key initiatives. It reviews and monitors the Group's top risks and emerging risks and ensures implementation of corresponding risk mitigation. The Committee approves all risk transfer programs with insured values beyond P2 billion. It is composed of the President & Chief Executive Officer, who is the Chairman, and the Team Leaders of the Strategic Business Units (SBUs), Chief Human Resources Officer, and Chief Financial Officer, as members.

The AEV Management Committee is in charge for the following functions: (a) Review and approve Corporate Center initiatives that enhances governance, business partnering and being a knowledge center for support services; (b) Review and recommend initiatives to Group ManCom that will require participation from the SBUs and/or will have an impact to the SBUs; and (c) Review and approve Corporate Center policies, organization structure, promotions, benefits, budgets and plans; and Conducts Key Talent Reviews. The Chairman is the Company's Chief Executive Officer. The members are the Chief Human Resources Officer, Regulatory Team Leader, Chief Financial Officer, Chief Strategy and Investment Officer, Chief Legal Officer/ Compliance Officer, the Company's Treasurer, the Chief Technology Officer, the Company's FVP – Controller, the Company's FVP – Human Resource and Quality, and the Chief Strategy and Investment Officer.

The Insurance Management Committee is created to perform the reviews and approval of (a) Business interruption assumptions for the sum insured and indemnity period; (b) Replacement value of the business unit's physical assets; (c) All insurance lines to be procured by the business units for operations and project requirements; (d) All insurance quotations; and (e) Insurance programs of business units with insurable

risk value of up to π2 billion. The Chairman is the Chief Financial Officer. The members are the Chief Reputation and Risk Management Officer, AboitizPower's Chief Financial Officer, the SBU's Finance Team Leaders, and the Financial Risk Management Officer.

The Investment Committee has the following functions: (a) Provide a standard way of pulling together information on investment opportunities; (b) Provide early opportunity for information to flow in two ways to help team members and management to understand any deal; and (c) Ensure timely investment and timely evaluation of opportunities available to the Company. The Chairman is the President & Chief Executive Officer. The members are the Chief Financial Officer, Chief Strategy and Investment Officer, Deal Team Leaders, SBU's Chief Executive Officer, the SBU's Chief Financial Officer, and the business units' Chief Operating Officer.

The Risk Management Steering Committee is responsible for the following: (a) Review and recommendation of group-wide Risk Management and Insurance Policies, strategies and initiatives for RM Council's review and approval; (b) Review, monitoring and reporting of implementation progress of Group-wide Risk Management and Insurance projects and initiatives; and (c) Serving as forum for discussing key risk issues, emerging risks and sharing Risk Management knowledge, best practices, experience and research work. Its Chairman is the: Chief Risk and Reputation Management Officer. The members are the Risk Management Team Leaders, and the SBU and business units' Risk Managers.

The Reputation/Corporate Social Responsibility/ Sustainability Council performs the following functions: (a) Develop strategy and group-wide initiatives and related to reputation management, CSR, and sustainability; (b) Set policies and guidelines related to corporate communication, media relations, branding, CSR and sustainability; and (c) Review, monitor, and report implementation progress of group-wide projects related to corporate communication, media relations, branding, CSR, and sustainability. The Chairman is the Chief Risk and Reputation Management Officer and the members are the SBU and business units' Reputation Managers.

The BIT Committee formulates and manages IT policies, processes, structures, and systems of group-level issues where collective effort, knowledge, capital, or economy create a higher quality outcome. This is chaired by the Chief Technology Officer and the members are the SBU and business units' IT Managers.

The Human Resource Committee leads in the following matters of the Group: (a) Key HR initiatives in Corporate Center and the SBUs/business units; (b) Group HR policies and practices; (c) HR best practices; and (d) Resolution of HR-related issues. The Chairman is the Chief Human Resources Officer and the members are the First Vice President – Human Resources and Quality, AEV's HR Team Leaders, and SBU business units' HR Heads.

