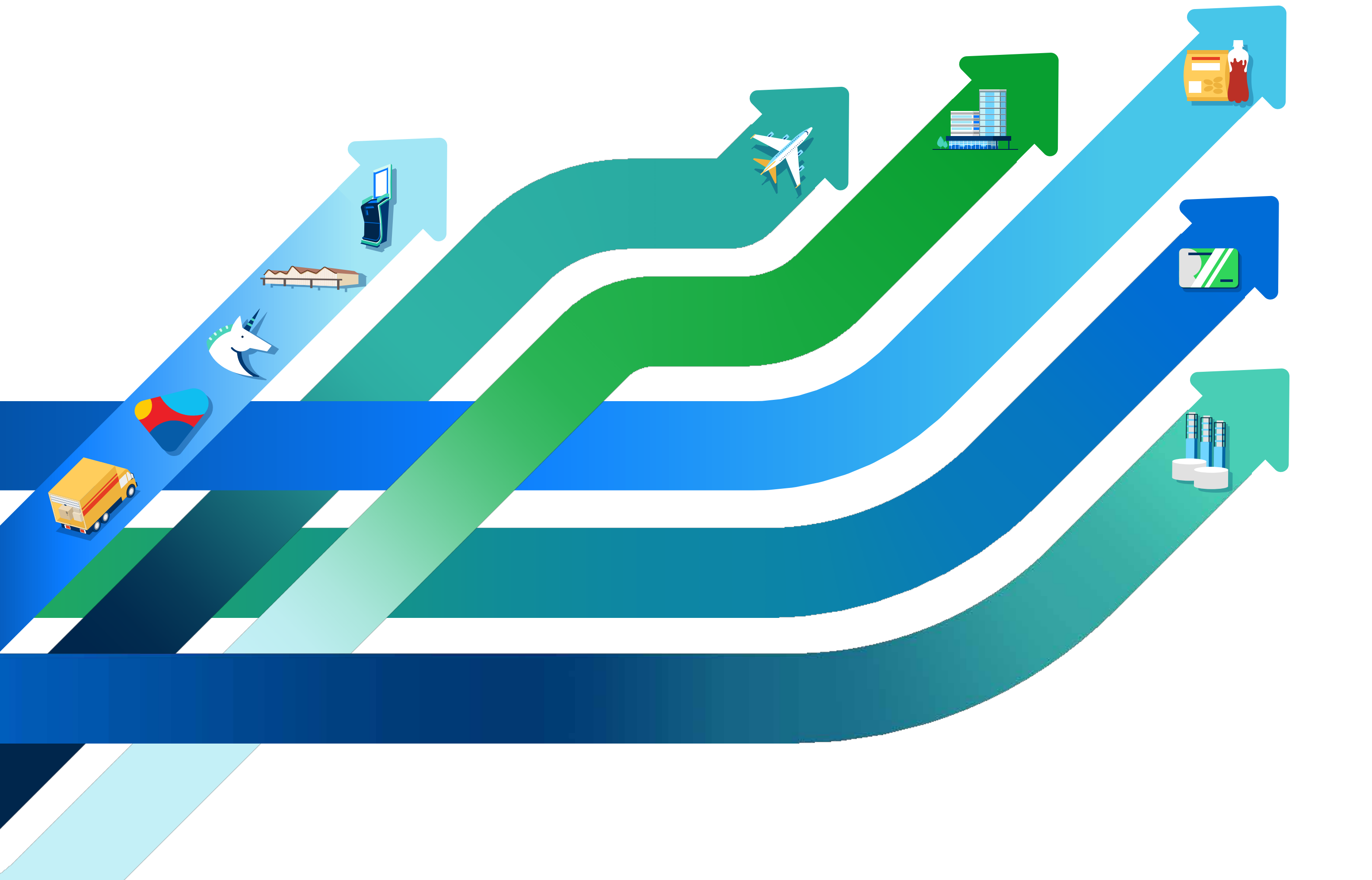
JG SUMMIT HOLDINGS, INC.

Purpose. Passion. Progress.

Annual and Sustainability Report 2022



About the Cover

Purpose. Passion. Progress.

JG Summit has continuously strived to be one of the leading conglomerates in the Philippines and to establish a strong foothold in Asia's key markets. However, beyond the heavy-hitting figures, the company measures its success based on how it collectively shapes and impacts the lives of others as a thought leader in the industries it is present.

For JG Summit, leadership means creating meaningful breakthroughs by maximizing its capabilities, leveraging its ecosystem to exceed expectations, and championing a strong business based on sustainable practices. Throughout 2022, the company focused on ensuring that it lives up to its future-forward vision while adapting to economic storms, from accelerating digital initiatives to diversifying its product range to meet the ever-changing needs of consumers and ensuring sustainability is at the core of its growth strategy.

The group advanced its product development and service delivery through smarter factories, more efficient operations, and increased digital touchpoints, ultimately improving customer satisfaction and employee experience. In 2022, the conglomerate established strategic partnerships with other trusted companies to further expand its offerings and customer reach.

Despite headwinds from the past year, JG Summit continued to create progress fueled by a purpose as it developed a sustainable framework, evolved its business practices, maintained strong stakeholder relations, as well as strengthen an agile and progressive working environment.

Table of Contents

JGS at a Glance 06

Chairman's Message 08

President and CEO's Report 11

Leadership 18
- Board of Directors 18
- Executive Leadership Council 19

Investment Portfolio 20
- Corporate Structure 20
- Geographic Presence 22
- Strategic Business Units and Investments 24

How to Win 40
- Leadership and People Development 40
- Digital Transformation and Customer Centricity 46
- Sustainability 52

Gokongwei Brothers Foundation 106

Corporate Governance 114
- Board Matters 115
- Corporate Governance Policies 123
- ERM 126

Financial Statements 134

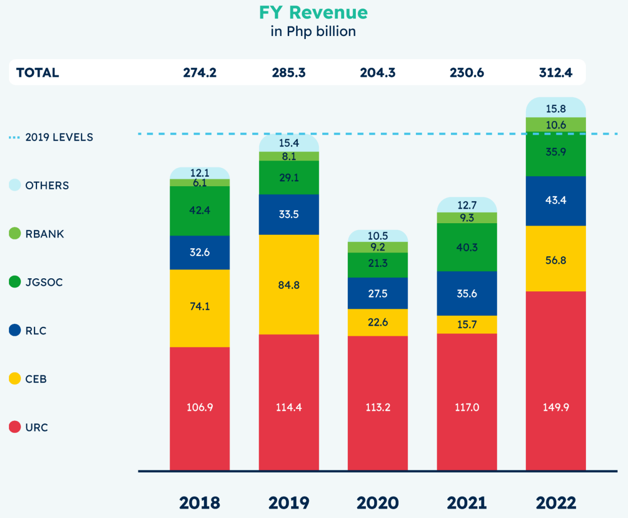
Directory 348

JGS at a Glance

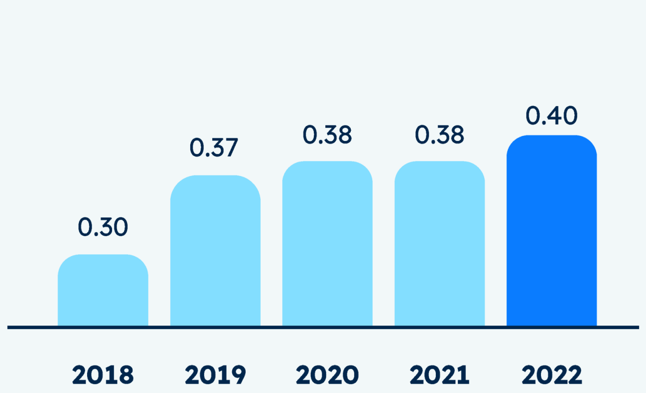
Financial Performance

Progress in the midst of economic pressures

Total revenues already surpassed pre-pandemic levels



Cash returns to shareholders continued to rise



Core Net Income doubled YoY despite headwinds

Core Net Income
FY 2022

₱6.2B

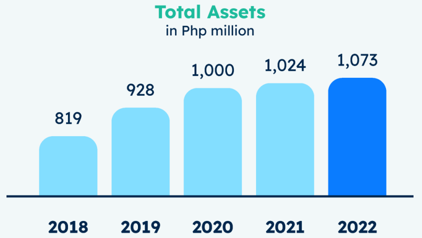
100% increase vs SPLY

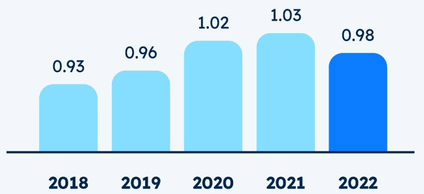
Remains to be among the Top 3 Conglomerates in the Philippines

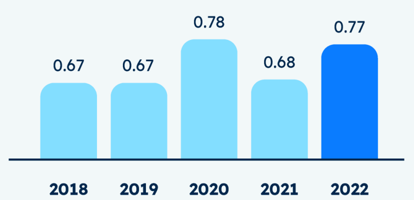
Market Capitalization
as of end 2022

₱378B

Robust balance sheet provides financial flexibility







Key Sustainability Metrics

Economic

₱314B
Economic Value Generated
*including RBank

₱317B
Economic Value Distributed
*including RBank

Social

23,122
Employee Headcount

1:43:1
Male to Female Ratio

16.93
Average Training Hours per Employee

Environmental

29,658,971 GJ
Energy Consumption

822,408 GJ
Total-Owned Generated Renewables

2,615,183 tCO_2e
Total GHG Emissions

8.32 tCO_2e/MPhp
GHG Intensity

94.42 GJ/MPhp
Energy Intensity

26,534,593 m^3
Water Withdrawal

18,956,215 m^3
Water Consumption

7,578,379 m^3
Water Discharge

Chairman’s Message

“We continue to focus on our purpose as we create meaningful breakthroughs as a conglomerate.”

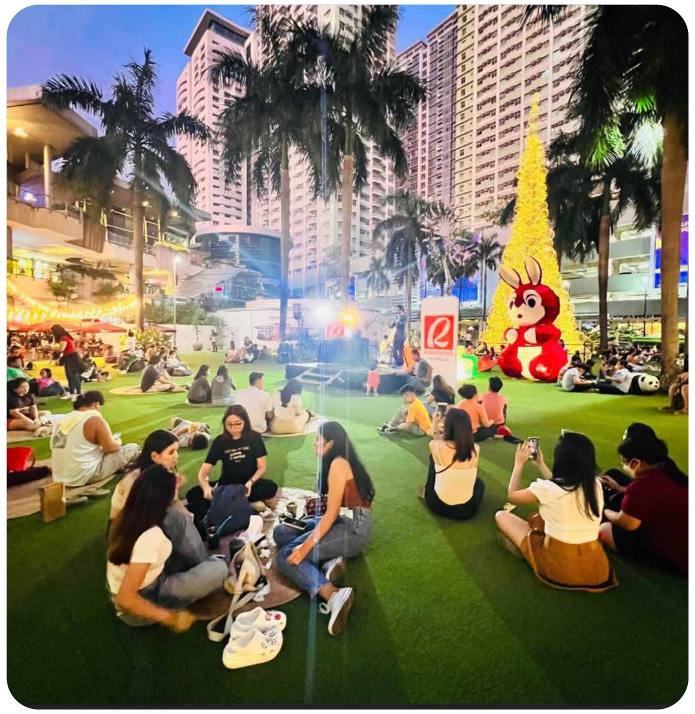
This fuels our passion to keep our business agile and sustainable so we can look forward to the progress we will make in the many years to come.

James L. Go
Chairman

Throughout 2022, we at JG Summit continued to work on solidifying our position as one of the Philippines’ largest conglomerates. Our topline improvement in most businesses reflected the growing demand for our products and services alongside the reopening economy, mitigating the impact of surging input costs on our margins. Despite record-high oil prices that drove up inflation and operating costs, we ended the year with good progress. With the help of our agile transformation and ESG initiatives, JG Summit has remained true to its purpose and commitment to offering better choices to its customers and creating shared success for its stakeholders.

As mobility improved in the Philippines and as travel restrictions eased throughout Southeast Asia in 2022, JG Summit saw a strong recovery from the devastating effects of the pandemic in previous years. Locally, the gradual resumption of face-to-face classes and on-site work boosted consumption and drove traffic back into the physical world. The reopening of international borders allowed us to travel freely, rejuvenating the airline and hospitality sectors. Both overseas Filipinos and foreign visitors began to fly back to the Philippines, reviving the local tourist scene as well. All these can be seen in the country’s 2022 real GDP growth of 7.6% versus 5.7% in 2021, indicating robust demand and healthy economic activity even with elevated inflation.

That said, our businesses still battled headwinds in 2022 that intensified from the previous year. Geopolitical pressures continued, leading to unprecedented fuel prices in the first half of the year. This primarily affected our air transport and petrochemicals businesses, putting downward pressure on profit margins and holding back their bottom-line improvement. The prices of goods also steeply rose throughout the year, consistent with how inflation rates trended from 3.1% for December 2021 to a 5-year high of 8.1% in December 2022. Foreign exchange rates also played a factor in increasing our costs of imported raw materials and fuel.

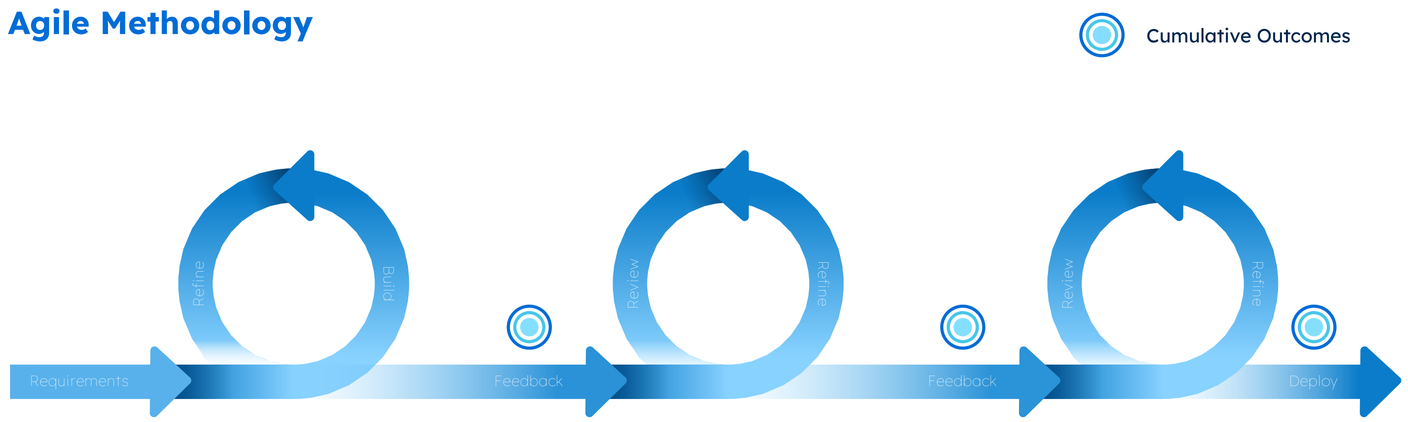


Unprecedented rise in fuel prices and inflation rates in 2022

Sources:
Bangko Sentral ng Pilipinas, IndexMundi

Despite the odds, we can gladly say that we have weathered the storms brought on by 2022, with the help of our agile response and accelerated sustainability initiatives. These made operations more efficient and helped us further innovate our products. Utilizing the Agile at Scale methodology gave us the ability to build and refine our projects with feedback based on cumulative outcomes along the way, allowing us to create better offerings more quickly. We have also progressed on our ESG journey by setting targets that we want to reach as a group. Because of these, we are equipped to face 2023 and the years to come with the foundation we set at JG Summit, empowering us to continue improving the lives of our customers and stakeholders. This is the passion that drives us, and the commitment that we hope to pass on to future generations.

Agile Methodology



Driving Our Passion

With our passion to embed sustainability at the core of our business, we continued to move forward on our sustainability journey. From developing our sustainability framework and optimizing core processes, we are now on the path of acceleration as we strengthen the collaboration of our businesses.

Throughout the year, our leaders across the group completed an INSEAD master class on Sustainability and the South Pole Climate Leadership series. Both of these further equipped our top executives and teams to better reinforce sustainability practices in our strategies and adopt best-in-class disclosure practices aligned with the TCFD framework. The four-part Climate Leadership series contained discussions on climate risks and opportunities, and how we can develop and implement our Climate Mitigation Roadmap. It also deepened our understanding of our greenhouse gas (GHG) footprint, reduction initiatives, and opportunities in the Carbon Market. As a result, we enhanced our reporting tools and strengthened our capabilities to meet information requirements that will benefit our key stakeholders, including the developments of our ESG targets and commitments.

Progressing Forward

As we march onward this 2023, we acknowledge the uncertainty of the future and the looming global recession, coupled with rising borrowing rates that are expected to be felt by consumers in the coming months. We continue working toward future-proofing our business and building our resilience against unforeseen circumstances. At the same time, we remain hopeful about the continued growth of JG Summit, considering the positive results from increased mobility, resumption of face-to-face classes, a growing manufacturing sector, and lower income tax rates for the middle class throughout the year. Additionally, the outlook for the Philippines' economic indicators is encouraging—seeing the stabilization of foreign exchange rates and decelerating inflation, alongside the lowering of crude oil prices after its peak last June.

We are also excited about forging a strong partnership with the Ayala Group in the banking sector. The merger between the Bank of the Philippine Islands and Robinsons Bank is targeted to be completed by the start of 2024. This will hopefully open up new opportunities between the two conglomerates, giving us the ability to leverage each other's strengths.

Finally, we remain cautiously optimistic knowing the terrific work that our employees have done on our Agile Transformation and Sustainability journeys will help us conquer the challenges we may face in the future.

We continue to focus on our purpose—an unrelenting commitment to providing our customers with better choices, creating shared success with our stakeholders—as we create meaningful breakthroughs as a conglomerate. This fuels our passion to keep our business agile and sustainable so we can look forward to the progress we will make in the many years to come.

James L. Go
Chairman

President and CEO's Report

"2022 was the start of our pivot back to growth where we experienced sequential recovery in demand for our products and services brought about by the reopening of the economy."

This now sets us up to take advantage of new opportunities and inspires us to work harder to deliver our promise to our customers in providing better choices through continuous focus on product innovation and great customer experience.

Lance Y. Gokongwei
President and Chief Executive Officer

The past year marked the start of our post-pandemic recovery trajectory as the easing of mobility restrictions jumpstarted the economy. Our businesses across food, airlines, malls, hotels, and banking posted substantial improvements year-on-year as we capitalized on the reopening economy and easing COVID-related restrictions. However, the petrochemical space continued to be squeezed, on one side, by weak demand from key markets like China, and on the other side by cost pressures from record-high input prices and shipping charges. To mitigate the negative impact of extreme volatilities in forex and fuel on our margins, we implemented selective pricing actions and productivity initiatives across the group. We were intentional in our efforts to create sustainable efficiencies in our operations, as evidenced by our Agile at Scale, digital transformation, and Sustainability projects, among others.

We have also made key moves in the financial services sector with GoTyme's launch and Robinsons Bank's merger with BPI. All these will aid us as we continue living out our purpose—an unrelenting commitment to providing our customers with better choices, and creating shared success with our stakeholders.

2022 Performance

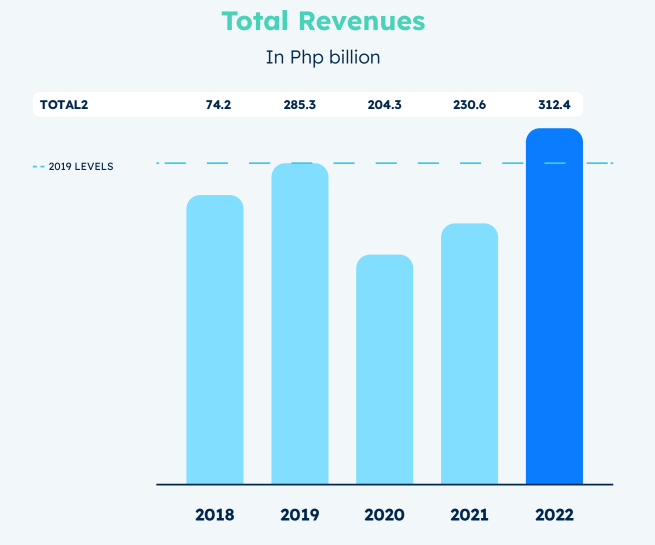
Despite the challenges we faced, JG Summit's core net income doubled to Php 6.2 billion and total revenues exceeded pre-pandemic levels, surging 36% year-on-year (YoY) to Php 312.4 billion in 2022. This was driven by the strong recovery of CEB as travel restrictions relaxed in the latter half of the year and the double-digit revenue growth of our consumer-facing business. Additionally, we realized a 3.2-billion peso gain from monetizing some of our stake in Meralco. Tempering this strong performance was the temporary shutdown of the JGSOC plant from May to August 2022, a deliberate decision given the weak global petrochemical demand.

Considering the significant peso depreciation which led to forex translation losses on our US dollar-denominated debt, our bottom line settled at a consolidated net income of Php 650.6 million. Aside from this, our **core investments** also continued to give us stable dividends, which gave us a better cash position throughout the year.

Core Net Income

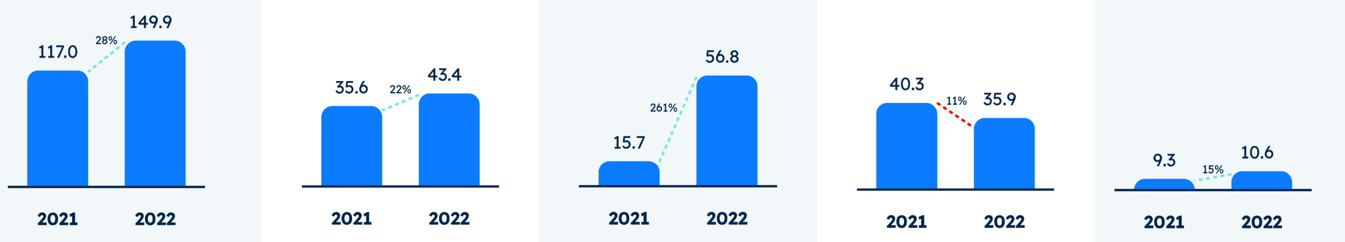
₱6.2B

▲ 100% increase vs SPLY



Key Performances of our Strategic Business Units

Revenue
in Php billion



Universal Robina	Robinsons Land Corporation	Cebu Pacific	JG Summit Olefins Corporation	RobinsonsBank
Quarterly sales growth for Branded Consumer Foods (BCF) Philippines and double-digit organic growth seen in BCF International and Agro-Industrial and Commodities (AIC)	Revenue growth driven by easing restrictions, especially in malls and hotels, steady growth in offices, and Chengdu project contributions	Gradual recovery of international network, sustained domestic market leadership, growth in cargo, and higher fares from additional pass-on fuel surcharges boosted revenues	Revenues declined given the plant shutdown amid weak global petrochemical demand	Strong loan expansion and higher fee income from credit card and merchant acquisitions increased revenues

Core Net Income
in Php billion

Universal Robina	Robinsons Land Corporation	Cebu Pacific	JG Summit Olefins Corporation	RobinsonsBank
₱6.4	**₱6.1**	**₱-7.3**	**₱-13.8**	**₱0.8**
17% growth vs SPLY	26% growth vs SPLY	An improvement vs ₱14.9B loss SPLY	vs ₱1.7B loss SPLY	19% growth vs SPLY
Strong volume growth, pricing moves, and cost optimizations lifted both operating income and recurring profits amidst unprecedented input cost pressures	Slower net income growth was seen due to the higher share of minority interest from RL Commercial REIT (RCR)	Margins were greatly affected by higher jet fuel costs and the peso depreciation	Average naphtha costs surged 39% YoY, putting downward pressure on margins	Rising global interest rates and faster growth in higher-yielding consumer loans lifted net interest margins

Note: In the financial statements, RBank is classified as an asset held for sale in accordance with PFRS 5 in line with the announcement of the merger with the Bank of the Philippine Islands (BPI).

Key ESG Targets

Beyond financials, we have also taken measures to create a more sustainable future for JG Summit. This year, we have accelerated our sustainability journey by working collaboratively with our Strategic Business Units (SBUs) to establish our key ESG targets. These will help us gauge our progress for each of the 5 focus areas: Shared Success, Climate Action, Resource Efficiency and Circularity, Employee Growth and Well-Being, and Better Choices.

Our Process in Setting Targets

Enhancement of our ERM

- We enhanced our Enterprise Risk Management (ERM) process to better capture sustainability risk drivers and megatrends.
- Each SBU identified, assessed, prioritized, and built risk responses on their identified top risks.
- Appropriate risk responses are set in place for each JGSHI top risk, with an established risk governance structure.

Strengthen our Materiality

- Each business reviewed the materiality and scanned which sustainable development issues they are best positioned to tackle while also generating business value.
- We prioritized sustainability issues based on set criteria and defined a set of actions that are most strategic for the SBUs to implement.
- The identified contribution of each business shapes the development of our group-wide ambitions.
- In 2022, we also set an engagement with investors to understand their view of sustainability as we accelerate our initiative to set long-term targets.

Identification of Targets and Strategic Actions

- The strategic actions identified by each of our businesses were consolidated and aligned to the group's five (5) focus areas. Our goal is to have collaborative action towards group-wide ambition.
- The proposed targets of each business unit were presented and approved by each of the subsidiary's highest governing bodies.
- JGSHI's Governance, Nomination, Remuneration, and Sustainability Committee (GNRSC), formerly Corporate Governance and Sustainability Committee, we strengthen the integration of sustainability in our board level decision-making which includes the setting of targets.

With the setting of our targets, we collectively commit to achieve our conglomerate's business success and contribution to sustainable development. As a holding company, our aim is to provide our SBUs with strategic guidance and to enable them to bring these targets into fruition, while maximizing the synergies within the group. An example for this would be our Juan Goal for Plastic drive, leveraging our ecosystem with our malls as our collection points and giving rewards in exchange for plastic waste.

Climate Action

We will ensure a low-carbon transition for our businesses and strengthen our climate-related risk management.

Low carbon transition roadmap released by 2025, as we aspire to achieve net zero by 2050

Low Carbon Transition (Climate Mitigation):
2023 – Alignment to Science-Based Targets Initiative (SBTi)
2024 – Evaluate our carbon reduction initiatives and offset opportunities
2025 – Explore carbon removal technologies and business models

Major hotspots[1] are assessed and managed on climate risk by 2030

Resilience (Climate Adaptation):
2023 – Initiate Scenario Analysis in selected JGSHI hotspots1 (Metro Manila, Batangas City)
2024/2025 – Continue Scenario Analysis in hotspots1
2030 – Complete remaining hotspots[1]

[1] Hotspot is defined as a location with major presence of JGSHI subsidiaries signifying where climate change can impact the businesses most

Employee Growth & Well-Being

We nurture our people by investing in their growth and well-being.

Zero lost-time incidents annually
Continue Safety initiatives and monitoring of safety incidents

JGS Employees receives an average of 24 training hours annually per employee
Continue provision of online and face to face trainings for all JGS mployees

Resource Efficiency and Circularity

We optimize our use of natural resources and foster circularity in all our businesses.

Plastic neutrality by 2030[2]

Circularity: Post Consumer Plastic wastes across the group are fully recovered and diverted
2023 – 20% of plastic waste footprint
2024 – 40% of plastic waste footprint
2025 – 50% of plastic waste footprint
2030 – 100% of plastic waste footprint

[2] Plastic neutrality shall refer to a system or its desired outcome where, for every amount of plastic product footprint created, an equivalent amount thereof is recovered or removed from the environment by the product producers through an efficient waste management system. - EPR Law

Shared Success

We continually grow and invest in our businesses as we enable our people and partners to grow with us.

All key partners and vendors are assessed on ESG risks
2023 - Relevant supplier ESG risk parameters are identified
2024 - All key suppliers go through assessment process

Better Choices

We innovate for more accessible and responsive products and services to offer better choices to Filipinos and enable them to live the life they want for themselves.

For URC, by 2030 - 70% of our product portfolio will meet at least 1 wellness criteria3 - 25% of our product portfolio will meet at least 2 wellness criteria3 (BCF PH and INTL)
The group will continue to offer better choices through: Healthier and nutritious food;

For RLC - 100% of new office buildings in Metro Manila will be GREEN Certified starting 2021
Greener buildings;

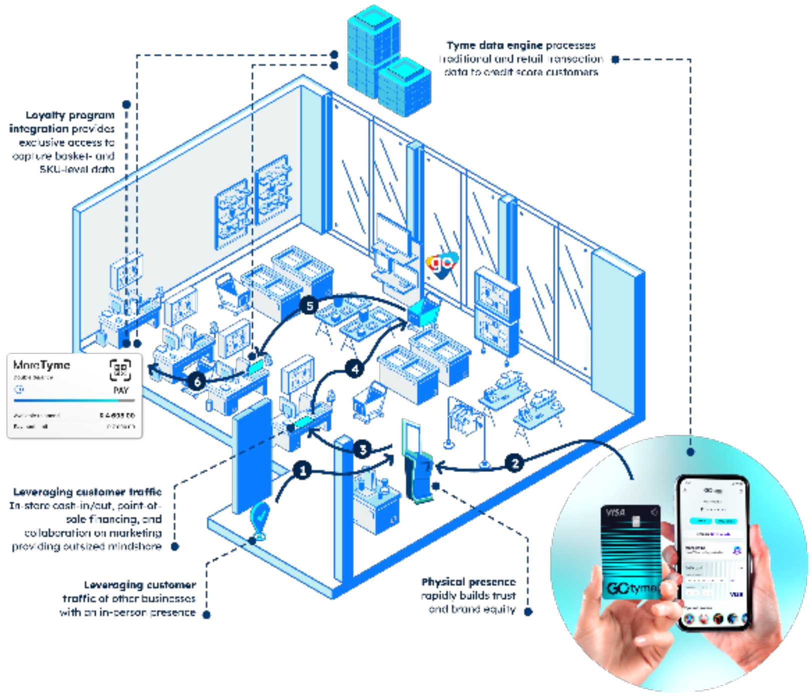
For CEB - 34 million passengers, 100 routes and 50 destinations, 39 million seat capacity by 2026
Affordable and accessible flight options; and

For JGSOC - Expanded polymer product portfolio of EVALENE and EVALENE PLUS by 20% in 2026 - Potential for increased incorporation of recyclates up to 50% in 2028 for targeted resin grades
Innovative petrochemical products

[3] Wellness Criteria: For details of the criteria, please refer to page **84**.

Forging a Future in Fintech Through GoTyme

Another breakthrough for our group was the commercial launch of our very own digital bank – GoTyme – with one of the only six licenses given by the BSP. With digital kiosks running in multiple Robinsons Retail stores and Robinsons Land properties nationwide, our customers can open a bank account and get their personalized ATM debit card in 5 minutes. GoTyme customers can also deposit and withdraw cash in the vast network of Robinsons Retail stores. This is the "phygital" experience we want our customers to have, and what sets us apart from other digital banks.

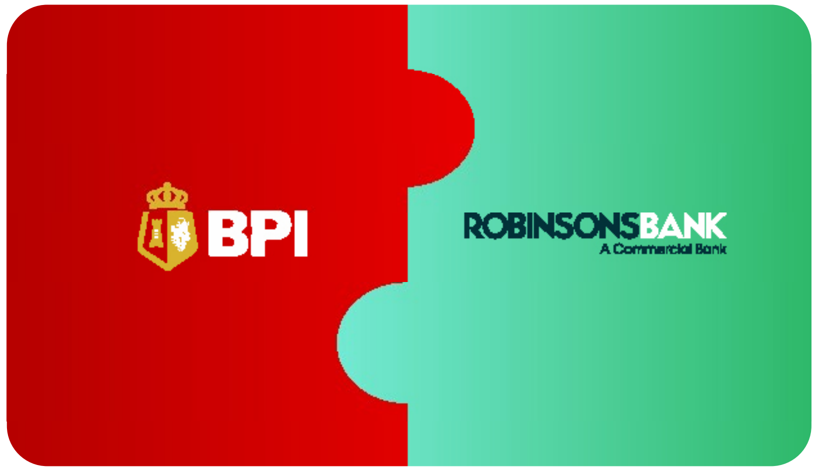


I look forward to seeing our efforts in the fintech space help our fellow Filipinos, especially those who are unbanked. Hopefully, the physical touch that GoTyme offers will lessen the barriers for those with limited access to smartphones or the internet, allow them to avail of financial services, and give them a better way into the financial system.

Expanding our Financial Exposure with BPI

While we have begun venturing into the digital banking arena, we have also augmented our presence in the traditional banking sector through the merger of our own Robinsons Bank (RBank) and Bank of the Philippine Islands (BPI).

After carefully reviewing our strategic options, we determined that merging with a top bank like BPI is the best direction to take. BPI is one of the country's largest and most trusted banks, with a proud history of over 150 years. This union will unlock various synergies across multiple product and service platforms and expand the customer and deposit base of both banks.



Consistent with our purpose, this deal presents us with another opportunity to provide our customers with better choices given the wide range of best-in-class products offered by both BPI and RBank. The decision of BPI to merge is also a testament to RBank's great potential and how much it has grown over the past 25 years.

Optimistic About the Future

2022 was the start of our pivot back to growth where we experienced sequential recovery in demand for our products and services brought about by the reopening of the economy. This now sets us up to take advantage of new opportunities and inspires us to work harder to deliver our promise to our customers in providing better choices through continuous focus on product innovation and great customer experience. Though we continue to face the challenges of an elevated inflation, I am hopeful that 2023 will be a year of faster topline growth and margin recovery.

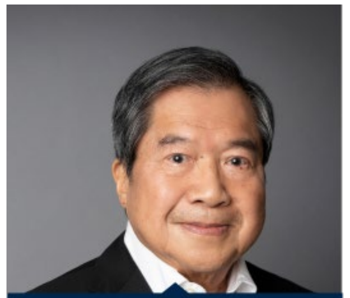
We will continue to manage the business with strategic agility to mitigate current and future challenges that may arise as well as tap into new consumer trends in a post pandemic world. We have also proactively managed and strengthened our balance sheet to navigate the market volatility. JG Summit will continue to invest for growth by tapping into our groups ecosystem as well as provide enough runway for business units that are facing challenges. In addition, we will further focus on our strategic enablers and build on our credentials specifically on Sustainability, Digital Transformation, and People and Leadership Development.

In closing, we are inspired to work harder to create value and shared success for all our stakeholders namely our employees, customers, communities, business partners, and shareholders. I sincerely thank everyone for your efforts and contributions, big or small, that embody our purpose, fuel our passion, and drive our progress towards a sustainable future.

Lance Y. Gokongwei
President and Chief Executive Officer

Leadership

Board of Directors

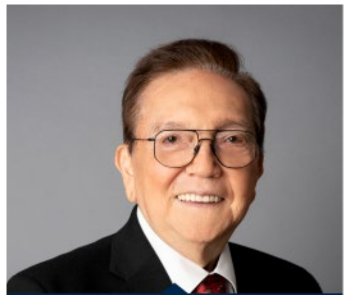


James L. Go
Chairman

Lance Y. Gokongwei
President and CEO,
Corporate Center Units

Antonio L. Go
Lead Independent Director

Chief Justice Artemio V. Panganiban, Jr. (Ret)
Independent Director



Jose T. Pardo
Independent Director

Renato T. de Guzman
Independent Director

Patrick Henry C. Go
Director

Johnson Robert G. Go Jr.
Director

Robina Gokongwei Pe
Director

JGS Executive Leader Council

At JG Summit, the Corporate Center Units (CCUs) enable the group to achieve its goals primarily by providing strategic guidance and functional leadership to its Strategic Business Units (SBUs). In line with the holding company's parenting role, the CCUs also ensure the delivery of business results, maximization of the group's ecosystem, as well as the sustainability of the business and the organization, all with customer-centricity in mind.

Together, the CCU heads and SBU CEOs form the Executive Leadership Council (ELC). The ELC convenes on a monthly basis to collaboratively discuss high-priority strategic initiatives, facilitate group-wide best practices and knowledge sharing, and conduct business performance reviews, among others. These ELC meetings have been key in driving agile and digital transformations, as well as sustainability across the conglomerate.

James L. Go
Chairman

Lance Y. Gokongwei
President and CEO

Michael P. Liwanag
Chief Strategy Officer

Bach Johann M. Sebastian
Senior Adviser,
Corporate Finance and Strategy

David Gulliver G. Go
Chief Human Resources Officer

Cindy Deng
Chief Executive Officer,
Data Analytics Ventures, Inc.

Elfren Antonio S. Sarte
President and CEO,
Robinsons Bank Corporation

Patrick Henry C. Go
President and CEO,
JG Summit Olefins Corporation

Michael B. Szucs
Chief Executive Officer,
Cebu Air, Inc.

Frederick D. Go
President and CEO,
Robinsons Land Corporation

Irwin C. Lee
President and CEO,
Universal Robina Corporation

Maria Celia H. Fernandez-Estavillo
Chief Legal Officer and
Corporate Secretary

Renato T. Salud
Chief Corporate Affairs and
Sustainability Officer

Aldrich T. Javellana
Senior Vice President
and Treasurer

Lisa Gokongwei-Cheng
Chief Digital Officer

Brian M. Go
Chief Finance and Risk Officer

Corporate Structure

As one of the Philippines' largest and most diversified conglomerates, JG Summit Holdings, Inc. (JGS) boasts a portfolio of market-leading businesses across the Philippines and Asia consisting of strategic business units, ecosystem plays, and core investments. As the parent, JGS drives the maximization of synergies across the portfolio to optimize value creation for all its stakeholders.

Strategic Business Units

Majority-owned businesses that are highly independent and provide synergistic opportunities for the group. JGS continues to boost the potential of these businesses and generate reasonable returns from these investments.

55.9% Stake — Universal Robina

Food and Beverage

One of the Philippines' largest branded consumer food and beverage product, and agro-industrial commodity companies present throughout Southeast Asia

66.1% Stake — cebu pacific

Air Transportation

The largest carrier in the Philippine air transportation industry

62.6% Stake — Robinsons Land Corporation

Real Estate

An industry-leading real estate and property development company in the Philippines

100% Stake — JG Summit Olefins Corporation

Petrochemicals

The Philippines' largest and only fully-integrated Petrochemical complex

60.0% Stake — RobinsonsBank A Commercial Bank

Banking and Financial Services

An innovative Philippine commercial bank with a growing nationwide footprint*

*While Robinsons Bank (RBank) is considered a strategic business unit, the Group recognizes that it requires extensive capital to scale it up and turn it into an industry leader. In line with JG Summit's active portfolio strategy, the Group entered into an agreement with the Bank of the Philippine Islands (BPI) last 30 September 2022 to merge RBank and BPI with the latter as the surviving entity. As a result of this transaction, JG Summit will be owning a minority stake in the merged bank. As of May 2023, the merger is pending regulatory approvals.

The percentages represent JGS' effective ownership stake as of end-2022

Ecosystem Synergies

Synergistic new plays that capitalize on JG Summit's broad ecosystem and enable the strategic business units through their different specialized services.

33.0% Stake — LIPAD Luzon International Premier Airport Development Corporation

Infrastructure

A special purpose company established to manage the operations and maintenance of Clark International Airport

50.0% Stake — DHL, In partnership with JG Summit Holdings, Inc.

Logistics

A joint venture with DHL Supply Chain to deliver world-class domestic transport and integrated logistics park operations in the Philippines

25.4% Stake — GOtyme bank

Financial Technology

A newly launched digital bank through a joint venture with the multi-country banking venture Tyme Global

44.6% Stake — DAVI

Technology

The data analytics firm of JGS developing the Gokongwei group's extensive digital lifestyle rewards program and data monetization models

100% Stake — JGDEV

Technology

JGS' venture capital arm that invests in and develops digital start-ups targeting the Southeast Asian market

The percentages represent JGS' effective ownership stake as of end-2022

Core Investments

Highly liquid minority-owned businesses that provide stable dividends to JG Summit. The conglomerate intends to maximize these investments by taking advantage of the steady cash flows and capital appreciation these provide.

26.4% Stake — MERALCO

Power Distribution

The Philippines' largest private sector electric distribution company, accounting for 55% of the country's electricity output

37.0% Stake — SINGAPORELAND

Real Estate

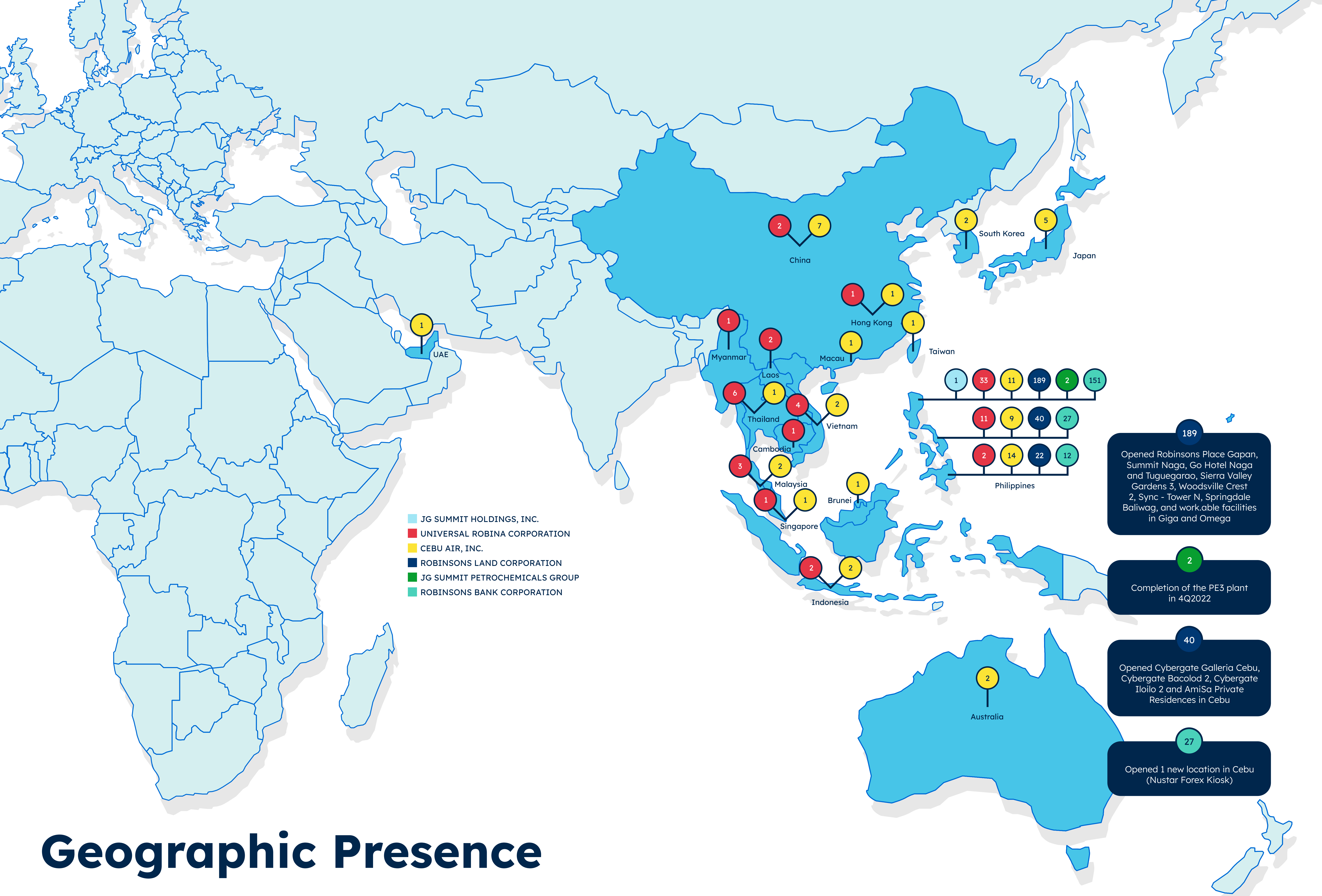
A premier singapore-based real estate company with a diverse portfolio both in Singapore and in key overseas markets

11.3% Stake — PLDT

Communications

The leading and most diversified, fully-integrated telecommunications company in the Philippines

The percentages represent JGS' effective ownership stake as of end-2022



Geographic Presence

Strategic Business Units and Investments

Universal Robina Corporation

"With the reopening of economies across Asia, coupled with the strength of our core products and new launches, URC ended 2022 on a high, growing revenue by 28%. There were challenges along the way with cost headwinds and supply chain disruptions affecting the business. However, URC was able to rise above the difficulties through the organization's hard work. By strengthening our supply chain, sales, and distribution fundamentals, we were able to focus on and take care of our customers, provide value for our consumers, and create more meaningful breakthroughs."

Irwin C. Lee
President and Chief Executive Officer

Breakthroughs

Record-breaking sales and new product development launches

Despite the economic environment and high inflation, Universal Robina Corporation (URC) saw sequential sales growth in the Branded Consumer Foods (BCF) group driven by BCF Philippines which hit record high monthly and quarterly sales. Additionally, all businesses grew in double digits leading total topline growth to surge by 28%.

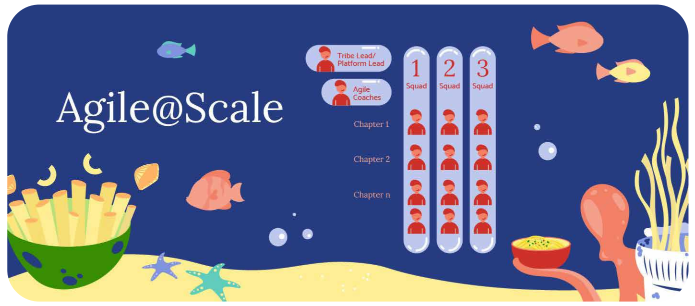
n line with URC's purpose of delighting everyone with good food choices, the company continues to provide consumers with products and brands they love by launching new product developments to widen its portfolio. In 2022, URC entered into two entirely new beverage categories with the launch of

Goodday Cultured Milk and Chill Spiked Spirit. URC's new product pipeline remains robust not only in the Philippines but across Southeast Asia, with over 9% of branded sales in 2022 coming from products launched over the last three years.

Agile@Scale and digitalization drive efficiency and better strategies

URC scaled up its Agile program, going beyond BCFG Philippines with pilot projects in its International and Agro-Industrial and Commodities divisions. This enabled the company to achieve visible and impactful results in the areas of business growth, innovation, cost and efficiencies, and employee engagement. These efficiencies allowed URC to thrive despite the cost pressures throughout the year.

Additionally, investments in digital solutions, data quality, and access improvements were prioritized to ensure better data-driven decision-making. More than 90% of live projects are on track, which includes end-to-end dashboards to improve operations and



connections to consumers, portals, and chatbots for better employee experience, digital enablement for Sales and e-commerce, and more. To support the company's competencies and digital capability building, URC provided learning opportunities such as the IT Academy: a centralized portal featuring over 800 digital learning materials.

Strengthening sustainability strategies across One URC

URC remains committed and steadfast in its efforts to be a Sustainable Global Enterprise and achieve its Sustainability Agenda. Driven by this ambition, the company set forth a transformative roadmap and refined its strategies over the years. The company has conducted a 10-session Sustainability Learning series to strengthen engagement and boost capability and awareness on six sustainability focus areas: people, product, water, climate, packaging, and sourcing. Simultaneously, URC established Agile Squads to efficiently and effectively further our progress in Climate Action and Plastic Neutrality projects.

To drive these strategies and strengthen our commitment and initiatives, the Sustainability Transformation Office Steering Committee was formed in 2022, headed by the President & CEO, joined by key leaders experienced in the

field of Environmental, Social, and Governance. The Sustainability Transformation Office has 2 subcomponents: (1) Project Management and (2) Center of Excellence (COE) and Capability Building with cross-functional members from the organization. This team provides a holistic viewpoint in strategizing and implementing initiatives aligned with the six key focus areas and material topics.

Robinsons Land Corporation

"We achieved record profitability in 2022 on the strength of a fully reopened economy and robust consumer spending. Our strategic investments and key initiatives continue to fuel our growth across all our businesses. In 2023, we will drive portfolio expansion and key innovations in pursuit of serving our customers better and creating sustainable value for stakeholders."

Frederick D. Go
President and Chief Executive Officer

Breakthroughs

RLC continues to expand its presence across the Philippines

Throughout 2022, Robinsons Land Corporation (RLC) opened multiple properties across its various business units in Luzon and Visayas. Among these are RLC's second mall in Nueva Ecija and the extension of Robinsons Place Antipolo, which added a combined total of 24,000 sqm of gross leasable area (GLA). Robinsons Malls also welcomed new establishments and improved tenant mix to increase foot traffic.

For offices, the Company likewise strengthened its portfolio with the completion of three new office developments – Cybergate Galleria Cebu, Cybergate Iloilo 2, and Cybergate Bacolod 2 – and three workable facilities, in time for the return of onsite work in a fully reopened economy.

With the permanent easing of restrictions, RLC also introduced hotels in various market segments, with the opening of Fili in NUSTAR Resort in Cebu, Summit Hotel Naga, Go Hotel Plus Naga, and Go Hotel Plus Tuguegarao. Fili is the Philippines' first homegrown 5-star hospitality brand that brings together the finest hotel offerings and the distinct warmth of Filipino service.

RLC also launched five residential properties, consisting of multiple condominiums and a housing development, spread across the Greater Manila Area and Cebu. These are AmiSa Private Residences Tower D in Cebu, SYNC N Tower in Pasig, Woodsville Crest Pine in Parañaque, Sierra Valley Gardens Building 3 in Rizal, and Springdale Baliwag in Bulacan.

Agile methodology improves customer experience and sustainability initiatives

In order to quickly implement and continuously improve its various initiatives, RLC implemented agile ways of working. The Company developed a newer version of its mobile app with additional and up-to-date features, which resulted in better engagement and enhanced customer satisfaction. Similarly, for its sustainability initiatives, RLC increased its impact on plastic waste management through activities executed in partnership with other members of the conglomerate.

Paving a sustainable path through solar panels and green building certifications

Recognized as the country's largest solar-powered mall operator, RLC currently has 24 malls with a total of almost 100,000 solar panels installed on their rooftops as of the end of 2022. Through this project, the Company has avoided about 100,000 tonnes of carbon emissions, which is equivalent to 1.6 million trees planted. RLC is committed to expanding the project to more malls nationwide.

In addition, Giga Tower, a 29-story premium-grade office building in Bridgetowne Destination Estate, secured a Leadership in Energy and Environment Design (LEED) Gold certification in 2022 for integrating sustainable features in its design and development.

Giga Tower's covered parking area, as well as all its paving and rooftops, comply with the Solar Reflectance Index (SRI). This means that the building can reflect enough solar energy to maximize solar power. Other than having multiple energy-saving features, Giga Tower also makes use of non-CFC refrigerant (R-410A) to reduce stratospheric ozone depletion.

Meanwhile, Cyberscape Gamma received the Excellence in Design for Greater Efficiencies (EDGE) certification in October 2022. As a matter of policy, RLC has committed to securing green certifications for all new Metro Manila office buildings.

These initiatives form part of RLC's continued investment toward its sustainability goals. They are at the core of the Company's strategy aimed at providing comfortable and healthy spaces to live, work, and play.

Cebu Air, Inc.

"In 2022, despite the ongoing challenges faced by the aviation industry due to COVID-19 and economic volatilities such as rising fuel prices and peso depreciation, Cebu Pacific remained steadfast in its commitment to providing affordable air travel to every Juan. I am proud to share that Cebu Pacific led the travel recovery in the Philippines, further solidifying its position as the country's top airline.

By the end of the year, the airline had successfully restored 92% of its pre-pandemic capacity on both domestic and international operations, thanks to the gradual easing of travel restrictions and the airline's ability to respond to market needs and opportunities.

Turning the page to 2023 marks a new and exciting chapter for Cebu Pacific and every Juan. We are poised and prepared to go from recovery mode to growth mode and welcome even more passengers on board in the coming months. Let's Fly Every Juan!"

Michael B. Szucs
Chief Executive Officer

Breakthroughs

A strong start for CEB's post-pandemic recovery period

2022 marked the year where Cebu Pacific (CEB) saw steep progress and recovery from the pandemic.

Despite the early headwinds brought by Omicron surge and macro -economic uncertainties, CEB is proud to have led the Philippines' travel recovery, restoring 92% of its systemwide capacity versus pre-pandemic period. This consequently led to a stronger demand for travel enabling the airline to fly over 108 thousand flights and 14.8 million passengers, a 214% and 335% increase respectively, year-on-year.

Travel rebound started in the second quarter as the strong summer peak was supported by declining covid cases and higher vaccination rates. CEB's

Restored Domestic Flights as of end-2022

33 Destinations

57 Routes

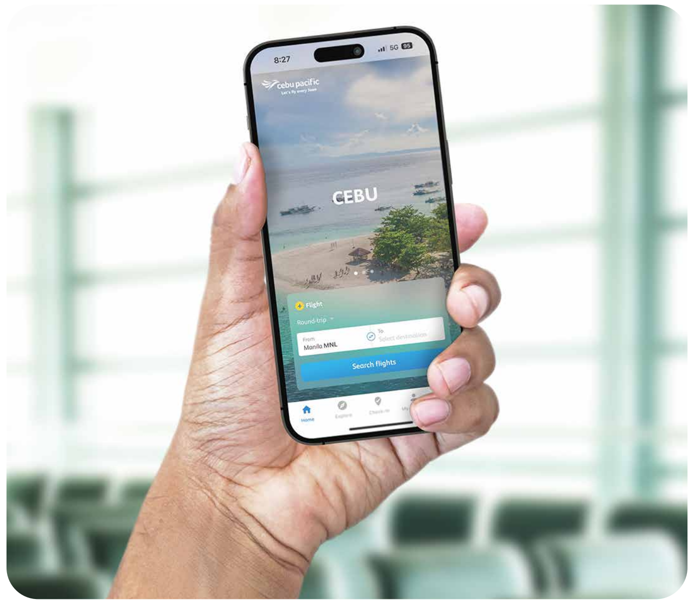
2,189 Weekly Flights

Higher than the weekly frequency pre-pandemic

strong focus on domestic recovery—as other players put their focus elsewhere—allowed the airline to emerge as a stronger leader in the domestic market. For the full year 2022, CEB's market share was at 57%, which is 5 percentage points higher compared to its pre-pandemic share of 52%. Moreover, we note that Domestic capacity has already exceeded 2019 levels in 2Q.

On the other hand, CEB's international recovery accelerated during the second half of the year. The airline increased regional flight frequencies, restarted flights to Brunei, Kota Kinabalu, and Sydney, and resumed international flights out of its Cebu hub. As North Asian countries like South Korea and Japan waived their pre-arrival test and quarantine requirements, CEB further ramped up its flights and capacity, ultimately resulting in the restoration of 19 destinations, 22 routes, and over 370 weekly flights.

The past three years were undoubtedly challenging. Nonetheless, with the steep performance in 2022 supported by its growth plans, CEB enters 2023 with confidence to move ahead to pre-pandemic levels and beyond while remaining true to its commitment to enable every Juan to fly.



Agile transformation continues to aid recovery and growth

CEB's agile transformation initiatives kicked off in 2019 and is expected to be completed by Q3 2023. This multi-year agile program is a re-architecture and redesign of the airline's fronted digital channels such as Web and Mobile apps. The objectives of the program are as follows:

- Promote customer focus by efficiently converting visitors and driving customer loyalty through consistent and best-in-class digital experience.
- Increase digital proficiency through an Omnix platform that provides consistent and frictionless experience.
- Strengthen CEB's brand positioning as the enabler of travel possibilities for every Filipino.

Cebu Pacific participates in humanitarian efforts

Throughout 2022, Cebu Pacific continued to partner with government agencies and civic organizations to provide air transport services for humanitarian efforts and disaster relief. CEB has transported 21 million vaccine doses to 31 provinces and has repatriated hundreds of Filipinos through the Department of Foreign Affairs (DFA)-arranged flights.

On disaster relief, flights for medical personnel, assorted medicines, and medical equipment from the Department of Health (DOH) were provided in partnership with the Philippine Disaster Resilience Foundation (PDRF) and the Office of Civil Defense

as part of an urgent medical mission to aid Typhoon Odette-impacted communities. The Department of Social Welfare and Development (DSWD) also tapped CEB's logistical support to expedite the delivery of relief items to affected areas.

Operating its first SAF-powered flight

Cebu Pacific operated on sustainable aviation fuel (SAF) for the first time in May 2022 on a delivery flight of a brand new A330neo from France to the Philippines. In line with its sustainable initiatives, blended SAF will be a standard procedure for all future Airbus NEO deliveries. That same year on September 28, an international flight from Singapore to Manila was also powered by sustainable fuel, becoming the first Philippine carrier to incorporate SAF in its commercial operations.

For the maiden SAF flight, CEB utilized its A321neo. The A321neo offers the widest single-aisle cabin in the sky, incorporated with the latest technology, and new generation engines and Sharklets, which reduces fuel consumption per seat by 20% compared to the previous A320 aircraft.

A long-term strategic partnership was also signed with Shell Eastern Petroleum to collaborate on making SAF more accessible, demonstrating the two parties' commitment to decarbonization and sustainability. The Memorandum of Understanding (MOU) explores the supply and purchase of SAF in Asia-Pacific and the Middle East, with an initial supply volume of at least 25 kilotons per year.

JG Summit Olefins Corporation

"2022 was a very challenging year for our petrochemical business. Global market conditions have affected both JGSOC and the entire industry, as demand shrinkage, rise in raw materials costs, and logistical issues heavily affected petrochemical margins worldwide. Despite these challenges, we have been able to begin commercial operations for our butadiene extraction unit as well as complete the construction work for our third polyethylene (PE) plant, both of which led us to launch an expanded product portfolio.

Various operational and process improvements were implemented to prepare our facilities to run at full capacity and for functional teams to be capable of handling this expanded scope of business.

Through our sustainability initiatives, we have progressed with our solar rooftop power projects that will allow us to source up to 13.8 MW of renewable energy. Moreover, we have achieved our halfway milestone target for our 1M Trees project.

Now that we are at the completion stage of our complex-wide expansion project, we are in a better position to seize opportunities and capture immediate value as soon as market conditions improve. I believe that through these challenges, we will emerge a stronger and better organization that is fully equipped to meet the needs of all our stakeholders."

Patrick Henry C. Go
President and CEO

Breakthroughs

Commissioning of new plants to expand JGSOC's product offerings

JG Summit Olefins Corporation (JGSOC) commenced its commercial operations of the first and only Butadiene Extraction Plant in the Philippines in Q1 of 2022. Able produce around 70 kilotons per annum (KTA) of butadiene and 110 KTA of raffinate-1, this facility processes mixed C4 produced from the upstream naphtha cracker to extract the downstream products of butadiene and raffinate-1, using the BASF Process licensed from Lummus Technology. While the products are currently 100% exported, the local availability of butadiene and raffinate-1 can generate interest in future investments downstream, particularly for synthetic rubber producers and/or tire manufacturers, thereby helping to open up potential forward linkages to this sector.

Additionally, JGSOC has completed the construction of its third polyethylene (PE) plant that will produce 250 KTA of PE. The PE 3 plant uses the MarTECH™ loop slurry process, one of the world's leading processes for manufacturing PE, licensed by Chevron Phillips Chemical. The MarTECH™ loop slurry process will allow JGSOC to produce bimodal metallocene and bimodal metallocene PE grades. The expected start of commercial operations for the third PE plant is within 2023.

Agile transformation yields efficiencies and cost savings

JGSOC Agile was launched in March 2022, to help the organization identify areas where value can be captured early, by generating profits and savings, cutting losses, improving efficiency, unlocking hidden potentials, developing a responsive culture on solving problems, and transforming JGSOC culture to adopt Agile Ways of Working. As of December 2022, 33 projects with a projected value of Php 1.4 billion were launched. More than half of the projects were already completed, with about Php 257 million in combined profits and savings. More than 650 employees were trained with 176 joining various Agile projects.

In addition, the JGSOC Agile Center of Excellence (CoE) was established last July 2022, to pursue building Agile capabilities, deliver potential value impact, ensure all projects have sustainability action plans, and fortify efforts on JGSOC's Road to Agile Transformation.

Some exemplary Agile projects to highlight are the Oily Waste Water Management and Recovery, Energy Balance, and Order to Cash.

The Oily Waste Water Management and Recovery project reduced the cost of disposing and treating the high volume of mixed oil, water, and chemicals with an early value of Php 673,000.

For the Energy Balance project, the group looked for ways to minimize high levels of bunker fuel oil imports, curtail losses during steam and fuel gas flaring, and lessen the deviation of fuel consumption between the planning model and actual consumption. This project reduced bunker fuel consumption worth Php 223 million. It also identified potential savings of Php 380 million per year should the parameters applied in addressing the issues are fastidiously maintained.

EVALENE HDPE PP LLDPE
EVALENE PLUS

Lastly, the Order to Cash Agile project allowed Peak Fuel Corp. (JGSOC's fuel trading arm) to generate more cash for the Company when it explored and improved processes in fuel ordering, credit management, payment, and truck loading. Allowing weekend sales increased profit by Php 891,000, while the time of truck loading and crediting of payment was reduced, thereby satisfying customer needs.

Sustainability efforts continued throughout the year

In 2022, JGSOC's One Million Trees Project reached an important milestone. The project was able to plant and distribute 565,298 indigenous and fruit-beating tree seedlings in Batangas province and to various government agencies, civic groups, schools, and employee volunteers. Launched in 2016, One Million Trees aims to contribute to the regreening and reforestation of areas where it is needed.

JGSOC also joined the Alliance to End Plastic Waste, affirming its commitment to plastic waste reduction. The Alliance was established in 2019 and continues to grow its current member base of more than 70 global companies. As a member, JGSOC aims to support the Alliance's work of reducing plastic waste through recycling and diversion via the project portfolios that it develops, finances, and implements with its members.

Robinsons Bank Corporation

"2022 marked Robinsons Bank's silver anniversary. Reaching 25 years in the industry was a momentous event for us. Having started as a humble bank, its rapid growth over the past years has paved the way for it to be one of the Fastest Growing Commercial Banks in the country, for four consecutive years. A feat such as this deserves a meaningful celebration. RBank's 25th Anniversary Celebration commemorates its early beginnings, its extraordinary journey, and the people behind the brand that has touched hundreds of thousands of lives throughout the years.

As we reflect on the hard work that every RBanker contributed to delivering where the Bank is today, we take pride in how the assets have expanded from Php 538 million in 1997 to Php 183 billion in 2022. Robinsons Bank has come a long way since then, currently ranking 16th among the universal and commercial banks in the country."

Elfren Antonio S. Sarte
President and Chief Executive Officer

Breakthroughs

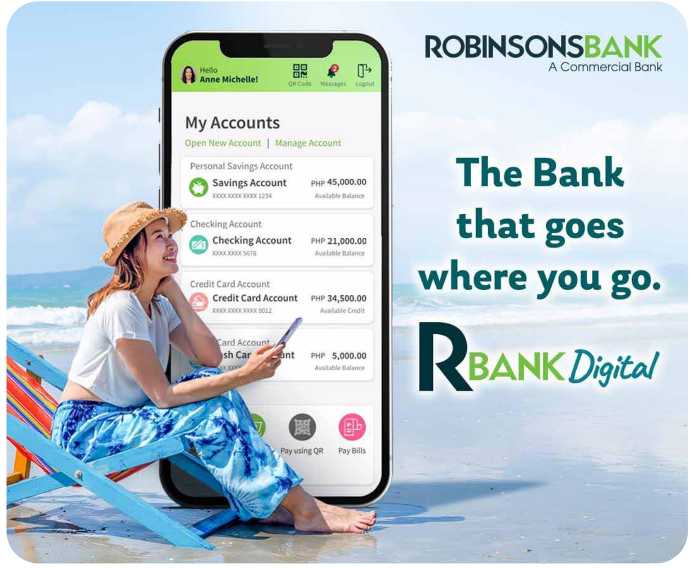
Exceptional operational performance for RBank's 25th year

In 2022, RBank delivered another stellar performance with a record net income of Php 1.4 billion which jumped by 15% from Php 1.2 billion amid a challenging 2021.

RBank's total assets in 2022 reached Php 187.8 billion. This was supported by the build-up in lending portfolios and treasury investments. Among the country's 46 universal and commercial banks (UKBs), RBank's performance improved its industry ranking to 16th place from 17th in 2021.

Despite rising interest rates, RBank's gross loan portfolio expanded by 13% this year, surpassing the 100-billion mark, by reaching Php 112.5 billion from Php 99.2 billion last year. This was supported by the 18% growth in consumer loans and the 10% improvement in commercial loans. The growth in consumer loans was driven by the strong performance of real estate loans, which jumped to Php 34.3 billion from Php 29.7 billion in 2021. Performing better than the industry, RBank's ranking in terms of total loans among UKBs improved by a notch to 14th from 15th in 2021.

RBank's capital jumped to Php 20 billion, which is 8% higher than the end-2021 results. The Bank's capital adequacy ratio at 13.4% and common equity tier ratio at 12.7% are both above the minimum regulatory requirements.



Agile Transformation seen in RBank's Digital App Features

Throughout the year, RBank utilized agile transformation to improve the products and services it offers to its customers. As one of the banks that can cater to its customers' digital needs, the Bank takes pride in being able to maximize its app, RBank Digital (RDX). These developments include the Unit Investment Trust Fund (UITF) Auto-Invest, Electronic Financial Statements (e-FS) for Trust and Investment Accounts, QR PH, and Online Time Deposits.

RDX also gained a new security feature that helps prevent fraudulent access. This allows users to provide or restrict access to their user ID in web browsers, which is a way of stopping phishing attacks.

Using an agile methodology gave RBank the ability to quickly launch these features and address any issues that appear, keeping customers happy and satisfied.

RBank continues to propel financial inclusion and gives back to the community

In partnership with Premiumbikes Corporation (PBC), one of the Philippines' top motorcycle dealership chains, RBank continues its agency banking facility called RBankMo. Through this partnership, RBank can provide financial services to customers living in rural communities with limited access to traditional banking services.

Over 98% of PBC's branches became RBankMo outlets where customers can open new accounts and access various financial services on their mobile phones. Throughout 2022, RBankMo saw a total transaction value of around Php 62 million, with PBC stores processing Php 400,000 in daily transactions, indicating strong demand for mobile banking services in these communities.

This partnership demonstrates the power of collaboration in expanding financial inclusion and promoting digital banking services in underserved areas. Its success underscores the importance of broadening the reach of banking facilities by bridging the gap between traditional banking services in unbanked and underbanked communities.

Ecosystem Plays

Luzon International Premiere Airport Development Corporation

"2022 was a big year for LIPAD as we have finally opened Clark International Airport's newest building to the public. We are happy to offer this world-class facility to local and foreign travelers and are honored to operate an international gateway that Filipinos can be proud of. We hope passengers will take advantage of these opportunities and enjoy a hassle-free experience at Clark International Airport."

Noel Manangkil
President and CEO

Breakthroughs

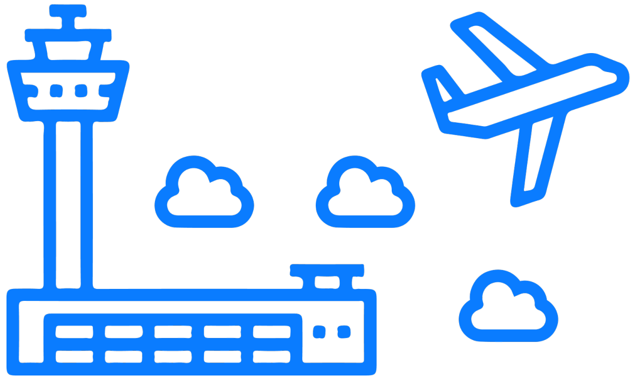
Opening of The New Terminal Building

All international and domestic flights from Clark International Airport (CRK) were transferred to the new terminal effective May 2, 2022. Boasting state-of-the-art facilities and superior accessibility, the new passenger terminal building opened its doors to welcome both domestic and international travelers. With an annual capacity of 8 million passengers, the new terminal provides space and breathing room for travelers to move with ease.

The President's Inauguration of The New Terminal Building

Last September 28, President Ferdinand R. Marcos Jr. officially opened CRK's new passenger terminal building. He unveiled a marker at the airport that signifies a milestone in Philippine Air Travel and Central and Northern Luzon connectivity. In his message, the President mentioned that the terminal's grand opening is a significant event for the following reasons: first, it shows how to leverage the government's assets, and second, how to leverage partnerships with the private sector.

"This is a perfect example of what the government and private sector can do. This is exactly the kind of partnership that we need to encourage," said President Marcos.



Overall Traffic Improvement

In 2022, CRK has achieved a 19% passenger count based on pre-COVID levels and 299% in growth versus 2021. The main contributors are the resumption of South Korean flights which are now at around 36% from pre-pandemic levels, with Busan flights operating at more than 100%, and a new link coming from Yangyang City.

The primary driver for domestic travel is the resumption of flights to and from Caticlan.

JG Digital Equity Ventures

"In 2022, JGDEV was once again faced with a challenging investment environment, driven by unprecedented macroeconomic shocks coupled with a global tech slowdown. As such, the fund made a conscious decision to be more cautious in deployment. We focused on companies that we believe have the strongest potential for post-pandemic growth while doubling down on early portfolio winners.

With the launch of our second fund, we believe that JGDEV remains well positioned to drive long-term returns while we continue to help the Group with its digital transformation."

Lance Y. Gokongwei
Chairman and President

Breakthroughs

Full deployment of DEV Fund I

DEV Fund I is now effectively fully deployed, with the fund making two initial investments and eight follow-on investments during the year. The investments made in 2022 were in Locad, a cloud logistics platform with an international network, and Wavemaker Impact, an ESG-focused incubator for Southeast Asian startups.

Fund I's portfolio is composed of 13 companies, covering e-commerce, logistics, fintech, and enterprise solutions.

LOCAD sarisuki etaily
Tyme growsari ZUZU HOSPITALITY
darwinbox iprice group
zyllem snapcart

Know more about the different startups that JGDEV invested in here.

Rigorous screening continued for new investments

Deal flow and assessments have continued to accelerate, growing over 70% in 2022. However, we note that the rate of opportunities that pass JGDEV's assessment has declined given our tighter investment criteria, factoring in challenging market conditions.

In terms of sustainability, JGDEV invested in Wavemaker Impact, a climate tech venture builder in Southeast Asia. Wavemaker Impact co-funds sustainability-focused businesses by targeting the largest sources of carbon emissions in the region.

In the future, we anticipate that Wavemaker Impact's ventures may be able to help various Group units achieve their ESG objectives.

Data Analytics Ventures, Inc.

"In 2022, we grew our membership base by 40% by building a better Go Rewards app experience to drive engagement and increase our customer and partner satisfaction. We also focused on optimizing the performance of our core product data and Member Precision Marketing. As a result, our partners have continued to develop record-setting investments, confirming their commitment and confidence in our vision and trajectory."

Cindy Deng
Chief Executive Officer

Breakthroughs

Landmark Research Solutions to Aid Retail Partners

For the first time, DAVI published landmark data-driven research solutions that mine and harness millions of shopper transaction data through the use of machine learning technology. In partnership with URC CMI, our team of Data Analysts & Scientists comprehensively studied and analyzed millions of Go Rewards members' transactions.

We utilized this data to improve our brand and our retail partner's customer engagement, in turn, growing our revenue by aligning with the natural purchase behaviors of Supermarket shoppers.

Go Rewards LifePrime Card for Senior Shoppers

The new Go Rewards LifePrime Card was launched so our senior shoppers can maximize their benefits. The LifePrime Card allows them to avail of their senior citizen's discount, at the same time, earn and use their Go Rewards points, with just one card.

This eliminates the need to present two cards upon check-out, reducing the processing time for our store cashiers, and ultimately creating a more seamless shopping experience for senior citizens.

Revamping the Go Rewards Mobile App

The agile improvement of the Go Rewards Mobile App focused on building a better member experience by creating cross-selling and new partner journeys, to grow member engagement, customer, and partner satisfaction.

The goal of this project was to shape core product features and capabilities, deliver value to our Go Rewards users and partners, and build strong, relevant, and beneficial solutions for our wide and varied user segments.

With this, Go Rewards became the highest-rated app in the Apple store's local category, amounting to 500,000 active monthly users.

DHL Summit Solutions, Inc.

"DHL Summit Solutions Inc. (DSSI) delivered a banner year in 2022. Under the "new normal" environment, the two key clients of DSSI – URC and Robinsons Supermarket (RSC) – demonstrated exceptional market growth, and the need for a responsive and reliable partner that offers a robust logistics solution in transportation became a key driver in the success of these two companies.

DSSI provided such responsiveness and agility despite global challenges related to the highly volatile economic conditions that drove fuel prices to unprecedented heights. Despite this, DSSI supported customer growth, retained most of its vendor partners, increased employee engagement, and created a buzz in the industry with its class-leading technology and innovation unparalleled in the transport sector.

These are the pillars upon which DSSI will continue to blaze forward in 2023, and in the years to come, solidifying its place in the logistics sector as the best-in-class transport solutions provider to all domestic and international companies in the Philippines."

Joseph Nathaniel (Jojit) Aguilar
Country MAnaging Director

Breakthroughs

Strong Partner in Delivering Growth to Customers

With the loosening of COVID-19 restrictions in the middle of 2022, DSSI has been able to successfully deliver consistent transport service performance, supporting URC's month-after-month record-breaking revenue. DSSI's collaboration with URC paved the way for an effective OND strategy, ensuring continuous and uninterrupted delivery during peak months.

The Robinsons Supermarket Tunasan (formerly Rustans) Distribution Center's (DC) transport operations have been successfully transitioned to DSSI in February 2022, completing the onboarding of all RRHI's supermarket segment DCs in Luzon.

The Robinsons Supermarket team can now utilize DSSI's consistent and outstanding transport service performance. This partnership has provided them access to leading technology, improved visibility with a milestone notification, and an ETA forecast, brought by DSSI's Connected Control Tower.

Expansion Outside of JG Summit

In 2023, DSSI is positioned to onboard additional businesses within URC, as well as expand to customers outside of the JG Summit Group. DSSI will provide the best-in-class transportation services and distribution solutions with the industry-leading digital capabilities that it offers.

In the next five years, DSSI will continue to increase its presence and credibility in the Philippine transportation landscape. Leveraged by its Connected Control Tower capabilities, DSSI will increase its service from Luzon transportation to include inter-island containerized movement, by partnering with major shipping lines.

Singapore Land Group Limited

SINGAPORELAND

Singapore Land Group Limited (SingLand) is a premier Singapore-based real estate company listed since 1971. The company takes pride in its holistic approach to development, with a diverse portfolio that includes commercial offices, residential and retail properties, and hotels. It has a large footprint in Singapore and key overseas markets, having prime commercial assets in Singapore with S$6.7 billion commercial assets under management, 3.7 million ft2 net lettable area, and 13 commercial and integrated properties.

Dividends paid to JGS

2020	Php 0.8B
2021	Php 0.7B
2022	Php 1.4B

37.1%
Equity Stake

₱3.0B
Share in net income
▲ 10% growth vs last year

₱49.7B
Market value of JGS' stake
*as of Dec. 29, 2022

Core Investments

Manila Electric Company

MERALCO

Manila Electric Company (Meralco) is the largest private sector electric distribution company in the Philippines, serving the country for over 119 years. It has a franchise area of 9,685 km2, covering 38 cities and 73 municipalities. This accounts for 55% of the electricity output of the Philippines in only 3% of the country's total land area.

Dividends paid to JGS

2020	Php 5B
2021	Php 4.3B
2022	Php 5.5B

26.4%
Equity Stake

₱7.8B
Share in net income
▲ 16% growth vs last year

₱88.8B
Market value of JGS' stake
*as of Dec. 29, 2022

PLDT, Inc.

PLDT

PLDT, Inc. (PLDT) is the largest fully integrated telecommunications company in the Philippines. It offers a wide range of telecommunications and digital services across the most extensive fiber backbone in the Philippines, as well as its fixed line and cellular networks. PLDT is listed on the Philippine Stock Exchange and its American Depositary Shares are listed on the New York Stock Exchange.

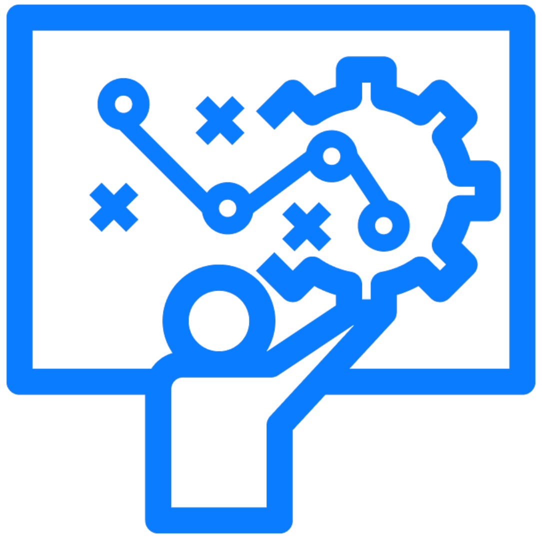
Dividends paid to JGS

2020	Php 1.9B
2021	Php 2.0B
2022	Php 2.8B

11.3%
Equity Stake

₱31.8B
Market value of JGS' stake
*as of Dec. 29, 2022

Leadership and People Development



Advancement Planning

- We have adopted the Talent-to-Value approach of McKinsey where we identify critical roles that will deliver JG Summit's objectives, goals, strategies, and measures (OGSM). By focusing on the critical roles, we have better visibility on the required skills to realize our OGSM, objectively assess the job fit for the role, and identify the right successors with a more deliberate career path.

- In 2022, we have identified 537 critical roles across the group and 63% of these have known successors. This ensures that we have a steady pipeline of future leaders and compels us to exact the value associated with these critical roles. This will ultimately enable us to focus resources given the clear linkage between these roles and overall business results.

Competency Workshops

- The JGSHI Competency Workshop illustrated how the competency framework supports our team members' career journeys by helping them better understand how essential each competency type (Core, Leadership, and Functional) is to the success of their careers.

- For the 2022 workshops, around 75 people leaders were enabled in using competency-based HR systems in their varying leadership facets (recruitment, performance appraisal, learning and development initiatives, employee movements, etc.). This facilitates the adoption of a holistic, competency-based career development plan for all team members.

LinkedIn Learnings

- The LIL program aims to provide a curation of relevant online learning content related to the JGSHI competencies. In 2022, we saw, among others, a significant improvement in the average number of hours spent by CCU learners per month.

The following programs were introduced to increase traction:

Tapping of HRs/Curators of the Corporate Center Units (CCUs)

Release of CCU and Individual Leaderboards

Awarding of Learner Badges

Integration of E-Learning Materials for Compliance Programs

Talent Growth and Capability Development Programs

Agile capability through Agile Academy

Global leadership capabilities of next-generation leaders through the URC Regional Conference, Leadership Excellence and Advancement Development (LEAD), and Leadership Enrichment and Advancement Program (LEAP).

Digital learning through URLearning

In line with the holistic people framework called "Our People Deal," CEB continues to push for projects aligned with our employee sentiments such as the following:

Quarterly Meetings

Conducted regular leadership communications through quarterly Townhall Meetings and Kapihan Sessions.

Mental Health Programs

10 monthly telecounseling slots are provided for employees and 5 slots for dependents. The Flight Crew also receives stress and debriefing assistance.

Learning Programs

Cebu Pacific University (CEB U) delivered 61 learning programs, training 1,520 employees across its three different schools – Values, Performance, and Leadership.

Philippines' Best Employers for 2023

In a survey developed by Inquirer and Statista, RLC was recognized as one of the "Philippines' Best Employers for 2023," supporting our commitment and progress in championing employee experience and career advancement.

Employee Health and Well-Being Programs

Implemented Employee Health and Well-being programs, with 49 Wellness Wednesdays and 5 Wellness Online Activities in 2022.

DECK Awards

Held the inaugural DECK (Dedication, Excellence, Consistency, & Kindness) Awards, which aim to reinforce the need to keep RLC buildings in peak operating conditions, encourage building management personnel to be responsive to tenant needs, and recognize teams or individuals that introduce building innovations.

Foundations of Leadership Program

Resumed the face-to-face conduct of the Foundations of Leadership Program for frontline leaders.

Accelerate Program for High Potentials

Concluded two batches of the Accelerate Program for High Potentials. An additional batch is set to complete the program in 2023.

Agile Project on Career Pathways

Introduced HR's Agile Project on Career Pathways, which will be fully rolled out across the organization in 2023.

ROBINSONSBANK
A Commercial Bank

RBank Academy Learning Programs

Featured agile learning modules and expanded its RBank Academy learning programs to 274 courses, up to 29% year-over-year.

Leaders Learning Quest

Instigated Leaders Learning Quest, a quarterly initiative providing senior officers a platform to enhance their leadership acumen by engaging with thought leaders and industry experts.

Officers Development Program

28 RBankers graduated from Batch 15 of its Officers Development Program, while its newly launched six-month accelerated career path cadetship program successfully recruited 20 fresh graduates from reputable schools.

Chairman's Award and President's Award

Launched the Chairman's Award and President's Award on its 25th anniversary, which recognizes and encourages the value of innovation and business growth, respectively.

LIPAD
Luzon International Premier Airport Development Corporation

Met desirable safety and security culture by demonstrating individual safety behaviors across the organization.

Ensured business sustainability through continuous generation of revenue while meeting minimum organization needs.

Ease of doing business with LIPAD acknowledged by stakeholders through defining and implementing clear organizational processes and procedures.

JGDEV

Continued to keep a lean team but with more enriched roles as the company becomes more purpose-driven in its deal origination amid challenging market conditions.

Strengthened and expanded its VC network and closely monitored seed investments of reputable VCs to source better quality deals.

DAVI

Empowered employees to maximize opportunities in leveraging technology and data through its DX Hackathon, which also offered learning sessions in Six Thinking Hats, Design Thinking, Microsoft Power Automate, Process Control, and Project Management.

Produced four live applications—Business Support Portal, Trademark Management System, Onboarding & Offboarding System, and Automated Dashboarding—23 Hackmeisters and from employees who volunteered for the Hackathon, within a span of 6 weeks.

DHL
In partnership with
JG SUMMIT HOLDINGS, INC.

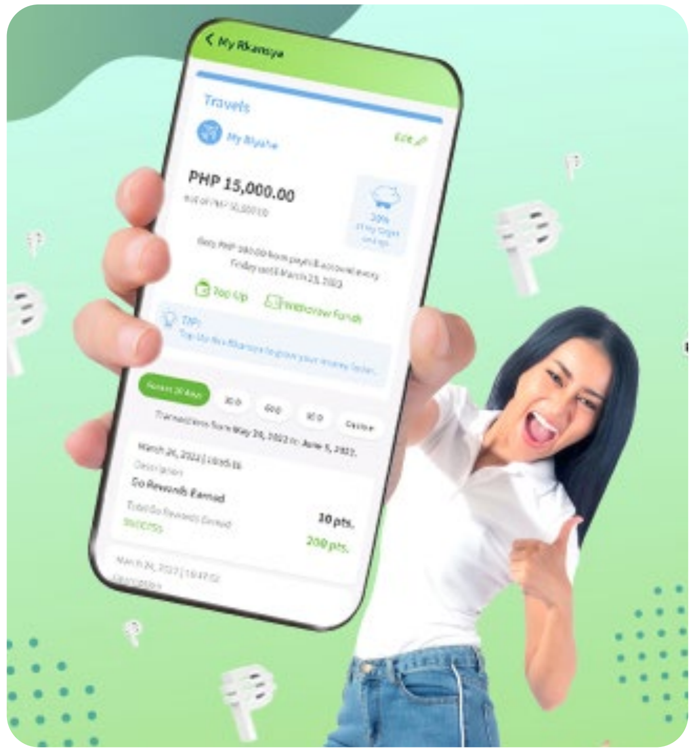
74% of DSSI personnel completed the Certified Supply Chain Specialist training in 2022.

Digital Transformation and Customer Centricity

Digital Transformation Office Initiatives

- The Supplier Experience (SX) initiative, which the JG Summit Digital Transformation Office (DTO) supported since its pilot with Universal Robina Corporation in 2019, has grown its SX community to include JG Summit Olefins Corporation and Robinsons Land Corporation. The SX squads have since **championed agile transformation and promoted ecosystem synergy** within the conglomerate. The JG Summit DTO guides the squads in designing a seamless, accessible supplier experience via the supplier portal, which aims to increase process efficiency in the source-to-pay landscape.

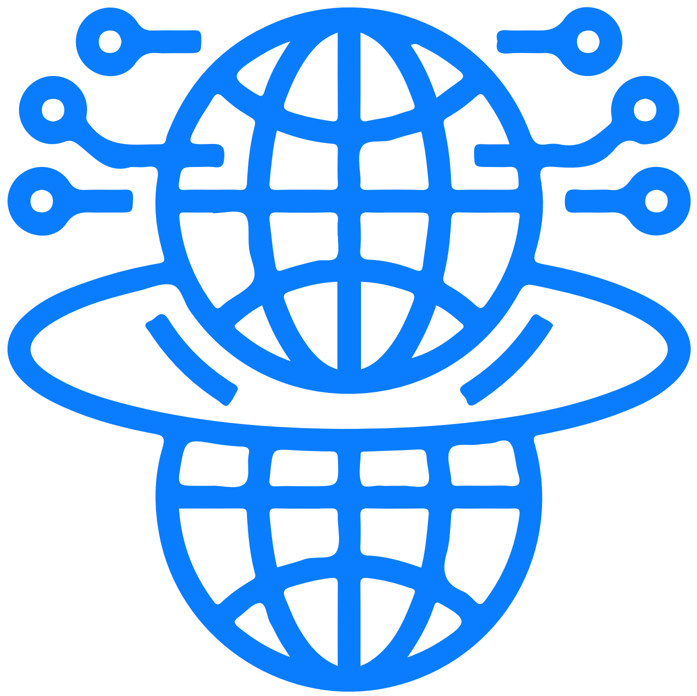
- The JG Summit DTO leveraged data and technology and digital best practices to deliver business outcomes:
  - Scaled research operations by creating a conglomerate-wide platform for engaging with customers efficiently. This empowered business units with quick generation of actionable insights for their products and services.
  - Supported business units in integrating customer data and implementing marketing automation to increase customer loyalty and improve internal productivity.
  - Guided Robinsons Bank in creating **Rkansya®, a digital product that acts as an account holder's piggy bank**, through a **design thinking process** that understood how customers dealt with their finances.
  - Equipped JG Summit Corporate HR to make faster and data-driven decisions for talent management. Developed analytics tools to drive actionable insights related to employee attrition, performance, development, collaboration, and engagement.



- The JG Summit DTO developed digital awareness, fluency, and competency.
  - Disseminated Knowledge at Scale
    - Introduced **Data for Everyone**, a foundational course that catered to all competency levels across the conglomerate.
    - The second run of **Unbox Extra: An Innovation Festival** —with the theme "Voice of the Customer: Are You Listening?"— revealed the culture required to become customer-centric in all parts of the organization. It brought inspiration from startup founders, thought leaders, well-loved brands, and speakers from the conglomerate.
    - Teach in 15, a weekly 15-minute conglomerate-wide informal sharing session, exposes the conglomerate to topics such as agile, data, retail, visual design, technology, productivity, and leadership.
  - Established More Learning Communities in 2022
    - Data Analytics Community of Interest for general understanding of the application of analytics in the business
    - Data Analytics Community of Practice for promoting innovation among data practitioners
  - Capability-Building Programs
- Customized capability-building programs according to business unit needs, and designed programs to build digital careers:
  - Design Thinking 101
  - Agile 101
  - Analytics Translator Bootcamp

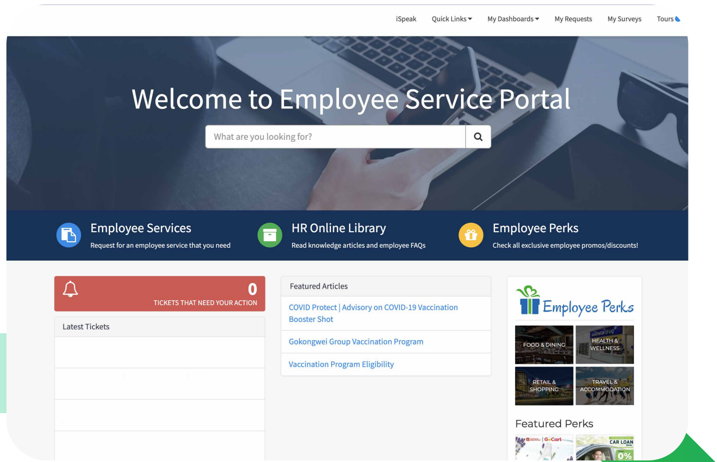
Technology Adaptation

- Introduced AWS Landing Zone as an alternative to our primary cloud provider, Azure, to ensure costs remain competitive.
- Implemented Infrastructure Digital Command Center to address issues proactively which significantly reduced end user-reported tickets.
- Leveraged the Mendix Low Code platform to develop and roll out front-end applications for timekeeping (SimpliTime) and payments (SimpliRFP).
- Expanded the "UI Path Robotics Process Automation" solution, resulting in 4 Bots working in the BUs – Maggie (URC), Pacman (Aspen), Ernie & Bert (RRHI).
- Implemented Cloud Email security solution to improve the conglomerate's security posture.
- Enabled business operations and decisions through the development and rollout of more dashboards across Finance, Procurement, and HR/People use cases.

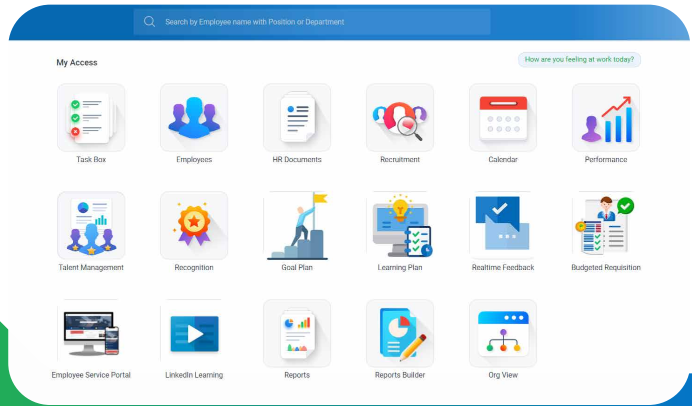


Employee Experience Initiatives

- Pulsed our people's needs through seamless employee listening initiatives and targeted our employee engagement actions via analytics.
- Improved employee services via digitalization
  - Through our internal online Employee Service Portal, we provided access to efficient employee services, saving an average of 6.5 man-days per service in processing time, with a 92% employee satisfaction rate.
  - To provide a delightful employee experience across the group, we expanded the utilization of the Darwinbox human resource management platform, which has modules in Recruitment, Performance, Career Development, etc. to more business units such as Robinsons Bank Corporation and Universal Hotels and Resorts Inc.



- Embraced the hybrid environment to engage and recognize our people
  - We built connections with each other through groupwide and localized engagement and recognition initiatives.
  - We adapted by socializing our values and culture through hybrid events that were accessible to both onsite and online participants, resulting in better choices for our people.
- Fostered the health and well-being of our people
  - To support the physical and mental health of our employees, we continued to improve our office spaces and include areas where people can work, eat, and relax.
  - We continued to provide our employees with medical teleconsultation services that cover both COVID and non-COVID cases, including mental health.
  - Aside from these, monthly webinars were conducted on diverse well-being topics from subject matter experts.



Universal Robina

Developed end-to-end dashboards to facilitate better monitoring and decision making

Refined its e-commerce business model to maximize opportunities

Transitioned its Enterprise Resource Planning from SAP ECC to SAP S/4 HANA

Robinsons Land Corporation

Launched Mobile Apps and Online Portals

Launched various mobile apps and online portals across its business divisions to improve customer touchpoints and ease of access to RLC offerings.

RMall+ for malls, RHR Mobile App for hotels, myRLC Home Super App for condominiums, and Virtual Tours for subdivisions.

Increased Sustainable, Accessible, and Convenient Initiatives in our Malls

Allocated premium parking spaces, increased EV charging stations in select malls, and added more routes and transport partners, to enable more convenient, accessible, and sustainable solutions for our customers.

Expanded Food and Beverage Outlets

Improved F&B offerings by opening more Cafe Summit outlets, Benjarong in Dusit Thani Mactan Cebu, and Mott32, Il Primo, Fina, Xin Tian Di, and Fili Lobby Lounge in Cebu.

cebu pacific

CEB Way Program

Promoted good customer service and effective conflict management through the CEB Way Program, an internal 6-day training session for front liners (airport, cabin crew, customer care, ticketing). Through this program, CEB front liners are trained to have a common service language, by aligning their understanding of the organization, self, and customer.

Public Communications Training Program

Implemented a Public Communications Training program to improve how CEB front liners interact with customers through public announcements at the airport. This program greatly improved our CSAT scores, especially pilot announcements.

Enhanced Digital Customer Experience

We enhanced our digital customer experience by launching a new Manage Booking and Help Center, improving the Charlie Chatbot with better agent-assisted service, and providing more flexibility on Travel Fund Redemptions.

JG Summit Olefins Corporation

Focused its Digitization Strategy on instituting best-in-class transformative solutions to enable manufacturing efficiency and business process improvements, and the robustness of its online systems and infrastructure.

Through JGSOC's IT Department, the following initiatives and activities were applied:
- 100% Network and Server availability in all JGSOC facilities
- Built a backup server for PILOG, the Server of Maintenance Master Data Record Management (MDRM)
- Migrated all file servers to SharePoint cloud to reduce electricity, storage costs, and backup expansions
- Automated a number of legacy, paper-based processes, and workflows at the plant

Strengthened customers' trust and confidence by:
- Providing a more effective process for product withdrawals, ensuring timeliness, and security of product delivery.
- Providing swifter product development support and ensuring health and safety compliance requirements through direct coordination with customers, end-users, and regulatory bodies.
- Offering direct delivery services to end-users of Aromatics, which allowed more flexibility and support for small distributors to grow their current market.
- Improving its fuel trading order-to-cash process to enable seamless customer transactions.

Localized world-class technologies through the development of a network of suppliers (technology, raw materials, additives, testing laboratories, testing, and industrial equipment).

RobinsonsBank

Enhanced Digital Capabilities

Launched QRPH capabilities and an Online Time Deposit feature on the RBank Digital app. This development empowers customers to pay via QR scanning and to better manage their time deposit accounts, respectively

Increased Security Features

Added a new security feature in its RBank Digital app that allows or restricts access to customers' user IDs in web browsers, aiding the prevention of fraudulent access through phishing attacks

UITF Auto-Invest Feature

Introduced the Unit Investment Trust Fund (UITF) Auto-Invest feature, facilitating easy top-ups for about 350 retail customers with a fund growth of Php 215 million since its launch.

Established the Deposit Pick-up Portal

Automated the manual end-to-end cash deposit pick-up process through the Deposit Pick-Up (DPU) portal, improving tellers' productivity and strengthening the internal control environment around the cash servicing process.

DAVI

Retail frontliners trained and actively participated in the Frontliners Inventive Program to improve the management of partner operations and member concerns. The program encouraged existing Go Rewards members to link their cards to the app. Over 250,000 members began using the app for the first time, resulting in a 300% increase in sign-ups and card linking on our Monthly Average Users (MAU) and Conversions. This program also led the Go Rewards app to have a 4.9-star App Store rating, garnering good reviews on the App Store and Google Play.

LIPAD

Contactless Airport Processes

Adapted contactless and seamless airport processes for customers and airport users.

Increased Online Presence

Increased online presence and engagement to ensure customer communication through direct messaging and social media publications, as well as on channels like Google Business and TikTok.

Updated GPS Locations

Updated GPS locations and driving directions to the new terminal is now available on Waze and Google Maps.

JGDEV

Increased Security Features

Continued to help drive the conglomerate's digital transformation by investing in start-ups with strong strategic relevance to the group. This includes investing in newer sectors and technologies which have the potential to disrupt key group businesses in the future.

Engaged in Ecosystem Collaboration

In order to promote ecosystem collaboration, JGDEV will regularly look to engage with key group SBUs. Ecosystem collaboration will allow JGDEV to understand potential pain points as they continue to closely work with start-ups and monitor the status of the Group's ongoing projects.

DHL in partnership with JG Summit Holdings, Inc.

Automated Billing Validation

Automated the per case and per trip rate billing validation with URC, minimizing efforts and delays on customer payment approvals.

Enhanced Transport Management Systems

Eliminated discrepancies arising from driver errors by providing status updates in Delivery Connect, and by tweaking its Transport Management System Track and Trace Status module that removed manual validation, which ultimately contributed to the reduction of payment lead times to truckers.

Digitized Key Financial and Operational Reports

Created a PowerBI dashboard for Finance and Operations on lane performance key reports, gross profit per trip, invoicing, trip status, quantity, and utilization. Previously, these reports were generated manually with an average effort of 16 hours per week.