The Finance Committee performs the following functions: (a) Review long-term financing requirements including operational companies, greenfield projects, and business development projects which include acquisitions; (b) Review placement limits and investment outlets; (c) Review credit lines (short-term lines and single borrower's limit); (d) Review cash flows; (e) Review foreign exchange hedging requirements; and (f) Update market directions on interest rates and foreign exchange. The Chief Financial Officer chairs the committee. Its members are AboitizPower's Chief Financial Officer, the Company's Treasurer, and the Financial Team Leaders (as Invited Attendees).

The Government Relations Committee (a) Coordinates all government-related activities across the group; (b) Monitors relevant legislation and government policies; (c) Develops good working relationships with government agencies, LGUs and business organizations, in coordination with different business units and the Aboitiz Foundation and WeatherPhilippines Foundation; and (d) Participates and provides inputs to government committee hearings and public consultations. It is chaired by an AEV Executive Officer. The members are the AboitizPower President and Chief Operating Officer, the Government Relations Team Leaders, AboitizPower's Regulatory Team Leaders, and the Chief Legal Officer.

The Legal Executive Committee (LexCom) is formed to do the following: (a) Report and assess the Company's

corporate governance compliance track records, identifies and mitigates legal risks, reviews litigation management procedures, tax protocols, current litigation issues and other related matters affecting the Aboitiz group, including overall legal expenditure of the business units; (b) Ensure a comprehensive legal compliance program of the company; (c) Initiate the formal adoption of the Company's Code of Conduct, clarify responsibilities, and inform other stakeholders on the conduct expected from company personnel; and (d) Regularly update management on ongoing projects or activities of the Legal and Corporate Services Team. It is chaired by the Chief Financial Officer. The members are the Chief Legal Officer and Compliance Officer, Human Resources Officer, Chief Reputation and Risk Management Officer, the Legal and Corporate Services Legal Team, and AboitizPower's Chief Financial Officer.

The LexCom is one of the Company's institutional venue enabling members of the Legal and Corporate Services Team to meet with the executive management to discuss legal issues and concerns that affect the Group. The members report, discuss and assess corporate governance compliance track records, identification and mitigation of legal risks, review of litigation management procedures, tax protocols, current litigation issues and other related matters affecting the Aboitiz Group, including overall legal expenditure of the Company's business units.

The LexCom meets every two months to regularly update management on ongoing projects or activities of the Legal and Corporate Services Team. The purpose of these meetings is to provide Executive Management with up-to-date and relevant legal developments within the subsidiaries and affiliates of the Company. The LexCom reviews if there are any requests for waivers or exemptions of company governance rules. The LexCom initiates the formal adoption of the Company's Code and proper conduct that guides individual behavior and decision-making, clarifies responsibilities, and informs other stakeholders on the conduct expected from company personnel. The LexCom sets the policies and procedures for curbing and penalizing company or employee involvement in unethical behavior, such as offering, paying and receiving inappropriate rewards.

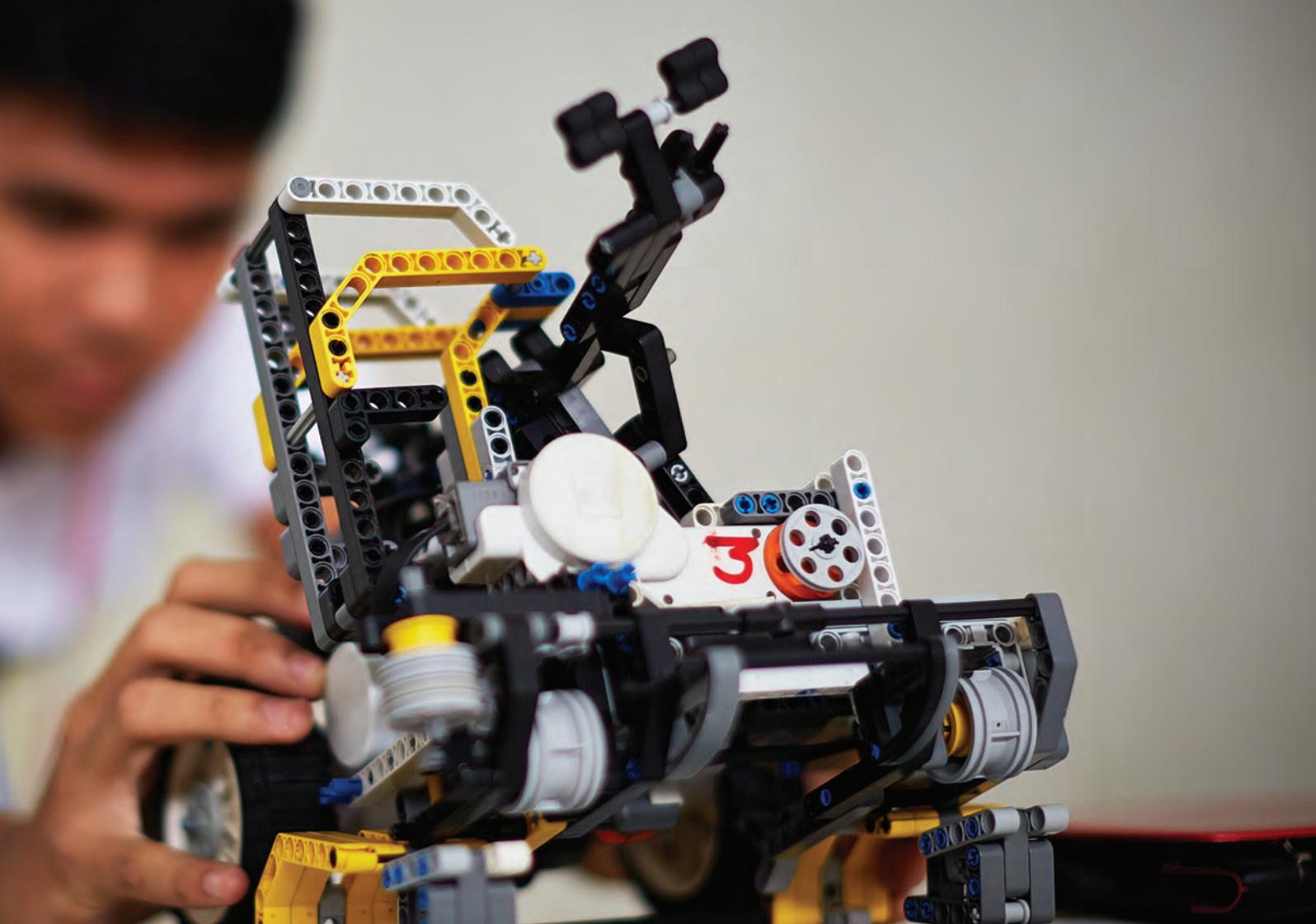
The Office of the Chief Legal Officer is responsible for ensuring compliance by the Company, and its subsidiaries and affiliates, with all relevant laws, rules and regulations, as well as all regulatory requirements, including the protection and respect for intellectual property rights. The LexCom is responsible for the comprehensive legal compliance program of the Company. As part of its program, the LexCom and the Office of the Chief Legal Officer oversees the appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances by the employees and the business units.

The LexCom also reviews or recommends the appropriate dispute resolution system for conflicts and differences with counterparties, particularly with shareholders and other key stakeholders to ensure that they are settled in a fair and expeditious manner from

the application of a law, rule or regulation especially when it refers to a corporate governance issue. The Office of the Chief Legal Officer explains the rationale for any such action as well present the specific steps being taken to finally comply with the applicable law, rule or regulation.