Sustainability

Our Sustainability Journey – Deepening our Sustainability Commitment

From the outset of our sustainability journey, we recognized that it would be a marathon and not a sprint. Every year, we establish new heights in achieving sustainability credentials, guided by global standards and best practices. We understand the importance of taking steady and incremental steps towards our sustainability goals, and we remain committed to this approach.

2016

- Universal Robina Corporation started incorporating sustainability practices into its business strategy.

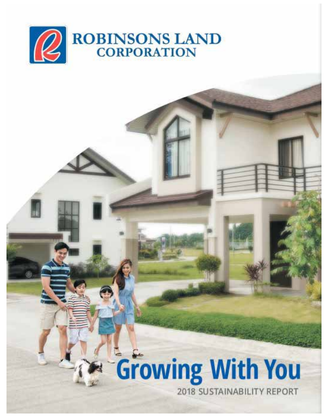
2018

- Appointed Lance Y. Gokongwei as President and CEO of JG Summit Holdings and announced Sustainability as a key enabler to the success of the business.
- Designated the Corporate Affairs and Sustainability Group to lead the development of Sustainability Strategy together with subsidiaries and in tandem with the Corporate Investor Relations Group.
- Created the JG Summit Sustainability Leads Linked Team to help the subsidiaries develop their Sustainability Agenda.
- Universal Robina Corporation published its first sustainability report.

GRI Empowering Sustainable Decisions

2019

- Held a CEO Summit where each SBU created a five-year business strategy integrating sustainability processes.
- Robinsons Land Corporation published its first sustainability report.
- Cebu Pacific released its first sustainability report.



2020

- Published the inaugural JG Summit Sustainabilty Report.
- Activated Covid response to ensure business continuity.

2021

- Initiated our climate journey by integrating Sustainability Risk in our Enterprise Risk Management.
- Built capability on Science-Based Targets through training and workshops.
- Established Corporate Governance and Sustainability Committee at Board level.

SCIENCE BASED TARGETS

2022

- Adopted the recommendations by the Task Force for Climate-Related Financial Disclosures (TCFD).
- Engaged investors in focused discussions on their ESG expectations.
- Organized Sustainability Masterclass for CEOs and Executive leaders and Climate Leadership Series for Senior Leaders.
- Implemented Plastic Waste Signature Initiative.
- Developed and set ESG targets at groupwide and SBU level.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

2023

- Release Groupwide ESG Targets.
- Ensure compliance to Extended Produces Responsibility (EPR) Law through Plastic Waste Signature Initiative.
- Continue adoption of TCFD
  - Climate Adaptation - Scenario Analysis
  - Climate Mitigation - Alignment to Science Based Target (SBTi)
- Pursue External Assurance Readiness.

Our Sustainability Strategy and Targets

Building Responsiveness, Resiliency, and Relevance to our Business Strategies

Responsiveness through constant Stakeholder Engagement

Continuous stakeholder engagement is particularly important as it allows our organization to stay up-to-date with the concerns and issues of our stakeholders as they evolve over time. This can help us to adapt our sustainability strategies in response to changing circumstances and ensure that our organization remains responsive to the needs of our stakeholders.

In addition, demonstrating responsiveness is a key aspect of building trust with our stakeholders. We aim to listen to their concerns and take actions to address them, thereby building strong relationships with our stakeholders and enhancing our organization's reputation for sustainability.

Every year, we review feedback from each of our stakeholders through various modes of engagement.

Stakeholders	Material Concerns	Modes of Engagement	Response
Investors and Shareholders	• Financial growth and profitability • Ethical standard for governance and business conduct • Commitment and targets to social and environmental responsibility especially on Climate Change	• Result briefings through Quarterly and Annual reports • Annual stockholder meetings • Disclosures to the Philippine Stock Exchange and other pertinent agencies • Meetings with investors • Engagement with investors to better understand how Environment, Social, and Governance (ESG) issues are considered when making their investment decisions (ESG Excellence Project)	• Continuous development of business strategy to improve financial and operational performance • Compliance with laws and regulations • Adherence to good governance principles • Incorporation of sustainability to business strategy • Enhanced sustainability disclosure to include strategy to reach targets along with milestones
Employees	• Competitive compensation and benefits • Frequent career conversations between employees and their managers • Exposure to career advancement opportunities	• Town hall meetings • Open dialogues • Pulse Employee Engagement Survey	• Continuous benchmarking to ensure up-to-date provision of competitive salaries, benefits, and employee growth initiatives such as formal training and e-training • Strong partnership between HR and leadership on employees' performance management and development • Setting of town hall meetings and other avenues for employee communication • Adherence to good labor practices and workplace standards
Suppliers and Service Providers	• Lasting business commitments • Complying to sustainable policies of JGS • Timely payment	• Vendor audits • Open line communication	• Execution of purchasing ethics, strategic purchasing, and supplier relationship management • Strict implementation of Supplier Accreditation Policy • Practice of due diligence in processing liabilities
Regulators and Government Bodies	• Legal compliance with laws and regulations • Feedback on legislative proposals • Partnership in social and environmental responsibility	• Annual and Sustainability Reports • Statement of compliance • Licenses to operate • Position Papers • Corporate Social Responsibility (CSR) programs	• Compliance with laws and regulations • Submission of official positions on legislative proposals • Implementation of initiatives to support government programs (e.g. Lingkod Pinoy Centers and tree planting)
Communities	• Community development and engagement • Responsible environmental management	• Corporate Social Responsibility (CSR) programs	• Continuous design and development of projects that respond to community needs • Compliance with environmental standards
Customers of SBUs	• Product quality • Health and safety • Marketing and labelling • Data Privacy	• Open communication channels • Customer Satisfaction Survey	• Quality assurance for products and services of each SBU • Implementation of environmental, safety, and quality standards and assurance systems • Proper marketing and labelling for product content, usage and service inclusions • Enhanced JGS-wide information security system to prevent any data leak and security breach

Our Investor Engagement Process

In 2022, we took a deep dive in understanding the view of investors through our ESG Excellence project as their ESG expectations are continually evolving.

By doing so, we are guided on how we can improve our sustainability performance and disclosures which they consider when making investment decisions.

Insight Session

- Underwent a process to deter mine top shareholders across the conglomerate and other investors that showed interest on the companies' sustainability performance
- Developed ESG focused questionnaire and constructed engagement guidelines for interview

Engagement

Disseminated questionnaire and interviewed identified investors to get insights on the following topics:

- How they use ESG Ratings in investment decision making
- What ESG topics and disclosures are material to them
- How aligned their ESG priorities are to those of ESG Ratings Agencies

Data Analysis

- Enhanced understanding on how investors perceive ESG on their investment decisions
- Confirmed that we share the same understanding on what key topics are material to us and used the feedback to guide us in prioritizing certain areas of sustainability for disclosure

Communication of Results

- Communicated the study findings to JGS top management (Executive Leadership Council & Board of Directors) and sustain ability champions across the conglomerate
- Cascaded key relevant topics for the BUs and conducted workshops to incorporate investors' feedback into our business and sustainability strategies

Embedding

- Established a harmonized ESG data template that can be utilized by data owners across the group
- Potential inclusion of identified priority topics in the sustainability disclosure
- Adjust the group-wide data collection process and monitoring dashboards to reflect additional key metrics

Enhanced Sustainability Disclosure

Summary of findings:

1. Based on engagement with investors, we are able to identify priority issues which we aim to disclose and guide our sustainability performance.
2. Topics around Climate change were identified as the priority environmental issue, which is aligned to one of our identified strategic pillars on our commitment to Climate Action.
3. Investors are interested on forward-looking plans which include targets that need to be backed by clear roadmaps or key actions on how to achieve them.

Our Response

1. Integrate the identified priority topics into our Materiality process and work with our internal partners to provide data which can be eventually disclosed.
2. Work with our subsidiaries to maintain focus on Climate Action to ensure yearly progress.
3. Release our forward-looking plans (please refer to our ESG Targets page).

Our Sustainability Strategy and Commitments

Relevance to Our Business Success and Sustainable Development

Our sustainability framework is integrated into our strategic planning process, as we recognize its importance to the future success of our businesses. We also understand that each focus area of our sustainability strategy represents our meaningful contributions toward achieving selected and aligned UN Sustainable Development Goals. As such, we remain committed to embedding sustainability considerations into all aspects of our business operations.

Our Sustainability Strategy revolves around five (5) key focus areas and we have declared commitments in the coming years:

Climate Action | Employee Growth and Well-being | Resource Efficiency and Circularity | Shared Success | Better Choices

Climate Action

We will ensure a low-carbon transition for our businesses and strengthen our climate-related risk management.

- We invest in modernizing our airline fleet to be the best available in the market and implement fuel optimization measures.
- We focus on improving energy and fuel use in our food manufacturing and petrochemical businesses.
- We create resilient and low-carbon spaces in our real estate business through well-planned land banking and efficient building design.
- We supplement these initiatives by supporting other companies by financing climate-related projects through RBank.
- We will use science to better understand the physical and transition risks of future climate scenarios in all our investments.
- We will scale renewable power sourcing in all our businesses.

Employee Growth and Well-being

We nurture our people by investing in their growth and well-being.

- Our people are our greatest asset. We attract and retain the best people by establishing an engaging atmosphere and providing opportunities for professional growth.
- We look after the overall well-being of our employees, always ensuring their health and safety.

Resource Efficiency and Circularity

We optimize our use of natural resources and foster circularity in all our businesses.

- We continuously improve process efficiency in our resource-intensive business lines, so that we limit the use of scarce resources such as land, construction materials, and input commodities.
- We recover and divert waste from our operations, products, and services.

Shared Success

We continually grow and invest in our businesses as we enable our people and partners to grow with us.

- Our Partners
  - We provide equitable economic opportunities to our MSME suppliers and service providers to help them remain profitable in times of uncertainty.
  - We will equip our suppliers and business partners with tools that will help them manage their ESG risk.
- Our Communities
  - We invest in community enterprise development by partnering with local communities in our supply needs.
- Policies for equitable practice
  - We ensure the equitable flow of economic value to all our stakeholders through inclusive management and governance.

Better Choices

We innovate for more accessible and responsive products and services to offer better choices to Filipinos and enable them to live the life they want for themselves.

- Healthier Options
  - We provide consumers with high-quality, healthy, and nutritious food choices.
- Green Buildings
  - Our new RLC Office Buildings in Metro Manila will be "green" certified.
- Affordable Flights
  - We ensure that every Juan can travel by providing safe, affordable, and accessible flight options.
- Innovative Petrochemical Products
  - We continuously innovate our petrochemical products and provide solutions to address clients' needs and requirements.

Resiliency and Sustainability interwoven in our ESG Targets

Resilient businesses are those that can withstand and adapt to changes and disruptions in the market, economy, or environment. They have the ability to innovate and be agile in response to these changes, allowing them to continue to operate and grow over a long period of time despite challenges. A key aspect of resilience is the capacity to learn from and adapt to past disruptions, so that the business can become more resilient over time. Overall, resilience is essential for businesses to remain sustainable and achieve their long-term goals.

As we strengthen our initiatives around our five (5) Sustainability Focus Areas, we commit to deliver these targets with key steps in resiliency of our businesses especially in dealing with Climate Change, ensuring our employees are ready in facing our challenges and keeping our products and services adaptable to the ever-changing needs of our customers and the times.

Our Process in Developing ESG Targets

Stakeholder Management and Enterprise Risk Management processes are key steps that feed into our long-term strategic planning process which includes the identification of financial and non-financial targets.

Enhancement of our ERM

- We enhanced our Enterprise Risk Management (ERM) process to better capture sustainability risk drivers and megatrends.
- Each strategic business unit identified, assessed, prioritized, and built risk responses on their identified top risks.
- JGS, then consolidated all SBU top risks.
- Appropriate risk responses are set in place for each JGS top risks, with an established risk governance structure.

Strengthen our Materiality

- Each business reviewed the materiality and scanned which sustainable development issues they are best positioned to tackle while also generating business value.
- We prioritized sustainability issues based on set criteria and defined a set of actions that are most strategic for the SBUs to implement.
- The identified contribution of each business shape the development of our group-wide ambitions.
- In 2022, we also set an engagement with investors to understand their view of sustainability as we accelerate our initiative to set long-term targets.

Identification of Targets and Strategic Actions

- The strategic actions identified by each of our businesses were consolidated and aligned to the group's five (5) focus areas. Our goal is to have collaborative action towards group-wide ambition.
- The proposed targets of each business unit are presented and approved by the highest governing body of each of the subsidiaries.
- Through the establishment of JGS's Governance, Nomination, Remuneration and Sustainability Committee (GNRSC), formerly Corporate Governance and Sustainability Committee, we strengthen the integration of sustainability in our board level decision-making which includes the setting of targets.

Our ESG Targets

We have officially released our ESG targets in the **President and CEO's report**.

Our Sustainability Performance

Working collectively to achieve business success and contribute to sustainable development

Climate Action

In 2022, as our economy opened and our subsidiaries increased their operations, our total energy consumption increased by 63.76%. This also led to 47.83% increase in our carbon emissions compared to 2021. To mitigate the rise in emissions, we have implemented several energy savings activities and increased our renewable energy consumption by 67.67%. This was made possible by generating our own solar and biomass energy in RLC Malls, JGSOC, and URC facilities coupled with purchasing renewable energy from the grid.

For CEB, we continue to utilize a fuel-efficient fleet through our next-generation Airbus New Engine Option (NEO) aircraft, implement fuel efficiency best practices, and integrate the use of sustainable aviation fuel in our operations. CEB has likewise initiated in 2022 the electrification program of our ground support vehicles and equipment. The long-term transition to an electric, zero-emission ground fleet will reduce emissions from CEB's ground operations to further contribute to our net-zero goal.

To further reduce GHG emissions, we plan to invest in more renewable energy sources like solar installations and explore the use of alternative sustainable fuel in our operations.

29,658,971 GJ
Total Energy Consumption

49.30%
Share of Own Generated Renewables to Total RE Consumption

1,668,296 GJ
Total Renewable Energy Consumption

2,615,183 tCO_2e
GHG Emission

SBU	Program	Activities	Results and Impact	SDG
JG Summit Olefins Corporation	GHG Reduction through use of solar energy	• Php 410,866,472.5 investment in onsite RE installation in 2022 (under Merbau Corporation)	• Total 12,715.4 tonnes of CO_2e avoided • First phase of 5 buildings (total area coverage of 43,960 sqm) with combined 5.8MW capacity of rooftop solar system was installed in 2022	7, 9, 13
Robinsons Land Corporation	Reduction of property emissions through renewable energy	• Php 1.7B investment on Solar Panel Installations since 2015 in malls	• 24 malls with onsite solar with 30 MW capacity since 2015 • 99,100 solar panels and 776 inverters installed • 139,114.25 MWh Total Energy Saved amounting to Php 1,152.87 million total cost savings • 98,590.92 tonnes of CO_2e avoided equivalent to 1.6 million trees planted	7, 9, 13
	Reduction of property emissions through renewable energy	• Shift to sourcing from Renewable Energy Supplier (RES)	• 4 malls using 100% renewable energy as of 2022 • 24,921.1 tonnes of CO_2e avoided equivalent to 412,062 Trees Planted • 17,164.28MWh Total Energy Saved	7, 13
cebu pacific	Fleet modernization through next-gen Airbus NEOs	• Investment on new aircraft in 2021, with four new NEO aircraft delivered and added to the fleet • Fuel-efficient aircraft that reduces fuel burn by at least 15% compared to previous generation counterparts	• New planes are fitted with more seats, allowing CEB to grow its customer base without increasing the number of flights • Estimated 17,601 tonnes of CO_2e avoided	9
	Integration of sustainable aviation fuel (SAF) in operations	• Development of SAF supply for the entire CEB network • Strategic partnership with Shell Aviation to supply a portion of future SAF requirements • Operated a maiden sustainable flight, becoming the 1st Philippine carrier to use SAF in its commercial operations • Use of SAF in deliveries of new aircraft	• 27,905 liters of SAF used	12

	Enhancement of fuel efficiency practices in operations	• Pilot training on fuel efficiency best practices
		• My Fuel Coach application for Pilot monitoring
		  • Continuous descent approach
		  • Single engine taxiing
		  • Quicker acceleration to cruise altitude
		  • Idle reverse thrust
		  • Optimized fuel load
			• 6.9 million kgs of jet fuel saved
			• Estimated 21,843 tonnes of CO_2e avoided
				9

SBU	Program	Activities	Results and Impact	SDG
Universal Robina	Sustainable Alternative BioFuels	• Php 3.5 million investment for a 30 tonnes per hour biomass boiler feeding system • Ongoing study for identification of 3 sustainable alternative biofuels to coal • Ongoing plant trial for Palm Kernel Shell as alternative fuel to coal • Study on regulatory requirements on transition of coal to biomass	• 7,700 tonnes of CO_2 emissions has been reduced • 100% Utilization of waste biomass generated from BCF sites as boiler fuel • More than Php 12 million in cost avoidance generated in 2022	7, 9, 13
	Installation of Solar Rooftops in URC sites	• Expansion of solar rooftop installation for BCF Philippines	For URC BCFG PH sites (Canlubang & Calamba): • 1,000 kWp Solar rooftop in URC Canlubang • 3,500 kWp Solar rooftop in URC Calamba • Php 2.2 million savings • Estimated 2,000 tCO_2 Emission has been reduced in 2022 URC Thailand • 6,000 kWp Solar rooftop in URC Thailand • 2,091 GJ electricity • 3,176 tCO_2 emission reduced URC Vietnam • 3,000 kWp solar rooftop system panels installed in URC Vietnam • Estimated 540 tCO_2 emission has been avoided	7, 9, 13
	Purchase Electricity from Renewable Energy Sources	• 693,899 GJ of electricity consumed in 2022 comes from renewable sources	• Estimated of 120,000 tCO_2e/yr reduction based on 2022 electricity consumption	7, 13
	Project JAGUAR X (Journey in Achieving Sustainability Goals thru Utilities and Assets Renewal)	• Renewal for HP Air compressors and Chillers in URC BCF sites • Php 868 million since its launch	• Energy use reduction of 14% annually • Estimated 42,000 tonnes of CO_2 emissions reduced	7, 9
	Nationwide-tree planting initiative during Environment Celebration	• 5,900 total seedlings planted during the Environment Celebration in 25 areas nationwide under the theme "Protect Nature, Sustain Our Future" in partnership with LGUs and DENR Municipal Environment and Natural Resource Office (MENRO) / Community Environment and Natural Resources Office (CENRO)	• Estimated 147 tonnes[4] of CO_2 can be absorbed once these trees mature	13

[4]Sequestration Rate depends on the age of trees, type of trees, number of trees per hectare, spacing between trees, etc.

RLC continues to accelerate Solar Panel Installation in its malls

As the leading solar-powered mall operator in the country, RLC is dedicated to reducing carbon emissions and fostering a more sustainable future. Since 2015, RLC has invested in 30 MW of solar energy capacity, reaching 99,100 panels installed on various mall rooftops by 2022. This has resulted in 140,000 MWh of saved energy and 100,000 tonnes of avoided carbon emissions—that's equivalent to 1.6 million newly planted trees.

Going forward, RLC has set its sights on continued commitment to renewable energy sources and hopes to expand installation solar panels in four more malls in the next few years. Moreover, though general economic recovery appears imminent, RLC remains determined to counter potential carbon emissions growth with their initiatives.

CEB operates its first SAF-powered commercial flight

CEB, the leading carrier in the Philippines, operated on 28 September 2022 a Singapore to Manila passenger flight powered by SAF, becoming the first Philippine carrier to incorporate SAF in its commercial operations.

CEB's maiden SAF flight was operated with an Airbus A321neo, using 35% blended SAF produced by Neste and supplied by Shell Eastern Petroleum.

CEB signed a long-term strategic partnership with Shell Eastern Petroleum to collaborate on making SAF more widely available, demonstrating the two parties' commitment to decarbonization and sustainability. The Memorandum of Understanding (MOU) explores the supply and purchase of SAF in Asia-Pacific and the Middle East, with an initial supply volume of at least 25 kilotons per year.

SAF is a "drop-in" replacement for fossil fuels made from agricultural feedstock, and waste materials, such as used cooking oil and animal fat. Using SAF results in up to 80% reduction in carbon emissions over the fuel's life cycle. The chemical and physical characteristics of SAF are identical to those of conventional jet fuel, and these can be safely mixed with regular jet fuel. SAF does not require any modification to the aircraft or engines and does not have any negative impact on performance or maintenance.

CEB used SAF for the first time in May on a delivery flight of a brand new A330neo from France to the Philippines. In line with its sustainability initiatives, blended SAF will be part of the standard procedures in all future Airbus NEO deliveries.

For the maiden SAF flight, CEB utilized its A321neo, which belongs to the A320neo Family. It offers the widest single-aisle cabin in the sky and incorporates the latest technologies, including new-generation engines and Sharklets, delivering a 20% reduction in fuel consumption per seat, compared to previous generation A320 aircraft. As with all in-production aircraft, the A320neo family is certified to operate with a 50% SAF blend and Airbus is committed to enabling the use of up to 100% SAF by 2030.

As part of the airline's sustainability efforts, it aims to transition to an all-NEO fleet by 2028 and incorporate the use of blended SAF for its entire commercial network. The airline's sustainability goal is aligned with global aviation's goal of achieving net zero carbon emissions by 2050.

In November 2022, CEB received the Asia Environmental Sustainability Airline / Airline Group of the Year from the Centre for Asia Pacific Aviation (CAPA) for its leadership in sustainability performance in the regional aviation industry.

JGSOC's Solar Rooftop Project (Merbau Corporation)

The JGSOC and Merbau Corp. 13.8-MW Solar Rooftop project commenced the construction of solar rooftop panels on the roofs of the buildings situated within the JGSOC petrochemical complex in August 2022 and will cover the rooftops of nine (9) buildings in total by mid 2023. This project aims to reduce both power consumption and GHG emissions through the use of renewable energy sources. Phase 1 of the project, with a capacity of 5.8 MW, was completed in December 2022 and has started commissioning for the supply of solar energy to the petrochemical complex. Phase 2, with a capacity of 8.0 MW, will be envisioned for completion in 2023. Overall, the project aims to offset the sourcing of power from the national grid and from in-house diesel generators with renewable energy use.

This project will benefit both JGSOC and URC warehouses and building offices within the JGSOC petrochemical complex. Its estimated energy savings is 17,853,678.54 kWh/year upon its expected completion on April 2023, with the projected GHG emissions reduction of 17,052 tonnes equivalent to carbon emissions annually. This translates to an estimated reduction of 4.1 million liters of fuel consumption per annum.

URC's Sustainable Alternative Biofuels

Fueled by its commitment towards Net Zero by 2050, URC launched the Biomass Agile squad in 2022 to conduct a feasibility study on alternative Biofuels for boilers that are eco-friendly, cost-efficient, sustainable, and compliant with regulatory requirements.

The primary objectives and key results of this initiative are:

1. To identify at least 3 sustainable types of Biofuel that are cost efficient with sustainable supply
2. To reduce greenhouse gas emissions
3. To generate cost savings through the utilization of biomass waste materials as biofuels

At the end of the agile sprint, the squad working on the project successfully conducted plant trials of Palm Kernel Shell in 3 BCF Sites – NURC, Cavite, and Canlubang, with intensive monitoring of critical parameters such as kilogram fuel per kilogram of steam produced, and boiler efficiencies.

Stack emission tests were also conducted on the boilers using palm kernel shells and results showed that all parameters such as, Particulate Matter (PM), Sulfur Dioxide (SOx), Nitrogen Dioxides (NOx), and Carbon Monoxides (CO) have consistently passed. The boiler efficiencies were also observed to have improved compared to using coal as fuel.

Part of the study conducted by the squad was the identification of necessary permits and application process to regulatory bodies in preparation for fuel shifts from coal to biomass.

At selected URC BCF PH sites, a series of plant trials and biomass-powered boilers showed substantial cost avoidance on hauling costs, which amounted to Php 12 million while reducing an estimated 7,700 tonnes of CO2 emissions.

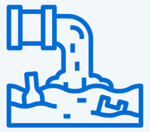
Moving forward, the squad will continue to work on the sourcing of other potential biomass suppliers locally and internationally to ensure the sustainability of supply while exploring partnerships with the academe, local communities, and government agencies for self-sustaining supply and utilization of locally available biomass wastes as biofuels.

Resource Efficiency and Circularity

Given the resource-intensive nature of our businesses, which include food manufacturing, air transport, and petrochemicals, we constantly seek methods to optimize and streamline our operations to reduce consumption of water and materials.

We are committed to continuing our efforts to decrease water consumption and increase the use of recycled wastewater in our operations. For 2022, our water withdrawal decreased by 4.51% as compared to 2021 data, largely a result of URC streamlining its processes and water conservation initiatives.

26,534,593 m^3
Water Withdrawal



14.32%
Recycled Wastewater

Implementing efficient solid waste management systems is crucial in mitigating the amount of waste that goes into landfills. Our subsidiaries continue to roll out waste segregation, recycling and reuse efforts of solid waste in their operations. In URC, we reincorporate industrial plastic scrap PET materials into flakes to mix with virgin materials in making new plastic bottles.

1,981,157 tonnes
Renewable Materials

3.0%
Recycled Materials

SBU	Program	Activities	Results and Impact	SDG
Robinsons Land Corporation	Implementation of proper waste segregation in malls and residential buildings	• Incorporation of a materials recovery facility (MRF) • Proper waste segregation policies • Training of personnel for proper recycling practices • Implementation of color-coded garbage bins in residential buildings • Implementation of properly labeled bins in different areas in our malls. • Development of new products out of collected recyclable materials	• Proper segregation of different types of waste. • Out of 26,989 tonnes of solid waste for malls and residences, 16% of waste was recycled, and 13% was composted for 2022	6, 12
JG Summit Olefins Corporation	Efficient recovery and treatment of waste	• Oily water treatment system ensuring efficient recovery of oil • Recovered oil hauled/sold to accredited haulers/buyers	• 6.95% cost reduction in handling, treatment, and disposal of hazardous wastes • 83,000 liters of oil recovered and sold to company's accredited buyer	6
Universal Robina	Water Conservation Programs	• Rainwater Harvesting • Installation of rain water harvesting units as an alternative source of water	• Harvested a total of 261,278 liters of rain water for basic utility cleaning	6
		• Reduce, Reuse, Recycle program 1. Detecting and correcting the leaks in the pipelines 2. Eliminating wastages from the production 3. Improving the efficiency of our water treatment facilities 4. Various Water Conservation programs	• 6.68 Water Use Ratio in 2022 vs 7.51 in 2021 (11% improvement)	6
	Solid Waste Management (Co-processing)	• Implemented co-processing of plastic waste in nine (9) plants	• Co-processed 350 tonnes of plastic through the cement plants preventing the use of coal as fuel • Generated savings of Php 500k/yr	12
	Juan Goal for Plastic CSR Collection program (GG & Community Based)	• Conducted 9 plastic waste collection activations in communities where the company operates • Installed 115 collection hubs in RLC malls, Robinson Supermarkets, and Easymarts • Php370k in 5 months. Based only on pilot activation in 5 supermarket/mall branches using pilot Juan Goal for Plastic incentive scheme.)	• 13.5 tonnes of plastic waste collected in 2022 • 1,484+ Community Volunteers • 311+ Employee Volunteers	12
	End-to-End EPR Compliance Strategy: Plastic Collection & Diversion	• Mobilization of Agile Squads to conduct feasibility studies on holistic collection strategy and sustainable diversion options in compliance with EPR Law	• 5 agile squads formed • 5-year EPR compliance strategy roadmap	12

RLC Residences Promotes Circularity

In 2022, RLC Residences partnered with a social enterprise to promote sustainable living and encourage homeowners to become advocates for circularity through a program called "Minimize Waste, Maximize Space." This program is an innovative and practical approach to reducing waste and decluttering homes, while also promoting a circular living mindset among residents.

Since 2021, the program has collected and repurposed items ranging from furniture, garments, appliances, gadgets, books, toys, shoes, plastic & wood scraps etc., from 81 homeowners of our 15 condominium properties in Pasig, Mandaluyong, Taguig, and Manila.

URC Leads Group Wide Signature Initiative: Juan Goal for Plastic in place

Juan Goal for Plastic is one of the key initiatives of the Group ecosystem: to collect, recover, and divert plastic waste as part of its goal to achieve plastic neutrality, in support of a more environmentally conscious and resilient Philippines.

With Universal Robina Corporation taking the lead, around 100 committed Group* members came together, and worked relentlessly using the project management tool called the Agile methodology to come up with a holistic, solid plan toward plastic waste recovery and diversion. The Agile approach can be particularly important when working on complex projects like plastic waste recovery and diversion, which require coordination between multiple stakeholders and the development of innovative solutions.

URC leading the collective has piloted this program, leveraging its network of Robinsons Malls, Robinsons Supermarkets, and convenience stores wherein it has installed 115 collection hubs and activated community-based collections in nine partner barangays within the areas where it operates.

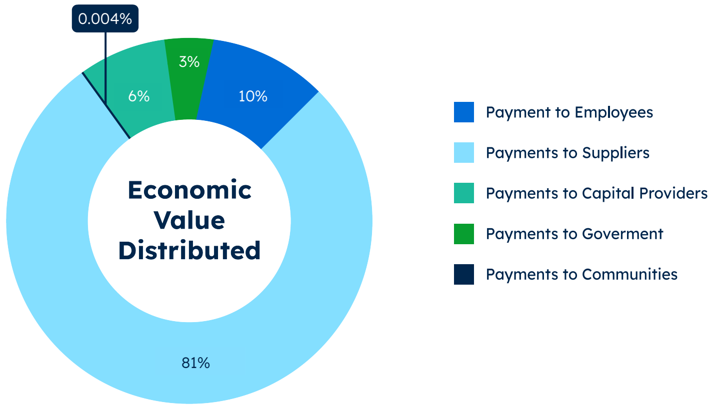
A total of 13,500 kgs of various plastics were collected and diverted through this program with an investment of more than Php 370,000 based on pilot activations within 5 months.

Shared Success

We ensure the equitable flow of economic value to our key stakeholders. Our Economic Value Distributed to employees, suppliers, government, providers of capital, and communities amounted to Php 317 billion in 2022.

₱314B
Economic Value (EV) Generated

₱317B
Economic Value Distributed



SBU	Program	Activities	Results and Impact	SDG
cebu pacific	Airlift transport services in support of humanitarian efforts and disaster relief	• Airlift of COVID-19 vaccines across the Philippines	• Over 21 million doses in 2022 to 31 provinces; more than 81 million doses since 2021	8, 11
		• Bayanihan Flights	• Brought home 385 Filipinos from the Middle East in 2022 • Total no. of Filipinos repatriated since 2021 is 11,300	
		• Typhoon Odette Operations	• Transported medicines, medical equipment, and food packs • 336 tons of humanitarian and disaster relief across the Philippines • Flown over 2 tons of water filter to help in the prevention of dehydration or any water- borne disease	
	Social commitment for the welfare of communities	• Partnership with Waves for Water for Donation of filter buckets and rain catchment	• Community's access to clear water in Siargao and Iloilo	8
		• UNICEF Change for Good collection from passengers amounted to Php10 million	• Funds donated were used by UNICEF to support their lifesaving programs for children	
JG SUMMIT OLEFINS CORPORATION	One Million Trees Project	• Distributed seedlings of indigenous and fruit-bearing trees to local government units and non-government organizations	• 565,298 tree seedlings donated/ distributed from February 2016 to December 2022	11
ROBINSONS LAND CORPORATION	Lingkod Pinoy	• The Lingkod Pinoy Centers emerged from RLC's objective to support the government in providing essential government services accessible to more Filipinos. • Started in 2011, the Lingkod Pinoy Center is now present in 37 RLC Malls nationwide providing every Filipino with easy, safe, and convenient access to government services. • This one-stop shop is now a common fixture in RLC Malls at no cost to the government.	• The average daily transaction in 2022 is at 5,631 with 84 stand-alone offices and 152 centers nationwide. • *84 stand-alone offices - with an average of 20,358 transactions per day • *152 centers - with an average of 25,536 transactions per day • Partner Agencies: • Social Security System (SSS) • Home Development Mutual Fund (Pag-IBIG) • Professional Regulation Commission (PRC) • **Philippine Health Insurance Corporation** (PhilHealth) • Bureau of Immigration (BI) District Offices • Department of Foreign Affairs (DFA) • **Overseas Workers Welfare Administration** (OWWA) • Quezon City Local Government Unit • Bureau of Quarantine (BOQ) • Philippine Postal Corporation (PHILPOST) • National Bureau of Investigation (NBI) • Tourism Infrastructure and Enterprise Zone Authority (TIEZA) • Land Transportation Office (LTO)	11

SBU	Program	Activities	Results and Impact	SDG
ROBINSONS LAND CORPORATION			• Philippine Overseas Employment Administration (POEA) • Land Registration Authority (LRA) • Securities and Exchange Commission (SEC) • Department of Trade and Industry (DTI)	
		• Robinsons Malls also provided safe spaces for government agencies to administer COVID-19 Vaccinations, Bloodletting, National ID registrations, Saliva RT-PCR testing, Voters' Registration, Passport Renewal, Seminars on safety, etc. in select properties nationwide.	• COVID-19 Vaccination – 3,734,852 transactions – 18 malls • National ID Registration – 2,095,189 transactions – 30 malls • Saliva Testing – 125,014 transactions – 2 malls • Passport Renewal Service – 695,222 transactions – 10 malls • Bureau of Quarantine (Yellow Card) – 230,036 transactions – 5 malls • COMELEC (Voter's Registration) – 3,682 transactions – 7 malls	
Universal Robina	Sustainable Procurement: Revolutionizing One URC Towards Sustainable Supply Chain	• Drive sustainable procurement within the supply chain of ONE URC with the goal of having 100% of our Suppliers disclose their sustainability goals by 2030 in compliance with our Supplier Code of Conduct • Promote sustainable resource use of commodities and strengthen partnership goals with suppliers targeting sustainable sourcing of 100% key ingredients • Engage in community development and promote sustainable agriculture methods and practices	• First Ever Supplier Forum and Supplier Engagement attended by more than 270 suppliers • 100% roll-out of Sustainability Disclosure Questionnaires • 100% Cascade of Supplier Code of Conduct	8, 9, 11
	Flourish Pilipinas 2022: The CEO Initiative	• The CEO Initiative is one of the many activities under "Flourish Pilipinas," URC's program that aims to support the baking industry of the country. • The competition is part of URC's efforts to support young Filipino bakers who dream of becoming future CEOs of their own baking businesses. • During the competition, six finalists made it to the final phase where they presented their business plans to a panel of experienced entrepreneurs.	• Two grand winners were awarded with start-up online bakery package worth Php200,000 • The first and second runners-up were given start-up packages worth Php100,000 and Php50,000, respectively. • All the winners received top-of-the-line baking equipment, high-quality ingredients, and access to the industry network.	8, 9, 11

Supplier Experience: Winning Partnership for Shared Success

Supplier Experience (SX) Project underscores the company's strategy of becoming the supplier's partner of choice. It primarily addresses the pain point of paying the suppliers on time. Established to sustain the gains of Project Judith (a play on words for due date), SX has evolved over time with the strengthening of a cross-functional team led by Corporate Procurement implementing the total supplier experience, not just in URC, but also in JGSOC and RLC.

From paying the suppliers on time, the project further scaled-up its scope, covering the total supplier experience in various fronts and key areas such as procurement, delivery, invoicing, and payment release. Evident results are seen through the initiation of process improvements, dialogues, and systems deployment, reckoned with the deliberate boost in supplier relationship quality.

Securing a quality and collaborative partnership helps the company manage its supply risks and other external threats. The benefit can be best described as advantageous during the COVID-19 pandemic. The management premised that the sustainable plant production, which relies on the much-needed material and service deliveries, was a gained benefit from SX implementation.

Shared Success. The conglomerate is known to have brought some of the best products and services in the market, with their longstanding tradition of providing better choices to the general public and its partners. Providing better choices to suppliers means rallying behind the support from its financial arm, the RBank. Through a data-driven and customer-centric approach, the project introduced Supply Chain Financing for URC Suppliers. A competitive financing package aids small and medium businesses which regularly avail of the program. While this program is currently being offered to URC suppliers, others within the GG ecosystem will soon enjoy the exclusive financing benefits.

Ultimately, SX must pass the judgment of its discriminating suppliers. Therefore, the success in terms of improved satisfaction rating and net promoter score are frequently checked as bases for project ideation. The data reveals an annual increase in the satisfaction rating from 64% to 94% in URC and 85% to 89% in JGSOC. Consistently, suppliers score the brand with a better number in net promoter score—a measurement that defines brand loyalty—with a positive rating of 54 and 38 for URC and JGSOC respectively. For SX, there are still opportunities for better services, delivery, and collaborative partnership that will define the future state of shared success. And the team is banking on winning more stakeholders to champion its cause.

CEB continued to provide air transport services in support of humanitarian efforts and disaster relief

CEB continued to partner with government agencies and civic organizations and provide air transport services in support of humanitarian efforts and disaster relief.

CEB transported over 21 million doses in 2022. The life-saving vaccines were distributed to 31 provinces, namely: Bacolod, Basilan, Boracay, Bohol, Butuan, Cagayan de Oro, Cauayan, Cebu, Coron, Cotabato, Davao, Dipolog, Dumaguete, General Santos, Iloilo, Jolo, Kalibo, Legazpi, Masbate, Naga, Ozamiz, Pagadian, Puerto Princesa, Roxas, San Jose, Siargao, Tacloban, Tuguegarao, Tawi-Tawi, Virac, and Zamboanga.

In March 2022, CEB brought home 385 Filipinos from Beirut and Kuwait via a charter flight arranged by the Department of Foreign Affairs (DFA) to repatriate distressed overseas Filipino workers (OFWs). In coordination with the Philippine Embassies of Beirut and Kuwait, the chartered CEB flight flew from Beirut and welcomed 119 passengers. It then flew to Kuwait to accept 266 passengers more.

Since 2021, CEB has repatriated more than 11,300 Filipinos from Dubai, Abu Dhabi, Oman, India, Vietnam, Bahrain, Lebanon, and Kuwait through the Bayanihan and DFA charter flights.

CEB also partnered with the Philippine Disaster Resilience Foundation (PDRF) and the Office of Civil Defense to provide special humanitarian flights for 32 medical personnel from Jose B. Lingad Memorial General Hospital and Dr. Jose N. Rodriguez Memorial Hospital and Sanitarium, along with a cargo of assorted medicines and medical equipment from the Department of Health (DOH) to the CARAGA Region via Siargao. This was part of an urgent medical mission to communities affected by Typhoon Odette who were suffering from a stomach flu outbreak due to the lack of potable water in these areas.

To help monitor the number of COVID cases in Eastern Visayas, the World Health Organization (WHO) Philippines dispatched 2,000 rapid antigen test kits to the region, tapping CEB as its logistics partner to transport the test kits to Tacloban City in January 2022. CEB airlifted additional antigen kits for WHO Philippines in February 2022.

RLC's Emergency Relief Operations to the Communities affected by calamities

In times of crises that impact jobs and livelihoods, immediate aid and support make a huge difference in alleviating the plight of disadvantaged populations. This year, RLC actively took part in extending emergency assistance to address the most urgent humanitarian needs in light of natural calamities.

A total of 18 relief operations were organized in coordination with both local and provincial government units. Through our malls, we were able to provide affected communities nationwide with

over 8,000 relief packs and emergency assistance in the aftermath of Typhoons Agaton, Karding, Neneng, and Paeng and the fire incident that happened at Brgy. Punta Princesa Cebu City.

During calamities, various RLC Malls provide free parking, charging, and WiFi stations for stranded individuals.

RLC Launched Health and Nutritional Initiatives to Help the Most Vulnerable Communities

The COVID-19 pandemic emphasized the importance of maintaining good health and nutrition more than ever. As communities slowly recovers from the effects of the pandemic, RLC launched several initiatives to provide much-needed support and assistance to the most vulnerable communities.

This year, RLC launched 1-school year Feeding Programs for over 100 malnourished students of City Gates Academy Antipolo and Ilugin Elementary School Pasig in partnerships with Giving Hope Foundation and Thrive. This program seeks to fill the nutrition gap and provide "brain power" to the students that result in better attendance and participation in school.

In support of the mental health awareness campaign, Robinsons Place Valencia, in partnership with Halad to Health, opens a safe space booth that provides free mental health consultations to mall-goers. This initiative aims to make mental health support more accessible to the community especially to those who may be dealing with bullying, depression, suicidal thoughts, teen pregnancy, stress, and other anxiety and mental health issues.

In the objective of improving the living conditions of indigent pediatric cancer patients of Philippine General Hospital who take shelter in "Bahay Aruga" in Ermita Manila, RLC, in partnership with Boysen Paint Philippines, conducted a rehabilitation activity through repainting of the bedroom walls with fun and colorful designs to provide a better environment to its in-house patients. This repainting activity was participated by RLC volunteers from Robinsons Hotels & Resorts.

RLC Promotes Education and Supports Child Welfare Development

In recognition of the importance of child welfare development and education, RLC promotes education through provision of needed equipment, supplies, and basic materials to support the education of children and youth.

In anticipation for the re-opening of face-to-face classes after the pandemic, RLC through DepEd's Brigada Eskwela, provided support to chosen schools by donating cleaning & painting materials, sanitation equipment, furniture, and school supplies. RLC was able to reach a total of 31 schools nationwide. RLC volunteers also actively participated in the cleaning & painting activities of the school in preparation for the opening of classes.

RLC also supported DepEd's "Brigada Pagbasa," through donations of learning & reading materials to over 100 Kinder to Grade 3 students of Ilaya Barangka Integrated School, Mandaluyong City. RLC volunteers also shared fun book-reading sessions with the children.

Children were the highlight of the Christmas season, as RLC, through RLC Malls, RHR and RHomes, launched gift-giving initiatives to various child welfare organizations through partners and local government units. Over 800 children were given the Christmas cheer through the gifts and fun activities.

RLC Provides Opportunities and Services on Health and Well-being

RLC strives to impact positive change in communities where it is present through the provision of avenues to access to opportunities and services on health and wellbeing.

To support the government in making essential services accessible to more Filipinos, Robinsons Malls and RLC Residences provided safe spaces for government agencies to administer COVID-19 Vaccinations, Bloodletting, National ID registrations, Saliva RT-PCR testing, Voters' Registration, Passport Renewal, Seminars on safety, etc. in select properties nationwide.

RLC's presence in several communities makes it a strategic hub for transport connectivity. By providing terminal spaces for public utility vehicles, the malls improve accessibility to several destinations for commuters. Robinsons Malls host a variety of transport services: from P2P buss, UV Express Services and vans, electric and regular jeepneys and tricycles. Some of the Malls also provide loading bays to ensure a safe and systematic way for commuters to board and alight from public transport vehicles. In total, 54,823 sqm of space in Robinsons Malls were allotted for public transport terminals nationwide.

Robinsons Malls hosted Locally Sourced in select malls nationwide to support the businesses of MSMEs. Executed in partnership with the Department of Agriculture and other related agencies, the program helped showcase the different agricultural products of local farmers/entrepreneurs.

RLC launched the Entrep Corner Exhibit in partnership with Trinity University of Asia where their over 200 college and senior high school students taking up business-related courses and& subjects showcased their original food and& non-food products. This activity provided an actual retail experience to the students with the aim of honing their entrepreneurial skills in a real business environment.

Sustainable Procurement: Revolutionizing One URC Towards Sustainable Supply Chain

In 2022, URC launched the Sustainable Procurement Program with the vision of leading the transformation towards a Sustainable Supply Chain.

The program aims to:

1. Drive sustainable procurement within the supply chain of ONE URC with the goal of having 100% of our Suppliers disclose their sustainability goals by 2030 in compliance with our Supplier Code of Conduct
2. Promote sustainable resource use of commodities and strengthen partnership goals with suppliers targeting sustainable sourcing of 100% key ingredients
3. Engage in community development and promote sustainable agriculture methods and practices

The principle of Sustainable Procurement revolves around 7 core subjects: organizational governance, human rights, labor practices, environment, fair operating practices, consumer issues, and community involvement and development. We started the program by performing internal gap assessments on compliance with these 7 Core Subjects of Sustainable Procurement while doing peer reviews and bBenchmark aAnalysis. We then created our set of sustainability disclosure questionnaires based on these and rolled out the questionnaires together with the cascade of the Supplier Code of Conduct during our first-1st ever virtual supplier engagement session last August 5, 2022, which was attended by more than 270 suppliers. During this session, we have also presented our key focus areas and priorities highlighting the role of suppliers or suppliers as partners towards achieving our targets especially in Climate Action and Sourcing.

In November, we conducted a follow-through supplier engagement session with the same audience as part of the company's Sustainability Month Celebration. This In this time, we have invited suppliers such as Kerry, Givaudan, and Cargill to share their company's best practices related to Climate Action and Responsible Sourcing. We have also invited experts to talk about the basics of Net Zero by 2050 Targets and Green House Gas emissions to equip the audience with basic knowledge and information in their GHG emissions calculations and how they can also start their climate action journey. Internal experts from URC also presented the current energy efficiency and carbon reduction programs and initiatives in the company and the sourcing initiatives and roadmaps.

Lastly, the session ended with discussions on the next steps and how to move forward with the programs.

RBank Launched the "Future is Bright Program" to Support Education

RBank celebrates its 25th anniversary by giving back to the community and by supporting education through a partnership with the Gokongwei Brothers Foundation (GBF).

In the "transact-and-donate" campaign, for every qualified transaction made using the Bank's digital banking app, RDX, RBank donated fifty centavos (₱0.50) to the education fund of the GBF scholars. These RDX transactions include payment of bills, fund transfers, and remittances. The program ran from November 1, 2021, to October 31, 2022. RBank raised PHP 320,000.00 and the fund was donated during RBank's 25th Anniversary celebration last November 25, 2022.

RBank is proud of this campaign because it allowed RDX as a platform opportunity for its customers to contribute to the education of Filipinos. At the same time, it promoted more digital transactions in support of the BSP's objective to achieve a cashless society.

RBank Partnered with Premiumbikes to Support Financial Inclusion

RBank rolled out its agency banking called RBankMo which allows agents to perform outsourced banking services such as balance inquiry, cash-in/out, bills payment, account opening, and remittance. There are more than 220 cash agents nationwide as of end-2022.

RBank formed a partnership with Premiumbikes Corporation (PBC), one of the country's top motorcycle dealership chains, to provide financial services to its customers in rural communities with limited access to banking services.

There are now more than 200 PBC branches nationwide servicing as RBankMo outlets where customers can access various financial services. As of 2022, more than 2000 accounts were opened via PBC branches, and the total transaction value

already reached P62 million in 2022.

The success of the RBankMo and PBC partnership highlights the value of collaboration to promote financial inclusion and digital banking as a service in underserved areas. Leveraging PBC's extensive network and customer base, RBankMo was able to reach a wider market, especially in areas that lack financial services.

Employee Growth and Well-Being

Our top priority has always been to provide a healthy and supportive work environment for our employees. As of 2022, we continue to roll out training opportunities for our employees with 16.93 training hours per employee.

Together with the strategic business units, we have established the Safety Council, whose membership expands across all SBU safety professionals. To enhance the safety council's knowledge & capabilities, learning sessions on occupational safety and health were conducted, and will continue to be conducted to sustain the program. Safety audits commenced this year to assess the performance of the SBU's readiness in compliance with regulatory requirements and the implementation of safety programs. In addition, an annual safety rewards program was initiated, which we call SMile awards or Safety Milestone Awards, to encourage the other business units to enhance or create programs to minimize or eliminate incidents in the workplace. These are controls that will help us create a safety culture and thereby prevent work related incidents.

16.93
hours
Training Hours per Employee

66
occurrences
Lost Time Incidents

1.43:1
Male to Female Ratio

Employee Development Programs

SBU/CCU	Program	Activities	Results and Impact	SDG
JG Summit Olefins Corporation	Enhancing Leadership and Development Program	• Continued strong partnerships with universities and with DOLE's Public Employment Services Office (PESO) and resumed onsite participation at school fairs • Leadership Program for frontline leaders, and Accelerate Program for High-Potentials • JGSOC GROW Program for establishing lattice career pathways, which aims to provide more opportunities for development, by providing lateral movements, in addition to upward promotions	• Career pathway design for Technician Track in Manufacturing and implemented technician certifications • Trainings concluded for supervisors on Foundations of Leadership (FOL), and on accelerate program for high potentials • Calibration of high potentials across departments/divisions • Agile team of GROW Program at 47% project completion for pilot groups and will continue to in 2023 • Long term project impact targets year-on-year improvement in Engagement, particularly on Growth and Development dimension	8
cebu pacific	Employee Health Support Program	• Partnering with health maintenance organizations to reiterate the importance of health and wellness, and encourage employees to live a healthy lifestyle • Health and wellness partners conducted free medical and psychological consultations and other activities • Health fair for employees on mental health and women's health month	• 7,186 employees availed CEB Clinic Telecare • 247 employees and 20 dependents availed Maxicare Teleconsult • 66 employees, 38 flight crews and 7 Dependents availed of the Mindcare Club psychological consultation • 13,793 employees and 15 dependents availed COVID-19 testing • 850 employees availed COVID-19 care kits • 26,077 HMO availments • 833 employees availed onsite flu vaccination • 610 employees availed onsite annual physical examination	3, 8
Universal Robina	Create a safe space for employees' psychological well-being	• Kamusta Ka-URC Employee Assistance Program (EAP) • In relation to the approved policy on Mental Health and Wellness in the Workplace, the organization continues to roll out activities that aim to promote employees' well-being towards healthy and productive lives by providing support whenever needed through affiliation with PowerVision Inc.	• To raise awareness, prevent stigma and discrimination in the workplace; • To provide support to employees who are identified to be at risk; • To facilitate access to medical health services; and • To promote employees' well-being towards healthy and productive lives.	3
	Continuously support the marketing needs of URVoice	• Support the needed marketing collaterals for URVoice, the digital platform for employees and stakeholders to freely share their observations and/or concerns	• Fully maximization of the platform for concerns • Efficient turnaround time (TAT) for received concerns	3

SBU/CCU	Program	Activities	Results and Impact	SDG
Universal Robina	Resumption of F2F Engagement activities	• As the pandemic cases continue to slow down, we plan to resume the rollout of F2F engagement activities to further boost the engagement and morale of our employees • 100% rollout of major engagement activities (e.g. family day, sports fest, town halls, Christmas party, etc.)	• 4 out of 5 average CSAT scores on all engagement activities • Increase in overall engagement score for URC	
	Build and Strengthen Agile Capability	• Agile Onboarding and Bootcamp • Agile Basics Microlearning courses • Agile in Sprint • These programs are designed and customized to equip our employees with an in-depth understanding of Enterprise Agile, its key elements and what the transition journey looks like for the organization	• 24.60 hours per employee, covering Agile Onboarding and Bootcamp, Agile Basics Microlearning courses, and Agile in Sprint, • Average feedback score of 4.50 out of 5.00	
	Build and Support Global Leadership Capabilities of Next Generation Leaders	• **URC Regional Conference** - A customized, immersive, and experiential program designed for the Extended Leadership Team (ELT), with a mix of thought leadership sessions, industry thematic discussions, company and site learning expeditions, and workshops • **Leadership Excellence and Advancement Development (LEAD)** - A 5-month journey designed for the middle managers, that offers a holistic view of who they are and what they can become—as "individuals", as "leaders of teams", and as "business leaders" anchored on leadership and commercial competencies. Modules are identified based on the specific needs of the target participants • **Leadership Enrichment and Advancement Program (LEAP)** - A development program designed for Frontline Managers that focuses on basic management skills, better conversations, and team development. Modules are identified based on the specific needs of the target participants	• 3,360 training hours or 84 hours per employee, across 40 executives, regional leaders, and country heads. • URC Regional Conference got an average feedback score of 4.54 out of 5.00 • Four Essential Roles of Leadership covering 36 leaders from the Head Office and BCF Manufacturing Plants. This batch contributed a total of 864 training hours or 24 hours per employee, with an average feedback score of 4.49 out of 5.00 • A heterogenous class was also launched covering leaders from Marketing, Sales, Global Innovations, Manufacturing, Supply Chain, Corporate Engineering, Joint Ventures (DURBI, VURC, and NURC), URC-SURE, URC Myanmar, and URC Vietnam. This batch contributed a total of 769.17 training hours or 30.77 hours per employee through its first two (2) modules: Four Essential Roles of Leadership and Essential Skills for Change, with an average feedback score of 4.60 out of 5.00 • Agro-Industrial Group (AIG) had their pilot batch of LEAP covering the Trade Marketing Supervisors and Veterinarians • This batch contributed a total of 648 training hours or 24 hours per employee through its 3 modules: Your Leadership Journey, Communicating for Leadership Success, and Coaching for Peak	

SBU/CCU	Program	Activities	Results and Impact	SDG
Universal Robina	Build and Sustain Digital Learning Channel through URLearning	URLearning's 3-Year Enhancement Roadmap • URLearning Single Sign On (SSO) Activation: Through the Single Sign On activation, URLearning users from URC PH as our pilot group can easily access their accounts while being logged in to their Microsoft O365 Accounts on any device, anytime, anywhere. Login using username and password is still available • URLearning Instructors Training: A Training Program for URLearning Instructors on how to utilize the features of Matrix LMS (e.g. Course creation, Attendance monitoring, Class management, Gamification, Report generation, Module management, Learner enrollment and management, Assessments, and Scores) • Learners' Data Cleansing based on SAP HCM report: Process of identifying and correcting inaccuracies within a data set. Those inaccuracies could be anything and everything, including missing, redundant, incorrect, or duplicate information. Data cleansing, which is conducted by the LMS Admin every month, supports data quality • SCORM modules via iSpring: SCORM stands for Shareable Content Object Reference Model. It is a set of rules that allows us to pack the digital content that we want to be part of our course and display it in the correct order on the learning platform. Last November 2022, we subscribed with iSpring Suite, which is a PowerPoint-based authoring toolkit produced by iSpring Solutions that allows users to create slide-based courses, quizzes, dialog simulations, screencasts, video lectures, and other interactive learning materials. Currently, we are using the said tool in making our Agile Basics micro-learning courses in different languages (Thai, Burmese, Vietnamese, and Bahasa)	• 600 modules available in the platform • As we continue to offer mandatory and functional learning courses through the online platform, we have seen a significant increase in the number of new accounts created as of December 2022 at 132% versus new users created in 2021 (Total of 2,392 new users in 2022) • The number of new users per month depends on the number of new hires and new account requests • Utilization Rate as of December 2022 is 148.10% versus target or a total of 2,962 learners, who have accessed the platform. The current target at 80% is based on the overall active unique users. • Improvement on the metric is seen by setting the target utilization per month, which can be increased through: (1) Functional academies which will offer technical courses to build functional capabilities, and; (2) Roll out of Competency Assessment and Individual Development Plan via Darwinbox and manual forms. Top 3 most accessed courses include: Mandatory Courses, Onboarding Courses, and Basic GMP course	
	Reinforced SAFETY	**Focusing and reinforcing three key areas to embed a safety culture:** • Awareness • Ownership • Accountability	• Through the reinforcement of the implementation of this integral program implemented across One URC:	

SBU/CCU	Program	Activities	Results and Impact	SDG
Universal Robina		**Programs on increasing the level of Awareness:** • Safety Maps indicating the risks and hazards in the area developed by the Process Owners • Project S4K (Salin ng Kaalaman sa Kaligtasan, Kalusugan at Kapaligiran) is a condensed version of training on Operation Control Programs (OCP) targeting managers and supervisors • Project OWLS (OCP Webinar Learning Session) is a focused refresher or learning sessions of OCPs based onfrom critical accidents from the prior year • Project LTSE (Life Training in Safety Excellence) is an OCP training workshop designed for startup safety and environment, health & safety system • Project ICE (Information, Communication and Education) is a program designed to disseminate infographics or digests on selected topics of Environment, Health & Safety (EHS) **Programs on promoting Ownership:** • Ensuring that all sites have a dedicated EHS Officer to oversee and implement safety programs • Reinforcing Behavior-based Safety observation and Coaching to effect behavioral change in the way our employees look at safety --that it should be a Way of Life • Basic Equipment Care (BEC) Red and Blue Tagging is a method to correct unsafe conditions wherein if the tag of an equipment is blue, it means that it can be fixed by an operator while if the tag is red, it should be fixed by maintenance **Programs on Strengthening Accountability:** • Offenses Subject for Disciplinary action (OSDA) Implementing Rules and Regulation (IRR) is a program to establish the implementing guidelines for enforcement of Code of Discipline related to Safety Offenses Subject for Disciplinary action for all regular employees. It aims to contain simplified and more specific safety offenses • Strengthening and enhancing partnerships with Third Party Management Service providers to reinforce accountability on implementation of safety programs for third-party employees • Safety Rewards and Recognitions	• Total work-related injuries decreased from **320 in 2021 to 304 in 2022.**	

Sustainability Track in our Executive Development Program in 2022

Since Sustainability is a key enabler of our business, we understand that society, including the environment we live in, are constantly evolving. And as a purpose-driven company, it is our responsibility to evolve along with it.

In 2022, our Executive Development Program implemented 2 Leadership Training programs to help them deeply understand the importance of addressing the broader societal impacts of our actions as part of our business success.

Sustainability Masterclass for CEO's and Senior Executives

Conducted by a leading international business school, the Sustainability Masterclass was designed to challenge our leaders on how to steer our companies towards achieving our next level of success – where the sustainability of our business and our financial success is anchored on our contributions to enabling a healthier and better world for our next generations.

ESG is about measuring sustainability performance from (E)nvironmental, (S)ocial, and (G)overnance perspectives and linking it to the financial performance of the firm. This is the running thread throughout the three sessions for the CEO Masterclass:

- 1st Session: Business Case for Sustainability and Leadership in the Age of Sustainability focuses on understanding how resource externalities in a competitive world link responsible business to the financial position and operational capabilities of JG Summit, diving deeper into consumer and regulator perspectives around responsible business.
- 2nd Session: Sustainability, Climate Change & Finance focuses on the link between sustainability, climate change and financial institutions as providers of capital and explore the role of data and disclosure, sustainable (or green) investing and financing, and carbon markets.
- 3rd Session: Circular Strategy focuses on introducing the two fundamental building blocks of circularity: Design for Circularity and Circular Business Mode
- 4th Session: Governance and Sustainability focuses on defining the notion of organizational sustainability from a governance perspective and using the Fair Process Leadership (FPL) framework.

Climate Leadership Series for Senior Leaders

Responsible leadership involves integration of climate action in business strategies and decisions. This was the backbone of the Climate Leadership Series which was rolled out in 2022 as part of JGS's Executive Development Program. Through this series, the company is taking a proactive approach in driving a culture of responsibility and accountability for climate adaptation and mitigation efforts among its leaders.

The Climate Leadership series helped our senior leaders further understand our main steps to deliver climate adaptation and mitigation efforts and how to develop internal business cases. At least 45 executives from the following functions attended the series: Corporate Strategy, Investor Relations, Corporate Finance, Operations Heads, and Sustainability.

At the end of the series, our leaders are able to assess and prioritize their climate related projects and align them to overall business strategy, financial objectives, as well as their sustainability goals.

Pride in Performance Awards Recognizes Excellence within JG Summit Holdings

On its 12th year, JG Summit's Pride in Performance highlights the exemplary efforts and initiatives by employees to fulfill the group's purpose — an unrelenting commitment to provide customers with better choices, creating shared success with stakeholders.

Business Performance

Guided by an entrepreneurial mindset, these awards recognize how we strive for growth and business unit success achieved over a year based on measurable criteria, such as profit growth, market share, etc.

- 1st Universal Robina Corporation SURE (Sugar and Renewables)
- 2nd Robinsons Land Corporation Office Buildings Division
- 3rd Robinsons Bank

Rising Star

- Robinsons Retail Holdings Inc. - Rose Pharmacy
- Robinsons Land Corporation Industrial and Integrated Development
- URC Packaging Group (BOPP & UFLEX)

Customer-centric Culture (Internal and External)

This award recognizes best-in-class products, services, and processes that accomplish our purpose by exhibiting unrelenting commitment to providing our customers with better choices and creating shared success with our stakeholders. This includes adapting to customer needs in line with the pandemic.

External

- 1st Place: Cebu Pacific – CEB Super Pass
- 2nd Place: Corporate Center Units & URC BCF – Business Data-driven Actions for Improving Supplier Experience (B-DA Suppliers or Suppliers ang Bida)
- 3rd Place: RRHI Rose Pharmacy – Welcome Back Rose Pharmacy: Recovery by Refocusing on Customer Needs

Internal

- 1st Place: RRHI Robinsons Supermarket – Automated Cash Management Solutions - Retail Systems
- 2nd Place: Robinsons Retail Holdings, Inc. – Electronic Approval for Request for Payments (RFP) for Non-Trade Transactions
- 3rd Place: Universal Robina Corporation – Agile Team: Back-Office Optimization for Sales Team (BOOST)

Digital Transformation

This award recognizes initiatives that future-proof a digital, data-driven, and agile organization. They maximize productivity via digitalization of the core, building digital capabilities, adapting through digital interventions, and pursuing business opportunities using technology and data.

- 1st Data Analytics Ventures, Inc. – Launch of Go Rewards App an all-in-one lifestyle rewards app
- 2nd Cebu Pacific – Refunds Reengineering
- 3rd Robinsons Land Corporation – Robinsons Malls is Future-Proofing the Malling Experience through Digital Services

People Focus

This award recognizes initiatives that strengthen organizational effectiveness and takes care of our people in changing times by engaging, enabling, exciting, and evolving Leaders and Talents to support business strategies, drive productivity, and maintain industrial peace, among others.

- 1st Universal Robina Corporation – Human Resources, Agile Transformation Office
- 2nd Corporate Center Units – Creating a Culture of Learning, Growth and Psychological Safety
- 3rd Cebu Pacific – Celebrating Every Hue: Equity, Diversity and Inclusion

Purpose & Sustainability

This award, anchored on our purpose to create shared success with all of our stakeholders, recognizes initiatives that responsibly and sustainably utilize our resources. These exhibit stewardship and care for the environment and the people in the communities where we operate.

- 1st Universal Robina Corporation – Improving Resource Utilization: Ingredients for A Healthy Planet and Sustainable Business
- 2nd Cebu Pacific – Neo Way to Fly
- 3rd Robinsons Bank – Building Bais: Equipping Planters Thru Access to Financial Services

URC's Put People First

URC is a firm believer that the employees are the core foundation of the company. Anchored to our values of Putting People First, the company is committed to ensure a safe and healthy environment for all our employees in our day-to-day operations. The company recognizes that embedding a safety culture is vital in achieving zero accidents in the workplace. It is also important that the people are protected from workplace hazards and promote their well-being through the implementation of URC's five (5) core occupational health and safety programs.

Juan Life Saving Rules (LSR) 2.0

To strengthen safety awareness through visual management, Juan Life Saving Rules or LSR was updated in 2021 and featured additional focus areas. These focus areas pertain to work permitting systems, management of hazardous chemicals, and machine safety. Dubbed as LSR 2.0, the revitalized set of Life Saving Rules was aligned to the current situation in URC's different plants. Each rule was aligned with global standards, local legislation, and company safety procedures to ensure the protection of our workforce in their regular field duties.

Behavior-Based Safety (BBS) 2.0

Through BBS observation and coaching, the program targets to affect behavioral change in the way our workers look safety - -that it should be a Way of Life.

Quick Risk Prediction

Aims to conduct proactive and timely risk assessment for non-routine and unplanned activities and install necessary control measures. This activity will prevent potential incidents resulting from unplanned machine troubleshooting and repair.

Near Miss Reporting

Near miss is sometimes referred to as "close call" or "near hit" and it signals a system weakness that if not corrected would lead to a significant consequence in the future. Through near miss reporting, deficiencies can be corrected thus preventing any accidents in the future.

Project TLC (Training, Leading, and Coaching)

Another company initiative that provides various training for employees, empowering our EHS Leaders on operational control programs as well as equipping them with the requirements needed for the certification from PCOs, Safety Officers, and Radiation Protection Safety Officers. In Project TLC, internal webinar trainings were conducted relevant to safety, such as confined space entry, material handling safety, work permitting systems, among others.

In 2022, the implementation of its core programs was reinforced with the addition of key initiatives targeted to increase the level of awareness, promoting ownership, and improving accountability through the Reinforced Safety Campaign. The implementation of this program addressed all the safety issues encountered in the past year and slowly supports the building of a culture of safety excellence in the workplace.

Programs on increasing the level of Awareness:

- Safety Maps indicating the risks and hazards in the area were developed by the Process Owners that would also guide new hires on the risks and hazards associated with their areas of assignment
- Project S4K (Salin ng Kaalaman sa Kaligtasan, Kalusugan at Kapaligiran) is a condensed version of training on Operation Control Programs (OCP) targeting managers and supervisors
- Project OWLS (OCP Webinar Learning Session) is focused on the conduct of refresher or learning sessions of OCPs based from critical accidents from the prior year
- Project LTSE (Life Training in Safety Excellence) is an OCP training workshop designed for startup safety and environment, health & safety system
- Project ICE (Information, Communication and Education) is a program designed to disseminate infographics or digests on selected topics of Environment, Health & Safety (EHS)

Programs on promoting Ownership:

- Ensured all sites have a dedicated EHS Officer to oversee and implement safety programs
- Reinforced Behavior-based Safety observation and Coaching to affecteffect behavioral change in the way our employees look safety --that it should be a Way of Life
- Implemented Basic Equipment Care (BEC) Red and Blue Tagging which is a method to correct unsafe conditions wherein if the tag of an equipment is blue, it means that it can be fixed by an operator while if the tag is red, it should be fixed by maintenance

Better Choices

JG Summit Holdings, Inc. places great importance on the trust and loyalty of our customers. We are committed to nurturing this relationship by ensuring the continued provision of safe, high-quality, affordable, and accessible products and services. Our dedication to maintaining rigorous standards in these areas is an integral part of our brand identity.

As we focus on customer-centricity, we recognize the importance of understanding and meeting customer needs to achieve better choices. Streamlining processes, investing in digital systems, and optimizing synergies across the group are all important steps in achieving this goal. We aspire that everyone in the organization is aligned around the goal of putting the customer first and is working together to achieve it. By doing so, JGS can create a culture that values customer satisfaction and is committed to meeting customer needs.

Aside from being customer-centric, customer health and safety, marketing and labeling, and customer privacy are valued by the business units. Due to the specificity of concerns on product and service delivery of each JGS's business unit, the subsidiaries define, manage, and evaluate their own communication channels to capture customer concerns; process and resolve customer complaints by feeding these into their corporate decision making; and engage more closely its most important stakeholders to develop and improve their products and services.

SBU	Program	Activities	Results and Impact	SDG
Robinsons Land Corporation	Investing in green buildings	• Additional investment in Giga Tower and Cyberscape Gamma to meet international green building standards • Green Certification for all new Metro Manila building	• LEED Gold Certification for Giga Tower (January 2022) • EDGE Certification for Cyberscape Gamma (October 2022)	12
cebu pacific	Providing affordable and accessible flight options	• Reopening of routes and addition of new routes • CEB ended 2022 with 57 routes to 33 destinations in the domestic market • For the international market, CEB ended with 22 routes to 19 destinations in 12 countries	• Over 108 thousand flights and over 14.8 million passengers flown	8
	More convenient passenger journey through digitalization	• Launch of new Manage Booking that allows CEB customers to manage their flights (rebooking, refunds, buying add-ons)	• 83% of all bookings that were rebooked and updated were done using digital channels	8
		• Improved chatbot experience by enhancing the conversations and topics that Charlie the chatbox can answers so customers do not have to wait for an agent	• 70% of questions and concerns from guests were answered by the chatbot	
		• More flexible Travel Fund redemptions	• CEB provided more flexible options for the Travel Fund, such as transferring the fund to other passengers and using the fund at the airport for payment of fees • 94% of travel fund redemptions were done using the MyCebuPacific account, which allows guests to use the fund for themselves or for other people	
		• Better agent-assisted service	• Increased the number of agents who can answer queries via live chat, substantially decreasing waiting time for customers from 77 minutes down to 2.5 minutes • Chat Customer Satisfaction Score from 2.8 out of 5.0 to 3.2 out of 5.0 • Answered chat rate increased from 10% to 92%	

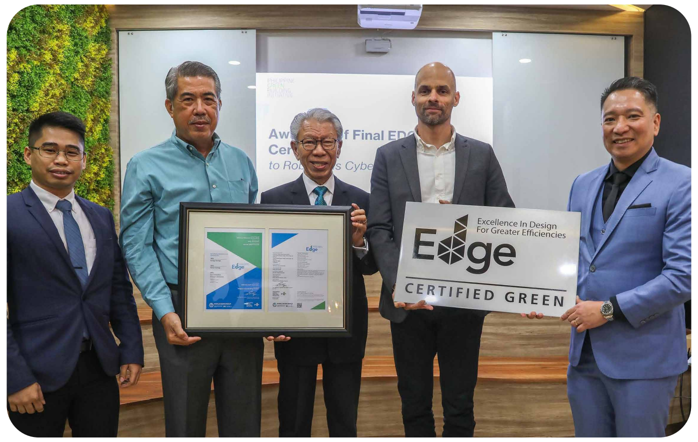
JG Summit Olefins Corporation	Innovative petrochemical products and solutions	• Investment in advanced bimodal and metallocene technology
		• New polymers R&D laboratory
		• Creation of new business development model for premium products
			• Improved product portfolio with EVALENE PLUS®:
			  • Bimodal Film
			  • Metallocene Film
			  • PE 100 Pipe
			  • Caps for Carbonated Soft Drinks (CSD)
			• New EVALENE PLUS products to enable customers to achieve their sustainability goals
			  • Increased incorporation of recycles
			  • Reduced raw material use through downgauging/light-weighting through thinner films and pipes, lighter caps
				12

Universal Robina	URC Wellness Criteria	• At the end of 2022, we have in our product portfolio a significant number of products well within most of the Risk Reduction Criteria Thresholds. • As we progress significantly against the Risk Reduction Criteria, we also continue to release new products that enhance wellness. • This year includes functional beverages that helps improve immunity and a calorie-nutrient dense biscuit.	Total URC Wellness Score for 2022 using updated criteria showed • 100% of products passed 1 URC Wellness Criteria, • 98% passed 2 URC Wellness Criteria, • 90% passed 3 URC Wellness Criteria, • 41% passed 4 URC Wellness Criteria	2
	Food Safety System Certification (FSSC)	• One GMP and URCORe Integrated Quality and Food Safety Management Systems were designed, developed, and employed • The Quality Assurance team also verifies the compliance of Supply Chain, Manufacturing, and Distribution facilities through a robust internal audit program that encompasses a risk-based and continual improvement approach.	• 100% sustained Quality and Food Safety Certifications	2

Robinsons Land Giga Tower Turns Gold

RLC's 29-storey premium-grade office building in Quezon City, Giga Tower, was awarded a Leadership in Energy and Environment Design (LEED) Gold certification in 2022, for how the building contributed to sustainability through its construction and design. Giga Tower's covered parking area as well as all of its paving and rooftops comply with the Solar Reflectance Index meaning the structure can reflect solar energy enough to maximize solar power.

Other than having multiple energy-saving features, Giga Tower also makes use of non-CFC refrigerant (R-410A) to reduce stratospheric ozone depletion. By using renewable energy, this RLC property increased the overall GHG emissions per square meter of all RLC properties by a huge margin. Following this, three (3) more buildings have been LEED certified while two (2) more received a similar certification called Excellence in Design for Greater Efficiencies (EDGE) certification since 2016. These certifications show that RLC, not only focuses on its activities and projects for sustainability, but also invests on the designs of its infrastructure. The next steps for this initiative are to certify four (4) more buildings this 2023 and another two (2) in the following years.



Cyberscape Gamma Is PH's first EDGE-certified REIT Building

The Robinsons Cyberscape Gamma building, owned by RL Commercial REIT, has received the EDGE certification from the Philippine Green Building Initiation (PBGI), making it the first certified REIT building in the Philippines. The EDGE certification system is an international green building certification system that focuses on energy, water, and embodied energy in materials for a quantitative approach to sustainability.

The EDGE certificate awarded to Cyberscape Gamma indicates that it has successfully reduced energy consumption through various measures, such as the use of high-performance glass, fresh air pre-conditioning system, efficient lighting, and power factor correction. The building has also implemented water-saving measures, including the installation of water-efficient faucets and urinals, and a rainwater harvesting system.

In addition to the EDGE certification, RLC Offices has committed to harnessing clean and renewable energy for all its current and future office projects, in line with its goal of shifting power requirements to RE sources by 2035.

Wellness Criteria

In 2021, the URC Wellness Criteria was revised to make it applicable for all countries we operate in. It was revised using the World Health Organization's (WHO) guidelines and the nutritional/health data of the ASEAN population. The criteria also reflected the range of the categories we operate in; and the context that our portfolio is a part of the overall diet of our consumers.

A. Criteria guiding Risk reduction

1. Threshold for Total Fat: No more than 30% of the total energy per serving and no more than 10% SaFa of the total energy (WHO 2016)
2. Threshold for Sugar: Less than 6% Added Sugar in Beverages & <10% of Total Kcal per serving for other products (WHO SSB)
3. Threshold for Sodium: 1mg Sodium per Kcal per 100g product or per serving (WHO 2012/2016)
4. Zero Trans Fat & Zero Cholesterol
5. < 230 calories per serving of snacks and beverages (WHO 2016)

B. Criteria guiding Enhanced Wellness

1. Products addressing micronutrient deficiency (Such as: Iron, Iodine, Zinc, Folate, Vitamin A and D as source) (CDC Micronutrient Facts 2021 / PAHO-WHO 2016 Nutrient Profiling)
2. Acceptable Macronutrient Distribution Range (AMDR) [Carbohydrate (55-70%), protein (10-15%) and fats (20-30%)] (National Academy of Science, FNB of the Institute of Medicine 2002/2004)
3. 100% Natural Ingredients (Recognizable ingredients, naturally sourced, minimally processed. Free from artificial flavors / artificial colors / artificial preservatives / or synthetic additives.)
4. 100% Plant based proteins
5. sProducts using functional quality ingredients to improve wellness (Such as Protein, Fiber, Bioactives as source)

Total URC Wellness Score for 2022 using updated criteria showed 100% of total products passed 1 URC Wellness Criteria, 98% passed 2 URC Wellness Criteria, 90% passed 3 URC Wellness Criteria and 41% passed 4 URC Wellness Criteria.

At the end of 2022, we have in our product portfolio a significant number of products well within most of the Risk Reduction Criteria Thresholds. A total of 210 products or 26% out of 822 products are within Threshold for Total Fat, 44% for Less than 6% Added Sugar in Beverages but <10% of total calories, 99% for <230 Calories/serving, 66% to 1 mg Sodium is to 1 Kcal Product, and 91% for 0 Trans Fat and 0 Cholesterol.

For the Enhanced Wellness Criteria, 12% of total products address micronutrient deficiency, 3% for products using functional quality ingredients to improve wellness and less than 1% for AMDR, 100% Plant-Based Protein and for 100% Natural Ingredients.

As we progress significantly against the Risk Reduction Criteria, we also continue to release new products that enhance wellness. This year includes functional beverages that help improve immunity and a calorie-nutrient dense biscuit. We launched B45 Coffee Mix with Malunggay as a source of Vitamin C and Zinc, reintroduced Goodday cultured milk drink with paraprobiotics that aids in the enhancement of natural resistance to infection. It comes in 3 flavors: Mango, Original, and Strawberry. Megamunch is a biscuit that contains 570 kcal to bridge energy and micronutrient gaps during calamities. All these initiatives contribute to the UN SDG 2.

Sustainability Annex

Annex A

Economic, Environment, Social and Governance (EESG) Performance Indices

Economic Performance

Direct Economic Value Generated and Distributed
in Million Php

Disclosure	Quantity per 17A	Quantity including RBank
Direct economic value generated (Revenue)	303,614	314,116
Direct economic value distributed	308,725	317,009
Payment to employees (Employee Wages and Benefits)	27,558	29,672
Payments to suppliers, other operating costs	252,619	257,795
Payment to Providers of Capital	19,811	19,811
Payment to Government	8,726	9,718
Community Investments Donations & Distributions	11	12
Direct Economic Value Retained	(5,111)	(2,893)

Note:
1. The amounts reflected herein are taken from the Company's audited financial statements for the year. Certain items in direct economic value distributed such as dividends given to stockholders are sourced from the previous years' economic value generated based on the SEC guidelines and found in the Company's balance sheet accounts. All other items are taken from the Company's financial statement. Hence, the economic value distributed can be greater than the economic value generated.
2. Philippine Financial Reporting Standards (PFRS) 5, Noncurrent Assets Held for Sale and Discontinued Operations, requires income and expenses from disposal groups to be presented separately from continuing operations, down to the level of profit after taxes. Robinsons Bank, in relation to its planned merger with BPI, qualifies as a disposal group held for sale, and as such, Robinsons Bank's revenues, expenses, and taxes for the year will be presented as a single line item in the consolidated income statement per 17A report called "Net income from discontinued operations".

   For purposes of the sustainability report, references should be made to the total JG consolidated balances including Robinsons Bank.

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Unit	Quantity	Boundaries
Percentage of procurement budget used for significant locations of operations that are spent on local suppliers[1]	%	61	URC[2]
		62	CEB[3]
		15	JGSOC

[1] JGSHI is still in the process of consolidating this data from all subsidiaries
[2] Includes procurement of direct materials (raw materials and packaging material) of BCF PH and BCF INT
[3] Limited to non-aircraft related spend

Environmental Performance

Energy consumption within the organization

Disclosure	Unit	Quantity	Boundaries[4]
Total Energy Consumption	GJ	29,658,971	URC, CEB, RLC, JGSOC, RBank, CCU[5]
Total Renewable Energy Consumption	GJ	1,668,296	URC[6] & RLC
Renewable Energy Generated (Solar and Biomass)	GJ	822,408	
Renewable Energy from the Grid	GJ	845,888	
Total Non-renewable Energy Consumption[7]	GJ	27,990,674	URC, CEB, RLC, JGSOC, RBank, CCU
Gasoline	GJ	28,753	
LPG	GJ	680,856	
Diesel	GJ	751,290	
Bunker	GJ	4,286,595	
Coal	GJ	2,839,396	
CNG	GJ	385,683	
LNG	GJ	106,268	
Jet fuel	GJ	15,700,919	
Grid Electricity	GJ	3,210,914	
Energy Intensity	GJ/MPhp	94.42[8]	

[4] Data covers information of total URC (BCF-PH, BCF-INT, Flour, SURE, AIG, head offices, and external distribution centers in the Philippines)
[5] CCU stands for Corporate Center Unit
[6] Renewable sources include power generated from solar and biomass/biogas owned facilities and electricity purchased from our geothermal energy provider
[7] Includes fossil fuel used from operations and company-owned vehicles
[8] Energy Intensity is lower than pre-pandemic level (2019)

GHG Emissions

Disclosure	Unit	Quantity	Boundaries
Total GHG Emissions	tCO_2e	2,615,183	URC[9], CEB, RLC, JGSOC, RBank, CCU
Gross Direct (Scope 1) GHG Emissions	tCO_2e	2,114,530	
Gross Energy Indirect (Scope 2) GHG Emissions	tCO_2e	391,600	
Gross Other Indirect (Scope 3) GHG Emissions	tCO_2e	109,053	RLC[10]
GHG emissions intensity	tCO_2e/MPhp	8.32[11]	URC, CEB, RLC, JGSOC, RBank, CCU
ODS	tonnes	23.48	URC (BCF-PH only)[12]

[9] GHG Emissions covers information of total URC (BCF-PH, BCF-INT, Flour, SURE, AIG, head offices, and external distribution centers in the Philippines)
[10] Electricity usage of RLC tenants
[11] GHG Intensity is lower than pre-pandemic level (2019)
[12] The refrigerants consumed by the plants includes R22 / Freon, R134a, R404, R407, R410, R507, R141B, R417, R32. R22 will be phased out consistent with the phase-out schedule set by DENR Administrative Order (DAO) 2013-25. In 2021, we have reduced the consumption of R22 by almost 70% in the production area of BCF-PH. Main contributors to these are the replacement of old Air Conditioning Units that uses R22. In addition, as part of the company's efforts in reducing the ODS usage, we are transitioning to centralized chiller systems to maintain only 1-4 types of ODS across different plants through Project JAGUAR.

Air Pollutants

Disclosure	Unit	Quantity	Boundaries
Nitrogen Oxides (NOx)	tonnes	1,438.93	URC and CEB
Sulfur Oxides (SOx)	tonnes	418.54	
Persistent organic pollutants (POP)	tonnes	-	No available data
Volatile organic pollutants (VOC)	tonnes	-	
Hazardous Air Pollutants (HAP)	tonnes	-	
Particulate Matter (PM)	tonnes	365.65	URC

Note:

1. All stationary, mobile, and vehicular equipment of JGSHI subsidiaries undergo mandatory emission testing as required by DENR and LTO
2. Quantities reflect increase in scope in Air pollutants data. Air pollutants data for 2021 is lower than pre-pandemic levels (2019) except for PM.
3. URC data covers information from air pollution sources equipment (APSE) specifically from the boilers of BCF-PH, other APSE from BCF-Intl with air emission test result expressed in Tonnes per year and were conducted by a DENR Accredited Laboratory. The company will cover all the APSE including the generator sets and company vehicles as soon as DENR EMB releases the policy on Mass Emission Rate Standards for Stationary Sources and once the Scope 3 of GHG Inventory is established, respectively.

Water conusmption within the organization

Total Water Withdrawal from all areas by source

Disclosure	Unit	Quantity	Boundaries
Total Water Withdrawal	m^3	26,534,593	URC, CEB, RLC, JGSOC, RBank, CCU
Third-Party Water	m^3	8,295,525	
Ground Water	m^3	10,719,582	
Surface Water	m^3	4,974,552	
Sea Water	m^3	2,544,934	
Water discharge	m^3	7,578,379	
Water consumption	m^3	18,956,215	
Water recycled and reused	m^3	1,084,659	URC, CEB, RLC, JGSOC
% of wastewater recycled	%	14.32	

Materials used by weight or volume

Materials used by the organization

Disclosure	Unit	Quantity	Boundaries
Renewable Materials[13]	tonnes	1,981,157	URC, RBank
Non-renewable Materials[14]	tonnes	767,659	URC, RLC, JGSOC
Percentage of recycled input materials used to manufacture the organization's primary products and services[15]	%	3.0	URC

[13] Includes coffee spent grounds, spent tea leaves, bagasse, spent wash, molasses, chicken manure, pit dung in URC, as well as, paper use in RBank.
[14] Includes, but not limited to, construction materials such as cement, concrete, glass, and rebars from RLC, as well as URC's re-grind PET bottles reused to mix with virgin resin for bottle making
[15] Percentage of recycled input materials is computed as the amount of re-grind PET used as feedstock divided by the total input materials (virgin resin + re-grind PET)

Waste Generation

Solid Waste and Hazardous Waste

Disclosure	Unit	Quantity	Boundaries
Total Solid Waste Generated	tonnes	2,977,125	URC, CEB, RLC, JGSOC, RBank
Reusable	tonnes	120	
Recyclable	tonnes	952,316	
Composted/Bio	tonnes	8,367	
Residual	tonnes	35,196	
Renewables	tonnes	1,981,125	
Total weight of hazardous waste generated	tonnes	2,683	
Total weight of hazardous waste transported	tonnes	2,477	

Note: Discrepancy from hazardous waste generated and transported are stored in the DENR -prescribed Hazwaste onsite storage

Non-compliance with Environmental Laws and Regulations

Disclosure	Unit	Quantity	Boundaries
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	Php	0	CCU
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	#	0	
No. of cases resolved through dispute resolution mechanism	#	0	

Social

Employee Data

Disclosure	Unit	Quantity	Boundaries
Total Employees	#	23,122	CCU, RBank, CEB, RLC, JGSOC, URC
Male	#	13,597	
Female	#	9,525	
Attrition Rate	%	7.58[16]	CCU, RBank, CEB, RLC, JGSOC
	%	10.5[17]	URC
Ratio of lowest paid employee against minimum wage	Ratio	1:1[18]	CCU, RBank, CEB, RLC, JGSOC, URC

[16] Attrition rate is calculated using SEC formula: Attrition rate = (No. of new hires – No. of turnover)/ (Average of total no. of employees of previous and current year)
[17] Attrition rate is the total voluntary turnover of current year over average total no. of employees of current year (including new hires for the year)
[18] The ratio is based on the comparison between the wage of the lowest paid employee (base fare) and the minimum wage on the specific region. JGS is compliant with the minimum wage requirement

Employees by Age Group

Disclosure	Unit	Quantity	Boundaries
Gen Z (26 and below)	#	2,108	CCU, RBank, CEB, RLC, JGSOC
Millennial (27-41)	#	5,880	
Gen X (42-56)	#	1,737	
Baby Boomer (57 and up)	#	224	

Employees by Contract Type

Disclosure	Unit	Quantity	Boundaries
Regular	#	7,926	CCU, RBank, CEB, RLC, JGSOC
Consultant, FTE and Project Based	#	154	CCU, RBank, CEB, JGSOC
Probationary	#	1,869	CCU, RBank, CEB, RLC, JGSOC

Employees by Length of Tenure

Disclosure	Unit	Quantity	Boundaries
< 1 years	#	3,301	CCU, RBank, CEB, RLC, JGSOC
1-3 years	#	1,550	
3-5 years	#	1,306	
5-7 years	#	1,151	
7+ years	#	2,641	

Employees by Rank

Disclosure	Unit	Quantity	Boundaries
Executives/Senior Management	#	398	CCU, RBank, CEB, RLC, JGSOC
Male	#	217	
Female	#	181	
Rank & File	#	4,583	
Supervisor	#	1,368	
Manager	#	2,649	
Seasonal	#	5	
Professional/Technical	#	946	

Employees by Place of Origin

Disclosure	Unit	Quantity	Boundaries
Local			CCU, RBank, CEB, RLC, JGSOC
National Capital Region	#	6,334	
Luzon (outside NCR)	#	2,234	
Visayas	#	993	
Mindanao	#	323	
International			
Africa	#	0	
America	#	2	
Asia	#	58	
Australia	#	0	
Europe	#	5	

New Hires for Permanent Employees

Disclosure	Unit	Quantity	Boundaries
New Employee Hires	#	3,652	CCU, RBank, CEB, RLC, JGSOC
Male	#	1,617	
Female	#	2,035	

New Hires by Age Group

Disclosure	Unit	Quantity	Boundaries
Gen Z (26 and below)	#	1,460	CCU, RBank, CEB, RLC, JGSOC
Millennial (27-41)	#	1,897	
Gen X (42-56)	#	281	
Baby Boomer (57 and up)	#	14	

New Hires by Contract Type

Disclosure	Unit	Quantity	Boundaries
Permanent or indefinite	#	3,474	CCU, RBank, CEB, RLC, JGSOC
Temporary or fixed term	#	178	

New Hires by Place of Origin

Disclosure	Unit	Quantity	Boundaries
Local	#	3,647	CCU, RBank, CEB, RLC, JGSOC
National Capital Region	#	2,410	
Luzon (outside NCR)	#	600	
Visayas	#	540	
Mindanao	#	97	
International	#	5	
Africa	#	0	
America	#	0	
Asia	#	5	
Australia	#	0	
Europe	#	0	

Turnover for Permanent Employees

Disclosure	Unit	Quantity	Boundaries
Employee Turnover	#	1,979	CCU, RBank, CEB, RLC, JGSOC
Male	#	873	
Female	#	1,106	

Employee Turnover by Age Group

Disclosure	Unit	Quantity	Boundaries
Gen Z (26 and below)	#	445	CCU, RBank, CEB, RLC, JGSOC
Millennial (27-41)	#	1,328	
Gen X (42-56)	#	157	
Baby Boomer (57 and up)	#	49	

Employee Turnover by Rank

Disclosure	Unit	Quantity	Boundaries
Executives/Senior Management	#	48	CCU, RBank, CEB, RLC, JGSOC
Middle managers and supervisors	#	671	
Rank-and-file permanent	#	1,051	
Professional/Technical	#	209	

Employee Turnover by Type

Disclosure	Unit	Quantity	Boundaries
Voluntary	#	1,852	CCU, RBank, CEB, RLC, JGSOC
Involuntary	#	126	

Diversity and Equal Opportunity

Disclosure	Unit	Quantity	Boundaries
Percent of male workers in the workforce	%	59	CCU, RBank, CEB, RLC, JGSOC, URC
Percent of female workers in the workforce	%	41	
Number of employees from indigenous communities and/or vulnerable sector[16]	#	30	RLC[17]

[16] Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)
[17] RLC's vulnerable sector includes Solo Parents and elderly

Employee Benefits

JGS and its subsidiaries provide all mandatory benefits to 100% of its regular employees. Listed below are these mandatory requirements as well as some additional benefits that JGSHI and its subsidiaries offer its employees:

List of Benefits[18]	Y/N	% of male employees who availed for the year	% of female employees who availed for the year	Boundaries
SSS 1. Salary Loan 2. Parental Benefit 3. Sickness Benefit	Y	9.74% 100% covered 6.12%	11.91% 100% covered 8.20%	CCU, RBank, CEB, RLC, JGSOC
Philhealth	Y	1.83%	4.16%	
Pag-ibig Salary loan	Y	8.10%	10.46%	
Parental leaves	Y	100% covered	100% covered	CCU, RBank, CEB, RLC, JGSOC, URC
Vacation leaves	Y	100% covered	100% covered	
Sick leaves	Y	100% covered	100% covered	
Emergency leaves	Y	100% covered	100% covered	
Medical benefits (aside from PhilHealth) - (HMO)	Y	100% covered	100% covered	
Housing Assistance (aside from Pag-IBIG)	Y	0.8%	0.3%	URC
Retirement fund (aside from SSS)	Y	0.26%	0.31%	RLC, RBank
Further education support	Y	1.18%	1.68%	CEB, RBank, RLC
Company stock options	Y	0.03% 0.69%	0.01% 0.19%	URC[19] CEB
Telecommuting	Y	9% 100%	33% 100%	URC CCU
Flexible-working Hours	Y	5% 100% 8.46%	6% 100% 11.88%	URC[20] CCU CEB
Others: 1. Rice Subsidy 2. Medicine Allowance 3. Uniform Allowance 4. Other Employee Perks and Partnerships	Y			CCU[21]

[18] URC 100% coverage for all mentioned regular employee benefits except housing assistance
[19] Company stock options are only applicable to select executive officers in URC
[20] Flexible working hours are only applicable to employees working in the head office
[21] This covers JGSHI CCU employees only. Benefits not mandated by the government are specifically allocated by the business units based on what is most suitable to their industry and their employees' needs. While JGSHI ensures that 100% of eligible employees are given government-mandated and company benefits

Employee Training and Development

Training hours provided to employees

Disclosure	Unit	Quantity	Boundaries
Total training hours provided to employees	hours	391,377	CCU, RBank, CEB, RLC, JGSOC, URC
Male	hours	71,576	CCU, RBank, CEB, RLC, JGSOC
Female	hours	78,082	
Average training hours per employee	hours/employee	16.93	CCU, RBank, CEB, RLC, JGSOC, URC
Male	hours/employee	15.42	CCU, RBank, CEB, RLC, JGSOC
Female	hours/employee	14.71	

Labor Management Relations

Disclosure	Unit	Quantity	Boundaries
Percentage of employees covered with Collective Bargaining Agreements	#	11.03	URC and CCU
Number of consultations conducted with employees concerning employee-related policies	#	16	URC and CEB

Labor Laws and Human Rights

Disclosure	Unit	Quantity
Number of legal actions or employee grievances involving forced or child labor	%	0

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	Y	The Company adopts and complies with the rules and regulations issued by the Department of Labor and Employment. Moreover, the Company ensures that engaged Service Providers comply with the same.
Child labor	Y	The Company adopts and complies with the rules and regulations issued by the Department of Labor and Employment. Moreover, the Company ensures that engaged Service Providers comply with the same.
Human Rights	Y	• Policy on Sexual Harassment • Policy on Health, Safety and Welfare (Protection of Company Employees, Creditors and other Stakeholders' Rights) • Corporate Environment, Health and Safety Policy • Drug-Free Workplace Policy • Workplace Policy on Prevention Control of HIV and AIDS, Hepatitis B and Tuberculosis • Special Benefits for Women/Magna Carta for Women • Leave Benefits Policy (includes Expanded Maternity Leave, Solo Parent Leave, Vacation Leave, Sick Leave, Service Incentive Leave, Nuptial Leave, Emergency Leave, Bereavement Leave) • Whistleblowing Policy • Data Privacy Policy • Flexible Work Arrangement Policy • Work-From-Home Program • Mental Health and Wellness Policy • Retirement and Separation Benefits Policy • Hazard Pay Policy • Covid Protect Vaccination Policy • Information Security and Management Services Policies

Occupational Health and Safety

Disclosure	Unit	Quantity
Safe Man-Hours	hours	93,248,790
Number of safety drills conducted	#	272
Number of work-related injuries	#	341
Number of work-related fatalities	#	4
Number of work-related ill-health	#	0
Number of Lost Time Incidents (LTI)	#	66
Number of Days lost due to LTI	#	27,386
Number of First Aid Incidents	#	219
Number of Medical Treatment Incidents	#	61
All Injury Frequency Rate (AIFR)	rate	4.15

Governance

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Unit	Quantity	Boundaries
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	%	100	This total accounts for employees in JGS to whom the Code of Business Conduct have been communicated to
Percentage of business partners to whom the organization's anticorruption policies and procedures have been communicated to	%	100	This total accounts for suppliers in JGS to whom the Code of Business Conduct, the Code of Discipline, and related Offenses Subject to Disciplinary Actions (OSDA) have been communicated to during the onboarding and orientation processes.
Number of directors and management that have received anti-corruption training	%	100	The Board of Directors took the Business Conduct and Ethics E-learning Refresher Course, which includes the Anti-Bribery and Anti-Corruption Policy.[22]
Percentage of employees that have received anti-corruption training[23]	%	100	This total accounts for employees who took the Business Conduct and Ethics E-learning Refresher Course27, which includes the Anti-Bribery and Anti-Corruption Policy

[22] The company created an e-learning refresher course on the Code of Business Conduct, which discussed in detail the definition of corruption, the laws, rules and regulations covering the said topic, Anti-Bribery and Anti-Corruption Policy, Conflict of Interest Policy, among other corporate governance policies.
[23] All RBank employees are required to take the Anti-Money Laundering Act training annually. URC will also roll-out an E-Module of the Code of Business Conduct where URC employees shall be asked to watch and take the exam to gauge comprehension and retention of the Company policies and guidelines. The Anti-Corruption policies and programs are made available online for all employees for their easy access, reference and guidance.

Incidents of Corruption

Disclosure	Unit	Quantity	Boundaries
Number of incidents in which directors were removed or disciplined for corruption	#	0	CCU
Number of incidents in which employees were dismissed or disciplined for corruption	#	0	CCU
Number of incidents when contracts with business partners were terminated due to incidents of corruption	#	0	CCU

Customer Management

Data Security

Disclosure	Unit	Quantity
No. of data breaches, including leaks, thefts and losses of data	#	0

JGS implements cyber-security capability increase and preventive measures to ensure the security of confidential company data. As of to date, the Data Privacy Policy and Information Security (InfoSec) Policies applicable to the whole conglomerate are in place.

The Company established the Information Security Management Systems (ISMS) Policies that institutionalized information security as part of the Conglomerate's enterprise risk management, protect the Company's information assets and reputation, and to comply with relevant laws and regulations.

The ISMS consists of the following:

1. **Core Information Security Policies** drive the primary objectives of the ISMS: establish, maintain, and improve information security

    1.1. **Information Security Policy** aims to establish, maintain, and continuously improve the ISMS to protect information assets, maintaining competitive advantage and increasing stakeholders' confidence.

    1.2. **Information Asset Management Policy** aims to define and classify information assets in both physical and electronic formats and provide guidance on how to appropriately handle information assets according to classification.

    1.3. **Information Security Incident Management Policy** aims to mandate a structured approach in managing incidents that compromise corporate information and personal data of the business units' customers.

    1.4. **Compliance Policy** aims to ensure that Business Units comply with applicable legal, regulatory requirements and contractual obligations, when conducting business activities.

2. **Organizational Policies** aim to establish Information Security organization, roles and responsibilities as well as accountability of those who have access to corporate information

    2.1. **Information Security Internal Organization Policy** aims to establish the appropriate internal organization that ensure security of information assets

    2.2. **Human Resource Security Policy** aims to protect the company's business interests by ensuring that employees and contractors understand and fulfill their roles and responsibilities to preserve information security before, during, and after employment

    2.3. **Supplier Relations Policy** aims to mandate controls that protect information assets exposed to suppliers and preserve the integrity of supplier selection activities

3. **Access and Use Policies** enforce controls for access and authorization, as well as acceptable use of information assets

    3.1. **Access Control Policy** aims to Implement adequate measures to regulate access to different information assets and facilities, ensuring that facilities and equipment are only accessed by authorized personnel

    3.2. **Acceptable Use of Assets Policy** aims to ensure that employees understand how corporate assets should and should not be used, ensuring that the BU gets the most value out of its corporate assets and networks to avoid unintended security breaches.