The LexCom also serves as an additional whistle blowing forum, in addition to the CEO's, Chairman's, and the Board Corporate Governance Committee oversight. Any complaint of whistleblowers are encouraged, reviewed, investigated and reported to the Lexcom for discussion and appropriate action.

The LexCom Functional and Strategic Structure below shows the two-way flow of information of legal issues from the BUs to the Board and the forum for addressing legal and corporate governance issues.



GRI G4 Content Index



Materiality
Disclosures
Aboitiz Equity Ventures, Inc.

Apr. 2016

Service

GRI Content Index Sheet

G4.32

General Standard Disclosure		Section	Page No.	Remarks
G4.1	Statement from the senior most decision maker of the organization	Joint Message from the Chairman and President & CEO	5	
G4.2	Description of key impacts, risks and opportunities	Our Sustainability Approach	20–25	
G4.3	Name of organization	Cover Page	1	
G4.4	Primary brands, products and/or services	Our Businesses	12–15	
G4.5	Location of organization's headquarter	Contact Details	115	
G4.6	Number of countries of operation	Contact Details	12–13	
G4.7	Nature of ownership and legal form	Corporate Structure	14	
G4.8	Markets served (geographic breakdowns)	Our Businesses	12	
G4.9	Scale of reporting organization	About the Report	16	
G4.10	Number of employees by employment contract	2015 Talent Analytics	32–35	
G4.11	Percentage of employees under collective bargaining	2015 Talent Analytics	56	
G4.12	Describe organization's supply chain			In process
G4.13	Report any significant changes in the reporting period			There are no changes
G4.14	Report precautionary approach principle by organization			None
G4.15	Externally developed EES charter and principles			None
G4.16	List of memberships in associations/industry associations			Not disclosed

General Standard Disclosure		Section	Page No.	Remarks	Externally Assured
G4.17	List of entities included in organization's consolidated financial statement	Reporting Period, Boundary and Scope	17		No
G4.18	Explain process for defining report content and aspect boundaries	Reporting Period, Boundary and Scope	17		No
G4.19	List all identified material aspects in process of defining report content	Focus Areas and Metrics	26–27		No
G4.20	For each material aspect, report aspect boundary (within)	Materiality	17, 21		No
G4.21	For each material aspect, report aspect boundary (outside)	Materiality	17, 21		No
G4.22	Any statements from previous report has been restated and reason for restatement	About the Report	16	None	No
G4.23	Significant changes in scope and aspect boundaries from previous reporting period	Reporting Period, Boundary and Scope	17	None	No
G4.24	List of all stakeholder groups engaged by organization	Stakeholder Engagement	22		No
G4.25	Report basis for identification and selection of stakeholders	Stakeholder Engagement	23		No
G4.26	Organization's approach to stakeholder engagement	Stakeholder Engagement	23		No
G4.27	Key topics and concerns raised through stakeholder engagement	Stakeholder Engagement	38, 60, 78		No

Category	Aspects	Relevant section	Material concerns	Within organization	Outside organization	Relevance outside the organization			
Environment	Energy	Planet	Energy Conservation Renewable Energy Generation	√	√	Dispose the waste through accredited recycler			
	Water		Efficient Use of Water Maintain the standard quality of water are discharge	√					
	Waste		Recycling of Waste Proper Disposal	√					
	Compliance to Environmental Laws		Meet the environmental regulations	√					
	Biodiversity		Minimize the impact on biodiversity	√					
	GHG Emission		Be carbon neutral	√					
Society	Community	People	Be the neighbor of choice	√					
	Disaster Resilience		Increase the capacity of local government and communities in disaster preparedness	√					
Product Responsibility	Product and Service Labeling	People, Planet	Transparency of Products and Services	√					
	Customer Privacy		Client Information Security /Privacy	√					
	Compliance		Compliance to Regulatory Requirements	√					
Labor Practices	Employment		A-People	Attract, retain and optimize A-People			√		
	Training and Development						√		
	Health and Safety						√		
Economic	Financial Return	Profit	Grow profitably	√					
	Financial Growth								

General Standard Disclosure		Section	Page No.	Remarks
G4.28	Reporting period for information provided	About the Report	17	
G4.29	Date of most previous report	About the Report	17	
G4.30	Reporting cycle	About the Report	17	
G4.31	Contact point for questions	Contact Details	115	
G4.32	GRI Content Index Sheet	GRI Index Sheet		
G4.33	Policy/practice of seeking external assurance			No External Assurance
G4.34	Governance structure of the organization (committees)	Corporate Governance	91–95	
G4.35	Process for delegating authority for EES topics from highest governance body to senior executives and employees			In process of setting up
G4.36	Has organization appointed an executive level position with EES responsibility			Chief Risk & Reputation Management Officer
G4.37	Report process for consultation between stakeholders and highest governance body	Stakeholder Engagement Corporate Governance	22 90	http://aboitiz.com/corporate-governance/governance-practices#role-of-stakeholders
G4.38	Composition of highest governance body and its committee	Corporate Governance: Board Selection and Composition	91	
G4.39	Report whether chair of highest governance body is also an executive officer	Joint Message from the Chairman and President & CEO	9	
G4.40	Nomination and selection process for highest governance body and its committees	Leadership Succession	85	

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G4.41	Process in place to avoid conflict of interest at workplace	Aboitiz Corporate Governance Guiding Principles	86	
G4.42	Role of highest governance body in developing and approving values, mission, strategies, policies, and goals	Responsibilities of the Board	86	
G4.43	Measures taken to enhance collective knowledge of governance body on EES topics			Through participation in trainings, workshops & conferences
G4.44	Process for evaluation of highest governance body performance and actions taken in response to evaluation	Annual Performance Assessments	94	
G4.45	Role of highest governance body in identifying EES risks, impacts and opportunities	Board Risk and Reputation Management Committee	99	
G4.46	Role of highest governance body in reviewing effectiveness of Risk Management process for EES	Board Risk and Reputation Management Committee	99	
G4.47	Frequency of review of EES risks, impacts and opportunities	Board Risk and Reputation Management Committee	99	
G4.48	Highest committee or position that formally reviews and approves SR			The President & CEO
G4.49	Process for communicating critical concerns	Board Risk and Reputation Management Committee, Our Sustainability Approach	99 22	
G4.50	Nature and quantity of critical concerns communicated	Board Risk and Reputation Management Committee, Our Sustainability Approach	99 22	
G4.51	Remuneration policy of highest governance body	Corporate Governance: Board Remuneration	90	
G4.52	Process for determining remuneration	Corporate Governance: Board Remuneration	90	
G4.53	How stakeholder views and thoughts are accounted on remuneration			Confidential
G4.54	Ratio of total annual compensation of highest paid individual to median annual total compensation	Corporate Governance: Board Remuneration	90	
G4.55	Ratio of percentage increase of annual total compensation for highest paid and median paid	Corporate Governance: Board Remuneration	90	
G4.56	Organization's values, principles, standards and norms	The Aboitiz Way	4	
G4.57	Internal/external mechanism for seeking advice on ethical and lawful behavior related to integrity – such as helplines			http://aboitiz.net/AEV/uploads/file/2014/August/3_3%20Whistleblowing%20Policy.pdf
G4.58	Internal/external mechanism for reporting concerns about unethical or unlawful behavior related to integrity – such as hotlines			http://aboitiz.net/AEV/uploads/file/2014/August/3_3%20Whistleblowing%20Policy.pdf

Aspect	Specific Disclosure		Section	Page No.	Remarks
Economic					
Economic Performance	G4-EC1	Direct economic values generated and distributed, including revenues and other costs	Profit	79–83	
	G4-EC2	Financial implications and other risks due to climate change			Financial implication of risk due to climate change is very much applicable to Power (Generation & Distribution) SBU. When doing the Risk Management for this SBU, the impacts are identified and preventive measures are taken.