    3.3. **Physical and Environmental Security Policy** aims to protect corporate assets and information by mandating controls that prevent unauthorized physical access to company premises, as well as equipment that support business operations

    3.4. **Mobile Device and Teleworking Policy** aims to establish rules for the use, management and security of all mobile devices that process company information and establish rules for conducting official business outside the work premises

4. **Operational Security Policies** refer to the implementation of technical controls to maintain the target level of security

    4.1. **Cryptographic Controls Policy** aims to apply cryptographic controls (i.e. encryption) on confidential electronic information (e.g. files, databases), to add another layer of protection and prevent unauthorized use or disclosure.

    4.2. **Operations Security Policy** aims to apply appropriate controls to ensure that day to day operations are carried out in a controlled and a secure manner.

    4.3. **Communications Security Policy** aims to implement measures that will protect information as it moves both within the corporate network and outward.

    4.4. **Data Security Policy** aims to implement measures to protect corporate information from possible loss and leakage, avoiding breaches to legal, statutory or contractual obligations.

    4.5. **Secure Development Policy** aims to protect corporate information and minimize breaches by ensuring that information security is taken into consideration when developing or acquiring systems and services.

Regular and ad hoc exercises ensure the relevant teams practice cyber incident response and breach management procedures.

A 24/7 Security Operations Center was established in January 2020 to continuously monitor JGS' information assets and help protect the enterprise security baseline.

Corporate IT Audit conducts year-on-year assessments on JGS Information Security Office's programs and activities ensuring alignment to corporate policies, statutory and regulatory requirements and enterprise risk management

Biodiversity

Habitats Protected or Restored

	Habitats Protected	Area	Description
JG Summit Olefins Corporation	Wetland No. 8 in Boracay	1.8 Ha	JGSOC has partnered with DENR-BMB to rehabilitate and restore Wetland No. 8, a 1.8-hectare swamp and marshland located in Brgy. Manocmanoc in Boracay Island that is home to 39 species of trees and 20 faunal species of birds, fish, mammals and gastropods. Dubbed as Para sa Atong Cagban Bobon Project, JGSOC launched the initiative in July 2019 with the objective of restoring the environmental sustainability of Wetland No. 8 and prevent further degradation of its ecosystem, espousing a private-public sector collaborative approach with involvement of other stakeholder communities.
	Artificial reef in Batangas Bay	160 m²	The JGSOC Artificial Reef Project is located in a sandy area along the coastal zone of Barangay Simlong in Batangas City, near the JGSOC petrochemical complex. The artificial reefs function similarly to natural reefs, providing protection and habitat for a diverse range of marine life. Each artificial reef is a concrete block measuring approximately two (2) cubic feet. According to the latest monitoring survey of the faunal communities found at the sites, conducted last February 2021 by the Batangas Community Divers Seal, Inc (BCDSI), there have been positive changes in marine biodiversity in the area.
Universal Robina	URC-wide tree planting and nurturing activities	5,900 seedlings	URC-wide tree planting and nurturing activities were conducted across different sites identified to be with high biodiversity value.

	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Protected Areas affected by Operations	International Union for Conservation of Nature (IUCN) Red List Species in protected areas affected by Operation	IUCN Red List Category
JG Summit Olefins Corporation	JGSOC Batangas plant operates in a city-designated heavy industrial zone along Batangas Bay, along with several other industries such as the Batangas port, tank farms and depots, several power plants, food manufacturing facilities and other similar companies.	Batangas Bay is within a Key Biodiversity Area located in the Verde Island Passage	The company has no operations affecting the habitats of species listed in IUCN17 Red list species and national conservation list species.	n/a
Universal Robina	CMC Davao Flour Mill located in Km 10 Sasa, Buhangin District, Davao City, Davao del Sur is situated on the gulf's west coast. Davao City is among the four provinces that surrounds Davao Gulf which is listed by DENR-Biodiversity Management Bureau as Key Biodiversity Area	Davao gulf situated in the southeastern part of Mindanao is one of the priority conservation areas of the Sulu-Sulawesi Marine Ecoregion. It is a breeding and nursery ground for small and large species, with frequent sightings of whale sharks, dugongs and leatherback turtles, among the list of species cited in the Convention on the International Trade of Endangered Species (Source: WWF)	The company has no operations affecting the habitats of species listed in IUCN17 Red list species and national conservation list species.	n/a

Annex B

Philippine SEC Sustainability Reporting for Publicly Listed Companies Content Index

Disclosure	Section	Page Number
Contextual Information	JGS at a Glance, Chairman's Message, President and CEO's Report, Corporate Structure, Geographic Presence, Strategic Business Units and Investments, Ecosystem Plays, Core Investment	6-17, 20-39
Economics		
Economic Performance	JGS at a Glance, Stakeholder Engagement, Sustainability Commitments, Shared Success, Risk Disclosure, EESG Performance Indices,	6-7, 54-57, 65-72, 127-131, 85
Procurement Practices	Shared Success, EESG Performance Indices	67-68, 85
Anti-Corruption	Corporate Governance Policies, Risk Disclosure, EESG Performance Indices	123-125, 127-131, 95-97
Environment		
Resource Management	Sustainability Commitments, Risk Disclosure, EESG Performance Indices	56, 127-131, 86-88
Energy consumption within the organization	Climate Action, EESG Performance Indices	58-62, 86-87
Water consumption within the organization	Resource Efficiency and Circularity, EESG Performance Indices	63-65, 87
Materials used by the organization	Resource Efficiency and Circularity, Risk Disclosure, EESG Performance Indices	63-65, 128-129, 87
Ecosystems and Biodiversity	Board Matters, EESG Performance Indices	115, 98-99
Environmental Impact Management	Sustainability Commitments	56
Air emissions	Climate Action, EESG Performance Indices	58-62, 86
Air pollutants	EESG Performance Indices	87
Solid and hazardous wastes	Resource Efficiency and Circularity, EESG Performance Indices	63-65, 88
Effluents	EESG Performance Indices	87
Environmental Compliance	Risk Disclosure	131
Non-compliance with environmental laws and regulation	EESG Performance Indices	88
Social		
Employee Management	Stakeholder Engagement, Sustainability Commitments, Employee Growth and Well-being, Risk Disclosure	54, 56, 72-76, 130
Employee data	EESG Performance Indices	88-92
Employee benefits	EESG Performance Indices	93
Employee training and development	Employee Growth and Well-being, EESG Performance Indices	77, 94
Labor-management relations	EESG Performance Indices	94
Diversity and equal opportunity	EESG Performance Indices	92
Workplace Conditions, Labor Standards, and Human Rights		
Occupational health and safety	Employee Growth and Well-being, EESG Performance Indices	72, 80-81, 95
Labor laws and human rights	EESG Performance Indices	94
Supply Chain Management	Stakeholder Engagement, Sustainability Commitments, Shared Success, Risk Disclosure	54, 56, 67-68, 129
Relationship with Community	Stakeholder Engagement, Sustainability Commitments, Shared Success, Risk Disclosure	55, 56, 65-72, 128
Significant impacts on local communities	Shared Success	65-72

Disclosure	Section	Page Number
Social		
Customer Management	Stakeholder Engagement, Sustainability Commitments, Better Choices	55, 56, 81-84
Customer satisfaction	Stakeholder Engagement, Better Choices	55, 81, 83-84
Customer health and safety	Stakeholder Engagement, Better Choices	55, 81, 84
Customer privacy	Stakeholder Engagement	55
Data Security	Risk Disclosure, EESG Performance Indices	130, 96-97
United Nations Sustainable Development Goals		
Product or Service Contribution to UN SDGs	Climate Action, Resource Efficiency and Circularity, Shared Success, Employee Growth and Well-being, Better Choices	59-60, 64, 66-67, 73-76, 82-83

Annex C

GRI Content Index

Statement of use	JG Summit Holdings, Inc. has reported the information cited in this GRI content index for the period January 1 to December 31, 2022 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Disclosure	Page number or direct answer
GRI 2: General Disclosures 2021	2-1 Organizational details	6-39
	2-2 Entities included in the organization's sustainability reporting	20-21
	2-3 Reporting period, frequency and contact point	1, 348-349
	2-4 Restatements of information	NA
	2-5 External assurance	No external assurance
	2-7 Employees	88
	2-9 Governance structure and composition	18-19
	2-10 Nomination and selection of the highest governance body	117
	2-11 Chair of the highest governance body	114-122
	2-12 Role of the highest governance body in overseeing the management of impacts	114-122
	2-13 Delegation of responsibility for managing impacts	114-122
	2-14 Role of the highest governance body in sustainability reporting	117
	2-15 Conflicts of interest	123
	2-16 Communication of critical concerns	114-122
	2-17 Collective knowledge of the highest governance body	118
	2-18 Evaluation of the performance of the highest governance body	116
	2-19 Remuneration policies	117
	2-20 Process to determine remuneration	117
	2-21 Annual total compensation ratio	120
	2-22 Statement on sustainable development strategy	56-57
	2-23 Policy commitments	123
	2-24 Embedding policy commitments	123
	2-25 Processes to remediate negative impacts	126-131
	2-26 Mechanisms for seeking advice and raising concerns	125
	2-27 Compliance with laws and regulations	131
	2-28 Membership associations	125
	2-29 Approach to stakeholder engagement	54-55
	2-30 Collective bargaining agreements	94

GRI Standard	Disclosure	Page number or direct answer
GRI 3: Material Topics 2021	3-1 Process to determine material topics	54-55
	3-2 List of material topics	54-60
	3-3 Management of material topics	58-84
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	85
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	88
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	85
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	95
	205-3 Confirmed incidents of corruption and actions taken	96
GRI 301: Materials 2016	301-1 Materials used by weight or volume	87
	301-2 Recycled input materials used	87
GRI 302: Energy 2016	302-1 Energy consumption within the organization	86
	302-3 Energy intensity	86
	302-4 Reduction of energy consumption	58-62
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	63-65
	303-2 Management of water discharge-related impacts	63-65
	303-3 Water withdrawal	87
	303-4 Water discharge	87
	303-5 Water consumption	87

GRI Standard	Disclosure	Page number or direct answer
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	98-99
	304-2 Significant impacts of activities, products and services on biodiversity	98-99
	304-3 Habitats protected or restored	98-99
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	98-99
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	86
	305-2 Energy indirect (Scope 2) GHG emissions	86
	305-3 Other indirect (Scope 3) GHG emissions	86
	305-4 GHG emissions intensity	86
	305-5 Reduction of GHG emissions	58-62
	305-6 Emissions of ozone-depleting substances (ODS)	86
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	87
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	88
	306-2 Management of significant waste-related impacts	63-65
	306-3 Waste generated	88
	306-4 Waste diverted from disposal	88
	306-5 Waste directed to disposal	88
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	90
	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	93
	401-3 Parental leave	93

GRI Standard	Disclosure	Location
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	72-76, 80-81
	403-2 Hazard identification, risk assessment, and incident investigation	72-76, 80-81
	403-3 Occupational health services	72-76, 80-81
	403-9 Work-related injuries	95
	403-10 Work-related ill health	95
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	94
	404-2 Programs for upgrading employee skills and transition assistance programs	72-77
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	115
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	94
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	65-72
	413-2 Operations with significant actual and potential negative impacts on local communities	65-72

Gokongwei Brothers Foundation

Gokongwei Brothers Foundation 30th Anniversary: Walang Imposible

The Year at a Glance

Embarking on its third decade in 2022, the Gokongwei Brothers Foundation reaffirmed its founding purpose of building the future through education by declaring a central focus on STEM (science, technology, engineering, mathematics) educators in the years to come.

On its 30th anniversary celebration, GBF honored educators as heroes of change who play a crucial role in nurturing Filipino learners, our future leaders, and the workforce.

The year also marked GBF's second year into a five-year roadmap to achieve the ambition of taking part in the learning journey of 10,000 educators and one million learners by 2025. More than half of the goal had already been reached in 2022.

GBF's five-year plan is driven by the following strategic imperatives in service of Filipino learners and educators:

- Elevate educators' professional development
- Increase the underprivileged sector's access to quality education
- Create quality content that is accessible to educators and learners
- Support the growth of STEM and digitally-enabled learners and professionals

By The Numbers

Scholarships	2,191 lifetime scholars 1,202 lifetime graduates
Educator Programs	7,074 educators in teacher communities 1,773 teachers trained
Juan Community for Education	10,089 students and teachers served 106 schools served
Juan Community for Resilience	75,800 individuals in 339 communities served

2022 Milestones

2022 Total Scholars on Board: 775

Learners (High School & College)	461
Educators (College & Masters)	258
Iskolar ni Juan (Tech-Voc)	56

Scholarships

GBF continues to be the biggest private sector provider of STEM-related scholarships in the Philippines. In 2022, GBF welcomed 374 new scholars, reaching a total of 2,191 scholars supported since 2016.

Learners: STEM

STEM Scholarship for Excellence (2011)	In partnership with the group's business units, this scholarship is given to underprivileged and deserving STEM college students from centers of excellence.	**259 scholars**
STEM Agri (SHS and College) (2020)	This senior high school and college scholarship is granted to children of sugar cane planter farmers who are partners of URC-SURE in Negros.	**18 scholars**
Young Scientist Award Scholarship (2019)	This STEM college scholarship is granted to outstanding finalists of Philippine-based STEM and innovation competitions.	**26 scholars**

Learners: Scholarships with Affiliates and Partners

Next Gen Scholarship for Excellence (2010)	This college scholarship is extended to group's employees' children and siblings who demonstrate academic excellence and leadership potential.	**117 Scholars**
DLSU Gokongwei College of Engineering Grant (2012)	This scholarship program is for outstanding students taking any undergraduate degree program at DLSU Gokongwei College of Engineering. Scholars are supported from first year until graduation.	**8 Scholars**
Ateneo John L. Gokongwei Scholarship (2006)	This merit and need-based scholarship grant is for students of the Ateneo John Gokongwei School of Management. Scholars are supported from first year until graduation.	**8 Scholars**
Go Family Association College Scholarship (2019)	This merit and need-based college scholarship is for members of the Go family.	**10 Scholars**

Learners: High School

St. Stephen High School Scholarship (2012)	This merit and need-based scholarship grant is for students enrolled in the Chinese high school. Scholars are supported from Grade 7 to 12.	**10 Scholars**
Xavier-Zuloaga Scholarship Fund (2020)	This merit and need-based grant is awarded to select students of Xavier High School.	**5 Scholars**

Educators: Scholarships

TeachSTEM College Scholarship (2018)	This scholarship program for undergraduate education students supports aspiring STEM teachers who will later serve in public schools.	**150 Scholars**
TeachSTEM Masters Scholarship (2019)	This scholarship program is granted to public school teachers and college instructors who aspire to become educational leaders to strengthen STEM.	**108 Scholars**

Iskolar ni Juan: Technical-Vocational

Iskolar ni Juan Technical-Vocational Scholarship Program (2014)	This scholarship program grants underprivileged SHS graduates with fully-subsidized one-year tech-voc training at the GBF Technical Training Center. Qualified scholars are then offered employment at URC.	**56 Scholars**

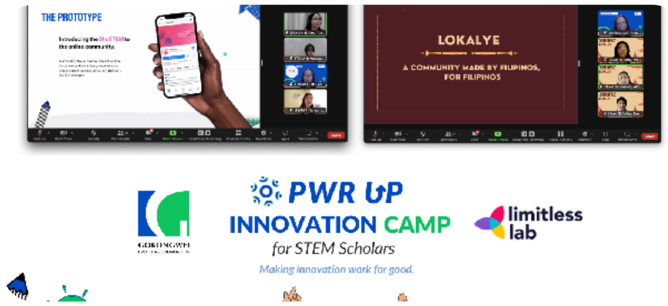
Scholar Development

GBF prepares its scholars to become future industry champions, community leaders, and education advocates through enrichment programs incorporated in their scholarship journey. After recruitment, milestones in the GBF scholar journey include leadership development, upskilling to career preparation, employment, and contributing their expertise as GBF alumni.

Juan to Serve

A servant leadership formation and volunteer program, Juan to Serve aims to build a community of servant leaders who have a strong sense of self and others, who are inspired by our shared value to give back or "pay it forward," and essentially create a positive impact to their families, communities, and the country.

In 2022, 30 scholars joined the intensive cohort program where they were immersed in discussions and shared their experience around the GBF 30th anniversary battlecry, "walang imposible." The sessions were designed to deepen the scholars' context of self, family, and community. It culminated in the implementation of community projects designed by the scholars themselves.



PWR Up

Through PWR Up (Program for Workforce Readiness through Upskilling), GBF equips scholars with skills for the 21st-century workplace.

In 2022, GBF together with Habi Education Lab trained 31 scholars on design thinking as a learning framework. Their capstone projects revolved around solutions for surpassing challenges in their immediate communities.

Juan Community for Education

GBF strives to contribute to building the nation, one community at a time, through strong and sustainable STEM education programs. In its second year, Juan Community for Education continued to respond to stakeholders' expressed need for the following:

- **Complete modules, books, printing equipment, devices, and internet access**
- **Reading and critical thinking skills, digital adeptness, and independent learning**
- **Someone at home to guide student learning**
- **Expert and agile teachers**
- **Ways to assess learning**
- **Infrastructure and equipment**

Juan Kapatid Tutorial

Exploring ways to close the gap in literacy and numeracy and to mobilize teachers and parents to support learning, GBF piloted the Juan Kapatid Tutorial Program in Simlong Elementary School in Batangas City in 2021. Rolled out in partnership with JG Summit Olefins Corporation, AHA Learning Center, and Huawei, the program employs the "teaching at the right level" approach.

In 2022, the eight-month Juan Kapatid pilot run that engaged 43 learners or "JK achievers" returned the following results:

- **100% of achievers gained more math competencies after 32 classes**
- **100% of non-readers in the cohort became readers after 32 classes**
- **85% of achievers expressed that they gained more confidence in doing their lessons**
- **90% of achievers' parents said they learned a skill they can apply to help manage themselves better**

Juan Brigada Eskwela

GBF continued to support learners and educators through providing their basic needs in school.

In 2022, Juan Brigada Eskwela efforts were supported by True Value and Huawei.

10,000
Students and Teachers supported

105
Schools supported

Juan Community for Resilience

GBF responds to local communities' needs to bounce back after crises. In 2022, GBF provided assistance to over 75,800 individuals and families in 339 communities hit by calamities, including Typhoon Odette, Karding, and Paeng.

Shang Properties, Kerry Group Philippines Foundation, and Gawad Kalinga were GBF's major partners in carrying out relief efforts in 2022.

- **75,800 individuals in 339 communities reached**
- **836 farmers and fisherfolk helped with productivity packages**
- **2,319 shelters in 68 communities rehabilitated**
- **52,911 relief packs distributed in 229 communities**
- **2 schools repaired**

Educators Development Program

Believing in the power of collective effort in growing STEM champions, GBF strengthened its efforts in building communities of teachers by providing them with social learning, capacity building, and networking opportunities.

STEM Collab

In 2022, GBF launched STEM Collab, an engaged community of STEM teachers. It is also a capacity-building program that provides free and bite-sized learning sessions streamed on the GBF Facebook Page. STEM Collab is a fast-growing community of educators on **Facebook**.

STEM Collab by the numbers in 2022

5,385 Total Members	**11** Total Webinars Conducted
2,697 Total Webinar Views	**3,735** Total Resource Downloads

KaSaMa Teachers Community

GBF's third year in partnership with the University of the Philippines National Institute for Science and Mathematics Development (UP NISMED) for its KaSaMa (Ka-Science at Ka-Math) Teachers Community in 2022 showed the growing demand for quality content and training amongst K-12 teachers.

The online professional community saw significant increases in webinar viewership, member sign-ups and resource downloads from its **website**, a one-stop hub for communication, collaboration, and learning and development.

KaSaMa Teachers Community by the numbers in 2022

1,689 Total Members	**12** Total Webinars Conducted	**2,702** Total Webinar Views

Project Future: Educators Flagship Program

A major thrust of GBF for STEM educators is the establishment of an innovative, scalable and high-impact professional development program that would have a tangible impact on learners, dubbed as Project Future.

GBF engaged IDEO, a global pioneer in design thinking, to conduct the process of designing the program's blueprint.

In 2022, GBF and IDEO ideated potential solutions to the pain points identified by education stakeholders. GBF and IDEO tested in four public schools the prototype of a web-based class builder tool for STEM educators. The tool is a class builder platform for STEM Educators that develops and strengthens teacher competencies while creating great lessons easily.

STEM Excellence Advocacy

GBF Young Scientist Award

GBF YSA is a recognition given to outstanding finalists of prestigious Philippine-based STEM and innovation competitions aiming to promote greater interest in innovation and the sciences among young Filipino learners. The award includes a STEM college scholarship grant.

In 2022, GBF partnered with the Department of Science and Technology Science Education Institute on their 5th cycle of "imake.wemake: create. innovate. collaborate." competition. STEM college scholarships were awarded to three students from among the winning teams.

As part of its advocacy for excellence in STEM, GBF also supported DepEd's National Science and Technology Fair by providing technology support and cash and in-kind prizes to the three winning teams and schools of their video competition.

Endowments

In line with its thrust of strengthening centers of excellence and development, GBF continues to support tertiary education institutions to help elevate the quality of STEM education.

Over the years, GBF has provided endowments to leading education institutions: the De La Salle University Gokongwei College of Engineering (2011), the Ateneo de Manila University John Gokongwei School of Management (2002), and the Ateneo Gokongwei Brothers School of Education and Learning Design (2021).

Outlook for 2023 and Beyond

In 2023, GBF projects that it remains on track of its five-year roadmap. GBF continues to craft innovative programs in service of the Filipino learners and educators.

- **1,000** scholars on board
- **200** scholars supported through Juan to Serve leadership development program and PWR Up upskilling program
- **30,000** educators in the STEM Collab Community
- **4,000** learners supported through the Juan Kapatid Tutorials
- Continued promotion of STEM excellence advocacy through partnerships with reputable institutions and recognition of top STEM students
- Beta phase launch of Project Future

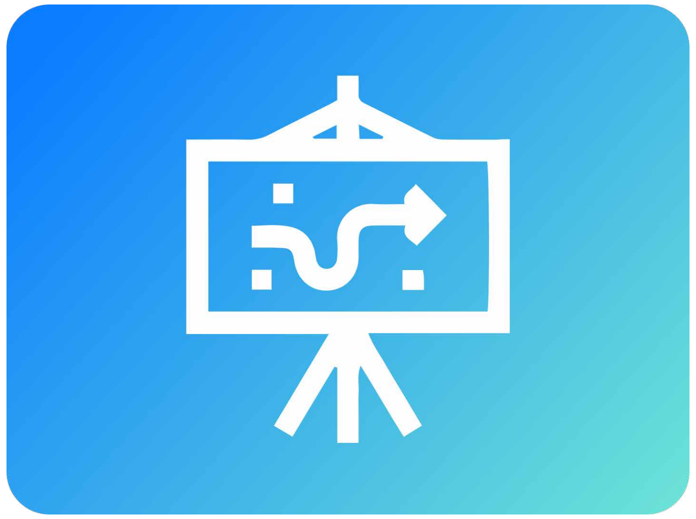
Our Governance and Enterprise Risk Management

Setting the tone from the top through oversight of our Board Directors

Corporate Governance

JG Summit Holdings, Inc. ("JGSHI" or the "Company") upholds its commitment to doing business in accordance with its long-held values in exercising the highest ethical standards of always acting in good faith and in the best interest of all stakeholders. These values, which extend to corporate governance, have been the foundation of the Company in advocating and promoting the principles of integrity, fairness, transparency, and accountability.

JGSHI continuously strives to strengthen and improve its governance practices within the framework of evolving laws and regulations of the Securities and Exchange Commission ("SEC") and the Philippine Stock Exchange ("PSE") on the recommended corporate governance principles and industry best practices. This includes reinforcing its principles across different corporate governance areas, namely: the Board of Directors' ("Board") governance responsibilities, disclosure and transparency, internal control and risk management frameworks, cultivation of synergic relationship with shareholders, and duties to stakeholders. Consequently, there is an ongoing and regular review of JGSHI's numerous company policies, guidelines, and standards, such as its Code of Business Conduct, which all of its operating companies and employees are expected to follow.



In addition, JGSHI considers that compliance with the highest standards of corporate governance translates to better value propositions for shareholders and customers, minimized risks, growth, and sustainability. The economic value generated by a well-managed and governed enterprise not only benefits shareholders, but also the local communities through job creation and the promotion of a healthy community through the Company's corporate social responsibilities ("CSR") programs.

Ultimately, in its pursuit to heighten observance of good corporate governance in light of emerging trends, JGSHI is resolutely and relentlessly carrying out its business purpose and intention of offering better choices to its customers, and of creating shared success with all its stakeholders.

Board Matters

The Board's Governance Responsibilities

The Board is primarily responsible for the governance of the Company and provides an independent check on management. JGSHI is headed by a competent and working Board to ensure the Company's unremitting success, and sustain its competitiveness and profitability in a manner consistent with its objectives, goals, strategies and measures ("OGSM") and the long-term best interests of shareholders and other stakeholders.

The Board exercises care, exceptional skill, and sound judgment, as well as observes good faith and loyalty in the conduct and management of the business and affairs of the Company. This ensures that all the Company's actions are within the scope of power and authority prescribed in the Articles of Incorporation, Amended By-Laws, and existing laws, rules, and regulations. Likewise, in accordance with the Company's policies and mandate, the Board performs its duties and responsibilities conscientiously and with honesty and integrity thus, faithfully upholding the standards and its commitment to JGSHI, its shareholders and other stakeholders.

The Board's detailed roles, duties and responsibilities in compliance with relevant laws, rules and regulations are defined in the Company's **Revised Corporate Governance Manual ("RCGM").**

Balanced Board Composition and Diversity

The Company recognizes the benefits of having a diverse Board and its value in maintaining sound corporate governance while achieving strategic objectives and sustainable growth. The Directors' biographical details are set out in the Information Statement. Each Director provides a unique business perspective, experience, and set of skills, all valuable to the Company.

Information Statement

In the implementation of the Board Diversity Policy in the Company, JGSHI does not discriminate by reason of gender, age, disability, ethnicity, nationality, political, religious, or cultural backgrounds of its directors or candidates for directors, officers, and employees. The incumbent Board is diverse in terms of expertise, gender, and professional experience and academic backgrounds. On March 29, 2023, it approved as a policy to use professional search firms or other external sources of candidates when searching for candidates to the board of directors.

The annually elected Board is comprised mainly of Non-Executive Directors [i.e., four (4) Non-Executive and four (4) Independent Directors] other than the Company's President and Chief Executive Officer ("CEO"), all of whom possess the necessary qualifications and none of the disqualifications. The Board also has a female director who is a Non-Executive Director. Furthermore, the posts of Chairman and CEO are separate to ensure a clear distinction between the Chairman's responsibility to manage the Board and the CEO's responsibility to manage the Company's business.

Board Assessment

An annual self-assessment to evaluate performance is being conducted by the Board as a whole, the Board Committees, the individual directors and the Company's key officers. This exercise helps them thoroughly review their performance, understand their roles and responsibilities and lead effectively. It also assesses a director's attendance at board and committee meetings and participation in boardroom discussions.

The Board Committees' self-assessment questionnaires contain the following criteria, which are based on leading practices and principles on good governance:

A. For the Board
- Board Composition
- Board Efficiency and Performance
- Board Meetings and Participation

B. For the Board Committees
- Board Committee Performance
- Board Committee Structure

C. For Individual Directors
- Independence
- Participation
- Expertise
- Character
- Fiduciary Duty
- Innovation

On the other hand, the Chairman's, and the President and CEO's self-assessment questionnaires contain the following criteria:

- Leadership
- Integrity
- Diligence
- Corporate Governance
- Entrepreneurial Mindset
- Stewardship

Lastly, the key officers, namely the Corporate Secretary, the Chief Compliance Officer, the Chief Finance and Risk Officer, and the Chief Audit Executive were rated based on their key functions.

The annual self-assessment is also supported by an external facilitator every three (3) years and allows for a feedback mechanism for stockholders pursuant to the recommendation in the Code of Corporate Governance for Publicly-Listed Companies ("CG Code for PLCs"). In 2022, JGSHI engaged Good Governance Advocates and Practitioners of the Philippines ("GGAPP") as its independent Third-Party Board Evaluator in the conduct of the Board Self-Assessment.

The Company analyzed the report of GGAPP and the Board, Management, and/or appropriate committees acted upon the recommendations, as they deemed necessary.

The Board Committees

To enable a better and more focused attention on the affairs of the Company and to aid in the optimal performance of its roles and responsibilities, the Board approved the delegation of particular matters to the two (2) Board Committees namely: (a) Audit, Related Party Transactions and Risk Oversight Committee and (b) Governance, Nomination, Remuneration and Sustainability Committee (formerly Corporate Governance and Sustainability Committee).

A. Audit, Related Party Transactions and Risk Oversight Committee ("AURROC")

The role of the AURROC is to oversee the Company's financial reporting, internal control system, internal and external audit processes, and monitor compliance with applicable laws and regulations, and internal policies for efficiency and effectiveness of business operations, and proper safeguarding and use of the Company's resources and assets; to ensure that the group-wide policy and system governing Material Related Party Transactions ("MRPTs"), particularly those that breach the materiality threshold is in place and effectively working; and to oversee the establishment of Enterprise Risk Management ("ERM") framework that will effectively identify, monitor, assess and manage key business risks.

B. Governance, Nomination, Remuneration, and Sustainability Committee ("GNRSC")

The Company entrusted to the Board the supervision of significant areas of corporate governance and the role to ensure faithful compliance with all applicable laws and regulations and best business practices. In line with this, the Board is tasked to oversee the establishment and effective implementation of appropriate corporate governance policies and procedures pursuant to its RCGM, including but not limited to, the Code of Business Conduct and policy on Conflict of Interest. In the same way, the Board assigned to its GNRSC the role to oversee the development and implementation of corporate governance principles and policies and perform oversight functions on the Economic, Environment, Social and Governance aspects of sustainability, including ensuring the Company's. This includes ensuring the Company's overall support and alignment with the appropriate standards. The GNRSC is responsible in formulating and applying the Company's Code of Business Conduct and internal policies, as well as monitor compliance through communication and awareness campaigns, continuous training and setting a proper forum where issues may be addressed. The GNRSC is also authorized to recommend a formal framework on the nomination and evaluation of the performance of the directors, officers and senior management to ensure that this framework is consistent with the Company's culture, strategies and the business environment.

The Board Committee Chairman and Members, who are all Independent Directors, are as follows:

Audit, Related Party Transactions and Risk Oversight Committee (AURROC)	
Antonio L. Go - Chairman	Artemio V. Panganiban - Member
Jose T. Pardo - Member	James L. Go - Advisory Member
Renato T. De Guzman - Member	

Corporate Governance, Nomination, Remuneration, and Sustainability Committee (CGNRSC)	
Jose T. Pardo - Chairman	Antonio L. Go - Member
Renato T. De Guzman - Member	Artemio V. Panganiban - Member

The AURROC and GNRSC Charters can be accessed here

Board Independence

The Board has Independent Directors, who are occupying four (4) out of the nine (9) Board seats or more than one-third (1/3) of the members of the Board, and who possess all the necessary qualifications and none of the disqualifications to hold the position. The accountability of the Board and Management are likewise in place. In cases of conflicts of interest, directors with material interests in any transaction with the Company abstain from participating in the deliberation of the same.

Lead Independent Director

The Company's RCGM provides that the Board may consider designating a Lead Independent Director among the Independent Directors if the Chairman of the Board is not an Independent Director and if the positions of the Chairman of the Board and CEO are held by one person. His role is to lead the independent directors and guide the Board in cases where matters of conflict of interest may arise.

On May 13, 2022, the Board appointed Independent Director Antonio L. Go as the Lead Independent Director to perform the following functions:
- To serve as intermediary between the Chairman and the other directors when necessary;
- To convene and chair meetings of the Non-Executive Directors; and
- To contribute to the performance evaluation of the Chairman, as required.

The Chairman of the Board and the President and CEO

To further strengthen the Board's independence, the position of the Chairman of the Board is separated from the President and CEO. Each position has distinct and separate duties and responsibilities in accordance with the Company's Amended By-Laws and RCGM. The Chairman of the Board is Mr. James L. Go, while the President and CEO is Mr. Lance Y. Gokongwei.

The Chairman

The Chairman presides at all meetings of the Board and shareholders. He also assists in ensuring compliance with and implementation of the corporate governance policies and practices. He makes certain that the agenda focuses on strategic matters and guarantees that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions.

The President and CEO

The President and CEO oversees the operations of the Company and manages human and financial resources in accordance with the strategic plan. He also provides leadership for Management in determining, developing, and implementing business strategies, plans and budgets to the extent approved by the Board. He provides the Board with a balanced and understandable account of the Company's performance, financial condition, results of operations and prospects, on a regular basis.

The detailed duties and responsibilities of the Chairman and the President and CEO can be referenced in the RCGM.

Board Training and Orientation

The Company ensures that directors can perform their functions effectively in this rapidly changing environment to cope with heightened regulatory policies, foreign and local demands, and the growing complexity of the business. Orientation programs are conducted for first time directors to ensure that new members are appropriately apprised of their duties and responsibilities. This includes overview of the Company's operations, Code of Business Conduct, Corporate Governance framework and other relevant topics essential in the performance of their functions. As a matter of continuous professional education, the Company facilitates the training opportunities for the directors and key officers annually.

An in-house SEC-accredited Corporate Governance Seminar for directors and officers of the group entitled "UNBOX EXTRA: The group's Innovation Festival" was held via webinar on June 16, 2022 and rebroadcasted on October 17, 2022. The webinar covered the following topics:

- Welcome to the Metaverse: How customers will interact in the future.
- The Filipino Customer, Post COVID
- Design Thinking and Prototyping in Creating Great Customer Experiences
- Customer-led Production Innovation in URC
- Peddlr
- Customer Metrics that Matter
- How Southeast Asia's Largest Car E-Commerce Platform Solves Car Shopping Pain Points
- The Six Worker Archetypes for the World Ahead
- Data in All It Does: The Grab Story
- Technology to Enhance the Customer Journey

The group's leaders likewise attended an INSEAD Master Class as an additional in-house SEC-accredited corporate governance seminar which was held on September 6 and 7, 2022 at Dusit Thani Hotel, Cebu City. The two-day masterclass focused on how to continue to achieve healthy financial returns as a business with sustainable value creation for the environment and the nation at its core. The speakers were Mr. Atalay Atasu, Ms. Lucie Tepla and Mr. Ludo Van der Heyden.

Board Meetings

The Board schedules meetings at the last quarter of the preceding year, holds regular meetings in accordance with its Amended By-Laws, and convenes special meetings when required by business exigencies. The notice and agenda of the meeting and other relevant meeting materials are furnished to the directors at least five (5) business days prior to each meeting. As can be seen in the Certificates of Attendance of Meetings, the Independent Directors have complete attendance for 2022. Unless otherwise provided in the Amended By-Laws, their absence shall not affect the quorum requirement.

There were four (4) regular Board meetings and one (1) organizational Board meeting in 2022. In each meeting, there was a quorum, consisting 2/3 of the number of directors, because all were present. All directors were also present in the virtual Annual Stockholders' Meeting ("ASM") held on May 13, 2022.

As approved by the Board on March 29, 2023, the Non-Executive Directors/Independent Directors shall have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present, and led by the Lead Independent Director.

Attendance of Directors in Board and Board Committee Meetings

Board Meetings

Directors	No. of Actual Meetings Attended	Attendance Percentage
James L. Go	4/4	100%
Lance Y. Gokongwei	4/4	100%
Patrick Henry C. Go	4/4	100%
Johnson Robert G. Go, Jr.	4/4	100%
Robina Gokongwei-Pe	4/4	100%
Jose T. Pardo	4/4	100%
Renato T. De Guzman	4/4	100%
Antonio L. Go	4/4	100%
Artemio V. Panganiban	4/4	100%

Board Committee Meetings

Position	Name	No. of Actual Meetings Attended	Attendance Percentage
A. AURROC			
Chairman	Antonio L. Go	4/4	100%
Member	Renato T. De Guzman	4/4	100%
Member	Jose T. Pardo	4/4	100%
Member	Artemio V. Panganiban	4/4	100%
Adv sory Member	James L. Go	4/4	100%
B. CGNRSC			
Chairman	Jose T. Pardo	1/1	100%
Member	Renato T. De Guzman	1/1	100%
Member	Antonio L Go	1/1	100%
Member	Artemio V. Panganiban	1/1	100%

2022 Board Remuneration

Directors	Per Diem	
	Board Meetings	Committee Meetings
1. James L. Go	210,000.00	105,000.00
2. Lance Y. Gokongwei	210,000.00	-
3. Patrick Henry C. Go	210,000.00	-
4. Robina Gokongwei Pe	210,000.00	-
5. Johnson Robert G. Go, Jr.	210,000.00	-
6. Jose T. Pardo	210,000.00	210,000.00
7. Renato T. De Guzman	210,000.00	210,000.00
8. Antonio L. Go	210,000.00	210,000.00
9. Artemio V. Panganiban	210,000.00	210,000.00
TOTAL	**1,890,000.00**	**945,000.00**

Security Ownership of Management as of December 31, 2022

Title of class	Names of beneficial owner	Position	Amount and nature of beneficial ownership	Citizenship	% to total outstanding
Common	1. James L. Go	Chairman	156,288,580(D)	Filipino	2.08%
Common	2. Lance Y. Gokongwei	Director, President and Chief Executive Officer	570,962,279(D)	Filipino	7.59%
Common	3. Patrick Henry C. Go	Director	133,164(D)	Filipino	*
Common	4. Robina Y. Gokongwei-Pe	Director	190,464,774(D)	Filipino	2.53%
Common	5. Johnson Robert G. Jr.	Director	47,737(D)	Filipino	*
Common	6. Artemio V. Panganiban	Director	10(D)	Filipino	*
Common	7. Jose T. Pardo	Director (Independent)	1(D)	Filipino	*
Common	8. Renato T. De Guzman	Director (Independent)	22,838(D)	Filipino	*
Common	9. Antonio L. Go	Director (Independent)	1(D)	Filipino	*
Common	10. Lisa Y. Gokongwei-Cheng	Senior Vice President, Digital Transformation and Corporate Services	146,018,275(D)	Filipino	1.94%
Common	11. Michael P. Liwanag	Senior Vice President, Investor Relations, Chief of Staff	52,500 (D)	Filipino	*
Common	12. Maria Celia H. Fernandez-Estavillo	Senior Vice President, General Counsel and Corporate Secretary	5,250(D)	Filipino	*
Common	13. David Gulliver G. Go	Chief Human Resources Officer, Corporate Human Resources	43,735(D)	Filipino	*
			1,064,035,144		**14.14%**

Notes:
D - Direct
* - less than 0.01%

Executive Compensation

A. CEO and four (4) most highly compensated executive officers

Name	Position	Salary	Bonus	Others*
1. Lance Y. Gokongwei	Director, President and Chief Executive Officer	₱90,148,972.00	₱500,000.00	₱210,000.00
2. Maria Celia H. Fernandez-Estavillo	Senior Vice President, General Counsel and Corporate Secretary			
3. Renato T. Salud	Senior Vice President, Corporate Affairs and Sustainability			
4. Bach Johann M. Sebastian	Senior Advisor, Corporate Finance and Strategy			
5. Aldrich T. Javellana	Senior Vice President and Treasurer			

* includes per diems of directors

B. All other officers and directors as a group unnamed

Salary	Bonus	Others*
₱62,518,545.00	₱4,000,000.00	₱2,625,000.00

* includes per diems of directors

Below is the security ownership of certain record and beneficial owners of more than 5% of the JGSHI's voting securities as of December 31, 2022

Title of class	Names and addresses of record owners and relationship with the Corporation	Names of beneficial owner and relationship with record owner	Citizenship	No. of shares held	% to total outstanding
Common	Gokongwei Brothers Foundation, Inc. 43/F Robinsons-Equitable Tower ADB Ave. cor. Poveda St. Ortigas Center, Pasig City (stockholder)	Same as record owner (See note 1)*	Filipino	2,096,930,273	27.88%
Common	PCD Nominee Corporation (Filipino) 37/F Tower I, The Enterprise Center, 6766 Ayala Ave. cor. Paseo de Roxas, Makati City (stockholder)	PCD Participants and their clients (See note 2)*	Filipino	1,902,192,937 (See note 3)*	25.29%
Common	PCD Nominee Corporation (Non-Filipino) 37/F Tower I, The Enterprise Center, 6766 Ayala Ave. cor. Paseo de Roxas, Makati City (stockholder)	PCD Participants and their clients (See note 2)*	Non-Filipino	867,584,265 (See note 3)*	11.54%
Common	RSB-TIG No. 030-46-000001-9 17/F Galleria Corporate Center, EDSA cor. Ortigas Avenue, Quezon City (stockholder)	Trustee's designated officers (See note 4)*	Filipino	1,084,985,186	14.43%

*See notes in SEC 17-A "Security Ownership of Certain Record and Beneficial Owners" portion

The Corporate Secretary

The Corporate Secretary assists the Board and the Board Committees in the conduct of their meetings, including preparation of the annual schedule of Board and Committee meetings and the annual Board calendar. She also assists the Chair and its Committees in setting agendas for the meetings, safekeeps, and preserves the integrity of the minutes of the meeting of the Board and its Committees, as well as other official records of the Company.

Atty. Maria Celia H. Fernandez-Estavillo, 51, is the Senior Vice President, General Counsel, and since September 30, 2020, Corporate Secretary of JGSHI. She is also the Corporate Secretary of Universal Robina Corporation and JG Summit Olefins Corporation and the Assistant Corporate Secretary of Gokongwei Brothers Foundation, Inc. She is a member of The British School Manila Board of Governors since 2020 and the Solar Village Foundation Board of Trustees since 2022. Prior to joining JGSHI in March 2017, Atty. Fernandez-Estavillo was the head of the Legal and Regulatory Affairs Group, the Corporate Secretary and a member of the Board of Directors of Rizal Commercial Banking Corporation. She was the Assistant Vice President of Global Business Development of ABS-CBN. She also held positions in government as Head of the Presidential Management Staff, Assistant Secretary at the Department of Agriculture and Chief of Staff of Senator Edgardo J. Angara. She began her legal career in ACCRA. She graduated from the University of the Philippines with a Bachelor of Science degree in Business Economics Summa Cum Laude and secured her Juris Doctor Cum Laude from the same school. She completed her Master of Laws in Corporate Law from New York University School of Law. She received the highest score in the Philippine Bar examinations of 1997.

The Chief Compliance Officer

The Chief Compliance Officer monitors, reviews, evaluates and ensures the compliance by the Company, its directors, officers and employees with the provisions and requirements of the RCGM and the relevant laws, the CG Code for PLCs, rules and regulations and all governance issuances of regulatory agencies. She also ensures the integrity and accuracy of all documentary submissions to the regulators, identifies possible areas of compliance issues and works towards the resolution of the same. She assists the Board and the GNRSC in the performance of their governance functions, including their duties to oversee the formulation or review and implementation of the Corporate Governance structure and policies of the Company.

Atty. Laurinda R. Rogero, 46, was appointed Chief Compliance Officer on March 30, 2022 and is currently the Vice President and Compliance Head of JGSHI's General Counsel Group, a role she has held since May 2017. Prior to joining JGSHI, she was Vice President and Head of the Anti-Money Laundering Department under the Legal and Regulatory Affairs Group of RCBC. She also served as Legal Associate in ACCRA and as Court Attorney in the Supreme Court under Associate Justice Consuelo Ynares-Santiago. Atty. Rogero secured her Juris Doctor from the University of the Philippines and her Master of Laws from the University of Melbourne. She was admitted to the Philippine Bar in 2004.

Compliance Report

The Company submitted the 2021 Integrated Corporate Governance Report ("I-ACGR") to the SEC and PSE on May 25, 2022. The I-ACGR is a reportorial requirement under SEC Memorandum Circular No. 15 series of 2017 for all PLCs to disclose the Company's compliance or non-compliance with the recommendations provided under the CG Code for PLCs. With the "comply or explain" approach, voluntary compliance to recommended corporate governance best practices is combined with mandatory disclosure.

View the company's **I-ACGR**

The Company has a compliance program/manual covering compliance with relevant laws, regulations and policies that is annually reviewed. The manual also has the following contents:

Dividends

The Company's policy is to deliver a steady flow of dividends to its shareholders. In the past five years, JGS has successfully paid out at least Php 0.30 per share annually despite the significant adverse impact of the pandemic in the Company's operations and profitability. The Company shall declare cash dividends annually. The dividend rate, however, shall be reviewed every year by the Board of Directors taking into account the absence of circumstances which may restrict the payment of such dividends and considering applicable laws and regulations, the Company's results of operations, medium and long-term growth and investment strategies, cash flow requirements, and other relevant factors.

The Board approved on May 12, 2022 the declaration of a regular cash dividend in the amount of forty centavos (Php 0.40) per common share from JGSHI's unrestricted retained earnings as of December 31, 2021 to all stockholders of record as of May 26, 2022. The cash dividends were paid on June 4, 2022.

Corporate Governance Policies

Revised Corporate Governance Manual

The Revised Corporate Governance Manual ("RCGM") institutionalizes the principles of good corporate governance throughout the organization. It lays the foundation to the Company's compliance system and identifies the responsibilities of the Board and Management in relation to corporate governance. It also states the Company's policies on disclosure and transparency, and mandates the conduct of communication and training programs on corporate governance. The RCGM further provides the rights of all shareholders and the protection of the interest of the minority shareholders.

The Company's RCGM, Board and different Board Committee Charters, and the Corporate Governance organizational structure are regularly reviewed to ensure compliance with regulatory issuances and keep pace with the constant development of corporate governance best practices. Continuous improvement and monitoring of governance and management policies have been undertaken to ensure that the Company observes good governance. The Company also consistently strives to raise its financial reporting standards by adopting and implementing prescribed Philippine Financial Reporting Standards.

Code of Business Conduct and Corporate Governance Policies

To reinforce the governance framework, the Company put in place the **Code of Business Conduct and adopted policies** on **Conflict of Interest, Anti-Bribery and Anti-Corruption, Whistleblowing, Insider Trading, Material Related Party Transactions, Stakeholders Health Safety and Welfare, Protection of Creditors' Rights, Board Nomination and Election, Succession Planning and Remuneration, Board Diversity, Corporate Disclosure, Supplier Accreditation,** among others.

Code of Business Conduct

The fundamental principle of this Code is the expectation that all JGSHI employees, subsidiaries and affiliates are required to conduct their dealings in the interest of the Company and in accordance with the highest legal and ethical standards. Thus, everyone must observe the Company's core values, acceptable norms, and the policies indicated in the Code of Business Conduct in all of our business activities and future endeavors.

Anti-Bribery and Anti-Corruption Policy

JGSHI upholds its commitment to the highest standards of integrity as set out in the Company's core values. It is the duty of Company employees to avoid acts which might reflect adversely upon the integrity and reputation of the Company and to act with honor in every undertaking with all the stakeholders, keeping in mind the principle of always doing the right thing because it is the right thing to do, even when no one else is watching.

Conflict of Interest Policy

It is the duty of the Company to protect the interests of all stakeholders and ensure procedures are in place to guide its directors, officers, employees, consultants, agents or representatives, in handling transactions where actual, potential, or perceived conflicts of interest may arise. In this regard, the directors, employees and consultants are directed to ensure that all work-related decisions, actions, or inactions are above-board and based on sound business principles and judgment and devoid of bias or partiality. This policy aims to strengthen the stakeholders' confidence in the good governance of the Company by promoting the core value of integrity and reinforcing its Code of Business Conduct and Anti-Bribery and Anti-Corruption policies and programs, as well as, ensure that business decisions always reflect independent judgment and discretion, and are based on the best interests of the Company.

Material Related Party Transactions Policy

It is the policy of the Company to conduct all Related Party Transactions ("RPT") on an arm's length basis, on fair and reasonable terms and conditions no less favorable than any such terms available to unrelated third parties under the same or similar circumstances. MRPT refers to any related party transaction, either individually, or in aggregate over a twelve (12) – month period with the same related party, amounting to ten percent (10%) or higher of the Company's total consolidated assets based on its latest audited financial statements. Its purpose is to protect the Company from conflict of interest by instituting the proper review, approval and reporting of transactions which may be entered into between or among the Company or any of its subsidiaries, associates, affiliates, joint venture, directors and officers.

Stakeholders' Welfare, Transparency, and Anti-Corruption

Duty to Shareholders

The Company is committed to ensure fair and equitable treatment of all shareholders, including the minority, and to protect their rights which include the right to vote on all matters that require their consent or approval, right to inspect corporate books and records, right to information, right to dividends and appraisal right.

JGSHI is transparent and fair in the conduct of its Annual and Special Shareholders' meetings and encourages active shareholders participation. The Annual Stockholders' Meeting ("ASM") was held on May 13, 2022 by remote communication and was attended by shareholders owning or representing a majority of the outstanding capital stock and by all of the Board. The Notice of the ASM was published in the Manila Standard and Business World on April 18, 2022 in accordance with the CG Code for PLCs, and the Amended By-Laws, requiring said notice be sent to shareholders at least twenty-eight (28) days before the meeting. The shareholders are encouraged to attend such meetings. Shareholders who are unable to attend are apprised ahead of time of their right to appoint a proxy. In order for the Company to properly conduct validation procedures through its external auditor, stockholders who wish to participate via remote communication are instructed to notify the Company through email of their desire to vote in absentia. Subject to the requirements of law, rules and regulations and the Amended By-Laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy shall be resolved in the favor of the shareholder.

In accordance with Article II, Section 7 of the Amended By-Laws, every stockholder is entitled to vote, in person or by proxy, for each share of stock held by him which has voting power upon matters in question.

Shareholders' Rights

The Company recognizes the right of all shareholders to be treated fairly and equally, whether they are controlling or minority; local or foreign. The Company respects the rights of shareholders as provided under the Revised Corporation Code and other laws, and as stated in its Articles of Incorporation and Amended By-Laws. These rights relate to the following, among others: (1) right to vote on all matters that require their consent or approval; (2) right to inspect corporate books and records; (3) right to information; (4) right to dividends; and (5) appraisal right. In furtherance of these rights, an Investor Relations Officer ("IRO"), under the Corporate Strategy Office, was appointed in order to communicate to the shareholders all material information on the activities of the Company.

Duty to Other Stakeholders

The Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that encourages the Company's sustainable growth, while contributing to the advancement of the society where it operates. The Company employs value chain processes that take into consideration the Economic, Environmental, Social and Governance issues and concerns.

Customer's Welfare

The Company adopts customer relations policies and procedures to protect the customer's welfare. This includes providing and making available the customer relations contact information empowered to address and attend to customer questions and concerns.

Supplier/Contract Selection

The Company follows the Supplier Accreditation Policy to ensure that the Company's suppliers and contractors are qualified to meet its commitments. Apart from the accreditation process, suppliers and contractors also undergo orientation on Company policies and ethical practices.

Employees

The Board also establishes policies, programs and procedures that encourage employees to actively participate in the realization of the Company's goals and its governance including but not limited to:

- Health, Safety and Welfare
- Training and Development
- Rewards, Compensation and Benefits

Performance-enhancing mechanisms for employee participation

The Company complies with the standards and policies set by the Department of Labor and Employment. Likewise, the Company has Security and Safety Manuals that are implemented, reviewed and regularly updated to ensure the security, safety, health, and welfare of the employees in the workplace.

Leadership and People Development

Anti-corruption programs and procedures

The ethical and behavioral standards that are expected of directors, officers and employees are set out and embodied in the Company's Code of Business Conduct, Anti-Corruption Programs, Company Policies and Offenses Subject to Disciplinary Action ("OSDA"), among others. The same are disseminated to all directors and employees across the Company through trainings and advisories to embed them in the Company culture. On November 7, 2022, an online refresher on the Code of Business Conduct was launched where JGSHI garnered 100% training compliance for both its directors and employees. New employees are likewise oriented regarding policies and procedures related to Business Conduct. Further, employees of the Conglomerate are required to comply with the Self-Disclosure Activity on Conflict of Interest and Declaration of Gifts Received on an annual basis. Covered employees pledge their adherence to the Code of Business Conduct upon accomplishing the Self-Disclosure Form.

The Company also has an established suitable framework for whistleblowing and ensure its enforcement to allow employees and other stakeholders to freely communicate their concerns and any complaints including illegal or unethical practices or behavior, without fear of retaliation and to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.

Any employee, business partner and other stakeholders may discuss or disclose in writing any concern on potential violation of the Code of Business Conduct with the Integrity and Ethics Council ("IECON"). Reports can be made in writing or by email using the following contact details:

- Email: iecon@jgsummit.com.ph
- Mailing Address: IECON JG Summit Holdings, Inc. 40/F Robinsons Equitable Tower ADB Avenue corner P. Poveda St., Ortigas Center, Pasig City Metro Manila, Philippines

All information received in connection with the reports or disclosures shall be strictly confidential and shall not be disclosed to any person without prior consent of IECOM.

The Company also launched "i-Speak", an online whistleblowing portal available for access 24/7 by the public in the Company's website. Access to i-Speak is through this web link: **i-Speak Report**

The anti-corruption programs and procedures of the Company cover the following:

- Conflict of Interest
- Conduct of Business and Fair Dealings
- Receipt of Gifts from Third Parties
- Compliance with Laws and Regulations
- Respect for Trade Secrets/Use of Non-public Information
- Use of Company Funds, Assets and Information
- Employment and Labor Laws and Policies
- Disciplinary Action
- Whistleblowing
- Resolution of Conflicts

JGSHI participates in organizations engaged in programs in the field of corporate governance, compliance and business ethics, such as NAVEX and KEN Knowledge International (e.g., trends in whistleblowing, Corporate Governance Masterclass, etc.), which enables the Company to have access to materials, discussions and trainings related to corporate governance, as well as interact with other governance and ethics professionals around the world. Locally, JGSHI is a member of the GGAPP, and participates in activities sponsored by the Institute of Corporate Directors ("ICD").

Risk assessments are conducted on various aspects of the business, such as strategic, governance, operational, legal, compliance, among others. This process encompasses assessment of risk of corruption and bribery within the organization and external parties.

Enterprise Risk Management and Internal Controls

JGSHI recognizes the increasing importance of sound risk management practices to drive business growth and sustainability. The Company acknowledges that viewing business risks and opportunities in the context of sustainable development is the way to remain responsive, relevant and successful. Aware of its volatile, uncertain, complex, and ambiguous (VUCA) business environment, the Company puts emphasis on critical, emerging, and systemic risks and drivers, including ESG risks and megatrends, to ensure that these are managed well and the interest of stakeholders are protected.

Risk Governance

The role of Enterprise Risk Management (ERM) is to oversee that a sound ERM framework is in place to effectively identify, monitor, assess and manage key business risks. The risk management framework shall guide the Board in identifying units or business lines, enterprise-level risk exposures, as well as the effectiveness of risk management strategies. The following structure represents the line of responsibility of key functions that ensure the effective management of all risks that are considered material to the Company.

The **Board of Directors (BOD)** assume ultimate responsibility for the oversight of the Company's ERM management policies and procedures. The BOD sets clear directions on the management of the most important risks and evaluates the overall effectiveness of the ERM process, both at the operating company level and the JGSHI level. The Board of Directors reviews Management reports with due diligence to enable the company to anticipate, minimize, control and manage risks or possible threats to its operational and financial viability.

The **Audit, Related Party Transactions and Risk Oversight Committee (AURROC)** oversees the implementation of the ERM plan in accordance with the Board approved policies and procedures and it ensures the Board is fully informed on material risk exposures, mitigation actions, and residual risks.

The **Chief Risk Officer (CRO)** leads the Enterprise Risk Management process that will ensure a sound ERM framework is in place to effectively identify, monitor, assess and manage key business risks. The CRO spearheads the development, implementation, maintenance and continuous improvement of ERM processes and documentations, and communicates significant risk exposures, control issues, and risk management plans to the AURROC.

The Board appointed Brian M. Go as the Chief Finance and Risk Officer (CFRO) of the Company. Under the risk and controls function, the CFRO is the steward of risk management, specifically those that have financial impact and affect company value.

Brian M. Go, 49, was appointed as the CFRO of JGSHI on July 1, 2021. He is also a Board Director and Executive Committee member for Maxicare, Maxilife and Maxicare Health Services, the Managing Director of URC Equity Ventures Pte Ltd., as well as serving on the Investment Committee of JG Digital Equity Ventures (JGDEV), and a Senior Advisory Board member of Robinsons Bank Corporation. Brian started his career in New York City with Booz Allen Hamilton in 1996, in the Financial Services practice. He returned to Manila in 1998, working at DTPI (Digitel/Sun Cellular) in Corporate Planning, and as Managing Director of the Datacom business. He worked in China from 2003 to 2013, serving as Finance Director, then Chief Financial Officer of Ding Feng Real Estate (DFRE) group of companies. From 2007, he concurrently assumed the General Manager role for URC China, and was later appointed General Manager of URC Malaysia/Singapore. He was also the Vice President for URC's International Trading Operations/Global Exports based in Singapore from 2019 to 2022. Brian graduated from Harvard University with a degree in BA Economics, Cum Laude, in 1996. He completed his Executive MBA with Kellogg-HKUST in 2007 and is a CFA charter holder.

The **Risk Council** supports the CRO by identifying key risk exposures in all areas, including those relating to Economic, Environmental, Social and Governance factors and defining risk management strategies. The Risk Council leads the development of risk mitigation plans and in monitoring risks and effectiveness of response plans.

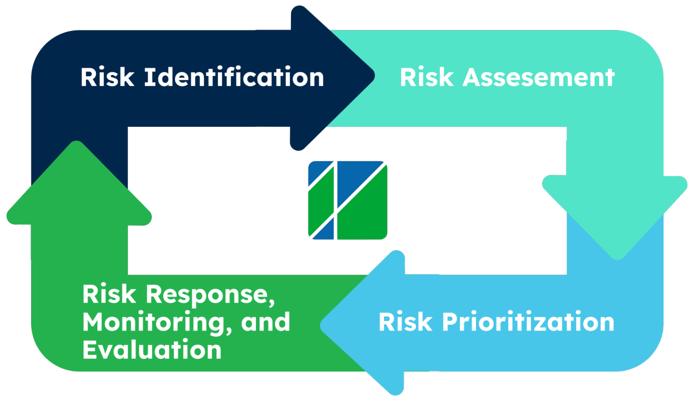
Risk Champions are functional or business unit heads responsible for setting and implementing controls to mitigate risks relevant to their respective departments or business units. They act as the ERM subject-matter experts on specific risk categories, collaborating with other risk champions to better understand risk interaction across the organization. They ensure the effective execution and continuous improvement of the ERM process in their respective areas of responsibility.

The **Risk Owners** are directly accountable and responsible for the identification and management of assigned risks. They work with risk champions to determine the best approaches to managing the risks. They evaluate the effectiveness of response, track and report residual risks, and recommend further risk treatment to the risk champion and the ERM Team.

Internal Audit provides independent assessments to the AURROC, Management and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for the Company.

Risk Management Process

As a group, we employ a bottom-up approach involving each functional unit of our operating companies — Airline, Food Manufacturing, Real Estate, Bank, and Petrochemicals — to identify, assess, prioritize, and build risk responses. The top risks identified at the functional unit's level are rolled up to the enterprise level of our operating companies, and then to the JG Group enterprise.



Risk Identification, Assessment, and Prioritization

Risk champions and owners conduct risk identification using different tools such as risk factor analysis, megatrends analysis, and systems dynamics analysis. This enables them to determine the factors that could prevent delivery of their unit's business objectives. Identified risks are grouped into categories as follows:

- Strategic Risk
- Reputational Risk
- Governance Risk
- Emerging Risk
- Operational Risk
- IT and Digitalization Risk
- People Risk
- Financial Risk
- Legal and Compliance Risk

For each risk category, we developed a risk assessment scale that defines what is considered insignificant, minor, moderate, major, or extreme impact to our business. Likewise, we set the likelihood parameters defining whether the chance of occurrence is rare, unlikely, probable, likely, or almost certain. Each operating company developed their own risk assessment scale depending on their context and risk appetite. In doing so, we made our risk rating process easier and more objective.

In assessing risks, we rated the severity of impacts of the risks based on their nature, regardless of our organization's circumstances and capability to manage them. Those rated high and very high in severity were considered in the prioritization process.

Risks are prioritized based on our organization's risk profile, vulnerability, and contribution to aggravating certain risks. The latter is particularly relevant to ESG risks, like climate change impact which we also contribute to. Furthermore, we also consider the urgency of the risks which is a factor of velocity or how quickly we will feel the impact of the risks when they materialize, and mitigation timeframe or the length of time that we need to manage these risks.

Strategic Risk

Concerns events that could affect the outcome of strategic decisions, such as mergers and acquisitions, key investments, resource allocations, and new business ventures.

- Capital allocation
- Business performance
- Investor sentiment

Our top **Strategic risks** cover areas of capital allocation, business performance and competition. We also recently took a closer look at how perceived exposure of the Group to industry disruptions, market volatilities, geopolitical risks and ESG risks affect stakeholder value. These risks could affect the Company's market capitalization, or pose an unfavorable view in the Group's value creation, and limit growth prospects. Our risk responses include conducting sector analysis in relation to customer trends, incorporating risk management in implementing the OGSM process in our businesses, regular review of capital allocation decisions and analysis on the potential impact on the parent company's risk-return profile, and effective communication of our business performance as well as sustainability practices and initiatives.

Reputational Risk

Refers to anything that could impact the company's brand value, public perception, and stakeholder relationships.

- Corporate image and third-party ratings
- Misinformation
- Unmet customer and community needs

Our **Reputational risk** pertains to how third-party views and ratings affect our corporate image and brands. Misinformation about JGSHI and/or its subsidiaries and unfavorable public opinion could impact the Company's license to operate, as well as market capitalization. We perform active scanning of mainstream social media outlets and continuously monitor our business positioning in the market and external reputation.

Our Company also follows a strict protocol in obtaining a social license to operate whenever it enters a certain community. Communities are important stakeholders who help the Company succeed. JGSHI recognizes risks related to poor community engagement, where communities' concerns are not properly addressed, could push the community to act against the Company's interest. It is crucial for JGSHI that the community understands the value that it brings to the community, and that the Company is open to hearing their feedback and doing what is best to address their concerns.

JGSHI also recognizes that unresolved customer complaints, especially when these reach digital platforms, may influence wider customer perception of the quality of our products and services. Issues surrounding product safety and quality, customer privacy and advertising, if remained unresolved, could lead to a decrease in customer satisfaction. Unmet customer satisfaction could result in a decline in sales, and eventual loss of market share.

Governance Risk

Pertains to risks related to implementation of and adherence to policies and procedures and ethical practices within the organization.

- Compliance with company policies

Our **Governance risk** relates to compliance with company policies and processes. Unintended or intentional breaches of company policies and ethical standards may result in operational inefficiencies, significant financial losses, loss of stakeholder trust, or reputational damage. We address this by strengthening our internal control measures and functions. We also reinforce good corporate governance practices and regularly conduct training on code of business conduct and ethics.

Additionally, issues on corruption could compromise the Company's ability to equitably distribute economic value to the right stakeholders. Our Company has anti-corruption policies and procedures in place such as a code of conduct that prohibits corrupt practices, and a reporting mechanism for whistleblowers to report any suspected corruption.

Emerging Risk

Refers to new or developing risks that the company has little to no experience in, such as climate change, biodiversity loss, and pandemics.

- Geopolitical tensions
- Climate change risk

Emerging risks refer to new or developing risks that the Company has little to no experience in, such as climate change, biodiversity loss, and pandemic.

We however consider geopolitical tensions as one of our top **emerging risks** with the continuing conflict in the global order causing economic volatility and severely affecting the international commerce and flow of goods and labor. Potential impact to the Company includes difficulty in sourcing raw materials, decreased profits due to higher input costs, and reduced growth prospects. We incorporate geopolitical risk analysis and strategic foresight planning in market and transaction evaluation to reduce the impact of this risk.

The Company also takes into consideration the potential adverse impact of climate change on human and ecological systems. Extreme weather events may threaten human health and safety, disrupt food and water supplies, affect livelihoods, ecosystems and displace other species. Climate risks can have economic, social and cultural impact and may also affect infrastructure, assets and disrupt services provision that can result in financial losses. Realizing the urgency and importance of climate risks, we aim to improve our climate resilience, manage the negative physical and transition impacts and take advantage of the opportunities to stay ahead of the curve.

This year we are embarking on a project to gain better understanding of science-based climate risks information from the best available climate models to understand how our facilities and value chains can get impacted under different climate scenarios. We are considering the worst-case scenario (RCP 8.5) for physical risks for us to assess if our facilities can tolerate projected physical climate conditions such as extreme heat, wind speeds, precipitation in future time scales. We will also look at how our business environment such as regulatory and market conditions can change as driven by global and sectoral low-carbon transition under RCP 2.6 climate scenario. We will also attempt to estimate the financial implications of these climate impacts for consideration as we craft our risk response and mitigation strategies. In our succeeding reports, we will disclose our key findings and plans to implement climate risk controls.

Operational Risk

Relates to factors that could potentially disrupt routine business activities or impair property, infrastructure, and security.

- Geohazards
- Supply chain disruptions
- Safety and product quality
- Equipment and process management
- Gas emissions and solid waste management

Geohazards continue to be one of the most important **Operational risks** across the Group, along with supply chain disruptions, safety and product quality, and equipment and process management. Geohazards impact physical assets, operations, and personnel, while the quality of our products and services influences our relationship with our customers and their perception of the company. We are, however, always on top of these risks as we ensure that proper operations management and product quality management systems are in place, and there is diversity in raw materials sourcing and adequate insurance coverage for facilities, assets, and people. We have a supplier accreditation system in place to ensure continuous supply of quality goods and services by reputable and reliable suppliers who are compliant with applicable government rules and regulations like environmental, labor, health and safety, etc. To the extent possible, the Company promotes inclusive business in its value chain by getting supplies from farmers and cooperatives to provide employment and revenues to low-income communities.

Our Company also considers the long-term implications of material usage, beyond just reducing greenhouse gas emissions. By recognizing the potential for material scarcity, our Company is taking steps to reduce its reliance on non-renewable materials and adopt sustainable sourcing practices. This can include measures such as using recycled materials, reducing material waste through better design and production processes, and sourcing materials from suppliers that follow sustainable practices. Our Company also recognizes the potential risks to human health and the environment, posed by air emissions, air pollutants, and solid waste, and is taking steps to manage them responsibly. We are implementing measures to reduce these emissions, such as improving combustion efficiency or using low-emission fuels to help mitigate these risks. Similarly, solid waste can also have negative impacts on the environment and surrounding communities, if not properly managed, such as that of plastic waste. By adopting responsible waste management practices, such as reducing waste generation through better design or recycling and treating waste, our Company can help to minimize these risks. It is also important to address the potential for leakages in the waste management system, as these can lead to various hazards. By implementing measures to prevent and detect leaks, such as regular maintenance and monitoring, our Company can reduce the likelihood of these hazards occurring and protect the environment and surrounding communities.

IT and Digitalization Risk

Refers to the Risk of business disruption which may be caused by hardware or software failure, cyberattacks, unauthorized access to company information, and the like, or lost opportunities associated with lack of innovation or investments in technology.

- Cybersecurity

Cyber security risk remains to be the most relevant IT and Digitalization risk for the Group. The consequences related to this risk include loss of information, disruptions in business operations, increased cost of added security or disaster recovery, and potential loss of credibility and damage to brand and company image. This risk could also lead to significant regulatory violations. Instances of data breaches could place the Company's sensitive or confidential information at risk of being used against it or used to gain an unfair advantage over it. Leaks of personal information (e.g. employees and customers) could also pose threats to the person's safety and security. Nonetheless, this is well-mitigated as we continue to strengthen our security posture with pragmatic and holistic solutions to proactively identify, protect, detect, respond and recover, as well as improve our system and data access controls.

People Risk

Refers to factors and events that could compromise the wellbeing, productivity, and performance of our employees.

- Talent recruitment and retention
- Occupational health and safety

Our top **People risk** pertains to the intense competition for key talents, especially for those with digital aptitude. High attrition could result in business disruptions, compromised service quality and increased cost of talent acquisition and training. We address this by continually upgrading our talent acquisition strategies, conducting wages and benefits benchmarking, and employing data insights and advanced analytics in developing HR programs for employees' professional growth and development.

We foster a safe environment for labor unions to freely communicate their concerns to the management. This is key to arriving at a mutually beneficial agreement. When disagreements are not addressed immediately, the Company recognizes that it may run the risk of labor unrest, which can disrupt the company's operations and ability to meet its customer's needs.

A more diverse workforce could also improve the way the Company assesses the needs of its stakeholders. This opens the opportunity to innovate to better serve the needs of its stakeholders. This could alleviate exclusion of certain segments of the population, lower talent selection pool and high opportunity cost from untapped markets.

The pandemic has propelled the importance of Health and Safety to the forefront not just in the workplace but everywhere else. Our Company continues to work towards ensuring that employees are healthy and safe because we understand the consequences to life and property if this is not addressed properly. Noncompliance with health and safety standards and regulations could also cost JGSHI penalties from regulators, suspension of operations, attrition, and damage to reputation.

Financial Risk

Refers to matters that could affect the financial position or performance of the company such as credit, liquidity, and foreign currency risks.

- Increases in interest rates
- Higher commodity costs
- Foreign exchange volatility

Our key **Financial risks** are primarily related to sudden changes in market variables and liquidity. In the past two years, we have experienced drastic increases in interest rates and commodity prices, and foreign exchange volatility which significantly impacted our Group's financial performance. This includes margin compression due to higher input costs, higher cost of debt, and lower returns from financial investments. To counter this financial risk, our Group manages and maintains a good balance of foreign-denominated financial assets, local currency borrowings, risk-appropriate instruments, while strengthening both our onshore and offshore banking relationships.

Legal and Compliance Risk

Includes risks related to compliance to rules and regulations, adaptation to changing political landscapes and new government pronouncements, as well as exposures that could arise from contractual obligations, anti-competition and monopolization concerns, and legal disputes against the company.

- Potential legal disputes
- Variability in law interpretation
- Changing regulatory environment

Our **Legal and Compliance risks** typically include potential legal disputes and variabilities in law interpretation. Non-compliance with any law, including environmental regulations, could have financial and reputational implications for the Company from fines to stoppage of operations. We are closely monitoring regulatory updates such as those related to the Single-Use Plastic Products bill and the Extended Producer Responsibility Act. We have a team of in-house legal experts who coordinate with concerned business units on potential legal issues and pursue all remedies available. We also engage with third-party consultants, as necessary, to strengthen our position on related issues. Our Company ensures that the Group maintains compliance with regulatory requirements.

Risk Response, Monitoring, and Evaluation

We ensured that appropriate risk responses are in place for each priority risk, both at the level of the risk champions and risk owners and at the enterprise level of our operating companies. Risk responses have also been put in place at the JGSHI level, specifically those that are common to most of our businesses.

Risk champions are tasked to continually monitor and evaluate the effectiveness of the risk responses. Material residual risks are assessed properly for improvement of risk response and identification of recovery measures.

Given the dynamic nature of risks, the entire risk management process is iterated as separate and independent processes at the functional units of our operating companies and as a group-wide process.

Internal Controls

To further advocate the Company's commitment in the pursuit of good governance and achieving compliance with applicable laws and Company policies and procedures, the Company ensures to strengthen the Enterprise Governance, Risk Management and Compliance (GRC) Culture and maintain a strong system of internal controls focused on accountability and oversight of operations. With the leadership of the Company's CFRO, internal control is embedded in the operations of the company and in each Business Unit (BU) and Corporate Center Unit (CCU). To accomplish the established goals and objectives, the BUs and CCUs implement robust and efficient process controls to ensure:

- Compliance with policies, procedures, laws and regulations
- Economic and efficient use of resources
- Check and balance and proper segregation of duties
- Identification and remediation control weaknesses
- Reliability and integrity of information
- Proper safeguarding of company resources and protection of company assets through early detection and prevention of fraud

Accountability and Audit

The Board ensures that its shareholders are provided with a balanced and comprehensible assessment of the Company's performance, position and prospects on a quarterly basis. Interim and other reports that could adversely affect its business are also made available in the Company website including its submissions and disclosures to the SEC and PSE.

The Board also appoints a Chief Audit Executive ("CAE") upon the recommendation of the Audit Committee (now AURROC).

Rya Aissa S. Agustin, 42, is the Chief Audit Executive of JGSHI, appointed on July 1, 2021. Prior to her current role, she served as Director for Corporate Internal Audit. She has extensive experience in internal audit, compliance, risk management and finance in local and international sectors. Before joining JGSHI in 2020, she was the Compliance and Monitoring Head for National Grid Corporation of the Philippines. She started her audit practice in the Global Internal Audit group of Procter & Gamble handling several roles as Global Subject Matter Expert across various audit areas. She is a Certified Internal Auditor ("CIA") and a Fellow, Life Management Institute, with Distinction ("FLMI") which are globally recognized certifications for audit and financial services professionals. She graduated with a degree in BS Economics (Magna Cum Laude) from the University of the Philippines.

Internal Audit

The Internal Audit Group is focused on adhering to their purpose, mission and vision to be the trusted advisors of the Board and Management and be world-class internal audit professionals who deliver independent, objective, quality and agile audit services at benchmark value, enabled by innovative audit systems and technologies.

The activities of the Internal Audit Group are governed by an Internal Audit Charter which is approved and reviewed periodically by the AURROC. Under the charter, the Internal Audit adopts a risk-based audit approach and performs agile risk assessment to consider new and emerging risks. The Internal Audit Group provides independent and objective assurance, consulting and investigative services to assess and enhance the overall control environment encompassing the through Governance, Risk Management and Compliance (GRC) scale and synergies, with applicable laws and regulations.

To create competitive advantage through GRC scale and synergies, the Internal Audit continues to work closely with the internal audit teams of the different business units through benchmarking and sharing of knowledge, best practices and tools.

The Internal Audit Group provides continuing training and professional development programs to remain relevant and to keep with the evolving business needs of the conglomerate.

Other Matters

External Audit

Name of Auditor	Audit and Audit-Related Fees	Yr. 2022
SyCip, Gorres, Velayo & Co.	Fees for services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements	P 4,780,000
	Total	**P 4,780,000**

Company Website

The Company updates the public with operating and financial results through the timely disclosures filed with SEC and PSE. The company website is maintained to ensure investor-friendliness and the convenient access to information for all the shareholders and various stakeholders. The **Company website** contains comprehensive information about the Company's business portfolios, disclosures and reports, corporate governance reports, manual and policies, press releases and an archive thereof, vision, mission, core values, investor relations program, sustainability and corporate social responsibility activities, among others. The Company ensures that all information included in the Company website is accurate, relevant and up-to-date.

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
JG Summit Holdings, Inc.
43rd Floor, Robinsons-Equitable Tower
ADB Avenue corner Poveda Road, Pasig City

Opinion

We have audited the accompanying consolidated financial statements of JG Summit Holdings, Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements as at December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022 are prepared in all material respects, in accordance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC) as described in Note 2 to the consolidated financial statements.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 2 to the consolidated financial statements which indicates that the consolidated financial statements have been prepared in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic. The impact of the application of the financial reporting reliefs, which are applicable to the Group's Real Estate Segment, specifically under Robinsons Land Corporation, on the 2022 consolidated financial statements are discussed in detail in Note 2. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Real Estate Revenue Recognition

The Group's revenue recognition process, policies and procedures are significant to our audit because these involve the application of significant judgment and estimation in the following areas: (1) assessment of the probability that the Group will be able to collect the consideration from the buyer; (2) application of the input method as the measure of progress of project completion in determining the revenue to be recognized; (3) determination of the actual costs incurred as cost of sales; and (4) recognition of costs to obtain a contract. In the Group's China operations, revenue is recognized at the end of the project when the contract has been completed and acceptance of the buyer of the real estate inventory sold.

In evaluating whether collectability of the amount of consideration is probable, the Group considers the significance of the buyer's initial payments (or buyer's equity) in relation to the total contract price. Collectability is also assessed by considering factors such as past collection history with the buyer, age and pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs, after considering the impact of the COVID-19 pandemic, if such would continue to support the Group's current threshold of buyers' equity before commencing revenue recognition.

In determining the transaction price, the Group considers the selling price of the real estate property and other fees and charges collected from the buyers that are not held on behalf of other parties.

In measuring the progress of its performance obligation over time, the Group uses the input method. Under this method, progress is measured based on actual costs incurred on materials, labor, and actual overhead relative to the total estimated development costs of the real estate project. The Group uses the cost accumulated by the accounting department to determine the actual costs incurred. The estimation of the total costs of the real estate project requires technical inputs by project engineers.

In determining the actual costs incurred to be recognized as cost of sales, the Group estimates costs incurred on materials, labor and overhead which have not yet been billed by the contractor.

The Group identifies sales commission after contract inception as the cost of obtaining the contract. For contracts which qualified for revenue recognition, the Group capitalizes the total sales commission due to sales agent as cost to obtain contract and recognizes the related commission payable. The Group uses the percentage-of-completion (POC) method in amortizing sales commission consistent with the Group's revenue recognition policy.

In 2022, the Group's real estate revenue and costs include revenue recognition from the Group's real estate operations in China. In recording its revenues, taking into account the contract terms, business practice and the legal and regulatory environment in China, it uses Completed Contract method (CCM) in accordance with PFRS 15. Under this method, all the revenue and profit associated with the sale of the real estate inventories is recognized only after the completion of the project.

The disclosures related to the real estate revenue are included in Notes 3 and 26 to the consolidated financial statements.

Audit Response

We obtained an understanding of the Group's real estate revenue recognition process, policies and procedures.

For the buyers' equity, we evaluated management's basis of the buyer's equity by comparing this to the historical analysis of sales cancellations from buyers with accumulated payments above the collection threshold. We also considered the impact of the coronavirus pandemic to the level of cancellations during the year. We traced the analysis to supporting documents such as deed of cancellations.

For the determination of the transaction price, we obtained an understanding of the nature of other fees charged to the buyers. For selected contracts, we compared the amounts excluded from the transaction price against the expected amounts required to be remitted to the government based on existing tax rules and regulations (e.g., documentary stamp taxes, transfer taxes and real property taxes).

For the application of the input method in determining real estate revenue and for determining cost of sales, we obtained an understanding of the Group's processes for determining the POC, including the cost accumulation process, and for determining and updating total estimated costs, and performed tests of the relevant controls on these processes. We assessed the competence and objectivity of the project engineers by reference to their qualifications, experience and reporting responsibilities. For selected projects, we traced costs accumulated, including those incurred but not yet billed costs, to the supporting documents such as purchase order, billings and invoices of contractors and other documents evidencing receipt of materials and services from suppliers and contractors. We visited selected project sites and made relevant inquiries, including inquiries on how the COVID-19 pandemic affected the POC during the period, with project engineers. We performed test computation of the percentage of completion calculation of management. For selected projects, we obtained the approved total estimated costs and any revisions thereto and the supporting details such as capital fulfillment plan, capital expenditure requests and related executive committee approvals. We likewise performed inquiries with the project engineers for the revisions.

For the cost of real estate sales, we obtained an understanding of the Group's cost accumulation process and performed tests of the relevant controls. For selected projects, we traced costs accumulated, including those incurred but not yet billed, to supporting documents such as invoices and accomplishment reports from the contractors and official receipts.

For the recognition of cost to obtain a contract, we obtained an understanding of the sales commission process. For selected contracts, we agreed the basis for calculating the sales commission capitalized and portion recognized in profit or loss, particularly (a) the percentage of commission due against contracts with sales agents, (b) the total commissionable amount (i.e., net contract price) against the related contract to sell, and (c) the POC used in calculating the sales commission against the POC used in recognizing the related revenue from real estate sales.

For the revenue recognition of the Group's real estate operations in China reported under CCM, we coordinated with the non-EY auditors of the Group in China on certain audit procedures and shared information that may be relevant to their audit. However, we have no responsibility for the procedures they performed or for their report. Also, we coordinated with our EY network firm in China (EY Hua Ming Chengdu Office) to perform planning, risk identification and review of audit procedures performed by the non-EY auditors of the Group in China. Based on the reports obtained and reviewed, the non-EY auditors in China performed tests of the relevant controls on revenue process, verified the revenue and costs recognized, obtained and assessed relevant licenses including communications to buyers that real estate inventories are ready for acceptance, obtained signed notice of acceptance or equivalent documentation from the buyers, obtained and evaluated accomplishment reports, and validated that the revenue and costs are recognized in the correct period.

Recoverability of Goodwill and Intangible Assets

The Group is required to perform annual impairment tests on its goodwill and intangible assets with indefinite useful lives. As of December 31, 2022, the Group's goodwill attributable to the acquisition of Crunchy Foods Sdn. Bhd. and Subsidiaries and other acquired entities amounted to ₱20.1 billion. The Group's intangible assets with indefinite useful lives consist of trademarks and brands, trade secrets and product formulation amounting to ₱3.0 billion, ₱2.2 billion and ₱0.4 billion, respectively. The annual impairment test is significant to our audit because (a) the balances of goodwill and intangible assets with indefinite useful lives are material to the consolidated financial statements; and (b) the determination of the recoverable amount of the cash-generating units (CGUs) to which goodwill is attributed, and as it relates to the other intangible assets with indefinite useful lives, involves significant management judgment and assumptions about the future results of business. The significant assumptions used in determining the recoverable amounts of these assets, specifically revenue growth rate, discount rate and the terminal growth rate that are applied to the cash flow forecasts, are subject to higher level of estimation uncertainty due to the current economic conditions.

The Group's disclosures about goodwill and intangible assets with indefinite useful lives are included in Notes 3, 18 and 19 to the consolidated financial statements.

Audit response

We evaluated the methodologies and the assumptions used in the value in use calculations. These assumptions include revenue growth rate, discount rate and the terminal growth rate. We compared the key assumptions used against the historical performance of the cash generating unit (CGU), industry/market outlook and other relevant external data. We also assessed the reasonableness of the discount rate used by comparing these against entities with similar risk profiles, capital structures, industries and market information. In all cases as applicable, we considered the impact associated current economic conditions. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive, specifically those that have the most significant effect on the determination of the recoverable amount of goodwill and intangible assets with indefinite useful lives.

Adequacy of Allowance for Credit Losses on Loans and Receivables from the Banking Business

The Group's application of the expected credit loss (ECL) model in calculating the allowance for credit losses on loans and receivables of its banking business is significant to our audit as it involves the exercise of significant management judgment. Key areas of judgment include: segmenting the Group's credit risk exposures; determining the method to estimate ECL; defining default; identifying exposures with significant deterioration in credit quality, taking into account extension of payment terms and payment holidays provided as a result of the coronavirus pandemic; determining assumptions to be used in the ECL model such as the counterparty credit risk rating, the expected life of the financial asset, expected recoveries from defaulted accounts and impact of any financial support and credit enhancements extended by any party; and incorporating forward-looking information (called overlays), including the impact of the coronavirus pandemic, in calculating ECL.

Allowance for credit losses on loans and receivables as of December 31, 2022 for the Banking Business amounted to ₱2.8 billion. Provision for credit losses of the Banking Business in 2022 amounted to ₱927.5 million.

The disclosures related to the allowance for credit losses on loans and receivables of the banking business are included in Notes 3 and 44 to the consolidated financial statements.

Audit response

We obtained an understanding of the board approved methodologies and models used for the Banking Business' different credit exposures and assessed whether these considered the requirements of PFRS 9 to reflect an unbiased and probability-weighted outcome, and to consider time value of money and the best available forward-looking information.

We (a) assessed the segmentation of its credit risk exposures based on homogeneity of credit risk characteristics; (b) tested the definition of default and significant increase in credit risk criteria against historical analysis of accounts and credit risk management policies and practices in place, and management's assessment of the impact of the coronavirus pandemic on the counterparties; (c) tested the application of internal credit risk rating system, including the impact of the coronavirus pandemic on the borrowers, by reviewing the ratings of sample credit exposures; (d) assessed whether expected life is different from the contractual life by testing the maturity dates reflected in the records and considering management's assumptions regarding future collections, advances, extensions, renewals and modifications; (e) tested loss given default by inspecting historical recoveries and related costs, write-offs and collateral valuations; (f) tested exposure at default considering outstanding commitments and repayment scheme; (g) evaluated the forward-looking information used for overlay through corroboration of publicly available information and our understanding of the Banking Business' lending portfolios and broader industry knowledge, including the impact of the coronavirus pandemic; and (h) tested the effective interest rate used in discounting the expected loss.

Further, we compared the data used in the ECL models from source system reports to the data warehouse and from the data warehouse to the loss allowance analysis and models and financial reporting systems. To the extent that the loss allowance analysis is based on credit exposures that have been disaggregated into subsets of debt financial assets with similar risk characteristics, we traced or re-performed the disaggregation from source systems to the loss allowance analysis. We also assessed the assumptions used where there are missing or insufficient data.

We recalculated impairment provisions on a sample basis. We reviewed the completeness of the disclosures made in the consolidated financial statements. We involved our internal specialists in the performance of the above procedures.

Accounting for Investment in an Associate

The Group has an investment in Manila Electric Company (Meralco) that is accounted for under the equity method. For the year ended December 31, 2022, the Group's share in the net income of Meralco amounted to ₱7.8 billion and accounts for 11.2% of the Group's consolidated gross income.

The Group's share in Meralco's net income is significantly affected by Meralco's revenues from the sale of electricity which arise from its service contracts with a large number of customers that are classified as either commercial, industrial or residential, located within Meralco's franchise area. This matter is significant to our audit because the revenue recognized depends on (a) the complete capture of electric consumption based on the meter readings over the franchise area taken on various dates; (b) the propriety of rates computed and applied across customer classes including the application of adjustments promulgated by the Energy Regulatory Commission (ERC); and (c) the reliability of the IT systems involved in processing the billing transactions.

In addition, Meralco is involved in certain proceedings and claims for which it has recognized provisions for probable costs and/or expenses, which may be incurred, and/or has disclosed relevant information about such contingencies. This matter is significant to our audit because the determination of whether any provision should be recognized and the estimation of the potential liability resulting from these assessments require significant judgment by management. The inherent uncertainty over the outcome of these matters is brought about by the differences in the interpretation and implementation of the relevant laws and regulations.

The disclosures in relation to investments in associates are included in Note 14 to the consolidated financial statements.

Audit response

We obtained an understanding and evaluated the design of, as well as tested the controls over, the customer master file maintenance, accumulation and processing of meter data, and interface of data from the billing system to the financial reporting system. In addition, we performed a test recalculation of the bill amounts using the ERC-approved rates, adjustments and formulae, as well as actual pass-through costs incurred, and compared them with the amounts reflected in the billing statements. We involved our internal specialist in understanding the IT processes and in understanding and testing the IT general controls over the IT systems supporting the revenue process.

We also examined the bases of management's assessment of the possible outcomes and the related estimates of the probable costs and/or expenses that are recognized and/or disclosed in the Group's financial statements and involved our internal specialist when necessary. We discussed with management the status of the claims and/or assessments and obtained correspondences with the relevant authorities and opinions from the internal and external legal counsels. We evaluated the position of the Group by considering the relevant laws, rulings and jurisprudence.

We obtained the financial information of Meralco for the year ended December 31, 2022 and recomputed the Group's share in net income and other comprehensive income for the year ended December 31, 2022.

Impairment Testing of Property and Equipment and Right-of-use Assets

The Group tests for impairment its property and equipment and right-of-use assets where indicators of impairment exist. As of December 31, 2022, the Group has property and equipment relating to its petrochemicals business amounting to ₱114.9 billion and property and equipment and right-of-use assets relating to its airline business amounting to ₱64.6 billion and ₱43.4 billion, respectively. The disruption caused by the current economic conditions and the COVID-19 pandemic to the Group's petrochemicals and airline operations, which reported significant net losses in 2022, are considered by management as an impairment indicator of property and equipment and right-of-use assets. Accordingly, management performed impairment tests to determine whether the carrying amounts of property and equipment and right-of-use assets have exceeded their recoverable amounts.

Management's impairment assessment process on property and equipment and right-of-use assets requires significant judgment and is based on assumptions, specifically discount rate and cashflow forecast, that are subject to higher level of estimation uncertainty.

We consider the impairment testing as a key audit matter given that the amounts of property and equipment and right-of-use assets are significant to the consolidated financial statements of the Group, the heightened level of estimation uncertainty on the future economic outlook and market forecast and the significant judgment involved.

The Group's disclosures in relation to property and equipment and right-of-use assets are included in Notes 3, 16 and 42 to the consolidated financial statements.

Audit response

With the involvement of our internal specialist, we evaluated the key assumptions, such as forecasted revenues, operating costs and discount rates, that were used to estimate the discounted cash flows of the CGU to which management attributes the property and equipment and right-of-use assets. We evaluated these key assumptions based on our understanding of the Group's business plans and by reference to historical information and relevant market data. In our sensitivity analyses, we considered past, current and anticipated changes in the business and economic environment. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the Group's disclosures about the assumptions to which the outcome of the impairment test is most sensitive, specifically those that have the most significant effect on the determination of the recoverable amount of property and equipment and right-of-use assets.

Other Information

Management is responsible for the other information. The other information comprises the SEC Form 17-A for the year ended December 31, 2022 (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the SEC Form 20-IS (Definitive Information Statement) and Annual Report for the year ended December 31, 2022, which are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC as described in Note 2 to the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC as described in Note 2 to the consolidated financial statements.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Vicky Lee-Salas.

SYCIP GORRES VELAYO & CO.

Vicky Lee Salas

Vicky Lee-Salas
Partner
CPA Certificate No. 86838
Tax Identification No. 129-434-735
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 86838-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-053-2020, November 27, 2020, valid until November 26, 2023
PTR No. 9564639, January 3, 2023, Makati City

March 29, 2023

JG SUMMIT HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2022	2021 (As Restated - Note 19)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 7)	**₱79,071,733,366**	₱82,890,121,521
Financial assets at fair value through profit or loss (Note 9)	**7,245,929,014**	6,461,016,163
Financial assets at fair value through other comprehensive income (Note 10)	**9,249,939,997**	39,258,310,300
Receivables (Note 11)	**41,427,326,370**	72,223,652,647
Inventories (Note 12)	**92,052,099,659**	81,611,906,817
Biological assets (Note 17)	**205,303,346**	132,144,916
Assets held for sale (Note 44)	**166,382,403,340**	–
Other current assets (Note 13)	**27,005,300,986**	23,689,960,612
Total Current Assets	**422,640,036,078**	306,267,112,976
Noncurrent Assets		
Financial assets at fair value through other comprehensive income (Note 10)	**34,822,127,154**	44,506,905,999
Receivables (Note 11)	**6,594,189,921**	75,487,480,442
Investment securities at amortized cost (Note 10)	**–**	8,474,858,779
Investments in associates and joint ventures (Note 14)	**143,294,924,167**	146,034,119,456
Property, plant and equipment (Note 16)	**256,035,706,144**	250,050,355,407
Investment properties (Note 15)	**123,082,820,865**	117,761,485,499
Right-of-use assets (Note 42)	**44,825,772,311**	32,280,314,606
Goodwill (Note 19)	**20,084,733,064**	19,717,685,873
Intangible assets (Note 18)	**5,889,940,321**	7,160,676,673
Biological assets (Note 17)	**205,740,429**	166,105,594
Other noncurrent assets (Note 20)	**15,725,800,694**	15,627,551,559
Total Noncurrent Assets	**650,561,755,070**	717,267,539,887
	₱1,073,201,791,148	₱1,023,534,652,863
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Notes 21 and 42)	**₱70,279,441,735**	₱179,069,039,804
Short-term debts (Note 23)	**91,917,480,341**	65,995,583,482
Current portion of:		
Long-term debts (Note 23)	**70,460,432,880**	19,501,714,468
Lease liabilities (Note 42)	**6,281,321,598**	5,716,633,360
Income tax payable	**623,359,279**	333,400,913
Liabilities directly associated with assets held for sale (Note 44)	**146,616,161,440**	–
Other current liabilities (Note 22)	**21,170,096,789**	26,974,866,810
Total Current Liabilities	**407,348,294,062**	297,591,238,837
Noncurrent Liabilities		
Noncurrent portion of:		
Long-term debts (Note 23)	**153,779,908,527**	200,830,478,415
Lease liabilities (Note 42)	**44,642,212,638**	29,772,830,961
Bonds payable (Note 23)	**13,423,322,594**	12,184,836,126
Deferred tax liabilities (Note 38)	**5,252,972,283**	5,337,999,578
Other noncurrent liabilities (Note 24)	**21,390,398,012**	34,186,286,386
Total Noncurrent Liabilities	**238,488,814,054**	282,312,431,466
Total Liabilities	**645,837,108,116**	579,903,670,303

(Forward)

	December 31	
	2022	2021 (As Restated - Note 19)
Equity		
Equity attributable to equity holders of the Parent Company:		
Paid-up capital (Note 25)	**₱52,749,051,069**	₱52,775,553,415
Retained earnings (Note 25)	**243,815,586,710**	246,190,700,415
Equity reserve (Note 25)	**39,128,890,681**	40,341,545,330
Reserves of disposal group held for sale (Note 44)	**(373,832,657)**	–
Other comprehensive losses (Note 36)	**(15,387,707,176)**	(3,998,907,945)
	319,931,988,627	335,308,891,215
Non-controlling interests (Note 25)	**107,432,694,405**	108,322,091,345
Total Equity	**427,364,683,032**	443,630,982,560
	₱1,073,201,791,148	₱1,023,534,652,863

See accompanying Notes to Consolidated Financial Statements.

JG SUMMIT HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2022	2021 (As Restated - Note 44)	2020 (As Restated - Notes 2 and 44)
REVENUE (Note 26)			
Sale of goods and services:			
Foods	**₱149,903,643,832**	₱116,954,788,444	₱113,161,785,302
Air transportation	**56,751,365,857**	15,740,756,855	22,617,967,165
Real estate and hotels	**43,379,718,149**	35,561,985,340	27,518,406,639
Petrochemicals	**35,960,997,584**	40,323,467,713	21,275,283,602
Equity in net earnings of associates and joint ventures (Note 14)	**11,852,000,562**	9,730,623,868	7,584,634,408
Dividend income (Note 28)	**3,069,481,794**	2,126,820,554	1,996,230,783
Supplementary businesses	**991,040,335**	841,464,699	889,855,356
	301,908,248,113	221,279,907,473	195,044,163,255
COST OF SALES AND SERVICES			
Cost of sales (Note 30)	**156,478,111,734**	122,294,514,585	100,432,212,372
Cost of services (Note 30)	**76,075,386,257**	41,856,956,887	37,295,434,804
	232,553,497,991	164,151,471,472	137,727,647,176
GROSS INCOME	**69,354,750,122**	57,128,436,001	57,316,516,079
NET OPERATING EXPENSES			
General and administrative expenses (Note 31)	**50,622,342,708**	46,501,463,757	48,575,674,465
Provision for impairment losses and others (Note 34)	**468,436,281**	713,760,729	318,425,478
	51,090,778,989	47,215,224,486	48,894,099,943
OPERATING INCOME	**18,263,971,133**	9,913,211,515	8,422,416,136
OTHER INCOME (LOSSES)			
Financing costs and other charges (Note 35)	**(11,133,490,485)**	(9,111,084,606)	(8,913,379,991)
Finance income (Note 27)	**1,705,900,004**	1,094,584,901	1,213,910,835
Foreign exchange gains (losses)	**(7,367,661,264)**	(3,107,872,656)	2,659,820,149
Market valuation gains (losses) on financial assets at fair value through profit or loss - net (Note 9)	**(272,598,626)**	223,603,728	(307,614,214)
Market valuation gains (losses) on derivative financial instruments - net (Note 8)	**977,907,504**	(1,318,117,077)	(2,025,330,184)
Others (Notes 14, 15, 21 and 29)	**7,054,660,092**	461,982,160	(146,275,192)
INCOME (LOSS) BEFORE INCOME TAX	**9,228,688,358**	(1,843,692,035)	903,547,539
PROVISION FOR INCOME TAX (Note 38)	**2,750,347,423**	81,948,817	2,734,953,243
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	**6,478,340,935**	(1,925,640,852)	(1,831,405,704)
NET INCOME FROM DISCONTINUED OPERATIONS (Note 44)	**1,563,040,343**	12,659,665,024	2,228,612,063
NET INCOME	**8,041,381,278**	10,734,024,172	397,206,359

(Forward)

	Years Ended December 31		
	2022	2021 (As Restated- Note 44)	2020 (As Restated - Notes 2 and 44)
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX (Note 36)			
Items that may be reclassified subsequently to profit or loss:			
Cumulative translation adjustments	**₱1,804,270,571**	₱1,652,006,232	(₱1,910,864,049)
Net gains (losses) on financial assets at FVOCI (debt securities) (Note 10)	**(2,016,930,591)**	(1,743,564,389)	457,815,933
Net gains (losses) from cash flow hedges (Note 8)	**558,616,927**	51,509,875	(230,922,782)
Share in the net unrealized gains (losses) on financial assets at FVOCI of associates (debt securities) (Note 14)	**(48,773,496)**	77,748,060	29,562,000
Items that will not be reclassified to profit or loss:			
Net gains (losses) on financial assets at FVOCI (equity securities) (Note 10)	**(12,108,519,210)**	12,022,272,326	8,599,375,242
Remeasurements of the net defined benefit liability (Note 37)	**164,467,133**	679,789,817	(65,080,677)
Share in the net unrealized gains (losses) on financial assets at FVOCI of associates (equity securities) (Note 14)	**(68,477,578)**	(43,264,137)	26,101,285
Share in remeasurements of the net defined benefit liability of associates (Note 14)	**1,182,749,536**	1,918,720,561	(1,083,403,985)
	(10,532,596,708)	14,615,218,345	5,822,582,967
TOTAL COMPREHENSIVE INCOME	**(₱2,491,215,430)**	₱25,349,242,517	₱6,219,789,326
NET INCOME (LOSS) ATTRIBUTABLE TO			
Equity holders of the Parent Company	**₱650,622,166**	₱5,108,229,771	(₱468,159,528)
Non-controlling interests (Note 25)	**7,390,759,112**	5,625,794,401	865,365,887
	₱8,041,381,278	₱10,734,024,172	₱397,206,359
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO			
Equity holders of the Parent Company	**(₱11,112,009,722)**	₱19,124,074,421	₱6,246,468,718
Non-controlling interests (Note 25)	**8,620,794,292**	6,225,168,096	(26,679,392)
	(₱2,491,215,430)	₱25,349,242,517	₱6,219,789,326
Earnings (Loss) Per Share Attributable to Equity Holders of the Parent Company (Note 39)			
Basic/diluted earnings (loss) per share	**₱0.08**	₱0.68	(₱0.06)
Earnings (Loss) Per Share Attributable to Equity Holders of the Parent Company from Continuing Operations (Note 39)			
Basic/diluted earnings (loss) per share	**(₱0.04)**	₱0.52	(₱0.20)

See accompanying Notes to Consolidated Financial Statements.