Market Presence	G4-EC5	Range of ratio of standard entry level wage compared to minimum wage of operation at significant locations of operation			We meet the Department of Labor & Employment requirements and pay higher than the entry level wage.
	G4-EC6	Proportion of senior management hired from local community at significant location			In Process
	G4-EC7	Impact of infrastructure investments and services	Profit: Providing Stakeholder Value	81	
Indirect Economic Impacts	G4-EC8	Indirect economic impacts	Profit: Providing Stakeholder Value, Cementing Our Way to the Infrastructure Industry	81–82	
ENVIRONMENT					
Energy	G4-EN3	Energy consumption within the organization	Planet Performance Highlights	74	
	G4-EN7	Reduction in energy requirements of products and services			Use of Renewable Energy Sources
Water	G4-EN8	Total water withdrawal by source	Planet Performance Highlights	74	
	G4-EN9	Significant effect on water sources caused due to withdrawal			None. We meet the Water quality standards set by Department of Environment & Natural Resources
Biodiversity	G4-EN11	Location and size of land owned, leased adjacent to protected areas and areas of high biodiversity	Planet: Aboitiz Cleanergy Park	64	
	G4-EN12	Description of significant impacts of activities, products, and services on biodiversity	Planet: Aboitiz Cleanergy Park	64	
	G4-EN13	Habitats protected or restored	Planet: Aboitiz Cleanergy Park, Carbon Sink	63 64	
Emissions	G4-EN15	Direct GHG emissions by weight (Scope 1)	Planet Performance Highlights	74–75	
	G4-EN16	Energy indirect GHG emissions by weight (Scope 2)	Planet Performance Highlights	74–75	
	G4-EN17	Other indirect GHG emissions by weight (Scope 3)	Planet Performance Highlights	74–75	
	G4-EN20	Emissions of ozone depleting substances (ODS)			None
Effluents & Waste	G4-EN23	Total weight of waste by type and disposal method	Planet Performance Highlights	74–75	
Compliance	G4-EN29	Monetary value of significant fines due to non-compliance with environmental laws and regulations			None
Overall	G4-EN31	Total environmental protection expenditures and investment by type			http://aboitizfoundation.org/uploads/default/files/29912208506704f92281f8a-2ca5b345c.pdf , p. 56–67
Environmental Grievance Mechanism	G4-EN34	Number of grievances about environmental impacts filed, addressed and resolved through formal grievance mechanisms			None
SOCIAL					
Employment	G4-LA1	Total number and rate of employee turnover by age group, gender and region	2015 Talent Analytics	32–35	

GRI G4 Content Index

Occupational Health & Safety	G4-LA5	Percentage of total workforce represented in health and safety committee			to follow
	G4-LA6	Rates and type of injury, occupational diseases, fatalities by region			to follow
	G4-LA7	Workers with high incidence or high risk of diseases related to their occupation			to follow
	G4-LA 8	Health and safety topics covered in formal agreement with trade unions			to follow
Training & Education	G4-LA9	Average hours of training per year per employee by employee category	People Performance Highlights	56	
	G4-LA10	Programs for skill management and lifelong learning	People: Building and Sustaining the Aboitiz Leadership Pipeline	30–31	
	G4-LA11	Percentage of employees receiving regular performance and career development reviews			All employees receive performance review annually.
	G4-LA13	Ratio of basic salary of men to women by employee category			Employee wage are based on position level and not by gender
Grievance Mechanisms	G4-LA16	Number of grievances about labor practices filed, addressed and resolved			None
Discrimination	G4-HR3	Total number of incidents of discrimination and actions taken			None
Child Labor	G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor and measure taken to abolish it			None
Forced labor	G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced labor and measure taken to abolish it			None
Indigenous Rights	G4-HR8	Total number of incidents of violations involving rights of indigenous people and actions taken			None
Human Rights Grievance Mechanism	G4-HR12	Number of grievances about human rights impacts filed, addressed and resolved through formal grievance mechanisms			None
Community	G4-SO1	Percentage of operations with implemented local community engagement, impact, assessments and developing programs	People Performance Highlights	56	
	G4-SO2	Operations with significant actual and negative impact on local community	People Performance Highlights	56	None
Anti-Corruption	G4-SO3	Percentage and total number of operations analyzed for risk related to corruption and risk identified			All the operations are assessed and analyzed and are part of the Risk Management.
	G4-SO4	Communication and training on anti-corruption policies and procedures			http://abotiz.com/corporate-governance/policies-protocols#code-of-ethics-and-business-conduct
	G4-SO5	Confirmed incidents of corruption and actions taken			None
Compliance	G4-SO8	Monetary value of significant fines for non-compliance with laws and regulations			None
Product Responsibility	G4-PR5	Results of surveys measuring customer satisfaction	People Performance Highlights	57	