JG SUMMIT HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2022, 2021 and 2020

Attributable to Equity Holders of the Parent Company

	Paid-up Capital (Note 25)				Retained Earnings (Note 25)			
	Capital Stock	Additional Paid-in Capital	Stock Dividend Distributable	Total Paid-up Capital	Unrestricted Retained Earnings	Restricted Retained Earnings	Total Retained Earnings	Equity Reserve (Note 25)
Balance at January 1, 2022	₱7,562,983,658	₱45,212,569,757	₱–	₱52,775,553,415	₱127,906,371,016	₱118,284,329,399	₱246,190,700,415	₱40,341,545,330
Total comprehensive income	–	–	–	–	650,622,166	–	650,622,166	–
Reclassification to reserves of disposal group held for sale	–	–	–	–	–	–	–	–
Cash dividends	–	–	–	–	(3,024,393,463)	–	(3,024,393,463)	–
Change in non-controlling interest without loss of control	–	–	–	–	–	–	–	134,779,828
Tranfer of asset to a subsidiary (by a subsidiary)	–	–	–	–	–	–	–	(1,080,644,498)
Acquisition of non-controlling interest by a subsidiary	–	–	–	–	–	–	–	–
Increase in subsidiaries' treasury shares	–	(3,427,015)	–	(3,427,015)	–	–	–	(274,103,382)
Stock issue costs of subsidiaries	–	(23,075,331)	–	(23,075,331)	(1,342,408)	–	(1,342,408)	–
Acquisition of new subsidiary by a subsidiary	–	–	–	–	–	–	–	7,313,403
Subsidiary's share-based payments (Note 45)	–	–	–	–	–	–	–	–
Balance at December 31, 2022	**₱7,562,983,658**	**₱45,186,067,411**	**₱–**	**₱52,749,051,069**	**₱125,531,257,311**	**₱118,284,329,399**	**₱243,815,586,710**	**₱39,128,890,681**
Balance at January 1, 2021	₱7,560,983,658	₱45,148,987,817	₱122,600,000	₱52,832,571,475	₱124,406,517,121	₱118,284,329,399	₱242,690,846,520	₱30,870,428,825
Total comprehensive income	–	–	–	–	5,108,229,771	–	5,108,229,771	–
Cash dividends	–	–	–	–	(2,873,173,790)	–	(2,873,173,790)	–
Sale of equity interest in an associate	–	–			(57,787,869)	–	(57,787,869)	–
Sale of equity interest in a subsidiary (by a subsidiary)	–	–	–	–	–	–	–	10,830,531,189
Acquisition of non-controlling interest by a subsidiary	–	–	–	–	(4,210,312)	–	(4,210,312)	–
Issuance of shares by subsidiaries	–	–	–	–	–	–	–	159,533,787
Stock dividends	2,000,000	120,600,000	(122,600,000)	–	–	–	–	–
Increase in subsidiaries' treasury shares	–	(700,245)	–	(700,245)	–	–	–	(185,652,747)
Stock issue costs of subsidiaries	–	(56,317,815)	–	(56,317,815)	(6,499,629)	–	(6,499,629)	–
Sale of business by a subsidiary (Note 44)	–	–	–	–	1,333,295,724	–	1,333,295,724	(1,333,295,724)
Acquisition of new subsidiary by a subsidiary	–	–	–	–	–	–	–	–
Subsidiary's share-based payments (Note 45)	–	–	–	–	–	–	–	–
Balance at December 31, 2021	₱7,562,983,658	₱45,212,569,757	₱–	₱52,775,553,415	₱127,906,371,016	₱118,284,329,399	₱246,190,700,415	₱40,341,545,330
Balance at January 1, 2020	₱7,202,841,657	₱23,553,025,157	₱–	₱30,755,866,814	₱149,688,466,157	₱118,284,329,399	₱267,972,795,556	₱30,870,148,859
Total comprehensive income	–	–	–	–	(468,159,528)	–	(468,159,528)	–
Cash dividends	–	–	–	–	(2,737,084,847)	–	(2,737,084,847)	–
Stock dividends	358,142,001	21,595,962,660	122,600,000	22,076,704,661	(22,076,704,661)	–	(22,076,704,661)	–
Increase in subsidiary's treasury shares	–	–	–	–	–	–	–	279,966
Acquisition of non-controlling interest by a subsidiary	–	–	–	–	–	–	–	–
Issuance of shares by a subsidiary	–	–	–	–	–	–	–	–
Balance at December 31, 2020	₱7,560,983,658	₱45,148,987,817	₱122,600,000	₱52,832,571,475	₱124,406,517,121	₱118,284,329,399	₱242,690,846,520	₱30,870,428,825

	Other Comprehensive Income (Note 36)								
	Cumulative Translation Adjustments (Note 25)	Net Unrealized Gains (Losses) on Financial Assets at FVOCI (Note 10)	Net Unrealized Losses on Cash Flow Hedge (Note 8)	Remeasurements of the Net Defined Benefit Liability (Note 37)	Total Other Comprehensive Income (Loss)	Reserves of Disposal Group Held for Sale (Note 44)	Total	Non-Controlling Interests (Note 25)	Total Equity
Balance at January 1, 2022	(₱47,179,126)	(₱4,039,360,496)	₱–	₱87,631,677	(₱3,998,907,945)	₱–	₱335,308,891,215	₱108,322,091,345	₱443,630,982,560
Total comprehensive income	935,044,834	(14,348,483,366)	369,271,764	1,281,534,880	(11,762,631,888)	–	(11,112,009,722)	8,620,794,292	(2,491,215,430)
Reclassification to reserves of disposal group held for sale	(19,245,831)	402,115,501	–	(9,037,013)	373,832,657	(373,832,657)	–	–	–
Cash dividends	–	–	–	–	–	–	(3,024,393,463)	(6,022,484,461)	(9,046,877,924)
Change in non-controlling interest without loss of control	–	–	–	–	–	–	134,779,828	(244,133,521)	(109,353,693)
Tranfer of asset to a subsidiary (by a subsidiary)	–	–	–	–	–	–	(1,080,644,498)	1,080,644,498	
Acquisition of non-controlling interest by a subsidiary	–	–	–	–	–	–	–	43,500,000	43,500,000
Increase in subsidiaries' treasury shares	–	–	–	–	–	–	(277,530,397)	(4,408,994,938)	(4,686,525,335)
Stock issue costs of subsidiaries	–	–	–	–	–	–	(24,417,739)	(1,247,592)	(25,665,331)
Acquisition of new subsidiary by a subsidiary	–	–	–	–	–	–	7,313,403	5,907,514	13,220,917
Subsidiary's share-based payments (Note 45)	–	–	–	–	–	–	–	36,617,268	36,617,268
Balance at December 31, 2022	**₱868,619,877**	**(₱17,985,728,361)**	**₱369,271,764**	**₱1,360,129,544**	**(₱15,387,707,176)**	**(₱373,832,657)**	**₱319,931,988,627**	**₱107,432,694,405**	**₱427,364,683,032**
Balance at January 1, 2021	(₱924,884,392)	(₱14,794,597,877)	(₱23,730,026)	(₱2,329,328,169)	(₱18,072,540,464)	₱–	₱308,321,306,356	₱99,789,050,002	₱408,110,356,358
Total comprehensive income	877,705,266	10,755,237,381	23,730,026	2,359,171,977	14,015,844,650	–	19,124,074,421	6,225,168,096	25,349,242,517
Cash dividends	–	–	–	–	–	–	(2,873,173,790)	(4,420,473,375)	(7,293,647,165)
Sale of equity interest in an associate	–	–	–	57,787,869	57,787,869	–	–	–	–
Sale of equity interest in a subsidiary (by a subsidiary)	–	–	–	–	–	–	10,830,531,189	10,593,578,230	21,424,109,419
Acquisition of non-controlling interest by a subsidiary	–	–	–	–	–	–	(4,210,312)	(473,539,688)	(477,750,000)
Issuance of shares by subsidiaries	–	–	–	–	–	–	159,533,787	3,021,843,474	3,181,377,261
Stock dividends	–	–	–	–	–	–	–	–	–
Increase in subsidiaries' treasury shares	–	–	–	–	–	–	(186,352,992)	(673,255,042)	(859,608,034)
Stock issue costs of subsidiaries	–	–	–	–	–	–	(62,817,444)	(11,519,640)	(74,337,084)
Sale of business by a subsidiary (Note 44)	–	–	–	–	–	–	–	(6,244,876,706)	(6,244,876,706)
Acquisition of new subsidiary by a subsidiary	–	–	–	–	–	–	–	341,291,632	341,291,632
Subsidiary's share-based payments (Note 45)	–	–	–	–	–	–	–	174,824,362	174,824,362
Balance at December 31, 2021	(₱47,179,126)	(₱4,039,360,496)	₱–	₱87,631,677	(₱3,998,907,945)	₱–	₱335,308,891,215	₱108,322,091,345	₱443,630,982,560
Balance at January 1, 2020	₱135,082,929	(₱23,832,621,540)	₱121,882,506	(₱1,211,512,605)	(₱24,787,168,710)	₱–	₱304,811,642,519	₱103,835,500,348	₱408,647,142,867
Total comprehensive income	(1,059,967,321)	9,038,023,663	(145,612,532)	(1,117,815,564)	6,714,628,246	–	6,246,468,718	(26,679,392)	6,219,789,326
Cash dividends	–	–	–	–	–	–	(2,737,084,847)	(4,494,502,566)	(7,231,587,413)
Stock dividends	–	–	–	–	–	–	–	–	–
Increase in subsidiary's treasury shares	–	–	–	–	–	–	279,966	(45,040,628)	(44,760,662)
Acquisition of non-controlling interest by a subsidiary	–	–	–	–	–	–	–	327,772,240	327,772,240
Issuance of shares by a subsidiary	–	–	–	–	–	–	–	192,000,000	192,000,000
Balance at December 31, 2020	(₱924,884,392)	(₱14,794,597,877)	(₱23,730,026)	(₱2,329,328,169)	(₱18,072,540,464)	₱–	₱308,321,306,356	₱99,789,050,002	₱408,110,356,358

See accompanying Notes to Consolidated Financial Statements.

JG SUMMIT HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax from continuing operations	**₱9,228,688,358**	(₱1,843,692,035)	₱903,547,539
Income before income tax from discontinued operations (Note 44)	**1,901,172,455**	13,259,244,646	2,357,709,655
Income before income tax	**11,129,860,813**	11,415,552,611	3,261,257,194
Adjustments for:			
Depreciation and amortization (Notes 15, 16, 18, 33, 42 and 44)	**27,842,266,472**	30,332,169,190	31,607,025,151
Equity in net earnings of associates and joint ventures (Notes 14 and 44)	**(11,682,935,111)**	(9,685,312,139)	(7,616,221,319)
Interest expense (Notes 35 and 44)	**10,764,263,698**	9,593,703,923	9,498,175,745
Foreign exchange losses (gains) (Note 44)	**7,222,690,092**	3,045,695,579	(2,584,645,951)
Provision for asset retirement obligation (ARO) and heavy maintenance visits (HMV) (Note 24)	**6,767,055,563**	4,416,054,451	3,478,203,919
Gain on sale of investment properties (Notes 15 and 29)	**(3,492,347,351)**	–	(193,846,467)
Gain on sale and disposal of investments in associates and joint ventures (Notes 14 and 29)	**(3,069,676,791)**	(261,944,949)	(105,789,465)
Dividend income (Note 28)	**(3,078,397,869)**	(2,139,858,648)	(2,011,120,839)
Finance income (Notes 27 and 44)	**(1,705,900,004)**	(1,111,625,185)	(1,232,992,615)
Provision for impairment losses (Notes 34 and 44)	**1,435,877,364**	1,908,857,830	1,420,479,998
Earned and expired portion of travel fund/deferred revenue on rewards program	**(1,121,830,228)**	(13,740,128)	(172,850,095)
Market valuation losses on derivative financial instruments - net (Note 8)	**(977,907,504)**	1,318,117,077	2,025,330,184
Loss (gain) on sale and retirement of property, plant and equipment (Notes 16 and 29)	**(1,083,828,087)**	(1,214,494,973)	370,195,060
Market valuation losses (gains) on financial assets at fair value through profit or loss - net (Note 9)	**272,598,626**	(223,603,728)	307,614,214
Gain on sale of financial assets at fair value through OCI (Notes 10 and 29)	**(19,948,028)**	(348,808,663)	(23,850,313)
Gain arising from changes in fair value less estimated costs to sell of swine stocks (Note 17)	**(311,493)**	(2,550,156)	(37,039,948)
Gain on sale of business (Note 44)	**–**	(10,100,438,582)	–
Loss on extinguishment of debt (Note 23)	**–**	77,337,557	–
Inventory obsolescence and market decline (Note 34)	**–**	109,167,827	–
Write-down of biological assets (Note 17)	**–**	–	550,573,074
Gain on sale of investment securities at amortized cost (Note 10)	**–**	–	(190,914,608)
Operating income before changes in working capital accounts	**39,201,530,162**	37,114,278,894	38,349,582,919
Changes in operating assets and liabilities:			
Decrease (increase) in			
Financial assets at fair value through profit or loss	**(1,058,030,366)**	(672,395,451)	(1,487,986,228)
Receivables	**(14,887,025,578)**	(14,962,575,864)	(16,557,142,519)
Inventories	**(10,449,607,532)**	(6,604,816,148)	(6,606,036,520)
Biological assets	**(228,333,481)**	(149,317,080)	102,612,963
Other current assets	**(5,144,045,892)**	2,581,704,792	(3,622,276,914)
Increase (decrease) in			
Accounts payable and accrued expenses	**17,281,014,915**	9,968,083,282	4,496,100,601
Unearned revenue	**6,990,465,673**	897,172,809	(8,210,131,825)
Other current liabilities	**(11,258,307,563)**	(11,824,776,665)	13,334,767,937
Net cash generated from operations	**20,447,660,338**	16,347,358,569	19,799,490,414
Interest paid	**(10,518,586,348)**	(10,070,737,832)	(8,684,256,122)
Income taxes paid	**(4,678,164,797)**	(3,978,870,270)	(4,600,167,595)
Interest received	**1,559,349,192**	1,125,220,015	682,902,238
Net cash provided by operating activities	**6,810,258,385**	3,422,970,482	7,197,968,935

(Forward)

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Financial assets at fair value through other comprehensive income (Note 10)	**(₱12,713,582,946)**	(₱25,384,597,804)	(₱29,694,236,608)
Property, plant and equipment (Note 16)	**(32,215,950,471)**	(32,282,201,440)	(27,046,779,261)
Investment properties (Note 15)	**(12,631,223,335)**	(13,453,825,400)	(10,302,106,286)
Investment securities at amortized cost	**(8,908,192,295)**	(912,516,473)	(860,922,314)
Investments in associates and joint ventures (Note 14)	**(1,462,314,062)**	(655,599,541)	(412,556,393)
Intangible assets (Note 18)	**(182,970,231)**	(301,587,921)	(519,916,914)
Subsidiaries, net of cash acquired (Notes 14 and 19)	**(486,014,975)**	(22,565,594,339)	(200,877,673)
Dividends received on investments in associates and joint ventures (Note 14)	**5,862,376,373**	4,985,370,666	7,227,674,931
Refund of pre-delivery payments (Note 16)	**5,807,816,618**	5,911,374,086	1,231,661,595
Dividends received (Note 28)	**3,084,416,493**	2,793,840,024	2,011,120,839
Decrease (increase) in the amounts of other noncurrent assets	**647,515,669**	3,893,982,808	(3,259,614,783)
Acquisition of equity interest in a subsidiary (by a subsidiary) (Note 2)	**43,500,000**	(477,750,000)	–
Proceeds from sale/maturity of:			
Investment in associate and joint venture (Note 14)	**12,163,281,484**	–	373,377,600
Property, plant and equipment (Note 16)	**11,504,220,578**	11,975,974,647	7,382,224,579
Financial assets at fair value through other comprehensive income (Note 10)	**9,405,541,030**	17,489,322,420	20,343,881,852
Investment securities at amortized cost (Note 10)	**8,681,762,270**	487,023,117	4,359,732,740
Investment properties	**3,593,452,005**	65,815,075	–
Business (Note 44)	–	22,292,159,390	–
Assets held for sale (Note 14)	–	9,090,600,000	–
Net cash used in investing activities	**(7,806,365,795)**	(17,048,210,685)	(29,367,336,096)
CASH FLOWS FROM FINANCING ACTIVITIES			
Availments of:			
Short-term debts (Note 47)	**167,173,587,690**	108,323,336,278	114,373,521,775
Long-term debts (Note 47)	**35,000,000,000**	–	66,185,040,215
Dividends paid to non-controlling interests (Note 25)	**(6,022,484,461)**	(4,420,473,375)	(4,494,502,566)
Increase (decrease) in other noncurrent liabilities	**3,089,471,736**	(2,769,664,118)	(9,299,715,907)
Settlements of:			
Short-term debts (Note 47)	**(141,550,939,493)**	(87,105,805,043)	(118,820,360,881)
Long-term debts (Notes 23 and 47)	**(38,292,471,559)**	(25,562,742,347)	(10,489,146,497)
Principal portion of lease liabilities (Note 42)	**(7,870,511,855)**	(7,160,310,932)	(6,729,663,842)
Dividends paid on:			
Common shares (Note 25)	**(3,008,393,463)**	(2,857,973,790)	(2,721,884,847)
Preferred shares (Note 25)	**(16,000,000)**	(15,200,000)	(15,200,000)
Purchase of treasury shares by subsidiaries	**(4,686,525,335)**	(859,608,034)	(44,760,662)
Proceeds from issuance of bonds payable, net of bond issue cost (Note 23)	–	11,782,473,335	–
Cash received from non-controlling interest for newly incorporated subsidiary (Note 25)	–	–	327,772,240
Net cash received from NCI for issuance of shares by a subsidiary (Note 25)	–	3,150,653,253	192,000,000
Net proceeds from sale of equity interest in a subsidiary (Note 44)	–	22,519,263,729	–
Net cash provided by financing activities	**3,815,733,260**	15,023,948,956	28,463,099,028
NET INCREASE IN CASH AND CASH EQUIVALENTS	**2,819,625,850**	1,398,708,753	17,148,163,606
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**82,890,121,521**	81,491,412,768	64,343,249,162
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	**₱85,709,747,371**	₱82,890,121,521	₱81,491,412,768

See accompanying Notes to Consolidated Financial Statements.

JG SUMMIT HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

JG Summit Holdings, Inc. ("JGSHI" or "the Parent Company"), was incorporated in the Philippines on November 23, 1990. The Parent Company was listed on the Philippine Stock Exchange in 1993. The registered office address of the Parent Company is at 43rd Floor, Robinsons-Equitable Tower, ADB Avenue corner Poveda Road, Pasig City, Metro Manila.

JGSHI is the ultimate parent of the JG Summit Group (the Group) and is a holding company with substantial business interests in branded consumer foods, agro-industrial and commodity food products, real estate and hotel, air transportation, banking and financial services, and petrochemicals. The Group also has core investments in telecommunications and power generation and distribution.

The Group conducts business throughout the Philippines, but primarily in and around Metro Manila where it is based. The Group also has branded food businesses in the People's Republic of China, in the Association of Southeast Asian Nations region and interests in property development businesses in Singapore and the People's Republic of China.

The principal activities of the Group are further described in Note 6, *Segment Information*, to the consolidated financial statements.

2. Summary of Significant Accounting Policies

Basis of Preparation

The accompanying consolidated financial statements of the Group have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVPL), financial assets at fair value through other comprehensive income (FVOCI), and derivative financial instruments that are measured at fair value, and certain biological assets and agricultural produce that are measured at fair value less estimated costs to sell.

The consolidated financial statements of the Group are presented in Philippine peso (₱), the functional currency of the Parent Company. All values are rounded to the nearest peso except when otherwise stated.

A summary of the functional currencies of certain foreign subsidiaries within the Group follows:

Subsidiaries	Country of Incorporation	Functional Currency
Parent Company		
JG Summit Cayman Limited	Cayman Islands	US Dollar
JG Summit Philippines, Ltd. and Subsidiaries		
JG Summit Philippines, Ltd.	-do-	-do-
JGSH Philippines, Limited	British Virgin Islands	-do-
Telegraph Development, Ltd.	-do-	-do-
Summit Top Investment, Ltd.	-do-	-do-
JG Digital Equity Ventures and a Subsidiary		
JG Digital Capital Pte. Ltd.	Singapore	Singapore Dollar

(Forward)

Subsidiaries	Country of Incorporation	Functional Currency
URC Group		
URC Asean Brands Co. Ltd. (UABCL)	British Virgin Islands	US Dollar
Hong Kong China Foods Co. Ltd. (HCFCL)	- do -	- do -
URC International Co. Ltd. (URCICL)	- do -	- do -
Shanghai Peggy Foods Co., Ltd.(Shanghai Peggy)	China	Chinese Renminbi
URC China Commercial Co. Ltd. (URCCCL)	- do -	- do -
Xiamen Tongan Pacific Food Co., Ltd.	- do -	- do -
Guangzhou Peggy Foods Co., Ltd.	- do -	- do -
Shantou SEZ Shanfu Foods Co., Ltd.	- do -	- do -
Jiangsu Acesfood Industrial Co., Ltd.	- do -	- do -
Shantou Peggy Co. Ltd.	- do -	- do -
URC Hong Kong Company Limited	Hong Kong	Hong Kong Dollar
PT URC Indonesia	Indonesia	Indonesian Rupiah
URC Snack Foods (Malaysia) Sdn. Bhd. (URC Malaysia)	Malaysia	Malaysian Ringgit
Ricellent Sdn. Bhd.	- do -	- do -
Crunchy Foods Sdn. Bhd (Malaysia)	- do -	- do -
Munchy Food Industries Sdn. Bhd	- do -	- do -
Munchworld Marketing Sdn Bhd	- do -	- do -
URC Foods (Singapore) Pte. Ltd.	Singapore	Singapore Dollar
Advanson International Pte. Ltd. (Advanson)	- do -	- do -
Pan Pacific Investments Co. Ltd. (PPICL)	- do -	- do -
URC Equity Ventures Pte. Ltd.	- do -	- do -
URC (Thailand) Co., Ltd.	Thailand	Thai Baht
Siam Pattanasin Co., Ltd.	- do -	- do -
URC (Myanmar) Co. Ltd.	Myanmar	Myanmar Kyat
URC Vietnam Co., Ltd.	Vietnam	Vietnam Dong
URC Hanoi Company Limited	- do -	- do -
URC Central Co. Ltd.	- do -	- do -
RLC Group		
Robinsons (Cayman) Limited	Cayman Islands	US Dollar
RLC Resources Ltd	British Virgin Islands	-do-
Land Century Holdings, Ltd.	China	Hong Kong Dollar
World Century Enterprise Ltd.	-do-	-do-
First Capital Development, Ltd.	-do-	-do-
Chengdu Xin Yao Real Estate Development, Co. Ltd	-do-	Chinese Renminbi

Statement of Compliance

The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC) in response to the COVID-19 pandemic.

Deferral of the following provisions of Philippine Interpretations Committee (PIC) Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry

On December 15, 2020, the Philippine SEC issued SEC Memorandum Circular (MC) No. 34-2020 which further extended the deferral of the following provisions of PIC Q&A 2018-12 until December 31, 2023:

a. Exclusion of land in the determination of percentage of completion (POC) discussed in PIC Q&A No. 2018-12-E
b. Accounting for significant financing component discussed in PIC Q&A No. 2018-12-D
c. Implementation of International Financial Reporting Standards (IFRS) Interpretations Committee (IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods (Philippine Accounting Standard (PAS) 23, *Borrowing Cost*) for Real Estate industry

The exclusion of land in the determination of POC and IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, *Borrowing Cost)* for Real Estate industry as discussed in PIC Q&A No. 2018-12-E are not applicable to the Group's real estate operations in the Philippines.

The details and the impact of the adoption of the above financial reporting reliefs are discussed in the "Standards Issued But Not Yet Effective" section.

PFRSs include Philippine Financial Reporting Standards, Philippine Accounting Standards and Interpretations issued by the Philippine Interpretations Committee (PIC).

<u>Basis of Consolidation</u>

The consolidated financial statements include the financial statements of the Parent Company and the following wholly and majority-owned subsidiaries:

Subsidiaries	Country of Incorporation	Principal Place of Business	Effective Percentage of Ownership 2022	2021
Food				
Universal Robina Corporation (URC) and Subsidiaries	Philippines*	8th floor Tera Tower Bridgetowne E. Rodriguez Jr., Ave (C5 Road) Ugong Norte, Quezon City	**55.90**	55.33
CFC Corporation	-do-	-do-	**55.90**	55.33
Bio-Resource Power Generation Corporation	-do-	Manjuyod, Negros Oriental	**55.90**	55.33
Nissin-URC	-do-	CFC Bldg., E. Rodriguez Jr. Ave., Bagong Ilog, Pasig City	**28.51****	28.22**
URC Snack Ventures Inc. (formerly, Calbee-URC, Inc. (CURCI))	-do-	8th floor Tera Tower Bridgetowne E. Rodriguez Jr., Ave (C5 Road) Ugong Norte, Quezon City	**55.90**	55.33
URC Beverage Ventures Inc. (formerly, Hunt-URC (HURC))	-do-	-do-	**55.90**	55.33
URC Philippines, Limited (URCPL)	British Virgin Islands	Offshore Incorporations Limited, P.O. Box 957 Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	**59.90**	55.33
URC International Co. Ltd. (URCICL) and Subsidiaries	-do-	-do-	**55.90**	55.33
Universal Robina (Cayman), Ltd. (URCL)	Cayman Islands	Maples and Calder, P.O. Box 309, Ugland House, South Church Street, Grand Cayman, Cayman Islands, British West Indies	**55.90**	55.33
URC China Commercial Co., Ltd.	China	318 Shangcheng Road, Room 1417 Lian You Bldg., Pudong, Shanghai, China	**55.90**	55.33
Najalin Agri-Ventures, Inc. (NAVI) (Note 16)	Philippines	CAC Compound, La Carlota City, Negros Occidental	**53.56****	53.02**
Air Transportation				
CP Air Holdings, Inc. (CPAHI) and Subsidiaries	Philippines	2nd Floor, Doña Juanita Marquez Lim Building, Osmeña Boulevard, Cebu City	**100.00**	100.00
Cebu Air, Inc. (CAI) and Subsidiaries	-do-	-do-	**66.10**	66.56
CEBGO, Inc. (CEBGO)	-do-	AO-08-09 Mezzanine Level, Passenger Terminal Building, Clark International Airport, Clark Freeport Zone, Pampanga	**66.10**	66.56
Aviation Partnership (Philippines) Corp	-do-	3rd Floor Aviation Partnership Philippines Bldg. 8006 Domestic Road Pasay City	**100.00**	100.00
Real Estate and Hotels				
Robinsons Land Corporation (RLC) and Subsidiaries	Philippines	43rd Floor, Robinsons Equitable Tower, ADB Avenue, Ortigas Center, Pasig City	**62.66**	61.19
Robinson's Inn, Inc.	-do-	-do-	**62.66**	61.19
RL Commercial REIT, Inc. (RCR) (formerly Robinsons Realty and Management Corporation)	-do-	-do-	**41.44****	38.85**
Robinsons (Cayman) Limited	Cayman Islands	Maples and Calder, P.O. Box 309, Ugland House, South Church Street, Grand Cayman, Cayman Islands	**62.66**	61.19
Robinsons Properties Marketing and Management Corporation	Philippines	43rd Floor, Robinsons Equitable Tower, ADB Avenue, Artigas Center, Pasig City	**62.66**	61.19
Manhattan Buildings and Management Corp	-do-	-do-	**62.66**	61.19
Altus Angeles, Inc.	-do-	McArthur Highway, Balisage, Angeles City, Pampanga	**31.96****	31.20**

(Forward)

Subsidiaries	Country of Incorporation	Principal Place of Business	Effective Percentage of Ownership 2022	2021
Go Hotels Davao, Inc.	-do-	Lanang, Davao City	**31.96****	31.20**
RLC Resources Ltd	British Virgin Islands	British Virgin Islands	**62.66**	61.19
Land Century Holdings, Ltd.	China	Hong Kong	**62.66**	61.19
World Century Enterprise Ltd.	-do-	Hong Kong	**62.66**	61.19
First Capital Development, Ltd	-do-	Hong Kong	**62.66**	61.19
Chengdu Xin Yao Real Estate Development Co. Ltd.	-do-	China	**62.66**	61.19
Bacoor R and F Land Corporation (BRFLC)	Philippines	Philippines	**43.86****	42.83**
Bonifacio Property Ventures, Inc.	-do-	Philippines	**62.66**	61.19
Altus Mall Ventures, Inc.	-do-	Philippines	**62.66**	61.19
RLGB Land Corporation (RLGB)	-do-	Philippines	**62.66**	61.19
Robinsons Logistix and Industrials, Inc. (RLII)	-do-	Philippines	**62.66**	61.19
RL Property Management, Inc. (RLPMI)	-do-	Philippines	**62.66**	61.19
RL Fund Management, Inc. (RLFMI)	-do-	Philippines	**62.66**	61.19
Malldash Corp.	-do-	Philippines	**62.66**	61.19
Staten Property Management, Inc.	-do-	Philippines	**62.66**	–
RL Digital Ventures, Inc.	-do-	Philippines	**62.66**	–
Altus Property Ventures, Inc. (APVI)	-do-	Brgy. 1 San Francisco, San Nicolas, Ilocos Norte	**64.80**	64.70
Petrochemicals				
JG Summit Petrochemical Corporation (JGSPC)	Philippines	Ground Floor, Cybergate Tower 1, EDSA corner, Pioneer Street, Mandaluyong City	**–**	100.00
JG Summit Olefins Corporation (JGSOC)	Philippines	43rd Floor, Robinsons Equitable Tower, ADB Avenue, Ortigas Center, Pasig City	**100.00**	100.00
Peak Fuel Corporation	-do-	10th Floor Robinsons Cybergate Gamma, Bldg., Topaz and Ruby Roads, Ortigas Center, Pasig City	**100.00**	100.00
JGSOC Philippines Limited	British Virgin Islands	British Virgin Islands	**100.00**	100.00
Banking				
Robinsons Bank Corporation (RBC) and a Subsidiary	-do-	17th floor, Galleria Corporate Center EDSA corner Ortigas Avenue, Quezon City	**60.00**	60.00
Legazpi Savings Bank, Inc. (LSB)	-do-	Rizal Street, Barangay Sagpon, Albay, Legazpi City	**60.00**	60.00
Supplementary Businesses				
Data Analytics Ventures, Inc. (DAVI)	-do-	42nd Floor, Robinsons Equitable Tower, ADB Avenue corner Poveda Road, Ortigas Center, Pasig City	**44.57****	45.20**
JG Digital Equity Ventures, Inc. (JG DEV) and Subsidiary	-do-	29th Floor, Galleria Corporate Center, EDSA, Quezon City	**100.00**	100.00
JG Digital Capital Pte. Ltd. (JDCPL)	Singapore	168 Tagore Lane Singapore	**100.00**	100.00
JG Summit Capital Services Corp. (JGSCSC) and Subsidiaries	Philippines	40th Floor, Robinsons-Equitable Tower, ADB Avenue corner Poveda Road, Ortigas Center, Pasig City	**100.00**	100.00
JG Summit Capital Markets Corporation (JGSMC)	-do-	-do-	**100.00**	100.00
Summit Internet Investments, Inc.	-do-	-do-	**100.00**	100.00
JG Summit Cayman, Ltd. (JGSCL)	Cayman Islands	Maples and Calder, P.O. Box 309, Ugland House, South Church Street, Grand Cayman, Cayman Islands	**100.00**	100.00
JG Summit Philippines Ltd. (JGSPL) and Subsidiaries	-do-	-do-	**100.00**	100.00
JGSH Philippines, Limited	British Virgin Islands	Offshore Incorporations Limited, P.O. Box 957 Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	**100.00**	100.00
Telegraph Developments, Ltd.	-do-	-do-	**100.00**	100.00
Summit Top Investments, Ltd.	-do-	-do-	**100.00**	100.00

(Forward)

Subsidiaries	Country of Incorporation	Principal Place of Business	Effective Percentage of Ownership 2022	2021
Unicon Insurance Brokers Corporation (UIBC)	Philippines	25F Robinsons Equitable Tower, ADB Ave. corner Poveda St., San Antonio, Pasig City	**84.00**	84.00
JG Summit Infrastructure Holdings Corporation	-do-	43rd Floor Robinsons Equitable Tower, ADB avenue, Corner Poveda Road, Pasig City	**100.00**	100.00
Merbau Corporation	-do-	Ground floor Cybergate Tower 1 Edsa cor Pioneer St. Mandaluyong City	**100.00**	100.00
Batangas Agro-Industrial Development Corporation (BAID) and Subsidiaries	-do-	5th Floor Citibank Center, Makati	**100.00**	100.00
Fruits of the East, Inc.	-do-	Citibank Center, Paseo de Roxas, Makati	**100.00**	100.00
Hometel Integrated Management Corporation	-do-	-do-	**100.00**	100.00
King Leader Philippines, Inc.	-do-	5th Floor Citibank Center, Makati	**100.00**	100.00
Tropical Aqua Resources	-do-	-do-	**100.00**	100.00
United Philippines Oil Trading, Inc.	-do-	-do-	**100.00**	100.00
Samar Commodities Trading and Industrial Corporation	-do-	-do-	**100.00**	100.00

* *Certain subsidiaries are located in other countries, such as China, Malaysia, Singapore, Thailand, Vietnam, etc.*
** *These are majority-owned subsidiaries of the Parent Company's directly-owned subsidiaries.*

Merger of JGSPC with JGSOC
On December 18, 2020, the Board of Directors (BOD) of JGSPC approved a plan to merge JGSPC and JGSOC, a sister company incorporated in the Philippines and registered with the Philippine SEC, wherein JGSOC will be the surviving entity. On September 30, 2021, the merger of the said companies was approved by the Philippine SEC effective on January 1, 2022.

Investment in RLII
On April 5, 2021, RLII was incorporated to engage in and carry on a business of logistics and to develop buildings, warehouses, industrial and logistics facilities, among others.

Investment in RLPMI
On April 12, 2021, RLPMI was incorporated primarily to engage in the business of providing services in relation to property management, lease management, marketing, project management, including tenant services, care and maintenance of physical structures, securing and administering routine management services, formulating and implementing leasing strategies, enforcing tenancy conditions, ensuing compliance with relevant government regulations with respect to the managed property, and formulating and implementing policies and programs in respects of building management, maintenance and improvement, initiating refurbishment and monitoring thereof, and such other duties and functions necessary and incidental to property management.

RL Commercial REIT
On April 15, 2021, the BOD and stockholders of the RCR approved the amendments to the Articles of Incorporation (AOI) of Robinsons Realty and Management Corporation that resulted in: (a) change in corporate name to RL Commercial REIT, Inc.; (b) change in primary purpose to engage in the business of REIT; (c) increase in authorized capital stock from One Hundred Million Pesos (₱100,000,000), divided into One Hundred Million (100,000,000) common shares with par value of One Peso (₱1.00) per share, to Thirty-Nine Billion Seven Hundred Ninety-Five Million Nine Hundred Eighty-Eight Thousand Seven Hundred Thirty-Two (39,795,988,732) shares with par value of One Peso (₱1.00) per share.

Further, a Comprehensive Deed of Assignment was executed between RCR and RLC on April 15, 2021 for the assignment, transfer, and conveyance by RLC of several properties (the Assigned Properties) to RCR in the form of buildings and condominium units with an aggregate gross area of Three Hundred Sixty-Five Thousand Three Hundred Twenty-Nine and Eighty-One Hundredths (365,329.81) square meters and with a total value of Fifty-Nine Billion Forty-Six Million Pesos (₱59,046,000,000) in exchange for the issuance of Nine Billion Nine Hundred Twenty-Three Million Nine Hundred Ninety-Seven Thousand One Hundred Eighty-Three (9,923,997,183) shares of the Assigned Properties at One Peso (₱1.00) per share with an aggregate par value of Nine Billion Nine Hundred Twenty-Three Million Nine Hundred Ninety-Seven Thousand One Hundred Eighty-Three Pesos (₱9,923,997,183), with the remaining amount of Forty-Nine Billion One Hundred Twenty-Two Million Two Thousand Eight Hundred Seventeen Pesos (₱49,122,002,817) being treated as additional paid-in capital without issuance of additional shares (the Property-for-Share Swap).

On August 2, 2021, the SEC approved the amendments to RCR's AOI and the Property-for-Share Swap. On September 14, 2021, RCR completed its initial public offering, and its common shares were listed and currently traded in the PSE as a REIT entity.

Investment in RLFMI
On May 28, 2021, RLFMI was incorporated to engage in the business of providing fund management services to real estate investment trust (REIT) companies, as provided under Republic Act No. 9856 (the Real Estate Investment Trust Act of 2009), including its implementing rules and regulations.

Incorporation of Malldash Corp
On July 26, 2021, Malldash Corp. was organized to engage in, develop, operate, and maintain the business of providing Information Technology (I.T.) solutions; to develop, operate, and maintain an electronic marketplace that will allow for business to business integration to consumer electronic commerce solutions; to provide solutions for merchant to consumer/user product delivery and/or fulfillment; to provide logistic services and digital services; and to do other things necessary or convenient for carrying out into effect the foregoing purpose.

Investment in RLGB
On October 18, 2021, Gokongwei Brothers Foundation's (GBF's) 49% share subscription was rescinded and its invested capital was returned subsequently pursuant to the Rescission Agreement executed between RLGB and GBF. RLGB became a wholly-owned subsidiary of RLC.

Incorporation of Staten Property Management
On January 25, 2022, Staten Property Management, Inc. was incorporated to manage, own, operate, and carry on the business of providing management services to residential subdivisions, residential and office buildings, commercial, estate, facility, and industrial developments, repairs and maintenance services, lease and tenancy management services, outsourcing services, asset, condotel, parking and apartment management services, treasury and general accounting, billing and collection services, and property consulting services in various residential, commercial, industrial, recreational buildings and developments.

Incorporation of RL Digital Ventures
On February 17, 2022, RL Digital Ventures, Inc. was incorporated to engage in, develop, operate, maintain, and/or provide any form of digital activity and service Information technology (I.T.) solution, e-commerce business or platform, internet or cyberspace activity.

Investment in BRFLC
In 2022, BRFLC issued 1,450,000 additional common shares from its registered share capital of 10,000,000 common shares at par of ₱100 per share, 70% of which or 1,015,000 common shares was subscribed and paid up by RLC.

The Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the

year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group.

All intragroup transactions, balances, income and expenses are eliminated in the consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders may be initially measured at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, non-controlling interests consist of the amount attributed to such interests at initial recognition and the non-controlling interest's share of changes in equity since the date of the combination.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the Group.

If the Group loses control over a subsidiary, it:
- derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- derecognizes the carrying amount of any non-controlling interest;
- derecognizes the related other comprehensive income recorded in equity and recycles the same to profit or loss or retained earnings;
- recognizes the fair value of the consideration received;
- recognizes the fair value of any investment retained; and
- recognizes any surplus or deficit in profit or loss in the consolidated statement of comprehensive income.

Business Combinations
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss in the consolidated statement of comprehensive income as incurred.

Where appropriate, the cost of acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant PFRS. Changes in the fair value of contingent consideration classified as equity are not recognized.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that if known, would have affected the amounts recognized as of that date. The measurement period is the period from the date of acquisition to the date the Group receives complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum period of one year.

If the business combination is achieved in stages, the Group's previously-held interests in the acquired entity are remeasured to fair value at the acquisition date (the date when the Group attains control) and the resulting gain or loss, if any, is recognized in profit or loss in the consolidated statement of comprehensive income. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss in the consolidated statement of comprehensive income, where such treatment would be appropriate if that interest were disposed of.

Goodwill
Goodwill arising on the acquisition of a subsidiary is recognized as an asset at the date the control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously-held interest, if any, in the entity over the net fair value of the identifiable net assets recognized.

If after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously-held equity interest, if any, the excess is recognized immediately in profit or loss in the consolidated statement of comprehensive income as a bargain purchase gain.

Goodwill is not amortized, but is reviewed for impairment at least annually. Any impairment loss is recognized immediately in profit or loss in the consolidated statement of comprehensive income and is not subsequently reversed.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Changes in Accounting Policies
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards and amendments effective as at January 1, 2022. The Group did not early adopt any other standard, interpretation or amendment that has been issued but is not yet effective. Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2'gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

  At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

- Amendments to PAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

  The Group applies these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *Annual Improvements to PFRSs* 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to PFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 per cent' test for derecognition of financial liabilities*

    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

    The Group applies the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

    The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

Significant Accounting Policies

Current versus Noncurrent Classification
The Group presents assets and liabilities in the consolidated statement of financial position based on current or noncurrent classification. An asset is current when it is:
- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalents, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:
- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

Fair Value Measurement
The Group measures certain financial instruments and nonfinancial assets at fair value at each reporting date. Fair values of financial instruments measured at amortized cost and investment properties carried at cost are disclosed in Note 5.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting date.

Foreign Currency Translation
The Group's consolidated financial statements are presented in Philippine peso, which is also the Parent Company's functional currency. Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency.

Transactions and balances
Transactions in foreign currencies are initially recorded by the Group's entities in their respective functional currencies at the foreign exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated using the closing foreign exchange rate prevailing at the reporting date. All differences are charged to profit or loss in the consolidated statement of comprehensive income. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in the statement of comprehensive income.

Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the dates of initial transactions. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Group companies
As of reporting date, the assets and liabilities of foreign subsidiaries, with functional currencies other than the functional currency of the Parent Company, are translated into the presentation currency of the Group using the closing foreign exchange rate prevailing at the reporting date, and their respective income and expenses are translated at the monthly weighted average exchange rates for the year.

The exchange differences arising on the translation are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation shall be recognized in profit or loss.

Cash and Cash Equivalents
Cash represents cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from the dates of placement, and that are subject to an insignificant risk of changes in value.

Restricted cash

Restricted cash are cash in bank set aside as security for letters of credit issued to aircraft lessors and held at separate escrow account for the purchase of land properties. The nature of restriction is assessed by the Group to determine its eligibility to be classified as cash and cash equivalents. The Group classifies restricted cash as current and noncurrent assets depending on the tenure of the restriction.

Financial Instruments – Classification and Measurement

Initial recognition and measurement of financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, FVOCI, and FVPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15.

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or computed based on valuation technique whose variables include only data from observable markets, the Group recognizes the difference between the transaction price and the fair value (a 'Day 1' difference) in the statement of comprehensive income unless it qualifies for recognition as some other type of asset or liability. In cases where fair value is determined using data which are not observable from the market, the difference between the transaction price and the model value is only recognized in the statement of comprehensive income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the amount of 'Day 1' difference.

Contractual cash flows characteristics

If the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the Group assesses whether the cash flows from the financial asset represent solely payments of principal and interest (SPPI) on the principal amount outstanding. Instruments that do not pass this test are automatically classified at fair value through profit or loss. In making this assessment, the Group determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time.

Business model

The Group's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument, rather it refers to how it manages its financial assets in order to generate cash flows. The Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. Relevant factors considered by the Group in determining the business model for a group of financial assets include how the performance of the portfolio and the financial assets held within that portfolio are evaluated and reported to the Group's key management personnel, the risks that affect the performance of the portfolio (and the financial assets held within that portfolio) and how these risks are managed and how managers of the business are compensated.

Subsequent measurement of financial assets

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments);
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at FVPL.

Investment securities at amortized cost

A debt financial asset is measured at amortized cost if (i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding. These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the Effective Interest Rate (EIR) method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortization is included in 'Interest income' in the consolidated statement of comprehensive income and is calculated by applying the EIR to the gross carrying amount of the financial asset, except for (i) purchased or originated credit-impaired financial assets and (ii) financial assets that have subsequently become credit-impaired, where, in both cases, the EIR is applied to the amortized cost of the financial asset. Losses arising from impairment are recognized in 'Provision for impairment losses and others' in the consolidated statement of comprehensive income.

Financial assets at FVOCI

Financial assets at FVOCI include debt and equity securities. After initial measurement, investment securities at FVOCI are subsequently measured at fair value. The unrealized gains and losses arising from the fair valuation of financial assets at FVOCI are excluded, net of tax as applicable, from the reported earnings and are included in the statements of comprehensive income as 'Net gains (losses) on financial assets at FVOCI'.

Debt securities at FVOCI are those that meet both of the following conditions: (i) the asset is held within a business model whose objective is to hold the financial assets in order to both collect contractual cash flows and sell financial assets; and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the outstanding principal amount. The effective yield component of debt securities at FVOCI, as well as the impact of restatements on foreign currency-denominated debt securities at FVOCI, is reported in the consolidated statements of comprehensive income. Interest earned on holding debt securities at debt securities at FVOCI are reported as interest income using the EIR method. When the debt securities at FVOCI are disposed of, the cumulative gain or loss previously recognized in the consolidated statements of comprehensive income is recognized in profit or loss. The expected credit losses (ECL) arising from impairment of such investments are recognized in OCI with a corresponding charge to 'Provision for impairment losses and others' in the consolidated statements of comprehensive income.

Equity securities designated at FVOCI are those that the Group made an irrevocable election to present in OCI the subsequent changes in fair value. Dividends earned on holding equity securities at FVOCI are recognized in the consolidated statements of comprehensive income as 'Dividend income' when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Gains and losses on disposal of these equity securities are never recycled to profit or loss, but the cumulative gain or loss previously recognized in the statements of comprehensive income is reclassified to 'Retained earnings' or any other appropriate equity account upon disposal. Equity securities at FVOCI are not subject to impairment assessment.

Financial assets at FVPL
Financial assets are measured at FVPL unless these are measured at amortized cost or at FVOCI. Included in this classification are equity and debt investments held for trading and debt instruments with contractual terms that do not represent solely payments of principal and interest. Financial assets held at FVPL are initially recognized at fair value, with transaction costs recognized in the profit or loss in the statement of comprehensive income as incurred. Subsequently, they are measured at fair value and any gains or losses are recognized in the consolidated statement of comprehensive income.

Additionally, even if the asset meets the amortized cost or the FVOCI criteria, the Group may choose at initial recognition to designate the financial asset at FVPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) that would otherwise arise from measuring financial assets on a different basis.

Trading gains or losses are calculated based on the results arising from trading activities of the Group, including all gains and losses from changes in fair value for financial assets and financial liabilities at FVPL, and the gains or losses from disposal of debt instruments classified as FVOCI and investments securities at amortized cost.

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a ‘pass-through’ arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Modification of financial assets
The Group derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new asset, with the difference between its carrying amount and the fair value of the new asset recognized as a derecognition gain or loss in profit or loss, to the extent that an impairment loss has not already been recorded.

The Group considers both qualitative and quantitative factors in assessing whether a modification of financial asset is substantial or not. When assessing whether a modification is substantial, the Group considers the following factors, among others:

- Change in currency
- Introduction of an equity feature
- Change in counterparty
- If the modification results in the asset no longer considered SPPI

The Group also performs a quantitative assessment similar to that being performed for modification of financial liabilities. In performing the quantitative assessment, the Group considers the new terms of a financial asset to be substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10.00% different from the present value of the remaining cash flows of the original financial asset.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Group recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in the statement of income.

When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of a new financial asset, the modified asset is considered a 'new ' financial asset. Accordingly, the date of the modification shall be treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset. The newly recognized financial asset is classified as Stage 1 for ECL measurement purposes, unless the new financial asset is deemed to be originated as credit impaired (POCI).

Initial recognition and measurement of financial liabilities
Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, derivatives designated as hedging instruments in an effective hedge, or other financial liabilities. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement of financial liabilities
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at FVPL
Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of comprehensive income. Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Group has not designated any financial liability as at FVPL.

Other financial liabilities
This category pertains to the Group's interest-bearing loans and borrowing and payables. After initial recognition, these other financial liabilities are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of comprehensive income.

Derecognition of financial liabilities
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

Exchange or modification of financial liabilities
The Group considers both qualitative and quantitative factors in assessing whether a modification of financial liabilities is substantial or not. The terms are considered substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10.00% different from the present value of the remaining cash flows of the original financial liability. However, under certain circumstances, modification or exchange of a financial liability may still be considered substantial, even where the present value of the cash flows under the new terms is less than 10.00% different from the present value of the remaining cash flows of the original financial liability. There may be situations where the modification of the financial liability is so fundamental that immediate derecognition of the original financial liability is appropriate (e.g., restructuring a financial liability to include an embedded equity component).

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the fair value of the new liability is recognized in profit or loss.

When the exchange or modification of the existing financial liability is not considered as substantial, the Group recalculates the gross carrying amount of the financial liability as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR and recognizes a modification gain or loss in profit or loss.

If modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the financial instrument and are amortized over the remaining term of the modified financial instrument.

Reclassifications of financial instruments
The Group reclassifies its financial assets when, and only when, there is a change in the business model for managing the financial assets. Reclassifications shall be applied prospectively by the Group and any previously recognized gains, losses or interest shall not be restated. The Group does not reclassify its financial liabilities.

Impairment of Financial Assets
The Group recognizes an allowance for ECL for all debt instruments not classified as FVPL. ECLs represent credit losses that reflect an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions. ECL allowances will be measured at amounts equal to either (i) 12-month ECL or (ii) lifetime ECL for those financial instruments which have experienced a significant increase in credit risk (SICR) since initial recognition (General Approach). The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime ECL are credit losses that results from all possible default events over the expected life of a financial instrument.

Staging assessment
PFRS 9 establishes a three-stage approach for impairment of financial assets, based on whether there has been a significant deterioration in the credit risk of a financial asset. These three stages then determine the amount of impairment to be recognized.

For non-credit-impaired financial instruments:

- Stage 1 is comprised of all financial instruments which have not experienced a SICR since initial recognition or is considered of low credit risk as of the reporting date. The Group recognizes a 12-month ECL for Stage 1 financial instruments. The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date.
- Stage 2 is comprised of all financial instruments which have experienced a SICR since initial recognition. The Group recognizes a lifetime ECL for Stage 2 financial instruments. Lifetime ECL are credit losses that results from all possible default events over the expected life of a financial instrument.

For credit-impaired financial instruments:

- Stage 3 is comprised of all financial assets that have objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a loan or a portfolio of loans. The Group recognizes a lifetime ECL for Stage 3 financial instruments.

Definition of "default" and "restored"
The Group eventually classifies a financial instrument as in default when it is credit impaired, or becomes past due on its contractual payments for more than 90 days. As part of a qualitative assessment of whether a customer is in default, the Group considers a variety of instances that may indicate unlikeliness to pay. In certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted.

An instrument is considered to be no longer in default (i.e. restored) if there is sufficient evidence to support that full collection is probable and payments are received for at least six months.

Credit risk at initial recognition
The Group uses internal credit assessment and approvals at various levels to determine the credit risk of exposures at initial recognition. Assessment can be quantitative or qualitative and depends on the materiality of the facility or the complexity of the portfolio to be assessed.

Significant increase in credit risk
The assessment of whether there has been a SICR is based on an increase in the probability of a default occurring since initial recognition. The SICR criteria vary by portfolio and include quantitative changes in probabilities of default and qualitative factors, including a backstop based on delinquency. The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Group's internal credit assessment, the borrower or counterparty is determined to require close monitoring or with well-defined credit weaknesses. For exposures without internal credit grades, if contractual payments are more than a specified days past due threshold, the credit risk is deemed to have increased significantly since initial recognition. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a SICR since initial recognition, the Group shall revert to recognizing a 12-month ECL.

ECL parameters and methodologies
ECL is a function of the probability of default (PD), loss given default (LGD) and exposure at default (EAD), with the timing of the loss also considered, and is estimated by incorporating forward-looking economic information and through the use of experienced credit judgment.

The PD is an estimate of the likelihood of default over a 12-month horizon for Stage 1 or lifetime horizon for Stage 2. The PD for each individual instrument is modelled based on historic data and is estimated based on current market conditions and reasonable and supportable information about future economic conditions. The Group segmented its credit exposures based on homogenous risk characteristics and developed a corresponding PD methodology for each portfolio. The PD methodology for each relevant portfolio is determined based on the underlying nature or characteristic of the portfolio, behavior of the accounts and materiality of the segment as compared to the total portfolio.

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.

Forward-looking information
The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. A broad range of forward-looking information are considered as economic inputs, such as GDP growth, exchange rate, interest rate, inflation rate and other economic indicators. The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

The Group applied the general approach for customer receivables from its Banking Segment. For the trade receivables of other segments, the standard's simplified approach was applied where ECLs are calculated based on lifetime expected credit losses. Therefore, the Group does not track changes in credit risk of these receivables, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. For the Real estate and hotels segment's installment contract, the vintage analysis approach is used. This method accounts for expected losses by calculating the cumulative loss rates of a given loan pool. It derives the PD from the historical data of a homogenous portfolio that share the same origination period. The information on the number of defaults during fixed time intervals of the accounts is utilized to create the PD model. It allows the evaluation of the loan activity from its origination period until the end of the contract period. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For cash and cash equivalents, short-term investments and debt securities, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a SICR since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from Standard and Poor's (S&P), Moody's and Fitch to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

Debt instruments measured at FVOCI
The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the consolidated statements of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets are measured at amortized cost is recognized in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognized in OCI is recycled to the profit and loss upon derecognition of the assets.

<u>Write-off of Financial Assets</u>
A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows (e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the Group has effectively exhausted all collection efforts).

<u>Offsetting Financial Instruments</u>
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business of default, and event of solvency or bankruptcy of the Group and all of the counterparties.

<u>Classification of Financial Instruments Between Debt and Equity</u>
A financial instrument is classified as debt, if it provides for a contractual obligation to:
- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy the obligation other than by exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount, after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

Debt Issuance Costs
Debt issue costs are amortized using the effective interest method. The unamortized debt issuance costs are offset against the related carrying value of the loan of the Group's statement of financial position. When a loan is paid, the related unamortized debt issuance costs at the date of repayment are charged against current operations.

Inventories
Inventories, including work-in-process, are valued at the lower of cost and net realizable value (NRV). NRV is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. NRV for materials, spare parts and other supplies represents the related replacement costs. In determining the NRV, the Group deducts from cost 100.0% of the carrying value of slow-moving items and nonmoving items for more than one year.

When inventories are sold, the carrying amounts of those inventories are recognized under 'Cost of sales and services' in profit or loss in the period when the related revenue is recognized.

Some inventories may be allocated to other asset accounts, for example, inventory used as a component of a self-constructed property, plant or equipment. Inventories allocated to another asset in this way are recognized as an expense during the useful life of that asset.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

Finished goods, work-in-process, raw materials and packaging materials

a. *Petrochemicals*
   Cost is determined using the moving average costing method. Cost of finished goods and work-in-process includes direct materials and labor and a proportion of manufacturing overhead costs based on actual goods processed and produced.

b. *Branded consumer foods, agro-industrial and commodity food products*
   Cost is determined using the weighted average method. Under the weighted average costing method, the cost of each item is determined from the weighted average of the cost of similar items at the beginning of a period and the cost of similar items purchased or produced during the period. Cost of finished goods and work-in-process include direct materials and labor and a proportion of manufacturing overhead costs based on actual goods processed and produced, but excluding borrowing costs.

Subdivision land and condominium and residential units for sale
Subdivision land, condominium and residential units for sale in the ordinary course of business are carried at the lower of cost and NRV. Cost includes land costs, costs incurred for development and improvement of the properties and borrowing costs on loans directly attributable to the projects which were capitalized during construction.

NRV is the estimated selling price in the ordinary course of business less cost of completion and estimated costs necessary to make the sale.

The cost of inventory recognized in the consolidated statement of comprehensive income is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

Factory supplies and spare parts
Cost is determined using the weighted average method.

Biological Assets
The biological assets of the Group are divided into two major categories with sub-categories as follows:

Swine livestock	-	Breeders (livestock bearer)
	-	Sucklings (breeders' offspring)
	-	Weanlings (comes from sucklings intended to be breeders or to be sold as fatteners)
	-	Fatteners/finishers (comes from weanlings unfit to become breeders; intended for the production of meat)
Poultry livestock	-	Breeders (livestock bearer)
	-	Chicks (breeders' offspring intended to be sold as breeders)

Biological assets are measured on initial recognition and at each reporting date at its fair value less estimated costs to sell. The fair values are determined based on current market prices of livestock of similar age, breed and genetic merit. Costs to sell include commissions to brokers and dealers, nonrefundable transfer taxes and duties. Costs to sell exclude transport and other costs necessary to get the biological assets to the market.

Agricultural produce is the harvested product of the Group's biological assets. A harvest occurs when agricultural produce is either detached from the bearer biological asset or when a biological asset's life processes cease. A gain or loss arising on initial recognition of agricultural produce at fair value less estimated costs to sell is recognized in the consolidated statement of income in the period in which it arises. The agricultural produce in swine livestock is the suckling that transforms into weanling then into fatteners/finishers, while the agricultural produce in poultry livestock is the hatched chick and table eggs.

A gain or loss on initial recognition of a biological asset at fair value less estimated costs to sell and from a change in fair value less estimated costs to sell of a biological asset are included in the consolidated statement of income in the period in which it arises.

Assets and Disposal Groups Held for Sale
The Group classifies assets and disposal groups as held for sale when their carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, and its sale must be highly probable.

For the sale to be highly probable, (a) an appropriate level of management must be committed to a plan to sell the asset, (b) an active program must have been initiated, (c) the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value, (d) the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification and (e) actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. Asset and disposal groups classified as held for sale are measured at the lower of their previous carrying amount, net of any impairment, and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (or disposal group), excluding finance costs and income tax expense.

In circumstances where certain events have extended the period to complete the sale of a disposal group beyond one year, the disposal group continues to be classified as held for sale if the delay is caused by events or circumstances beyond the Group's control and there is sufficient evidence that the Group remains committed to its plan to sell the disposal group. Otherwise, if the criteria for classification of a disposal group as held for sale are no longer met, the Group ceases to classify the disposal group as held for sale.

Initial and subsequent measurement
Immediately before the initial classification of the asset (or disposal group) as held for sale, the carrying amount of the asset (or all the assets and liabilities of the disposal group) shall be measured in accordance with applicable standards.

An entity shall present a disposal group held for sale separately from other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale shall be presented separately from other liabilities in the statement of financial position. These assets and liabilities shall not be offset and presented as a single amount.

Assets and disposal groups held for sale are measured at the lower of their carrying amount or fair value less costs to sell. Impairment losses are recognized for any initial or subsequent write-down of the assets held for sale to the extent that these have not been previously recognized at initial recognition. Reversals of impairment losses for any subsequent increases in fair value less cost to sell of the assets held for sale are recognized as a gain, but not in excess of the cumulative impairment loss that has been previously recognized. Liabilities directly related to assets held for sale are measured at their expected settlement amounts.

Discontinued Operation
A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to a separate major line of business or geographical area of operations , or
- is a subsidiary acquired exclusively with view to resale.

The related results of operations and cash flows of the disposal group that qualify as discontinued operations are separated from the results of those that would be recovered principally through continuing use, and the prior years' profit or loss in the consolidated statement of comprehensive income and consolidated statement of cash flows are re-presented. Results of operations and cash flows of the disposal group that qualify as discontinued operations are presented in profit or loss in the consolidated statement of comprehensive income and consolidated statement of cash flows as items associated with discontinued operations.

Additional disclosures are provided in Note 44. All other notes to the consolidated financial statements include amounts of disposal group, unless otherwise mentioned.

Investments in Associates and Joint Ventures
Associates pertain to all entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group also has interests in joint ventures. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

The Group's investments in its associates and joint ventures are accounted for using the equity method of accounting. Under the equity method, the investments in associates and joint ventures are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share in the net assets of the associates and joint ventures. The consolidated statement of comprehensive income reflects the share of the results of operations of the associates and joint ventures. Where there has been a change recognized in the investees' other comprehensive income, the Group recognizes its share of any changes and discloses this, when applicable, in the other comprehensive income. Profits and losses arising from transactions between the Group and the associate are eliminated to the extent of the interest in the associates and joint ventures.

The Group's investments in certain associates and joint ventures include goodwill on acquisition, less any impairment in value. Goodwill relating to an associate or joint venture is included in the carrying amount of the investment and is not amortized.

Where necessary, adjustments are made to the financial statements of associates to bring the accounting policies used in line with those used by the Group.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Property, Plant and Equipment
Property, plant and equipment, except land which is stated at cost less any impairment in value, are carried at cost less accumulated depreciation, amortization and impairment loss, if any.

The initial cost of property, plant and equipment comprises its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Cost also includes: (a) interest and other financing charges on borrowed funds used to finance the acquisition of property, plant and equipment to the extent incurred during the period of installation and construction; and (b) asset retirement obligation (ARO) relating to property, plant and equipment installed/constructed on leased properties or leased aircraft.

Subsequent replacement costs of parts of property, plant and equipment are capitalized when the recognition criteria are met. Significant refurbishments and improvements are capitalized when it can be clearly demonstrated that the expenditures have resulted in an increase in future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond the originally assessed standard of performance. Costs of repairs and maintenance are charged as expense when incurred.

Foreign exchange differentials arising from the acquisition of property, plant and equipment are charged against profit or loss in the consolidated statement of comprehensive income and are no longer capitalized.

Depreciation and amortization of property, plant and equipment commences once the property, plant and equipment are available for use, and are computed using the straight-line method over the EUL of the assets, regardless of utilization.

The EUL of property, plant and equipment of the Group follow:

	EUL
Land improvements	5 to 40 years
Buildings and improvements	10 to 50 years
Machinery and equipment	4 to 50 years
Leasehold improvements	15 years or the lease term, whichever is shorter
Passenger aircraft	15 years
Other flight equipment	3 to 5 years
Transportation, furnishing and other equipment	3 to 5 years

The assets' residual values, useful lives and methods of depreciation and amortization are reviewed periodically to ensure that the method and period of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property, plant and equipment. Any change in the expected residual values, useful lives and methods of depreciation are adjusted prospectively from the time the change was determined necessary.

Construction in-progress is stated at cost. This includes cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of property, plant and equipment are capitalized during the construction period. Construction in-progress is not depreciated until such time as the relevant assets are completed and put into operational use. Assets under construction are reclassified to a specific category of property, plant and equipment when the construction and other related activities necessary to prepare the properties for their intended use are completed and the properties are available for use.

Major spare parts and stand-by equipment items that the Group expects to use over more than one period and can be used only in connection with an item of property, plant and equipment are accounted for as property, plant and equipment. Depreciation and amortization on these major spare parts and stand-by equipment commence once these have become available for use (i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Group).

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the consolidated statement of comprehensive income, in the year the item is derecognized.

Asset Retirement Obligation (ARO)
The Group is contractually required under various lease contracts to either restore certain leased aircraft to its original condition at its own cost or to bear a proportionate cost of restoration at the end of the contract period. The event that gives rise to the obligation is the actual flying hours, flying cycles or calendar months of the asset as used, as the usage determines the timing and nature of the overhaul and restoration work required or the amount to be contributed at the end of the lease term. For certain lease agreements, the Group provides for these costs over the terms of the leases through contribution to a maintenance reserve fund (MRF) which is recorded as outright expense. If the estimated cost of restoration is expected to exceed the cumulative MRF, an additional obligation is accounted on an accrual basis. Regular aircraft maintenance is accounted for as expense when incurred.

If there is a commitment related to maintenance of aircraft held under operating lease arrangements, a provision is made during the lease term for the lease return obligations specified within those lease agreements. The provision is made based on historical experience, manufacturers' advice and if

relevant, contractual obligations, to determine the present value of the estimated future major airframe inspections cost and engine overhauls.

Advance payment for materials for the restoration of the aircraft is initially recorded under 'Advances to supplier' account in the consolidated statement of financial position. This is recouped when the expenses for restoration of aircraft have been incurred.

The Group regularly assesses the provision for ARO and adjusts the related liability.

Heavy Maintenance Visits (HMV)
The Group is contractually required under various lease contracts to undertake the maintenance and overhaul of certain leased aircraft throughout the contract period. Major maintenance events are required to be performed on a regular basis based on historical or industry experience and manufacturer's advise. Estimated costs of major maintenance events are accrued and charged to profit or loss over the estimated period between overhauls as the leased aircraft is utilized. HMV liability is carried at amortized cost using the effective interest method.

Travel Fund
Travel fund is a virtual wallet that can be used as a form of payment for booking new flights and purchasing add-ons. Travel fund is offered for cancelled flights or for flights with schedule changes of more than 60 minutes. Prior to March 15, 2020 (pre-COVID), the validity of travel fund was only 90 days from the travel fund creation date. However, due to the COVID-19, the Group extended the validity of travel fund from 90 days to two (2) years to give guests enough time to plan on their next trip.

The Group further provided an option for guest to refund their travel fund if unused after one (1) year but this is specific only for flights affected by COVID-19 between March 15, 2020 to July 31, 2020.

Starting August 1, 2020, refund of travel fund is no longer an option for flights yet the validity of travel fund remains two (2) years.

However, as subsequently amended, effective April 1, 2022, in line with the Group's recovery efforts and continuous updating of Customer Flexible Options, all created travel fund starting the said date shall be valid for six (6) months from the date of creation or conversion to travel fund.

Moreover, effective April 6, 2022, selected guests will now be able to use their travel fund to book for anyone, regardless whether the member is part of the new booking's passenger list or not.

In accordance with PFRS 15, *Revenue from Contracts with Customers,* upon receipt of a prepayment from customer, an entity shall recognize a contract liability in the amount of the prepayment for its performance obligation to transfer, or to stand ready to transfer, goods or services in the future. An entity shall derecognize that contract liability (and recognize revenue) when it transfers those goods or services and, therefore, satisfies its performance obligation.

A customer's non-refundable prepayment to an entity gives the customer a right to receive a good service in the future (and obliges the entity to stand ready to transfer a good or service). However, customers may not exercise all of their contractual rights. Those unexercised rights are often referred to as breakage.

If an entity expects to be entitled to a breakage amount in a contract liability, the entity shall recognize the expected breakage amount as revenue in proportion to the pattern of rights exercised by the customer. If an entity does not expect to be entitled to a breakage amount, the entity shall recognize the expected breakage amount as revenue when the likelihood of the customer exercising its remaining rights becomes remote.

Borrowing Costs
Interest and other finance costs incurred during the construction period on borrowings used to finance property development are capitalized to the appropriate asset accounts. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress, and expenditures and borrowing costs are being incurred. The capitalization of these borrowing costs ceases when substantially all the activities necessary to prepare the asset for sale or its intended use are complete. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded. Capitalized borrowing cost is based on the applicable weighted average borrowing rate for general borrowings. For specific borrowings, all borrowing costs are eligible for capitalization.

Borrowing costs which do not qualify for capitalization are expensed as incurred.

Interest expense on loans is recognized using the effective interest method over the term of the loans.

Investment Properties
Investment properties consist of properties that are held to earn rentals or for capital appreciation or both, and those which are not occupied by entities in the Group. Investment properties, except for land, are carried at cost less accumulated depreciation and impairment loss, if any. Land is carried at cost less impairment loss, if any. Investment properties are measured initially at cost, including transaction costs. Transaction costs represent nonrefundable taxes such as capital gains tax and documentary stamp tax that are for the account of the Group. An investment property acquired through an exchange transaction is measured at the fair value of the asset acquired unless the fair value of such an asset cannot be measured, in which case the investment property acquired is measured at the carrying amount of the asset given up. Foreclosed properties are classified under investment properties upon: a) entry of judgment in case of judicial foreclosure; b) execution of the Sheriff's Certificate of Sale in case of extra-judicial foreclosure; or c) notarization of the Deed of Dacion in case of dation in payment (dacion en pago).

The Group's investment properties are depreciated using the straight-line method over their estimated useful lives (EUL) as follows:

Land improvements	5 to 10 years
Buildings and improvements	10 to 30 years

The depreciation and amortization method and useful life are reviewed periodically to ensure that the method and period of depreciation and amortization are consistent with the expected pattern of economic benefits from items of investment properties.

Investment properties are derecognized when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gains or losses on the retirement or disposal of investment properties are recognized in profit or loss in the consolidated statement of comprehensive income in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

Transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under 'Property, plant and equipment' up to the date of change in use.

Construction in-progress is stated at cost. This includes cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of investment properties are capitalized during the construction period. Construction in-progress is not depreciated until such time as the relevant assets are completed and put into operational use.

Goodwill
Goodwill acquired in a business combination from the acquisition date is allocated to each of the Group's cash-generating units, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on the Group's operating segments as determined in accordance with PFRS 8, *Operating Segments*.

Following initial recognition, goodwill is measured at cost, less any accumulated impairment loss. Goodwill is reviewed for impairment annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired (see Impairment of Nonfinancial Assets).

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Bank Licenses
Bank licenses arise from the acquisition of branches of a local bank by the Group and commercial bank license. The Group's bank licenses have indefinite useful lives and are subject to annual individual impairment testing.

Intangible Assets
Intangible assets (other than goodwill) acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the acquisition date. Following initial recognition, intangible assets are measured at cost less any accumulated amortization and impairment loss, if any.

The EUL of intangible assets are assessed to be either finite or indefinite.

The useful lives of intangible assets with finite lives are assessed at the individual asset level. Intangible assets with finite lives are amortized on a straight-line basis over their useful lives.

The period and the method of amortization of an intangible asset with a finite useful life are reviewed at least at each reporting date. Changes in the EUL or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite useful lives is recognized under ‘Cost of sales and services’ and ‘General and administrative expenses’ in profit or loss in the consolidated statement of comprehensive income in the expense category consistent with the function of the intangible asset. Intangible assets with finite lives are assessed for impairment, whenever there is an indication that the intangible assets may be impaired.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level (see further discussion under Impairment of Nonfinancial Assets). Such intangibles are not amortized. The intangible asset with an indefinite useful life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If the indefinite useful life is no longer appropriate, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Costs incurred to acquire computer software (which are not an integral part of its related hardware) and costs to bring it to its intended use are capitalized as intangible assets. Costs directly associated with the development of identifiable computer software that generate expected future benefits to the Group are also recognized as intangible assets. All other costs of developing and maintaining computer software programs are recognized as expense when incurred.

A gain or loss arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognized in profit or loss in the consolidated statement of comprehensive income when the asset is derecognized.

A summary of the policies applied to the Group’s intangible assets follows:

	Technology Licenses	Branch Licenses and Trade Secrets	Product Formulation and Brands	Software Costs	Customer Relationship	Trademarks
EUL	Finite (12 to 13.75 years)	Indefinite	Indefinite	Finite (5 to 10 years)	Finite (35 years)	Indefinite
Amortization method used	Amortized on a straight-line basis over the EUL of the license	No amortization	No amortization	Amortized on a straight-line basis over the EUL of the software cost	Straight line amortization	No amortization
Internally generated or acquired	Acquired	Acquired	Acquired	Acquired	Acquired	Acquired

<u>Impairment of Nonfinancial Assets</u>
This accounting policy applies primarily to the Group’s ‘Investments in associates and joint ventures’, ‘Property, plant and equipment’, ‘Investment properties’, ‘Right-of-Use assets’, ‘Goodwill’, ‘Intangible assets’, and ‘Biological assets’.

Except for goodwill and intangible assets with indefinite lives which are tested for impairment annually, the Group assesses at each reporting date whether there is an indication that its nonfinancial assets may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Group makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset’s (or cash-generating unit’s) fair value less costs to sell and its value-in-use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the cash-generating unit to which it belongs. Where the carrying amount of an asset

(or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written-down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit).

Impairment losses or reversal of impairment losses from continuing operations are recognized under ‘Provision for (reversal of) impairment losses and others’ in profit or loss in the statement of comprehensive income.

The following criteria are also applied in assessing impairment of specific assets:

Property, plant and equipment, investment properties, right-of-use assets, intangible assets with definite useful lives and costs
For property, plant and equipment, investment properties, intangible assets with definite useful lives, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss in the consolidated statement of comprehensive income. After such a reversal, the depreciation expense is adjusted in future years to allocate the asset’s revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Goodwill
Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount to which goodwill has been allocated, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

The Group performs its impairment test of goodwill annually.

Investments in associates and joint ventures
After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on the Group’s investments in associates and joint ventures. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount under ‘Impairment losses and others’ in profit or loss.

Intangible assets with indefinite useful lives
Intangible assets with indefinite useful lives are tested for impairment annually as of year-end either individually or at the cash-generating unit level, as appropriate.

Member Redemption Liability
The Group operates a reward program that issues loyalty points to its members for purchases made at any participating partner establishment that can be redeemed against any future purchases, subject to a minimum number of points obtained. The Group receives the cost per points issued (CPP) and service fees from the participating partner establishments based on agreed terms and conditions upon issuance of points to program members. The CPP of outstanding issued and unredeemed points are recognized as 'Membership redemption liability' and is presented under 'noncurrent liabilities' in the statement of financial position while the service fees are recognized as 'Revenues' in the statement of comprehensive income.

Equity
Common and preferred stocks are classified as equity and are recorded at par. Proceeds in excess of par value are recorded as 'Additional paid-in capital' in the consolidated statement of changes in equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Retained earnings represent the cumulative balance of periodic net income/loss, dividend distributions, prior period adjustments and effect of changes in accounting policy and capital adjustments.

Treasury Shares
Treasury shares are recorded at cost and are presented as a deduction from equity. When the shares are retired, the capital stock account is reduced by its par value. The excess of cost over par value upon retirement is debited to the following accounts in the order given: (a) additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares were issued, and (b) retained earnings. No gain or loss is recognized in profit or on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Significant Accounting Policies Generally Applicable to Foods, Agro-Industrial and Commodities and Petrochemicals

Revenue Recognition
Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in its revenue arrangements because it controls the goods or services before transferring them to the customer.

Sales of goods and services
Revenue from sale of goods and services is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods and services. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods and services, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer, if any. If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception using the expected value method and is constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods and services provide customers with a right to return the goods within a specific period.

Sale of sugar and molasses
Sale of raw sugar is recognized upon (a) endorsement and transfer of quedans for quedan-based sales and (b) shipment or delivery and acceptance by the customers for physical sugar sales. Sale of refined sugar and alcohol is recognized upon shipment of delivery and acceptance by the customers. Sale of molasses is recognized upon (a) surrendering of molasses certificates (warehouse receipts for molasses) or (b) delivery and acceptance by the customer for physical molasses, whichever comes first.

Rendering of tolling services
Revenue derived from tolling activities is recognized as revenue at a point in time when the related services have been rendered.

Significant Accounting Policies Generally Applicable to Air Transportation

Revenue Recognition
Revenue from contracts with passengers and cargo customers, and any related revenue from services incidental to the transportation of passengers, is recognized when carriage is provided or when the passenger is lifted in exchange for an amount that reflects the consideration to which the Group expects to be entitled to.

The following specific recognition criteria must also be met before revenue is recognized:

Sale of air transportation services
Passenger ticket and cargo waybill sales are initially recorded as contract liabilities under 'Unearned transportation revenue' account in the consolidated statement of financial position until earned and recognized under 'Revenue' account in the consolidated statement of comprehensive income when carriage is provided or when the passenger is lifted or flown.

Flight and booking services
Revenue from services incidental to the transportation of passengers such as excess baggage, inflight sales and rebooking and website administration fees are initially recognized as contract liabilities under 'Unearned transportation revenue' account in the consolidated statement of financial position until the services are rendered.

Revenue from estimated breakage (expiration) of unused travel funds
Revenue from estimated breakage (expiration) of unused travel funds are recognized based on the historical expiration experience of the Group on the unused travel funds.

Other ancillary revenue
Other revenue such as refund surcharges, service income and cancellation fees are recognized when the services are provided.

Significant Accounting Policies Generally Applicable to Real Estate and Hotels

Revenue Recognition

Revenue from Contract with Customers
The Group primarily derives its real estate revenue from the sale of vertical and horizontal real estate projects. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water, electricity, and common use service area in its mall retail spaces, wherein it is acting as agent.

The following specific recognition criteria must also be met before revenue is recognized:

Real estate sales – Philippines Operations – Performance obligation is satisfied over time
The Group derives its real estate revenue from sale of lots, house and lot and condominium units. Revenue from the sale of these real estate projects under pre-completion stage are recognized over time during the construction period (or POC) since based on the terms and conditions of its contract with the buyers, the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Group uses input method. Input methods recognize revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation. Progress is measured based on actual resources consumed such as materials, labor hours expended and actual overhead incurred relative to the total expected inputs to the satisfaction of that performance obligation, or the total estimated development costs of the real estate project. The Group uses the cost accumulated by the accounting department to determine the actual resources used. Input method excludes the effects of any inputs that do not depict the entity's performance in transferring control of goods or services to the customer.

Estimated development costs of the real estate project include costs of land, land development, building costs, professional fees, depreciation of equipment directly used in the construction, payments for permits and licenses. Revisions in estimated development costs brought about by increases in projected costs in excess of the original budgeted amounts, form part of total project costs on a prospective basis.

Any excess of collections over the total of recognized trade receivables and installment contract receivables is included as 'Contract liabilities' under 'Other current and noncurrent liabilities' in the consolidated statements of financial position.

The impact of the significant financing component on the transaction price has not been considered since the Group availed the relief granted by the SEC under Memorandum Circular Nos. 14-2018 as of 2018 for the implementation issues of PFRS 15 affecting the real estate industry. Under the SEC Memorandum Circular No. 34, the relief has been extended until December 31, 2023.

Real estate sales – Philippines Operations – Performance obligation is satisfied at a point in time
The Group also derives real estate revenue from sale of parcels of raw land. Revenue from the sale of these parcels of raw land are recognized at a point in time (i.e., upon transfer of control to the buyer) since based on the terms and conditions of its contract with the buyers, the Group's performance does not create an asset with an alternative use but the Group does not have an enforceable right to payment for performance completed to date. The Group is only entitled to payment upon delivery of the land to the buyer and if the contract is terminated, the Group has to return all payments made by the buyer.

Real estate sales – China Operations
Taking into account the contract terms per house purchase and sales contract, Chengdu Xin Yao's business practice and the legal and regulatory environment in China, most of the property sales contracts in China do not meet the criteria for recognizing revenue over time and therefore, revenue from property sales continues to be recognized at a point in time, while some property sales contracts meet the criteria for recognizing revenue over time as the properties have no alternative use to the Group due to contractual reasons and the Group has an enforceable right to payment from customer for performance completed to date. Under PFRS 15, revenue from property sales is generally recognized when the property is accepted by the customer, or deemed as accepted according to the contract, whichever is earlier, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property.

Rental income
The Group leases its commercial and office real estate properties to others through operating leases. Rental income on leased properties is recognized on a straight-line basis over the lease term and may include contingent rents based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract. Contingent rents are recognized as revenue in the period in which they are earned.

Amusement income
Revenue is recognized upon rendering of services or at a point in time.

Revenue from hotel operations
Revenue from hotel operations is recognized when services are rendered or at a point in time. Revenue from banquets and other special events are recognized when the events take place or at a point in time. Rental income on leased areas of the hotel is recognized on a straight-line basis over the lease term. Revenue from food and beverage are recognized when these are served. Other income from transport, laundry, valet and other related hotel services are recognized when services are rendered.

Interest income
Interest income is recognized as the interest accrues using the effective interest rate (EIR) method.

Other income
Other income is recognized when earned.

<u>Costs Recognition</u>

Cost of Real Estate Sales
The Group recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as land and connection fees. These include costs of land, land development costs, building costs, professional fees, depreciation, permits and licenses and capitalized borrowing costs. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

Contract costs include all direct materials and labor costs and those indirect costs related to contract performance. Expected losses on contracts are recognized immediately when it is probable that the total contract costs will exceed total contract revenue. Changes in contract performance, contract conditions and estimated profitability, including those arising from contract penalty provisions, and final contract settlements which may result in revisions to estimated costs and gross margins are recognized in the year in which the changes are determined.

Contract Liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

The contract liabilities also include payments received by the Group from the customers for which revenue recognition has not yet commenced.

Costs and General and Administrative Expense
Costs and expenses are recognized in the consolidated statement of comprehensive income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Costs and expenses are recognized in the consolidated statement of comprehensive income:
- On the basis of a direct association between the costs incurred and the earning of specific items of income;
- On the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
- Immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the consolidated statement of financial position as an asset.

Costs to obtain contract
The incremental costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover them. The Group has determined that commissions paid to brokers and marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Commission expense is included in the “Real estate costs and expenses” account in the consolidated statement of income.

Costs incurred prior to obtaining contract with customer are not capitalized but are expensed as incurred.

Contract fulfillment assets
Contract fulfillment costs are divided into: (i) costs that give rise to an asset; and (ii) costs that are expensed as incurred. When determining the appropriate accounting treatment for such costs, the Group firstly considers any other applicable standards. If those standards preclude capitalization of a particular cost, then an asset is not recognized under PFRS 15.

If other standards are not applicable to contract fulfillment costs, the Group applies the following criteria which, if met, result in capitalization: (i) the costs directly relate to a contract or to a specifically identifiable anticipated contract; (ii) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (iii) the costs are expected to be recovered. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable.

The Group’s contract fulfillment assets pertain to connection fees and land acquisition costs.

Amortization, de-recognition and impairment of capitalized costs to obtain a contract
The Group amortizes capitalized costs to obtain a contract to cost of sales over the expected construction period using POC following the pattern of real estate revenue recognition. The amortization is included within general and administrative expenses.

A capitalized cost to obtain a contract is derecognized either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

At each reporting date, the Group determines whether there is an indication that cost to obtain a contract maybe impaired. If such indication exists, the Group makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Group expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Group uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant costs or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific performance indicators that could trigger variable consideration, or service credits. Where a contract is anticipated to make a loss, these judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Other Income of the Group (Outside of Scope of PFRS 15)

Rental income
The Group leases its commercial and office real estate properties to others through operating leases. Rental income on leased properties is recognized on a straight-line basis over the lease term and may include contingent rents based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract. Contingent rents are recognized as revenue in the period in which they are earned.

Dividend income
Dividend income is recognized when the shareholder’s right to receive the payment is established.

Costs and Expenses
Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Cost and expenses are recognized when incurred.

Provisions
Provisions are recognized when: (a) the Group has a present obligation (legal or constructive) as a result of a past event; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense under ‘Financing costs and other charges’ account in the consolidated statement of comprehensive income. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is probable.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated

financial statements but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable.

Pension Costs

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Termination benefit

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before

the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

Employee leave entitlement

Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Share-based Payments

The Group has a Long-Term Incentive Plan (LTIP) granting eligible persons any one or a combination of Restricted Stock Units (RSUs) and Stock Options to purchase a fixed number of shares of stock at a stated price during a specified period ("equity-settled transactions").

The cost of equity-settled transactions is measured by reference to the fair value at the date at which these are granted. Said cost is recognized in profit or loss, together with a corresponding increase in 'Share-based payments' account in the consolidated statement of financial position, over the period in which the service conditions are fulfilled, ending on the date on which the eligible persons become fully entitled to the award ("vesting date"). The fair value of Stock Options is determined using the Cox-Ross-Rubinstein Binomial Option Pricing Method. The cumulative expense recognized for the share-based transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. No expense is recognized for awards that do not ultimately vest.

Where the terms of a share-based award are modified, at a minimum, an expense is recognized as if the terms had not been modified. In addition, an expense is recognized for any modification, which increases the total fair value of the share-based payment agreement, or is otherwise beneficial to the eligible persons as measured at the date of modification.

Where a share-based award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if there were a modification of the original award. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Income Taxes

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as of reporting date.

Deferred tax
Deferred tax is provided using the liability method on all temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from unused minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, and the carryforward benefits of unused tax credits from excess MCIT and unused NOLCO can be utilized, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor future taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and future taxable profit will be available against which the temporary differences can be utilized.

The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date, and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recognized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as of reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss in the consolidated statement of comprehensive income. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Leases
Group as a lessee
The Group assesses whether a contract is, or contains a lease, at the inception of a contract. This assessment involves the exercise of judgment about whether it depends on a specified asset, whether the Group obtains substantially all the economic benefits from the use of the asset, whether the Group has the right to direct the use of the asset. The Group recognizes a right-of-use (ROU) asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases and leases of low-value assets.

Right-of-use assets
The Group recognizes ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received, and any estimated costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized ROU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The depreciation period for each class of ROU assets follow:

	Period
Land and improvements	2 to 50 years
Buildings and improvements	2 to 30 years
Passenger aircraft and other flight equipment	1.25 to 18 years
Transportation and other equipment	2 to 30 years

ROU assets are also subject to impairment.

Lease liabilities
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflected the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the commencement date if the interest rate implicit to the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of other flight equipment, furniture and fixtures, and machineries (i.e., lease term of 12 months or less). It also applies the lease of low-value assets recognition exemption to leases of office spaces that are considered low-value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Sale and leaseback
When entering into a sale and leaseback transaction, the Group determines whether the transfer qualifies as a sale based on the requirements satisfying a performance obligation under PFRS 15. When the transfer of the asset is a sale, the Group measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the Group. Gain or loss is recognized only at the amount that relates to the rights transferred to the buyer-lessor. When the transfer of the asset is not a sale under PFRS 15 requirements, the Group continues to recognize the asset in its consolidated statement of financial position and accounts for the proceeds from the sale and leaseback as a financial liability in accordance with PFRS 9.

Group as a lessor
Leases where the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Joint Operation
A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group recognize in relation to its interest in a joint operation its assets, including its share of any assets held jointly; liabilities, including its share of any liabilities incurred jointly; revenue from the sale of its share of the output arising from the joint operation; share of the revenue from the sale of the output by the joint operation; and expenses, including its share of any expenses incurred jointly.

Earnings Per Share (EPS)
Basic EPS is computed by dividing net income for the period attributable to the ordinary equity holders of the Parent Company by the weighted average number of common shares outstanding during the year, adjusted for any subsequent stock dividends declared.

Diluted EPS amounts are calculated by dividing the net income attributable to ordinary equity holders of the Parent Company (after deducting interest of the preferred shares, if any) by the weighted average number of common shares outstanding during the year plus the weighted average number of common shares that would be issued on the conversion of all the dilutive potential common shares into common shares.

Dividends on Common Shares
Dividends on common shares are recognized as a liability and deducted from equity when approved by the BOD of the Parent Company in the case of cash dividends, and the BOD and shareholders of the Parent Company in the case of stock dividends.

Segment Reporting
The Group's operating segments are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on operating segments is presented in Note 6 to the consolidated financial statements.

Subsequent Events
Any post-year-end event up to the date of approval of the BOD of the consolidated financial statements that provides additional information about the Group's position at the reporting date (adjusting event) is reflected in the consolidated financial statements. Any post-year-end event that is not an adjusting event is disclosed in the notes to the consolidated financial statements, when material.

Standards Issued but not yet Effective
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2023

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 8, *Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1*, Classification of Liabilities as Current or Non-current*

  The amendments clarify:
  - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right.
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice.

- Amendments to PFRS 16*, Lease Liability in a Sale and Leaseback*
  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*
  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:
  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

  On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

- Deferral of Certain Provisions of PIC Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry (as amended by PIC Q&As 2020-02 and 2020-04)
  On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some PFRS 15 implementation issues affecting the real estate industry. On October 25, 2018 and February 8, 2019, the SEC issued SEC MC No. 14-2018 and SEC MC No. 3-2019, respectively, providing relief to the real estate industry by deferring the application of certain provisions of this PIC Q&A for a period of three years until December 31, 2020. On December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023.

  The PIC Q&A provisions covered by the SEC deferral that the Group availed in 2021 follows:

	Deferral Period
Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04)	Until December 31, 2023

  The SEC Memorandum Circulars also provided the mandatory disclosure requirements should an entity decide to avail of any relief. Disclosures should include:

  a. The accounting policies applied.
  b. Discussion of the deferral of the subject implementation issues in the PIC Q&A.
  c. Qualitative discussion of the impact on the financial statements had the concerned application guidelines in the PIC Q&A been adopted.
  d. Should any of the deferral options result into a change in accounting policy (e.g., when an entity excludes land and/or uninstalled materials in the POC calculation under the previous standard but opted to include such components under the relief provided by the circular), such accounting change will have to be accounted for under PAS 8, i.e., retrospectively, together with the corresponding required quantitative disclosures.

  After the deferral period, real estate companies would have to adopt PIC Q&A No. 2018-12 and any subsequent amendments thereto retrospectively or as the SEC will later prescribe.

The Group availed of the SEC relief on the accounting for significant financing component of PIC Q&A No. 2018-12. Had this provision been adopted, the Group assessed that the impact would have been as follows:

The mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell might constitute a significant financing component. In case of the presence of significant financing component, the guidance should have been applied retrospectively and would have resulted in restatement of prior year consolidated financial statements. Adoption of this guidance would have impacted interest income, interest expense, revenue from real estate sales, installment contract receivables, provision for deferred income tax, deferred tax asset or liability for all years presented, and the opening balance of retained earnings. These would have impacted the cash flows from operations and cash flows from financing activities for all years presented.

The Group is still in the process of assessing the impact of significant financing component as of December 31, 2022.

3. Significant Accounting Judgments and Estimates

The preparation of the consolidated financial statements in compliance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic, requires the Group to make judgments and estimates that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements, as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

a. Revenue and cost recognition on real estate sales

Existence of a contract

The Group's primary document for a contract with a customer is a signed contract to sell. It has determined, however, that in cases wherein contract to sell are not signed by both parties, the combination of its other duly executed and signed documentation such as reservation agreement, official receipts, buyers' computation sheets and invoices, would contain all the criteria to qualify as contract with the customer under PFRS 15.

In addition, part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as past history with the customer, age and pricing of the property. Management

regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

Identifying performance obligation

The Group entered into a contract to sell covering a land upon which, site preparation will be performed prior to turnover to the buyer. The Group concluded that the revenue and cost of real estate sales should be recorded upon completion of the site preparation activities as specifically stated in the contract to sell, which is at a point in time, since there is only one performance obligation (i.e., developed land) and the Group does not have a right to demand payment for work performed to date from the buyer. For the year ended December 31, 2022, the related revenue has been recognized as the performance obligations under the contract to sell has been performed.

Revenue recognition method and measure of progress

For the revenue from real estate sales in the Philippines, the Group concluded that revenue is to be recognized over time because: (a) the Group's performance does not create an asset with an alternative use and; (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date. In addition, the Group requires a certain percentage of buyer's payments of total selling price (buyer's equity), to be collected as one of the criteria in order to initiate revenue recognition. Reaching this level of collection is an indication of buyer's continuing commitment and the probability that economic benefits will flow to the Group. The Group considers that the initial and continuing investments by the buyer of about 10.0% on projects that are under development and construction demonstrate the buyer's commitment to pay. For certain inventories that have been fully completed and ready for occupancy, outright investment of the buyer of about 5.0% demonstrates the buyer's commitment to pay.

The Group has determined that input method used in measuring the progress of the performance obligation faithfully depicts the Group's performance in transferring control of real estate development to the customers.

Principal versus agent considerations

The contract for the mall retail spaces and office spaces leased out by the Group to its tenants includes the right to charge for the electricity usage, water usage, air conditioning charges and common usage service area (CUSA) like maintenance, janitorial and security services.

For the electricity and water usage, the Group determined that it is acting as an agent because the promise of the Group to the tenants is to arrange for the electricity and water supply to be provided by a utility company. The utility and service companies, and not the Group, are primarily responsible for the provisioning of the utilities while the Group, administers the leased spaces and coordinates with the utility and service companies to ensure that tenants have access to these utilities.

For the provision of CUSA and air-conditioning of the buildings, the Group acts as a principal because it retains the right to direct the service provider of maintenance, janitorial and security to the leased premises, and air-conditioning, respectively. The right to the services mentioned never transfers to the tenant and the Group has the discretion to price the CUSA and air-conditioning charges.

Revenue and cost recognition
The Group's real estate sales is recognized overtime and the percentage-of-completion is determined using input method measured principally based on total actual cost of resources consumed such as materials, labor hours and actual overhead incurred over the total expected project development cost. Actual costs also include incurred costs but not yet billed which are estimated by the project engineers. Expected project development costs include costs of land, land development, building costs, professional fees, depreciation of equipment directly used in the construction, payments for permits and licenses. Revisions in estimated development costs brought about by increases in projected costs in excess of the original budgeted amounts, form part of total project costs on a prospective basis and is allocated between costs of sales and real estate inventories.

Real estate revenue and cost recognition from Chengdu Project
Chengdu Xin Yao Real Estate Development Co. Ltd. secured the license to sell the condominium units in Phase 1 and Phase 2 of its residential development in Chengdu Xin Yao Ban Bian Jie, and the related revenue has been recognized as of December 31, 2022 and 2021.

Revenue from the sale of real estate units of Chengdu Xin Yao is accounted for under a completed contract method (i.e., at a point in time) in the consolidated financial statements. Under this method, revenue is recognized at the completion of the project. Under PFRS 15, revenue from property sales is generally recognized when the property is accepted by the customer, or deemed as accepted according to the contract, whichever is earlier, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property.

b. *Definition of default and credit-impaired financial assets*
The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria - for installment contract receivables, the customer receives a notice of cancellation and does not continue the payments.

Qualitative criteria - the customer meets 'unlikeliness to pay' criteria, which indicates the customer is in significant financial difficulty. These are instances where: Qualitative criteria - the customer meets 'unlikeliness to pay' criteria, which indicates the customer is in significant financial difficulty. These are instances where:

a. The customer is experiencing financial difficulty or is insolvent
b. The customer is in breach of financial covenant(s)
c. An active market for that financial assets has disappeared because of financial difficulties
d. Concessions have been granted by the Group, for economic or contractual reasons relating to the customer's financial difficulty
e. It is becoming probable that the customer will enter bankruptcy or other financial reorganization

The criteria above have been applied to the financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) throughout the Group's expected loss calculation.

c. *Revenue recognition on sale of goods from the food business*
Revenue recognition under PFRS 15 involves the application of significant judgment and estimation in the: (a) identification of the contract for sale of goods that would meet the requirements of PFRS 15; (b) assessment of performance obligation and the probability that the entity will collect the consideration from the buyer; (c) determining method to estimate variable consideration and assessing the constraint; and (d) recognition of revenue as the Group satisfies the performance obligation.

i. *Existence of a contract*
The Group enters into a contract with customer through an approved purchase order which constitutes a valid contract as specific details such as the quantity, price, contract terms and their respective obligations are clearly identified. In the case of sales to key accounts and distributors, the combined approved purchase order and trading terms agreement/exclusive distributorship agreement constitute a valid contract.

ii. *Identifying performance obligation*
The Group identifies performance obligations by considering whether the promised goods or services in the contract are distinct goods or services. A good or service is distinct when the customer can benefit from the good or service on its own or together with other resources that are readily available to the customer and the Group's promise to transfer the good or service to the customer is separately identifiable from the other promises in the contract.

Based on management assessment, other than the sale of goods and services, no other performance obligations were identified except in the case of milling revenue.

iii. *Recognition of revenue as the Group satisfies the performance obligation*
The Group recognizes its revenue for all revenue streams at a point in time, when the goods are sold and delivered and when services are already rendered. In addition, part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the goods sold that will be transferred to the customer.

iv. *Method to estimate variable consideration and assess constraint*
The Group uses historical experience with key accounts and distributors from the past 12 months to determine the expected value of rights of return and constrain the consideration under the contract accordingly.

v. *Recognition of milling revenue under output sharing agreement*
The Group applies both output sharing agreement and cane purchase agreement in relation to milling operation. Under output sharing agreement, milling revenue is recognized based on the fair value of the millshare at average raw sugar selling price on the month with sugar production after considering in-purchase, which represents cane purchase agreement. Under cane purchase agreement, the Group purchases raw sugar from the traders and/or planters. The in-purchase rate is derived by determining the total raw sugar purchases and the total planters' share. Raw production costs are allocated systematically based on the output sharing and cane purchase agreement rates.

d. *Classification of financial assets from the banking business*

As of December 31, 2022, the total assets of the Banking Segment were reclassified under 'Assets held for sale' in the consolidated statements of financial postion (Note 44).:

Evaluation of business model in managing financial instruments
The Group manages its financial assets based on business models that maintain an adequate level of financial assets to match its expected cash outflows, largely arising from customers' withdrawals and continuing loan disbursements to borrowers, while maintaining a strategic portfolio of financial assets for investment and trading activities consistent with its risk appetite.

The Group developed business models which reflect how it manages its portfolio of financial instruments. The Group's business models need not be assessed at entity level or as a whole but applied at the level of a portfolio of financial instruments (i.e., group of financial instruments that are managed together by the Group) and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of individual financial instrument).

In determining the classification of a financial instrument under PFRS 9, the Group evaluates in which business model a financial instrument or a portfolio of financial instruments belong to taking into consideration the objectives of each business model established by the Group, various risks and key performance indicators being reviewed and monitored by responsible officers, as well as the manner of compensation for them.

The Bank's BOD approved its documentation of business models which contains broad categories of business models. The business model includes the Bank's lending activities as well as treasury business activities broken down into liquidity and investment portfolios.

In addition, PFRS 9 emphasizes that if more than an infrequent and more than an insignificant sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Group considers certain circumstances documented in its business model manual to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessarily inconsistent with a held-to-collect business model if the Group can explain the reasons for those sales and why those sales do not reflect a change in the Group's objective for the business model.

In March 2022, the Bank's BOD approved the change in the PFRS 9 business model of the Bank due to the overall change in strategy brought about by significant internal and external factors. Strategically aligned with the shift in the Bank's original long-term direction and positioning under its enhanced five-year plan, the Bank redesigned its business model to also include the BOD-approved plan to purchase certain assets (including 12 branches subject to regulatory approval) and assumption of certain liabilities of its subsidiary as this impacts the Bank's growth path, operations, new target market, and new customer base. The change in strategy will allow the Bank to cross-sell loan products. The Bank has embarked on transformation strategy which includes digitization initiatives, among others. With the change in strategy, the Bank's subsidiary has changed its business operations and processes to fit for purpose a one-product, least-cost operation, focusing only to the Automatic Payroll Deduction System (APDS) market nationwide. The change in strategy will allow the Bank to scale up the APDS business in a timely and efficient manner. The renewed focus to one product will also help the Bank's subsidiary better manage credit risk. The planned purchase of the Bank of the twelve (12) branches was approved by the PDIC on March 1, 2022. On the same day, the Bank submitted the application to the BSP. As a result, the Bank acquired certain assets including 12 branches and assumption of certain liabilities of its subsidiary. The transfer of the 12 branches of its subsidiary, which is subject to regulatory approval, will expand the distribution center of the Bank. New processes and incentive system will be introduced to manage and market the new deposit products and services to expand the Bank's capacity to offer new deposit products and services. This significant change in the Bank's operational activity is expected to generate additional funding from the group necessitating a

change in the way the matched assets in the banking book are being managed. Based on the new strategy of the Bank, its operational liquidity requirement will be served by funding from deposits and maturing investment portfolio.

As a result, on April 1, 2022, the Bank reclassified a portfolio of USD-denominated and peso-denominated debt securities with aggregate fair value of ₱21.4 billion from FVOCI to HTC to address the business and liquidity requirements of the change in the Bank's operational activity. The debt securities reclassified are carried at amortized on reclassification date amounting to ₱24.1 billion, resulting in a reversal of net unrealized losses amounting to ₱2.7 billion recorded under 'Other comprehensive income.

e. *Classification of financial assets from the other businesses*
The Group classifies its financial assets depending on the business model for managing those financial assets and whether the contractual terms of the financial assets are SPPI on the principal amount outstanding.

The Group performs the business model assessment based on observable factors such as:
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel
- Risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- Compensation of business units whether based on the fair value of those assets managed or on the contractual cash flows collected
- Expected frequency, value, and timing of sales

f. *Determination of fair values of financial instruments*
The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates, volatility rates), the amount of changes in fair value would differ if the Group utilized different valuation methodologies and assumptions. Any change in fair value of these financial assets and liabilities would affect the consolidated statements of comprehensive income.

Where the fair values of certain financial assets and financial liabilities recorded in the consolidated statements of financial position cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. The judgments include considerations of liquidity and model inputs such as correlation and volatility for longer dated derivatives.

As of December 31, 2022 and 2021, the fair value of the Group's investments in unquoted equity securities classified as at FVOCI are established with reference to the International Private Equity and Venture Capital (IPEV) Valuation Guidelines. An assessment will be made at each measurement date as to the most appropriate valuation methodology. The Group's investments in unquoted equity securities pertain to early-stage and growth fintech companies. Given the nature of these investments, the appropriate approach to determine fair value is based on a methodology with reference to observable market data (i.e., the price of the most recent transaction or the most recent funding round). Recent transactions may include post year-end as well as pre year-end transactions depending on the nature and timing of these transactions. The initial use and length of period for which this methodology remains appropriate to use the calibration of last round price depends on the specific circumstances of the investment, and the Group will consider whether this basis remains appropriate each time valuations are reviewed.

Refer to Note 5 for the fair value measurements of financial instruments.

g. *Determining whether it is reasonably certain that a renewal and termination option will be exercised - Group as a lessee*
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to renew the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include renewal and termination options. The Group applies judgment in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew or terminate (e.g., a change in business strategy).

For most of its leases, the Group did not include the renewal or termination options in the lease term as the Group assesses that these options are not reasonably certain to be exercised. However, for some leases of parcels of land, the Group included the renewal period as part of the lease term due to significance of these assets to its operations. These leases have a short non-cancellable period (i.e., one year) and there will be a significant negative effect on the operations if a replacement is not readily available.

Refer to Note 42 for the disclosure on the Group's leases.

h. *Classification of leases - Group as lessor*

Operating lease commitments
The Group has entered into commercial, office and industrial property leases on its investment property portfolio. Based on the evaluation of the terms and conditions of the arrangements, the Group has determined that it retains all the significant risks and rewards of ownership of these properties and accounts for them as operating leases. In determining significant risks and benefits of ownership, the Group considered, among others, the significance of the lease term as compared with the EUL of the related asset.

A number of the Group's operating lease contracts are accounted for as noncancellable operating leases and the rest are cancellable. In determining whether a lease contract is cancellable or not, the Group considers, among others, the significance of the penalty, including the economic consequence to the lessee.

Finance lease commitments
The Group has entered into property leases on some of its real estate condominium unit property portfolio. The Group has determined based on evaluation of terms and conditions of the arrangements, particularly the bargain purchase option and minimum lease payments that the Group has transferred all the significant risks and rewards of ownership of these properties to the lessee and accounts for them as finance leases.

Refer to Note 42 for the disclosure on the Group's leases.

i. *Assessment on whether lease concessions granted constitute a lease modification*
In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19, the Group waived its right to collect rent and other charges as part of various lease concessions it granted to lessees such as lease payment holidays or lease payment reductions.

The Group applies judgment when assessing whether the rent concessions granted is considered a lease modification under PFRS 16.

In making this judgment, the Group determines whether the rent concessions granted has changed the scope of the lease, or the consideration thereof, that was not part of the original terms and conditions of the lease. The Group assessed that the lease concessions it granted to lessees do not qualify as lease modifications since the terms and conditions under the corresponding lease contracts have not been modified by the waiver and therefore, is not a lease modification under PFRS 16.

The rent concessions granted by the Group for the years ended December 31, 2022 and 2021 amounted to ₱903.0 million and ₱3.8 billion, respectively.

j. *Distinction between investment properties and owner-occupied properties*
The Group determines whether a property qualifies as an investment property. In making its judgment, the Group considers whether the property is not occupied substantially for use by, or in operations of the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. Owner-occupied properties generate cash flows that are attributable not only to the property but also to the other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions cannot be sold separately, the property is accounted for as an investment property, only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as an investment property. The Group considers each property separately in making its judgment.

k. *Consolidation of SPEs*
The Group periodically undertakes transactions that may involve obtaining the rights to variable returns from its involvement with the SPEs. These transactions include the purchase of aircraft and assumption of certain liabilities. In all such cases, management makes an assessment as to whether the Group has: (a) power over the SPEs; (b) the right over the returns of its SPEs; and (c) the ability to use power over the SPEs to affect the amount of the Group's return, and based on these assessments, the SPEs are consolidated as a subsidiary or associated company. In making these assessments, management considers the underlying economic substance of the transaction and not only the contractual terms. The Group has assessed that it will benefit from the economic benefits of the SPEs' activities and it will affect the returns for the Group. The Group is directly exposed to the risks and returns from its involvement with the SPEs. Such rights and risks associated with the benefits and returns are indicators of control. Accordingly, the SPEs are consolidated.

Upon loss of control, the Group derecognizes the assets and liabilities of its SPEs and any surplus or deficit is recognized in profit or loss.

l. Determination of functional currency
PAS 21, *The Effects of Changes in Foreign Exchange Rates*, requires management to use its judgment to determine an entity's functional currency such that it most faithfully represents the economic effects of the underlying transactions, events and conditions that are relevant to the entity. In making this judgment, each entity in the Group considers the following:

a. the currency that mainly influences sales prices for financial instruments and services (this will often be the currency in which sales prices for its financial instruments and services are denominated and settled);
b. the currency in which funds from financing activities are generated; and
c. the currency in which receipts from operating activities are usually retained.

In the case of an intermediate holding company or finance subsidiary, the principal consideration of management is whether it is an extension of the Parent Company and performing the functions of the Parent Company - i.e., whether its role is simply to hold the investment in, or provide finance to, the foreign operation on behalf of the Parent Company or whether its functions are essentially an extension of a local operation (e.g., performing selling, payroll or similar activities for that operation) or indeed it is undertaking activities on its own account. In the former case, the functional currency of the entity is the same with that of the Parent Company; while in the latter case, the functional currency of the entity would be assessed separately.

m. Significant influence over an associate with less than 20.0% ownership
In determining whether the Group has significant influence over an investee requires significant judgment. Generally, a shareholding of 20.0% to 50.0% of the voting rights of an investee is presumed to give the Group a significant influence.

There are instances that an investor exercises significant influence even if its ownership is less than 20.0%. The Group applies significant judgment in assessing whether it holds significant influence over an investee and considers the following: (a) representation on the board of directors or equivalent governing body of the investee; (b) participation in policy-making processes, including participation in decisions about dividends or other distributions; (c) material transactions between the investor and the investee; (d) interchange of managerial personnel; or (e) provision of essential technical information.

n. Determination of jet fuel/sing kero price risk components
The Group has historically entered into fuel derivatives to provide extensive protection against the unexpected jet fuel prices movement due to various economic and political events happening across the world. Beginning September 1, 2019, the Group commenced the application of hedge accounting under PFRS 9 on fuel derivatives maturing in 2020 and beyond and has classified these as cash flow hedges. Along with the jet fuel price risk hedging, the Group also adopted risk component hedging strategy given the lack of liquidity in the jet fuel derivatives with long-term maturities across financial markets. Risk components of the jet fuel price are identified as the Brent crude oil and cracks. These components are determined to be separately identifiable and changes in the fair value of the jet fuel attributable to changes in the Brent crude oil price can be measured reliably.

The existence of a separate market structure for the Brent crude oil and the crack which represents the refining component corroborates with the management's assertion that these two risk components are separately identifiable and corresponding prices can be reliably measured among others.

o. Disposal group held of sale and discontinued operations

As of December 31, 2022, the Group classifies its Banking Segment as a disposal group held for sale as it meets the following conditions at the reporting date:
- The entity is available for immediate sale and can be sold in its current condition;
- Sale is highly probable (a buyer has already been identified and the merger plan has been initiated); and
- The entity is to be genuinely sold, not abandoned.

The Group determined that the sale of the Group's Banking Segment and Oceania business qualified for presentation as discontinued operations since it represented a separate line of business for which the operations and cash flows can be clearly distinguished, operationally and for financial reporting purposes from the rest of the Group (Note 44).

Estimates
The key assumptions concerning the future and other sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are discussed below:

a. Impairment of goodwill and intangible assets
The Group performed its annual impairment test on its goodwill and other intangible assets with indefinite useful lives as of reporting date. The recoverable amounts of the intangible assets were determined based on value-in-use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The following assumptions were also used in computing value-in-use:

Growth rate estimates - growth rates include revenue growth and terminal growth rates that are based on experiences and strategies developed for the various subsidiaries. The prospect for the industry was also considered in estimating the growth rates.

Discount rates - discount rates were estimated based on the industry weighted average cost of capital, which includes the cost of equity and debt after considering the gearing ratio.

Value-in-use is most sensitive to changes in revenue growth rates and discount rates.

In the case of goodwill and intangible assets with indefinite lives, at a minimum, such assets are subject to an annual impairment test and more frequently whenever there is an indication that such asset may be impaired. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and to choose a suitable discount rate in order to calculate the present value of those cash flows.

As of December 31, 2022 and 2021, the balance of the Group's goodwill and intangible assets, net of accumulated depreciation, amortization and impairment loss, are disclosed in Notes 19 and 18, respectively.

b. *Expected credit losses on receivables*
For loans and receivables from the banking business, the Group reviews its financial assets and commitments at each reporting date to determine the amount of expected credit losses to be recognized in the balance sheet and any changes thereto in the statement of income. In particular, judgments and estimates by management are required in determining the following:
- whether a financial asset has had a significant increase in credit risk since initial recognition; whether default has taken place and what comprises a default;
- macro-economic factors that are relevant in measuring a financial asset's probability of
- default as well as the Group's forecast of these macro-economic factors;
- probability weights applied over a range of possible outcomes;
- sufficiency and appropriateness of data used and relationships assumed in building the
- components of the Group's expected credit loss models;
- measuring the exposure at default for unused commitments on which an expected credit loss
- should be recognized and the applicable loss rate

For installment contract receivables from the real estate business, the Group uses vintage analysis approach to calculate ECLs for installment contract receivables. The vintage analysis accounts for expected losses by calculating the cumulative loss rates of a given loan pool. It derives the probability of default from the historical data of a homogenous portfolio that share the same origination period. The information on the number of defaults during fixed time intervals of the accounts is utilized to create the PD model. It allows the evaluation of the loan activity from its origination period until the end of the contract period.

For other trade receivables, provision matrix was used to calculate ECLs. The provision rates are based on historical default rates days past due for groupings of various segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group then calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions (i.e., gross domestic product and inflation rate) and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future.

Refer to Note 11 for the carrying amount of receivables subject to ECL and the related allowance for credit losses as of December 31, 2022 and 2021. Refer to Note 44 for the carrying amount of receivables as of December 31, 2022 and for the provisions for impairment losses for the years ended December 31, 2022, 2021 and 2020 of the Banking Segment.

c. *Revenue and cost recognition from the real estate business*
The Group's revenue recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenue and costs. The Group's revenue and cost from real estate where performance obligation is satisfied over time and recognized based on the POC is measured principally on the basis of the estimated completion by reference to the actual costs incurred to date over the estimated total costs of the project. For the years ended December 31, 2022, 2021 and 2020, the real estate sales recognized over time amounted to ₱6.7 billion, ₱5.2 billion and ₱11.7 billion, respectively, while the related cost of real estate sales amounted to ₱3.6 billion, ₱2.5 billion and ₱6.1 billion, respectively.

The Group also recognized revenue when control is passed on a certain point in time. The Group's revenue and cost of real estate sales were recognized upon transfer of control to the buyer. Real estate sales pertaining to this transaction amounted to ₱13.4 billion, ₱13.8 billion and ₱132.6 million for the years ended December 31, 2022, 2021 and 2020, respectively. The related cost of sales amounted to ₱10.5 billion, ₱10.8 billion and ₱12.0 million for the years ended December 31, 2022, 2021 and 2020, respectively.

d. *Valuation of ROU assets and lease liabilities*
The application of PFRS 16 requires the Group to make assumptions that affect the valuation of its ROU assets and lease liabilities. These include determining the length of the lease term and determining the interest rate to be used for discounting future cash flows.

Lease term. The lease term determined by the Group comprises non-cancellable period of lease contracts, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. For lease contracts with indefinite term the Group estimates the length of the contract to be equal to the economic useful life of noncurrent assets located in the leased property and physically connected with it or determines the length of the contract to be equal to the average or typical market contract term of particular type of lease. The same economic useful life is applied to determine the depreciation rate of ROU assets.

Discount rate. The Group cannot readily determine the interest rate implicit in the lease, therefore it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is determined using the rate of interest rate swap applicable for currency of the lease contract and for similar tenor, corrected by the average credit spread of entities with rating similar to the Group's rating, observed in the period when the lease contract commences or is modified.

As at December 31, 2022 and 2021, the carrying values of the Group's ROU assets and lease liabilities are disclosed in Note 42 to the consolidated financial statements.

e. *Determination of the fair value of intangible assets and property, plant and equipment acquired in a business combination*
The Group measures the identifiable assets and liabilities acquired in a business combination at fair value at the date of acquisition.

The fair value of the intangible assets acquired in a business combination is determined based on the net sales forecast attributable to the intangible assets, growth rate estimates and royalty rates using comparable license agreements. Royalty rates are based on the estimated arm's length royalty rate that would be paid for the use of the intangible assets. Growth rate estimate includes long-term growth rate and terminal growth rate applied to future cash flows beyond the projection period.

The fair value of property, plant and equipment acquired in a business combination is determined based on comparable properties after adjustments for various factors such as location, size and shape of the property. Cost information and current prices of comparable equipment are also utilized to determine the fair value of equipment.

The Group's acquisitions are discussed in Note 19 to the consolidated financial statements.

f. *Determination of NRV of inventories*
The Group, in determining the NRV, considers any adjustment necessary for obsolescence which is generally providing a 100.0% write down for nonmoving items for more than one year. The Group adjusts the cost of inventory to the recoverable value at a level considered adequate to reflect any market decline in the value of the recorded inventories. The Group reviews the classification of the inventories and generally provides adjustments for recoverable values of new, actively sold and slow-moving inventories by reference to prevailing values of the same inventories in the market.

The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. An increase in inventory obsolescence and market decline would increase recorded operating expenses and decrease current assets.

Inventory obsolescence and market decline included under 'Provision for impairment losses and others' in profit or loss in the consolidated statements of comprehensive income are disclosed in Notes 12 and 34 to the consolidated financial statements.

The carrying value of the Group's inventories, net of inventory obsolescence and market decline, is disclosed in Note 12 to the consolidated financial statements.

g. *Estimation of ARO*
The Group is contractually required under certain lease contracts to restore certain leased passenger aircraft to stipulated return condition or to bear a proportionate cost of restoration at the end of the contract period. The contractual obligation includes regular aircraft maintenance, overhaul and restoration of the leased aircraft to its original condition. Since the first operating lease entered by the Group in 2001, these costs are accrued based on an internal estimate which includes certain overhaul, restoration, and redelivery costs at the end of the operating aircraft lease. Regular aircraft maintenance is accounted for as expense when incurred, while overhaul and restoration are accounted on an accrual basis.

Assumptions and estimates used to compute ARO are reviewed and updated annually by the Group. As of December 31, 2022 and 2021, the cost of restoration is computed based on the Group's assessment on expected future aircraft utilization.

The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. The recognition of ARO would increase other noncurrent liabilities and repairs and maintenance expense.

The carrying values of the Group's ARO (included under 'Other noncurrent liabilities' in the consolidated statements of financial position) is disclosed in Note 24 to the consolidated financial statements.

h. *Estimation of HMV*
The Group is contractually required under various lease contracts to undertake the maintenance and overhaul of certain leased aircraft throughout the contract period. Major maintenance events are required to be performed on a regular basis based on historical or industry experience and manufacturer's advise. Estimated costs of major maintenance events are accrued and charged to profit or loss over the estimated period between overhauls as the leased aircraft is utilized.

The carrying values of the Group's HMV (included under 'Other noncurrent liabilities' in the consolidated statements of financial position) is disclosed in Note 24 to the consolidated financial statements.

i. *Estimation of useful lives of property, plant and equipment, investment properties, intangible assets with finite life and biological assets at cost*
The Group estimates the useful lives of its depreciable property, plant and equipment, investment properties, intangible assets with finite life and biological assets at cost based on the period over which the assets are expected to be available for use. The EUL of the said depreciable assets are reviewed at least annually and are updated, if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the EUL of the depreciable property, plant and equipment, investment properties and intangible assets would increase depreciation and amortization expense and decrease noncurrent assets.

In 2022, the Group's review indicated that the estimated useful lives of certain buildings, machinery and equipment should be extended from 40 to 50 years based on the Group's reassessment of the expected period over which the Group will benefit from the use of these assets. The change in estimated useful lives resulted in a decrease in depreciation expense by ₱461.0 million for the year ended December 31, 2022.
The carrying balances of the Group's depreciable assets are disclosed in Notes 15, 16, 17 and 18 to the consolidated financial statements.

j. *Estimation of pension and other benefits costs*
The determination of the obligation and cost of pension and other employee benefits is dependent on the selection of certain assumptions used in calculating such amounts. Those assumptions include, among others, discount rates and salary increase rates (see Note 37). Actual results that differ from the Group's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of Philippine government bonds with terms consistent with the expected employee benefit payout as of reporting date.

As of December 31, 2022 and 2021, the balance of the Group's present value of defined benefit obligations and other employee benefits is shown in Note 37 to the consolidated financial statements.

k. *Assessment of impairment of nonfinancial assets excluding goodwill and intangible assets*
The Group assesses impairment on its nonfinancial assets (i.e., property, plant and equipment, investment properties, investments in associates and joint venture and biological assets carried at cost) whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

The factors that the Group considers important which could trigger an impairment review include the following:
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating the asset's value-in-use and decrease the asset's recoverable amount materially;
- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- Significant negative industry or economic trends.

The Group determines an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value-in-use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value-in-use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset base of the cash-generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Provision for impairment losses on nonfinancial assets recognized in 2022, 2021 and 2020 is disclosed in Note 34 to the consolidated financial statements.

As of December 31, 2022 and 2021, the balance of the Group's nonfinancial assets excluding goodwill and intangible assets, net of accumulated depreciation, amortization and impairment loss are shown in Notes 14, 15, and 16 to the consolidated financial statements.

l. Recognition of deferred tax assets

The Group reviews the carrying amounts of its deferred tax assets at each reporting date and reduces the deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Group will generate sufficient taxable income to allow all or part of deferred tax assets to be utilized.

The Group has certain subsidiaries which enjoy the benefits of an income tax holiday (ITH). As such, no deferred tax assets were set up on certain gross deductible temporary differences that are expected to reverse or expire within the ITH period (see Note 38).

The Group's recognized and unrecognized deferred tax assets are disclosed in Note 38 to the consolidated financial statements.

4. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and cash equivalents, investment securities at amortized cost, financial assets at FVPL, financial assets at FVOCI, financial liabilities at FVPL and interest-bearing loans and borrowings. The main purpose of these financial instruments is to finance the Group's operations and related capital expenditures. The Group has various other financial assets and financial liabilities, such as receivables and payables which arise directly from its operations. Also, the Parent Company and certain subsidiaries are counterparties to derivative contracts, such as interest rate swaps, currency forwards and currency swaps. These derivatives are entered into as a means of reducing or managing their respective foreign exchange and interest rate exposures.

As of December 31, 2022, the financial assets and liabilities of the Group's Banking Segment were reclassified under 'Assets held for sale' and 'Liabilities directly associated with assets held for sale' in the consolidated statements of financial position (Note 44). The succeeding risk disclosures include the financial assets and liabilities of the Banking Segment only until December 31, 2021.

The BOD of the Parent Company and its subsidiaries review and approve the policies for managing each of these risks which are summarized below, together with the related risk management structure.

Risk Management Structure

The BOD of the Parent Company is ultimately responsible for oversight of the Parent Company's risk management process which involves identifying, measuring, analyzing, monitoring and controlling risks.

The risk management framework encompasses environmental scanning, the identification and assessment of business risks, development of risk management strategies, design and implementation of risk management capabilities and appropriate responses, monitoring risks and risk management performance, and identification of areas and opportunities for improvement in the risk management process.

The BOD has reconstituted its Audit Committee to integrate Audit, Related Party Transactions (RPT) and Risk Oversight Committee to spearhead the managing and monitoring of risks.

Audit, RPT and Risk Oversight Committee (AURROC)

The AURROC shall assist the Group's BOD in its fiduciary responsibility by providing oversight over the Group's financial reporting, Internal Control System, Internal and External Audit processes, and compliance with applicable laws and regulations. Furthermore, it is also the Committee's purpose to oversee the establishment of Enterprise Risk Management (ERM) framework that will effectively identify, monitor, assess and manage key business risks.

The Committee has the following functions:

a. monitor and evaluate the adequacy and effectiveness of the Parent Company's internal control system, integrity of financial reporting, and security of physical and information assets;
b. discuss with the External Auditor the nature, scope and expenses of the audit, and ensure the proper coordination and coverage of work;
c. review the reports submitted by the Internal and External Auditors and review and monitor Management's responsiveness to findings and recommendations;
d. review and approve the interim and Annual Financial Statements;
e. review and approve the Parent Company's transactions with related parties within the set materiality threshold;
f. evaluate the ERM Plan to ensure its continued relevance, comprehensiveness and effectiveness, as well as look for emerging risks;
g. review the Parent Company's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment;
h. provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the Parent Company ; and
i. report to the BOD on a regular basis, or as deemed necessary, the Parent Company's risk, material risk exposures, the actions taken to reduce the risks.

Enterprise Risk Management

The role of ERM is to oversee that a sound ERM framework is in place to effectively identify, monitor, assess and manage key business risks. The risk management framework shall guide the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies. A Chief Risk Officer or its equivalent position, is appointed by the BOD to oversee the entire ERM process and spearhead the development, implementation, maintenance and continuous improvement of ERM processes and documentation. The ERM Head reports functionally to the Committee and administratively to the CEO.

Enterprise Resource Management Framework
The ERM framework revolves around the following activities:

1. Risk Identification. It involves the identification of key business drivers that influence the operability and performance of the business units. Each business driver is assigned strategic and operational objectives which are owned by risk champions and risk owners. Each risk champion and owner conduct their risk identification process using different tools such as risk factor analysis, megatrends analysis, and systems dynamics analysis.

2. Risk Assessment. Each identified risk is assessed to determine which can pose significant impact to the business unit's ability to implement strategy and deliver business objectives. This process involves grouping similar risks into categories, such as Reputational Risk, Strategic Risk, Financial Risk, and Compliance Risk. For each risk category, a risk assessment scale is developed to provide objective definitions on what is considered insignificant, minor, moderate, major, or extreme impact to the business. The impact severity of the risk is rated based on their nature, regardless of the organization's circumstances and capability to manage them.

3. Risk Prioritization. This process enables the organization to focus the implementation of risk responses into certain high and medium severity risks based on the organization's risk profile, vulnerability, and contribution to the risk. Risk impact velocity and mitigation timeframe are also considered in prioritizing the organization's actions and urgency of response to risks.

4. Risk Response, Monitoring, and Evaluation. Appropriate risk responses are put in place for each priority risk, both at the level of the risk champions and risk owners and at the enterprise and Group level. Risk champions continually monitor and evaluate the effectiveness of the risk responses. Material residual risks are assessed for improvement of risk response and identification of recovery measures.

5. Risk Reporting. At the Group level, top risks are reviewed, updated and reported to the Committee twice a year.

Risk Management Policies
The main risks arising from the use of financial instruments are credit risk, liquidity risk and market risk, such as foreign currency risk, commodity price risk, equity price risk and interest rate risk. The Group's policies for managing the aforementioned risks are summarized below.

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group transacts only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group continuously provides credit notification and implements various credit actions, depending on assessed risks, to minimize credit exposure. Receivable balances of trade customers are being monitored on a regular basis and appropriate credit treatments are executed for overdue accounts. Likewise, other receivable balances are also being monitored and subjected to appropriate actions to manage credit risk.

With respect to credit risk arising from other financial assets of the Group, which comprise cash and cash equivalents, financial assets at FVPL, financial assets at FVOCI, investment securities at amortized cost and certain derivative investments, the Group's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amount of these instruments.

The Group has a counterparty credit risk management policy which allocates investment limits based on counterparty credit ratings and credit risk profile.

With respect to the Banking Segment, there are several credit risk mitigation practices in place, as follow:

- The Banking Segment offers a variety of loan products with substantial collateral values. The policy on collateral and other credit enhancements are discussed further below.
- Limits are set on the amount of credit risk that the Banking Segment is willing to take for customers and counterparties, and exposures are monitored against such credit limits.
- The Banking Segment also observes related regulatory limits such as the single borrower's limit (SBL) and directors, officers, stockholders and related interests (DOSRI) ceiling.
- To protect against settlement risk, the Banking Segment employs a delivery-versus-payment (DvP) settlement system, wherein payment is effected only when the corresponding asset has been delivered.
- There is an internal credit risk rating system (ICRRS) in place, providing a structured format for collating and analyzing borrower data to arrive at a summary indicator of credit risk.
- Past due and non-performing loan (NPL) ratios are also used to measure and monitor the quality of the loan portfolio.

a. Credit risk exposure

The Group's maximum exposure to on-balance sheet credit risk is equal to the carrying value of its financial assets except for the following:

- Trade receivables as of December 31, 2022 with carrying value of ₱15.2 billion, and collateral with fair value amounting to ₱2.6 billion, resulting in net exposure of ₱12.6 billion.

	December 31, 2021			
	Carrying amount	Fair Value of Collateral	Financial Effect of Collateral	Maximum Exposure to Credit Risk
Interbank loans receivable	₱14,881,826,705	₱117,595,804	₱117,595,804	₱14,764,230,901
Loans and receivables:				
Trade receivables	37,749,156,043	2,696,923,856	2,696,923,856	35,052,232,187
Finance receivables:				
Commercial	56,604,940,584	26,619,399,677	25,257,678,304	31,347,262,280
Real estate	28,954,272,875	12,285,410,220	11,706,069,921	17,248,202,954
Consumption	10,569,899,718	3,052,894,035	2,624,172,960	7,945,726,758
Domestic bills purchased	516,654,187	488,648,547	488,648,547	28,005,640
Other receivables	7,381,220,881	339,352,955	151,432,517	7,229,788,364
Total credit risk exposure	₱156,657,970,993	₱45,600,225,094	₱43,042,521,909	₱113,615,449,084

Collateral and other credit enhancements
The Group holds collateral in the form of real estate and chattel mortgages, government securities and standby letters of credit. The amount and type of collateral required depends on an assessment of credit risk. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

The main types of collateral obtained are as follows:

- Mortgages over real estate and vehicle for consumer lending
- Chattels over inventory and receivable for commercial lending
- Government securities for interbank lending

It is the Group's policy to dispose of repossessed properties in an orderly fashion. In general, the proceeds are used to reduce or repay the outstanding claim, and are not occupied for business use.

b. Risk concentrations of the maximum exposure to credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location. Such credit risk concentrations, if not properly managed, may cause significant losses that could threaten the Group's financial strength and undermine public confidence.

The Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. In order to avoid excessive concentrations of risks, identified concentrations of credit risks are controlled and managed accordingly.

i. Concentration by geographical location

The Group's credit risk exposures as of December 31, 2022 and 2021, before taking into account any collateral held or other credit enhancements, is categorized by geographic location as follows:

	December 31, 2022					
	Philippines	**Asia (excluding Philippines)**	**United States**	**Europe**	**Others***	**Total**
Cash and cash equivalents**	**₱54,260,876,146**	**₱24,483,625,862**	**₱–**	**₱–**	**₱107,963,722**	**₱78,852,465,730**
Financial assets at FVPL:						
Investment in convertible notes	**–**	**415,471,860**	**3,986,748,340**	**–**	**–**	**4,402,220,200**
Derivative assets	**–**	**–**	**–**	**60,911,158**	**–**	**60,911,158**
	–	**415,471,860**	**3,986,748,340**	**60,911,158**	**–**	**4,463,131,358**
Financial assets at FVOCI						
Debt securities:						
Government	**126,987,597**	**367,729,711**	**–**	**–**	**54,831,180**	**549,548,488**
Private	**3,796,569,342**	**3,814,803,351**	**10,325,826**	**954,258,980**	**124,434,010**	**8,700,391,509**
	3,923,556,939	**4,182,533,062**	**10,325,826**	**954,258,980**	**179,265,190**	**9,249,939,997**
Receivables:						
Trade receivables	**33,137,053,875**	**4,443,124,540**	**–**	**11,142,448**	**95,138,887**	**37,686,459,750**
Due from related parties	**4,421,673,277**	**–**	**–**	**–**	**–**	**4,421,673,277**
Interest receivable	**210,297,366**	**135,251,145**	**–**	**4,356,246**	**4,244,572**	**354,149,329**
Other receivables***	**6,090,775,903**	**27,449,386**	**–**	**4,940,195**	**–**	**6,123,165,484**
	43,859,800,421	**4,605,825,071**	**–**	**20,438,889**	**99,383,459**	**48,585,447,840**
Refundable deposits****	**3,158,379,453**	**–**	**–**	**–**	**–**	**3,158,379,453**
Restricted cash****	**1,266,354,890**	**–**	**–**	**–**	**–**	**1,266,354,890**
	₱106,468,967,849	**₱33,687,455,855**	**₱3,997,074,166**	**₱1,035,609,027**	**₱386,612,371**	**₱145,575,719,268**

** Others include South American countries (i.e., Argentina and Mexico)*
*** Excludes cash on hand amounting to ₱219,267,636*
**** Excludes claims receivable of JGSOC amounting to ₱186,737,480*
***** Included under 'Other current' and 'Other noncurrent assets' in the consolidated statements of financial position*

	December 31, 2021					
	Philippines	Asia (excluding Philippines)	United States	Europe	Others*	Total
Cash and cash equivalents**	₱53,994,268,811	₱23,217,147,948	₱–	₱–	₱23,831,577	₱77,235,248,336
Financial assets at FVPL:						
Held-for-trading:						
Debt securities:						
Government	1,912,412	–	–	–	–	1,912,412
Investment in convertible notes	–	294,377,351	3,725,738,065	–	–	4,020,115,416
	1,912,412	294,377,351	3,725,738,065	–	–	4,022,027,828
Financial assets at FVOCI						
Debt securities:						
Government	15,227,318,059	318,204,527	–	–	167,856,751	15,713,379,337
Private	16,185,119,200	4,073,495,059	358,420,972	626,098,913	271,219,311	21,514,353,455
	31,412,437,259	4,391,699,586	358,420,972	626,098,913	439,076,062	37,227,732,792
Investment securities at amortized cost:						
Debt securities:						
Government	6,655,527,338	–	–	–	–	6,655,527,338
Private	1,819,331,441	–	–	–	–	1,819,331,441
	8,474,858,779	–	–	–	–	8,474,858,779
Receivables:						
Finance receivables	98,918,972,005	–	–	–	–	98,918,972,005
Trade receivables	34,289,164,169	3,953,609,254	–	47,041,346	43,533,969	38,333,348,738
Due from related parties	4,156,699,936	61,663,764	–	–	–	4,218,363,700
Interest receivable	1,645,383,807	68,440,837	369,445	2,011,338	419,674	1,716,625,101
Other receivables***	6,401,712,058	180,079,510	–	21,496,384	2,302,092	6,605,590,044
	145,411,931,975	4,263,793,365	369,445	70,549,068	46,255,735	149,792,899,588
Refundable deposits****	1,966,017,754	–	–	–	–	1,966,017,754
Restricted cash****	1,818,639,034	–	–	–	–	1,818,639,034
	₱243,080,066,024	₱32,167,018,250	₱4,084,528,482	₱696,647,981	₱509,163,374	₱280,537,424,111

** Others include South American countries (i.e., Argentina and Mexico)*
*** Excludes cash on hand amounting to ₱5,654,873,185*
**** Excludes claims receivable of JGSPC and JGSOC amounting to ₱1,202,710,742*
***** Included under 'Other current' and 'Other noncurrent assets' in the consolidated statements of financial position*

ii Concentration by industry

The tables below show the industry sector analysis of the Group's financial assets as of December 31, 2022 and 2021, before taking into account any collateral held or other credit enhancements.

	December 31, 2022								
	Manufacturing	**Real Estate, Renting and Related Business Activities**	**Wholesale and Retail trade**	**Financial Intermediaries**	**Transportation, Storage and Communicatoin**	**Electricity, Gas and Water**	**Construction**	**Others***	**Total**
Cash and cash equivalents**	**₱–**	**₱–**	**₱–**	**₱78,852,465,730**	**₱–**	**₱–**	**₱–**	**₱–**	**₱78,852,465,730**
Financial assets at FVPL									
Derivative assets	**–**	**–**	**–**	**60,911,158**	**–**	**–**	**–**	**–**	**60,911,158**
Investment in convertible notes	**2,277,760,525**	**329,820,996**	**20,986,662**	**284,033,182**	**411,005,847**	**395,091,878**	**–**	**683,521,110**	**4,402,220,200**
	2,277,760,525	**329,820,996**	**20,986,662**	**344,944,340**	**411,005,847**	**395,091,878**	**–**	**683,521,110**	**4,463,131,358**
Financial assets at FVOCI									
Debt securities									
Government	**–**	**–**	**–**	**126,987,588**	**–**	**–**	**–**	**422,560,900**	**549,548,488**
Private	**448,578,637**	**931,710,654**	**1,098,386,907**	**1,809,311,850**	**867,646,750**	**1,302,874,811**	**–**	**2,241,881,900**	**8,700,391,509**
	448,578,637	**931,710,654**	**1,098,386,907**	**1,936,299,438**	**867,646,750**	**1,302,874,811**	**–**	**2,664,442,800**	**9,249,939,997**
Receivables									
Trade receivables	**17,202,185,042**	**17,273,064,571**	**–**	**208,737,669**	**1,897,940,115**	**–**	**–**	**1,104,532,353**	**37,686,459,750**
Due from related parties	**217,801,094**	**72,701,436**	**4,137,721**	**42,799,696**	**30,668,021**			**4,053,565,309**	**4,421,673,277**
Interest receivable	**11,878,388**	**66,094,183**	**3,138,015**	**186,118,470**	**5,512,088**	**18,324,889**	**3,852,322**	**59,230,974**	**354,149,329**
Other receivables***	**4,483,260,676**	**1,173,226,727**	**–**	**13,268,229**	**–**	**–**	**–**	**453,409,852**	**6,123,165,484**
	21,915,125,200	**18,585,086,917**	**7,275,736**	**450,924,064**	**1,934,120,224**	**18,324,889**	**3,852,322**	**5,670,738,488**	**48,585,447,840**
Refundable security deposits****	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**3,158,379,453**	**3,158,379,453**
Restricted cash****	**–**	**434,299,396**	**–**	**–**	**832,055,494**	**–**	**–**	**–**	**1,266,354,890**
	₱24,641,464,362	**₱20,280,917,963**	**₱1,126,649,305**	**₱81,584,633,572**	**₱4,044,828,315**	**₱1,716,291,578**	**₱3,852,322**	**₱12,177,081,851**	**₱145,575,719,268**

** Others include consumer, community, social and personal services, education, mining and quarrying, and health and social work sectors.*
*** Excludes cash on hand amounting to ₱219,267,636*
**** Excludes claims receivable of JGSOC amounting to ₱186,737,480*
***** Included under 'Other current' and 'Other noncurrent assets' in the consolidated statements of financial position*

	December 31, 2021										
	Manufacturing	Real Estate, Renting and Related Business Activities	Wholesale and Retail Trade	Financial Intermediaries	Transportation, Storage and Communication	Agricultural, Hunting and Forestry	Electricity, Gas and Water	Construction	Government Institutions	Others*	Total
Cash and cash equivalents**	₱–	₱–	₱–	₱77,235,248,336	₱–	₱–	₱–	₱–	₱–	₱–	₱77,235,248,336
Financial assets at FVPL:											
Held-for-trading:											
Debt securities:											
Government	–	–	–	–	–	–	–	–	1,912,412	–	1,912,412
Investment in convertible notes	2,148,960,778	142,323,656	–	489,736,019	516,110,949	–	165,327,412	–	–	557,656,602	4,020,115,416
	2,148,960,778	142,323,656	–	489,736,019	516,110,949	–	165,327,412	–	1,912,412	557,656,602	4,022,027,828
Financial assets at FVOCI											
Debt securities:											
Government	–	–	–	137,105,712	–	–	–	–	15,090,212,355	486,061,270	15,713,379,337
Private	35,688,590	1,525,222,707	1,964,573,161	14,381,925,122	2,020,707,036	–	1,172,428,404	14,269,520	–	399,538,915	21,514,353,455
	35,688,590	1,525,222,707	1,964,573,161	14,519,030,834	2,020,707,036	–	1,172,428,404	14,269,520	15,090,212,355	885,600,185	37,227,732,792
Investment securities at amortized cost											
Debt securities:											
Government	–	–	–	–	–	–	–	–	6,655,527,338	–	6,655,527,338
Private	–	–	–	1,819,331,441	–	–	–	–	–	–	1,819,331,441
	–	–	–	1,819,331,441	–	–	–	–	6,655,527,338	–	8,474,858,779
Receivables:											
Finance receivables	13,368,817,009	35,414,782,558	12,298,694,601	2,469,746,231	8,157,656,053	632,579,289	5,867,157,713	3,217,567,419	–	17,491,971,132	98,918,972,005
Trade receivables	15,781,447,951	19,593,777,925	–	291,755,188	1,461,123,195	–	–	–	–	1,205,244,479	38,333,348,738
Due from related parties	52,682,966	2,894,605,655	4,137,721	23,384,792	60,690,275	–	–	–	–	1,182,862,291	4,218,363,700
Interest receivable	527,004	49,499,378	140,591,592	1,483,190,820	14,533,108	–	8,972,559	1,502,294	–	17,808,346	1,716,625,101
Other receivables***	1,875,438,234	1,002,757,918	16,409,156	1,086,696,666	19,556	–	–	–	–	2,624,268,514	6,605,590,044
	31,078,913,164	58,955,423,434	12,459,833,070	5,354,773,697	9,694,022,187	632,579,289	5,876,130,272	3,219,069,713	–	22,522,154,762	149,792,899,588
Refundable security deposits ****	–	71,920,404	–	–	–	–	–	–	–	1,894,097,350	1,966,017,754
Restricted cash****	–	378,034,904	–	–	1,440,604,130	–	–	–	–	–	1,818,639,034
	₱33,263,562,532	₱61,072,925,105	₱14,424,406,231	₱99,418,120,327	₱13,671,444,302	₱632,579,289	₱7,213,886,088	₱3,233,339,233	₱21,747,652,105	₱25,859,508,899	₱280,537,424,111

** Others include consumer, community, social and personal services, education, mining and quarrying, and health and social work sectors.*
*** Excludes cash on hand amounting to ₱5,654,873,185*
**** Excludes claims receivable of JGSPC and JGSOC amounting to ₱1,202,710,742*
***** Included under 'Other current' and 'Other noncurrent assets' in the consolidated statements of financial position*

c. Credit quality per class of financial assets

The table below shows the maximum exposure to credit risk for the Group's financial assets not measured at fair value by credit rating grades:

	2022 (in millions)				
	General Approach			Simplified	
	Stage 1	Stage 2	Stage 3	Approach	Total
Cash and cash equivalents					
Neither Past Due nor Individually Impaired					
High Grade	₱78,852	₱–	₱–	₱–	₱78,852
Financial Assets at FVPL					
Investment in convertible note					
Unrated	4,402	–	–	–	4,402
Financial Assets at FVOCI					
Neither Past Due nor Individually Impaired					
Standard	9,250	–	–	–	9,250
Receivables:					
Trade receivables					
Neither Past Due nor Individually Impaired					
High Grade	–	–	–	26,118	26,118
Standard	–	–	–	691	691
Past Due but not Individually Impaired	–	–	–	10,404	10,404
Individually Impaired	–	–	–	473	473
Due from related parties					
Neither Past Due nor Individually Impaired					
High Grade	–	–	–	3,518	3,518
Standard	–	–	–	904	904
Interest receivable					
Neither Past Due nor Individually Impaired					
High Grade	330	–	–	–	330
Standard	24	–	–	–	24
Other receivables					
Neither Past Due nor Individually Impaired					
High Grade	1,218	–	–	–	1,218
Standard	3,724	–	–	–	3,724
Substandard	30				30
Past Due but not Individually Impaired	–	–	–	873	873
Individually Impaired	–	–	–	278	278
Refundable deposits***					
Neither Past Due nor Individually Impaired					
High Grade	3,158	–	–	–	3,158
Restricted cash***					
Neither Past Due nor Individually Impaired					
High Grade	1,266	–	–	–	1,266
	₱102,254	₱–	₱–	₱43,259	₱145,513

** Excludes cash on hand amounting to ₱219,267,636*
*** Excludes claims receivable of JGSOC amounting to ₱186,737,480*
****Included under 'Other current' and 'Other noncurrent assets' in the consolidated statements of financial position*

	2021 (in millions)				
	General Approach			Simplified	
	Stage 1	Stage 2	Stage 3	Approach	Total
Cash and cash equivalents					
Neither Past Due nor Individually Impaired					
High Grade	₱41,505	₱–	₱–	₱–	₱41,505
Standard	35,730	–	–	–	35,730
Financial Assets at FVPL					
Debt securities					
High Grade	2	–	–	–	2
Investment in convertible note					
Unrated	4,020	–	–	–	4,020
Financial Assets at FVOCI					
Neither Past Due nor Individually Impaired					
High Grade	26,319	–	–	–	26,319
Standard	10,909	–	–	–	10,909

(Forward)

	2021 (in millions)				
	General Approach			Simplified	
	Stage 1	Stage 2	Stage 3	Approach	Total
Investment securities at Amortized Cost					
Neither Past Due nor Individually Impaired					
Standard	₱8,475	₱–	₱–	₱–	₱8,475
Receivables:					
Finance receivables					
Neither Past Due nor Individually Impaired					
High Grade	16,890	2,273	–	–	19,163
Standard	19,034	10,304	–	–	29,338
Substandard	2,712	7,576	–	–	10,288
Unrated	33,462	145	3	–	33,610
Past Due but not Individually Impaired		2,033	2,214	–	4,247
Individually Impaired			2,273	–	2,273
Trade receivables					
Neither Past Due nor Individually Impaired					
High Grade	–	–	–	30,131	30,131
Standard	–	–	–	2,071	2,071
Past Due but not Individually Impaired	–	–	–	5,518	5,518
Individually Impaired	–	–	–	613	613
Due from related parties					
Neither Past Due nor Individually Impaired					
High Grade	–	–	–	4,202	4,202
Standard	–	–	–	16	16
Interest receivable					
Neither Past Due nor Individually Impaired					
High Grade	1,582	–	–	–	1,582
Standard	6	–	–	–	6
Past Due but not Individually Impaired	129	–	–	–	129
Other receivables					
Neither Past Due nor Individually Impaired					
High Grade	1,087	–	–	–	1,087
Standard	4,240	–	–	–	4,240
Past Due but not Individually Impaired	880	–	–	–	880
Individually Impaired	–	–	398	–	398
Refundable deposits***					
Neither Past Due nor Individually Impaired					
High Grade	1,966	–	–	–	1,966
Restricted cash***					
Neither Past Due nor Individually Impaired					
High Grade	1,819	–	–	–	1,819
	₱210,767	₱22,331	₱4,888	₱42,551	₱280,537

** Excludes cash on hand amounting to ₱5,654,873,185*
*** Excludes claims receivable of JGSPC and JGSOC amounting to ₱1,202,710,742*
****Included under 'Other current' and 'Other noncurrent assets' in the consolidated statements of financial position*

Classification of Financial Assets by Class used by the Group except for the Banking Segment
High grade cash and cash equivalents are short-term placements and working cash fund placed, invested, or deposited in foreign and local banks belonging to the top 10 banks in the Philippines in terms of resources and profitability.

Other high grade accounts are considered to be of high value since the counterparties have a remote likelihood of default and have consistently exhibited good paying habits.

Standard grade accounts are active accounts with minimal to regular instances of payment default, due to ordinary/common collection issues. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly.

Substandard grade accounts are accounts which have probability of impairment based on historical trend. These accounts show propensity to default in payment despite regular follow-up actions and extended payment terms.

Classification of Financial Assets by Class used by the Banking Segment
For loans and receivables from customers, the Banking Segment's internal credit risk rating (ICCR) system was approved in 2007 and further enhanced to reflect latest updates. Last enhancement was made in 2017 for the ICRRS covering corporate credit exposures as defined by BSP Circular 439, initially for those borrowers with asset size of more than ₱15.0 million. In compliance with BSP Circular 855, the Banking Segment also developed another ICRRS in 2016 for those borrowers with asset size of ₱15.0 million and below which was also enhanced in 2018.

The Banking Segment's internal credit risk rating is as follows:

Grades	**Categories**	**Description**
High grade		
Risk rating 1	Excellent	Lowest probability of default; exceptionally strong capacity for financial commitments; highly unlikely to be adversely affected by foreseeable events.
Risk rating 2	Super Prime	Very low probability of default; very strong capacity for payment of financial commitments; less vulnerable to foreseeable events.
Risk rating 3	Prime	Low probability of default; strong capacity for payment of financial commitments; may be more vulnerable to adverse business/economic conditions.
Risk rating 4	Very Good	Moderately low probability of default; more than adequate capacity for payment of financial commitments; but adverse business/economic conditions are more likely to impair this capacity.
Risk rating 5	Good	More pronounced probability of default; business or financial flexibility exists which supports the servicing of financial commitments; vulnerable to adverse business/economic changes.
Standard		
Risk rating 6	Satisfactory	Material probability of default is present, but a margin of safety remains; financial commitments are currently being met although the capacity for continued payment is vulnerable to deterioration in the business/economic condition.
Risk rating 7	Average	Greater probability of default which is reflected in the volatility of earnings and overall performance; repayment source is presently adequate; however, prolonged unfavorable economic period would create deterioration beyond acceptable levels.
Risk rating 8	Fair	Sufficiently pronounced probability of default, although borrowers should still be able to withstand normal business cycles; any prolonged unfavorable economic/market conditions would create an immediate deterioration of cash flow beyond acceptable levels.

Grades	**Categories**	**Description**
Sub-standard grade		
Risk rating 9	Marginal	Elevated level of probability of default, with limited margin; repayment source is adequate to marginal.
Risk rating 10	Watch list	Unfavorable industry or company specific risk factors represent a concern, financial strength may be marginal; will find it difficult to cope with significant downturn.
Risk rating 11	Special mention	Loans have potential weaknesses that deserve close attention; borrower has reached a point where there is a real risk that the borrower's ability to pay the interest and repay the principal timely could be jeopardized due to evidence of weakness in the borrower's financial condition.
Risk rating 12	Substandard	Substantial and unreasonable degree of risk to the institution because of unfavorable record or unsatisfactory characteristics; with well-defined weaknesses that jeopardize their liquidation e.g. negative cash flow, case of fraud.
Past due and impaired		
Risk rating 13	Doubtful	Weaknesses similar to "Substandard", but with added characteristics that make liquidation highly improbable.
Risk rating 14	Loss	Uncollectible or worthless.

The Banking Segment's internal credit risk rating system intends to provide a structure to define the corporate credit portfolio, and consists of an initial rating for the borrower risk later adjusted for the facility risk. Inputs include an assessment of management, credit experience, financial condition, industry outlook, documentation, security and term.

Below is the staging parameters adopted by the Banking Segment.

Staging Parameter	**Stage**	**Description**
Staging by Days Past Due		*Applicable to all loan products.*
	1	Accounts with 0 – 30 days past due (applicable for all loan products except for microfinancing loans wherein days past due for Stage 1 accounts is 0 – 6 days).
	2	Accounts with 31 – 90 days past due (applicable for all loan products except for microfinancing loans wherein days past due for Stage 2 accounts is 7 – 10 days).
	3	Accounts with days past due of 91 days and above (applicable for all loan products except for microfinancing loans wherein days past due for Stage 3 accounts is 11 days and above).

Staging Parameter	**Stage**	**Description**
Staging by Status		*Applicable to all loan products except for Microfinance.*
	1	Accounts tagged as Current in its Status are classified under Stage 1.
	2	Accounts tagged as Past due performing in its Status are classified under Stage 2.
	3	Accounts tagged as ITL and NPL in its Status are classified under Stage 3.
Staging by Origination Rating vs Current Rating		*Applicable to Commercial Loans (Large Scale and Medium Scale) only*
	1	If no movement in the ratings from origination rating against the latest rating, the staging will be based on the current ICRRS rating. If the account's current rating is either Excellent, Super Prime, Prime, Very Good, Good, Satisfactory, Average, Fair, the account will be tagged under Stage 1.
	2	If the account's current rating/equivalent Risk Level deteriorates by 2 notches from its origination rating/equivalent Risk Level, the account is tagged under Stage 2. If no movement in the ratings from origination rating against the latest rating, the staging will be based on the latest ICRRS rating. If the account's latest Rating is either Marginal, Watchlist or Especially Mentioned, account will be tagged under Stage 2.
Staging by Maturity Date vs Cut-off Date		*Applicable to all loan products*
	1	If maturity date of the account is after the cut-off date of the ECL Calculation, and if the days leading up to the cut-off date from the maturity date is less than 30 days, the account is tagged under Stage 1 (For Microfinance loans, if maturity date of the account is after the cut-off date of the ECL Calculation, and if the days leading up to the cut-off date from the maturity date is less than 10 days, the account is tagged under Stage 1).
	3	If maturity date of the account is prior to the cut-off date of the ECL Calculation, and if the days leading up to the cut-off date from the maturity date is more than 30 days, the account is tagged under Stage 3 (For Microfinance loans, if Maturity Date of the account is prior the cut-off date of the ECL Calculation, and if the days leading up to the cut-off date from the maturity date is more than 10 days, the account is tagged under Stage 3).

External ratings
In ensuring a quality investment portfolio, the Group monitors credit risk from investments using credit ratings based on Standard and Poor (S&P). Credit quality of due from BSP and other banks and interbank loans receivable are based on available accredited international and local credit raters using Fitch as standard of rating.

The Group assigns the following credit quality groupings based on ratings prior to PFRS 9 adoption as follows:

Credit Quality	**Fitch**	**Moody's**	**S&P**	**Stage***
High Grade	AAA to A-	Aaa to A3	AAA to A-	1
Standard Grade	BBB+ to BB-	Baa1 to Ba3	BBB+ to BB-	1
Substandard Grade	B+ to C-	B1 to Ca	B+ to C	2
Past due and impaired	D	C	D	3

**Applicable to Banking Segment only.*

d. Aging analysis of receivables by class

The aging analysis of the Group's Past Due but Not Impaired receivables as of December 31, 2022 and 2021 follow:

	2022 *(in millions)*				
	Less than 30 Days	**30 to 60 Days**	**61 to 90 Days**	**Over 90 Days**	**Total**
Trade receivables	**₱5,418**	**₱892**	**₱903**	**₱3,192**	**₱10,405**
Others	**28**	**80**	**116**	**649**	**873**
	₱5,446	**₱ 972**	**₱1019**	**₱3,841**	**₱11,278**

	2021 *(in millions)*				
	Less than 30 Days	30 to 60 Days	61 to 90 Days	Over 90 Days	Total
Finance receivables	₱223	₱1,451	₱617	₱1,956	₱4,247
Trade receivables	4,045	816	304	353	5,518
Interest receivable	2	33	18	76	129
Others	112	59	51	658	880
	₱4,382	₱2,359	₱990	₱3,043	₱10,774

Liquidity risk
Liquidity risk is the risk of not being able to meet funding obligations such as the repayment of liabilities or payment of asset purchases as they fall due. The Group's liquidity management involves maintaining funding capacity to finance capital expenditures and service maturing debts, and to accommodate any fluctuations in asset and liability levels due to changes in the Group's business operations or unanticipated events created by customer behavior or capital market conditions. The Group maintains a level of cash and cash equivalents deemed sufficient to finance its operations. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund-raising activities. Fund-raising activities may include obtaining bank loans and capital market issues both onshore and offshore.

With respect to the Banking Segment, liquidity risk is considered in assets and liabilities management. The Banking Segment seeks to lengthen liability maturities, diversify existing fund sources, and continuously develop new instruments that cater to different segments of the market. The Assets and Liabilities Committee (ALCO) is composed of some members of the Senior Management including the Lending Groups and Treasury Group Heads. ALCO conducts weekly meetings. The Banking Segment also has specialized units that help monitor market and regulatory developments pertinent to interest rates and liquidity position, as well as prepare cash position reports as needed to measure the liquidity and reserves position of the Banking Segment.

The Banking Segment also keeps credit lines with financial institutions, as well as a pool of liquid or highly marketable securities. Reserves management is another specialized function within the Banking Segment, complying with BSP reserve requirements, which may be a buffer against unforeseen liquidity drains.

The liquidity or maturity gap report is another tool for measuring liquidity risk. Although available contractual maturity dates are generally used for putting instruments into time bands, expected liquidation periods, often based on historical data, are used if contractual maturity dates are unavailable. The liquidity gap per time band is computed by getting the difference between the inflows and outflows within the time band. A positive liquidity gap is an estimate of the Banking Segment's net excess funds for the time band. A negative liquidity gap is an estimate of a future funding requirement of the Banking Segment. Although such gaps are a normal part of the business, a significant negative amount may bring significant liquidity risk. To help control liquidity risk arising from negative liquidity gaps, maximum cumulative outflow (MCO) targets are set for time bands up to one year.

The tables below summarize the maturity profile of the Group's financial assets and liabilities based on the applicable undiscounted contractual payments as of December 31, 2022 and 2021:

	2022					
	On Demand	**Up to 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**More Than 5 Years**	**Total**
Financial Assets						
Cash and cash equivalents*	**₱35,207,790,971**	**₱43,644,674,760**	**₱4,243,098**	**₱–**	**₱–**	**₱78,856,708,829**
Financial assets at FVPL:						
Equity securities						
Quoted	**673,504,963**	**–**	**1,858,595,155**	**–**	**–**	**2,532,100,118**
Derivative assets	**–**	**–**	**60,911,158**	**–**	**–**	**60,911,158**
Investment in convertible note	**–**	**485,239,956**	**209,304,288**	**5,103,037,875**	**–**	**5,797,582,119**
	673,504,963	**485,239,956**	**2,128,810,601**	**5,103,037,875**	**–**	**8,390,593,395**
Financial assets at FVOCI:						
Debt securities:						
Private	**–**	**135,023,867**	**9,105,463,111**	**–**	**–**	**9,240,486,978**
Government	**–**	**9,459,428**	**577,926,773**			**587,386,201**
	–	**144,483,295**	**9,683,389,884**	**–**	**–**	**9,827,873,179**
Equity securities						
Quoted	**–**	**–**	**–**	**32,710,762,660**	**–**	**32,710,762,660**
Unquoted	**–**	**–**	**2,316,610,083**	**–**	**–**	**2,316,610,083**
	–	**–**	**2,316,610,083**	**32,710,762,660**	**–**	**35,027,372,743**
	–	**144,483,295**	**11,999,999,967**	**32,710,762,660**	**–**	**44,855,245,922**
Receivables:						
Trade receivables	**7,326,958,211**	**21,657,670,621**	**4,251,585,893**	**3,931,480,723**	**626,814,769**	**37,794,510,217**
Due from related parties	**1,591,468,565**	**–**	**1,000,000,000**	**1,830,204,712**	**–**	**4,421,673,277**
Interest receivable	**41,485,443**	**47,522,768**	**265,141,118**	**–**	**–**	**354,149,329**
Other receivables	**827,744,679**	**5,362,615,957**	**83,193,297**	**–**	**–**	**6,273,553,933**
	9,787,656,898	**27,067,809,346**	**5,599,920,308**	**5,761,685,435**	**626,814,769**	**48,843,886,756**
Refundable security deposits***	**2,427,000**	**–**	**2,004,000**	**575,511,509**	**2,578,436,944**	**3,158,379,453**
Restricted cash***	**1,266,354,890**	**–**	**–**	**–**	**–**	**1,266,354,890**
	₱46,937,734,722	**₱71,342,207,357**	**₱19,734,977,974**	**₱44,150,997,479**	**₱3,205,251,713**	**₱185,371,169,245**

** Excludes cash on hand amounting to ₱212,967,636*
***Excludes claims receivable of JGSOC amounting to ₱186,737,480*
****Included under 'Other current' and 'Other noncurrent assets' in the consolidated statements of financial position.*

	2021					
	On Demand	Up to 3 Months	3 to 12 Months	1 to 5 Years	More Than 5 Years	Total
Financial Assets						
Cash and cash equivalents*	₱34,550,142,438	₱42,734,893,835	₱2,696,861	₱–	₱–	₱77,287,733,134
Financial assets at FVPL:						
Held-for-trading:						
Debt securities:						
Government	–	1,912,412	–	–	–	1,912,412
Equity securities:						
Quoted	667,582,694	–	1,771,405,641	–	–	2,438,988,335
Investment in convertible note	–	65,200,416	195,601,248	5,063,322,074	–	5,324,123,738
	667,582,694	67,112,828	1,967,006,889	5,063,322,074	–	7,765,024,485
Financial assets at FVOCI:						
Debt securities:						
Private	–	518,543,084	11,618,660,429	4,359,523,407	8,504,539,568	25,001,266,488
Government	–	8,762,828	649,455,463	5,858,588,891	11,428,910,085	17,945,717,267
	–	527,305,912	12,268,115,892	10,218,112,298	19,933,449,653	42,946,983,755
Equity securities:						
Quoted	–	–	210,408,089	44,506,905,999	–	44,717,314,088
Unquoted	–	–	1,820,169,420	–	–	1,820,169,420
	–	–	2,030,577,509	44,506,905,999	–	46,537,483,508
	–	527,305,912	14,298,693,400	54,725,018,297	19,933,449,653	89,484,467,262
Investment securities at amortized cost:	–	866,870,003	408,663,678	6,037,296,023	2,588,849,663	9,901,679,367
Receivables:						
Trade receivables	22,231,445,352	2,510,776,309	10,937,182,370	5,041,607,830	434,241,096	41,155,252,957
Finance receivables	–	18,976,782,055	15,771,670,242	30,422,554,266	39,704,405,565	104,875,412,128
Due from related parties	1,396,459,481	–	–	2,821,904,219	–	4,218,363,700
Interest receivable	13,371,070	1,441,325,054	261,928,977	–	–	1,716,625,101
Other receivables	3,347,365,533	1,242,285,055	2,015,939,456	–		6,605,590,044
	26,988,641,436	24,171,168,473	28,986,721,045	38,286,066,315	40,138,646,661	158,571,243,930
Refundable security deposits***	10,751,750	75,000	2,004,000	616,518,416	1,345,068,338	1,974,417,504
Restricted cash***	1,818,639,034	–	–	–	–	1,818,639,034
	₱64,035,757,352	₱68,367,426,051	₱45,665,785,873	₱104,728,221,125	₱64,006,014,315	₱346,803,204,716

** Excludes cash on hand amounting to ₱5,654,873,185*
***Excludes claims receivable of JGSPC and JGSOC amounting to ₱₱1,202,710,742*
****Included under 'Other current' and 'Other noncurrent assets' in the consolidated statements of financial position.*

	2022					
	On Demand	**Up to 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**More Than 5 Years**	**Total**
Financial Liabilities						
Accounts payable and accrued expenses (including noncurrent portion booked under 'Other noncurrent liabilities' in the consolidated statement of financial position but excluding 'Deposit liabilities' and 'Due to related parties')	**₱32,744,667,817**	**₱23,416,688,197**	**₱6,435,713,693**	**₱2,482,252,273**	**₱614,159,445**	**₱65,693,481,425**
Short-term debt	**–**	**87,349,529,854**	**4,804,760,833**	**–**	**–**	**92,154,290,687**
Due to related parties (included under 'Accounts payable and accrued expense' in the consolidated statement of financial position)	**161,443,000**	**–**	**–**	**–**	**–**	**161,443,000**
Deposits from lessees (included under 'Other current liabilities' and 'Other noncurrent liabilities' in the consolidated statement of financial position)	**–**	**1,450,851,140**	**1,542,289,999**	**1,804,219,156**	**2,485,888,503**	**7,283,248,798**
Long-term debt (including current portion)	**–**	**36,828,290,025**	**41,371,475,743**	**128,374,272,096**	**46,017,379,903**	**252,591,417,767**
Lease liabilities (including current portion)	**601,443,881**	**1,472,036,024**	**5,745,576,480**	**33,554,638,594**	**19,320,548,031**	**60,694,243,010**
Bonds payable	**–**	**–**	**470,432,813**	**16,045,243,594**	**–**	**16,515,676,407**
Derivative liabilities	**–**	**846,835,509**	**–**	**–**	**–**	**846,835,509**
	₱33,507,554,698	**₱151,364,230,749**	**₱60,370,249,561**	**₱182,260,625,713**	**₱68,437,975,882**	**₱495,940,636,603**

	2021					
	On Demand	Up to 3 Months	3 to 12 Months	1 to 5 Years	More Than 5 Years	Total
Financial Liabilities						
Accounts payable and accrued expenses (including noncurrent portion booked under 'Other noncurrent liabilities' in the consolidated statement of financial position but excluding 'Deposit liabilities' and 'Due to related parties')	₱28,064,156,617	₱14,670,378,634	₱14,145,083,925	₱5,472,698,006	₱631,686,333	₱62,984,003,515
Short-term debt	–	65,938,250,559	82,726,400	–	–	66,020,976,959
Deposit liabilities (included under 'Accounts payable and accrued expenses' and 'Other noncurrent liabilities' in the consolidated statements of financial position)	93,118,442,232	43,496,330,836	10,704,785,647	8,759,603,445	4,779,817	156,083,941,977
Due to related parties (included under 'Accounts payable and accrued expense' in the consolidated statement of financial position)	169,068,971	–	–	–	–	169,068,971
Deposits from lessees (included under 'Other current liabilities' and 'Other noncurrent liabilities' in the consolidated statement of financial position)	–	1,492,271,667	1,554,790,422	1,809,072,846	2,066,652,915	6,922,787,850
Long-term debt (including current portion)	–	14,129,463,966	13,416,794,650	165,041,979,015	54,367,879,981	246,956,117,612
Lease liabilities (including current portion)	–	1,759,287,037	4,202,203,160	19,737,865,664	16,460,709,877	42,160,065,738
Bonds payable	–	–	573,738,750	2,294,955,000	13,036,619,375	15,905,313,125
Derivative liabilities	–	1,730,960,768	1,366,788	–	–	1,732,327,556
	₱121,351,667,820	₱143,216,943,467	₱44,681,489,742	₱203,116,173,976	₱86,568,328,298	₱598,934,603,303

Market risk

Market risk is the risk of loss to future earnings, to fair value or future cash flows of a financial instrument as a result of changes in its price, in turn caused by changes in interest rates, foreign currency exchange rates, equity prices and other market factors.

The following discussion covers the market risks of the Group except for its Banking Segment:

Foreign currency risk

Foreign currency risk arises on financial instruments that are denominated in a foreign currency other than the functional currency in which they are measured.

The Group has transactional currency exposures. Such exposures arise from sales and purchases in currencies other than the entities' functional currency. As of December 31, 2022, 2021 and 2020, approximately 28.0%, 27.1% and 22.0%, respectively, of the Group's total sales are denominated in currencies other than the functional currency. In addition, approximately 35.5% and 37.2% of total debt are denominated in US Dollar as of December 31, 2022 and 2021, respectively. The Group's capital expenditures are likewise substantially denominated in US Dollar.

The tables below summarize the Group's exposure to foreign currency risk as of December 31, 2022 and 2021:

	2022		
	US Dollar	**Other Currencies***	**Total**
Assets			
Cash and cash equivalents	**₱37,225,720,936**	**₱3,527,707,061**	**₱40,753,427,997**
Financial assets at FVPL	**4,206,497,226**	**1,993,386,450**	**6,199,883,676**
Financial assets at FVOCI	**9,249,939,997**	**996,129,033**	**10,246,069,030**
Receivables	**10,092,532,218**	**1,211,941,493**	**11,304,473,711**
Other current assets	**3,069,540,375**	**806,424**	**3,070,346,799**
	63,844,230,752	**7,729,970,461**	**71,574,201,213**
Liabilities			
Accounts payable and accrued expenses	**19,704,810,897**	**1,367,295,199**	**21,072,106,096**
Financial liabilities at FVPL	**846,835,509**	**–**	**846,835,509**
Short-term debt	**8,476,200,697**	**1,372,287,539**	**9,848,488,236**
Long-term debt (including current portion)	**87,653,827,290**	**5,668,467,652**	**93,322,294,942**
Lease Liabilities	**47,805,820,001**	**–**	**47,805,820,001**
	164,487,494,394	**8,408,050,390**	**172,895,544,784**
Net Foreign Currency-Denominated Assets (Liabilities)	**(₱100,643,263,642)**	**(₱678,079,929)**	**(₱101,321,343,571)**

**Other currencies include Hongkong Dollar, Singapore Dollar, Chinese Yuan, Japanese Yen, Thai Baht, Malaysian ringgit, Korean won, New Taiwan dollar, Australian dollar and Euro*

	2021		
	US Dollar	Other Currencies*	Total
Assets			
Cash and cash equivalents	₱20,054,493,868	₱7,115,774,654	₱27,170,268,522
Financial assets at FVPL	4,496,931,846	1,232,610,032	5,729,541,878
Financial assets at FVOCI	10,908,513,721	996,129,033	11,904,642,754
Receivables	1,832,663,302	493,105,106	2,325,768,408
Other current assets	2,632,259,204	668,507	2,632,927,711
	39,924,861,941	9,838,287,332	49,763,149,273
Liabilities			
Accounts payable and accrued expenses	19,517,250,203	854,192,977	20,371,443,180
Financial liabilities at FVPL	1,730,960,768	–	1,730,960,768
Short-term debt	8,470,601,845	1,567,331,946	10,037,933,791
Long-term debt (including current portion)	82,010,153,555	6,681,792,918	88,691,946,473
	111,728,966,371	9,103,317,841	120,832,284,212
Net Foreign Currency-Denominated Assets (Liabilities)	(₱71,804,104,430)	(₱734,969,491)	(₱71,069,134,939)

** Other currencies include Hongkong Dollar, Singapore Dollar, Chinese Yuan, Japanese Yen, Thai Baht, Malaysian ringgit, Korean won, New Taiwan dollar, Australian dollar and Euro*

The exchange rates used to convert the Group's US dollar-denominated assets and liabilities into Philippine peso as of December 31, 2022 and 2021 follow:

	2022	2021
US dollar-Philippine peso exchange rate	**₱55.755 to US$1.00**	₱50.999 to US$1.00

The following table sets forth the impact of the range of reasonably possible changes in the US Dollar-Philippine peso exchange rate on the Group's income before income tax (due to the revaluation of monetary assets and liabilities) for the years ended December 31, 2022 and 2021:

Reasonably Possible Changes in Exchange rates	Change in Income Before Income Tax	
	2022	2021
₱2.0	**(₱3,610,196,884)**	(₱2,815,902,446)
(2.0)	**3,610,196,884**	2,815,902,446

Other than the potential impact on the Group's pre-tax income, the Group does not expect any other material effect on equity.

The Group does not expect the impact of the volatility on other currencies to be material.

Equity price risk
Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of equity indices and the value of individual stocks.

In 2022 and 2021, changes in fair value of equity instruments held as financial assets at FVOCI due to a reasonably possible change in equity indices, with all other variables held constant, will increase equity by ₱523.2 million and ₱398.3 million if equity prices will increase by 1.5%. In 2022, 2021 and 2020, changes in fair value of equity instruments held as financial assets at FVPL due to a reasonably possible change in equity indices, with all other variables held constant, will increase profit by ₱9.6 million, ₱6.5 million and ₱6.0 million, respectively, if equity prices will increase by 1.5%. An equal change in the opposite direction would have decreased equity and profit by the same amount.

Interest rate risk
The Group's exposure to market risk for changes in interest rates relates primarily to the Parent Company's and its subsidiaries' long-term debt obligations which are subject to floating rate. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt. The Group makes use of derivative financial instruments, such as interest rate swaps, to hedge the variability in cash flows arising from fluctuation in benchmark interest rates.

The following tables show information about the Group's long-term debt with floating interest rate presented by maturity profile:

	2022										
	<1 year	>1-<2 years	>2-<3 years	>3-<4 years	>4-<5 years	>5 years	Total (In Original Currency)	Total (in Philippine Peso)	Debt Issuance Costs	Carrying Value (in Philippine Peso)	Fair Value
Long-term debt											
Philippine peso											
Floating rate											
Commercial loans from banks											
Interest rate 2.0%-5.0% (PH BVAL)	**₱644,444,097**	**₱3,559,918,166**	**₱2,593,956,240**	**₱1,523,162,940**	**₱867,999,778**	**₱4,606,673,732**	**₱13,796,154,953**	**₱13,796,154,953**	**₱–**	**₱13,796,154,953**	**₱16,146,365,699**
Term loan											
Interest rate (Prevailing market rate + GRT)	**10,286,712,329**						**10,286,712,329**	**10,000,000,000**	**7,128,793**	**9,992,871,207**	**9,937,069,333**
Term loan											
Interest rate (BVAL + 0.5%)	**5,159,718,900**	–	–	–	–	–	**5,159,718,900**	**5,000,000,000**	**3,689,996**	**4,996,310,004**	**4,927,783,446**
Term loan											
Interest rate (BVAL + 0.5%)	**285,600,000**	**7,214,395,616**	–	–	–	–	**7,499,995,616**	**7,000,000,000**	**18,433,474**	**6,981,566,526**	**6,578,214,795**
Term Loan											
Interest rate (BVAL + 0.75%)	**867,950,071**	**15,066,005,218**	–	–	–	–	**15,933,955,288**	**14,508,000,000**	–	**14,508,000,000**	**15,046,765,395**
Term Loan											
Interest rate (BVAL + 0.75%)	**139,600,000**	**139,982,466**	**4,014,151,233**	–	–	–	**4,293,733,699**	**4,000,000,000**	–	**4,000,000,000**	**4,190,179,694**
Foreign currencies:											
Floating rate											
US Dollar loans											
JPY Commercial loans											
Less than 1.0% (JPY LIBOR)	**¥1,568,936,150**	**¥1,577,004,749**	**¥1,585,465,365**	**¥1,593,796,773**	**¥1,602,172,729**	**¥5,653,045,058**	**¥13,580,420,824**	**5,668,467,652**	**-**	**5,668,467,652**	**4,859,063,361**
USD Commercial loans											
Interest rate 1.0%-8.0% (USD LIBOR)	**US$32,524,939**	**US$33,513,360**	**US$34,542,373**	**US$95,175,604**	**US$57,593,749**	**US$111,248,543**	**US$364,598,568**	**20,328,193,139**	**-**	**20,328,193,139**	**17,936,130,496**
								₱80,300,815,744	**₱29,252,263**	**₱80,271,563,481**	**₱79,621,572,219**

	2021										
	<1 year	>1-<2 years	>2-<3 years	>3-<4 years	>4-<5 years	>5 years	Total (In Original Currency)	Total (in Philippine Peso)	Debt Issuance Costs	Carrying Value (in Philippine Peso)	Fair Value
Long-term debt											
Philippine peso											
Floating rate											
Commercial loans from banks											
Interest rate 5.0%-7.0% (PHP BVAL)	₱–	₱1,279,551,165	₱5,403,111,290	₱4,374,354,865	₱3,303,561,565	₱1,929,657,318	₱16,290,236,203	₱16,290,236,203	₱–	₱16,290,236,203	₱16,420,341,225
Term loan											
Interest rate (Prevailing market rate + GRT)	375,000,000	10,156,250,000	–	–	–	–	10,531,250,000	10,000,000,000	23,042,456	9,976,957,544	10,178,850,753
Term loan											
Interest rate (BVAL + 0.5%)	308,070,515	5,159,718,900	–	–	–	–	5,467,789,415	5,000,000,000	11,654,003	4,988,345,997	4,963,016,616
Term Loan											
Interest rate (BVAL + 0.75%)	285,600,000	285,600,000	7,214,395,616	–	–	–	7,785,595,616	7,000,000,000	29,134,482	6,970,865,518	6,781,420,252
Term Loan											
Interest rate (BVAL + 0.75%)	546,811,200	547,013,392	14,783,894,073	–	–	–	15,877,718,665	14,508,000,000	-	14,508,000,000	15,621,252,000
Term Loan											
Interest rate (BVAL + 0.75%)	139,600,000	139,600,000	4,139,982,466	–	–	–	4,419,182,466	4,000,000,000	-	4,000,000,000	4,391,696,177
Foreign currencies:											
Floating rate											
US Dollar loans											
JPY Commercial loans											
Less than 1.0% (JPY LIBOR)	¥1,560,736,932	¥1,568,936,150	¥1,577,004,749	¥1,585,465,365	¥1,593,796,773	¥7,255,217,787	¥15,141,157,756	6,681,792,919	-	6,681,792,919	6,784,260,119
USD Commercial loans											
Interest rate 1.0%-8.0% (USD LIBOR)	US$ 35,948,795	US$ 33,247,555	US$ 33,513,360	US$ 34,542,373	US$ 95,175,603	US$ 168,119,676	US$ 400,547,362	20,427,514,938	-	20,427,514,938	22,178,011,872
								₱83,907,544,060	₱63,830,941	₱83,843,713,119	₱87,318,849,014

The following table sets forth the impact of the range of reasonably possible changes in the interest rates on the Group's income from floating debt obligations before income tax:

Reasonably Possible Changes in Interest Rates	Change in Income Before Income Tax	
	2022	2021
+150.0 basis points (bps)	**(₱1,527,814,468)**	(₱1,886,020,992)
-150.0 bps	**1,527,814,468**	1,886,020,992

Price interest rate risk
The Group is exposed to the risks of changes in the value/future cash flows of its financial instruments due to its market risk exposures. The Group's exposure to interest rate risk relates primarily to the Group's financial assets at FVPL and financial assets at FVOCI investments.

Except for RBC, which uses Earnings-at -Risk (EaR) as a tool for measuring and managing interest rate risk in the banking book, the table below shows the impact on income before income tax of the estimated future yield of the related market indices of the Group's FVPL and FVOCI investments using a sensitivity approach.

Reasonably Possible Changes in Interest Rates	Change in Income Before Income Tax	
	2022	2021
+150.0 basis points (bps)	**₱61,678,969**	₱18,615,218
-150.0 bps	**(61,678,969)**	(17,687,428)

Reasonably Possible Changes in Interest Rates	Change in Other Comprehensive Income	
	2022	2021
+150.0 basis points (bps)	**₱177,620,441**	₱172,432,608
-150.0 bps	**(177,620,441)**	(172,432,608)

Commodity price risk
The Group enters into commodity derivatives to hedge its exposure to jet fuel price risks arising from its forecasted fuel purchases. Commodity hedging allows stability in prices, thus, offsetting the risk of volatile market fluctuations. Depending on the economic hedge cover, the price changes on the commodity derivative positions are offset by higher or lower purchase costs on fuel. A change in price by US$10.00 per barrel of jet fuel affects the Group's fuel costs in pre-tax income by ₱1.7 billion and ₱576.2 million for years December 31, 2022 and 2021, respectively, in each of the covered periods, assuming no change in volume of fuel is consumed.

Derivative financial instruments which are part of hedging relationships do not expose the Group to market risk since changes in the fair value of the derivatives are offset by the changes in the fair value of the hedged items.

These hedging activities are in accordance with the risk management strategy and objectives outlined in the TRM policies and guidelines which have been approved by the Executive Committee on September 1, 2019.

Banking Segment's Market Risk
Market risk is defined as the possibility of loss due to adverse movements in market factors such as rates and prices. Market risk is present in both trading and non-trading activities. These are the risk to earnings or capital arising from changes in the value of traded portfolios of financial instruments. The risk arises from market-making, dealing and position-taking in quoted debt securities and foreign exchange.

RBC observes market risk limits, which are approved by the BOD and reviewed at least annually. Limits are set in such a way as to ensure that risks taken are based on RBC's existing capital adequacy framework, and corresponding monitoring reports are prepared regularly by an independent risk management unit.

When limits are breached, approval is sought from successive levels of authority depending on the amount of the excess. Limit breaches are periodically presented to the BOD.

Value-at-Risk (VaR) is computed to estimate potential losses arising from market movements. RBC calculates and monitors VaR and profit or loss on a daily basis.

VaR objectives and methodology
VaR is used by RBC to measure market risk exposure from its trading and investment activities. VaR is an estimate of the maximum decline in value on a given position over a specified holding period in a normal market environment, with a given probability of occurrence. RBC uses the historical simulation method in estimating VaR. The historical simulation method is a non-parametric approach to VaR calculation, in which asset returns are not subject to any functional distribution assumption. VaR is estimated directly from historical data without deriving parameters or making assumptions about the entire data distribution.

In employing the historical simulation method, RBC assumes a 500 historical data (approximately 2 years). The Parent Company updates its dataset on a daily basis per RBC's policy, VaR is based on a 1-day holding period and a confidence level of 99%.

VaR methodology limitations and assumptions
Discussed below are the limitations and assumptions applied by RBC on its VaR methodology:

a. VaR is a statistical estimate; thus, it does not give the precise amount of loss RBC may incur in the future;
b. VaR is not designed to give the probability of bank failure, but only attempts to quantify losses that may arise from a RBC's exposure to market risk;
c. Since VaR is computed from end-of-day positions and market factors, VaR does not capture intraday market risk.
d. VaR systems depend on historical data. It attempts to forecast likely future losses using past data. As such, this assumes that past relationships will continue to hold in the future. Therefore, market shifts (i.e., an unexpected collapse of the market) will not be captured and may inflict losses larger than VaR; and
e. The limitation relating to the pattern of historical returns being indicative of future returns is addressed by supplementing VaR with daily stress testing reported to the RMC, ALCO and the concerned risk-takers.

VaR back testing is the process by which financial institutions periodically compare ex-post profit or loss with the ex-ante VaR figures to gauge the robustness of the VaR model. RBC performs quarterly back testing.

RBC's VaR figures are as follows (in millions):

	2021			
	Average Daily	**Highest**	**Lowest**	**December 31**
Local interest rates	**(₱0.0470)**	**(₱1.3386)**	**(₱0.0006)**	**₱–**
Foreign interest rates	**($0.0011)**	**($0.0274)**	**($0.0004)**	**($0.0004)**

Interest rate risk
Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

RBC's ALCO surveys the interest rate environment, adjusts the interest rates for RBC's loans and deposits, assesses investment opportunities and reviews the structure of assets and liabilities. RBC uses EaR as a tool for measuring and managing interest rate risk in the banking book.

EaR objectives and methodology
EaR is a statistical measure of the likely impact of changes in interest rates to the RBC's net interest income (NII). To do this, repricing gaps (difference between interest rate-sensitive assets and liabilities) are classified according to time to repricing and multiplied with applicable historical interest rate volatility, although available contractual repricing dates are generally used for putting instruments into time bands, contractual maturity dates (e.g., for fixed rate instruments) or expected liquidation periods often based on historical data are used alternatively. The repricing gap per time band is computed by getting the difference between the inflows and outflows within the time band. A positive repricing gap implies that RBC's net interest income could decline if interest rates decrease upon repricing. A negative repricing gap implies that RBC's net interest income could decline if interest rates increase upon repricing. Although such gaps are a normal part of the business, a significant change may bring significant interest rate risk.

To help control interest rate risk arising from repricing gaps, maximum repricing gap and EaR/NII targets are set for time bands up to one year. EaR is prepared and reported to the Risk Management Committee quarterly.

RBC's EaR figures are as follows (in PHP millions):

	2021			
	Average	**High**	**Low**	**December 31**
Instruments sensitive to local interest rates	**₱311.64**	**₱520.74**	**₱101.98**	**₱355.16**
Instruments sensitive to foreign interest rates	**$2.45**	**$2.09**	**$2.12**	**$ 2.99**

Foreign currency risk
Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The BOD has set limits on positions by currency. In accordance with the RBC's policy, positions are monitored on a daily basis and are used to ensure positions are maintained within established limits.

December 31, 2021		**Statement of Income**
+10.0% USD appreciation	**USD**	**₱33,990,798**
	Other Foreign Currencies*	**3,846,934**
-10.0% USD depreciation	**USD**	**(33,990,798)**
	Other Foreign Currencies*	**(3,846,934)**

5. **Fair Value Measurement**

The following methods and assumptions were used to estimate the fair value of each asset and liability for which it is practicable to estimate such value:

Cash and cash equivalents, receivables (except for finance receivables and installment contract receivables), accounts payable and accrued expenses and short-term debt
Carrying amounts approximate their fair values due to the relatively short-term maturities of these instruments.

Finance receivables
Fair values of loans are estimated using the discounted cash flow methodology, using RBC's current incremental lending rates for similar types of loans. Where the instruments are repriced on a quarterly basis or have a relatively short-term maturity, the carrying amounts approximate fair values.

Installment contract receivables
Fair values of installment contract receivables are based on the discounted value of future cash flows using the applicable rates for similar types of receivables. The discount rates used range from 5.4% to 6.7% in 2022 and from 1.9% to 4.4% in 2021.

Debt securities
Fair values of debt securities are generally based on quoted market prices. If the fair value of financial assets cannot be derived from active markets, these are determined using internal valuation techniques using generally accepted market valuation models using inputs from observable markets subject to a degree of judgment.

Quoted equity securities
Fair values are based on quoted prices published in markets.

Unquoted equity securities
Investment in unquoted equity security classified as FVOCI include interest in unlisted preference shares of stock of a fintech company. Fair values are established with reference ot the IPEV Guidelines as discussed in Note 3. In line with the IPEV Valuation Guidelines, the valuation of unquoted equity securities are based on the price of the most recent transaction (i.e., latest funding round post-money valuation of the underlying companies). Funding rounds refer to the series of funding start-up companies go through to raise capital.

Due from and due to related parties
Carrying amounts of due from and due to related parties approximate their fair values because these are collectible/payable on demand, except for certain due from related parties amounting to ₱1.8 billion and ₱2.8 billion as of December 31, 2022 and 2021, respectively, which will mature in April 2023. Due from related parties are unsecured.

Noninterest-bearing refundable security deposits
The fair values are determined as the present value of estimated future cash flows using prevailing market rates.

Investment in convertible notes
The fair value of the convertible notes are determined using HP binomial pricing model and EV/Sales multiple of comparable companies' market data.

Biological assets
Biological assets are measured at their fair values less costs to sell. The fair values of Level 2 biological assets are determined based on current market prices of livestock of similar age, breed and genetic merit while Level 3 are determined based on adjusted commercial farmgate prices. Costs to sell include commissions to brokers and dealers, nonrefundable transfer taxes and duties. Costs to sell exclude transport and other costs necessary to get the biological assets to the market.

The Group has determined that the highest and best use of the sucklings and weanlings is finishers while for other biological assets is their current use.

Derivative financial instruments
The fair values of the interest rate derivatives are determined based on the quotes obtained from counterparties. The fair value of the embedded derivative component for the equity conversion and redemption options of the convertible bonds payable was determined using the Jarrow-Rudd model (Note 23).

Investment properties
Fair value of investment properties is based on market data (or direct sales comparison) approach. This approach relies on the comparison of recent sale transactions or offerings of similar properties which have occurred and/or offered with close proximity to the subject property.

The fair values of the Group's investment properties have been determined by appraisers, including independent external appraisers, in the basis of the recent sales of similar properties in the same areas as the investment properties and taking into account the economic conditions prevailing at the time of the valuations are made.

The Group has determined that the highest and best use of the property used for the land and building is its current use.

Time deposits
Fair values are estimated using the discounted cash flow methodology using RBC's current incremental borrowing rates for similar borrowings with maturities consistent with those remaining for the liabilities being valued.

Long-term negotiable certificates of deposit (LTNCD)
Fair values of LTNCD are estimated using quoted market rates for the instrument.

Deposits from lessees
The fair value of customers' deposits is based on the discounted value of future cash flows using the applicable rates for similar types of loans and receivables as of reporting date. The discount rates used range from 5.4% to 6.7% in 2022 and from 1.9% to 4.4% in 2021.

Long-term debt
The fair value of long-term debt is based on the discounted value of future cash flows (interests and principal) using the applicable rates for similar types of loans. The discount rates used for peso-denominated long-term debt range from 1.0% to 6.7% in 2022 and from 1.0% to 6.5% in 2021, and for foreign currency-denominated long-term debt from 2.9%-6.7% in 2022 and 1.7%-4.7% in 2021.

Fair Value Hierarchy Assets and Liabilities
Assets and liabilities carried at fair value are those whose fair values are required to be disclosed.

(a) Level 1: quoted (unadjusted) prices in an active market for identical assets or liabilities;

(b) Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
(c) Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows the Group’s assets and liabilities carried at fair value:

	December 31, 2022				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair value
Assets measured at fair value					
Financial assets at FVPL:					
Derivative assets	₱60,911,158	₱–	₱60,911,158	₱–	₱60,911,158
Equity securities:					
Quoted	2,782,797,656	2,782,797,656	–	–	2,782,797,656
Investment in convertible notes	4,402,220,200	–	4,402,220,200	–	4,402,220,200
	7,245,929,014	2,782,797,656	4,463,131,358	–	7,245,929,014
Financial assets at FVOCI					
Debt securities:					
Government	549,548,488	549,548,488	–	–	549,548,488
Private	8,700,391,509	8,700,391,509	–	–	8,700,391,509
	9,249,939,997	9,249,939,997	–	–	9,249,939,997
Equity securities:					
Quoted	32,505,517,071	32,400,067,071	105,450,000	–	32,505,517,071
Unquoted	2,316,610,083	–	2,316,610,083	–	2,316,610,083
	34,822,127,154	32,400,067,071	2,422,060,083	–	34,822,127,154
	44,072,067,151	41,650,007,068	2,422,060,083	–	44,072,067,151
Biological assets	411,043,775	–	26,191,503	384,852,272	411,043,775
	₱51,729,039,940	₱44,432,804,724	₱6,911,382,944	₱384,852,272	₱51,729,039,940
Liabilities measured at fair value					
Derivative liabilities	₱846,835,509	₱–	₱846,835,509	₱–	₱846,835,509
Assets for which fair values are disclosed					
Receivables:					
Trade receivables	₱37,213,958,453	₱–	₱–	₱36,261,751,428	36,261,751,428
Other receivables	5,844,997,751	–	–	5,840,317,035	5,840,317,035
Refundable deposits	3,124,443,633	–	–	2,553,754,516	2,553,754,516
Investment properties	123,082,820,865	–	–	344,800,774,088	344,800,774,088
	₱169,266,220,702	₱–	₱–	₱389,456,597,067	₱389,456,597,067
Liabilities for which fair values are disclosed					
Deposits from lessees	₱7,283,248,798	₱–	₱–	₱6,098,528,084	₱6,098,528,084
Bonds payable	13,423,322,594	–	–	13,423,322,594	13,423,322,594
Long-term debt (including current portion)	224,240,341,407	–	–	228,826,335,820	228,826,335,820
	₱244,946,912,799	₱–	₱–	₱248,348,186,498	₱248,348,186,498

	December 31, 2021				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair value
Assets measured at fair value					
Financial assets at FVPL:					
Held-for-trading:					
Debt securities:					
Government	₱1,912,412	₱–	₱1,912,412	₱–	₱1,912,412
Equity securities:					
Quoted	2,438,988,335	2,438,988,335	–	–	2,438,988,335
Investment in convertible notes	4,020,115,416	–	4,020,115,416	–	4,020,115,416
	6,461,016,163	2,438,988,335	4,022,027,828	–	6,461,016,163
Financial assets at FVOCI					
Debt securities:					
Government	15,713,379,337	3,216,384,440	12,496,994,897	–	15,713,379,337
Private	21,514,353,455	18,257,471,468	3,256,881,987	–	21,514,353,455
	37,227,732,792	21,473,855,908	15,753,876,884	–	37,227,732,792
Equity securities:					
Quoted	44,684,355,999	44,526,652,618	157,703,381	–	44,684,355,999
Unquoted	1,853,127,508	–	1,820,169,419	32,958,089	1,853,127,508
	46,537,483,507	44,526,652,618	1,977,872,800	32,958,089	46,537,483,507
	83,765,216,299	66,000,508,526	17,731,749,684	32,958,089	83,765,216,299
Biological assets	298,250,510	–	16,364,135	281,886,375	298,250,510
	₱90,524,482,972	₱68,439,496,861	₱21,770,141,647	₱314,844,464	₱90,524,482,972

(Forward)

	December 31, 2021				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair value
Liabilities measured at fair value					
Derivative liabilities	₱1,732,327,557	₱–	₱1,732,327,557	₱–	₱1,732,327,557
Assets for which fair values are disclosed					
Investment securities at amortized cost	₱8,474,858,779	₱3,771,254,829	₱4,562,093,154	₱–	₱8,333,347,983
Receivables:					
Trade receivables	37,749,156,043	–	–	37,211,561,996	37,211,561,996
Finance receivables	96,645,767,364	–	–	98,130,783,298	98,130,783,298
Other receivables	7,381,220,881	–	–	7,376,540,165	7,376,540,165
Refundable deposits	1,966,017,754	–	–	1,881,639,976	1,881,639,976
Investment properties	117,761,485,499	–	–	346,331,112,789	346,331,112,789
	₱269,978,506,320	₱3,771,254,829	₱4,562,093,154	₱490,931,638,224	₱499,264,986,207
Liabilities for which fair values are disclosed					
Deposit liabilities	₱127,575,152,492	₱–	₱–	₱123,013,763,427	₱123,013,763,427
Deposits from lessees	6,922,787,850	–	–	6,251,534,818	6,251,534,818
Bonds payable	12,184,836,126	–	–	12,184,836,126	12,184,836,126
Long-term debt (including current portion)	220,332,192,883	–	–	224,161,906,522	224,161,906,522
	₱367,014,969,351	₱–	₱–	₱365,612,040,893	₱365,612,040,893

In 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements. Non-financial asset determined under Level 3 includes investment properties. No transfers between any levels of the fair value hierarchy took place in the equivalent comparative period. There were also no changes in the purpose of any financial asset that subsequently resulted in a different classification of that asset.

Description of significant unobservable inputs to valuation:

Account	Valuation Technique	Significant Unobservable Inputs
Loans and receivables	Discounted cash flow method	4.0% - 42.0% discount rate
Biological assets	Adjusted commercial farmgate prices	Commercial farmgate prices
Investment properties	Market data approach and Cost approach	Price/cost per square meter, size, shape, location, time element, discount, replacement cost and depreciation for improvements
	Discounted cash flow method	Discount rate, capitalization rate, growth rate, occupancy rate
Refundable deposits	Discounted cash flow method	1.0% - 7.0% discount rate
Repossessed chattels	Market data approach	Price per unit, size, shape, location, time element and discount
Time deposits	Discounted cash flow method	0.3% - 3.9% discount rate
Long-term debt	Discounted cash flow method	1.0% - 6.7% discount rate

Significant increases (decreases) in reasonable profit margin applied would result in a significantly higher (lower) fair value of the biological assets, considering all other variables are held constant.

Significant Unobservable Inputs

Size — Size of lot in terms of area. Evaluate if the lot size of property or comparable conforms to the average cut of the lots in the area and estimate the impact of the lot size differences on land value.

Shape — Particular form or configuration of the lot. A highly irregular shape limits the usable area whereas an ideal lot configuration maximizes the usable area of the lot which is associated in designing an improvement which conforms with the highest and best use of the property.

Location — Location of comparative properties whether on a main road, or secondary road. Road width could also be a consideration if data is available. As a rule, properties located along a main road are superior to properties located along a secondary road.