Focus Areas & Metrics G4.19

People	2014	2015
Team Member and Engagement		
No. of team members employed ¹	28,518	31,132
Team member satisfaction rating result	3.6	3.6
Average training hours per team member	28	36
No. of volunteered hours	35,133	36,167
Retention rate	94%	92%
Corporate Social Responsibility		
No. of direct beneficiaries ²	114,449	507,086
Amount of CSR fund allocation in millions (PhP)	610	415
No. of CSR projects	847	738
Customer Focus		
Customer satisfaction rating	4.0	4.2
No. of customers served	14,317,332	18,660,678
Disaster Resilience		
No. of automated weather stations deployed	750	777
No. of individuals trained in capacity-building training	860	922

Planet	2014	2015
Carbon Emissions Reduction		
Carbon emissions in tCO ₂ e ³	842,716	1,558,956
No. of trees planted in millions (cumulative)	3.4	3.8
Resource Efficiency		
Water consumption in m ³	459,349	1,143,118 ⁴
Energy consumption in MWh	489,001	413,421
Waste Management		
No. of groupwide waste management initiatives	7	7
Renewable Energy		
RE source, net sellable capacity (cumulative)	1,189	1,217
Ratio of RE to non-RE source	40% RE, 60% non-RE	38% RE, 62% non-RE

Profit	2014	2015
Financial Return		
Total shareholder return (5 years)	46%	12%
Return on equity	20%	17%
Financial Growth		
Net income after tax in billions (PhP)	18.4	17.7
EBITDA in billions (PhP)	38.4	40.2

¹ Scope of the total number of team members include non-direct hires and the direct hires of other business units of the Aboitiz Group not yet included in the G4 reporting scope of the Group

² In 2015, the scope expanded to include beneficiaries from business unit's direct CSR initiatives.

³ In 2015, scope of GHG emissions monitoring expanded.

⁴ In 2015, report include water consumption incurred during construction.

Total Work-Force G4.9

	2014	2015
Corporate Center ⁵	261	286
Power	5,312	5,784
Banking	3,581	3,750
Food	2,198	2,621
Land	318	399
Others ⁶	16,848	18,292
Total	28,518	31,132

Training Hours G4-LA9

	2014	2015
Corporate Center ⁵	16,654	8,214
Power ⁷	-	117,564
Banking	72,557	63,227
Food	18,039	23,262
Land	3,475	8,282
Total	110,725	220,549

Gender Distribution G4.10

	2014		2015	
	Male	Female	Male	Female
Corporate Center ⁵	101	152	98	149
Power	1,933	453	2,074	629
Banking	1,488	2,013	1,607	2,171
Food	266	115	457	242
Land	113	116	164	144

New Hires and Turnover G4-LA1

	2014		2015	
	New Hires	Turnover	New Hires	Turnover
Corporate Center ⁵	129	48	34	25
Power	334	299	369	309
Banking	112	309	510	293
Food	48	44	189	93
Land	81	73	154	31

⁵ Includes WeatherPhilippines and Aboitiz Foundation team member.