Time Element	An adjustment for market conditions is made if general property values have appreciated or depreciated since the transaction dates due to inflation or deflation or a change in investor's perceptions of the market over time. In which case, the current data is superior to historic data.
Discount	Generally, asking prices in ads posted for sale are negotiable. Discount is the amount the seller or developer is willing to deduct from the posted selling price if the transaction will be in cash or equivalent.
Risk premium	The return in excess of the risk-free rate of return that an investment is expected to yield.
Reasonable profit margin	Mark up of biological assets at different stages of development.
Adjusted commercial farmgate prices	Fair value based on commercial farmgate prices, adjusted by considering the age, breed and genetic merit

6. **Segment Information**

Operating Segments
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The industry segments where the Group operates are as follows:

- Foods, agro-industrial and commodities businesses - manufacturing and distribution of a diverse mix of salty snacks, chocolates, candies, biscuits, bakery products, beverages, instant noodles and pasta; hog and poultry farming, manufacturing and distribution of animal feeds, glucose and soya products, and production and distribution of animal health products; and sugar milling and refining and flour milling.

- Air transportation - air transport services, both domestic and international, for passengers and cargos; and line and light maintenance services.

- Real estate and hotels - ownership, development, leasing and management of shopping malls and retail developments; ownership and operation of prime hotels in major Philippine cities; development, sale and leasing of office condominium space in office buildings and mixed-use developments including high rise residential condominiums; and development of land into residential subdivisions and sale of subdivision lots and residential houses and the provision of customer financing for sales.

- Petrochemicals - manufacturer of polyethylene (PE), polypropylene (PP), polymer grade ethylene, polymer grade propylene, partially hydrogenated pyrolysis gasoline, pyrolysis fuel oil, aromatics, butadiene and liquefied petroleum gas (LPG).

- Banking - commercial banking operations, including deposit-taking, lending, foreign exchange dealing and fund transfers or remittance servicing.

- Other supplementary businesses - insurance brokering, data analytics, securities investment and business process outsourcing. This also includes dividend income from PLDT and equity in net earnings of Meralco.

No operating segments have been aggregated to form the above reportable operating business segments.

The Group does not have a single external major customer (which represents 10.0% of Group's revenues).

Management monitors the operating results of each segment. The measure presented to manage segment performance is the segment operating income (loss). Segment operating income (loss) is based on the same accounting policies as the consolidated operating income (loss) except that intersegment revenues are eliminated only at the consolidation level. Group financing (including finance cost and other charges), finance income, market valuation gains(losses) on financial assets at FVPL and derivatives, foreign exchange gains (losses), other operating income, general and administrative expenses, impairment losses and others and income taxes are managed on a group basis and are not allocated to operating segments. Transfer pricing between operating segments are on arm's length basis in a manner similar to transactions with third parties.

The Executive Committee (Excom) is actively involved in planning, approving, reviewing, and assessing the performance of each of the Group's segments. The Excom oversees Group's decision making process. The Excom's functions are supported by the heads of each of the operating segments, which provide essential input and advice in the decision-making process. The Excom is the Group's chief operating decision maker.

The following tables present the financial information of each of the operating segments in accordance with PFRS except for 'Core earnings', EBIT' and EBITDA' as of and for the years ended December 31, 2022, 2021 and 2020. Core earnings pertain to income before income tax excluding market valuation gains (losses) on financial assets at FVPL, market valuation gains (losses) on derivative financial instruments and foreign exchange gains (losses).

The Group's operating segment information follows:

	December 31, 2022						
	Foods, Agro-Industrial and Commodities	**Air Transportation**	**Real Estate and Hotels**	**Petrochemicals**	**Other Supplementary Businesses**	**Adjustments and Eliminations**	**TOTAL OPERATIONS**
Revenue							
Sale of goods and services:							
External customers	**₱149,903,643,832**	**₱56,751,365,857**	**₱43,379,718,149**	**₱35,960,997,584**	**₱991,040,335**	**₱–**	**₱286,986,765,757**
Intersegment revenues	–	–	**420,780,366**	**1,042,147,897**	–	**(1,462,928,263)**	–
	149,903,643,832	**56,751,365,857**	**43,800,498,515**	**37,003,145,481**	**991,040,335**	**(1,462,928,263)**	**286,986,765,757**
Dividend income (Note 28)	**80,757,174**	–	–	–	**2,988,724,620**	–	**3,069,481,794**
Equity in net earnings (losses) of associates and joint ventures (Note 14)	**(378,967,690)**	**(113,288,470)**	**4,440,267,867**	–	**7,710,559,052**	**193,429,803**	**11,852,000,562**
Total revenue	**149,605,433,316**	**56,638,077,387**	**48,240,766,382**	**37,003,145,481**	**11,690,324,007**	**(1,269,498,460)**	**301,908,248,113**
Cost of sales and services (Note 30)	**110,684,186,365**	**48,921,257,587**	**27,039,622,613**	**46,924,831,352**	**202,927,215**	**(1,219,327,141)**	**232,553,497,991**
Gross income (loss)	**₱38,921,246,951**	**₱7,716,819,800**	**₱21,201,143,769**	**(₱9,921,685,871)**	**₱11,487,396,792**	**(₱50,171,319)**	**69,354,750,122**
General and administrative expenses (Note 31)							**50,622,342,708**
Provision for impairment losses and others (Note 34)							**468,436,281**
Operating income							**18,263,971,133**
Financing cost and other charges (Note 35)							**(11,133,490,485)**
Finance income (Note 27)							**1,705,900,004**
Other operating income (Note 29)							**7,054,660,092**
Core earnings							**15,891,040,744**
Market valuation losses on financial assets							**705,308,878**
Foreign exchange losses							**(7,367,661,264)**
Income before income tax							**9,228,688,358**
Provision for income tax (Note 38)							**2,750,347,423**
Net income from Continuing Operations							**6,478,340,935**
Net income from Discontinued Operations (Note 44)							**1,563,040,343**
Net income							**₱8,041,381,278**
Net Income Attributable To							
Equity holders of the Parent Company							
Income (loss) from Continuing Operations	**₱7,783,488,047**	**(₱9,163,068,059)**	**₱9,158,371,651**	**(₱14,904,374,896)**	**₱6,699,329,773**	**₱139,506,231**	**(₱287,202,040)**
Income from Discontinued Operations							**937,824,206**
							₱650,622,166
EBIT	**₱15,223,604,351**	**(₱11,428,849,757)**	**₱14,112,398,035**	**(₱11,686,167,084)**	**₱13,152,325,700**	**(₱1,109,340,112)**	**₱18,263,971,133**
Depreciation, amortization and impairment (Notes 33 and 34)	**6,288,252,700**	**12,092,864,031**	**5,237,176,161**	**3,617,550,354**	**384,821,648**	**111,420,469**	**27,732,085,363**
EBITDA	**₱21,511,857,051**	**₱664,014,274**	**₱19,349,574,196**	**(₱8,068,616,730)**	**₱13,537,147,348**	**(₱997,919,643)**	**₱45,996,056,496**
Other information							
Non-cash expenses other than depreciation and amortization (Note 34):							
Impairment losses on receivables (Note 11)	**₱4,053,836**	**₱1,468,389**	**₱–**	**₱–**	**₱43,787,878**	**₱–**	**₱49,310,103**
Inventories	–	–	**9,394,630**	–	–	–	**9,394,630**
Property, plant and equipment	**322,984,653**	**86,746,895**	–	–	–	–	**409,731,548**
	₱327,038,489	**₱88,215,284**	**₱9,394,630**	**₱–**	**₱43,787,878**	**₱–**	**₱468,436,281**

	December 31, 2021						
	Foods, Agro-Industrial and Commodities	Air Transportation	Real Estate and Hotels	Petrochemicals	Other Supplementary Businesses	Adjustments and Eliminations	TOTAL OPERATIONS
Revenue							
Sale of goods and services:							
External customers	₱116,954,788,444	₱15,740,756,855	₱35,561,985,340	₱40,323,467,713	₱841,464,699	₱–	₱209,422,463,051
Intersegment revenues	–	–	554,401,657	1,482,671,886	–	(2,037,073,543)	–
	116,954,788,444	15,740,756,855	36,116,386,997	41,806,139,599	841,464,699	(2,037,073,543)	209,422,463,051
Dividend income (Note 28)	32,302,870	–	–	–	2,094,517,684	–	2,126,820,554
Equity in net earnings (losses) of associates and joint ventures (Note 14)	(91,077,671)	(174,431,012)	3,104,377,547	–	6,714,402,125	177,352,879	9,730,623,868
Total revenue	116,896,013,643	15,566,325,843	39,220,764,544	41,806,139,599	9,650,384,508	(1,859,720,664)	221,279,907,473
Cost of sales and services (Note 30)	83,489,333,409	19,065,731,725	23,378,006,275	40,376,611,148	230,207,848	(2,388,418,933)	164,151,471,472
Gross income	₱33,406,680,234	(₱3,499,405,882)	₱15,842,758,269	₱1,429,528,451	₱9,420,176,660	₱528,698,269	57,128,436,001
General and administrative expenses (Note 31)							46,501,463,757
Provision for impairment losses and others (Note 34)							713,760,729
Operating income							9,913,211,515
Financing cost and other charges (Note 35)							(9,111,084,606)
Finance income (Note 27)							1,094,584,901
Other operating income (Note 29)							461,982,160
Core earnings							2,358,693,970
Market valuation losses on financial assets							(1,094,513,349)
Foreign exchange losses							(3,107,872,656)
Loss before income tax							(1,843,692,035)
Provision for income tax (Note 38)							81,948,817
Net loss from Continuing Operations							(1,925,640,852)
Net income from Discontinued Operations (Note 44)							12,659,665,024
Net income							₱10,734,024,172
Net Income Attributable To							
Equity holders of the Parent Compay							
Income (loss) from Continuing Operations	₱12,496,247,002	(₱17,150,436,805)	₱7,600,091,719	(₱2,139,245,570)	₱4,301,943,322	(₱1,219,618,477)	₱3,888,981,191
Income from Discontinued Operations							1,219,248,580
							₱5,108,229,771
EBIT	₱12,716,395,019	(₱23,157,858,622)	₱9,713,808,554	(₱113,840,195)	₱ 11,022,627,467	(₱267,920,708)	₱9,913,211,515
Depreciation, amortization and impairment (Notes 33 and 34)	5,762,875,646	14,355,454,086	5,246,968,024	3,199,076,231	356,857,641	110,797,868	29,032,029,496
EBITDA	₱18,479,270,665	(₱8,802,404,536)	₱14,960,776,578	₱3,085,236,036	₱11,379,485,108	(₱157,122,840)	₱38,945,241,011
Other information							
Non-cash expenses other than depreciation and amortization (Note 34):							
Impairment losses on receivables (Note 11)	₱30,419,962	₱104,625,855	₱–	₱–	₱–	₱–	₱135,045,817
Inventories	109,167,827	–	–	–	–	–	109,167,827
Property, plant and equipment	–	–	–	–	432,631,271	–	432,631,271
Other assets	–	36,915,814	–	–	–	–	36,915,814
	₱139,587,789	₱141,541,669	₱–	₱–	₱432,631,271	₱–	₱713,760,729

	December 31, 2020						
	Foods, Agro-Industrial and Commodities	Air Transportation	Real Estate and Hotels	Petrochemicals	Other Supplementary Businesses	Adjustments and Eliminations	TOTAL OPERATIONS
Revenue							
Sale of goods and services:							
External customers	₱113,161,785,302	₱22,617,967,165	₱27,518,406,639	₱21,275,283,602	₱889,855,356	₱–	₱185,463,298,064
Intersegment revenues	–	–	352,791,286	746,044,686	–	(1,098,835,972)	–
	113,161,785,302	22,617,967,165	27,871,197,925	22,021,328,288	889,855,356	(1,098,835,972)	185,463,298,064
Dividend income (Note 28)	64,605,739	–	–	–	1,931,625,044	–	1,996,230,783
Equity in net earnings (losses) of associates and joint ventures (Note 14)	(61,973,951)	(316,115,081)	2,647,283,834	–	5,122,116,552	193,323,054	7,584,634,408
Total revenue	113,164,417,090	22,301,852,084	30,518,481,759	22,021,328,288	7,943,596,952	(905,512,918)	195,044,163,255
Cost of sales and services (Note 30)	78,573,438,418	21,277,642,920	15,943,948,736	22,693,576,725	189,672,908	(950,632,531)	137,727,647,176
Gross income	₱34,590,978,672	₱1,024,209,164	₱14,574,533,023	(₱672,248,437)	₱7,753,924,044	₱45,119,613	57,316,516,079
General and administrative expenses (Note 31)							48,575,674,465
Provision for impairment losses and others (Note 34)							318,425,478
perating income							8,422,416,136
Financing cost and other charges (Note 35)							(8,913,379,991)
Finance income (Note 27)							1,213,910,835
Other operating income (Note 29)							(146,275,192)
Core earnings							576,671,788
Market valuation losses on financial assets							(2,332,944,398)
Foreign exchange gains							2,659,820,149
Income before income tax							903,547,539
Provision for income tax (Note 38)							2,734,953,243
Net loss from Continuing Operations							(1,831,405,704)
Net income from Discontinued Operations (Note 44)							2,228,612,063
Net income							₱397,206,359
Net Income Attributable To							
Equity holders of the Parent Compay							
Income (loss) from Continuing Operations	₱5,566,317,774	(₱15,091,628,081)	₱5,701,662,067	(₱1,978,617,551)	₱4,147,299,277	₱ 150,473,904	(₱1,504,492,610)
Income from Discontinued Operations							1,036,333,082
							(₱468,159,528)
EBIT	₱13,896,446,993	(₱20,769,259,127)	₱8,493,865,051	(2,059,718,932)	₱ 8,518,140,309	₱342,941,842	₱8,422,416,136
Depreciation and amortization (Note 33)	6,157,195,635	16,074,455,052	5,184,698,880	2,608,155,788	197,072,356	(323,218,696)	29,898,359,015
EBITDA	₱20,053,642,628	(₱4,694,804,075)	₱13,678,563,931	₱548,436,856	₱8,715,212,665	(₱19,723,146)	₱38,320,775,151
Other information							
Non-cash expenses other than depreciation and amortization (Note 34):							
Impairment losses on receivables (Note 11)	₱32,583,003	₱102,043,756	₱180,022,673	₱–	₱–	₱–	₱314,649,432
Other assets	–	–	–		3,776,046	–	3,776,046
	₱32,583,003	₱102,043,756	₱180,022,673	0	₱3,776,046	₱–	₱318,425,478

Other information on the Group's operating segments follow:

	December 31, 2022						
	Foods, Agro-Industrial and Commodities	**Air Transportation**	**Real Estate and Hotels**	**Petrochemicals**	**Other Supplementary Businesses**	**Adjustments and Eliminations**	**Consolidated**
Investments in associates and joint ventures (Note 14)	**₱138,060,136**	**₱221,880,771**	**₱63,088,033,268**	**₱–**	**₱79,856,313,689**	**(₱9,363,697)**	**₱143,294,924,167**
Segment assets*	**₱169,953,629,407**	**₱146,312,316,002**	**₱222,935,878,945**	**₱149,083,076,283**	**₱324,627,168,777**	**(₱106,092,681,606)**	**₱906,819,387,808**
Short-term debt (Note 23)	**₱23,220,000,075**	**₱–**	**₱–**	**₱63,897,480,266**	**₱4,800,000,000**	**₱–**	**₱91,917,480,341**
Long-term debt and bonds payable (Note 23)	**₱–**	**₱ 53,802,805,005**	**₱51,159,115,665**	**₱35,000,000,000**	**₱97,701,743,331**	**₱–**	**₱237,663,664,001**
Segment liabilities*	**₱53,983,288,312**	**₱160,060,000,031**	**₱87,488,753,059**	**₱107,103,862,106**	**₱121,275,333,660**	**(₱30,690,290,492)**	**₱499,220,946,676**
Capital expenditures (Notes 15 and 16)*	**₱9,134,912,018**	**₱9,782,769,849**	**₱16,530,695,674**	**₱8,761,779,012**	**₱361,772,380**	**₱–**	**₱44,571,928,933**

**Excludes Assets held for sale and Liabilities directly associated with assets held for sale and Capital expenditures for the banking business of ₱275,244,873*

	December 31, 2021							
	Foods, Agro-Industrial and Commodities	Air Transportation	Real Estate and Hotels	Petrochemicals	Banking	Other Supplementary Businesses	Adjustments and Eliminations	Consolidated
Investments in associates and joint ventures (Note 14)	₱55,228,221	₱335,169,241	₱60,625,797,118	₱–	₱154,688,271	₱85,066,356,893	(₱203,120,288)	₱146,034,119,456
Segment assets	₱153,610,243,352	₱137,410,223,820	₱227,949,939,021	₱164,145,750,794	₱179,709,446,390	₱309,565,072,410	(₱148,856,022,924)	₱1,023,534,652,863
Short-term debt (Note 23)	₱15,914,691,530	₱–	₱–	₱50,080,891,952	₱–	₱–	₱–	₱65,995,583,482
Long-term debt and bonds payable (Note 23)	₱–	₱58,139,935,742	₱47,042,864,144	₱30,000,000,000	₱–	₱97,334,229,123	₱–	₱232,517,029,009
Segment liabilities	₱43,842,509,517	₱138,076,956,315	₱97,599,974,998	₱112,640,010,246	₱161,246,398,372	₱113,115,333,724	(₱86,617,512,869)	₱579,903,670,303
Capital expenditures (Notes 15 and 16)	₱13,199,692,100	₱5,506,681,705	₱17,999,501,395	₱12,290,417,538	₱184,988,682	₱48,905,420	(₱3,494,160,000)	₱45,736,026,840

	December 31, 2020							
	Foods, Agro-Industrial and Commodities	Air Transportation	Real Estate and Hotels	Petrochemicals	Banking	Other Supplementary Businesses	Adjustments and Eliminations	Consolidated
Investments in associates and joint ventures (Note 14)	₱386,494,519	₱354,516,067	₱58,399,603,679	₱–	₱–	₱80,318,664,883	(₱126,443,676)	₱139,332,835,472
Segment assets	₱176,194,930,275	₱128,584,821,478	₱215,210,687,766	₱134,022,507,590	₱151,215,387,210	₱299,035,519,441	(₱104,655,331,436)	₱999,608,522,324
Short-term debt (Note 23)	₱10,122,879,567	₱–	₱–	₱34,166,510,354	₱–	₱128,702,264	₱–	₱44,418,092,185
Long-term debt (Note 23)	₱31,337,551,136	₱53,239,934,436	₱53,603,778,783	₱30,000,000,000	₱–	₱104,160,621,986	₱–	₱272,341,886,341
Segment liabilities	₱78,410,768,338	₱107,377,637,489	₱112,492,656,130	₱79,965,944,455	₱132,889,772,851	₱ 118,687,894,638	(₱38,326,507,935)	₱591,498,165,966
Capital expenditures (Notes 15 and 16)	₱6,690,489,884	₱4,044,960,019	₱11,154,452,396	₱15,129,963,318	₱248,236,782	₱80,758,153	₱–	₱37,348,860,552

Reconciliation of Income Before Income Tax to EBITDA and Core Earnings

	2022	2021	2020
Income (loss) before income tax	**₱9,228,688,358**	(₱1,843,692,035)	₱903,547,539
Finance income	**(1,705,900,004)**	(1,094,584,901)	(1,213,910,835)
Financing cost and other charges	**11,133,490,485**	9,111,084,606	8,913,379,991
Other operating income (losses)	**(7,054,660,092)**	(461,982,160)	146,275,192
Market valuation losses (gains) on financial assets at FVPL and derivative financial instruments	**(705,308,878)**	1,094,513,349	2,332,944,398
Foreign exchange losses (gains)	**7,367,661,264**	3,107,872,656	(2,659,820,149)
EBIT	**18,263,971,133**	9,913,211,515	8,422,416,136
Depreciation and amortization	**27,322,353,815**	28,599,130,602	29,898,359,016
Provision for impairment losses	**409,731,548**	432,631,271	–
EBITDA	**₱45,996,056,496**	₱38,944,973,388	₱38,320,775,152
Income (loss) before income tax	**₱9,228,688,358**	(₱1,843,692,035)	₱903,547,539
Market valuation losses (gains) on financial assets at FVPL and derivative financial instruments	**(705,308,878)**	1,094,513,349	2,332,944,398
Foreign exchange (gains) losses	**7,367,661,264**	3,107,872,656	(2,659,820,149)
Core earnings	**₱15,891,040,744**	₱2,358,693,970	₱576,671,788

The table below presents the consolidated statement of financial position of the Group broken down between industrial and banking components as of December 31, 2021:

	December 31, 2021			
	Non-banks	Banks*	Elimination**	Consolidated
ASSETS				
Current Assets				
Cash and cash equivalents	₱69,702,780,365	₱39,664,799,543	(₱26,477,458,387)	₱82,890,121,521
Financial assets at FVPL	6,459,103,751	1,912,412	–	6,461,016,163
Financial assets at FVOCI	12,728,683,142	26,529,627,158	–	39,258,310,300
Receivables	40,949,990,701	31,273,661,946	–	72,223,652,647
Inventories	81,611,906,817	–	–	81,611,906,817
Biological assets	132,144,916	–	–	132,144,916
Other current assets	22,861,361,464	828,599,148	–	23,689,960,612
Total current assets	234,445,971,156	98,298,600,207	(26,477,458,387)	306,267,112,976
Noncurrent Assets				
Financial assets at FVOCI	44,506,905,999	–	–	44,506,905,999
Receivables	7,549,521,416	67,937,959,026	–	75,487,480,442
Investment securities at amortized cost	–	8,474,858,779	–	8,474,858,779
Investments in associates and JVs	145,822,109,563	212,009,893	–	146,034,119,456
Property, plant and equipment	249,547,592,630	502,762,777	–	250,050,355,407
Investments properties	116,975,431,334	786,054,165	–	117,761,485,499
Right-of-use assets	31,449,724,690	830,589,916	–	32,280,314,606
Goodwill	19,473,358,867	244,327,006	–	19,717,685,873
Intangible assets	5,869,844,413	1,290,832,260	–	7,160,676,673
Biological assets	166,105,594	–	–	166,105,594
Other noncurrent assets	14,496,099,199	1,131,452,360	–	15,627,551,559
Total Noncurrent Assets	635,856,693,705	81,410,846,182	–	717,267,539,887
	₱870,302,664,861	₱179,709,446,389	(₱26,477,458,387)	₱1,023,534,652,863

(Forward)

	December 31, 2021			
	Non-banks	Banks*	Elimination**	Consolidated
LIABILITIES AND EQUITY				
Current liabilities				
Accounts payable and accrued expenses	₱59,699,574,608	₱145,846,923,583	(₱26,477,458,387)	₱179,069,039,804
Short-term debts	65,995,583,482	–	–	65,995,583,482
Current portion of:				
Long-term debts	19,501,714,468	–	–	19,501,714,468
Lease liabilities	5,385,968,136	330,665,224	–	5,716,633,360
Income tax payable	332,634,821	766,092	–	333,400,913
Other current liabilities	26,974,476,060	390,750	–	26,974,866,810
Total current liabilities	177,889,951,575	146,178,745,649	(26,477,458,387)	297,591,238,837
Noncurrent liabilities				
Noncurrent portion of:				
Long-term debts	200,830,478,415	–	–	200,830,478,415
Lease liabilities	29,164,450,867	608,380,094	–	29,772,830,961
Bonds payable	12,184,836,126	–	–	12,184,836,126
Deferred tax liabilities	5,337,999,578	–	–	5,337,999,578
Other noncurrent liabilities	19,727,013,757	14,459,272,629	–	34,186,286,386
Total noncurrent liabilities	267,244,778,743	15,067,652,723	–	282,312,431,466
Total Liabilities	445,134,730,318	161,246,398,372	(26,477,458,387)	579,903,670,303
Equity				
Equity attributable to equity holders of the Parent Company	324,231,062,404	11,077,828,811	–	335,308,891,215
Non-controlling interests	100,936,872,139	7,385,219,206	–	108,322,091,345
	₱870,302,664,861	₱179,709,446,389	(₱26,477,458,387)	₱1,023,534,652,863

**The banking component is presented under Assets, liabilities and reserves of disposal group held for sale as of December 31, 2022.*
***Elimination of intercompany balances between banking and non-banking components.*

Intersegment Revenues
Intersegment revenues are eliminated at the consolidation level.

Segment Results
Segment results pertain to the net income (loss) of each of the operating segments. The chief decision maker also uses the 'Core earnings', 'EBIT' and 'EBITDA' in measuring the performance of each of the Group's operating segments. The Group defines each of the operating segment's 'Core earnings' as the total of the 'Operating income', 'Finance income' and 'Other operating income' deducted by the 'Financing cost and other charges'. EBIT is equivalent to the Group's operating income while EBITDA is computed by adding back to the EBIT the depreciation and amortization expenses including impairment of property, plant and equipment during the period.

Depreciation and amortization
In 2022, 2021 and 2020, the amount of reported depreciation and amortization includes depreciation of property, plant and equipment, investment properties, right-of-use assets and amortization of intangible assets.

Segment Assets
Segment assets are resources owned by each of the operating segments excluding significant intersegment balances which are eliminated.

Segment Liabilities
Segment liabilities are obligations incurred by each of the operating segments excluding significant intersegment balances which are eliminated. The Group also reports, separately, to the chief operating decision maker the breakdown of the short-term and long-term debt of each of the operating segments.

Capital Expenditures
The components of capital expenditures reported to the chief operating decision maker are the acquisitions of investment properties and property, plant and equipment during the period, including those acquired through business combination.

Geographical Information
The Group operates in the Philippines, Vietnam, Thailand, Myanmar, Indonesia, Malaysia, Singapore, China and Hong Kong. As of December 31, 2021, the Group has discontinued its operations in New Zealand and Australia.

The following table shows the distribution of the Group's consolidated revenues to external customers by geographical market, regardless of where the goods were produced:

	2022	2021	2020
Domestic	**₱217,317,374,437**	₱161,321,708,752	₱152,103,517,259
Foreign	**84,590,873,676**	59,958,198,721	42,940,645,996
	₱301,908,248,113	₱221,279,907,473	₱195,044,163,255

The Group has no significant customer which contributes 10.0% or more of the consolidated revenues of the Group.

The table below shows the Group's carrying amounts of noncurrent assets per geographic location excluding noncurrent financial assets, deferred tax assets and pension assets:

	2022	2021
Domestic	**₱503,205,352,111**	₱487,381,166,668
Foreign	**96,592,022,060**	92,907,135,619
	₱599,797,374,171	₱580,288,302,287

7. Cash and Cash Equivalents

This account consists of:

	2022	2021
Cash on hand	**₱219,267,636**	₱5,654,873,185
Cash in banks (Note 40)	**22,195,776,633**	34,550,142,438
Cash equivalents (Note 40)	**56,656,689,097**	42,685,105,898
	₱79,071,733,366	₱82,890,121,521

Cash in banks earns interest at the respective bank deposit rates. Cash equivalents represent money market placements made for varying periods depending on the immediate cash requirements of the Group, and earn annual interest ranging from 0.30% to 7.30%, 0.03% to 5.30%, and from 0.04% to 6.50% for foreign currency-denominated money market placements for the years ended December 31, 2022, 2021, and 2020, respectively. Peso-denominated money market placements, on the other hand, earn interest ranging from 3.30% to 4.60%, from 0.13% to 1.06%, and from 0.12% to 0.60% for the years ended December 31, 2022, 2021, and 2020, respectively.

Interest earned on cash and cash equivalents amounted to ₱1.1 billion, ₱535.8 million and ₱713.4 million for the years ended December 31, 2022, 2021 and 2020, respectively (Note 27).

For the purpose of the statement of cash flows, cash and cash equivalents comprise of the following:

	2022	2021
Cash on hand	**₱219,267,636**	₱5,654,873,185
Cash in banks (Note 40)	**22,195,776,633**	34,550,142,438
Cash equivalents (Note 40)	**56,656,689,097**	42,685,105,898
Cash and cash equivalents classified as part of assets held for sale (Note 44)	**6,638,014,005**	–
	₱85,709,747,371	₱82,890,121,521

8. Derivative Financial Instruments

The tables below show the fair values of the Group's outstanding derivative financial instruments, reported as assets or liabilities, together with their notional amounts as of December 31, 2022 and 2021. The notional amount is the basis upon which changes in the value of derivatives are measured.

	December 31, 2022		
	Notional Amounts	**Derivative Assets** (Note 9)	**Derivative Liabilities** (Note 22)
Derivatives Designated as Accounting Hedges			
Interest rate derivatives	**$86,400,000**	**₱60,911,158**	**₱–**
Derivatives Not Designated as Accounting Hedges			
Conversion option arising from convertible bonds (Note 23)	**–**	**–**	**846,835,509**
		₱60,911,158	**₱846,835,509**

	December 31, 2021		
	Notional Amounts	**Derivative Assets** (Note 9)	**Derivative Liabilities** (Note 22)
Derivatives Not Designated as Accounting Hedges			
Conversion option arising from convertible bonds (Note 23)	–	₱–	₱1,730,960,768
Addition from acquisition of subsidiaries (Note 19)	–	–	1,366,789
		₱–	₱1,732,327,557

Conversion Option Arising from Convertible Bonds
On May 10, 2021, CAI issued at face value US$250.0 million convertible bonds (CB) to the International Finance Corporation (IFC), IFC Emerging Asia Fund LP and Indigo Philippines LLC (collectively known as "the CB Holders") due on May 10, 2027 (Note 23). The bonds bear an interest rate of 4.5% payable semi-annually in arrears on May 10 and November 10 of each year.

The CB contains conversion and redemption options which were identified as embedded derivatives and were separated and accounted for separately on issuance date of the CBs (see Note 23).

As of December 31, 2022 and 2021, the fair value of embedded derivatives, which is shown under 'Other current liabilities' in the consolidated statements of financial position amounted to ₱846.8 million and ₱1.7 billion, respectively (Note 22). For the years ended December 31, 2022 and 2021, net market valuation gains (losses) recognized by CAI in the consolidated statement of comprehensive income amounted to ₱977.9 million and (₱1.3 billion), respectively.

Derivatives designated as accounting hedges
As part of its asset and liability management, the Group uses derivatives, particularly interest rate swaps and currency options, as cash flow hedges in order to reduce its exposure to market risks that is achieved by hedging portfolios of floating rate financial instruments.

The accounting treatment explained in Note 2 to the consolidated financial statements, *Hedge Accounting*, varies according to the nature of the hedged item and compliance with the hedge criteria. Hedges entered into by the Group which provide economic hedges but do not meet the hedge accounting criteria are included under derivatives not designated as accounting hedges.

- Interest rate derivatives
  CAI entered into interest rate derivative contracts to manage exposure to the volatility of interest rates on the lease rates of the expected aircraft deliveries. These derivatives have various maturity dates within 2022 where hedge accounting under PFRS 9 were also applied.

  As of December 31, 2022 and 2021, CAI has designated for hedge accounting derivatives with net asset position, included under 'Financial Assets at Fair Value through Profit or Loss' in the consolidated statements of financial position, amounting to ₱60.9 million and nil, respectively.

  For the year ended December 31, 2022, CAI has recycled the effective portion of its cash flow hedge reserves to 'Financing costs and other charges' in the consolidated statement of comprehensive income amounting to ₱42.2 million.

Fair Value Changes in Derivatives
Fair value changes in derivatives designated as accounting hedges
The net movements in fair value of the Group's derivative financial instruments designated as accounting hedges follow:

	2022	2021
Beginning balance	**₱–**	(₱76,491,267)
Net changes shown in other comprehensive income (Note 36):		
Net changes in fair value of derivatives taken to other comprehensive income	**558,616,927**	51,509,875
Fair value of settled instruments	**(497,705,769)**	24,981,392
	₱60,911,158	₱–

Net changes in fair value of derivatives taken to other comprehensive income are recorded under 'Net gains (losses) from cash flow hedges' in the consolidated statement of comprehensive income.

Fair value changes in derivatives not designated as accounting hedges
The net movements in fair value of the Group's derivative financial instruments not designated as accounting hedges follow:

	2022	2021
Balance at beginning of year:		
Derivative assets	**₱–**	₱556,022
Derivative liabilities	**1,366,788**	169,449,156
	(1,366,788)	(168,893,134)
Net losses from changes in fair value of derivatives taken to profit or loss	**–**	–
Fair value of acquired/settled instruments	**1,366,788**	167,526,346
	₱–	(₱1,366,788)
Balance at end of year:		
Derivative assets (Note 9)	**₱–**	₱–
Derivative liabilities (Note 8)	**–**	1,366,788

The net changes in fair value of derivatives taken to profit or loss are included under 'Market valuation gains (losses) on derivative financial instruments' in the consolidated statements of comprehensive income.

Refer to Note 23 for the changes in fair value of conversion option arising from convertible bonds.

9. Financial Assets at Fair Value through Profit or Loss

This account consists of the following:

	2022	2021
Debt securities:		
Government	**₱–**	₱1,912,412
Equity securities:		
Quoted	**2,782,797,656**	2,438,988,335
Investment in convertible notes	**4,402,220,200**	4,020,115,416
Derivatives (Note 8)	**60,911,158**	–
	₱7,245,929,014	₱6,461,016,163

'Investment in convertible notes' includes the following:

JUUL Labs, Inc
JGSPL invested a total of USD75.0 million Convertible Notes of JUUL Labs, Inc. ("JUUL Labs"). It is repayable after 5 years, bears interest at 7.0% p.a. compounded quarterly and paid in kind, contains automatic and optional conversion features, and redeemable at the option of the issuer subject to certain conditions. JUUL Labs is a private company based in California, USA, which is in the business of manufacturing and distributing e-cigarettes. As of December 31, 2022 and 2021, the investment amounted to ₱4.0 billion ($71.5 million) and ₱3.7 billion ($73.1 million), respectively.

Snapcart Group (HK) Limited
On March 5, 2019, JGDEV entered into a Deed of Adherence with Snapcart Group (HK) Limited pursuant to the Convertible Loan Agreement entered into on February 20, 2019. The consideration is for a loan amount of $1.0 million at a rate of 3.0% interest per annum. The convertible loan was set to

mature on December 20, 2019 but subsequently amended to extend maturity to March 31, 2020. The convertible note was classified under financial assets at FVPL.

On March 31, 2020, convertible loan from Snapcart Group (HK) Limited matured and was converted into 102,402 shares of Series B amounting to $1.03 million.

Zuzu Hospitality Solutions Pte. Ltd.
On September 10, 2019, JGDCPL entered into a Note Purchase Agreement with Zuzu Hospitality Solutions Pte. Ltd. (Zuzu Hospitality) to invest in a Convertible Note amounting to SGD1 million. Zuzu Hospitality is a private company incorporated and based in Singapore that offers outsourced revenue management to independent hotels. Zuzu Hospitality currently operates in Indonesia and Taiwan. As of December 31, 2022 and 2021, the investment amounted to ₱123.6 million and ₱86.9 million, respectively.

As of December 31, 2022, 2021, and 2020, unrealized loss on debt securities recognized amounted to ₱84.5 million, ₱109.7 million and ₱25.3 million, respectively.

As of December 31, 2022, 2021 and 2020, unrealized gain (loss) on equity securities recognized amounted to (₱188.1 million), ₱333.4 million and (₱282.3 million), respectively.

In 2022, 2021 and 2020, the Group recognized net market valuation gains (losses) on financial assets at FVPL (excluding derivatives) amounting to (₱272.6 million), ₱223.6 million, and (₱307.6 million), respectively, included under 'Market valuation gains (losses) on financial assets at fair value through profit or loss' in the consolidated statements of comprehensive income.

Interest income on financial assets at FVPL amounting to ₱163.8 million, ₱252.9 million and ₱7.4 million for the years ended December 31, 2022, 2021 and 2020 are included under 'Net Income from discontinued operations' in profit or loss in the consolidated statements of comprehensive income (see Note 44).

10. Investment Securities

Financial Assets at Fair Value through Other Comprehensive Income

This account consists of investments in:

	2022	2021
Debt securities:		
Government	**₱549,548,488**	₱15,713,379,337
Private	**8,700,391,509**	21,514,353,455
	9,249,939,997	37,227,732,792
Equity securities:		
Quoted	**32,505,517,071**	44,717,314,088
Unquoted	**2,316,610,083**	1,820,169,419
	34,822,127,154	46,537,483,507
	₱44,072,067,151	₱83,765,216,299

Quoted equity securities pertain to investment in PLDT common shares and various golf club shares. The Group has irrevocably elected to classify these investments under this category as it intends to hold these investments for the foreseeable future.

Breakdown of financial assets at FVOCI as shown in the consolidated statements of financial position follows:

	2022	2021
Current portion	**₱9,249,939,997**	₱39,258,310,300
Noncurrent portion	**34,822,127,154**	44,506,905,999
	₱44,072,067,151	₱83,765,216,299

The Group has classified its 24.3 million PLDT shares representing 11.27% ownership interest as financial assets at FVOCI, which have carrying values of ₱32.1 billion and ₱44.1 billion as of December 31, 2022 and December 31, 2021, respectively.

Interest income on debt financial assets at FVOCI follows (Note 27):

	2022	2021	2020
Debt securities:			
Private	**₱536,155,003**	₱524,690,271	₱489,105,761
Government	**39,372,046**	34,069,774	11,406,853
	₱575,527,049	₱558,760,045	₱500,512,614

The Group's effective interest rates range from 5.13% to 8.60% on government securities and 3.90% to 10.50% on private bonds in 2022, 2021 and 2020.

The movements in net unrealized gains (losses) on financial assets at FVOCI follow:

	2022		
	Parent Company	**Non-controlling Interests**	**Total**
Balance at beginning of year	**(₱4,039,360,496)**	**(₱117,645,484)**	**(₱4,157,005,980)**
Net changes shown in other comprehensive income (Note 36):			
Fair value changes during the period on financial assets at FVOCI of the Parent Company and its subsidiaries	**(14,224,111,355)**	**105,782,491**	**(14,118,328,864)**
Realized gain on sale of financial assets at FVOCI (Note 29)	**(7,120,937)**	**–**	**(7,120,937)**
Reclassification of unrealized loss to reserves of disposal group held for sale (Note 44)	**402,115,501**	**–**	**402,115,501**
	(17,868,477,287)	**(11,862,993)**	**(17,880,340,280)**
Net changes in fair value of FVOCI of associates (Note 14):			
Share in net changes in fair value of financial assets at FVOCI of an associates	**(109,577,611)**	**–**	**(109,577,597)**
Accumulated share in net changes in fair value of financial assets at FVOCI of disposed investment taken to profit or loss	**(7,673,463)**		**(7,673,463)**
Balance at end of year	**(₱17,985,728,361)**	**(₱11,862,993)**	**(₱17,997,591,354)**

	2021		
	Parent Company	Non-controlling Interests	Total
Balance at beginning of year	(₱14,794,597,877)	₱324,400,037	(₱14,470,197,840)
Net changes shown in other comprehensive income (Note 36):			
Fair value changes during the period on financial assets at FVOCI of the Parent Company and its subsidiaries	10,729,323,198	(442,045,521)	10,287,277,677
Realized gain on sale of financial assets at FVOCI (Note 29)	(8,569,740)	–	(8,569,740)
	(4,073,844,419)	(117,645,484)	(4,191,489,903)
Share in net changes in fair value of financial assets at FVOCI of an associate (Note 14)	34,483,923	–	34,483,923
Balance at end of year	(₱4,039,360,496)	(₱117,645,484)	(₱4,157,005,980)

	2020		
	Parent Company	Non-controlling Interests	Total
Balance at beginning of year	(₱23,832,621,540)	₱249,569,240	(₱23,583,052,300)
Net changes shown in other comprehensive income (Note 36):			
Fair value changes during the period on financial assets at FVOCI of the Parent Company and its subsidiaries	9,007,575,421	74,830,797	9,082,406,218
Realized gain on sale of financial assets at FVOCI (Note 29)	(23,850,313)	–	(23,850,313)
Provision for impairment loss	(1,364,730)	–	(1,364,730)
	(14,850,261,162)	324,400,037	(14,525,861,125)
Share in net changes in fair value of financial assets at FVOCI of an associate (Note 14)	55,663,285	–	55,663,285
Balance at end of year	(₱14,794,597,877)	₱324,400,037	(₱14,470,197,840)

Investment Securities at Amortized Cost

The investment securities at amortized cost of the banking business as of December 31, 2021 consist of the following:

	2021
Government securities	₱6,655,527,338
Private bonds	1,820,142,305
	8,475,669,643
Less allowance for impairment losses	810,864
	₱8,474,858,779

The effective interest rates for peso-denominated investment securities at amortized cost of the Group ranges from 3.25% to 8.13% in 2021. The effective interest rates for foreign currency-denominated investment securities at amortized cost of the Group range from 2.75% to 7.25% in 2021.

Interest income on investment securities at amortized cost amounting to ₱305.2 million and ₱356.6 million for the years ended December 31, 2021 and 2020, respectively, is included under 'Net Income from discontinued operations' in profit or loss in he consolidated statements of comprehensive income (see Note 44).

11. Receivables

This account consists of:

	2022	2021
Trade receivables	**₱37,686,459,750**	₱38,333,348,738
Due from related parties (Note 40)	**4,421,673,277**	4,218,363,700
Interest receivable	**354,149,329**	1,716,625,101
Finance receivables (Note 44)	**–**	98,918,972,005
Other receivables	**6,309,902,964**	7,808,300,786
	48,772,185,320	150,995,610,330
Less allowance for impairment losses	**750,669,029**	3,284,477,241
	₱48,021,516,291	₱147,711,133,089

Total receivables shown in the consolidated statements of financial position follow:

	2022	2021
Current portion	**₱41,427,326,370**	₱72,223,652,647
Noncurrent portion	**6,594,189,921**	75,487,480,442
	₱48,021,516,291	₱147,711,133,089

Noncurrent receivables consist of:

	2022	2021
Trade receivables	**₱4,763,985,209**	₱4,727,617,197
Due from related parties	**1,830,204,712**	2,821,904,219
Finance receivables (Note 44)	**–**	67,937,959,026
	₱6,594,189,921	₱75,487,480,442

Trade Receivables
Included in trade receivables are installment contract receivables of the real estate segment of the Group amounting to ₱12.2 billion and ₱14.0 billion as of December 31, 2022 and 2021. These are collectible in monthly installments over a period of one year to ten years. These are carried at amortized cost, except for receivables from lease-to-own arrangements which are carried at fair value through OCI amounting to ₱409.2 million and ₱459.7 million as of December 31, 2022 and 2021. The title of the real estate property, which is the subject of the installment contract receivable, passes to the buyer once the receivable is fully paid. Revenue from real estate and hotels includes interest income earnings from installment contract receivables amounting to ₱736.8 million, ₱743.1 million and ₱779.1 million in 2022, 2021 and 2020, respectively, and is recorded under 'Sale of goods and services' on the consolidated statements of comprehensive income.

Other trade receivables are noninterest-bearing and generally have 30 to 90-day terms.

Finance Receivables

Breakdown of finance receivables as of December 31, 2021, which represent receivables from customers of RBC and its subsidiary, follows:

	2021
Receivables from customers:	
Commercial	₱57,879,055,931
Real estate	29,718,350,075
Consumption	11,098,264,008
Domestic bills purchased	516,654,187
	99,212,324,201
Less unearned interest and discounts	293,352,196
	₱98,918,972,005

Interest income on finance receivables amounting to ₱6.8 billion and ₱6.6 billion for the years ended December 31, 2021 and 2020, respectively, is included under 'Net Income from discontinued operations' in profit or loss in the consolidated statements of comprehensive income (see Note 44).

Restructured receivables which do not meet the BSP requirements to be treated as performing receivables shall be considered as nonperforming loans. Restructured receivables as of December 31, 2021 amounted to ₱281.4 million, respectively.

Other Receivables

Other receivables include claims receivables, advances to brokers and other non-trade receivables. As of December 31, 2022 and 2021, claims receivables amounted to ₱1.2 billion and ₱2.3 billion, respectively. As of December 31, 2022 and 2021, other non-trade receivables include ₱2.4 billion receivable on sale of land to an affiliate (Note 15) and ₱2.3 billion receivable on sale of GBPC investment (Note 29), respectively. The receivables on the sale of GBPC investment was collected in September 2022.

Allowance for Impairment Losses on Receivables

Changes in the allowance for impairment losses on receivables follow:

	2022			
	Trade Receivables	**Finance Receivables**	**Other Receivables**	**Total**
Balance at beginning, as adjusted	**₱584,463,500**	**₱2,273,204,641**	**₱426,904,260**	**₱3,284,572,401**
Provision for impairment losses from continuing operations(Note 34)	**5,522,225**	**–**	**43,787,878**	**49,310,103**
Provision for impairment losses from discontinued operations (Note 44)	**–**	**927,518,356**	**–**	**927,518,356**
Write-offs, net of recoveries	**(154,596,158)**	**(493,206,344)**	**(51,800,597)**	**(699,603,099)**
Unrealized foreign exchange gains	**8,350,105**		**–**	**8,350,105**
Reclassification due to a merger (Note 44)	**–**	**(2,707,516,653)**	**(111,962,184)**	**(2,819,478,837)**
Balance at end of year	**₱443,739,672**	**₱–**	**₱306,929,357**	**₱750,669,029**

	2021			
	Trade Receivables	Finance Receivables	Other Receivables	Total
Balance at beginning, as adjusted	₱498,249,617	₱1,684,983,650	₱430,388,347	₱2,613,621,614
Provision for impairment losses from continuing operations(Note 34)	135,045,817	–	–	135,045,817
Provision for impairment losses from discontinued operations (Note 44)	–	1,277,021,353	27,243,575	1,304,264,928
Write-offs, net of recoveries	(13,884,633)	(695,712,201)	–	(709,596,834)
Unrealized foreign exchange gains	81,266	–	3,332,594	3,413,860
Reclassification/Others	(35,028,567)	6,911,839	(34,060,256)	(62,176,984)
Balance at end of year	₱584,463,500	₱2,273,204,641	₱426,904,260	₱3,284,572,401

Provision for impairment losses on receivables for the years ended December 31, 2022, 2021 and 2020 amounted to ₱49.3 million, ₱135.0 million and ₱314.3 million, respectively.

Allowance for credit losses on other receivables includes credit losses on non-trade receivables, advances to officers and employees and other receivables. Allowance for credit losses on advances to officers and employees amounted to ₱19.6 million as of December 31, 2022 and 2021. Allowance for credit losses on nontrade and other receivables amounted to ₱199.9 million and ₱189.3 million as of December 31, 2022 and 2021, respectively.

Finance Receivables as of December 31, 2021

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to commercial loans follow:

	2021			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2021	₱43,318,187,940	₱7,781,258,930	₱408,376,016	₱51,507,822,886
New assets originated or purchased	98,256,197,176	–	–	98,256,197,176
Assets derecognized or repaid (excluding write offs)	(88,574,404,176)	(3,165,703,874)	188,598,403	(91,551,509,647)
Transfers to Stage 1	39,677,046	(38,360,269)	(1,316,777)	–
Transfers to Stage 2	(15,805,664,806)	15,805,664,806	–	–
Transfers to Stage 3	(562,404,829)	(309,394)	562,714,223	–
Amounts written off	–	–	(333,454,484)	(333,454,484)
	₱36,671,588,351	₱20,382,550,199	₱824,917,381	₱57,879,055,931
ECL allowance as at January 1, 2021	₱231,853,564	₱314,078,570	₱249,436,018	₱795,368,152
Provisions for (recovery of) credit losses*	777,359,958	(156,392,671)	133,519,257	754,486,544
Transfers to Stage 1	11,591	(11,591)	–	–
Transfers to Stage 2	(332,622,762)	332,622,762	–	–
Transfers to Stage 3	(443,034,019)	(101,247)	443,135,266	–
Amounts written off/reversals/others	–	–	(281,548,128)	(281,548,128)
	₱233,568,332	₱490,195,823	₱544,542,413	₱1,268,306,568

**The net effect on allowance of transfers between Stage 1 to 3 are reflected in provision for (recovery of) credit losses*

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to real estate follow:

	2021			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2021	₱21,044,591,782	₱1,756,970,164	₱1,355,494,327	₱24,157,056,273
New assets originated or purchased	10,755,288,309	–	–	10,755,288,309
Assets derecognized or repaid (excluding write offs)	(3,307,611,463)	(435,729,085)	(474,408,766)	(4,217,749,314)
Transfers to Stage 1	1,049,290,114	(868,697,195)	(180,592,919)	–
Transfers to Stage 2	(1,044,341,286)	1,080,464,630	(36,123,344)	–
Transfers to Stage 3	(843,001,362)	(209,013,377)	1,052,014,739	–
Amounts written off	(874,588,525)	(9,680,506)	(91,976,162)	(976,245,193)
	₱26,779,627,569	₱1,314,314,631	₱1,624,407,875	₱29,718,350,075
ECL allowance as at January 1, 2021	₱33,273,185	₱7,996,559	₱153,248,056	₱194,517,800
Provisions for (recovery of) credit losses*	172,153,934	23,069,432	(60,794,566)	134,428,800
Transfers to Stage 1	4,622,623	(3,890,182)	(732,441)	–
Transfers to Stage 2	(13,719,571)	14,274,019	(554,448)	–
Transfers to Stage 3	(97,242,050)	(23,867,324)	121,109,374	–
Amounts written off/reversals/others	–	–	(7,984,424)	(7,984,424)
	₱99,088,121	₱17,582,504	₱204,291,551	₱320,962,176

**The net effect on allowance of transfers between Stage 1 to 3 are reflected in provision for (recovery of) credit losses*

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to consumer loans follow:

	2021			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2021	₱8,903,154,518	₱738,094,168	₱966,921,988	₱10,608,170,674
New assets originated or purchased	9,609,070,680	–	–	9,609,070,680
Assets derecognized or repaid (excluding write offs)	(7,847,911,762)	(477,968,459)	415,447,803	(7,910,432,418)
Transfers to Stage 1	125,900,115	(103,854,022)	(22,046,093)	–
Transfers to Stage 2	(572,818,462)	581,666,150	(8,847,688)	–
Transfers to Stage 3	(329,489,569)	(108,041,435)	437,531,004	–
Amounts written off	(165,094,679)	(4,808,305)	(1,038,641,944)	(1,208,544,928)
	₱9,722,810,841	₱625,088,097	₱750,365,070	₱11,098,264,008
ECL allowance as at January 1, 2021	₱118,912,861	₱52,892,814	₱523,292,023	₱695,097,698
Provisions for (recovery of) credit losses*	213,364,618	(5,631,594)	180,372,985	388,106,009
Transfers to Stage 1	1,695,364	(1,439,810)	(255,554)	–
Transfers to Stage 2	(53,119,473)	53,580,651	(461,178)	–
Transfers to Stage 3	(152,174,486)	(41,857,427)	194,031,913	–
Amounts written off/reversals/others	11,371,121	–	(410,638,931)	(399,267,810)
	₱140,050,005	₱57,544,634	₱486,341,258	₱683,935,897

**The net effect on allowance of transfers between Stage 1 to 3 are reflected in provision for (recovery of) credit losses*

12. Inventories

This account consists of inventories at cost held as follows:

	2022	2021
Subdivision land, condominium and residential units for sale	**₱32,511,606,471**	₱37,679,441,733
Raw materials	**24,288,481,482**	17,729,203,316
Finished goods	**16,784,674,601**	10,696,679,943
Spare parts, packaging materials and other supplies	**15,870,426,605**	13,977,307,633
Work-in-process	**2,596,910,500**	1,529,274,192
	₱92,052,099,659	₱81,611,906,817

Real estate inventory consists of:

	2022	2021
Land and condominium units	**₱9,374,405,251**	₱14,108,094,215
Land held for development	**11,714,572,364**	1,587,650,470
Residential units and subdivision land	**11,048,517,512**	11,612,978,218
Land use right and development cost	**374,111,344**	10,370,718,830
	₱32,511,606,471	₱37,679,441,733

Summary of the movements in real estate inventory follows:

	2022	2021
Balance at beginning of year	**₱37,679,441,733**	₱41,251,901,420
Construction and development costs incurred	**5,176,823,883**	5,314,493,631
Land acquisition	**3,544,468,378**	4,000,000,000
Transfers from investment properties, property and equipment and unrealized land cost (Notes 15 and 16)	**239,895,395**	457,211,545
Costs of real estate sales (Note 30)	**(14,129,022,918)**	(13,344,164,863)
Balance at end of year	**₱32,511,606,471**	₱37,679,441,733

Borrowing cost capitalized amounted to nil for the years ended December 31, 2022 and 2021.

The amount of subdivision land, condominium and residential units for sale recognized as cost of real estate sales in the consolidated statements of comprehensive income amounted to ₱14.1 billion, ₱13.3 billion and ₱6.2 billion for the years ended December 31, 2022, 2021 and 2020, respectively.

No subdivision land, condominium and residential units for sale were pledged as security to liabilities as of December 31, 2022 and 2021.

Under the terms of agreements covering liabilities under trust receipts amounting to ₱11.5 billion and ₱8.1 billion as of December 31, 2022 and 2021, respectively, certain inventories which approximate the trust receipts payable, have been released to the Group under trust receipt agreement with the banks (see Note 23). The Group is accountable to the banks for the value of the trusteed inventories or their sales proceeds.

The Group recognized impairment losses on its inventories included under 'Provision for impairment losses and others' amounting to ₱9.4 million, ₱109.2 million and nil in 2022, 2021 and 2020, respectively (see Note 34).

13. Other Current Assets

This account consists of:

	2022	2021
Input value-added tax (VAT)	**₱10,356,862,267**	₱10,249,021,023
Advances to suppliers and contractors	**8,326,964,681**	5,191,796,358
Creditable withholding tax	**2,627,097,710**	3,070,804,237
Prepaid expenses	**2,407,942,920**	3,169,873,355
Restricted cash	**1,266,354,890**	1,818,639,034
Advances to lot owners	**1,159,147,175**	25,734,743
Others	**860,931,343**	164,091,862
	₱27,005,300,986	₱23,689,960,612

Input VAT

Input tax pertains to VAT from purchases of goods and services, which will be claimed as credit against output tax liabilities in a manner prescribed by pertinent revenue regulations. The Group believes that the amount of input VAT is fully realizable in the future.

Advances to Suppliers and Contractors
Advances to suppliers include advance payments for the acquisition of raw materials, spare parts, packaging materials and other supplies. This also includes prepayments for the construction of residential projects.

Prepaid Expenses
This account consists of prepayments on rent, insurance, taxes, and office supplies.

Restricted Cash
RLC has restricted cash which includes deposits in local banks for the purchase of land. CAI also has restricted cash deposited with certain banks to secure standby letters of credit issued in favor of lessors.

Advances to Lot Owners
Advances to lot owners consist of advance payments to land owners which will be applied against the acquisition cost of the real properties that will be acquired. The application is expected to be within twelve (12) months after the reporting date.

14. Investments in Associates and Joint Ventures

Details of this account follow:

	2022	2021
Acquisition cost:		
Balance at beginning of year	**₱107,653,236,570**	₱107,272,930,100
Additional investments	**1,462,314,062**	655,599,541
Disposal of investment	**(8,510,608,393)**	–
Reclassification to Assets Held for Sale due to planned merger (Note 44)	**(556,530,334)**	–
Reclassification to Investment in Subsidiary due to gain of control (Note 44)	**–**	(275,293,071)
Balance at end of year	**100,048,411,905**	107,653,236,570
Accumulated equity in net earnings:		
Balance at beginning of year	**38,080,751,252**	33,854,782,744
Equity in net earnings from continuing operations	**11,852,000,562**	9,730,623,868
Equity in net lossesfrom discontinued operations (Note 44)	**(169,065,451)**	(45,311,729)
Dividends received	**(5,862,376,373)**	(4,985,370,666)
Elimination of unrealized gains on downstream sales	**(1,626,724,191)**	(404,888,166)
Accumulated equity in net earnings of disposed investment	**(541,782,300)**	–
Reclassification to Assets Held for Sale due to planned merger (Note 44)	**214,377,181**	–
Reclassification to Investment in Subsidiary due to gain of control (Note 44)	**–**	(69,084,799)
Balance at end of year	**41,947,180,680**	38,080,751,252
Share in unrealized gain (loss) on financial assets at FVOCI of associates:		
Balance at beginning of year	**124,998,792**	90,514,869
Share in net changes in fair value of financial assets at FVOCI of associates (Note 10)	**(109,577,611)**	34,483,923
Accumulated share in net changes in fair value of financial assets at FVOCI of disposed investment	**(7,673,463)**	–
Balance at end of year	**7,747,718**	124,998,792

	2022	2021
Share in remeasurements of the net defined benefit liability of associates:		
Balance at beginning of year	**₱308,655,035**	(₱1,610,065,526)
Share in net changes in remeasurements of the net defined benefit liability of associates	**1,219,095,316**	1,918,720,561
Accumulated share in net changes in remeasurements of the net defined benefit liability of disposed investment	**(36,345,780)**	–
	1,491,404,571	308,655,035
Cumulative translation adjustment	**134,545,504**	200,844,018
	143,629,290,378	146,368,485,667
Less allowance for impairment losses	**334,366,211**	334,366,211
	₱143,294,924,167	₱146,034,119,456

The composition of the carrying value of the Group's investments in associates and joint ventures and the related percentages of effective ownership interest are shown below:

	Effective Ownership		Carrying Value	
	2022	2021	**2022**	2021
			(In Million Pesos)	
Associates				
Domestic:				
Manila Electric Company (Meralco)	**26.37**	29.56	**₱77,806.5**	₱83,185.1
Oriental Petroleum and Mining Corporation (OPMC)	**19.40**	19.40	**754.7**	776.6
G2M Solutions Philippines Pte. Ltd. (G2M)	**13.07**	14.17	**676.3**	439.2
Luzon International Premiere Airport Development Corp. (LIPAD)	**33.00**	33.00	**397.7**	475.0
GoTyme Bank Corporation	**24.53**	24.24	**338.3**	354.7
DHL Summit Solutions, Inc. (DSSI)	**50.00**	50.00	**109.6**	30.3
Cebu Light Industrial Park, Inc. (CLIPI)	**20.00**	20.00	**58.3**	58.7
Foreign:				
Singapore Land Group Limited (SLG)	**37.05**	37.05	**60,283.2**	58,034.9
Zyllem Pte. Ltd	**13.33**	13.33	**50.6**	46.0
Value Alliance Travel System Pte. Ltd. (VATS) (formerly Air Block Box Asia Pacific Pte. Ltd.)	**10.18**	10.18	**–**	–
			140,475.2	143,400.5
Joint Ventures				
Domestic:				
RHK Land Corporation (RHK Land)	**37.60**	36.71	**1,022.4**	1,342.9
Robinsons DoubleDragon Corporation (RDDC)	**41.18**	40.21	**672.3**	672.6
RLC DMCI Property Ventures, Inc. (RLC DMCI)	**31.33**	30.59	**442.1**	375.4
Shang Robinsons Properties, Inc. (SRPI)	**31.33**	30.49	**329.7**	–
Philippine Academy for Aviation Training (PAAT)	**39.67**	33.93	**215.1**	187.5
Vitasoy-URC, Inc (VURCI)	**27.95**	27.67	**80.7**	–
1Aviation Groundhandling Services Corp. (1Aviation)	**27.15**	27.15	**–**	–
Danone Universal Robina Beverages, Inc. (DURBI)	**27.95**	27.67	**–**	–
Foreign:				
Calbee - URC Malaysia Sdn. Bhd (CURM)	**27.95**	27.67	**57.4**	55.2
Proper Snack Foods Limited (PSFL)	**27.95**	27.67	**–**	–
			2,819.7	2,633.6
			₱143,294.9	₱146,034.1

Material investees

Meralco
On July 28, 2022, the BOD of the Parent Company approved the holding of an overnight block trade for the sale of its 36.0 million common shares in Meralco. On the same day, the Parent Company entered into a Secondary Block Trade Agreement with UBS AG, Singapore Branch (UBS) whereby it appointed UBS, to procure purchasers for the 36.0 million common shares of Meralco at a price of ₱344.0 per share for a total consideration of ₱12.4 billion together with all dividends, distributions and other benefits attaching to the shares. The total consideration, net of transaction costs, amounted to ₱12.2 billion and with resulting gain on sale of ₱3.1 billion recognized under 'Other Operating Income (Expenses)' in the consolidated statements of income (Note 29). The sale represents 3.2% of Meralco's total outstanding shares which resulted in the change in the Parent Company's equity interest over Meralco from 29.56% to 26.37%.

OPMC
OPMC is a company incorporated in the Philippines with the purpose of exploring, developing and producing petroleum and mineral resources in the Philippines. As an exploration company, OPMC operational activities depend principally on its service contracts with the government. The Group accounts for its investment in OPMC as an associate although the Group holds less than 20.00% of the issued share capital, as the Group has the ability to exercise significant influence over the investment, due to the Group's voting power (both through its equity holding and its representation in key decision-making committees) and the nature of the commercial relationships with OPMC.

SLG
SLG, a company incorporated in Singapore, is engaged in residential property management. SLG follows the fair value model in measuring investment properties while the Group follows the cost model in measuring investment properties. The financial information of SLG below represents the adjusted amounts after reversal of the effect of revaluation and depreciation on the said assets.

Fair value of investments in listed associates

As of December 31, 2022 and 2021, the Group's investments in the following listed investee companies have fair values of:

	Exchange Listed	**2022**	2021
Meralco	Philippine Stock Exchange	**₱88,800,191,824**	₱99,956,819,100
SLG	Singapore Exchange Limited	**49,704,430,073**	52,247,098,044
OPMC	Philippine Stock Exchange	**388,082,017**	426,890,219

As of December 31, 2022 and 2021, the breakdown of the total fair market value of the Group's investment in OPMC follows:

	2022	2021
Class A Common Stock	**₱90,105,315**	₱99,115,847
Class B Common Stock	**297,976,702**	327,774,372
	₱388,082,017	₱426,890,219

The fair value is based on the quoted price prevailing as of the reporting date.

Summarized below is the financial information of the significant associates of the Group:

- Summarized statements of financial position of the Group's significant associates as of December 31, 2022 and 2021:

	2022			2021		
	Meralco	**SLG**	**OPMC**	Meralco	SLG	OPMC
Current assets	**₱154,067,000,000**	**₱13,426,278,446**	**₱983,009,205**	₱138,154,000,000	₱13,437,007,918	₱1,117,327,182
Noncurrent assets	**365,255,000,000**	**379,951,696,536**	**3,840,000,624**	345,461,000,000	333,353,169,780	4,030,856,344
Current liabilities	**205,506,000,000**	**9,806,386,649**	**112,011,102**	161,581,000,000	14,341,909,379	98,267,865
Noncurrent liabilities	**189,707,000,000**	**24,782,566,677**	**64,410,541**	216,706,000,000	20,952,007,383	90,429,387
Equity	**₱124,109,000,000**	**₱358,789,021,656**	**₱4,646,588,186**	₱105,328,000,000	₱311,496,260,936	₱4,959,486,274
Group's carrying amount of the investment	**₱77,806,506,625**	**₱60,283,159,014**	**₱754,732,094**	₱83,185,127,452	₱58,034,949,807	₱776,626,121

As of December 31, 2022 and 2021, the Group's share in Meralco's net assets amounted to ₱32.7 billion and ₱31.1 billion, respectively. As of December 31, 2022 and 2021, the excess of the carrying value over the Group's share in Meralco's net assets is attributable to the notional goodwill and the difference between the fair value and carrying value of Meralco's net assets at the date of acquisition.

As of December 31, 2022 and 2021, the Group's share in SLG's net assets amounted to ₱132.9 billion and ₱115.4 billion, respectively. The excess of the Group's share in the carrying value of SLG's net assets over the carrying value of the investment is attributable to the difference between the fair value and carrying value of SLG's net assets at the date of acquisition.

As of December 31, 2022 and 2021, the Group's share in OPMC's net assets amounted to ₱901.4 million and ₱962.1 million, respectively. The excess of the Group's share in the carrying value of OPMC's net assets over the carrying value of the investment is attributable to the difference between the fair value and carrying value of OPMC's net assets at the date of acquisition.

- Summarized statements of comprehensive income of the Group's significant associates for the period ended December 31, 2022, 2021 and 2020:

	2022			2021		
	Meralco	**SLG**	**OPMC**	Meralco	SLG	OPMC
Revenues	**₱426,529,000,000**	**₱24,152,024,331**	**₱196,968,960**	₱318,547,000,000	₱22,258,422,308	₱269,030,748
Expenses	**406,348,000,000**	**14,582,327,461**	**162,249,664**	289,208,000,000	16,788,448,048	184,386,035
Finance costs (income)	**(15,055,000,000)**	**(1,450,264,799)**	**8,001,703**	(3,656,000,000)	(3,149,324,199)	24,704,295
Profit before tax	**35,236,000,000**	**11,019,961,669**	**26,717,593**	,32,995,000,000	8,619,298,459	59,940,418
Income tax expense	**6,648,000,000**	**1,617,640,724**	**–**	8,912,000,000	1,382,194,643	–
Profit from the year from continuing operations	**₱28,588,000,000**	**₱9,402,320,945**	**₱26,717,593**	₱24,083,000,000	₱7,237,103,816	₱59,940,418
Other comprehensive income for the year	**4,094,000,000**	**–**	**–**	6,987,000,000	–	–
Total comprehensive income for the year from continuing operations	**₱32,682,000,000**	**₱9,402,320,945**	**₱26,717,593**	₱31,070,000,000	₱7,237,103,816	₱59,940,418
Group's share of profit for the year	**₱7,770,230,460**	**₱2,956,047,066**	**₱6,054,593**	₱6,730,478,760	₱2,681,346,964	₱13,430,956

	2020			
	Meralco	GBPC	SLG	OPMC
Revenues	₱275,304,000,000	₱21,876,546,660	₱25,517,515,967	₱169,560,225
Expenses	254,313,000,000	15,538,527,602	16,677,920,134	134,808,203
Finance costs (income)	(1,424,000,000)	2,203,211,624	46,288,892	(79,762,983)
Profit before tax	22,415,000,000	4,134,807,434	8,793,306,941	114,515,005
Income tax expense	6,266,000,000	1,088,892,516	1,021,844,374	–
Profit from the year from continuing operations	₱16,149,000,000	₱3,045,914,918	₱7,771,462,567	₱114,515,005
Other comprehensive income for the year	(4,299,000,000)	–	–	–
Total comprehensive income for the year from continuing operations	₱11,850,000,000	₱3,045,914,918	₱7,771,462,567	₱114,515,005
Group's share of profit for the year	₱4,607,335,920	₱541,296,119	₱2,492,264,217	₱28,644,075

<u>Individually immaterial investees</u>

LIPAD

On February 18, 2019, the Parent Company invested in LIPAD. The shares acquired represented 33.0% of LIPAD's total outstanding common shares. LIPAD is a corporation organized and incorporated in the Philippines to engage in the operation and maintenance of airports, whether operating as a domestic or international airport or both, including day-to-day administration, functioning, management, manning, upkeep, and repair of all facilities necessary for the use or required for the safe and proper operation of airports.

In December 2020, the Parent Company made additional investment amounting to ₱115.5 million equivalent to 115.5 million shares.

CLIPI

The Group accounts for its investments in CLIPI as an associate as it owns 20.0% of the issued share capital of CLIPI. In 2015, CLIPI returned JGDEV's deposit for future stock subscription amounting to ₱5.0 million. As of December 31, 2022, the Group has deposit for future stock subscription in CLIPI amounting to ₱10.0 million. These represents 20.0% of CLIPI's proposed increase in authorize capital stock.

G2M

On September 20, 2018, the Parent Company invested in G2M's convertible note amounting to On September 16, 2020, the Parent Company entered into an assignment of agreement with JG Digital Capital Pte. Ltd (JGDCPL) to assign all its rights and obligations in the investment.

In June 2021 and December 2020, JGDCPL invested in G2M's convertible note amounting to \$0.7 million and \$1.5 million, respectively.

As of December 31, 2021, the convertible note has been converted into 231,120 preferred shares of series A2 and 34,668 preferred shares of series B, equivalent to the Group's 14.2% ownership in G2M. The Group has one representation in the BOD of G2M.

In March 2022, JGDCPL subscribed to G2M's 31,336 series C investments which resulted in a slight dilution of the Group's ownership in G2M to 13.1%.

PAAT

Investment in PAAT pertains to CAI's 60.0% investment in shares of the joint venture. However, the joint venture agreement between the CAI and CAE International Holdings Limited (CAE) states that CAI is entitled to 50.0% share on the net income/loss of PAAT. As such, the CAI recognizes equivalent 50.0% share in net income and net assets of the joint venture.

PAAT was created to address the Group's training requirements and to pursue business opportunities for training third parties in the commercial fixed wing aviation industry, including other local and international airline companies. PAAT was formally incorporated on January 27, 2012 and started commercial operations in December 2012.

1Aviation

Investment in 1Aviation refers to CAI's 40.0% investment in shares of the joint venture. The joint venture agreement indicates that the agreed ownership ratio is 40.0% for CAI and the remaining 60.0% shall be collectively owned by PAGSS and an individual. CAI recognizes 40.0% share in net income and net assets of the joint venture.

1Aviation is engaged in the business of providing groundhandling services for all types of aircraft, whether for the transport of passengers or cargo, international or domestic flights, private. commercial, government or military purposes to be performed at the Ninoy Aquino International Airport and other airports in the Philippines as may be agreed by the co-venturers.

VATS (formerly Air Black Box)
In May 2016, CAI entered into Value Alliance Agreement with other low cost carriers (LCCs), namely, Scoot Pte. Ltd, Nok Airlines Public Company Limited, CEBGO, and Vanilla Air Inc. The alliance aims to increase passenger traffic by creating interline partnerships and parties involved have agreed to create joint sales and support operations to expand services and products available to passengers. This is achieved through LCCs' investment in Air Black Box Asia Pacific Pte. Ltd.

In November 2016, CAI acquired shares of stock in ABB amounting to ₱43.7 million. ABB is an entity incorporated in Singapore in 2016 to manage the ABB settlement system, which facilitates the settlement of sales proceeds between the issuing and carrying airlines, and of the transaction fee due to ABB. The investment gave CAI a 15.0% shareholding proportion to ABB. CAI has assessed that it has significant influence over ABB through its representation in the BOD and participation in the policy-making process of ABB. Accordingly, the investment was classified as an investment in an associate and is accounted for at equity method.

In 2021, CAI assessed that its investment in VATS was impaired. VATS has incurred operating losses since it started its operations and is currently on a capital deficiency. The target growth turned significantly lower than actual, and expectation has also been further tempered due to the impact of the ongoing COVID-19 pandemic. On this basis and following the key requirements of PAS 36, *Impairment of Assets* wherein assets can be carried at no more than their recoverable amount, the Group has recognized impairment provisions of ₱36.9 million. As of December 31, 2022 and December 31, 2021, the net carrying amount of the Group's investment with VATS amounted to nil.

DURBI
In 2018, URC made additional subscriptions to the unissued authorized capital stock of DURBI consisting of 5,000,000 common shares for a total cost of ₱82.5 million. The capital infusion was not presented as additional investment but was applied to the 2017 excess of the share in net loss over the investment.

In 2019, URC made additional subscriptions to the unissued authorized capital stock of DURBI consisting of 10,000,000 common shares for a total cost of ₱125.0 million. The capital infusion was not presented as additional investment but was applied to the 2017 excess of the share in net loss over the investment.

On April 19, 2021, URC made additional subscriptions to unissued authorized capital stock of DURBI consisting of 5,000,000 common shares for a total cost of ₱105.0 million.

VURCI
On October 4, 2016, URC entered into a joint venture agreement with Vita International Holdings Limited, a corporation duly organized in Hong Kong to form VURCI, a corporation duly incorporated and organized in the Philippines to manufacture and distribute food products under the "Vitasoy" brand name, which is under exclusive license to VURCI in the Philippines. On May 19, 2022, URC made additional subscriptions to the unissued authorized capital stock of VURC consisting of 46,100,000 common shares for a total cost of ₱461.0 million.

PSFL
On June 30, 2017, Griffin's purchased 50.1% of the shares in Proper Snack Foods Ltd. (PSFL) approximately NZ$7.8 million (₱275.3 million), which includes deferred consideration amounting to NZ$1.5 million (₱51.5 million) recorded under 'Accounts payable and other accrued liabilities' in the consolidated statement of financial position.

In January 2021, the shareholders' agreement was amended that resulted in Griffin's gaining ultimate control of the board with no change in equity interest, which is still at 50.1%. No consideration was paid for the transaction and PSFL net assets at the time of business combination amounted to US$4.6 million (₱226.0 million).

CURM
On August 23, 2017, URC Malaysia entered into a joint venture agreement with Calbee, Inc., a corporation duly organized in Japan to form Calbee – URC Malaysia Sdn Bhd (CURM), a corporation registered with the Companies Commission of Malaysia organized to manufacture savoury snack products. Total consideration amounted to MYR2.7 million (₱34.3 million).

SRPI
On November 13, 2017, the Parent Company's BOD approved the agreement with Shang Properties, Inc. (SPI) to form a joint venture corporation (JVC).

On May 23, 2018, SRPI., the JVC, was incorporated. Both RLC and SPI each own 50% of the outstanding shares in the JVC. The office address of the JVC is at Lower Ground Floor, Cyber Sigma Building, Lawton Avenue, Fort Bonifacio Taguig.

RLC and SPI, through SRPI, shall build and develop a property situated at McKinley Parkway corner 5th Avenue and 21st Drive at Bonifacio Global City, Taguig, Metro Manila. The project is intended to be a mixed-use development and may include residential condominium units, serviced apartments and commercial retail outlets. SRPI also plans to pursue other development projects.

RHK Land
On February 5, 2018, RLC's BOD approved the agreement with Hong Kong Land Group (HKLG) represented by Hong Kong Land International Holdings, Ltd. and its subsidiary Ideal Realm Limited to form a joint venture corporation (JVC).

On June 14, 2018, RHK Land Corporation, the JVC, was incorporated. RLC and HKLG owns 60.0% and 40.0%, respectively, of the outstanding shares in the JVC. The principal office of the JVC is at 12F Robinsons Cyberscape Alpha, Sapphire and Garnet Roads, Ortigas Center, Pasig City.

RLC and HKLG, through RHK Land, shall engage in the acquisition, development, sale and leasing of real property. The JVC shall initially undertake the purchase of a property situated in Block 4 of Bridgetowne East, Pasig City, develop the property into a residential enclave and likewise carry out the marketing and sales of the residential units. RHK Land also plans to pursue other development projects.

On October 2018, RLC entered into a Shareholder Loan Agreement with RHK Land to make available a loan facility of ₱1.4 billion which RHK Land may draw from time to time subject to the terms and conditions set out in the agreement.

RDDC
On December 26, 2019, RDDC was incorporated as the joint venture company (JVC) between RLC and DoubleDragon Corporation. The primary purpose is to engage in realty development.

RLC DMCI
In October 2018, RLC entered into a Joint Venture Agreement with DMCI Project Developers, Inc. (DMCI PDI) to develop, construct, manage, and sell a residential condominium situated in Las Piñas City. Both parties agreed to incorporate a joint venture corporation where each party will hold a 50.0% ownership.

On March 18, 2019, RLC DMCI was incorporated as the joint venture company (JVC) between RLC and DMCI PDI. The proposed project is intended to be a multi-tower residential condominium and may include commercial spaces.

The investments in JVCs are accounted as joint venture using equity method of accounting because the contractual arrangement between the parties establishes joint control.

DHL Summit Solutions, Inc. (DSSI)
On December 18, 2019, the Parent Company invested in DSSI. DSSI was incorporated on October 1, 2019 and shall engage in the business of providing domestic transportation, logistics, warehousing and distribution of cargoes, and other supply chain management activities. DSSI started commercial operations in July 2020.

Zyllem Pte. Ltd.
In August 2019, JGDCPL invested in 7,476,857 Series A+ shares of Zyllem Pte. Ltd. (Zyllem) at SGD0.1806 per share, or total subscription price of SGD1.35 million. Zyllem is a private company incorporated and based in Singapore that provides fast, cost-effective and reliable on-demand delivery service. Zyllem operates in certain cities in Southeast Asia. Post-subscription, JGDCPL holds 13.3% ownership interest in Zyllem. Also, under the Shareholders' Agreement, subject to JGDCPL holding less than 10.0% ownership interest, JGDCPL is entitled to appoint one (1) director. The investment in Zyllem is accounted for as investment in an associate since the Group has one representation on the BOD of Zyllem.

On November 13, 2020, JGDCPL invested in convertible note with face value of SGD0.3 million equivalent to ₱10.7 million.

GoTyme Bank Corporation
On February 18, 2021, RBC and RLC entered into a joint venture agreement with Robinsons Retail Holdings, Inc. (RRHI) and Tyme Global Limited (TGL) to establish a joint venture company (JVC) which will operate a digital bank in the Philippines and have its own banking license and independent governance structure, subject to the approval of the Bangko Sentral ng Pilipinas (BSP). The initial funding and capital structure required RBC, RLC and RRHI, named as the founding shareholders, to contribute a pro rata portion up to ₱1.3 billion. The shareholder percentage of the RBC, RLC, RRHI and TGL upon incorporation shall be 20.0%, 20.0%, 20.0% and 40.0%, respectively of the share capital and voting rights of the JVC.

On August 24, 2021 RBC's equity investment of ₱200.0 million representing 20.0% ownership of the digital bank which was named GoTyme Bank Corporation (GoTyme) was approved by the BSP. After securing Certificate of Authority to Register from the Monetary Board, the SEC approved the Certificate of Incorporation of GoTyme on December 28, 2021.

In February 2022, GoTyme's BOD approved the additional capital infusion from the shareholders totaling ₱1.6 billion to support the pre-launch and operations of GoTyme and to comply with the ₱1.0 billion BSP-mandated minimum regulatory capital for digital banks.

Aggregate information of associates and joint ventures that are not individually material follows:

	2022		2021	
	Associates	**Joint Venture**	Associates	Joint Venture
Group's share of:				
Profit (loss) for the year	**(₱231,479,718)**	**(₱275,576,029)**	(₱71,897,453)	(₱142,020,053)
Other comprehensive income for the year	**5,040,267**	**(30,353)**	34,311,225	(829,958)
Total comprehensive income for the year	**(₱226,439,451)**	**(₱275,606,382)**	(₱37,586,228)	(₱142,850,011)
Group's share of dividends for the year	**₱2,458,000**	**₱–**	₱858,000	₱–
Group's carrying amount of the investment	**₱1,630,781,929**	**₱2,189,744,505**	₱1,591,340,544	₱2,446,075,532

Investment in Subsidiaries
Financial information of subsidiaries that have material non-controlling interest is provided below:

- Portion of equity interest held by non-controlling interest

Name of Subsidiary	Country of Incorporation and Operation	**December 31, 2022**	December 31, 2021
URC	Philippines	**₱44.10**	₱44.67
RLC	Philippines	**37.34**	38.81
CAI	Philippines	**33.90**	33.44
RBC	Philippines	**40.00**	40.00

- Accumulated balances of material non-controlling interest:

Name of Subsidiary	**2022**	2021
URC	**₱51,489,158,399**	₱49,223,254,071
RLC	**54,397,640,234**	53,256,706,275
CAI	**(2,416,160,943)**	2,312,402,316
RBC	**7,803,877,677**	7,250,151,630

- Profit (loss) allocated to material non-controlling interest:

Name of Subsidiary	**2022**	2021
URC	**₱6,688,254,804**	₱9,891,587,889
RLC	**5,066,233,651**	3,581,897,568
CAI	**(4,816,328,024)**	(8,224,937,882)
RBC	**560,991,540**	496,813,569

The summarized financial information of subsidiaries with material non-controlling interest are provided below. This information is based on amounts before inter-company eliminations.

- Summarized statement of financial position as at December 31, 2022:

	URC	**RLC**	**CAI**
Current assets	**₱80,154,694,488**	**₱60,749,489,592**	**₱29,794,991,505**
Noncurrent assets	**89,798,934,919**	**162,686,706,120**	**117,360,870,967**
Current liabilities	**49,400,860,422**	**43,353,780,837**	**43,809,200,632**
Noncurrent liabilities	**4,582,427,890**	**87,989,069,826**	**106,231,804,404**

- Summarized statement of financial position as at December 31, 2021:

	URC	RLC	CAI	RBC
Current assets	₱67,334,803,230	₱76,576,928,084	₱26,326,925,128	₱174,711,418,012
Noncurrent assets	85,322,016,682	151,373,010,938	111,926,836,197	5,084,285,681
Current liabilities	39,028,100,222	48,312,930,753	35,406,169,941	160,305,042,168
Noncurrent liabilities	3,860,985,858	49,287,044,246	92,237,846,171	1,027,613,507

- Summarized statements of comprehensive income for 2022:

	URC	**RLC**	**CAI**
Revenue	**₱149,903,643,832**	**₱45,502,988,954**	**₱56,751,365,859**
Profit (loss) for the year from continuing operations	**14,471,288,065**	**11,131,787,447**	**(13,979,387,118)**
Total comprehensive income (loss)	**16,597,799,620**	**11,142,802,075**	**(13,584,454,645)**
Dividends paid to non-controlling interests	**295,470,000**	**1,397,457,269**	**–**

- Summarized statements of comprehensive income for 2021:

	URC	RLC	CAI	RBC
Revenue	₱116,954,788,444	₱36,539,417,580	₱15,740,756,856	₱8,312,410,745
Profit (loss) for the year from continuing operations	12,965,308,196	8,500,642,323	(24,898,602,887)	1,216,105,043
Total comprehensive income (loss)	26,014,812,504	8,659,224,059	(24,723,489,005)	111,504,762
Dividends paid to non-controlling interests	3,688,507,837	731,965,538	–	–

- Summarized statements of comprehensive income for 2020:

	URC	RLC	CAI	RBC
Revenue	₱133,140,081,384	₱25,404,826,534	₱22,617,967,165	₱8,401,849,879
Profit (loss) for the year from continuing operations	11,624,602,710	5,259,364,231	(22,236,441,976)	934,586,917
Total comprehensive income (loss)	9,882,497,384	4,923,206,500	(22,165,338,382)	1,265,139,991
Dividends paid to non-controlling interests	3,449,909,754	1,023,801,914	–	–

- Summarized statements of cash flows for 2022:

	URC	**RLC**	**CAI**
Operating	**₱11,350,879,623**	**₱11,810,378,483**	**₱11,859,637,699**
Investing	**(8,039,580,131)**	**(18,853,016,939)**	**6,501,303,798**
Financing	**(7,017,765,156)**	**(3,329,136,148)**	**(19,521,189,192)**
Effect of exchange rate changes	**–**	**–**	**1,531,153,073**
Net cash flows	**(₱3,706,465,664)**	**(₱10,371,774,604)**	**₱370,905,378**

- Summarized statements of cash flows for 2021:

	URC	RLC	CAI	RBC
Operating	₱13,466,484,460	₱13,092,058,668	(₱6,257,070,999)	₱24,145,654,169
Investing	(11,629,566,691)	(20,646,128,162)	10,428,221,098	(8,330,479,125)
Financing	(3,744,625,910)	12,199,584,494	9,056,691,866	(7,829,305,386)
Effect of exchange rate changes	–	–	590,110,620	49,786,866
Net cash flows	(₱1,907,708,141)	₱4,645,515,000	₱13,817,952,585	₱8,035,656,524

- Summarized statements of cash flows for 2020:

	URC	RLC	CAI	RBC
Operating	₱18,936,381,384	₱12,676,825,680	(₱13,216,604,168)	₱14,241,687,736
Investing	(11,352,455,654	(12,303,802,822)	3,508,206,021	(722,941,692)
Financing	(9,202,794,126)	6,570,797,403	(3,940,966,965)	(2,306,284,717)
Effect of exchange rate changes	–	–	(221,963,106)	87,417,783
Net cash flows	₱9,733,587,258	₱6,943,820,261	(₱13,871,328,218)	₱11,299,879,110

15. Investment Properties

Movements in this account follow:

	2022			
	Land and Land Improvements	**Buildings and Improvements**	**Construction In-Progress**	**Total**
Cost				
Balance at beginning of year	**₱35,582,356,920**	**₱105,805,349,564**	**₱21,697,954,744**	**₱163,085,661,228**
Additions	**4,941,727,515**	**1,442,155,146**	**6,247,340,674**	**12,631,223,335**
Reclassification due to planned merger (Note 44)	**(570,569,221)**	**(841,170,049)**	**–**	**(1,411,739,270)**
Disposals/transfers and other adjustments	**5,338,596,166**	**4,089,624,704**	**(12,335,418,585)**	**(2,907,197,715)**
Balance at end of year	**45,292,111,380**	**110,495,959,365**	**15,609,876,833**	**171,397,947,578**
Accumulated Depreciation and Amortization				
Balance at beginning of year	**239,452,633**	**45,070,462,296**	**–**	**45,309,914,929**
Depreciation and amortization	**23,932,427**	**4,394,986,065**	**–**	**4,418,918,492**
Reclassification due to planned merger (Note 44)	**–**	**(173,981,826)**	**–**	**(173,981,826)**
Disposals/transfers and other adjustments	**(1,380,429)**	**(1,238,344,453)**	**–**	**(1,239,724,882)**
Balance at end of year	**262,004,631**	**48,053,122,082**	**–**	**48,315,126,713**
Allowance for Impairment Losses				
Balance at beginning of year	**13,892,067**	**368,733**	**–**	**14,260,800**
Provision for impairment losses	**–**	**–**	**–**	**–**
Reclassification due to planned merger (Note 44)	**(34,672,656)**	**(368,733)**	**–**	**(35,041,389)**
Disposals/transfers and other adjustments	**20,780,589**	**–**	**–**	**20,780,589**
Balance at end of year	**–**	**–**	**–**	**–**
	₱45,030,106,749	**₱62,442,837,283**	**₱15,609,876,833**	**₱123,082,820,865**

	2021			
	Land and Land Improvements	Buildings and Improvements	Construction In-Progress	Total
Cost				
Balance at beginning of year	₱33,952,364,096	₱98,612,692,755	₱12,871,420,252	₱145,436,477,103
Additions	1,063,610,548	2,036,027,808	10,354,187,044	13,453,825,400
Disposals/transfers and other adjustments	566,382,276	5,156,629,001	(1,527,652,552)	4,195,358,725
Balance at end of year	35,582,356,920	105,805,349,564	21,697,954,744	163,085,661,228
Accumulated Depreciation and Amortization				
Balance at beginning of year	212,441,497	40,522,223,759	–	40,734,665,256
Depreciation and amortization	27,011,136	4,493,388,468	–	4,520,399,604
Disposals/transfers and other adjustments	–	54,850,069	–	54,850,069
Balance at end of year	239,452,633	45,070,462,296	–	45,309,914,929
Allowance for Impairment Losses				
Balance at beginning of year	25,205,389	1,520,545	–	26,725,934
Provision for impairment losses	(6,535)	101,695	–	95,160
Disposals/transfers and other adjustments	(11,306,787)	(1,253,507)	–	(12,560,294)
Balance at end of year	13,892,067	368,733	–	14,260,800
	₱35,329,012,220	₱60,734,518,535	₱21,697,954,744	₱117,761,485,499

Investment properties consist mainly of land held for appreciation, shopping malls or commercial centers, office buildings and warehouses that are held to earn rentals. Also included under this account are the properties acquired by the Group's banking segment through foreclosures. Most of the Group's properties are in prime locations across the Philippines.

In December 2022, URC executed a Deed of Absolute Sale with a related party for the sale of investment properties for a total consideration of ₱3.3 billion payable in installments (Note 40). Gain on disposal attributable to sale amounted to ₱3.3 billion, which was recognized under 'Other Operating Income (Expenses)' in the consolidated statement of comprehensive income (Note 29).

Construction in progress amounting to ₱15.6 billion and ₱18.2 billion as of December 31, 2022 and 2021, respectively, represents the cost of ongoing construction and development of malls and office buildings for lease.

Borrowing costs capitalized amounted to ₱644.5 million and ₱757.5 million in 2022 and 2021, respectively. These amounts were included in the consolidated statements of cash flows under additions to investment properties. The capitalization rate used to determine the amount of borrowing costs eligible for capitalization in 2022 and 2021 were 4.1% and 4.6%, respectively.

Consolidated rent income from investment properties included under 'Real estate and hotels revenue' in the consolidated statements of comprehensive income amounted to ₱15.7 billion, ₱11.1 billion and ₱10.6 billion in 2022, 2021 and 2020, respectively.

Property operations and maintenance costs included under 'Cost of services' arising from investment properties amounted to ₱645.8 million, ₱700.7 million and ₱492.0 million for the years ended December 31, 2022, 2021 and 2020, respectively.

There are no investment properties as of December 31, 2022 and 2021 that are pledged as security to liabilities. The Group has no restrictions on the realizability of its investment properties. Except for contracts awarded, there no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

The total contractual commitments arising from awarded contracts for the acquisition, development and construction of investment properties amounted to ₱9.5 billion and ₱13.7 billion, as of December 31, 2022 and 2021, respectively.

On October 26, 2022, the Parent Company entered into a Deed of Absolute Sale with a related party for the sale of parcels of land located in Taguig with a total area of 9,030 sqm. The total consideration amounted to ₱225.8 million. Gain from the sale amounted to ₱188.5 million.

Gain on sale or retirement and disposal of investment properties amounted to ₱3.5 billion, nil and ₱17.4 million for the years ended December 31, 2022, 2021 and 2020, respectively (Note 29).

Depreciation and Amortization

The breakdown of consolidated depreciation and amortization on investment properties follows:

	2022	2021	2020
Depreciation and amortization expense included under:			
Cost of services (Note 33)	**₱4,352,918,896**	₱4,472,397,346	₱4,295,854,563
General and administrative expenses (Note 33)	**699,105**	5,904,825	9,884,286
Discontinued operations (Note 44)	**65,300,491**	42,097,433	31,261,547
	₱4,418,918,492	₱4,520,399,604	₱4,337,000,396

Collaterals

As of December 31, 2022 and 2021, the Group has no investment properties that are pledged as collateral.

16. Property, Plant and Equipment

The composition of and movements in this account follow:

	December 31, 2022							
	Land and Improvements	**Buildings and Improvements**	**Machinery and Equipment**	**Transportation, Furnishing and Other Equipment**	**Passenger Aircraft and Other Flight Equipment**	**Construction In-progress**	**Equipment In-transit**	**Total**
Cost								
Balance at beginning of year	**₱10,909,554,088**	**₱34,235,443,385**	**₱171,090,013,640**	**₱14,768,362,462**	**₱86,266,176,981**	**₱56,035,823,369**	**₱12,350,200,621**	**₱385,655,574,546**
Additions	**1,442,997,743**	**1,835,234,330**	**9,425,621,192**	**563,826,104**	**4,262,002,144**	**13,871,998,581**	**814,270,377**	**32,215,950,471**
Additions from acquisition of subsidiaries	–	–	–	–	–	–	–	–
Reclassification due to planned merger (Note 44)	**(277,675,605)**	**(39,946,381)**	–	**(2,415,992,667)**	–	**(53,109,306)**	–	**(2,786,723,959)**
Transfers, disposals and other adjustments	**370,003,759**	**2,078,465,305**	**24,115,393,731**	**(835,075,945)**	**(15,212,319,101)**	**(20,681,083,604)**	**(9,148,516,507)**	**(19,313,132,362)**
Balance at end of year	**12,444,879,985**	**38,109,196,639**	**204,631,028,563**	**12,081,119,954**	**75,315,860,024**	**49,173,629,040**	**4,015,954,491**	**395,771,668,696**
Accumulated Depreciation and Amortization								
Balance at beginning of year	**2,020,574,754**	**16,568,676,492**	**76,539,351,108**	**12,351,401,073**	**27,660,309,257**	–	–	**135,140,312,684**
Depreciation and amortization	**216,396,499**	**1,531,626,733**	**7,931,424,853**	**977,536,007**	**5,244,839,951**	–	–	**15,901,824,043**
Additions from acquisition of subsidiaries	–	–	–	–	–	–	–	–
Reclassification due to planned merger (Note 44)	–	**(241,060,210)**	–	**(1,975,943,969)**	–	–	–	**(2,217,004,179)**
Disposals, transfers and other adjustments	**(75,889,625)**	**(976,533,179)**	**(456,949,609)**	**(1,135,995,633)**	**(7,318,439,953)**	–	–	**(9,963,807,999)**
Balance at end of year	**2,161,081,628**	**16,882,709,836**	**84,013,826,352**	**10,216,997,478**	**25,586,709,255**	–	–	**138,861,324,549**
Allowance for Impairment Losses								
Balance at beginning of year	**11,385,054**	**43,846,880**	**409,395,193**	**279,328**	–	–	–	**464,906,455**
Provision for impairment losses (Note 34)	–	**151,677,385**	**171,307,268**	–	**86,746,895**	–	–	**409,731,548**
Balance at end of year	**11,385,054**	**195,524,265**	**580,702,461**	**279,328**	**86,746,895**	–	–	**874,638,003**
Net Book Value at End of Year	**₱10,272,413,303**	**₱21,030,962,538**	**₱120,036,499,750**	**₱1,863,843,148**	**₱49,642,403,874**	**₱49,173,629,040**	**₱4,015,954,491**	**₱256,035,706,144**

	December 31, 2021							
	Land and Improvements	Buildings and Improvements	Machinery and Equipment	Transportation, Furnishing and Other Equipment	Passenger Aircraft and Other Flight Equipment	Construction In-progress	Equipment In-transit	Total
Cost								
Balance at beginning of year	₱9,566,537,042	₱34,651,992,151	₱141,559,147,857	₱14,395,796,182	₱103,594,306,722	₱87,232,626,516	₱4,915,650,424	₱395,916,056,894
Additions	2,983,387,746	3,300,670,145	8,899,260,994	1,110,703,361	543,936,245	15,644,048,812	301,878,587	32,783,885,890
Additions from acquisition of subsidiaries	157,270,576	685,144,291	2,847,961,888	169,491,000	–	8,978,069	–	3,868,845,824
Divestment of business	(1,617,151,577)	(4,099,446,242)	(10,457,586,250)	(734,302,119)	–	(3,296,678,447)	–	(20,205,164,635)
Transfers, disposals and other adjustments	(180,489,699)	(302,916,960)	28,241,229,151	(173,325,962)	(17,872,065,986)	(43,553,151,581)	7,132,671,610	(26,708,049,427)
Balance at end of year	10,909,554,088	34,235,443,385	171,090,013,640	14,768,362,462	86,266,176,981	56,035,823,369	12,350,200,621	385,655,574,546
Accumulated Depreciation and Amortization								
Balance at beginning of year	1,877,079,448	16,640,451,460	75,346,485,197	11,843,405,682	29,760,620,218	–	–	135,468,042,005
Depreciation and amortization	212,489,880	1,768,250,464	7,541,450,765	1,126,235,095	7,374,618,073	–	–	18,023,044,277
Additions from acquisition of subsidiaries	–	154,184,417	1,545,514,228	122,226,991	–	–	–	1,821,925,636
Divestment of business	(41,823,247)	(1,835,921,536)	(6,811,758,947)	(611,726,104)	–	–	–	(9,301,229,834)
Disposals, transfers and other adjustments	(27,171,327)	(158,288,313)	(1,082,340,135)	(128,740,591)	(9,474,929,034)	–	–	(10,871,469,400)
Balance at end of year	2,020,574,754	16,568,676,492	76,539,351,108	12,351,401,073	27,660,309,257	–	–	135,140,312,684
Allowance for Impairment Losses								
Balance at beginning of year	11,385,054	1,194,537	19,416,265	279,328	–	–	–	32,275,184
Provision for impairment losses (Note 34)	–	42,652,343	389,978,928	–	–	–	–	432,631,271
Balance at end of year	11,385,054	43,846,880	409,395,193	279,328	–	–	–	464,906,455
Net Book Value at End of Year	₱8,877,594,280	₱17,622,920,013	₱94,141,267,339	₱2,416,682,061	₱58,605,867,724	₱56,035,823,369	₱12,350,200,621	₱250,050,355,407

Sale of Tolong Millsite

In January 2021, URC executed a Memorandum of Agreement and Deed of Absolute Sale with a third party for the sale of its Tolong millsite, with a selling price of ₱1.2 billion. Gain on disposal attributable to the sale amounted to ₱18.9 million, which was recognized under 'Other Operating Income (Expenses)' in the consolidated statement of comprehensive income (Note 29).

Construction in-progress

CAI

Construction in-progress represents the cost of airframe and engine construction in-progress and buildings and improvements and other ground property under construction. Construction in-progress is not depreciated until such time when the relevant assets are completed and available for use. As of December 31, 2022 and 2021, the Group's pre-delivery payments capitalized as construction in-progress amounted to ₱14.2 billion and ₱14.7 billion, respectively. For the years ended December 31, 2022 and 2021, CAI received pre-delivery payment refunds for delivered aircrafts from Airbus which amounted to ₱5.8 billion and ₱5.9 billion, respectively.

URC

Construction-in-progress amounting to ₱10.2 billion and ₱7.6 billion as of December 31, 2022 and 2021, respectively, represents costs of ongoing expansion and constructions of plants.

JGSOC

Construction-in-progress amounting to ₱17.4 billion and ₱37.4 billion as of December 31, 2022 and 2021, respectively, represents the construction costs of the Naphtha Cracker Plant and Bimodal PE 3. The plant is intended for the production primarily of polymer grade ethylene, polymer grade propylene, partially hydrogenated pyrolysis gasoline and pyrolysis fuel oil.

Depreciation and Amortization

The breakdown of consolidated depreciation and amortization on property, plant and equipment follows:

	2022	2021	2020
General and administrative expenses (Note 33)	**₱6,422,974,958**	₱8,446,325,556	₱10,019,813,955
Cost of sales (Note 33)	**8,453,864,979**	7,822,566,296	7,603,987,001
Cost of services (Note 33)	**827,328,873**	723,784,809	829,042,388
Discontinued operations (Note 44)	**197,655,232**	1,030,367,616	1,030,164,015
	₱15,901,824,042	₱18,023,044,277	₱19,483,007,359

Impairment Losses

The Group recognized impairment losses on property, plant and equipment amounting to ₱409.7 million, ₱432.6 million and nil in 2022, 2021 and 2020, respectively. The assets written-down pertain to (a) CAI's aircrafts that are classified as held for sale; (b) CAI's two (2) ATR 72-500 aircrafts (RPCs 7250 and 7255) (c) URC's property and equipment on non-operational plants; (d) URC's idle and discontinued production line and; (e) URC's office space leasehold improvements and furniture and fixtures.

Property, Plant and Equipment Pledged as Collateral

Passenger aircraft and engines held as securing assets under various loans

CAI entered into various Export Credit Agency (ECA) loans and commercial loan facilities to finance the purchase of its aircraft and engines. As of December 31, 2022 and 2021, CAI's passenger aircraft and engines held as securing assets under various loans are as follows:

	2022	2021
	Commercial Loans	Commercial Loans
ATR 72-600	**12**	12
A321 CEO	**7**	7
A321 NEO	**6**	6
A320 CEO	**5**	5
A330 CEO	**1**	2
	31	32

Under the terms of the commercial loan facilities (Note 23), upon the event of default, the outstanding amount of loan (including accrued interest) will be payable by the SPEs. Under the terms of commercial loan facilities from local banks, upon event of default, the outstanding amount of loan will be payable, including interest accrued by CAI. Failure to pay the obligation will allow the respective lenders to foreclose the securing assets.

As of December 31, 2022 and 2021, the carrying amounts of the securing assets (included under the 'Property, plant and equipment' account) amounted to ₱28.2 billion and ₱49.8 billion, respectively.

Forward Sale Agreement

In December 2021, CAI entered into a sale and leaseback agreement with Avolon Leasing Ireland 3 Limited, Vmo Aircraft Leasing 32 (Ireland) Limited and Vmo Aircraft Leasing 33 (Ireland) Limited for seven (7) A320 aircraft. The lease portion consists of leases between three (3) to five (5) years. The sale portion resulted in a gain of ₱1.4 billion and is included 'Gain (loss) on sale of aircraft' under 'Other Operating Income (Expenses)' in the consolidated statement of comprehensive income (Note 29).

In 2022, CAI entered into sale and lease back transactions resulting in a gain of ₱1.5 billion and swap transactions to replace its two (2) engines with gain on exchange of ₱99.5 million. In addition, CAI entered into buyback agreement of its one (1) A330 aircraft which resulted in a loss of ₱381.6 million recorded under 'Gain (loss) on sale of aircraft' under 'Other Operating Income (Expenses)' in the consolidated statement of comprehensive income (Note 29).

Proceeds from sale of property and equipment for the years ended 2022, 2021 and 2020 amounted to ₱10.5 billion, ₱10.7 billion and ₱7.3 billion, respectively.

Operating Fleet

As of December 31, 2022 and 2021, the Group's operating fleet follow:

	2022	2021
Leased aircraft: (Note 42)		
Airbus A320 CEO	**16**	17
Airbus A320 NEO	**9**	6
Airbus A330 CEO	**4**	4
Airbus A330 NEO	**4**	2
Airbus A321 CEO	**7**	–
Airbus A321 NEO	**4**	3
ATR 72-600	**2**	2
Owned aircraft: (Note 23)		
Airbus A320 CEO	**5**	5
Airbus A330 CEO	**1**	2
Airbus A321 CEO	**–**	7
Airbus A321 NEO	**6**	6
ATR 72-600	**12**	12
ATR 72-500	**2**	8
	72	74

As of December 31, 2021, CAI has six (6) aircrafts, respectively, parked for storage at Asia Pacific Aircraft Storage in Alice Springs, Australia as part of its cost-cutting measures amid the COVID-19 pandemic. As of December 31, 2022, CAI has no aircrafts parked for storage.

As of December 31, 2022 and 2021, the gross amount of fully depreciated property and equipment which are still in use by the Group amounted to ₱4.3 billion and ₱7.3 billion, respectively.

17. Biological Assets

Total biological assets shown in the consolidated statements of financial position follow:

	2022	2021
Current portion	**₱205,303,346**	₱132,144,916
Noncurrent portion	**205,740,429**	166,105,594
	₱411,043,775	₱298,250,510

These biological assets consist of:

	2022	2021
Swine		
Commercial	**₱180,766,167**	₱62,326,102
Breeder	**94,745,595**	74,194,347
Poultry		
Commercial	**24,537,179**	69,818,814
Breeder	**110,994,834**	91,911,247
	₱411,043,775	₱298,250,510

The rollforward analysis of this account follows:

	2022	2021
Balance at beginning of year	**₱298,250,510**	₱234,251,397
Additions	**744,579,361**	549,756,538
Disposals	**(632,097,589)**	(488,307,581)
Gains arising from changes in fair value less estimated costs to sell	**311,493**	2,550,156
	₱411,043,775	₱298,250,510

As of December 31, 2022 and 2021, the Group has about 28,067 and 11,469 heads of swine, respectively, and about 653,657 and 944,600 heads of poultry, respectively.

18. Intangible Assets

The composition and movements in this account follow:

	2022						
	Technology Licenses	**Branch licenses, trade secrests and others**	**Software Costs**	**Trademarks and Brands**	**Product Formulation**	**Customer Relationship**	**Total**
Cost							
Balance at beginning of year	**₱552,331,752**	**₱3,087,654,988**	**₱1,909,458,327**	**₱3,085,213,132**	**₱425,000,000**	**–**	**₱9,059,658,199**
Additions	**–**	**650,719**	**311,001,241**	**–**	**–**	**–**	**311,651,960**
Reclassification due to planned merger (Note 44)	**–**	**(915,033,013)**	**(1,211,548,677)**	**–**	**–**	**–**	**(2,126,581,690)**
Disposals/reclassification/others	**–**	**44,871,966**	**303,119**	**96,442,651**	**–**	**–**	**141,617,736**
Balance at end of year	**552,331,752**	**2,218,144,660**	**1,009,214,010**	**3,181,655,783**	**425,000,000**	**–**	**7,386,346,205**
Accumulated Amortization and Impairment Losses							
Balance at beginning of year	**552,331,752**	**–**	**1,145,125,198**	**201,524,581**	**–**	**–**	**1,898,981,531**
Amortization	**–**	**76,585**	**381,475,940**	**–**	**–**	**–**	**381,552,525**
Reclassification due to planned merger (Note 44)	**–**	**–**	**(784,381,584)**	**–**	**–**	**–**	**(784,381,584)**
Disposals/reclassifications	**–**	**(49,289)**	**302,701**	**–**	**–**	**–**	**253,412**
Balance at end of year	**552,331,752**	**27,296**	**742,522,255**	**201,524,581**	**–**	**–**	**1,496,405,884**
Net Book Value at End of Year	**₱–**	**₱2,218,117,364**	**₱266,691,755**	**₱2,980,131,202**	**₱425,000,000**	**₱–**	**₱5,889,940,321**

	2021						
	Technology Licenses	Branch licenses, trade secrets and others	Software Costs	Trademarks and Brands	Product Formulation	Customer Relationship	Total
Cost							
Balance at beginning of year	₱552,331,752	₱1,766,632,510	₱1,676,561,508	₱9,564,461,252	₱425,000,000	₱2,201,281,165	₱16,186,268,187
Additions	–	552,372	290,075,607	10,959,942	–	–	301,587,921
Additions due to business combination (Note 19)	–	1,283,039,078		2,754,489,154	–	–	4,037,528,232
Disposals/reclassification/others	–	37,431,028	(57,178,788)	(9,244,697,216)	–	(2,201,281,165)	(11,465,726,141)
Balance at end of year	552,331,752	3,087,654,988	1,909,458,327	3,085,213,132	425,000,000	–	9,059,658,199
Accumulated Amortization and Impairment Losses							
Balance at beginning of year	552,331,752	–	881,720,305	201,524,581	–	395,790,354	2,031,366,992
Amortization	–	–	318,805,549	–	–	–	318,805,549
Disposals/reclassifications	–	–	(55,400,656)	–	–	(395,790,354)	(451,191,010)
Balance at end of year	552,331,752	–	1,145,125,198	201,524,581	–	–	1,898,981,531
Net Book Value at End of Year	₱–	₱3,087,654,988	₱764,333,129	₱2,883,688,551	₱425,000,000	₱–	₱7,160,676,668

Technology Licenses
Technology licenses represent the cost of JGSOC's technology and licensing agreements which cover the construction, manufacture, use and sale of PE and PP lines. JGSOC's technology licenses were fully impaired in 2006.

Branch Licenses and Others
Branch licenses belong to RBC which amounted to ₱781.2 million and ₱780.7 million in 2022 and 2021. In 2022, RBC's branch licenses are presented as part of 'Assets held for sale' due to the planned merger (Note 44). Others include intangible assets which arose from the acquisition of Cebgo, Inc. These assets represent CAI's costs to establish brand and market opportunities under the strategic alliance with Cebgo, Inc. amounting to ₱852.7 million.

Branch licenses have been allocated to the branch banking group as the cash-generating units (CGU) for impairment testing.

The recoverable amount of the CGU has been determined based on value-in-use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. Key assumptions used in the value in use calculation are pre-tax discount rate and growth rate, which are at 15.9% and 6.5%, respectively, in 2022 and at 12.1% and 5.1%, respectively, in 2021. Management believes that no reasonably possible change in any of the key assumptions used would cause the carrying value of the CGUs to exceed their recoverable amount.

Trademarks, Product Formulation, Brands and Customer Relationships
Trademarks and product formulation were acquired from General Milling Corporation in 2008. Total intangible assets from Consolidated Snacks Pty Ltd. (CSPL) and Griffin's Good Limited (Griffin's) which were sold in 2021, were composed of brands of ₱9.3 billion, customer relationships of ₱2.2 billion and software costs of ₱57.2 million.

The Group performed its annual impairment test on its goodwill and other intangible assets with indefinite useful lives as of December 31, 2022 and 2021. In 2022, the recoverable amounts of goodwill and other intangible assets were determined based on value in use calculations.

Value-in-use calculations used cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rates applied to cash flow projections range from 9.3% to 10.5% and from 8.6% to 12.6% for the years ended December 31, 2022 and 2021, respectively. The following assumptions were also used in computing value-in-use:

Growth rate estimates - growth rates include revenue growth and terminal growth rates that are based on experiences and strategies developed for the various subsidiaries. The prospect for the industry was also considered in estimating the growth rates. Growth rates used in computing the projected future cash flows ranged from 4.2% to 5.0% and from 3.9% to 6.1% as of December 31, 2022 and 2021, respectively.

Discount rates - discount rates were estimated based on the industry weighted average cost of capital, which includes the cost of equity and debt after considering the gearing ratio.

Management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying values of goodwill and intangible assets arising from the Group's acquisitions to materially exceed their recoverable amounts.

19. **Goodwill**

Movements in the Group's goodwill account follow:

	2022	2021
Cost		
Balance at beginning	**₱19,988,614,327**	₱32,431,403,675
Acquisition of subsidiaries	**–**	17,461,406,231
Disposals and others (Note 44)	**611,377,625**	(29,904,192,151)
Reclassification to Assets Held for Sale due to planned merger (Note 44)	**(244,327,006)**	–
Balance at end of year	**20,355,664,946**	19,988,617,755
Accumulated Impairment Losses	**270,931,882**	270,931,882
Net Book Value at End of Year	**₱20,084,733,064**	₱19,717,685,873

The Group's goodwill pertains to: (a) the acquisition of LSB in December 2012, (b) the acquisition of Advanson in December 2007, (c) the acquisition of Acesfood in May 2007, (d) the excess of the acquisition cost over the fair values of the net assets acquired by Hongkong China Foods Co., Ltd. (HCFCL) and URC Asean Brands Co., Ltd. (UABCL) in 2000, (e) the acquisition of Southern Negros Development Corporation (SONEDCO) in 1998, (f) the acquisition of Cebgo, Inc. (formerly Tiger Airways Philippines), (g) acquisition of Balayan Sugar Mill in 2016 and (h) acquisition of Crunchy Foods Sdn. Bhd. in December 2021.

As of December 31, 2022, goodwill from the acquisition of LSB is presented under 'Assets held for sale' due to the planned merger (Note 44).

Goodwill is not amortized and is non-deductible for tax purposes.

Acquisition of Crunchy Foods Sdn. Bhd.
On December 15, 2021, the Group acquired from Crunchy Limited 100% of the shares of Crunchy Foods Sdn. Bhd. (CFSD), a non-listed company based in Malaysia. CFSD fully owns Munchy Food Industries Sdn Bhd (MFI) and its subsidiary Munchworld Marketing Sdn Bhd (MWM) (collectively, the Munchy's Group). They operate under the trade name Munchy's, which is one of the major biscuit brands in Malaysia. The Group acquired CFSD to gain market leadership in Malaysia in the biscuit segment, which is consistent with the Group's overall purpose. The Munchy's Group is also expected to create synergies with URC Malaysia.

Purchase Consideration
The purchase consideration was determined to be RM2.07 billion (₱24.6 billion), which was paid in cash by URC Malaysia to Crunchy Limited in exchange for 683,964,000 ordinary shares (100.0% of the equity) of CFSD.

The group engaged the services of a third party valuer to conduct the final purchase price allocation. In 2021, the accounting for the business combination in the Group's consolidated financial statements was determined provisionally as the Group has to finalize the information with respect to the recognition of the fair value of identifiable assets and liabilities and deferred income tax assets and liabilities arising from the acquisition.

Purchase consideration transferred	₱24,586,990,326
Fair value of identifiable assets	
Cash and cash equivalents	1,733,890,581
Receivables	761,435,630
Inventories	519,197,768
Property, plant and equipment (Note 12)	2,351,368,164
Right-of-use assets	1,635,322
Brands	2,406,989,277
Intangible assets	975,458,944
Total assets	8,749,975,686
Fair value of identifiable liabilities	
Accounts payable and other accrued liabilities	1,204,873,862
Deferred tax liabilities	112,498,555
Lease liability	1,658,582
Income tax payable	(94,893,546)
Noncurrent liabilities	400,250,807
Total liabilities	1,624,388,260
Total fair value of identifiable net assets	7,125,587,426
Goodwill	₱17,461,402,900

The goodwill of ₱17.5 billion comprise the value of expected synergies arising from the acquisition. Goodwill and these intangible assets are allocated entirely to the operations of the Munchy's brands. None of the goodwill is expected to be deductible for income tax purposes.

If the business combination had taken place on January 1, 2021, net sales and net income from the continuing operations of the Group would have been ₱121.9 billion and ₱13.3 billion, respectively.

The effects of the retrospective application of the accounting for business combination of Munchy's in the Group's consolidated statement of financial position as of December 31, 2021 follow:

	2021		
	As previously reported	Restatements	As restated
ASSETS			
Non-current Assets			
Property, plant and equipment	₱249,548,670,957	₱501,684,450	₱250,050,355,407
Goodwill	22,237,699,206	(2,520,013,333)	19,717,685,873
Intangible assets	4,352,695,726	2,807,980,947	7,160,676,673
LIABILITIES			
Non-current Liabilities			
Deferred tax liabilities	4,548,347,514	789,652,064	5,337,999,578

Acquisition of Cebgo
Goodwill arising from the acquisition of Cebgo is attributable to the following:

Achievement of Economies of Scale
Using CAI's network of suppliers and other partners to improve cost and efficiency of Cebgo, thus, improving Cebgo's overall profit, given its existing market share.

Defensive Strategy
Acquiring a competitor enables CAI to manage overcapacity in certain geographical areas/markets.

CAI also identified intangible assets amounting to ₱852.7 million representing costs to establish brand and market opportunities under the strategic alliance with Tiger Airways Holding Limited.

Acquisition of A-Plus
On October 26, 2020, CAI signed an SPA with SIAEC for the acquisition of SIAEC's entire 51.0% shareholding in A-Plus. The consideration paid was US$5,607,378 and consists of a one-time payment in cash. The consideration was arrived at after arm's length negotiations on a willing-buyer, willing-seller basis and took into account, inter alia, the net asset value and financial performance of A-Plus. The acquisition of A-Plus is in line with CAI's overall strategy to more closely align its line maintenance operations and strategic objectives with its network and service requirements, for significant operational efficiencies and optimization of resources for an even stronger competitive advantage.

On November 3, 2020, CAI and SIAEC signed the Deed of Absolute Sale of Shares for this transaction making A-Plus a wholly owned subsidiary of CAI.

The fair value of CAI's 49.0% interest in A-Plus immediately prior to acquisition amounted to ₱269.5 million. In 2020, The Group recognized ₱71.3 million gain from re-measurement of its investment in A-Plus at fair value immediately prior to acquisition. This is included under 'Other Income' in the consolidated statements of comprehensive income.

The fair value of A-Plus' identifiable assets and liabilities as at the date of acquisition amounted to ₱385.1 million. The acquisition resulted in goodwill amounting to ₱154.9 million.

Goodwill comprises the fair value of expected synergies arising from the acquisition. None of the goodwill recognized is expected to be deductible for income tax purposes.

Net cash outflow on acquisition is as follows:

Cash consideration	₱270,499,915
Less: Cash acquired with the subsidiary	69,622,242
Net cash outflow	₱200,877,673

20. Other Noncurrent Assets

This account consists of:

	2022	2021
Deferred tax assets (Note 38)	**₱6,631,828,721**	₱5,142,289,083
Security and miscellaneous deposits	**2,577,069,489**	2,336,294,366
Advances to suppliers - net of current portion	**2,548,231,613**	2,238,793,030
Advances to lot owners - net of current portion	**1,528,296,767**	3,097,764,012
Utility deposits	**736,368,096**	702,432,276
Others	**1,704,006,008**	2,109,978,792
	₱15,725,800,694	₱15,627,551,559

Security Deposits
Security deposits include deposits provided to lessors and maintenance providers for aircraft under operating lease.

Utility Deposits
Utility deposits that are refundable consist primarily of bill and meter deposits.

Advances to Suppliers
Advances to suppliers pertain to RLC's prepayments for the construction of investment properties and property and equipment.

Advances to Lot Owners
Advances to lot owners consist of advance payments to land owners which will be applied against the acquisition cost of the real properties that will be acquired.

Others
As of December 31, 2022, others include refundable prepaid rent and deferred input VAT amounting to ₱100.0 million and ₱481.0 million, respectively. This also includes training costs prepaid by the Gorup for its "study-now, pay-later" Cadet Pilot Program amounting to ₱401.3 million.

As of December 31, 2021, others include refundable prepaid rent, deferred input VAT, and repossessed chattels amounting to ₱100.0 million, ₱727.8 million and ₱188.3 million, respectively. This also includes training costs prepaid by the Gorup for its "study-now, pay-later" Cadet Pilot Program amounting to ₱418.2 million.

21. Accounts Payable and Accrued Expenses

This account consists of:

	2022	2021
Trade payables	**₱36,466,313,009**	₱32,881,004,469
Accrued expenses	**22,585,348,053**	17,514,281,161
Airport and other related fees payable	**3,747,887,878**	2,432,100,685
Output VAT	**2,925,263,126**	2,421,601,605
Travel fund payable (Note 24)	**1,027,065,525**	2,802,831,614
Withholding taxes payable	**385,931,356**	447,018,858
Due to related parties (Note 40)	**161,443,000**	169,068,971
Refunds payable	**70,008,622**	117,200,174
Dividends payable	**35,981,802**	20,060,887
Deposit liabilities (Note 44)	**–**	115,822,971,855
Other payables	**2,874,199,364**	4,440,899,525
	₱70,279,441,735	₱179,069,039,804

Trade Payables
Trade payables are noninterest-bearing and are normally settled on 30- to 60-day terms. Trade payables arise mostly from purchases of inventories, which include raw materials and indirect materials (i.e., packaging materials) and supplies, for use in manufacturing and other operations. Trade payables also include importation charges related to raw materials purchases, as well as occasional acquisitions of production equipment and spare parts. Obligations arising from purchase of inventories necessary for the daily operations and maintenance of aircraft which include aviation fuel, expendables and consumables, equipment and in-flight supplies, and unpaid billings from suppliers and contractors related to construction activities, are also charged to this account.

Accrued Expenses
This account consists of accruals for the following:

	2022	2021
Landing and take-off, navigational charges, and other aircraft-related expenses	**₱4,393,043,945**	₱3,910,026,945
Advertising and promotions	**4,682,472,405**	2,954,904,893
Accrued interest payable	**2,449,991,895**	2,503,607,489
Utilities	**2,356,444,096**	625,037,224
Compensation and benefits	**1,607,503,840**	1,597,818,593
Contracted services	**1,465,968,122**	1,670,994,405
Rental expense	**1,301,789,847**	1,507,604,076
Taxes and licenses	**383,897,236**	681,585,464
Freight and handling costs	**377,714,796**	380,246,124
Insurance	**127,542,340**	126,575,637
Royalties	**53,162,833**	43,364,367
Other accrued expenses	**3,385,816,698**	1,512,515,944
	₱22,585,348,053	₱17,514,281,161

Other accrued expenses include accruals for travel and transportation, commission, communication, repairs and maintenance, restructuring provision and other professional and legal fees.

Airport and Other Related Fees Payable
Airport and other related fees payable are amounts payable to the Philippine Tourism Authority and Air Transportation Office Mactan-Cebu International Airport and Manila International Airport Authority arising from aviation security, terminal fees and travel taxes.

Refunds Payable
In light of the significant increase in flight cancellations due to the COVID-19 outbreak and consequent grounding of the Group's commercial operations, customers were given options for their cancelled flights, which included free rebooking, full cash refund or conversion to a full travel fund. Refunds payable pertain to cash due to be returned to customers.

Deposit Liabilities
Deposit liabilities represent the savings, demand and time deposit liabilities of RBC and LSB, and bear annual fixed interest rates ranging from nil to 5.8% in 2021.

Other Payables
As of December 31, 2022 and 2021, other payables consist of management bonus and other non-trade payables.

22. **Other Current Liabilities**

This account consists of:

	2022	2021
Unearned transportation revenue	**₱11,559,106,248**	₱4,568,640,575
Contract liabilities (Note 24)	**2,837,695,079**	16,314,489,808
Deposit from lessees (Notes 24 and 42)	**2,993,141,139**	3,047,062,089
Customer's deposits	**1,633,846,788**	803,990,010
Advances from agents and others	**1,299,472,026**	508,356,771
Derivative liabilities (Notes 8 and 23)	**846,835,509**	1,732,327,557
	₱21,170,096,789	₱26,974,866,810

Unearned Transportation Revenue
Passenger ticket and cargo waybill sales are initially recorded under 'Unearned transportation revenue' in the consolidated statements of financial position, until these are recognized under 'Air transportation revenue' in profit or loss in the consolidated statements of comprehensive income, when the transportation service is rendered by the Group (or once tickets are flown).

In 2022, unearned transportation revenue consists of unearned passenger revenue and deferred ancillary revenue amounting to ₱9.6 billion and ₱2.0 billion, respectively. In 2021, unearned transportation revenue consists of unearned passenger revenue and deferred ancillary revenue amounting to ₱4.1 billion and ₱0.5 billion, respectively.

Contract Liabilities
Contract liabilities (including noncurrent portion shown in Note 24) consist of collections from real estate customers which have not reached the equity threshold to qualify for revenue recognition and excess of collections over the goods and services transferred based on percentage of completion. The movement in the contract liability is mainly due to reservation of sales and advance payment of buyers less real estate sales recognized upon reaching the equity threshold from increase in percentage of completion. The contract liabilities account includes deposits from real estate buyers that have not met the revenue recognition threshold of 10.0% and these amounted to ₱1.1 billion and ₱913.1 million as of December 31, 2022 and 2021.

Deposits from Lessees
Deposits from lessees (including the noncurrent portion shown in Note 24) represent cash received from tenants representing three to six months' rent which shall be refunded to tenants at the end of lease term. These are initially recorded at fair value, which is obtained by discounting its future cash flows using the applicable rates of similar types of instruments. The deposits from lessees were discounted using PDST-F rate plus 2.0% spread.

Advances from Agents and Others
Advances from agents and others represent cash bonds required from major sales and ticket offices or agents. This account also includes commitment fees received for the sale and purchase agreement of aircraft.

23. Short-term Debts, Long-term Debts and Bonds Payable

Short-term Debts

Short-term debts consist of:

	2022	2021
Parent Company:		
Philippine Peso - with interest rates ranging from 5.1% to 5.7% in 2022	**₱4,800,000,000**	₱–
Subsidiaries:		
Foreign currencies - unsecured with interest rates ranging from 1.8% to 4.9% in 2021 and from 1.3% to 1.5% in 2021	**₱10,646,528,236**	₱10,037,933,791
Philippine Peso - with interest rates of 4.8% to 6.9% in 2022 and 2.0% to 2.4% in 2021	**81,270,952,105**	55,957,649,691
	₱91,917,480,341	₱65,995,583,482

As of December 31, 2022 and 2021, short-term debt of certain subsidiaries denominated in foreign currency and peso include trust receipts payable amounting to ₱39.3 billion and ₱37.9 billion, respectively. The trust receipts payable amounting to ₱11.5 billion and ₱8.1 billion are secured by the trusted inventories for the same amount as of December 31, 2022 and 2021, respectively (see Note 12).

In 2022, 2021 and 2020, the Group incurred interest expense on short-term notes amounting to ₱2.5 billion, ₱0.9 billion and ₱0.9 billion, respectively (see Note 35).

Long-term Debts

Long-term debts (net of debt issuance costs) consist of:

	Maturities	Interest Rates	2022	2021	Condition
Parent Company:					
Term Loans					
₱5.0 billion term loan	2022	4.65%	**₱–**	₱4,997,159,539	Unsecured
₱10.0 billion term loan	2023	Floating (5.75%)	**9,992,871,207**	9,976,957,544	Unsecured
₱5.0 billion term loan	2023	Floating (5.18%)	**4,996,310,004**	4,988,345,997	Unsecured
₱7.0 billion term loan	2024	Floating (5.00%)	**6,981,566,526**	6,970,865,518	Unsecured
₱5.0 billion term loan	2024	3.50%	**4,793,965,442**	4,840,000,588	Unsecured
₱4.0 billion term loan	2025	4.00%	**3,984,156,421**	3,978,261,369	Unsecured
			30,748,869,600	35,751,590,555	
Subsidiaries:					
Foreign currencies:					
JGSHPL					
US$750.0 million guaranteed notes	2023	4.38%	**34,055,265,439**	31,117,589,393	Guaranteed
US$600.0 million guaranteed notes	2030	4.13%	**32,897,608,291**	30,465,049,175	Guaranteed
CAI					
JPY commercial loan	Various dates through 2029	Less than 1% JPY LIBOR	**5,668,467,652**	6,681,792,919	Secured
USD commercial loan from foreign banks	Various dates through 2030	1.00% to 8.00%; (US$ Libor)	**20,328,193,139**	20,427,514,938	Secured
			92,949,534,521	88,691,946,425	

(Forward)

	Maturities	Interest Rates	2022	2021	Condition
Philippine Peso:					
RLC					
₱10.6 billion loan facility	2022	4.80%	**₱–**	₱10,633,033,406	Unsecured
₱12.7 billion loan facility	2023	3.68%	**12,733,407,827**	12,679,687,112	Unsecured
₱5.0 billion loan facility	2023	3.89%	**4,937,828,625**	4,944,258,596	Unsecured
₱7.0 billion loan facility	2024	3.10%	**6,433,104,570**	6,567,681,317	Unsecured
₱6.0 billion loan facility	2025	5.38%	**5,933,566,318**	–	Unsecured
₱6.0 billion loan facility	2025	4.00%	**5,976,794,270**	5,967,920,565	Unsecured
₱1.4 billion loan facility	2025	4.93%	**1,361,198,194**	1,359,782,135	Unsecured
₱0.4 billion loan facility	2025	3.80%	**424,354,177**	423,419,108	Unsecured
₱9.0 billion loan facility	2027	5.94%	**8,894,511,448**	–	Unsecured
₱4.5 billion loan facility	2027	4.00%	**4,464,350,237**	4,467,081,905	Unsecured
JGSOC					
₱14.5 billion term loan	2024	Floating (3.90 to 5.00%)	**14,508,000,000**	14,508,000,000	Unsecured
₱5.0 billion term loan	2024	5.00%	**5,000,000,000**	5,000,000,000	Unsecured
₱1.2 billion term loan	2024	5.50%	**1,210,000,000**	1,210,000,000	Unsecured
₱1.3 billion term loan	2024	5.50%	**1,282,000,000**	1,282,000,000	Unsecured
₱5.0 billion term loan	2025	5.26%	**5,000,000,000**	–	Unsecured
₱4.0 billion term loan	2025	Floating (4.90%)	**4,000,000,000**	4,000,000,000	Unsecured
₱4.0 billion term loan	2025	4.72%	**4,000,000,000**	4,000,000,000	Unsecured
CAI					
Term loan	2023	4.80%	**586,666,667**	2,555,555,556	Unsecured
Commercial loans	Various dates through 2028	2.00%-5.00% (PH BVAL)	**13,796,154,953**	16,290,236,203	Secured
			100,541,937,286	95,888,655,903	
			224,240,341,407	220,332,192,883	
Less current portion			**70,460,432,880**	19,501,714,468	
			₱153,779,908,527	₱200,830,478,415	

The foreign exchange rate used to revalue the foreign currency borrowings was ₱55.755 to US$1 and ₱50.999 to US$1 as of December 31, 2022 and 2021, respectively.

Long-term debt to foreign banks is shown net of unamortized debt issuance costs totaling ₱146.8 million and ₱186.0 million as of December 31, 2022 and 2021, respectively. Unamortized debt issuance cost related to peso-denominated long-term debt amounted to ₱301.8 million and ₱255.8 million as of December 31, 2022 and 2021, respectively.

Repayments of the long-term debt (gross of debt issuance costs) follow:

	2022	2021
Due in:		
2023 and 2022	**₱70,623,489,079**	₱19,673,578,638
Thereafter	**154,065,466,202**	201,100,463,804
	₱224,688,955,281	₱220,774,042,442

The details of the Group's long-term debt follow:

Subsidiaries' Foreign Currency Loans

JGSHPL 4.375% Senior Unsecured Notes Due 2023

On January 24, 2013, JGSHPL issued US$750.0 million, 4.375% senior unsecured notes due 2023. The notes are unconditionally and irrevocably guaranteed by the Parent Company. On July 21, 2020, JGSHPL redeemed notes with a face value of $32.0 million for a total consideration of $34.0 million. The redemption resulted in a loss on bond reacquisition amounting ₱66.2 million (Note 29).

In January 2023, JGSHPL settled the said bonds at maturity amounting to US$611.2 million or ₱33.4 billion, net of the total bonds cancelled with a face value of US$138.8 million

JGSHPL 4.125% Senior Unsecured Notes Due 2030

On July 2020, JGSHPL issued US$600.0 million, 4.125% senior unsecured notes due 2030. The notes are unconditionally and irrevocably guaranteed by the Parent Company. On July 2020, JGSHPL issued

US$600.0 million, 4.125% senior unsecured notes due 2030. The notes are unconditionally and irrevocably guaranteed by the Parent Company. On various dates from March 1, 2022 to September 30, 2022, JGSPL redeemed notes with a face value of $7.7 million for a total consideration of $7.5 million. The redemption resulted in a gain on bond reacquisition amounting to ₱10.6 million.

CAI USD Commercial Loans from Foreign Banks
From 2007 to 2019, CAI entered into commercial loan facilities to partially finance the purchase of 19 Airbus A320 aircraft, seven (7) Airbus A321 CEO aircraft, five (5) aircraft engines, and one (1) Airbus A321 NEO aircraft. The security trustees of these commercial loan facilities established SPEs, namely: PTALL, PTHALL, SAALL, SBALL, SCALL, SDALL, TOADAC and RALL, which purchased the aircraft from CAI pursuant to (a) five to ten-year finance lease arrangement for the Airbus A320, A321 CEO, and A321 NEO aircraft; and (b) six-year finance lease arrangement for the engines. CAI has the option to purchase the aircraft and the engines for a nominal amount at the end of such leases. The lease rentals made by CAI to these SPEs correspond to the loan payments made by the SPEs to the commercial facility lenders.

In 2018, CAI entered into four (4) Philippine peso commercial loan facilities and six (6) USD commercial loans. The proceeds of the loan were used to prepay the outstanding US dollar loan facilities for ten (10) Airbus A320 aircraft resulting in dissolution of PTHALL, SAALL and SBALL (Note 1). CAI also prepaid the loan facilities of the engines and entered into US dollar commercial loans to finance the acquisition of seven (7) Airbus A321 CEO aircraft.

In 2019, CAI entered into a US dollar commercial loan facility to finance the acquisition of one (1) Airbus A321NEO aircraft.

In 2020, CAI entered into a US dollar commercial loan facility to finance the acquisition of one (1) Airbus A321NEO aircraft.

As of December 31, 2022 and 2021, the terms of the remaining commercial loan facilities follow:

- Term of six to ten years starting from the delivery date of each aircraft.
- Combination of annuity style and equal principal repayments made on a semi-annual and quarterly basis.
- Mixed interest rates with fixed annual interest rates ranges from 3.00% to 5.00% and variable rates based on US Dollar LIBOR plus margin.
- Upon default, the outstanding amount of loan plus accrued interest will be payable, and the lenders will foreclose on secured assets, namely the aircraft.

As of December 31, 2022 and 2021, the total outstanding balance of the US dollar commercial loans amounted to ₱20.3 billion (US$364.6 million) and ₱20.4 billion (US$400.5 million), respectively. Interest expense amounted to ₱0.7 billion, ₱0.6 billion and ₱0.8 billion in 2022, 2021 and 2020, respectively.

CAI Japanese Yen Commercial Loans
In 2019, CAI entered into a Japanese commercial loans covering four (4) Airbus A321NEO aircraft. The loan requires semi-annual installments with a maturity not longer than 14 years at a variable interest rate based on JPY LIBOR plus margin.

As of December 31, 2022 and 2021, the total outstanding balance of the Japanese yen commercial loans amounted to ₱5.7 billion (¥13.6 billion) and ₱6.7 billion (¥15.1 billion), respectively. Interest expense amounted to ₱15.5 million, ₱18.4 million and ₱22.1 million in 2022, 2021 and 2020, respectively.

<u>Parent Company's Philippine Peso Loans</u>
Parent Company ₱30.0 Billion Fixed Rate Retail Bonds
On February 28, 2014, the Parent Company issued a ₱30.0 billion fixed rate retail bond. The bond was issued in three series: (1) Five-year bond amounting to ₱24.5 billion fixed at 5.2317% due 2019; (2) Seven-year bond amounting to ₱5.3 billion fixed at 5.2242% due 2021; and (3) Ten year bond amounting to ₱176.3 million fixed at 5.3% due 2024. Interest is calculated on a 30/360-day count basis and are payable semi-annually starting August 27, 2014 and the 27th day of February and August of each year thereafter. Net proceeds from the bond issuance were used to partially finance its acquisition of Meralco shares and for general corporate purposes. In February 2019, the Parent Company fully settled its five-year bond amounting to ₱24.5 billion. On January 18, 2021, the BOD of the Parent Company approved the exercise of the option for early redemption of the Parent Company's ₱176.3 million fixed rate 5.3% bonds due on 2024 at the early redemption price of ₱101.50. On March 2, 2021, the Parent Company exercised its option for early redemption and recognized loss on extinguishment of debt amounting to ₱3.2 million

Parent Company ₱5.0 Billion Term Loan with BPI due in July 2022
On July 6, 2017, the Company borrowed ₱5.0 billion under Term Loan Facility Agreement with BPI with a fixed rate at 4.65% per annum and shall be payable quarterly in arrears. The loan was fully settled in July 2022. Interest for 2022 and 2021 amounted to ₱119.1 million and ₱232.5 million, respectively.

Parent Company ₱10.0 Billion Term Loan with BDO due in June 2023
On June 8, 2018, the Company borrowed ₱10.0 billion under Term Loan Facility Agreement with BDO. The loan bears an interest based on the bank's 30-day prime rate. Interest for 2022 and 2021 amounted to ₱345.6 million and ₱264.9 million, respectively.

Parent Company ₱5.0 Billion Term Loan with MBTC due in June 2023
On June 14, 2018, the Company borrowed ₱5.0 billion under Term Loan Facility Agreement with MBTC. The loan obtained bears a market interest rate plus a certain spread, payable quarterly. Interest for 2022 and 2021 amounted to ₱130.3 million and ₱84.0 million, respectively.

Parent Company ₱7.0 Billion Term Loan with BPI due in August 2024
On August 23, 2019, the Parent Company borrowed ₱7.0 billion under Term Loan Facility Agreement with BPI. The loan obtained bears a market interest rate plus a certain spread, payable quarterly. Interest for 2022 and 2021 amounted to ₱174.3 million and ₱128.7 million, respectively.

Parent Company ₱5.0 Billion Term Loan with MBTC due in July 2024
On July 13, 2017, the Company borrowed ₱5.0 billion under Term Loan Facility Agreement with MBTC with a fixed rate at 4.93% per annum and shall be payable quarterly in arrears. Interest for 2022 and 2021 amounted to ₱171.4 million and ₱240.2 million, respectively.

Parent Company ₱5.0 Billion Term Loan with PNB due in August 2024
On August 23, 2019, the Parent Company borrowed ₱5.0 billion under Term Loan Facility Agreement with PNB with a fixed rate at 4.901% per annum and shall be payable quarterly in arrears. Interest for for 2021 amounted to ₱157.8 million, respectively. In August 2021, the Parent Company pre-terminated its term loan with PNB. This resulted in a loss of debt extinguishment amounting to ₱74 million in 2021.

Parent Company ₱4.0 Billion Term Loan with BDO due in 2025
On June 26, 2020, the Parent Company borrowed ₱4.0 billion under Term Loan Facility Agreement with BDO with a fixed rate at 4.75% per annum and shall be payable quarterly in arrears. Interest for 2022 and 2021 amounted to ₱160.0 million and ₱189.9 million, respectively.

Subsidiaries' Philippine Peso Loans

RLC ₱6.5 Billion Term Loan due in July 2021

On July 8, 2016, RLC borrowed ₱6.5 billion under Term Loan Facility Agreements with BDO Unibank, Inc.

The loan was released on July 8, 2016 amounting to ₱3.0 billion and on September 27, 2016 amounting to ₱3.5 billion with interest rate at 3.83% per annum and shall be payable quarterly, computed on the basis of a year of 365 calendar days for the actual number of days elapsed. The loan was fully settled in July 2021.

RLC ₱10.6 Billion Term Loan due in February 2022

On February 23, 2015, RLC issued ₱10.6 billion bonds constituting direct, unconditional, unsubordinated, and unsecured obligation obligations of RLC and shall at all times rank pari-passu and without preference among themselves and among any present and future unsubordinated and unsecured obligations of RLC, except for any statutory preference or priority established under Philippine law. The net proceeds of the issue shall be used by RLC to refinance existing debt obligations and to partially fund investment capital expenditures.

Interest on the bonds shall be calculated on a 30/360-day count basis and shall be paid semi-annually in arrears on February 23 and August 23 of each year at which the bonds are outstanding. Interest rate is 4.80% per annum. The loan was fully settled in February 2022.

RLC ₱5.0 Billion Term Loan due in August 2023

On August 10, 2016, RLC borrowed ₱5.0 billion under Term Loan Facility Agreements with Bank of the Philippine Islands. The ₱5.0 billion loan was released on August 10, 2016 with interest rate at 3.89% per annum and shall be payable quarterly, computed on the basis of a 360-day year and on the actual number of days elapsed.

RLC Three-year "Series C Bonds" maturing on July 17, 2023 and Five-Year "Series D Bonds" maturing on July 17, 2025

On July 17, 2020, RLC issued its "Series C Bonds" amounting to ₱12,763 million and "Series D Bonds" amounting to ₱427 million constituting direct, unconditional, unsecured and unsubordinated peso-denominated obligations of RLC and shall at all times rank pari passu and ratably without any preference or priority amongst themselves and at least pari passu with all other present and future unsubordinated and unsecured obligations of RLC, other than obligations preferred by law. The net proceeds of the issue shall be used by the RLC to: (i) partially fund the capital expenditure budget of RLC for calendar years 2020 and 2021; (ii) repay short-term loans maturing in the second half of calendar year; and (iii) fund general corporate purposes including, but not limited to, working capital. The bonds have been rated PRS Aaa by Philippine Rating Services Corporation (PhilRatings).

Interest on the bonds shall be calculated on a 30/360-day count basis and shall be paid semi-annually in arrears on January 17 and July 17 of each year at which the bonds are outstanding.

RLC ₱7.0 Billion Term Loan due in March 2024

On March 15, 2017, RLC borrowed ₱7.0 billion million under Term Loan Facility Agreements with Metropolitan Bank & Trust Company. The loan was released on March 15, 2017 amounting to ₱7.0 billion with interest rate at 4.75% per annum and shall be payable quarterly, computed on the basis of a year of 365 calendar days for the actual number of days elapsed.

RLC ₱6.0 Billion Term Loan due June 2025

On June 30, 2020, RLC borrowed ₱6.0 billion under Term Loan Facility Agreements with BDO Unibank, Inc. The loan was released on June 30, 2020 which bears interest rate at 4.7500% computed

per annum and shall be payable quarterly, computed on the basis of a year of 365 calendar days for the actual number of days elapsed.

RLC ₱1.4 Billion Term Loan due in February 2025

On February 23, 2015, RLC issued ₱1.4 billion bonds constituting direct, unconditional, unsubordinated, and unsecured obligation obligations of RLC and shall at all times rank pari-passu and without preference among themselves and among any present and future unsubordinated and unsecured obligations of RLC, except for any statutory preference or priority established under Philippine law. The net proceeds of the issue shall be used by RLC to refinance existing debt obligations and to partially fund investment capital expenditures.

Interest on the bonds shall be calculated on a 30/360-day count basis and shall be paid semi-annually in arrears on February 23 and August 23 of each year at which the bonds are outstanding. Interest rate is 4.93% per annum.

RLC Three-year "Series E Bonds" maturing on August 26, 2025 and Five-Year "Series F Bonds" maturing on August 26, 2027

On August 26, 2022, the Group issued its "Series E Bonds" amounting to ₱6.0 billion and "Series F Bonds" amounting to ₱9.0 billion constituting direct, unconditional, unsecured and unsubordinated peso-denominated obligations of RLC and shall at all times rank *pari passu* and ratably without any preference or priority amongst themselves and at least *pari passu* with all other present and future unsubordinated and unsecured obligations of RLC, other than obligations preferred by law. The net proceeds of the issue shall be used by RLC to: (i) partially fund the capital expenditure budget for project development and land acquisition for calendar years 2022 and 2023 and to partially repay maturing debt obligations; and (ii) for general corporate purposes including, but not limited to, working capital. The bonds have been rated PRS Aaa by Philippine Rating Services Corporation (PhilRatings).

Interest on the bonds shall be calculated on a 30/360-day count basis and shall be paid quarterly in arrears on February 26, May 26, August 26 and November 26 of each year at which the bonds are outstanding.

RLC ₱4.5 Billion Term Loand due February 2027

On February 10, 2017, RLC borrowed ₱4.5 billion under Term Loan Facility Agreements with Bank of the Philippine Islands. The loan was released on February 10, 2017 amounting to ₱4.5 billion with interest rate at 4.95% per annum and shall be payable quarterly, computed on the basis of a year of 365 calendar days for the actual number of days elapsed. Partial payment for this loan amounting to ₱5 million was made on February 13, 2019 and 2018.

CAI Philippine Peso Commercial Loans

From 2016 to 2017, the Group entered into Philippine peso commercial loan facilities to partially finance the acquisition of eight (8) ATR 72-600 and two (2) Airbus A330 aircraft.

In 2018, the Group entered into Philippine peso commercial loan facilities to partially finance the acquisition of four (4) ATR 72-600 aircraft and refinance four (4) Airbus A320 aircraft.

The terms of the commercial loans follow:

- Term of seven to ten years starting from the delivery dates of each aircraft.
- Twenty-eight to forty equal consecutive principal repayments made on a quarterly basis.
- Interests on loans are variable rates based on Philippines Bloomberg Valuation (PH BVAL).
- Upon default, the outstanding amount of loan plus accrued interest will be payable, and the lenders will foreclose on secured assets, namely the aircraft.

As of December 31, 2022 and 2021, the total outstanding Philippine Peso commercial loans amounted ₱14.4 billion and ₱16.3 billion, respectively. Interest expense incurred from these loans amounted to ₱569.5 million, ₱559.9 million and ₱627.7 million in 2022, 2021 and 2020, respectively.

CAI Philippine Peso Term Loans
In 2020, CAI entered into an unsecured, Philippine peso-denominated loan amounting to ₱4.0 billion with Security Bank Corporation due in 2023. The loan was obtained to support the working capital requirements of the Group.

As of December 31, 2022 and 2021, the total outstanding Philippine Peso term loan amounted to ₱586.7 million and ₱2.6 billion, respectively. Interest expense incurred from this loan amounted to ₱80.3 million, ₱156.3 million and ₱179.8 million for the years ended December 31 2022, 2021 and 2020, respectively.

JGSOC Philippine Peso Term Loan
These are clean loans obtained in 2019 and 2020 to finance the JGSOC's expansion projects and are payable in lump sum after five years.

In 2022, 2021 and 2020, total interest expense on long-term debt amounted to ₱6.8 billion, ₱7.1 billion and ₱7.0 billion, respectively (see Note 35).

In 2022, 2021 and 2020, the Group recognized amortization of bond issue costs amounting to ₱102.6 million, ₱95.9 million and ₱93.4 million, respectively (see Note 35).

Debt Covenants
Certain loan agreements contain provisions which, among others, require the maintenance of specified financial ratios at certain levels and impose negative covenants which, among others, prohibit a merger or consolidation with other entities, dissolution, liquidation or winding-up, except with any of its subsidiaries; and prohibit the purchase or redemption of any issued shares or reduction of registered and paid-up capital or distribution of assets resulting in capital base impairment.

For the Parent Company's term loan facilities of ₱5.0 billion due 2022, ₱10.0 billion due 2023, ₱5.0 billion due 2023, ₱7.0 billion due 2024, ₱5.0 billion due 2024 and ₱4.0 billion due 2025, the Group is required to maintain a financial ratio of Group's total borrowings to Group's shareholders' equity not exceeding 2.0:1.0.

For JGSPL's US$750.0 million Senior Unsecured Notes due in 2023, the guarantor shall procure:
- Consolidated Current Assets to Consolidated Current Liabilities is not at any time less than 0.5:1.0; and
- Consolidated Total Borrowings to Consolidated Stockholders' Equity does not at any time exceed 2:1.

For JGSPL's US$600.0 million Senior Unsecured Notes due in 2030, the guarantor shall procure that the ratio of Consolidated Total Borrowings to Consolidated Shareholders' Equity does not at any time exceed 2:1.

For CAI's Japanese Yen term loans, CAI is required to comply with affirmative and negative covenants until termination of loans. As of December 31, 2022 and 2021, CAI is not in breach of any loan covenants.

For CAI's Philippine commercial loans are secured by the related aircraft. CAI is required to comply with affirmative and negative covenants until termination of loans. As of December 31, 2022 and 2021, CAI is not in breach of any loan covenants.

For CAI's Philippine term loans, CAI is required to maintain certain financial ratio until termination of loans. As of December 31, 2022 and 2021, CAI obtained a waiver from the bank in relation to debt service coverage ratio requirement. Accordingly, the related loan is classified as non-current as at December 31, 2022 and 2021.

For RLC's ₱1.4 billion Retail Bonds due 2025, ₱5.0 billion term loan due 2023, ₱6.4 billion term loan due 2024, ₱4.5 billion term loan due 2027, ₱6.0 billion term loan due 2025, and ₱7.0 billion term loan due 2024, RLC is required to maintain a debt-to-equity ratio not exceeding 2:1 as referenced from its consolidated financial statement as of December 31, 2022 and 2021. These loans were not guaranteed by the Parent Company.

For RLC's "Series C Bonds" due 2023 and "Series D Bonds" due 2025, RLC is required to maintain a debt-to-equity ratio not exceeding 2:1 as referenced from its consolidated financial statements as of December 31, 2022 and 2021. RLC has complied with the debt covenant as of December 31, 2022.

For RLC's 3-year "Series E Bonds" due 2025 and 5-Year "Series F Bonds" due 2027, RLC is required to maintain a debt-to-equity ratio not exceeding 2:1 as referenced from its consolidated financial statements as of December 31, 2022 and 2021. RLC has complied with the debt covenant as of December 31, 2022 and 2021.

For JGSOC's term loans, JGSOC is required to maintain a net debt-to-equity ratio of not more than 2.5:1.0, as measured at the end of each calendar year-end. JGSOC has complied with the debt covenant as of December 31, 2022 and 2021.

The Group has complied with all of its debt covenants as of December 31, 2022 and 2021.

Bonds Payable
On May 10, 2021, CAI issued at face value US$250.0 million convertible bonds (CB) to the International Finance Corporation (IFC), IFC Emerging Asia Fund LP and Indigo Philippines LLC (collectively known as "the CB Holders") due on May 10, 2027. The bonds bear an interest rate of 4.5% payable semi-annually in arrears on May 10 and November 10 of each year.

The conversion option entitles the CB holders to convert its outstanding bonds for CAI's common shares at any time within the conversion period which shall begin 40 days after the issue date of the CB and shall end 20 business days before the maturity date. The price at which the common shares will be issued upon conversion will initially be at ₱38.00 per share, as translated to U.S. Dollars at the fixed exchange rate of USD$1.00 = ₱48.45 and subject to any adjustments from time to time in accordance with the adjustment provisions. No conversion options were exercised as of December 31, 2022 and 2021.

The carrying amount as at December 31, 2022 and 2021 of the financial liability component of the CBs are presented below:

	2022		2021	
	In US Dollar	**In Philippine Peso**	In US Dollar	In Philippine Peso
Beginning balance	**US$238,923,040**	**₱12,184,836,126**	US$237,795,834	₱11,369,629,644
Unrealized foreign exchange loss	**–**	**1,138,579,757**	–	759,069,399
Bond amortization	**1,832,454**	**99,906,711**	1,127,206	56,137,083
Ending balance	**US$240,755,494**	**₱13,423,322,594**	US$238,923,040	₱12,184,836,126

The changes in fair value in 2022 and 2021 of the derivative liabilities at FVPL follows:

	2022		2021	
	In US Dollar	**In Philippine Peso**	In US Dollar	In Philippine Peso
Beginning balance	**US$33,941,073**	**₱1,730,960,768**	US$8,632,924	₱412,843,691
Market valuation losses (gains)	**(18,752,560)**	**(884,125,259)**	25,308,149	1,318,117,077
Ending balance	**US$15,188,513**	**₱846,835,509**	US$33,941,073	₱1,730,960,768

In subsequent periods, the debt component of bonds will be carried at amortized cost using the EIR method. Interest expense recognized in 2022 and 2021 from the convertible bonds amounted to ₱613.0 million and ₱415.7 million, respectively.

The conversion option, which represents the bifurcated amount from the fair value of the convertible bonds has an initial fair value of ₱412.8 million. The embedded derivative in the convertible bonds (hybrid instrument) is subsequently remeasured at fair value. Any gains or losses arising from changes in fair value are taken directly to profit or loss for the year.

The fair value of the convertible bond was determined using the Jarrow-Rudd model.

The inputs used for the calculation of fair value of convertible bonds as of specific valuation date are as follows:

	2022	2021
Stock price	**₱38.30**	₱42.15
Risk free rate	**3.93%**	1.29%
Conversion price	**₱38.00**	₱38.00
Term	**5.9 years**	5.9 years
Volatility	**51.83%**	47.27%

24. Other Noncurrent Liabilities

This account consists of:

	2022	2021
ARO	**₱9,663,604,328**	₱7,084,719,291
Deposit from lessees - net of current portion (Note 42)	**4,290,107,659**	3,875,725,761
HMV	**2,721,092,312**	1,082,628,412
Pension liabilities (Note 37)	**2,149,177,535**	1,939,056,517
Member redemption liabilities	**965,148,203**	655,367,983
Travel fund payable - net of current portion (Note 21)	**260,283,121**	1,850,992,630
Contract liabilities - net of current portion (Note 22)	**5,548,129**	2,082,416,516
Bills payable	**–**	2,618,523,803
Deposit liabilities - net of current portion	**–**	11,752,180,637
Others	**1,335,436,725**	1,244,674,836
	₱21,390,398,012	₱34,186,286,386

<u>ARO</u>

CAI is contractually required under various lease contracts to restore certain leased aircraft to its original condition at its own cost or to bear a proportionate cost of restoration at the end of the contract period. These costs are accrued based on estimates made by CAI's engineers, which include estimates of future aircraft utilization and certain redelivery costs at the end of the lease period. (see Note 3).

The rollforward analysis of the Group's ARO follows:

	2022	2021
Balance at beginning of year	**₱7,084,719,291**	₱6,763,391,698
Provision for ARO	**5,285,474,877**	3,566,104,161
Applications and other movements	**(2,706,589,840)**	(3,244,776,568)
Balance at end of year	**₱9,663,604,328**	₱7,084,719,291

In 2022, 2021 and 2020, ARO expenses included as part of repairs and maintenance under 'Cost of sales' amounted to ₱5.3 billion, ₱3.6 billion and ₱3.1 billion, respectively (Note 30).

<u>Deposits from Lessees</u>

Deposits from lessees (including the current portion shown in Note 22) represent cash received from tenants representing three to six months' rent which shall be refunded to tenants at the end of the lease term. These are initially recorded at fair value, which is obtained by discounting its future cash flows using the applicable rates of similar types of instruments. The accretion expense on these deposits recorded as part of cost of rental services on the discount amounted to ₱62.0 million, ₱46.0 million and ₱82.0 million in 2022, 2021 and 2020, respectively (Note 30).

The unearned rental income (included under 'Deposit from lessees') amounted to ₱792.0 million and ₱722.0 million as of December 31, 2022 and 2021, respectively. The rental income on amortization of unearned rental income amounted to ₱65.0 million, ₱46.0 million and ₱80.0 million in 2022, 2021 and 2020, respectively.

<u>HMV</u>

CAI is contractually required under various lease contracts to undertake the maintenance and overhaul of certain leased aircraft throughout the contract period. Major maintenance events are required to be performed on a regular basis based on historical or industry experience and manufacturer's advise. Estimated costs of major maintenance events are accrued and charged to profit or loss over the estimated period between overhauls as the leased aircraft is utilized.

The rollforward analysis of the CAI's HMV follow:

	2022	2021
Balance at beginning of year	**₱1,082,628,412**	₱345,964,168
Provision for HMV	**1,481,580,686**	849,950,290
Applications and other movements	**156,883,214**	(113,286,046)
Balance at end of year	**₱2,721,092,312**	₱1,082,628,412

In 2022, 2021 and 2020, HMV expenses included as part of repairs and maintenance under 'Cost of sales' amounted to ₱1.5 billion, ₱0.8 billion and ₱0.3 billion, respectively (Note 30).

Member Redemption Lialities
This account pertains to the outstanding points issued to Go Reward members until redeemed to its Go Rewards partner merchant stores. Go Rewards is the the integrated loyalty program of the Group owned and managed by DAVI.

Travel Fund Payable
In light of the significant increase in flight cancellations due to the COVID-19 outbreak and consequent to the grounding of the CAI's commercial operations, customers were given options for their cancelled flights which included, among others, conversion to a full travel fund which is a virtual wallet equivalent to the amount paid for an existing booking. A travel fund is valid for two (2) years and can be used as payment for future bookings.

However, as subsequently amended, effective April 1, 2022, in line with CEB's recovery efforts and continuous updating of Customer Flexible Options, all created travel fund starting the said date shall be valid for six (6) months from the date of creation or conversion to travel fund.

The current portion of travel fund payable amounted to ₱1.0 billion and ₱2.8 billion as of December 31, 2022 and 2021, respectively, and is presented under 'Accounts payable and other accrued liabilities' account in the consolidated statements of financial position (see Note 21). The noncurrent portion of travel fund payable amounted to ₱260.3 million and ₱1.9 billion as of December 31, 2022 and 2021, respectively.

Expired portion of the travel fund payable amounting to ₱759.1 million for the year ended December 31, 2022 (nil in 2021) is recognized as part of 'Revenue' in the consolidated statement of comprehensive income. Estimated breakage revenue from travel fund amounting to ₱362.7 million for the year ended December 31, 2022 (nil in 2021) is recognized also as part of 'Revenue' in the consolidated statement of comprehensive income.

Deposit Liabilities
Deposit liabilities represent time deposit liabilities of RBC and LSB with maturities of beyond 12 months from reporting date.

Others
Others include retention payable and advances from marketing fund. Retention payable represents amounts withheld from payments to contractors as guaranty for any claims against them. These are noninterest-bearing and will be remitted to contractors at the end of the contracted work.

25. Equity

Details of the Parent Company's authorized capital stock as of December 31, 2022 and 2021 follow:

	Par Value	Shares	Amount
Common shares	₱1.00	12,850,800,000	₱12,850,800,000
Preferred voting shares	0.01	204,000,000,000	2,040,000,000
		216,850,800,000	₱14,890,800,000

The paid-up capital of the Group consists of the following:

	2022	2021
Capital stock:		
Common shares - ₱1 par value	**₱7,520,983,658**	₱7,520,983,658
Preferred voting shares - ₱0.01 par value	**42,000,000**	42,000,000
	7,562,983,658	7,562,983,658
Additional paid-in capital	**45,186,067,411**	45,212,569,757
Total paid-up capital	**₱52,749,051,069**	₱52,775,553,415

Preferred Voting Shares
The preferred voting shares have, among others, the following rights, privileges and preferences:

a. Entitled to vote on all matters involving the affairs of the Parent Company requiring the approval of the stockholders. Each share shall have the same voting rights as a common share.
b. The shares shall be non-redeemable.
c. Entitled to dividends at the rate of 1/100 of common shares, such dividends shall be payable out of the surplus profits of the Parent Company so long as such shares are outstanding.
d. In the event of liquidation, dissolution, receivership or winding up of affairs of the Parent Company, holders shall be entitled to be paid in full at par, or ratably, in so far as the assets of the Parent Company will permit, for each share held before any distribution is made to holders of the common shares.

Record of Registration of Securities with the SEC
Summarized below is the Parent Company's track record of registration of securities under the Securities Regulation Code.

Date of offering	Type of offering	No. of shares offered	Par value	Offer price	Authorized number of shares	Issued and outstanding shares
June 30, 1993	Registration of authorized capital stock	–	₱1.00	₱–	12,850,800,000 common shares and 2,000,000,000 preferred non-voting shares	–
June 30, 1993	Initial public offering (IPO)	1,428,175,000 common shares	1.00	4.40	–	1,428,175,000 common shares
June 30, 1994	Conversion of convertible bonds into common shares	428,175,000 common shares	1.00	13.75	–	3,725,457 common shares
July 3, 1998	Stock rights offering (1:2)	2,060,921,728 common shares	1.00	2.00	–	2,060,921,728 common shares

The table below provides information regarding the number of stockholders of the Parent Company as of December 31, 2022, 2021 and 2020:

	2022	2021	2020
Common shares	**1,003**	994	1,003
Preferred voting shares	**1**	1	1

Capital Management
The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to these ratios in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital structure or issue capital securities. No changes have been made in the objective, policies and processes as they have been applied in previous years.

The Group monitors its use of capital structure using a debt-to-capital ratio which is gross debt divided by total capital. The Group includes within gross debt all interest-bearing loans and borrowings and derivative liabilities, while capital represents total equity.

The Group's computation of debt-to-capital ratio follows:

	2022	2021
(a) Gross debt		
Short-term debts (Note 23)	**₱91,917,480,341**	₱65,995,583,482
Current portion of long-term debts (Note 23)	**70,460,432,880**	19,501,714,468
Long-term debts - net of current portion (Note 23)	**153,779,908,527**	200,830,478,415
Bonds payable (Note 23)	**13,423,322,594**	12,184,836,126
Derivative liabilities (Notes 5, 8 and 22)	**846,835,509**	1,732,327,557
	₱330,427,979,851	₱300,244,940,048
(b) Capital	**₱427,364,683,032**	₱443,630,982,560
(c) Debt-to-capital ratio (a/b)	**0.77:1**	0.68:1

The Group's policy is to ensure that the debt-to-capital ratio would not exceed the 2.0:1.0 level.

Regulatory Qualifying Capital

RBC

In 2013, the determination of RBC's compliance with regulatory requirements and ratios is based on the amount of RBC's 'unimpaired capital' (regulatory net worth) reported to the BSP, which is determined on the basis of regulatory policies. In addition, the risk-based capital ratio of a bank, expressed as a percentage of qualifying capital to risk-weighted assets, should not be less than 10.00% for both solo basis (head office and branches) and consolidated basis (parent company and subsidiaries engaged in financial allied undertakings). Qualifying capital and risk-weighted assets are computed based on BSP regulations.

The regulatory Gross Qualifying Capital of RBC consists of Tier 1 (core) and Tier 2 (supplementary) capital. Tier 1 capital comprises share capital, retained earnings (including current year profit) and non-controlling interest less required deductions such as deferred tax and unsecured credit accommodations to DOSRI. Tier 2 capital includes unsecured subordinated note, revaluation reserves and general loan loss provision. Certain items are deducted from the regulatory Gross Qualifying Capital, such as but not limited to equity investments in unconsolidated subsidiary banks and other financial allied undertakings, but excluding investments in debt capital instruments of unconsolidated subsidiary banks (for solo basis) and equity investments in subsidiary non-financial allied undertakings.

Risk-weighted assets are determined by assigning defined risk weights to statement of financial position exposures and to the credit equivalent amounts of off-balance sheet exposures. Certain items are deducted from risk-weighted assets, such as the excess of general loan loss provision over the amount permitted to be included in Tier 2 capital. The risk weights vary from 0.00% to 150.00% depending on the type of exposure, with the risk weights of off-balance sheet exposures being subjected further to credit conversion factors.

Following is a summary of risk weights and selected exposure types:

Risk weight	Exposure/Asset type*
0%	Cash on hand; claims collateralized by securities issued by the non-government, BSP; loans covered by the Trade and Investment Development Corporation of the Philippines; real estate mortgages covered by the Home Guarantee Corporation
20%	COCI, claims guaranteed by Philippine incorporated banks/quasi-banks with the highest credit quality; claims guaranteed by foreign incorporated banks with the highest credit quality; loans to exporters to the extent guaranteed by Small Business Guarantee and Finance Corporation
50%	Housing loans fully secured by first mortgage on residential property; Local Government Unit (LGU) bonds which are covered by Deed of Assignment of Internal Revenue allotment of the LGU and guaranteed by the LGU Guarantee Corporation
75%	Direct loans of defined Small Medium Enterprise and microfinance loans portfolio; nonperforming housing loans fully secured by first mortgage
100%	All other assets (e.g., real estate assets) excluding those deducted from capital (e.g., deferred tax)
150%	All NPLs (except nonperforming housing loans fully secured by first mortgage) and all nonperforming debt securities

** Not all inclusive*

With respect to off-balance sheet exposures, the exposure amount is multiplied by a credit conversion factor (CCF), ranging from 0.00% to 100.00%, to arrive at the credit equivalent amount, before the risk weight factor is multiplied to arrive at the risk-weighted exposure. Direct credit substitutes (e.g., guarantees) have a CCF of 100.00%, while items not involving credit risk has a CCF of 0.00%.

On January 15, 2013, the BSP issued Circular No. 781, *Basel III Implementing Guidelines on Minimum Capital Requirements*, which provides the implementing guidelines on the revised risk-based capital adequacy framework particularly on the minimum capital and disclosure requirements for universal banks and commercial banks, as well as their subsidiary banks and quasi-banks, in accordance with the Basel III standards. The circular is effective on January 1, 2014.

The Circular sets out a minimum Common Equity Tier 1 (CET1) ratio of 6.00% and Tier 1 capital ratio of 7.50%. It also introduces a capital conservation buffer of 2.50% comprised of CET1 capital. The BSP's existing requirement for Total CAR remains unchanged at 10.00% and these ratios shall be maintained at all times.

Further, existing capital instruments as of December 31, 2010 which do not meet the eligibility criteria for capital instruments under the revised capital framework shall no longer be recognized as capital upon the effectivity of Basel III. Capital instruments issued under BSP Circular Nos. 709 and 716 (the circulars amending the definition of qualifying capital particularly on Hybrid Tier 1 and Lower Tier 2 capitals), starting January 1, 2011 and before the effectivity of BSP Circular No. 781, shall be recognized as qualifying capital until December 31, 2016. In addition to changes in minimum capital requirements, this Circular also requires various regulatory adjustments in the calculation of qualifying capital.

On June 27, 2014, the BSP issued Circular No. 839, *REST Limit for Real Estate Exposures* which provides the implementing guidelines on the prudential REST limit for universal, commercial, and thrift banks on their aggregate real estate exposures. The Circular sets out a minimum REST limit of 6.00% CET1 capital ratio and 10.00% risk-based capital adequacy ratio, on a solo and consolidated basis, under a prescribed write-off rate of 25.00% on the Group's real estate exposure. These limits shall be complied with at all times.

On June 9, 2016, the BSP issued Circular No. 881, *Implementing Guidelines on the Basel III Leverage Ratio Framework*, which provides implementing guidelines for universal, commercial, and their subsidiary banks/quasi banks. The circular sets out a minimum leverage ratio of 5.00% on a solo and consolidated basis and shall be complied with at all times.

As of December 31, 2022 and 2021, RBC was in compliance with the required CAR.

Retained Earnings
As of December 31, 2022 and 2021, the Group has a total retained earnings of ₱243.8 billion and ₱246.2 billion, respectively. Out of this, ₱118.3 billion were restricted as of December 31, 2022 and 2021. The determination of retained earnings available for dividend declaration is assessed at the Parent Company level.

The details of the Group's restricted retained earnings follow:

Parent Company
As of December 31, 2022, the ₱101.2 billion restricted retained earnings of the Parent Company are earmarked for the following: (a) settlement of a certain subsidiary's loan obligations guaranteed by the Parent Company (Note 23); (b) settlement of Parent Company loan obligations; and (c) general corporate purposes.

The details of the loan obligations follow:

	Subsidiary	Amount	Settlement
Loan obligations:			
4.375% senior unsecured notes	JGSH Philippines, Limited	US$750.0 million	10 years maturing in 2023
4.125% senior unsecured notes	JGSH Philippines, Limited	US$600.0 million	10 years maturing in 2030
Term Loans	Parent Company	₱35.6 billion	Maturing in 2023 to 2025
Term Loans	JGSPC	₱27.5 billion	Maturing in 2024 and 2025
Term Loans	JGSOC	₱2.4 billion	Maturing in 2024

As part of its debt covenant, the Parent Company has to maintain certain financial ratios such as: (a) the Group's current ratio of not less than 0.5:1.0; and (b) the Group's debt-to-equity ratio of not greater than 2.0:1.0. A portion of the Parent Company's retained earnings is restricted to maintain these financial ratios.

A corresponding amount of appropriated retained earnings will be reversed to unappropriated retained earnings once the foregoing loan obligations are settled.

URC
On December 16, 2020, URC's BOD approved the reversal of the appropriation of retained earnings in the aggregate amount of ₱2.0 billion, which was approved by the BOD in its resolutions adopted on September 8, 2015 and September 7, 2016.

RLC
On December 5, 2022, the BOD approved the reversal of the retained earnings it appropriated in 2021 amounting to ₱25.5 billion as the related projects to which the retained earnings were earmarked were completed already. The amount was originally earmarked for the continuing capital expenditures of RLC for subdivision land, condominium and residential units for sale, investment properties and property and equipment.

On the same date, the BOD approved the appropriation of ₱20.0 billion, out of the unappropriated retained earnings, to support the capital expenditure requirements of RLC for various projects. These projects and acquisitions are expected to be completed on various dates from 2023 to 2026.

On December 8, 2021, RLC's BOD approved the reversal of the retained earnings it appropriated in 2020 amounting to ₱26.0 billion as the related projects to which the retained earnings were earmarked were completed already. The amount was originally earmarked for the continuing capital expenditures of the Group for subdivision land, condominium and residential units for sale, investment properties and property and equipment.

On the same date, RLC's BOD also approved the appropriation of ₱25.5 billion, out of the unappropriated retained earnings, to support the capital expenditure requirements of RLC for various projects. These projects and acquisitions are expected to be completed in various dates from 2022 to 2027.

On December 10, 2020, RLC's BOD approved the reversal of the retained earnings it appropriated in 2019 amounting to ₱27.0 billion as the related projects to which the retained earnings were earmarked were completed already. The amount was originally earmarked for the continuing capital expenditures of the Group for subdivision land, condominium and residential units for sale, investment properties and property and equipment.

On the same date, RLC's BOD also approved the appropriation of ₱26.0 billion, out of the unappropriated retained earnings, to support the capital expenditure requirements of RLC for various projects. These projects and acquisitions are expected to be completed in various dates from 2021 to 2026.

CAI
On September 7, 2020, December 4, 2019 and December 12, 2018, CAI's BOD appropriated ₱12.0 billion, ₱26.0 billion and ₱22.0 billion, respectively, from its unrestricted retained earnings for purposes of the Group's re-fleeting program. Appropriations as of December 31, 2020, 2019 and 2018 were reversed in the following year. The appropriated amount as of December 31, 2020 was used for the settlement of aircraft and engine lease commitments in 2021.

As of December 31, 2022, 2021 and 2020, CAI's appropriated retained earnings amounted to nil, nil and ₱12.0 billion, respectively.

RBC
In compliance with existing BSP regulations, 10.00% of the net profits realized by RBC from its trust business is appropriated to surplus reserve. The yearly appropriation is required until the surplus reserve for trust business equals 20.00% of RBC's regulatory capital.

As of December 31, 2021, the RBC's BOD approved to appropriate reserves for trust reserves amounting to (₱15.5) million.

Accumulated equity in net earnings of the subsidiaries and associates
A portion of the Group's retained earnings corresponding to the net earnings of the subsidiaries and accumulated equity in net earnings of the associates and joint ventures amounting to ₱85.2 billion, ₱99.0 billion and ₱102.6 billion as of December 31, 2022, 2021 and 2020, respectively, is not available for dividend declaration. The accumulated equity in net earnings becomes available for dividends upon receipt of cash dividends from the investees.

Cash Dividends

Parent Company

Details of the Parent Company's dividend declarations on its common stock follow:

	2022	2021	2020
Date of declaration	**May 12, 2022**	May 13, 2021	May 30, 2020
Dividend per share	**₱0.40**	₱0.38	₱0.38
Total dividends	**₱3.0 billion**	₱2.9 billion	₱2.7 billion
Date of record	**May 26, 2022**	June 11, 2021	June 11, 2020
Date of payment	**June 14, 2022**	July 7, 2021	July 8, 2020

Details of the Parent Company's dividend declarations on its preferred stock follow:

	2022	2021	2020
Date of declaration	**May 12, 2022**	May 13, 2021	May 30, 2020
Dividend per share	**₱0.004**	₱0.0038	₱0.0038
Total dividends	**₱16.0 million**	₱15.2 million	₱15.2 million
Date of record	**May 26, 2022**	June 11, 2021	June 11, 2020
Date of payment	**June 14, 2022**	July 7, 2021	July 8, 2020

The following tables summarize the dividends declared by significant subsidiaries of the Parent Company:

URC

Details of URC's dividend declarations follow:

	2022	2021	2020
Date of declaration	**March 4, 2022**	April 29, 2021	March 10, 2020
Dividend per share - regular	**₱1.50**	₱1.50	₱1.50
Total dividends – regular	**₱3.3 billion**	₱3.3 billion	₱3.3 billion
Date of record	**April 3, 2022**	May 20, 2021	March 24, 2020
Date of payment	**April 29,2,2022**	June 15, 2021	April 21, 2020
Dividend per share -special	**₱1.95**	₱1.80	₱1.65
Total dividends – special	**₱4.3 billion**	₱4.0 billion	₱3.6 billion
Date of record	**April 3, 2022**	August 19, 2021	June 1, 2020
Date of payment	**April 3, 2022**	September 15, 2021	June 26, 2020

RLC

Details of RLC's dividend declarations follow:

	2022	2021	2020
Date of declaration	**March 8, 2022**	May 6, 2021	May 13, 2020
Dividend per share	**₱0.50**	₱0.25	₱0.25
Total dividends	**₱2.6 billion**	₱1.3 billion	₱1.3 billion
Date of record	**April 19, 2022**	May 26, 2021	June 10, 2020
Date of payment	**May 13, 2022**	June 21, 2021	July 7, 2020
Dividend per share	**–**	–	₱0.25
Total dividends	**–**	–	₱1.3 billion
Date of record	**–**	–	October 1, 2020
Date of payment	**–**	–	October 27, 2020

CAI

As of December 31, 2022, 2021 and 2020, no dividends were declared.

Stock Dividends

On August 14, 2020, the BOD approved the declaration of stock dividend as follows:

- A stock dividend equivalent to five percent (5%) of the total issued and outstanding shares of the Company or 358,142,083 common shares, to be issued and paid out of the unrestricted retained earnings of the Company as of December 31, 2019, to all stockholders holding common shares as of record date of October 30, 2020 and distributed on November 25, 2020.
- Any fractional shares resulting from the stock dividend declaration will be paid in cash.
- Subject to the approval of the SEC of the amendment of Article Seventh of the Articles of Incorporation of the Parent Company, two hundred million (200,000,000) preferred voting shares to be issued and paid out of the unrestricted retained earnings of the Parent Company as of December 31, 2019 to all stockholders holding preferred voting shares.

On October 20, 2020, the stockholders representing 87.11% of the total outstanding capital stock of the Parent Company approved the declaration of the stock dividend.

Stock dividend distributable pertains to preferred voting shares to be issued to the preferred shareholders once the SEC approval has been obtained on the reclassification of preferred non-voting shares to preferred voting shares. On December 3, 2020, the Parent Company applied with the SEC for the reclassification of preferred non-voting shares to preferred voting shares. On June 29, 2021, the SEC approved the reclassification of the preferred non-voting shares to preferred voting shares.

Equity Reserve

URC

- In December 2019, Intersnack bought 40% of URC's equity interest in the Oceania business for a total consideration of ₱7.7 billion (see Note 44). As a result of the sale, the equity interest of URC changed from 100.0% to 60.0%. The excess of the total consideration received over the carrying amount of the equity transferred and call option issued to NCI amounting to ₱1.3 billion is presented under 'Equity reserve' in the consolidated statements of financial position. See Note 8 for disclosure on the call option.

  In October 2021, URC sold its remaining 60.0% equity interest in Oceania business to Intersnack (see Note 44). As a result, the Group derecognized the assets and liabilities related to its Oceania business. The Group is of the view that the Equity Reserve can be reclassified to Retained Earnings to present more useful information about its equity. The Group evaluated the nature of the Equity Reserve, and if there are specific requirements on its derecognition. Management also considered nature of equity and the applicability of the requirements of PFRS and definitions, recognition criteria and measurement concepts in the Framework.

  On February 8, 2022, the Group requested for the SEC's opinion on the reclassification and subsequent treatment of the Equity Reserve. On February 22, 2022, the SEC confirmed that the reclassification of the Equity Reserve to Retained Earnings does not counter any principles in PFRS, and would allow for more understandable financial information for users. Accordingly, the Group reclassified Equity Reserve amounting to ₱1.3 billion to Retained Earnings.

- On July 30, 2021, the Board of Directors of URC approved the creation and implementation of a share buyback program involving up to 3.0 billion worth of URC's common shares. The Board of Directors of URC approved the extension of the share buyback program for an additional amount of 5.0 billion on July 29, 2022. As a result of various share buy-back transactions during the period, the Parent Company's ownership over URC changed from 55.33% as of December 31, 2021 to 55.90% as of December 31, 2022.

- In February 2022, URC Foods (Singapore) Pte. Ltd. acquired 23,805 common shares of PPICL from Hong Kong Peggy Foods Company Limited for ₱214.9 million. The acquisition of shares represented 100.00% interest in PPICL. The Group charged equity reserve from the acquisition amounting to about ₱7.3 million presented under 'Equity reserve' in the consolidated statements of financial position.

RLC

- On August 20, 2021, RLC sold its investment in RCR by way of public offering at a selling price of ₱6.45 per share, with a total selling price amounting to ₱22.6 billion, net of transaction costs amounting to ₱737.3 million. As a result of the sale, the equity interest of RLC over RCR changed from 100% to 63.49%. RLC assessed that the change in its ownership interest over RCR as a result of the public offering did not result in a loss of control. Thus, RLC accounted for the decrease in ownership interest in RCR as an equity transaction. No gain or loss was recognized upon consolidation, and the difference in the proceeds from sale of shares to public and the amount recorded as NCI amounting to ₱10.8 billion was recorded as 'Equity Reserve' in the consolidated statements of financial position.

- On November 4, 2021, the Board of Directors of RLC approved the creation and implementation of a share buyback program involving up to 3.0 billion worth of RLC's common shares. As a result of various share buy-back transactions during the period, the Parent Company's ownership over RLC changed from 61.19% as of December 31, 2021 to 62.66% as of December 31, 2022.

- On March 8, 2022, RLC entered into a Deed of Sale with RCR for the sale of Robinsons Cybergate Bacolod, excluding the land where the building is situated, for ₱734 million, exclusive of value-added-tax.

  On April 20, 2022, a Deed of Assignment was executed between RLC and RCR for the assignment, transfer, and conveyance by RLC of Robinsons Cyberscape Gamma, excluding the land where the building is situated, with a value of ₱5.9 billion, in exchange for the issuance of 778 million shares in RCR.

  These resulted in increase in RLC's interest in RCR from 63.49% to 66.14%. The impact on the Group's Equity Reserves amounted to ₱1.1 billion.

Non-controlling Interests

Below is the rollforward of non-controlling interests:

	2022	2021	2020
Beginning balance	**₱108,322,091,345**	₱99,789,050,002	₱103,835,500,348
Total comprehensive income:			
Net income attributable to non-controlling interests	**7,390,759,112**	5,625,794,401	865,365,887
Other comprehensive income attributable to non-controlling interests:			
Cumulative translation adjustments	**869,225,737**	774,300,966	(850,896,728)
Gain (loss) on cashflow hedge	**189,345,163**	27,779,849	(85,310,250)
Net unrealized gains (losses) on financial assets at FVOCI (Note 10)	**105,782,491**	(442,045,521)	74,830,797
Remeasurements due to defined benefit liability (Note 37)	**65,681,789**	239,338,401	(30,669,098)
	116,942,885,637	6,225,168,096	(26,679,392)

(Forward)

	2022	2021	2020
Cash dividends paid to non-controlling interests	**(₱6,022,484,461)**	(₱4,420,473,375)	(₱4,494,502,566)
Decrease in subsidiaries' treasury shares	**(4,408,994,938)**	(673,255,042)	(45,040,628)
Change in non-controlling interest without loss of control	**(244,133,521)**	–	–
Acquisition of non-controlling interest by a subsidiary	**43,500,000**	(473,539,688)	327,772,240
Subsidiary's share-based payments	**36,617,268**	174,824,362	–
Acquisition of new subsidiary by a subsidiary	**5,907,514**	341,291,632	–
Stock issue costs of subsidiaries	**(1,247,592)**	(11,519,640)	–
Sale of equity interest in a subsidiary (by a subsidiary)	**–**	10,593,578,230	–
Derecognition of non-controlling interest due to sale of business by a subsidiary	**–**	(6,244,876,706)	–
Transfer of assets to a subsidiary (by a subsidiary)	**1,080,644,498**	–	–
Issuance of shares by subsidiaries	**–**	3,021,843,474	–
Deposit for future subscription of shares by non-controlling interest in a subsidiary / Issuance of shares by subsidiaries	**–**	–	192,000,000
	₱107,432,694,405	₱108,322,091,345	₱99,789,050,002

26. Revenue

Disaggregated revenue information

Set out below is the disaggregation of the Group's revenues from contracts with customers and revenues not covered under PFRS 15 for the years ended December 31, 2022, 2021 and 2020:

	December 31, 2022			
	Goods and services transferred at a point in time	**Services transferred over time**	**Revenues outside the scope of PFRS 15**	**Total**
Sale of goods and services:				
Foods	**₱149,903,643,832**	**₱–**	**₱–**	**₱149,903,643,832**
Air transportation	**56,751,365,857**	**–**	**–**	**56,751,365,857**
Petrochemicals	**35,960,997,584**	**–**	**–**	**35,960,997,584**
Real estate and hotels	**16,142,180,994**	**6,727,669,613**	**20,509,867,542**	**43,379,718,149**
Equity in net earnings of associates and joint ventures (Note 14)	**–**	**–**	**11,852,000,562**	**11,852,000,562**
Dividend income (Note 28)	**–**	**–**	**3,069,481,794**	**3,069,481,794**
Supplementary businesses	**825,907,399**	**–**	**165,132,936**	**991,040,335**
	₱259,584,095,666	**₱6,727,669,613**	**₱35,596,482,834**	**₱301,908,248,113**

	December 31, 2021			
	Goods and services transferred at a point in time	Services transferred over time	Revenues outside the scope of PFRS 15	Total
Sale of goods and services:				
Foods	₱116,954,788,444	₱–	₱–	₱116,954,788,444
Real estate and hotels	15,020,628,180	5,202,951,110	15,338,406,050	35,561,985,340
Air transportation	15,740,756,855	–	–	15,740,756,855
Petrochemicals	40,323,467,713	–	–	40,323,467,713
Equity in net earnings of associates and joint ventures (Note 14)	–	–	9,730,623,868	9,730,623,868
Dividend income (Note 28)	–	–	2,126,820,554	2,126,820,554
Supplementary businesses	734,074,617	–	107,390,082	841,464,699
	₱188,773,715,809	₱5,202,951,110	₱27,303,240,554	₱221,279,907,473

	December 31, 2020			
	Goods and services transferred at a point in time	Services transferred over time	Revenues outside the scope of PFRS 15	Total
Sale of goods and services:				
Foods	₱113,161,785,302	₱–	₱–	₱113,161,785,302
Real estate and hotels	4,056,225,430	11,717,577,404	11,744,603,805	27,518,406,639
Air transportation	22,617,967,165	–	–	22,617,967,165
Petrochemicals	21,275,283,602	–	–	21,275,283,602
Equity in net earnings of associates and joint ventures (Note 14)	–	–	7,584,634,408	7,584,634,408
Dividend income (Note 28)	–	–	1,996,230,783	1,996,230,783
Supplementary businesses	807,717,391	–	82,137,965	889,855,356
	₱161,918,978,890	₱11,717,577,404	₱21,407,606,961	₱195,044,163,255

27. Interest Income

This account consists of:

	2022	2021	2020
Interest income from:			
Cash and cash equivalents (Note 7)	₱1,130,372,955	₱535,824,856	₱713,398,221
Financial assets at FVOCI (Note 10)	575,527,049	558,760,045	500,512,614
	₱1,705,900,004	₱1,094,584,901	₱1,213,910,835

28. Dividend Income

As a holding company, the Parent Company receives dividends from its strategic investments in companies that are neither consolidated nor equity-accounted in the group accounts. This account includes dividends received from PLDT amounting to ₱2.8 billion, ₱2.0 billion and ₱1.9 billion in 2022, 2021 and 2020, respectively. Investment in PLDT is presented under financial assets at FVOCI.

29. Other Operating Income (Expenses)

This account consists of:

	2022	2021	2020
Gain on sale of investments (Notes 14 and 19)	**₱3,069,676,791**	₱261,944,949	₱105,789,465
Gain on sale of investment property (Notes 15 and 40)	**3,492,347,351**	–	193,846,467
Gain (loss) on sale and exchange of aircraft (Note 16)	**1,241,825,345**	1,388,678,985	(259,994,278)
Gain (loss) on bond reacquisition	**11,117,727**	–	(66,203,187)
Realized gain on sale of financial assets at FVOCI (Note 10)	**7,120,937**	8,569,740	23,850,313
Gain on insurance claims	**6,174,764**	138,049,029	807,409,620
Loss on debt extinguishment (Note 23)	**–**	(77,337,557)	–
Loss on loan modification (Note 11)	**–**	–	(273,536,633)
Others (Notes 16 and 21)	**(773,602,823)**	(1,257,922,986)	(677,436,959)
	₱7,054,660,092	₱461,982,160	(₱146,275,192)

Gain on Sale of Investments
In 2022, the Parent Company sold 36.0 million common shares of Meralco at a price of ₱344.0 per share for a total consideration, net of transaction costs, of ₱12.4 billion and with resulting gain on sale of ₱3.1 billion (see Note 14).

On December 23, 2020, the Parent Company entered into a share purchase agreement with Meralco PowerGen for the sale of 30.0% of the issued and outstanding shares of GBPC. The total consideration for the sale of the shares is around ₱11.4 billion, which shall be paid in installments. The closing of the transaction was completed on March 31, 2021 with a consolidated net gain of ₱261.9 million. As of December 31, 2021, the outstanding receivable related to the sale amounted ₱2.3 billion which was collected in September 2022 (Note 11).

Gain on Insurance Claims
In 2022, CAI received ₱6.2 million pertaining to insurance proceeds claimed for damages sustained by various aircraft from incidents and loss events.

On various dates in 2021, CAI received ₱138.0 million pertaining to insurance proceeds claimed for several loss events involving three (3) ATRs, one (1) A320 and one (1) A330 which occurred in 2019 and 2018. In September 2020, CAI received ₱807.4 million pertaining to insurance proceeds claimed for damages sustained by an A320 aircraft during a runway excursion incident at Iloilo International Airport last October 2017.

Others also include gain (loss) on sale of PPE and restructuring provisions.

30. Cost of Sales and Services

This account consists of:

	2022	2021	2020
Raw materials used	**₱122,952,603,845**	₱91,897,856,192	₱68,314,475,232
Direct labor	**5,707,424,425**	4,996,839,027	4,547,980,494
Overhead cost	**34,709,598,023**	29,541,006,911	25,494,699,198
Total manufacturing cost	**163,369,626,293**	126,435,702,130	98,357,154,924
Work-in-process	**(1,067,514,092)**	71,442,072	83,085,251
Cost of goods manufactured	**162,302,112,201**	126,507,144,202	98,440,240,175
Finished goods	**(5,824,000,467)**	(4,212,629,617)	1,991,972,197
Cost of sales	**156,478,111,734**	122,294,514,585	100,432,212,372
Cost of services	**76,075,386,257**	41,856,956,887	37,295,434,804
Cost of sales and services	**₱232,553,497,991**	₱164,151,471,472	₱137,727,647,176

Overhead cost consists of:

	2022	2021	2020
Utilities and fuel	**₱14,228,348,828**	₱11,727,372,166	₱8,922,811,089
Depreciation and amortization (Note 33)	**8,754,090,353**	7,939,138,864	7,856,207,845
Repairs and maintenance	**4,059,795,521**	3,573,380,419	3,792,972,892
Personnel (Note 32)	**3,418,832,092**	3,124,138,323	1,403,104,573
Taxes, licenses and fees	**1,702,706,251**	1,342,235,898	1,333,183,923
Security and other contracted services	**793,480,777**	821,524,859	757,673,080
Insurance	**582,941,179**	407,607,641	252,558,022
Rental (Note 42)	**222,278,228**	153,760,529	229,418,098
Handling and delivery charges	**211,375,275**	178,340,860	209,775,448
Research and development	**49,459,163**	90,452,181	44,386,508
Others	**686,290,356**	183,055,171	692,607,720
	₱34,709,598,023	₱29,541,006,911	₱25,494,699,198

Cost of services is composed of:

	2022	2021	2020
Real estate	**₱24,415,144,652**	₱21,198,200,185	₱14,503,445,997
Air transportation	**48,921,257,587**	19,065,731,725	21,277,642,920
Hotel operations	**2,553,453,140**	1,374,542,038	1,347,774,077
Information technology and services	**185,530,878**	218,482,939	166,571,810
	₱76,075,386,257	₱41,856,956,887	₱37,295,434,804

Further breakdown of the 'Cost of services' account showing the nature of expenses follow:

	2022	2021	2020
Fuel and oil	**₱24,506,760,493**	₱5,074,851,774	₱6,203,299,066
Cost of real estate sales (Note 12)	**14,129,022,918**	13,344,164,863	6,161,235,541
Maintenance costs	**13,290,642,713**	9,091,596,203	7,862,894,868
Depreciation and amortization (Note 33)	**5,356,945,528**	5,382,528,800	5,095,940,795
CUSA charges	**4,355,908,095**	2,812,732,973	2,701,520,778
Personnel (Note 32)	**3,978,876,238**	1,900,427,478	3,249,670,176
Ground handling charges	**3,556,327,781**	1,379,329,615	1,697,496,416
Landing and take-off	**2,018,733,458**	929,313,991	1,208,004,911
Reservation costs	**1,395,406,533**	417,541,871	565,824,225
Property operations and maintenance costs	**1,102,822,646**	937,258,013	774,190,573
Contracted services	**590,771,462**	98,323,185	594,014,144
Cost of food and beverage - hotel operations	**360,272,831**	120,156,022	116,701,743
Passenger liability insurance	**262,184,425**	258,566,589	280,305,266
Film rentals expense - amusement services	**205,148,349**	1,595,616	92,678,800
Passenger food and supplies	**144,396,738**	16,991,377	52,677,817
Travel and transportation	**90,836,453**	22,973,535	105,804,270
Interrupted/delayed trips expense	**87,250,128**	17,420,136	69,683,311
Pilot and crew meals	**70,602,609**	15,105,210	26,036,915
Cost of information technology and services	**6,619,815**	5,692,605	22,618,207
Customs, immigration and duties	**7,964,300**	1,072,415	5,320,113
Others	**557,892,744**	29,314,616	409,516,869
	₱76,075,386,257	₱41,856,956,887	₱37,295,434,804

31. General and Administrative Expenses

This account consists of:

	2022	2021	2020
Depreciation and amortization (Note 33)	**₱13,211,317,934**	₱15,277,462,938	₱16,946,210,376
Outside services	**12,314,053,088**	9,388,805,466	9,238,100,412
Personnel (Note 32)	**8,140,993,045**	7,338,751,817	6,847,646,520
Advertising and promotions	**8,295,929,956**	7,701,558,811	8,163,991,678
Taxes, licenses and fees	**1,449,511,269**	1,269,743,056	1,070,085,086
Repairs and maintenance	**1,296,858,356**	1,077,954,036	1,090,051,904
Sales commission	**1,100,358,690**	856,092,652	980,840,207
Aircraft and engine lease	**1,093,428,050**	443,481,483	284,665,157
Travel and transportation	**757,593,554**	252,468,480	427,937,039
Insurance	**548,943,097**	584,609,339	592,007,054
Rental (Note 42)	**539,450,009**	749,691,111	965,707,805
Utilities and supplies	**543,444,622**	356,286,580	399,222,341
Communication	**274,491,317**	269,182,613	282,090,772
Entertainment, amusement and recreation (Note 38)	**64,245,532**	77,670,138	73,948,194
Others	**991,724,189**	857,705,237	1,213,169,920
	₱50,622,342,708	₱46,501,463,757	₱48,575,674,465

Others
Other expenses include royalties, donation and contribution, and membership and subscription dues.

32. Personnel Expenses

This account consists of:

	2022	2021	2020
Salaries and wages	**₱10,999,322,619**	₱8,464,004,310	₱7,034,286,148
Other employee benefits	**4,030,323,841**	3,301,442,273	3,978,841,458
Pension expense	**509,054,915**	597,871,035	487,293,663
	₱15,538,701,375	₱12,363,317,618	₱11,500,421,269

The breakdown of personnel expenses follows:

	2022	2021	2020
General and administrative expenses (Note 31)	**₱8,140,993,045**	₱7,338,751,817	₱6,847,646,520
Cost of sales and services (Note 30)	**7,397,708,330**	5,024,565,801	4,652,774,749
	₱15,538,701,375	₱12,363,317,618	₱11,500,421,269

33. Depreciation and Amortization

The breakdown of depreciation and amortization on property, plant and equipment, investment properties, biological assets, intangible assets and ROU assets follows:

	2022	2021	2020
General and administrative expenses (Notes 15, 16, 18, and 31)	**₱13,211,317,934**	₱15,277,462,938	₱16,946,210,376
Cost of sales and services (Notes 15, 16 and 30)	**14,111,035,881**	13,321,667,664	12,952,148,640
Discontinued operations (Note 44)	**519,912,657**	1,733,038,588	1,708,666,135
	₱27,842,266,472	₱30,332,169,190	₱31,607,025,151

34. Provision for Impairment Losses and Others

This account consists of:

	2022	2021	2020
Provision for impairment losses on:			
Receivables (Note 11)	**₱49,310,103**	₱135,045,817	₱314,273,281
Property, plant and equipment (Note 16)	**409,731,548**	432,631,271	–
Inventory obsolescence and market decline (Note 12)	**9,394,630**	109,167,827	–
Investment in associates and joint venture	**–**	36,915,814	3,776,046
Investment properties (Note 15)	**–**	–	153,127
Other noncurrent assets	**–**	–	223,024
	₱468,436,281	₱713,760,729	₱318,425,478

35. Financing Costs and Other Charges

This account consists of:

	2022	2021	2020
Interest expense	**₱10,764,260,435**	₱8,853,447,467	₱8,719,413,192
Bank charges and others	**369,230,050**	257,637,139	193,966,799
	₱11,133,490,485	₱9,111,084,606	₱8,913,379,991

Sources of financing costs and other charges follow:

	2022	2021	2020
Long-term debt and bonds payable (Note 23)	**₱6,842,706,443**	₱7,066,408,213	₱6,979,351,987
Short-term debt (Note 23)	**2,476,372,470**	914,918,060	929,212,603
Others	**397,028,879**	350,464,628	249,875,661
	9,716,107,792	8,331,790,901	8,158,440,251
Accretion of lease liabilities (Note 42)	**1,314,827,598**	683,432,039	661,523,564
Amortization of debt issuance costs (Note 23)	**102,555,095**	95,861,666	93,416,176
	₱11,133,490,485	₱9,111,084,606	₱8,913,379,991

36. Components of Other Comprehensive Income

Below is the composition of the Group's 'Other comprehensive income':

	2022		
	Parent Company	**Non-controlling Interests**	**Total**
Net gain (loss) on FVOCI investments:			
Net changes in fair value of FVOCI of Parent and its subsidiaries			
Net changes in fair value during the period (Note 10)	**(₱14,224,111,355)**	**₱105,782,491**	**(₱14,118,328,864)**
Reclassification adjustment included in profit or loss arising from disposal of FVOCI (Notes 10 and 29)	**(7,120,937)**	**–**	**(7,120,937)**
	(14,231,232,292)	**105,782,491**	**(14,125,449,801)**
Net changes in fair value of FVOCI of an associate (Note 14)	**(117,251,074)**	**–**	**(117,251,074)**
	(14,348,483,366)	**105,782,491**	**(14,242,700,875)**
Net changes in fair value of cash flow hedge (Note 8):			
Net changes in fair value of derivatives taken to OCI	**369,271,764**	**189,345,163**	**558,616,927**
	(13,979,211,602)	**295,127,654**	**(13,684,083,948)**
Cumulative translation adjustments	**935,044,834**	**869,225,737**	**1,804,270,571**
Remeasurements due to defined benefit liability (DBL), net of tax (Note 37)			
Remeasurements of net DBL of Parent and subsidiaries	**98,785,344**	**65,681,789**	**164,467,133**
Share in remeasurements of net DBL of associates (Note 14)	**1,182,749,536**	**–**	**1,182,749,536**
	(₱11,762,631,888)	**₱1,230,035,180**	**(₱10,532,596,708)**

	2021		
	Parent Company	Non-controlling Interests	Total
Net gain (loss) on FVOCI investments:			
Net changes in fair value of FVOCI of Parent and its subsidiaries			
Net changes in fair value during the period (Note 10)	₱10,729,323,198	(₱442,045,521)	₱10,287,277,677
Reclassification adjustment included in profit or loss arising from disposal of FVOCI (Notes 10 and 29)	(8,569,740)	–	(8,569,740)
	10,720,753,458	(442,045,521)	10,278,707,937
Net changes in fair value of FVOCI of an associate (Note 14)	34,483,923	–	34,483,923
	10,755,237,381	(442,045,521)	10,313,191,860
Net changes in fair value of cash flow hedge (Note 8):			
Net changes in fair value of derivatives taken to OCI	23,730,026	27,779,849	51,509,875
	10,778,967,407	(414,265,672)	10,364,701,735
Cumulative translation adjustments	877,705,266	774,300,966	1,652,006,232
Remeasurements due to defined benefit liability (DBL), net of tax (Note 37)			
Remeasurements of net DBL of Parent and subsidiaries	440,451,416	239,338,401	679,789,817
Share in remeasurements of net DBL of associates (Note 14)	1,918,720,561	–	1,918,720,561
	₱14,015,844,650	₱599,373,695	₱14,615,218,345

	2020		
	Parent Company	Non-controlling Interests	Total
Net gain (loss) on FVOCI investments:			
Net changes in fair value of FVOCI of Parent and its subsidiaries			
Net changes in fair value during the period (Note 10)	₱9,006,210,691	₱74,830,797	₱9,081,041,488
Reclassification and adjustment included in profit or loss arising from disposal of FVOCI	(23,850,313)	–	(23,850,313)
	8,982,360,378	74,830,797	9,057,191,175
Net changes in fair value of FVOCI of an associate (Note 14)	55,663,285	–	55,663,285
	9,038,023,663	74,830,797	9,112,854,460
Net changes in fair value of cash flow hedge (Note 8):			
Net changes in fair value of derivatives taken to OCI	(145,612,532)	(85,310,250)	(230,922,782)
	8,892,411,131	(10,479,453)	8,881,931,678
Cumulative translation adjustments	(1,059,967,321)	(850,896,728)	(1,910,864,049)
Remeasurements due to defined benefit liability (DBL), net of tax (Note 37)			
Remeasurements of net DBL of Parent and subsidiaries	(34,411,579)	(30,669,098)	(65,080,677)
Share in remeasurements of net DBL of associates	(1,083,403,985)	–	(1,083,403,985)
	₱6,714,628,246	(₱892,045,279)	₱5,822,582,967

The income tax effects relating to other comprehensive income are as follows:

	2022		
	Before tax	**Tax benefit**	**Net of tax**
Net gains on financial assets at FVOCI of Parent Company and its subsidiaries	**(₱14,125,449,801)**	**₱–**	**(₱14,125,449,801)**
Cumulative translation adjustments	**1,804,270,571**	**–**	**1,804,270,571**
Net movement in cash flow hedge	**744,822,569**	**(186,205,642)**	**558,616,927**
Remeasurements due to defined benefit liability	**219,289,511**	**(54,822,378)**	**164,467,133**
Remeasurements due to defined benefit liability of associates	**1,182,749,536**	**–**	**1,182,749,536**
Net changes in fair value of financial assets at FVOCI of an associate (Note 10)	**(117,251,074)**	**–**	**(117,251,074)**
	(₱10,291,568,688)	**(₱241,028,020)**	**(₱10,532,596,708)**

	2021		
	Before tax	Tax benefit	Net of tax
Net gains on financial assets at FVOCI of Parent Company and its subsidiaries	₱10,278,707,937	₱–	₱10,278,707,937
Cumulative translation adjustments	1,652,006,232	–	1,652,006,232
Net movement in cash flow hedge	58,436,209	(6,926,334)	51,509,875
Remeasurements due to defined benefit liability	971,128,310	(291,338,493)	679,789,817
Remeasurements due to defined benefit liability of associates	1,918,720,561	–	1,918,720,561
Net changes in fair value of financial assets at FVOCI of an associate (Note 10)	34,483,923	–	34,483,923
	₱14,913,483,172	(₱298,264,827)	₱14,615,218,345

	2020		
	Before tax	Tax benefit	Net of tax
Net gains on financial assets at FVOCI of Parent Company and its subsidiaries	₱9,057,191,175	₱–	₱9,057,191,175
Cumulative translation adjustments	(1,910,864,049)	–	(1,910,864,049)
Net movement in cash flow hedge	(316,279,481)	85,356,699	(230,922,782)
Remeasurements due to defined benefit liability	(92,972,396)	27,891,719	(65,080,677)
Remeasurements due to defined benefit liability of associates	(1,083,403,985)	–	(1,083,403,985)
Net changes in fair value of financial assets at FVOCI of an associate (Note 10)	55,663,285	–	55,663,285
	₱5,709,334,549	₱113,248,418	₱5,822,582,967

37. Employee Benefits

Pension Plans

The Group has funded, noncontributory, defined benefit pension plans covering substantially all of their regular employees, except for JGSPC that has an unfunded, noncontributory defined benefit pension plan.