⁶ Others refer to Construction Group, Shipbuilding, Ramon Aboitiz Foundation, and other business units of the Aboitiz Group not yet included in the G4 reporting scope.

⁷ 2014 training hours data for Power is not available.

Geographical Distribution G4.10

	2014			2015		
	Luzon	Visayas	Mindanao	Luzon	Visayas	Mindanao
Corporate Center ⁵	182	70	3	185	59	3
Power	1,093	564	774	1,289	571	843
Banking	2,616	651	234	2,817	678	255
Food	187	18	176	510	42	167
Land	187	18	175	38	270	-

Age Distribution G4.10

	2014			2015		
	Below 30	30-50	Over 50	Below 30	30-50	Over 50
Corporate Center ⁵	55	173	27	63	154	30
Power	635	1,423	373	745	1,595	363
Banking	1,299	1,977	225	1,253	2,227	270
Food	118	237	26	213	460	46
Land	94	122	13	128	167	13

Materials and Waste

Materials Consumption (in tonnes) G4-EN1	2014	2015
Fuel (in liters)		22,694,962,990

Solid Wastes (in kg)	2014	2015
Power	326,929	
Food	135,765	
Land		1,595
Total	462,694	1,595

Solid Wastes (in tonnes)	2014	2015
Power		352

E-wastes (in tonnes)	2014	2015
Power		1,411

Batteries (in tonnes)	2014	2015
Power		3

Flourescent bulbs (in kg)	2014	2015
Power		755

Used Oil (in liters)	2014	2015
Power	2,251,074	2,792,831
Food	5,471	
Total	2,256,545	2,792,831

Other liquid wastes (in liters)	2014	2015
Power		649

Other hazardous wastes (in tonnes)	2014	2015
Power		12,687

	2015
Total Number of Clean-up Activities	15
Volume of Wastes Collected (in kg)	4,840

Energy

Energy Consumed within the organization (in mWh) G4-EN3	2014	2015
Purchased electricity in MWh		
Corporate Center	2,369	2,496
Power	416,500	342,521
Banking	23,512	27,240
Food	45,599	40,473
Land	1,021	691
Total	489,001	413,421
Fuel in liters		
Corporate Center ⁸	352	
Power	459	359,237
Banking	219,716	374,917
Food ⁸	34,966	
Land ⁸	4,266	
Total	259,759	734,154

Water

Water consumption (in cubic meters) G4-EN8	2014	2015
Corporate Center	1,803	9,235
Power	178,240	441,895
Banking	115,665	212,365
Food	161,961	67,963
Land ⁹	1,680	411,660
Total	459,349	1,143,118

⁸ Data not available for 2015.

⁹ In 2015, scope expanded to include consumption during construction of projects.

Our Sustainability Council

Susan Valdez, *Sustainability Council Head and Chief Corporate Services Officer*

Aboitiz Equity Ventures

Nancy Lim, *FVP for Human Resources and Quality*
Maria Luisa Marasigan, *VP for Reputation Management*
Dave Devilles, *Corporate Communication Manager*

AboitizPower

Ria Calleja, *AVP for Corporate Branding and Communication*
Ross Luga, *AVP for Reputation Enhancement*
Jill Verallo, *Reputation Enhancement Manager*

UnionBank

Genju Lapez, *EVP for Center for Strategic Partnerships*
Paula Joson, *AVP for Center for Strategic Partnerships*

Pilmico

Maribeth Marasigan, *FVP and Chief Resource Officer*

AboitizLand

Charity Marohombsar, *VP for Customer Management Group*

Aboitiz Foundation

Augusto P.I. Carpio III, *EVP and Chief Operating Officer*
Danny Cerence, *AVP for Operations*

WeatherPhilippines

Dave Valeriano, *VP and General Manager*

CitySavings

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Metaphil

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