The pension funds are being administered and managed through JG Summit Multi-Employer Retirement Plan (the “Plan”), with RBC as Trustee. The plans provide for retirement, separation, disability and death benefits to their members. The Group, however, reserves the right to discontinue, suspend or change the rates and amounts of their contributions at any time on account of business necessity or adverse economic conditions. The retirement plan has an Executive Retirement Committee, that is mandated to approve the plan, trust agreement, investment plan, including any amendments or modifications thereto, and other activities of the Plan. Certain members of the BOD of

the Parent Company are represented in the Executive Retirement Committee. RBC manages the plan based on the mandate as defined in the trust agreement.

The amounts recognized as pension liabilities included under ‘Other noncurrent liabilities’ in the consolidated statements of financial position follow:

	2022	2021
Present value of defined benefit obligation	**₱5,022,978,516**	₱5,278,882,823
Fair value of plan assets	**2,873,800,981**	3,339,826,306
Pension liabilities (Note 24)	**₱2,149,177,535**	₱1,939,056,517

Changes in net defined benefit liability of funded funds in 2022 and 2021 follows:

	2022		
	Present value of defined benefit obligation	**Fair value of plan assets**	**Net defined benefit liability/(asset)**
Balance at beginning of year	**₱5,278,882,823**	**₱3,339,826,306**	**₱1,939,056,517**
Net benefit cost in consolidated statement of comprehensive income:			
Current service cost	**462,315,098**	**–**	**462,315,098**
Past service cost	**20,130,660**	**–**	**20,130,660**
Net interest cost	**243,385,832**	**148,268,032**	**95,117,800**
Subtotal	**725,831,590**	**148,268,032**	**577,563,558**
Benefits paid	**(265,623,537)**	**(280,837,296)**	**15,213,759**
Reclassification to assets and liabilities held for sale due to planned merger	**(₱374,821,869)**	**(₱286,253,680)**	**(₱88,568,189)**
Reversed company receivable during the year	**–**	**19,440,402**	**(19,440,402)**
Remeasurements in other comprehensive income:			
Return on plan assets	**–**	**(99,411,480)**	**99,411,480**
Actuarial changes arising from experience adjustments	**188,835,881**	**–**	**188,835,881**
Actuarial changes arising from changes in financial assumptions	**(344,862,814)**	**–**	**(344,862,814)**
Actuarial changes arising from changes in financial/demographic assumptions	**(162,674,058)**	**–**	**(162,674,058)**
Subtotal	**(318,700,991)**	**(99,411,480)**	**(219,289,511)**
Contributions paid	**(22,589,500)**	**32,768,697**	**(55,358,197)**
Balance at end of year	**₱5,022,978,516**	**₱2,873,800,981**	**₱2,149,177,535**

	2021		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability/(asset)
Balance at beginning of year	₱6,030,510,593	₱3,182,401,757	₱2,848,108,836
Net benefit cost in consolidated statement of comprehensive income:			
Current service cost	609,746,763	–	609,746,763
Past service cost	944,624	17,915	926,709
Net interest cost	223,703,329	125,847,480	97,855,849
Subtotal	834,394,716	125,865,395	708,529,321
Benefits paid	(478,842,336)	(222,758,733)	(256,083,603)
Asset transfer	24,117,102	–	24,117,102
Settlement	673,633	673,669	(36)
Effect of curtailment	(698,191)	–	(698,191)
Remeasurements in other comprehensive income:			
Return on plan assets	–	(126,818,583)	126,818,583
Actuarial changes arising from experience adjustments	108,258,731	–	108,258,731
Actuarial changes arising from changes in financial assumptions	(1,114,988,487)	–	(1,114,988,487)
Actuarial changes arising from changes in financial/demographic assumptions	(91,217,137)	–	(91,217,137)
Subtotal	(1,097,946,893)	(126,818,583)	(971,128,310)
Contributions paid	(33,325,801)	380,462,801	(413,788,602)
Balance at end of year	₱5,278,882,823	₱3,339,826,306	₱1,939,056,517

The fair value of plan assets by each class as at the end of the reporting period are as follow:

	2022	2021
ASSETS		
Cash and cash equivalents	**₱76,217,607**	₱20,579,475
UITF investments	**349,962,494**	2,235,777,725
Debt instruments	**1,703,737,691**	471,277,958
Financial assets at FVOCI	**3,626,433**	96,776,126
Equity investments	**36,268,192**	38,295,970
Receivable	**565,877,309**	317,959,187
Accrued interest receivable	**65,937,035**	4,230,545
Prepayments and other assets	**36,949,424**	50,358,443
Land	**143,201,000**	143,201,000
	2,981,777,185	3,378,456,429
LIABILITIES		
Current liabilities	**107,976,204**	38,630,123
	₱2,873,800,981	₱3,339,826,306

The overall expected rates of return on assets are based on the market expectations prevailing as at the reporting date, applicable to the period over which the obligation is settled.

The average duration of the defined benefit obligation of the Group as of December 31, 2022 is 9.22 years.

The Group expects to contribute ₱426.0 million into the pension fund in 2023.

The assumptions used to determine the pension benefits of the Group follow:

	2022			
	Retirement Age	**Average Remaining Working Life (in years)**	**Salary Rate Increase**	**Discount Rate**
Parent Company	**60.0**	**20.6**	**5.50%**	**7.26%**
URC	**60.0**	**22.3**	**5.50%**	**7.27-7.28%**
RLC	**60.0**	**12.3 to 21.2**	**5.00%**	**6.90%**
CAI	**60.0**	**23.0 to 27.0**	**5.00%**	**7.16%**
Aspen	**60.0**	**26.8**	**5.70%**	**7.07%**
JGSOC	**60.0**	**27.5**	**5.00%**	**7.26%**
Unicon	**60.0**	**23.9**	**8.00%**	**7.30%**
LSB	**60.0**	**26.1**	**5.70%**	**7.16%**
DAVI	**60.0**	**25.7**	**4.00%**	**7.28%**
APVI	**60.0**	**37.0**	**5.00%**	**6.98%**

	2021			
	Retirement Age	Average Remaining Working Life (in years)	Salary Rate Increase	Discount Rate
Parent Company	60.0	20.4	4.00%	5.11%
URC	60.0	9.0	4.00% to 5.70%	5.09%
RLC	60.0	12.3 to 21.2	4.00% to 5.00%	3.17% to 5.19%
CAI	60.0	24.0 to 27.0	4.00% to 5.00%	4.94% to 5.18%
RBC	60.0	26.1	5.70%	5.01%
JGSPC	60.0	27.8	4.00%	5.13%
JGSOC	60.0	28.1	4.00%	5.13%
Unicon	60.0	26.1	8.00%	5.16%
LSB	60.0	26.1	5.70%	5.01%
APVI	60.0	37.0	5.00%	5.08%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the retirement benefit obligation as of December 31, 2022 and 2021, assuming if all other assumptions were held constant:

	2022									
	Parent Company	**URC**	**RLC**	**CAI**	**RBC**	**LSB**	**DAVI**	**JGSOC**	**APVI**	**Unicon**
Discount rates										
+1.00%	**(₱3,017,604)**	**(₱212,755,116)**	**(₱51,189,310)**	**(₱79,547,067)**	**(₱22,585,388)**	**(₱4,554,963)**	**(₱1,538,811)**	**(₱24,435,919)**	**(₱126,229)**	**(₱316,565)**
(-1.00%)	**3,438,893**	**246,830,177**	**58,400,283**	**90,457,732**	**25,392,632**	**5,690,156**	**1,747,656**	**28,371,863**	**147,989**	**369,240**
Future salary increases										
+1.00%	**3,465,116**	**248,756,290**	**57,886,520**	**79,106,183**	**25,508,838**	**5,600,835**	**1,788,712**	**28,735,993**	**149,935**	**363,028**
(-1.00%)	**(3,092,206)**	**(217,988,042)**	**(51,718,732)**	**(70,210,121)**	**(23,085,715)**	**(4,574,445)**	**(1,598,681)**	**(25,146,066)**	**(131,046)**	**(317,386)**

	2021									
	Parent Company	URC	RLC	CAI	RBC	LSB	JGSPC	JGSOC	APVI	Unicon
Discount rates										
+1.00%	(₱2,909,332)	(₱230,507,684)	(₱51,236,348)	(₱65,037,541)	(₱24,104,214)	(₱4,554,963)	(₱26,814,338)	(₱3,093,406)	(₱157,499)	(₱353,298)
(-1.00%)	3,341,795	269,614,527	58,401,162	74,223,472	27,327,717	5,690,156	31,687,624	3,728,820	137,031	422,867
Future salary increases										
+1.00%	3,345,550	269,864,839	71,592,086	74,371,992	26,866,819	5,600,835	31,727,055	3,733,895	191,685	406,610
(-1.00%)	(2,964,909)	(234,831,852)	(63,219,388)	(66,320,878)	(24,171,317)	(4,574,445)	(27,321,879)	(3,151,647)	(165,932)	(347,732)

Shown below is the maturity analysis of the undiscounted benefit payments of the Group:

	2022	2021
Less than 1 year	**₱557,390,049**	₱477,298,933
More than 1 years to 5 years	**2,020,176,113**	2,179,655,109
More than 5 years to 10 years	**2,998,996,621**	3,289,762,283
More than 10 years to 15 years	**3,677,725,084**	3,437,540,953
More than 15 years to 20 years	**4,089,826,052**	3,562,542,239
More than 20 years	**10,895,205,198**	8,410,847,173

38. **Income Taxes**

Provision for (benefit from) income tax consists of:

	2022	2021	2020
Corporate	**₱5,169,304,853**	₱3,337,625,304	₱3,083,472,146
Final	**199,394,261**	17,381,979	29,502,208
Deferred	**(2,618,351,691)**	(3,273,058,466)	(378,021,111)
	₱2,750,347,423	₱81,948,817	₱2,734,953,243

The Group recognized benefit (provision) for income tax in 'OCI' for OCI items amounting to (₱241.0 million), (₱298.3 million) and ₱113.2 million in 2022, 2021 and 2020, respectively (see Note 36).

Republic Act (RA) No. 9337
Current tax regulations provide that the RCIT rate shall be 30.0% and interest expense allowed as a deductible expense is reduced by 33.0% of interest income subjected to final tax.

The NIRC of 1997 also provides for rules on the imposition of a 2.0% MCIT on the gross income as of the end of the taxable year beginning on the fourth taxable year immediately following the taxable year in which the Company commenced its business operations. Any excess MCIT over the RCIT can be carried forward on an annual basis and credited against the RCIT for the three immediately succeeding taxable years.

Starting July 1, 2008, the Optional Standard Deduction (OSD) equivalent to 40.0% of gross income may be claimed as an alternative deduction in computing for the RCIT.

CREATE Act
The Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act was signed into law on March 26, 2021. This aimed to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 of the CREATE Act introduced reforms to the corporate income tax and incentives systems. It took effect 15 days after its complete publication in the Official Gazette on April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Group:

- Effective July 1, 2020, RCIT rate is reduced from 30.0% to 25.0% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5.0 million and with total assets not exceeding ₱100.0 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20.0%.
- MCIT rate reduced from 2.0% to 1.0% of gross income effective July 1, 2020 to June 30, 2023.
- Effective January 1, 2021, income tax rate for nonresident foreign corporation is reduced from 30.0% to 25.0%.
- Imposition of improperly accumulated earnings tax (IAET) is repealed.
- Foreign-sourced dividends received by domestic corporations are exempt from income tax subject to the following conditions:
  - The funds from such dividends actually received or remitted into the Philippines are reinvested in the business operations of the domestic corporation in the Philippines within the next taxable year from the time the foreign-sourced dividends were received;
  - Shall be limited to funding the working capital requirements, capital expenditures, dividend payments, investment in domestic subsidiaries, and infrastructure project; and
  - The domestic corporation holds directly at least 20.0% of the outstanding shares of the foreign corporation and has held the shareholdings for a minimum of 2 years at the time of the dividend distribution.
- Qualified domestic market enterprises shall be entitled to 4 to 7 years income tax holiday (ITH) to be followed by 5 years enhanced deductions (ED).
- For investments prior to effectivity of CREATE:
  - Registered business enterprises (RBEs) granted only an ITH – can continue with the availment of the ITH for the remaining period of the ITH.
  - RBEs granted an ITH followed 5.0% GIT or are currently enjoying 5.0% GIT – allowed to avail of the 5.0% GIT for 10 years.

Based on the provisions of Revenue Regulations No. 5-2021 dated April 8, 2021 issued by the BIR, the transitory RCIT and MCIT rates for taxable year 2020 are 27.50% and 1.50%, respectively. The reduced amounts were reflected in the Group's 2020 annual income tax returns filed in 2021. However, for financial reporting purposes, the changes were only recognized in the 2021 financial statements.

The deferred tax assets and liabilities as of December 31, 2020 were also remeasured using the lower RCIT rate of 25.00%. These reductions were recognized in the 2021 financial statements.

Entertainment, Amusement and Recreation (EAR) Expenses
Current tax regulations define expenses to be classified as EAR expenses and set a limit for the amount that is deductible for tax purposes. EAR expenses are limited to 0.5% of net sales for sellers of goods or properties or 1.0% of net revenue for sellers of services. For sellers of both goods or properties and services, an apportionment formula is used in determining the ceiling on such expenses. The Group recognized EAR expenses (included under 'General and administrative expenses' in profit or loss in the consolidated statements of comprehensive income) amounting to ₱141.4 million, ₱177.6 million and ₱171.9 million in 2022, 2021 and 2020, respectively (see Note 31).

Compositions of the Group's net deferred tax assets (included in the 'Other noncurrent assets' in the consolidated statements of financial position) follow (see Note 20):

	2022	2021
Deferred tax assets on:		
Net operating loss carry-over	**₱2,395,930,103**	₱3,077,280,351
Asset retirement obligation	**2,415,901,082**	1,771,179,823
Lease liabilities	**2,585,508,684**	1,117,250,769
Allowance for impairment losses on receivables and property and equipment	**183,234,055**	886,335,069
Unrealized loss on net derivative liability	**382,686,730**	432,740,192
Unfunded pension liabilities	**445,411,798**	413,976,301
Unrealized forex loss	**389,226,964**	276,335,620
Foreign subsidiaries	**46,369,203**	42,413,828
MCIT carryforward	**3,381,164**	20,978,020
Others	**780,771,489**	541,516,430
Total	**9,628,421,272**	8,580,006,403
Deferred tax liabilities on:		
Double depreciation	**(2,185,612,382)**	(2,564,476,957)
Unrealized foreign exchange gain-net	**(281,772,700)**	(247,812,111)
Excess of fair value of assets acquired over cost	**(154,704,634)**	(154,704,634)
Others	**(374,502,835)**	(470,723,618)
	(2,996,592,551)	(3,437,717,320)
Net deferred tax asset	**₱6,631,828,721**	₱5,142,289,083

As of December 31, 2022, deferred tax asset under 'others' include provision for heavy maintenance visits and allowance for inventory write-downs amounting to ₱680.3 million and ₱63.1 million, respectively. As of December 31, 2021, deferred tax asset under 'others' include provision for heavy maintenance visits and allowance for inventory write-downs amounting to ₱270.7 million and ₱82.7 million, respectively.

Compositions of the Group's net deferred tax liabilities reported in the consolidated statements of financial position follow:

	2022	2021
Deferred tax assets on:		
Lease liabilities	**₱625,298,289**	₱541,054,435
Unfunded pension benefits	**139,099,542**	194,392,963
Accrued interest expense	**142,821,239**	134,342,482
Allowance for impairment losses on receivables and property, plant and equipment	**60,088,912**	59,721,982
MCIT carryforward	**13,467,599**	11,297,825
Others	**115,592,407**	132,543,901
Total	**1,096,367,988**	1,073,353,588
Deferred tax liabilities on:		
Intangibles	**(1,030,428,235)**	(996,512,626)
Excess of real estate revenue based on percentage-of-completion over real estate revenue based on tax rules	**(1,449,264,837)**	(1,904,785,955)

(Forward)

	2022	2021
Unamortized capitalized interest	**(₱1,235,578,133)**	(₱1,345,941,427)
Undistributed income of foreign subsidiaries	**(1,059,546,801)**	(946,675,218)
Accrued rent income	**(575,339,880)**	(559,591,550)
Accelerated depreciation	**(189,894,873)**	(193,870,221)
Right-of-use asset	**(548,586,037)**	(299,702,648)
Accrued commission	**(1,512,737)**	–
Others	**(259,188,738)**	(164,273,521)
	(6,349,340,271)	(6,411,353,166)
Net deferred tax liability	**(₱5,252,972,283)**	(₱5,337,999,578)

The following are the temporary differences on which the Group did not recognize deferred tax assets:

	2022	2021
NOLCO*	**₱45,601,909,645**	₱37,676,251,559
Allowance for credit and impairment losses	**310,427,433**	310,427,433
Net pension liability	**346,077,792**	298,051,363
Excess MCIT over RCIT	**12,649,360**	28,779,264
Allowance for inventory write-down	**2,392,606,993**	18,707,758
Unamortized contribution of past service costs	**–**	3,984,944
	₱48,663,671,223	₱38,336,202,321

**Attributable to the Parent Company, CAI, CEBGO, JGSOC and URC*

Details of the Parent Company's NOLCO follow:

Year Incurred	Amount	Applied	Expired	Balance	Expiry Year
2022	₱1,518,351,919	₱–	₱–	₱1,518,351,919	2025
2021	1,492,891,029	–	–	1,492,891,029	2026
2020	2,140,201,594	–	–	2,140,201,594	2025
2019	2,687,194,688	–	(2,687,194,688)	–	2022
	₱7,838,639,230	₱–	(₱2,687,194,688)	₱5,151,444,542	

Under Section 11 of R. A. No. 7151 (CAI's Congressional Franchise) and under Section 15 of R. A. No. 9517 (Cebgo, Inc.'s Congressional Franchise), known as the "ipso facto clause" and the "equality clause", respectively, the CAI and Cebgo, Inc. are allowed to benefit from the tax privileges being enjoyed by competing airlines. CAI's and Cebgo, Inc.'s major competitor, by virtue of PD No. 1590, is enjoying tax exemptions which are likewise being claimed by the CAI and Cebgo, Inc., if applicable, including but not limited to the following:

a) To depreciate its assets to the extent of not more than twice as fast the normal rate of depreciation; and
b) To carry over as a deduction from taxable income any net loss (NOLCO) incurred in any year up to five years following the year of such loss.

Included in the Group's NOLCO and MCIT are CAI's and Cebgo, Inc.'s NOLCO and MCIT as follows:

CAI NOLCO

Year Incurred	Amount	Applied	Expired	Balance	Expiry Year
2022	₱5,892,099,712	₱–	₱–	₱5,892,099,712	2027

CEBGO NOLCO

Year Incurred	Amount	Applied	Expired	Balance	Expiry Year
2022	₱526,518,435	₱–	₱–	₱526,518,435	2027

A-PLUS NOLCO

Year Incurred	Amount	Applied	Expired	Balance	Expiry Year
2022	₱49,790,993	₱–	₱–	₱49,790,993	2027

Furthermore, details of CEBGO's remaining excess MCIT are as follows:

CEB MCIT

Year Incurred	Amount	Applied	Expired	Balance	Expiry Year
2022	₱8,646,570	₱–	₱–	₱8,646,570	2025

CEBGO MCIT

As of December 31, 2022 and 2021, CEBGO has no MCIT due to its gross tax loss position.

A-PLUS MCIT

Year Incurred	Amount	Applied	Expired	Balance	Expiry Year
2022	₱2,676,260	₱–	₱–	₱2,676,260	2025
2021	1,270,183	–	–	1,270,183	2024
	₱3,946,443	₱–	₱–	₱3,946,443	

In addition, pursuant to Section 4 (bbbb) of R.A. No. 11494 (Bayanihan to Recover as One Act) and as implemented under Revenue Regulations (RR) No. 25-2020, the NOLCO of a business or enterprise incurred for taxable years 2020 and 2021 can be carried over as deduction from gross income for the next five consecutive taxable years immediately following the year of such loss.

CAI

Year Incurred	Amount	Applied	Expired	Balance	Expiry Year
2021	₱18,403,734,817	₱–	₱–	₱18,403,734,817	2026
2020	21,026,735,635	–	–	21,026,735,635	2025
	₱39,430,470,452	₱–	₱–	₱39,430,470,452	

CEBGO NOLCO

Year Incurred	Amount	Applied	Expired	Balance	Expiry Year
2021	₱1,348,925,483	₱–	₱–	₱1,348,925,483	2026
2020	1,111,045,562	–	–	1,111,045,562	2025
	₱2,459,971,045	₱–	₱–	₱2,459,971,045	

A-PLUS NOLCO

Year Incurred	Amount	Applied	Expired	Balance	Expiry Year
2021	₱188,837,864	₱37,721,802	₱–	₱151,116,062	2026

CAI has outstanding registrations with the BOI as a new operator of air transport on a pioneer and non-pioneer status under the Omnibus Investments Code of 1987 (Executive Order 226). On all existing registrations, CAI can avail of bonus years in certain specified cases but the aggregate ITH availments (basic and bonus years) shall not exceed eight years.

As of December 31, 2022 and 2021, CAI has complied with externally imposed capital requirements set by the BOI in order to avail of the ITH incentives for aircraft of registered activity.

Reconciliation between the Group's statutory income tax rate and the effective income tax rate follows:

	2022	2021	2020
Statutory income tax rate	**25.00%**	25.00%	30.00%
Tax effects of:			
Changes in unrecognized deferred tax assets	**51.36**	48.33	211.94
Equity in net earnings of affiliates	**(26.24)**	(21.21)	(70.06)
Income subjected to BOI, PEZA and ITH	**(8.54)**	(11.84)	(14.49)
Income exempt from tax	**(5.58)**	(6.51)	(29.22)
Non-deductible items	**3.38**	5.28	14.89
Interest income subject to final tax	**(3.28)**	(1.58)	(14.06)
Net income before tax of subsidiaries with different tax rates	**(2.16)**	(33.27)	(50.27)
CREATE Act adjustment	–	(4.47)	–
Others	**(6.19)**	6.24	9.10
Effective income tax rate	**27.75%**	5.97%	87.82%

39. Earnings Per Share

Basic earnings per share is calculated by dividing the net income for the year attributable to equity holders of the Parent Company divided by the weighted average number of common shares outstanding during the year (adjusted for any stock dividends).

The following tables reflect the net income and share data used in the basic/dilutive EPS computations:

Earnings per share attributable to equity holders of the Parent Company

	2022	2021	2020
Income (loss) from continuing operations attributable to equity holders of the Parent Company	**(₱287,202,040)**	₱3,888,981,191	(₱1,504,492,610)
Less: Dividends on preferred shares (Note 25)	**16,000,000**	15,200,000	15,200,000
Income (loss) from continuing operations attributable to holders of common shares of the Parent Company	**(303,202,040)**	3,873,781,191	(1,519,692,610)
Income from discontinued operations attributable to equity holders of the Parent Company	**937,824,206**	1,219,248,580	1,036,333,082
Income (loss) attributable to holders of common shares of the Parent Company	**₱634,622,166**	₱5,093,029,771	(₱483,359,528)
Weighted average number of common shares	**7,520,983,658**	7,520,983,658	7,520,983,658
Basic/diluted earnings (loss) per share			
Continuing operations	**(₱0.04)**	₱0.52	(₱0.20)
Discontinued operations	**0.12**	0.16	0.14
	₱0.08	₱0.68	(₱0.06)

There were no potential dilutive common shares in 2022, 2021 and 2020.

40. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions or if they are subjected to common control or common significant influence. Related parties may be individuals or corporate entities. Transactions between related parties are based on terms similar to those offered to non-related parties and are generally settled in cash. Due from and due to related parties are collectible/payable on demand, except for certain due from related parties amounting to ₱1.8 billion and ₱2.8 billion as of December 31, 2022 and 2021, respectively, which will mature in April 2024.

Intercompany transactions with subsidiaries are eliminated in the accompanying consolidated financial statements. In addition to the related party information disclosed elsewhere in the consolidated financial statements, the year-end balances in respect of related parties follow:

		2022				
			Outstanding Balance			
Related Party	**Category/Transaction**	**Amount/Volume**	**Consolidated Statement of Financial Position**	**Consolidated Statement of Comprehensive Income**	**Terms**	**Conditions**
Subsidiaries:						
Due from related parties	Settlement of advances	**(₱590,714,)**	**₱421,475,655**	**₱–**	On demand; Non-interest bearing	Unsecured; Not impaired
	Receivables	**(358,424,509)**	**383,624,156**	**–**	On demand; Non-interest bearing	Unsecured; Not impaired
	Notes receivable	**(4,876,357,710)**	**8,408,841,620**	**–**	On demand; Non-interest bearing	Unsecured; Not impaired
	Other income: allocation of IT charges and CCU expenses	**540,852,690**	**–**	**540,852,690**		
	Rent income	**150,708,502**	**–**	**150,708,502**		
	Management fees	**54,600,000**	**–**	**54,600,000**		
Due to related parties	Availment of advances	**(2,691,868,434)**	**992,486,005**	**–**	On demand; Non-interest bearing	Unsecured
	Short-term debt	**1,768,775,000**	**2,542,775,000**	**–**	Interest-bearing	Unsecured
	Long-term debt	**2,264,000,000**	**4,711,667,500**	**–**	Interest-bearing	Secured

(Forward)

		2022				
			Outstanding Balance			
Related Party	**Category/Transaction**	**Amount/Volume**	**Consolidated Statement of Financial Position**	**Consolidated Statement of Comprehensive Income**	**Terms**	**Conditions**
Cash in bank	Deposits	**(₱5,023,135,360)**	**₱8,818,333,025**	**₱–**	On demand	Unsecured
Cash equivalents	Money market placements	**(108,981,801)**	**12,527,008,201**	**–**	2 to 41 days; Interest bearing with interest rate ranging from 1.50% to 2.04%	Unsecured; Not impaired
Dividends	Dividend receivable	**181,000,000**	**1,774,529,595**	**–**	On demand	Unsecured; Not impaired
	Dividend income	**6,021,342,151**	**–**	**6,021,342,151**		
Associates:						
Due from related parties	Advances (in accordance with joint venture agreement)	**8,300,493**	**2,830,204,712**	**–**	Interest-bearing at PDST R2 of applicable interest period	Unsecured; Not impaired
	Advances	**(33,707,167)**	**27,945,389**	**–**	On demand; Non-interest-bearing	Unsecured; Not impaired
	Loans	**(4,553,740)**	**90,977,300**	**–**	2% per annum	Unsecured; Not impaired
	Receivables	**4,749,876**	**4,909,175**	**–**	Non-interest bearing	Unsecured; Not impaired
	Sublease agreement	**40,347,032**	**80,572,339**	**–**	Payable monthly	Unsecured; Not impaired
	Dividend income	**20,262,101**	**–**	**20,262,101**		
	Rent income	**432,988**	**–**	**432,988**		
	Other income: allocation of CCU expenses	**9,282,311**	**–**	**9,282,311**		
	Utilities expense	**6,253,123**	**–**	**6,253,123**		
	Groundhandling and maintenance services	**72,858,379**	**609,164,287**	**–**	Non-interest bearing	Unsecured; Not impaired
Receivables	Collection of balance on the proceeds from sale of GBPC	**(2,272,650,000)**	**–**	**–**	Interest-bearing	Unsecured; Not impaired

(Forward)

2022

Related Party	Category/Transaction	Amount/Volume	Outstanding Balance: Consolidated Statement of Financial Position	Outstanding Balance: Consolidated Statement of Comprehensive Income	Terms	Conditions
Other Related Parties:						
Receivables	Uncollected balance on the proceeds from sale of investment property	**₱2,383,354,600**	**₱2,383,354,600**	₱–	Payable in installment	Unsecured; Not impaired
	Gain on sale of investment property	**3,268,173,353**	–	**3,268,173,353**		
Due from related parties	Settlement of advances	**149,220,442**	**698,304,942**	–	On demand; Non-interest bearing	Unsecured; Not impaired
	Rent receivables	**(33,905,738)**	**79,595,133**	–	On demand; Non-interest bearing	Unsecured; Not impaired
	Rent income	**1,565,266**	–	**1,565,266**		
	Other income: allocation of IT charges and CCU expenses	**162,573,811**	–	**162,573,811**		
	Gain on sale of investment property	**188,486,462**		**188,486,462**		
Due to related parties	Availment of advances	**(7,625,971)**	**161,443,000**	–	On demand; Non-interest bearing	Unsecured
Director's fees (included under 'Outside Services' account)	Expenses	**7,335,000**	–	**7,335,000**		

2021

Related Party	Category/Transaction	Amount/Volume	Outstanding Balance: Consolidated Statement of Financial Position	Outstanding Balance: Consolidated Statement of Comprehensive Income	Terms	Conditions
Subsidiaries:						
Due from related parties	Settlement of advances	(₱534,978)	₱422,066,369	₱–	On demand; Non-interest bearing	Unsecured; Not impaired
	Receivables	(419,635,383)	742,048,665	–	On demand; Non-interest bearing	Unsecured; Not impaired

(Forward)

2021

Related Party	Category/Transaction	Amount/Volume	Outstanding Balance: Consolidated Statement of Financial Position	Outstanding Balance: Consolidated Statement of Comprehensive Income	Terms	Conditions
	Notes receivable	₱8,482,899,330	₱13,285,199,330	₱–	Interest-bearing	Unsecured; Not impaired
	Other income: allocation of IT charges and CCU expenses	610,424,198	–	610,424,198	On demand; Non-interest bearing	Unsecured; Not impaired
	Rent income	144,117,358	–	144,117,358	On demand; Non-interest bearing	Unsecured; Not impaired
	Management fees	54,600,000	–	54,600,000		
Due to related parties	Availment of advances	–	3,684,354,439	–	On demand; Non-interest bearing	Unsecured
	Short-term debt	(364,000,000)	774,000,000	–	Interest-bearing	Unsecured
	Long-term debt	–	2,447,667,500	–	Interest-bearing	Secured
Cash in bank	Deposits	11,530,936,707	13,841,468,385	–	On demand	Unsecured
Cash equivalents	Money market placements	8,719,290,251	12,635,990,002	–	2 to 41 days; Interest bearing with interest rate ranging from 1.50% to 2.04%	Unsecured; Not impaired
Dividends	Dividend receivable	–	1,593,529,595	–	On demand	Unsecured; Not impaired
	Dividend income	4,809,321,356	–	4,809,321,356		
Associates:						
Due from related parties	Advances (in accordance with joint venture agreement)	1,821,904,219	2,821,904,219	–	Interest-bearing at PDST R2 of applicable interest period	Unsecured; Not impaired
	Advances	645,349	61,652,556	–	On demand; Non-interest-bearing	Unsecured; Not impaired
	Loans	1,397,524	95,531,040	–	2% per annum	Unsecured; Not impaired
	Receivables	(702,399)	159,299	–	Non-interest bearing	Unsecured; Not impaired
	Sublease agreement	26,346,473	40,225,307	–	Payable monthly	Unsecured; Not impaired
	Dividend income	4,739,273,350	–	4,739,273,350		
	Rent income	715,755	–	715,755		

(Forward)

2021						
			Outstanding Balance			
Related Party	Category/Transaction	Amount/Volume	Consolidated Statement of Financial Position	Consolidated Statement of Comprehensive Income	Terms	Conditions
	Other income: allocation of CCU expenses	₱96,814	₱–	₱96,814		
	Utilities expense	5,417,424	–	5,417,424		
	Groundhandling and maintenance services	55,011,098	536,305,908	–	Non-interest bearing	Unsecured; Not impaired
Receivables	Uncollected balance on the proceeds from sale of GBPC	2,272,650,000	2,272,650,000	–	Interest-bearing	Unsecured; Not impaired
Other Related Parties:						
Due from related parties	Settlement of advances	(114,614,027)	549,084,500	–	On demand; Non-interest bearing	Unsecured; Not impaired
	Rent receivables	(120,299,358)	113,500,871	–	On demand; Non-interest bearing	Unsecured; Not impaired
	Rent income	1,796,147	–	1,796,147		
	Other income: allocation of IT charges and CCU expenses	150,066,582	–	150,066,582	On demand; Non-interest bearing	Unsecured; Not impaired
Due to related parties	Settlement of advances	26,009,726	169,068,971	–	On demand; Non-interest bearing	Unsecured
Director's fees (included under 'Outside Services' account)	Expenses	8,125,000	–	8,125,000		

2020						
			Outstanding Balance			
Related Party	Category/Transaction	Amount/Volume	Consolidated Statement of Financial Position	Consolidated Statement of Comprehensive Income	Terms	Conditions
Subsidiaries:						
Due from related parties	Availment of advances	(₱274,680,197)	₱422,601,347	₱–	On demand; Non-interest bearing	Unsecured; Not impaired
	Receivables	794,669,335	1,163,092,322	–	On demand; Non-interest bearing	Unsecured; Not impaired
	Notes receivable	4,802,300,000	4,802,300,000	–	Interest-bearing	Unsecured; Not impaired
	Other income: allocation of IT charges and CCU expenses	528,950,831	–	528,950,831	On demand; Non-interest bearing	Unsecured; Not impaired
	Rent income	140,331,700	–	140,331,700	On demand; Non-interest bearing	Unsecured; Not impaired
	Management fees	54,600,000	–	54,600,000		
Due to related parties	Availment of advances	175,761,872	3,434,747,201	–	On demand; Non-interest bearing	Unsecured; Not impaired
	Short-term debt	1,138,000,000	1,138,000,000	–	Interest-bearing	Unsecured
	Long-term debt	2,447,667,500	2,447,667,500	–	Interest-bearing	Secured
Cash in bank	Deposits	(3,321,561)	2,310,531,678	–	On demand	Unsecured
Cash equivalents	Money market placements	1,662,376,994	3,916,699,751	–	2 to 41 days; Interest bearing with interest rate ranging from 1.50% to 2.04%	Unsecured; Not impaired
Dividends	Dividend receivable	70,000,000	1,663,529,595	–	On demand	Unsecured; Not impaired
	Dividend income	5,541,564,987	–	5,541,564,987		
Associates:						
Due from related parties	Advances (in accordance with joint venture agreement)	(330,000,000)	1,000,000,000	–	Interest-bearing at PDST R2 of applicable interest period	Unsecured; Not impaired
	Advances	59,645,928	61,007,207	–	On demand; Non-interest-bearing	Unsecured; Not impaired
	Loans	2,579,089	94,133,516	–	2% per annum	Unsecured; Not impaired

(Forward)

2020						
			Outstanding Balance			
Related Party	Category/Transaction	Amount/Volume	Consolidated Statement of Financial Position	Consolidated Statement of Comprehensive Income	Terms	Conditions
	Sublease agreement	₱13,878,834	₱13,878,834	₱–	Payable monthly	Unsecured; Not impaired
	Dividend income	6,457,898,481	–	6,457,898,481		
	Rent income	569,463	–	569,463		
	Other income: allocation of CCU expenses	5,953,449	–	5,953,449		
	Receivables	857,802	861,698	–		
	Utilities expense	4,828,388	–	4,828,388		
	Groundhandling and maintenance services	265,357,373	484,990,150	–	Non-interest bearing	Unsecured; Not impaired
Other Related Parties:						
Due from related parties	Settlement of advances	(47,226,617)	663,698,527	–	On demand; Non-interest bearing	Unsecured; Not impaired
	Rent receivables	233,537,931	233,840,809	–	On demand; Non-interest bearing	Unsecured; Not impaired
	Rent income	1,822,826		1,822,826		
	Other income: allocation of IT charges and CCU expenses	162,660,861	–	162,660,861	On demand; Non-interest bearing	Unsecured; Not impaired
Due to related parties	Settlement of advances	28,223,835	143,059,245	–	On demand; Non-interest bearing	Unsecured; Not impaired
Director's fees (included under 'Outside Services' account' account)	Expenses	7,275,000	–	7,275,000		

The Parent Company signed various financial guarantee agreements with third parties for the short-term and long-term loans availed by its subsidiaries as discussed in Note 23 to the consolidated financial statements. No fees are charged for these guarantee agreements. Being the centralized treasury department within the Group, the Parent Company usually receives advances from subsidiaries and in turn, makes advances to other subsidiaries. Total debt of subsidiaries guaranteed by the Parent Company in 2022 and 2021 amounted to ₱110.7 billion and ₱99.4 billion, respectively.

Interest earned by the Parent Company on transactions with related parties amounted to ₱1.3 million and ₱5.0 million in 2022 and 2021, respectively. Interest expense incurred amounted to nil in 2022 and 2021. Provision for credit losses on advances to related parties amounted to ₱10.0 million and nil in 2022 and 2021, respectively.

Most of the aforementioned intercompany transactions between the Parent Company and its subsidiaries are eliminated in the accompanying consolidated financial statements.

Transactions with the retirement plan
The retirement fund of the Parent Company's employees amounted to ₱2.9 million and ₱2.8 million as of December 31, 2022 and 2021, respectively. The fund is being managed by JG Summit Multi-Employer Retirement Plan (MERP), a corporation created for the purpose of managing the funds of the Group, with RBC as the trustee.

The retirement plan under the MERP has an Executive Retirement Committee, that is mandated to approve the plan, trust agreement, investment plan, including any amendments or modifications thereto, and other activities of the plan. Certain members of the BOD of the Parent Company are represented in the Executive Retirement Committee. RBC manages the plan based on the mandate as defined in the trust agreement.

Compensation of key management personnel
There are no agreements between the Group and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Group's pension plans.

The compensation of the Group's key management personnel by benefit type follows:

	2022	2021	2020
Short-term employee benefits	**₱1,055,893,349**	₱1,386,000,108	₱1,205,327,277
Post-employment benefits	**350,146,757**	180,856,666	361,016,655
	₱1,406,040,106	₱1,566,856,774	₱1,566,343,932

Approval requirements and limits on the amount and extent of related party transactions
Material related party transactions (MRPT) refers to any related party transactions, either individually, or in aggregate over a twelve (1)-month with the same related party, amounting to ten percent (10.00%) or higher of the Group's total consolidated assets based on its latest audited financial statements.

All individual MRPTs shall be approved by at least two-thirds (2/3) vote of the BOD, with at least a majority of the Independent Directors voting to approve the MRPT. In case that a majority of the Independent Directors' vote is not secured, the MRPT may be ratified by the vote of the stockholders representing at least two thirds (2/3) of the outstanding capital stock.

Aggregate RPT transactions within a 12-month period that meets or breaches the materiality threshold shall require the same BOD approval mentioned above.

41. **Registration with Government Authorities/Franchise**

Certain operations of consolidated subsidiaries are registered with the BOI and PEZA as preferred pioneer and non-pioneer activities, and are granted various authorizations from certain government authorities. As registered enterprises, these consolidated subsidiaries are subject to certain requirements and are entitled to certain tax and non-tax incentives which are considered in the computation of the provision for income tax.

42. **Leases**

The Group's leases mostly pertain to land, office spaces, commercial and residential properties, passenger aircraft, flight, transportation and equipment. Leases of land, office spaces, commercial and residential properties, and transportation equipment generally have terms ranging from 2 to 50 years, while passenger aircraft and other equipment generally have terms between 1.25 and 18 years.

The Group also has certain leases of other flight equipment, furniture and fixtures and machineries with lease terms of 12 months or less, and leases of office spaces considered low-value. The Group applies the recognition exemptions for these type of leases.

Right-of-use Assets

Set out below are the carrying amounts of ROU assets recognized and the movements during the year ended December 31, 2022 and 2021:

	2022				
	Land and Land Improvements	**Buildings and Improvements**	**Passenger Aircraft and Other Flight Equipment**	**Transportation And Other Equipment**	**Total**
Cost					
Balance at beginning of year	**₱2,585,226,878**	**₱715,303,079**	**₱44,298,956,529**	**₱31,991,457**	**₱47,631,477,943**
Additions	**302,111,341**	**468,805,339**	**22,483,271,639**	**292,032**	**23,254,480,351**
Reclassification due to planned merger (Note 44)	**–**	**(1,429,911,459)**	**–**	**–**	**(1,429,911,459)**
Other adjustments	**(72,139,998)**	**(639,071,418)**	**(3,581,684,776)**	**(31,991,457)**	**(4,324,887,649)**
Balance at end of year	**2,815,198,221**	**(884,874,459)**	**63,200,543,392**	**292,032**	**65,131,159,186**
Accumulated Depreciation					
Balance at beginning of year	**541,376,032**	**799,800,852**	**13,977,994,996**	**31,991,457**	**15,351,163,337**
Depreciation	**75,322,817**	**309,002,661**	**6,639,771,098**	**23,126**	**7,024,119,702**
Reclassification due to planned merger (Note 44)	**–**	**(797,370,059)**	**–**	**–**	**(797,370,059)**
Other adjustments	**(73,146,589)**	**(359,207,155)**	**(808,182,128)**	**(31,990,233)**	**(1,272,526,105)**
Balance at end of year	**543,552,260**	**(47,773,701)**	**19,809,583,966**	**24,350**	**20,305,386,875**
Net Book Value at End of Year	**₱2,271,645,961**	**₱(837,100,758)**	**₱43,390,959,426**	**₱267,682**	**₱44,825,772,311**

	2021				
	Land and Land Improvements	Buildings and Improvements	Passenger Aircraft and Other Flight Equipment	Transportation And Other Equipment	Total
Cost					
Balance at beginning of year	₱2,709,453,221	₱4,497,568,982	₱29,429,312,731	₱83,722,189	₱36,720,057,123
Additions	145,959,974	463,836,049	19,890,217,463	29,420,344	20,529,433,830
Divestment of business	–	(4,221,784,563)	–	(83,904,349)	(4,305,688,912)
Other adjustments	(270,186,317)	(24,317,389)	(5,020,573,665)	2,753,273	(5,312,324,098)
Balance at end of year	2,585,226,878	715,303,079	44,298,956,529	31,991,457	47,631,477,943
Accumulated Depreciation					
Balance at beginning of year	749,254,336	1,098,876,202	11,759,544,111	63,647,429	13,671,322,078
Depreciation	61,271,390	570,335,110	6,666,577,250	21,314,041	7,319,497,791
Divestment of business	–	(983,187,524)	–	(55,523,230)	(1,038,710,754)
Other adjustments	(269,149,694)	113,777,064	(4,448,126,365)	2,553,217	(4,600,945,778)
Balance at end of year	541,376,032	799,800,852	13,977,994,996	31,991,457	15,351,163,337
Net Book Value at End of Year	₱2,043,850,846	(₱84,497,773)	₱30,320,961,533	₱–	₱32,280,314,606

Lease Liabilities

The rollforward analysis of the Group's lease liabilities follows:

	2022	2021
As at January 1	**₱35,489,464,321**	₱25,164,351,369
Additions	**22,903,366,484**	20,361,429,642
Accretion from continuing operations (Note 35)	**1,314,827,598**	683,432,039
Accretion from discontinued operations	**22,613,144**	161,098,159
Reclassification due to planned merger (Note 44)	**(739,417,471)**	–
Derecognition (Note 44)	**–**	(4,138,618,730)
Payments	**(7,870,511,855)**	(7,160,310,932)
Other adjustments	**(196,807,985)**	418,082,774
As at December 31	**₱50,923,534,236**	₱35,489,464,321

Total lease liabilities shown in the 2022 and 2021 consolidated statements of financial position included under 'Other current liabilities' and 'Other noncurrent liabilities' follow:

	2022	2021
Current portion	**₱6,281,322,598**	₱5,716,633,360
Noncurrent portion	**44,642,212,638**	29,772,830,961
	₱50,923,535,236	₱35,489,464,321

The maturity analysis of lease liabilities are disclosed in Note 4, *Financial Risk Management Objectives and Policies.*

Summarized below are the amounts recognized in the 2022 and 2021 consolidated statements of comprehensive income in relation to the Group's leases:

Revenue	**2022**	2021
Sale of goods and services - rental income and sublease income		
Real estate and hotels	**₱15,698,000,000**	₱11,056,317,537
Foods	**111,263,169**	58,792,660
	15,809,263,169	11,115,110,197
Cost of Sales and Services		
Cost of services - depreciation of ROU assets	**132,057,423**	88,156,594
Rent expense - short term leases (Note 30)	**222,278,228**	153,760,529
	354,335,651	241,917,123
General and Administrative Expenses		
Depreciation of ROU assets	**6,611,273,970**	6,922,096,888
Rent expense - leases of low-valued assets (Note 31)	**539,450,009**	749,691,111
	7,150,723,979	7,671,787,999
Finance cost and other charges – accretion of lease liabilities (Note 35)	**1,314,827,598**	683,432,040
	₱6,989,375,941	₱2,517,973,035

URC

Operating Lease Commitments - Group as a Lessee

The URC Group leases land where certain of its facilities are located. The operating lease agreements are for periods ranging from one to five years from the date of the contracts and are renewable under certain terms and conditions. URC's rentals incurred on these leases (included unde 'General and administrative expenses' in the consolidated statements of comprehensive income) amounted to ₱356.3 million, ₱329.4 million, and ₱526.3 million for the years ended December 31, 2022, 2021 and 2020, respectively.

Future minimum lease payments under noncancellable operating leases of the URC Group follow:

	2022	2021	2020
Within one year	**₱420,513,098**	₱473,308,116	₱829,801,162
After one year but not more than five years	**1,250,110,723**	1,441,900,057	2,961,540,951
Five years or more	**1,814,956,008**	2,110,381,626	6,069,158,735
	₱3,485,579,829	₱4,025,589,799	₱9,860,500,848

Operating Lease Commitments - Group as a Lessor

The URC Group has entered into one-year renewable, noncancellable leases with various related parties covering certain land and buildings where office spaces are located.

Future minimum lease receivables under noncancellable operating leases of the URC Group that are due within one year amounted to ₱40.2 million, ₱70.6 million and ₱72.1 million in 2022, 2021 and 2020, respectively.

RLC

Group as a Lessee

The RLC Group has lease contracts for various parcels of land used in its operations. Leases of land generally have lease terms between 25 and 50 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios. There are several lease contracts that include extension and termination options and variable lease payments.

The RLC Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Future minimum lease payments under noncancellable operating leases of RLC's certain lessee subsidiaries follow:

	2022	2021
Within one year	**₱207,619,631**	₱169,877,246
After one year but not more than five years	**990,261,462**	790,339,904
Over five years	**6,234,473,023**	5,980,159,045
	₱7,432,354,116	₱6,940,376,195

Operating Lease Commitments - Group as a Lessor

The RLC Group has entered into commercial property leases on its investment property portfolio. These noncancellable leases have remaining lease terms of between one and ten years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions. The lease contracts also provide for the percentage rent, which is a certain percentage of actual monthly sales or minimum monthly gross sales, whichever is higher. Total rent income (included under 'Real estate and hotels revenue' in profit or loss in the consolidated statements of comprehensive income) amounted to ₱15.7 billion, ₱11.1 billion and ₱10.6 billion in 2022, 2021 and 2020, respectively. Total percentage rent recognized as income amounted to ₱3.5 billion, ₱2.1 billion and ₱2.3 billion in 2022, 2021 and 2020, respectively.

Future minimum lease receivables under noncancellable operating leases of the RLC Group follow:

	2022	2021	2020
Within one year	**₱7,551,776,498**	₱10,311,631,297	₱14,080,096,258
After one year but not more than five years	**19,816,200,805**	17,423,950,184	15,320,496,749
Over five years	**1,930,650,796**	1,669,171,798	1,443,106,385
	₱29,298,628,099	₱29,404,753,279	₱30,843,699,392

Finance Lease Commitments - Group as a Lessor

RLC has significantly entered into residential property leases on its residential condominium unit's portfolio. These leases have lease period of five (5) to ten (10) years and the lessee is given the right to purchase the property anytime within the lease period that the lessee any arrears in rental payment, condominium dues and other charges.

Future minimum lease payments under finance lease with the present value of future minimum lease payment as of December 31, 2022 and 2021 follow:

	2022	
	Minimum Lease Payments	**Present Value of Minimum Lease Payments**
Within one year	**₱288,797,549**	**₱273,931,038**
After one year but not more than five years	**120,418,410**	**99,790,557**
Total minimum lease payments	**₱409,215,959**	**373,721,595**

	2021	
	Minimum Lease Payments	Present Value of Minimum Lease Payments
Within one year	₱324,415,315	₱318,438,542
After one year but not more than five years	135,269,764	122,117,395
Total minimum lease payments	₱459,685,079	₱440,555,937

JGSOC

Operating Lease Commitments - Company as a Lessee

In April 2013, JGSOC entered into a lease agreement for shuttle buses that transports its employees from Balagtas to Batangas plant and vice versa which may be renewed annually.

In June 2018, JGSOC entered in a lease contract with a related party for its new Head Office space with a lease term of five years starting in September 2018, with 5.0% annual escalation. JGSOC can renew the lease by submitting a written notice of intent at least nine (9) months before the lease expiration date. The terms and conditions shall be mutually agreed upon by both parties.

Rental expense charged to operations (included under 'Cost of sales and services' and 'General and administrative expenses' in profit or loss in the consolidated statements of comprehensive income) amounted to ₱121.8 million, ₱71.3 million and ₱57.5 million in 2022, 2021 and 2020, respectively.

Future minimum lease payments under the noncancellable lease of JGSOC's office space follow:

	2022	2021
Within one year	**₱31,097,336**	₱31,097,336
After one year but not more than five years	**53,528,452**	53,528,452
	₱84,625,788	₱84,625,788

CAI

Operating Aircraft Lease Commitments - Group as a Lessee

CAI entered into operating lease agreements with certain leasing companies which cover the following aircraft:

A320 aircraft

The following table summarizes the specific lease agreements on the CAI's Airbus A320 aircraft:

Date of Lease Agreement	Lessors	No. of Units	Lease Expiry
March 2008	Wells Fargo Trust Company, N.A.	1	October 2023
July 2018	JPA No. 117 Co. Ltd	1	September 2021
July 2018	JPA No. 118 Co. Ltd	1	October 2024
August 2018	JPA No. 119 Co. Ltd	1	December 2024
November 2020	EOS Aviation 6 (Ireland) Limited	3	April 2023 – March 2024
November 2020	EOS Aviation 9 (Ireland) Limited	2	April 2023 – July 2023
December 2021	Avolon Leasing Ireland 3 Limited	5	August 2025- September 2027
December 2021	Vmo Aircraft Leasing 32 and 33 (Ireland) Limited	2	July 2025- October 2026
June 2022	Sky High 135 Leasing Company Limited	2	July 2032-December 2032

From 2007 to 2008, CAI entered into operating lease agreements with Celestial Aviation Trading 17/19/23 Limited for five (5) Airbus A320 which were delivered on various dates from 2007 to 2011. The lease agreements were later on amended to effect the novation of lease rights from the original lessors to current lessors: Inishcrean Leasing Limited for one (1) Airbus A320, GY Aviation Lease 0905 Co. Limited for two (2) Airbus A320, APTREE Aviation Trading 2 Co. Limited for one (1) Airbus A320, and Wells Fargo Trust Company, N.A. for one (1) Airbus A320.

In 2015 to 2016, CAI extended the lease agreement with Inishcrean for three (3) years and with GY Aviation Lease 0905 Co. Limited for two (2) years.

In 2017, CAI entered into lease agreements with ILL for two (2) Airbus A320 and with JPA No.s 78/79/80/81 Co., Ltd for four (4) Airbus A320.

In 2018, CAI separately extended the lease agreements with APTREE Aviation Trading 2 Co. Ltd for two (2) years, with Wells Fargo Trust Company, N.A for four (4) years, and with GY Aviation Lease 0905 Co. Limited for another two (2) years on one (1) aircraft and three (3) years on the other.

In July and August 2018, CAI entered into lease agreements with JPA No. 117/118/119 Co., Ltd for three (3) Airbus A320.

In November 2020, CAI entered into a sale and leaseback agreement with EOS Aviation 6 (Ireland) Limited for five (5) Airbus A320. The lease portion consists of leases for three (3) to four (4) years.

In June 2021, the lease agreements of the two (2) aircrafts under EOS Aviation 6 (Ireland) Limited were novated to the current lessors, EOS Aviation 9 (Ireland) Limited.

In December 2021, CAI entered into a sale and leaseback agreement with Avolon Leasing Ireland 3 Limited, Vmo Aircraft Leasing 32 (Ireland) Limited and Vmo Aircraft Leasing 33 (Ireland) Limited for seven (7) Airbus A320. The lease portion consists of leases between three (3) to five (5) years (see Note 12).

A320NEO aircraft

On July 26, 2018, CAI entered into 8-year lease agreements with Avolon Aerospace Leasing Limited for five (5) Airbus A320NEO for delivery on various dates within 2019.

The first four (4) Airbus A320NEO aircraft were delivered in June, July, September and October 2019 under Avolon Leasing Ireland 1 Limited as lessor. In November 2019, two (2) out of the four (4) A320NEO aircraft were amended to effect the novation of lease rights to their current lessor, Orix Aviation Systems Limited.

In January 2020, the fifth Airbus A320NEO aircraft was delivered with Avolon Leasing Ireland 1 Limited as lessor. In August 2020, the fifth A320NEO aircraft was amended to effect the novation of lease rights to its current lessor, Avolon Aerospace AOE 184 Limited.

In November 2021, the sixth Airbus A320NEO aircraft was delivered with SMBC Aviation Capital Limited as lessor.

In December 2021, three (3) A320NEO aircraft were amended to effect the novation of lease rights to current lessor, SMBC Aviation Capital Limited.

In March 2022, CAI entered into a 10-year lease agreement with Jackson Square Aviation Ireland Limited for one (1) A320NEO aircraft which was delivered on April 22, 2022.

In June 2022 and December 2022, CAI entered into a 10-year lease agreement with Sky High 135 Leasing Company Limited for two (2) A320NEO aircraft which was delivered on July 14, 2022 and December 30, 2022 respectively.

A321 aircraft

In 2017, CAI acquired seven (7) A321 aircraft which were all delivered in 2018 under a finance lease arrangement.

As of December 31, 2022, all seven A321 aircraft have been converted into leases with terms ranging from 48 to 72 months..

A321NEO aircraft

In November 2020, CAI entered into a 10-year lease agreement with Connolly Aviation Capital 5 Limited for one (1) A321NEO aircraft which was delivered on November 17, 2020.

In March 2021, CAI entered into a 10-year lease agreement with JSA Cayman Leasing, Ltd. for one (1) A321NEO aircraft which was delivered on June 30, 2021.

In May 2021, CAI entered into a 10-year lease agreement with SMBC Aviation Capital Limited for one (1) A321NEO aircraft which was delivered on May 17, 2021.

In November 2021, CAI entered into a 10-year lease agreement with Connolly Aviation Capital 6 Limited for one (1) A321NEO aircraft which was delivered on March 31, 2022.

ATR 72-600 aircraft
On May 10, 2019, CAI entered into a 10-year lease agreement with AVAP AIRCRAFT TRADING III PTE. LTD. for one (1) ATR 72-600 aircraft which was delivered in May 2019.

In December 2021, CAI entered into a 10-year lease agreement with MSO 1628 Leasing Designated Activity Company for one (1) ATR-600 delivered on December 15, 2021.

A330 aircraft
The following table summarizes the specific lease agreements on the CAI's Airbus A330 aircraft:

Date of Lease Agreement	Lessors	No. of Units	Lease Term
February 2012	CIT Aerospace International	1	
February 2012	Avolon Aerospace AOE 165 Limited	1	
July 2013	A330 MSN 1552 Limited and A330 MSN 1602 Limited	2	12 years with pre-termination option

In February 2012, CAI entered into operating lease agreements with Wells Fargo Bank Northwest, N.A. for the lease of four (4) Airbus A330. The lease agreements were later on amended to effect the novation of lease rights from the original lessor to their current lessors: Wells Fargo Trust Company, N.A. (not in its individual capacity but solely as Owner Trustee), CIT Aerospace International, and Avolon Aerospace AOE 165 Limited.

In July 2013, CAI entered into aircraft operating lease agreements with Intrepid Aviation Management Ireland Limited for the lease of two (2) Airbus A330. The lease agreements have been amended to effect the novation of lease rights by the original lessor to current lessors, A330 MSN 1552 Limited and A330 MSN 1602 Limited.

The first two (2) Airbus A330 aircraft were delivered in June 2013 and September 2013. Three (3) Airbus A330 aircraft were delivered in February 2014, May 2014, and September 2014 and one (1) Airbus A330 aircraft was delivered in March 2015. As of December 31, 2022 and 2021, CAI has four (4) Airbus A330 aircraft under operating lease (see Note 12).

A330NEO aircraft
CAI entered into a 12-year lease with Avolon Leasing Ireland 3 Limited for four (4) A330NEO aircraft with different delivery dates.

The first two (2) A330NEO aircraft were delivered in November and December 2021. The third aircraft was delivered in May 2022 while the fourth aircraft was delivered in November 2022.

<u>Engine Lease Commitments</u>

The following table summarizes the specific lease agreements on the CAI's engines:

Date of Lease Agreement	Lessors	No. of Units	Lease Term
May 2019	RRPF Engine Leasing Limited	63	6-12 years with pre-termination option
September 2020	SMBC Aero Engine Lease B.V.	8	18 months – 9 years
December 2021	Sunrise Non-US PO 1 Ltd.	2	4-7 years

In May 2019, CAI entered into operating lease agreements with RRPF Engine Leasing Limited for the lease of three (3) Trent 700 engines.

In September and October 2020, CAI entered into operating lease agreements as part of a sale and leaseback transaction with SMBC Aero Engine Lease B.V for eight (8) CFM56 engines. The leases have short- and long-term lease arrangements between 18 months to eight (8) years, respectively. In December 2021 and April 2022, two (2) CFM56 engine were amended to effect the novation of lease rights to current lessor, SUNRISE NON-US PO 1 LTD.

In May and June 2022, CAI has entered into swap transactions to replace its two old (2) engines (ESN 729600 and ESN 697582) with new engines (ESN 849340 and ESN 849288) with its lessors. As a result of the exchange transactions, CAI recognized a gain of ₱99.5 million.

In August 2022, CAI entered into operating lease agreements with RRPF Engine Leasing Limited for the lease of two (2) PW1133G-JM engines and one (1) Trent 7000 engine.

In September 2022, CAI entered into operating lease agreements as part of a sale and leaseback transaction with SMBC Aero Engine Lease B.V. for four (4) PW1133GA-JM engines with lease term arrangements between seven (7) to nine (9) years.

In November 2022, CAI again entered into operating lease agreement with RRPF Engine Leasing Limited for the lease of one (1) PW1133G-JM engines.

As of December 31, 2022 and 2021, CAI has restricted cash deposited with certain banks to secure standby letters of credit issued in favor of lessors.

Lease expenses relating to aircraft leases (included in 'General and administrative expenses' account in the consolidated statements of comprehensive income) amounted to ₱1.1 billion, ₱443.5 million,and ₱284.7 million in 2022, 2021, and 2020, respectively.

Future minimum lease payments under the above-indicated operating aircraft leases follow:

	2022		2021		2020	
	US Dollar	**Philippine Peso Equivalent**	US Dollar	Philippine Peso Equivalent	US Dollar	Philippine Peso Equivalent
Within one year	**US$182,214,559**	**₱10,159,372,756**	US$116,348,826	₱5,933,673,803	US$133,699,675	₱6,420,659,489
After one year but not more than five years	**731,976,291**	**40,811,338,097**	353,191,108	18,012,393,320	184,604,128	8,865,244,056
Over five years	**474,231,261**	**26,440,763,968**	237,732,932	12,124,141,820	54,027,209	2,594,548,640
	US$1,388,422,111	**₱77,411,474,821**	US$707,272,866	₱36,070,208,943	US$372,331,012	₱17,880,452,185

<u>Operating Non-Aircraft Lease Commitments</u>
CAI has entered into various lease agreements for its hangar, office spaces, ticketing stations and certain equipment. These leases have remaining lease terms ranging from one to ten years. Certain leases include a clause to enable upward revision of the annual rental charge ranging from 5.00% to 10.00%.

Future minimum lease payments under these noncancellable operating leases follow:

	2022	2021	2020
Within one year	**₱221,968,510**	₱217,233,256	₱224,965,425
After one year but not more than five years	**943,617,379**	920,545,458	948,093,648
Over five years	**4,351,363,919**	4,596,404,352	4,644,065,119
	₱5,516,949,808	₱5,734,183,066	₱5,817,124,192

Lease expenses relating to both cancellable and noncancellable non-aircraft leases (allocated under different expense accounts in the consolidated statements of comprehensive income) amounted to ₱556.1 million, ₱352.9 million and ₱412.2 million in 2022, 2021, and 2020, respectively.

43. Other Commitments and Contingent Liabilities

Parent Company

- *JGSOC Loan Accommodation from Private Bank*
  On June 9, 2020, the BOD of the Parent Company approved and authorized the Parent Company to guarantee the loan/credit accommodation of JGSOC from MBTC in the amount of ₱9.2 billion.

  On May 12, 2022, the BOD of the Parent Company approved the issuance of a Letter of Support in favor of JGSOC for its application for a term loan facility in the amount of ₱5.0 billion with BDO Unibank.

- *JGSPC Loan Accommodation from Private Bank*
  On February 8, 2018, the BOD of the Parent Company approved and authorized the Parent Company to guarantee the loan/credit accommodation of JGSPC from BDO in the aggregate principal amount of ₱15.0 billion including any extension, renewal or modification of such loan or credit accommodation.

  On March 2, 2020, the BOD of the Parent Company approved and authorized the Parent Company to guarantee the loan/credit accommodation of JGSPC from BDO in the amount of ₱4.0 billion.

  On June 9, 2020, the BOD of the Parent Company approved and authorized the Parent Company to guarantee the loan/credit accommodation of JGSPC from MBTC in the amount of ₱3.75 billion.

- *JGSPC/JGSOC Loan Accommodation from Private Bank*
  On December 7, 2021, the BOD of the Parent Company approved and authorized the Parent Company to guarantee the loan/credit accommodation of JGSOC from BPI whether incurred on its own or as a result of the merger between JGSOC and JGSPC, with JGSOC as the surviving corporation, in the aggregate principal amount of ₱21.0 billion including any extension, renewal or modification of such loan/credit accommodation.

- *JGSPL 4.375% Senior Unsecured Notes Due 2023 and 4.125% Senior Unsecured Notes Due 2030*
  On January 24, 2013, JGSH Philippines, Limited issued US$750.0 million, 4.4% senior unsecured notes due 2023. The notes are unconditionally and irrevocably guaranteed by the Parent Company.

  On June 26, 2020, the BOD of the Parent Company approved to guarantee the obligations of JGSH Philippines, Limited for the issuance of US$ fixed rate notes amounting to US$600.0 million.

These notes require the Group not to exceed the 2.0:1.0 financial ratio requirement on its consolidated total borrowing to consolidated total equity ratio and not to fall below 0.5:1.0 financial ratio requirement on its consolidated current assets to consolidated current liabilities ratio.

JGSPL

Credit Facility granted by a Private Bank

JGSPL has an existing US$40.0 million credit facility with a private bank. The facility was granted to JGSPL on a fully secured basis through a memorandum of charge on all assets of JGSPL that are held with the bank. As of December 31, 2022 and 2021, JGSPL does not have outstanding loans with the bank.

CAI

Capital Expenditure Commitments

CAI's capital expenditure commitments relate principally to the acquisition of aircraft fleet, aggregating to ₱217.0 billion and ₱183.8 billion as of December 31, 2022 and 2021, respectively, which are payable over the following periods:

	December 31, 2022		December 31, 2021	
	US Dollar	**Philippine Peso Equivalent**	US Dollar	Philippine Peso Equivalent
Within one year	**US$998,715,602**	**₱55,683,388,406**	US$644,167,004	₱32,851,873,013
After one year but not more than five years	**2,892,892,308**	**161,293,210,604**	2,960,785,854	150,997,117,770
	US$3,891,607,910	**₱216,976,599,010**	US$3,604,952,858	₱183,848,990,783

CAI is actively engaged in planning and executing various measures to mitigate the impact of COVID-19 pandemic on its business operations, including negotiations with key suppliers on its capital expenditure commitments.

Aircraft and Spare Engine Purchase Commitments

In August 2011, CAI entered in a commitment with Airbus S.A.S. to purchase firm orders of 32 new Airbus A321NEO aircraft and ten (10) additional option orders. These aircraft are scheduled to be delivered from 2019 to 2026.

On June 28, 2012, CAI has entered into an agreement with United Technologies International Corporation Pratt & Whitney Division to purchase new PurePower® PW1100G-JM engines for its 32 firm and ten (10) optional A321NEO aircraft. The agreement also includes an engine maintenance services program for a period of ten (10) years from the date of entry into service of each engine.

On October 20, 2015, CAI entered into a Sale and Purchase Contract with Avions Transport Regional G.I.E. to purchase 16 firm ATR 72-600 aircraft and up to ten additional option orders. These aircraft are scheduled for delivery from 2016 to 2022. Two (2) ATR 72-600 were delivered in 2016, six (6) in 2017, four (4) in 2018, and one (1) in 2019 totaling to 13 ATR 72-600 aircraft delivered as of December 31, 2022.

On June 6, 2017, CAI placed an order with Airbus S.A.S to purchase seven (7) new Airbus A321 CEO aircraft, all of which were delivered in 2018.

On June 14, 2018, CAI has entered into an Aircraft Conversion Services Agreement with IPR Conversions (Switzerland) Limited to 0convert two (2) ATR 72-500 aircraft from passenger to freighter. The first converted ATR 72-500 freighter aircraft was delivered in August 2019 while the second was delivered in December 2020.

On July 26, 2018, CAI entered into operating lease agreements with Avolon Aerospace Leasing Limited for five (5) Airbus A320NEO aircraft, four of which were delivered on various dates within 2019 and one (1) in January 2020.

On October 31, 2019, CAI placed an order with Airbus S.A.S to purchase sixteen (16) Airbus A330 NEO aircraft. Consequently, on November 29, 2019, the Parent Company entered into agreements with Rolls-Royce PLC for the purchase of spare Trent 7000 engines and for the provision of Total Care life services and other services required in connection with the sixteen (16) A330NEO aircraft.

On December 19, 2019, CAI placed an additional order with Airbus S.A.S for fifteen (15) A320NEO family aircraft which includes up to ten (10) A321XLR.

As of December 31, 2022, CAI is set to take delivery of twelve (12) A330 NEO aircraft, eleven (11) A321 NEO aircraft, twelve (12) A320 NEO aircraft, ten (10) A321XLR aircraft and two (2) ATR 72-600 aircraft until 2027.

The above-indicated commitments relate to CAI's re-fleeting and expansion programs. These agreements remained in effect as of December 31, 2022.

Service Maintenance Commitments
On June 21, 2012, CAI has entered into a 10-year charge per aircraft landing (CPAL) agreement with Messier-Bulgatti-Dowty (Safran Group) to purchase wheels and brakes for its fleet of Airbus A319 and A320 aircraft. The contract covers the current fleet, as well as future aircraft to be acquired.

On June 22, 2012, CAI has entered into service contract with Rolls-Royce Total Care Services Limited (Rolls-Royce) for service support for the engines of the A330 aircraft. Rolls-Royce will provide long-term Total Care service support for the Trent 700 engines on up to eight A330 aircraft. Contract term shall be from delivery of the first A330 until the redelivery of the last Airbus A330.

On March 28, 2017, the CAI entered into a maintenance service contract with Societe Air France for the lease, repair and overhaul services of parts and components of its A319, A320 and A321 aircraft. These services include provision of access to inventories under lease basis, access to pooled components on a flat rate basis and repairs of aircraft parts and components.

<u>URC</u>
Milling Contracts
Milling contracts with various planters provide for a 60%-70% share to the planters (including related parties) and 30%-40% share to the Group of sugar and molasses produced from sugar canes milled. The Sugar Industry Development Act of 2015 provides that, to ensure the immediate payment of farmers and secure their income from sugarcane, farmers may enter into any payment method with the sugar mill.

Sugar under Custody but Not Owned
As of December 31, 2022 and 2021, the Group has in its custody sugar owned by several quedan holders amounting to ₱3.9 billion (1,089,275 Lkg) and ₱1.4 billion (862,837 Lkg), respectively. The said volume of sugar is not reflected in the statement of financial position since this is not owned by the Group. The Group is accountable to both quedan holders and sugar traders for the value of these trusteed sugar or their sales proceeds.

<u>RLC</u>
Capital Commitments
The Group has contractual commitments and obligations for the construction and development of investment properties and property and equipment items aggregating ₱9.5 billion and ₱13.7 billion as of December 31, 2022 and 2021, respectively. Moreover, the Group has contractual obligations amounting to ₱5.1 billion and ₱4.9 billion as of December 31, 2022 and 2021, respectively, for the completion and delivery of real estate units that have been presold.

<u>Contingencies</u>
The Group has various contingent liabilities arising in the ordinary conduct of business from legal proceedings which are either pending decision by the courts, under arbitration or being contested, the outcomes of which are not presently determinable. In the opinion of management and its legal counsels, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect on the Group's financial position and results of operations. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* is not disclosed on the ground that it can be expected to prejudice the outcome of these lawsuits, claims, arbitration and assessments.

44. Disposal Group Held for Sale and Discontinued Operations

Merger of RBC with Bank of Philippine Islands (BPI)
On September 30, 2022, the Board of Directors (BOD) of RBC approved the plan of merger of RBC and BPI, with BPI as the surviving entity. The merger is seen as a strategic move that will unlock various synergies across businesses, expand customer bases, and enhance the overall banking experience of the Bank's customers with the combined network.

On January 17, 2023, stockholders representing at least two-thirds of the outstanding shares of BPI approved the merger between BPI and RBC.

On January 26, 2023, the Articles of Merger and the Plan of Merger were executed by BPI and RBC. The Supplement to the Agreement for the Merger of BPI and RBC was likewise executed on the same date by and among BPI, RBC and RBC Shareholders - RRHI and JGSCSC, which states that upon the effectivity of the Merger and receipt of all necessary corporate and regulatory approvals, RBC Shareholders will collectively hold approximately 6.0% of the resulting outstanding capital stock of BPI. The exact number of BPI common shares to be issued to RBC Shareholders will be subject to final determination on or before closing date. The parties have yet to secure regulatory approvals for the merger from the Bangko Sentral ng Pilipinas and the Securities and Exchange Commission.

As a result, the related assets and liabilities of RBC as of December 31, 2022 are presented as Asset Held for Sale and Liabilities Held for Sale, respectively, in the consolidated statements of financial position while the results of operations are presented as Net Income After Tax from Discontinued Operations in the consolidated statements of comprehensive income. In accordance with merger agreement, the assets of RBC held for sale exlude all its shares in Unicon Insurance Brokers Corporation, a 40%-owned associate of RBC, and such number of shares held by RBC in excess of 19% of GoTyme's total issued and outstanding capital stocks as of the closing date.

Management assessed that the carrying amount of Assets Held for Sale is lower than its fair value less costs to sell; thus, the amount recognized as Asset Held for Sale in the statements of financial position is equal to the carrying amounts as of December 31, 2022.

The results of operations of RBC in the consolidated statements of comprehensive income are presented below:

	2022	2021	2020
Revenue			
Sale of services	**₱10,647,329,942**	₱9,285,942,362	₱9,174,583,626
Equity in net earnings of associates and joint ventures	**(169,065,451)**	(45,311,729)	–
Dividend income	**8,916,075**	13,038,094	14,890,056
Rental income	**14,673,235**	18,757,411	17,912,729
	10,501,853,801	9,272,426,138	9,207,386,411
Cost of Sales and Services	**2,527,409,944**	1,731,571,481	2,236,992,833
Gross Income	**7,974,443,857**	7,540,854,657	6,970,393,578
Net Operating Expenses			
General and administrative expenses	**5,368,871,751**	4,734,241,667	4,372,308,287
Provision for impairment losses and others	**967,441,083**	1,304,264,928	1,102,054,520
	6,336,312,834	6,038,506,595	5,474,362,807
Operating Income	**1,638,131,023**	1,502,348,062	1,496,030,771
Other Income (Losses)			
Foreign exchange gains	**144,971,172**	51,023,326	(93,066,592)
Others	**118,070,260**	106,130,992	(324,203,636)
Income Before Income Tax	**1,901,172,455**	1,659,502,380	1,078,760,543
Provision for (Benefit from) Income Tax	**338,132,112**	280,408,959	(29,378,785)
Net Income from Discontinued Operations	**₱1,563,040,343**	₱1,379,093,421	₱1,108,139,328

	2022	2021	2020
Attributable to Parent Company	**₱937,824,206**	₱827,456,053	₱664,883,597
Attributable to non-controlling interest	**625,216,137**	551,637,368	443,255,731
	₱1,563,040,343	₱1,379,093,421	₱1,108,139,328

Other comprehensive income from discontinued operations consists of the following:

	2022	2021	2020
Net gains (losses) on financial assets at FVOCI	**₱237,060,688**	(₱1,130,933,945)	₱235,805,110
Remeasurements of the net defined benefit liability	**70,356,202**	(23,453,184)	7,330,181
Cumulative translation adjustment	**5,748,256**	49,786,866	87,417,783
	₱313,165,146	(₱1,104,600,263)	₱330,553,074

The assets and liabilities of RBC classified as held for sale as of December 31, 2022 are as follows:

Assets	
Cash and cash equivalents (Note 7)	₱6,638,014,005
Financial assets at fair value through profit or loss	518,889
Financial assets at fair value through OCI	6,729,169,787
Receivables (Note 11)	112,866,817,495
Investment securities at amortized cost (Note 10)	33,816,717,769
Investment in associates and joint ventures (Note 14)	342,153,153
Property, plant and equipment (Note 16)	569,719,780
Investment properties (Note 15)	1,203,084,788
Right-of-use assets (Note 42)	632,541,400
Goodwill (Note 19)	244,327,006
Intangible assets (Note 18)	1,365,390,155
Other assets	1,973,949,113
	₱166,382,403,340
Liabilities	
Accounts payable and accrued expenses*	₱123,776,941,398
Income tax payable	105,356
Lease liabilities (Note 42)	739,417,471
Other liabilities**	22,099,697,215
	146,616,161,440
Net Assets	₱19,766,241,900

**This amount includes the current portion of deposits liabilities amounting to ₱113,795,702,267*
***This amount includes the noncurrent portion of deposit liabilities amounting to ₱12,060,686,911*

As of December 31, 2022, the breakdown of RBC's receivables is as follows:

Receivables from customers	
Commercial	₱63,970,545,251
Real estate	34,282,154,489
Consumption	13,763,169,612
Domestic bills purchased	461,467,080
	112,477,336,432
Less: Unearned interests and discounts	(307,993,399)
	112,169,343,033
Other receivables	3,516,953,295
	115,686,296,328
Less: Allowance for credit losses	(2,819,478,833)
	₱112,866,817,495

The related cash flows arising from banking business activities for the year ended December 31, 2022 follow:

Net cash provided by operating activities	(₱21,694,908,580)
Net cash used in investing activities	(2,650,461,845)
Net cash used in financing activities	12,658,177,862
Effect of foreign exchange changes	5,748,256
	(₱11,681,444,307)

Sale of Oceania Business

In July 2019, Intersnack agreed to buy 40.0% of Oceania business of URC to leverage on the Group's and Intersnack's know-how from their respective markets. This transaction is expected to yield better manufacturing, supply chain and sustainability practices and will set the groundwork for an even larger and more efficient Oceania operations. On December 23, 2019, the Australian Foreign Investment Review Board (FIRB) approved the transaction. Following the approval, the transaction was completed on the same date. Considerations received for the transaction consisted of cash and Yarra Valley net assets amounting to US$142.0 million (₱7.2 billion) and US$10.1 million (₱0.5 billion), respectively. As part of the agreement, Intersnack was also given an option to acquire an additional 9.0% equity share in UHC.

As a result of the sale, the equity interest of URC changed from 100.0% to 60.0%, and gave rise to 40% non-controlling interest in the consolidated financial statements. As the Group continued to exercise control over UHC, the partial disposal was accounted for as a transaction between owners in their capacity as owners, or an equity transaction, in accordance with the requirements of PFRS 3, *Business Combinations*. Accordingly, the excess of the total consideration received over the carrying amount of the equity transferred and call option issued to NCI amounting to ₱1.3 billion is presented under 'Equity reserve' in the consolidated statement of financial position.

On July 29, 2021, URC Oceania executed a share purchase agreement to sell its remaining 60% ownership interest in its Australia and New Zealand businesses (held under UHC) to Intersnack Group. The first tranche was the exercise of the call option from the 2019 transaction by Intersnack, which allowed it to acquire an additional 9% ownership interest (38,700 ordinary shares) in UHC at a pre-determined exercise price. This was immediately followed by the sale for cash of the remaining 51% ownership interest (219,300 ordinary shares) in UHC. The total cash received by URC Oceania from the 2021 disposal amounted to ₱24.0 billion.

The closing conditions were met, and the transaction was approved by the Australian Foreign Investment Review Board and New Zealand Overseas Investment Office on October 29, 2021. As a result of this transaction, the Group has relinquished control and ownership over UHC and its subsidiaries.

The derecognized assets and liabilities of UHC as of the date of deconsolidation follow:

Assets	
Cash and cash equivalents	₱1,638,743,847
Receivables	3,476,025,296
Inventories	2,115,987,811
Property, plant and equipment	10,905,146,480
Right-of-use assets	3,266,978,158
Goodwill	30,867,806,512
Intangibles	11,984,311,273
Deferred tax assets	104,923,273
Other assets	123,738,222
	₱64,483,660,872
Liabilities	
Accounts payable and other accrued liabilities	₱4,415,922,993
Income tax payable	18,419,235
Lease liabilities	3,863,641,971
Deferred tax liabilities	3,134,514,373
Other liabilities	33,278,489,808
	44,710,988,380
Net Assets	₱19,772,672,492

Cumulative translation adjustments related to Unisnack amounting to ₱214.8 million were also reclassified to profit and loss.

PFRS 5 requires income and expenses from disposal groups to be presented separately from continuing operations, down to the level of profit after taxes. The resulting profit or loss (after taxes) is reported separately in the consolidated statements of income. Accordingly, the consolidated statements of income for the years ended December 31, 2020 and 2019 have been restated to present the results of operations of Unisnack as 'Net income from discontinued operations'.

The results of operations of Unisnack in the consolidated statements of income are presented below:

	2021	2020
Sale of goods and services	**₱18,837,246,465**	₱19,978,296,082
Cost of sales	**12,856,083,612**	13,508,444,120
Gross profit	**5,981,162,853**	6,469,851,962
Selling and distribution costs	**(2,862,499,842)**	(3,175,852,507)
General and administrative expenses	**(1,077,497,034)**	(1,143,290,085)
Operating income	**2,041,165,977**	2,150,709,370
Finance revenue	**17,040,284**	19,081,780
Finance costs	**(740,256,456)**	(778,762,553)
Foreign exchange gain (loss) - net	**11,153,751**	17,892,394
Equity in net income of joint venture	**–**	31,586,911
Other income (expense) - net	**170,200,128**	(161,558,790)
Income before income tax	**1,499,303,684**	1,278,949,112
Provision for income tax	**319,170,663**	158,476,377
Net income	**₱1,180,133,021**	₱1,120,472,735
Gain on sale of 60% equity interest	**10,100,438,582**	–
Net income from discontinued operations	**₱11,280,571,603**	₱1,120,472,735

	2021	2020
Attributable to Parent Company	**₱10,808,518,394**	₱672,283,641
Attributable to non-controlling interest	**472,053,208**	448,189,094
	₱11,280,571,602	₱1,120,472,735

Other comprehensive income from discontinued operations consists of the following:

	2021	2020
Cumulative translation adjustments	**(₱214,775,311)**	₱514,552,426
Unrealized gain (loss) on cash flow hedge	**11,044,781**	(31,878,966)
	(₱203,730,530)	₱482,673,460

The related cash flows arising from Oceania business activities for the ten months ended October 31, 2021 follow:

	2021
Net cash provided by operating activities	₱1,816,495,886
Net cash used in investing activities	21,701,828,072
Net cash used in financing activities	(373,118,903)
Net cash flows from discontinued operations	₱23,145,205,055

The aggregate consideration received consists of:

Cash (net of transaction costs)	₱23,930,903,237
Non-controlling interest	6,244,876,706
Equity items	(302,668,869)
	₱29,873,111,074

Total gain on deconsolidation amounted to ₱10.1 billion, which is the difference between the consideration received and the carrying value of the Group's investment in Unisnack. The net cash outflow arising from the deconsolidation of cash and cash equivalents of Unisnack amounted to ₱1.6 billion.

45. Share-based Payments

On March 29, 2021, the BOD of CAI approved its Long-Term Incentive Plan (LTIP). The LTIP involves the grant of any one or a combination of Restricted Stock Units and Stock Options to eligible persons.

Upon issuance by the Securities and Exchange Commission of a Confirmation of Exempt Transaction on November 26, 2021, the Philippine Stock Exchange approved the application of CAI to list additional 11,165,846 common shares, consisting of 5,582,923 common shares for Restricted Stock Units and 5,582,923 common shares for Stock Options and with a par value of ₱1.00 per share, to cover CAI's LTIP last December 2, 2021.

Restricted Stock Units (RSU)

On November 26, 2021, 4,710,000 RSUs were granted to 82 eligible persons with 3 years vesting period. These will vest in three (3) tranches; 20%, 30% and 50% at the end of 2021, 2022, 2023, respectively except for three (3) grantees which will vest in full at the end of 2021. Vesting is conditional on the eligible person's employment and achievement of a minimum individual performance rating of "Meets Expectations" within the vesting period. The fair value of each share is ₱48.40 which is the stock price at grant date. The Group does not pay cash as a form of settlement.

Additionally, six (6) eligible persons were granted RSUs with three (3) years vesting period, commencing 2022. These will vest in three (3) tranches: 20%, 30% and 50% at the end of 2022, 2023 and 2024, respectively.

On December 31, 2021, 1,094,000 RSUs have vested. The shares were subsequently listed with the Philippine Stock Exchange on January 21, 2022. Further, on December 31, 2022, 1,327,000 RSUs have vested. The shares were subsequently listed with the Philippine Stock Exchange on January 13, 2022.

Stock Options

On November 26, 2021, 5,205,000 stock options were granted to 16 eligible persons with three (3) years vesting period which can be exercised at a strike price of ₱48.575 once vested. These will vest in three (3) tranches; 20%, 30% and 50% at the end of 2021, 2022 and 2023, respectively except for two (2) grantees which will vest in full at the end of 2021. Vesting is conditional on the eligible person's employment and achievement of a minimum individual performance rating of "Meets Expectations" within the vesting period. These options will expire on December 31, 2027. The Group does not pay cash as a form of settlement.

On December 31, 2022 and 2021, 1,387,500 and 1,265,000 stock options have vested. No options were exercised, forfeited or expired during both years. Thus, a total of 2,652,500 and 1,265,000, vested stock options remain to be outstanding and exercisable as of December 31, 2022 and 2021, respectively.

The fair value of each option at grant date is ₱21.79 which was determined using the Cox-Ross-Rubinstein Binomial Option Pricing Method. The inputs in the valuation of the stock option are as follows:

Stock price at grant date	₱48.40
Exercise price	₱48.575
Expected volatility	47.24%
Option life	6.10 years
Dividend yield	2.93%
Risk-free interest rate	4.53%

The option life is the period between the November 26, 2021 grant date to December 31, 2027 expiry date. The expected volatility was based on the historical daily stock prices for the past five years. Daily stock price data used did not include non-trading days. Standard deviation was used to measure volatility which is a measure of risk associated with the degree of fluctuations in stock price over a period of time.

46. Other Matters

Continuing COVID-19 Pandemic

Real Estate

Following the outbreak of the coronavirus disease that started in Wuhan, Hubei, China, on January 30, 2020, the World Health Organization declared the 2019 coronavirus disease ("COVID-19") outbreak a Public Health Emergency of International Concern, and subsequently, with the continued increase in the number of confirmed cases throughout the world, a pandemic on March 11, 2020.

In response to the pandemic, the Philippine government took actions and implemented quarantine measures at varying degrees starting March 16, 2020, which mandated the temporary closure and/or reduction in operating capacity of non-essential shops and businesses, prohibited mass gatherings and all means of public transportation, and restricted traveling through air, sea and land in and out of country, except by diplomats and uniformed workers (carrying medical supplies), among others. These measures have disrupted supply chains, business operations, and workplace structures, forcing a shift in priorities and short-term strategies.

As this global problem evolves, the Group will continually adapt and adjust its business model according to the business environment in the areas where the Group operates, in full cooperation with the national and local government units.

As of reporting date, the Group's lifestyle centers have resumed commercial operations. Hotel properties bounced back with the significant easing of travel restrictions, resurgence of domestic tourism, and reopening of international borders. Office properties and industrial facilities remained fully operational and construction works on projects have resumed accordingly.

Air Transportation
IATF imposed new classification framework which focuses on the imposition of granular lockdown measures. Community quarantines were reduced to either ECQ or GCQ with the latter having an Alert Level System (Alert Level 1 to 4) with each Alert Level limiting restrictions to identified risk activities. Since July 16, 2022, the National Capital Region (NCR) is under Alert Level 1 until further notice, according to the Philippine Inter-Agency Task Force for the Management of Emerging Infectious Diseases (IATF). In the Situation Report regarding the epidemiological situation of the Philippines published by the World Health Organization (WHO), the trend of reported COVID 19 cases in the country is decreasing. However, in an extremely urgent memo, Memorandum No. 2022-0578 of the Department of Health (DOH), the country expressed its intention to intensify the monitoring and implementation of border control protocols for incoming individuals especially from China, at all ports of entry, in light of the rising cases of infections there. Despite of this, the National Government does not expect a need to close or tighten its national borders from all inbound travelers regardless of country of origin.

The COVID-19 pandemic has continued to cause significant disruption to the operations of the Group as its scale and duration remain uncertain as at the report date. The Group, however, is encouraged by the strong demand for airline services which started during the second quarter of 2022 and anticipates the same to continue as a result of the easing of COVID-19 restrictions in most parts of the country. The Group anticipates further recovery on the level of its domestic and international operations in 2023. Considering the evolving nature of the pandemic, the Group will continue to monitor the situation.

Events After Reporting Period
In a regular meeting held on March 9, 2023, the BOD of RLC approved the offer and issuance of peso-denominated fixed-rate bonds in the aggregate principal amount of up to Ten Billion Pesos (₱10,000,000,000) with an over-subscription option of up to Five Billion Pesos (₱5,000,000,000) (hereinafter referred to as the "Bonds"), as the second tranche from a shelf registration of a Debt Securities Program in the aggregate principal amount of Thirty Billion Pesos (₱30,000,000,000) subject to the requirements of the Securities and Exchange Commission ("SEC") and the ratings process of the Philippine Rating Services Corporation, with the Philippine Depository and Trust Corporation as Registrar and Paying Agent, and subject to such other terms and conditions that may be agreed upon by RLC and the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners.

In a special meeting held on March 20, 2023, the BOD of RLC approved the extension of RLC's Share Buy-back Program by Three Billon Pesos (₱3,000,000,000) worth of RLC's common shares bringing the total buy-back program to Nine Billion Pesos (₱9,000,000,000).

47. Supplemental Disclosures to Cash Flow Statements

Changes in liabilities arising from financing activities in 2022 and 2021 follow:

	January 1, 2022	**Cash Flows**	**Foreign Exchange Movement**	**Currency Translation Adjustment**	**Others***	**December 31, 2022**
Short-term debts	**₱65,995,583,482**	**₱25,622,648,197**	**(₱58,980,126)**	**₱358,228,788**	**₱–**	**₱91,917,480,341**
Long-term debts	**220,332,192,883**	**(3,292,471,559)**	**1,449,594,948**	**5,741,718,504**	**9,306,631**	**224,240,341,407**
Bonds payable	**12,184,836,126**	**–**	**1,138,579,757**	**–**	**99,906,711**	**13,423,322,594**
	₱298,512,612,491	**₱22,330,176,638**	**₱2,529,194,579**	**₱6,099,947,292**	**₱109,213,342**	**₱329,581,144,342**

**Others consist of amortization of bond issue cost.*

	January 1, 2021	Cash Flows	Foreign Exchange Movement	Currency Translation Adjustment	Others*	December 31, 2021
Short-term debts	₱44,418,092,185	₱21,217,531,235	₱418,719,374	(₱58,759,312)	₱–	₱65,995,583,482
Long-term debts	272,341,886,341	(25,562,742,347)	4,675,660,724	1,533,234,208	(32,655,846,043)	220,332,192,883
Bonds payable	–	11,782,473,335	759,069,399	–	(356,706,608)	12,184,836,126
	₱316,759,978,526	₱7,437,262,223	₱5,853,449,497	₱1,474,474,896	(₱33,012,552,651)	₱298,512,612,491

**Others consist of divestment of Oceania business and amortization of bond issue cost.*

The principal noncash activities of the Group include movements in the cumulative translation adjustment amounting to ₱6.0 billion, ₱1.7 billion and (₱1.9 billion) in 2022, 2021 and 2020, respectively.

48. Approval for the Release of the Consolidated Financial Statements

The accompanying consolidated financial statements of the Group were approved and authorized for issue by the BOD on March 29, 2023.

Corporate Directory

Common Stock

Listed on the Philippine Stock Exchange, Inc.
6/F PSE Tower, 5th Avenue corner 28th Street,
Bonifacio Global City, Taguig City

Stock Transfer and Dividend Paying Agent

BDO Unibank, Inc.
Trust and Investment Group
15/F South Tower, BDO Corporate Center, 7899
Makati Avenue, Makati City

Corporate Head Office

JG Summit Holdings, Inc.
43/F Robinsons Equitable Tower,
ADB Avenue corner Poveda Street, Ortigas Center,
Pasig City, Metro Manila, Philippines

Tel No. (632) 8633-7631 to 40
(632) 8240-8801

Fax No. (632) 8633-9207
(632) 8240-9106

Independent Public Accountants

SyCip Gorres Velayo & Co.
Certified Public Accountants
SGV Building, 6760 Ayala Avenue,
Makati City, Philippines

Company Website

www.jgsummit.com.ph

Directory per Business Unit

Universal Robina Corporation

37/F Cyberscape Gamma,
Ruby and Topaz Roads,
Ortigas, Pasig City,
Metro Manila, Philippines

Tel No. (632) 8246 7178

https://www.davi.com.ph

Cebu Air, Inc.

37/F Cyberscape Gamma,
Ruby and Topaz Roads,
Ortigas, Pasig City,
Metro Manila, Philippines

Tel No. (632) 8246 7178

https://www.davi.com.ph

Robinsons Land Corporation

Level 2, Galleria Corporate Center,
Edsa corner Ortigas Avenue Quezon City,
Metro Manila, Philippines

Tel No. (632) 8397 1888

www.robinsonsland.com

JG Summit Olefins Corporation

9F -11F Robinsons Cyberscape
Gamma Bldg., Topaz and Ruby Roads,
Ortigas Center, Brgy. San Antonio,
Pasig City, Philippines

Tel No. (632) 8230 5000
(632) 8397 3200

https://jgspetrochem.com/

Robinsons Bank Corporation

17th Floor, Galleria Corporate Center,
EDSA corner Ortigas Avenue,
Quezon City

Tel No. (632) 8637-CARE (2273)

www.robinsonsbank.com.ph

Luzon International Premiere Airport Development Corp.

Civil Aviation Complex,
Andres Bonifacio Avenue,
Clark Freeport Zone, Pampanga

Tel No. (045) 598-3120

www.clarkinternationalairport.com

Data Analytics Ventures, Inc.

37/F Cyberscape Gamma,
Ruby and Topaz Roads,
Ortigas, Pasig City, Metro Manila,
Philippines

Tel No. (632) 8246 7178

https://www.davi.com.ph

JG Digital Equity Ventures, Inc.

30/F Cyberscape Gamma,
Ruby and Topaz Streets,
Ortigas Center, Pasig City, Metro Manila

Tel No. (632) 8991 4720

Email: contact@jgdev.ph

https://www.jgdev.ph/

DHL Summit Solutions, Inc.

2F Exxa Tower, Office 12 & 20 Work.able,
Bridgetowne Eulogio Rodriguez Jr. Ave.,
Ugong Norte, Quezon City

Tel No. (632) 8-246 7162
loc 0212 / 2122 / 2123

GoTyme Bank

21st Floor Giga Tower, Bridgetowne, C5 Road,
Brgy Ugong Norte, E. Rodriguez Jr. Ave 1110
Quezon City, Philippines

Tel No. #GO8888 (#468888)

https://www.gotyme.com.ph/