

**MINUTES OF THE ANNUAL MEETING OF THE STOCKHOLDERS OF  
FIRST PHILIPPINE HOLDINGS CORPORATION  
VIA VIDEOCONFERENCE  
ON MAY 21, 2021<sup>1</sup>**

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**CALL TO ORDER AND ROLL CALL**

The Chairman of the Board, Mr. Federico R. Lopez, called the meeting to order and thereafter presided. He said that due to the current pandemic, the company is holding the meeting virtually for the second time. He thanked everyone who registered, sent proxies and who were present at the meeting. He advised the stockholders that the following members of the board were present:

Chairman & CEO Mr. Federico R. Lopez  
Amb. Manuel M. Lopez  
Mr. Augusto Almeda-Lopez  
Mr. Stephen T. CuUnjieng  
Mr. Peter D. Garrucho, Jr.  
Mr. Elpidio L. Ibañez  
Mr. Miguel Ernesto L. Lopez  
Ms. Rizalina G. Mantaring  
Mr. Chief Justice Artemio V. Panganiban  
President & COO Mr. Francis Giles B. Puno  
Commissioner Anita B. Quitain  
Mr. Ernesto B. Rufino, Jr.  
Mr. Juan B. Santos  
Mr. Richard B. Tantoco

The Chairman further stated that the senior management, the Company's valued Board advisers as well as its external auditors, SGV & Co., were all present at the meeting, and which the Corporate Secretary, Mr. Enrique I. Quiason, formally recorded as follows:

Mr. Emmanuel P. Singson - Senior Vice President, Treasurer & CFO  
Mr. Anthony M. Mabasa - Senior Vice President  
Mr. Victor Emmanuel B. Santos, Jr. - Senior Vice President &  
Compliance Officer  
Mr. Nestor J. Padilla - Senior Vice President  
Mr. Renato A. Castillo - Senior Vice President & Chief Risk Officer  
Mr. Benjamin R. Lopez - Vice President

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<sup>1</sup> DRAFT ONLY. Subject to ratification by the stockholder at the next annual meeting. Uploaded on 27 May 2021.

Mr. Ariel C. Ong - Vice President  
Ms. Anna Karina P. Gerochi - Vice President, Head Human Resources  
Management  
Mr. Anthony L. Fernandez - Vice President  
Ms. Emelita D. Sabella - Vice President & Investor Relations Officer  
Mr. Jonathan C. Tansengco - Vice President  
Mr. Ramon A. Carandang – Vice President  
Ms. Shirley H. Cruz - Vice President & Chief of Staff, Office of the  
Chairman  
Mr. Jose Valentin A. Pantangco, Jr. - Vice President & Head, Corporate  
Planning  
Ms. Maria Carmina Z. Ubaña - Vice President/Comptroller  
Mr. Alexander M. Roque – Vice President  
Mr. Denardo M. Cuayo - Vice President  
Mr. Esmeraldo C. Amistad - Vice President & Assistant Corporate Secretary/  
Assistant Compliance Officer  
Ms. Milagros D. Fadri - Vice President  
Ms. Agnes C. De Jesus - Vice President & Chief Sustainability Officer  
Mr. Ferdinand B. Poblete - Vice President & Chief Information Officer  
Mr. Rene J. Mayol – Vice President  
Mr. Angelo G. Macabuhay - Head, Internal Audit  
Mr. Jonathan C. Russell - Senior Adviser  
Dr. Fiorello R. Estuar - Board Adviser

Also present were Mr. Roel Lucas, Mr. Noel P. Rabaja, Ms. Maria Vivian G. Cruz-Ruiz, Mr. Wilson P. Tan, Ms. Frances J. Villamayor, Ms. Jhoanna C. Go, Ms. Dione Cristy Velina, Ms. Judy Anne D. Liggayu and Ms. Gladys Dimasin, all representing the external auditors of the Corporation, SyCip, Gorres, Velayo & Co.

## **PROOF OF NOTICE**

The Corporate Secretary confirmed that he had caused notices of this annual meeting to be published in accordance with applicable regulations of the Securities and Exchange Commission (SEC). In compliance with the SEC's requirements, the notice and agenda of the meeting were published in the Manila Times and the Business Mirror, both being newspapers of general circulation, last April 29 and 30, 2021 in both printed form and online. The meeting materials including the Notice and Agenda, Explanation of the Agenda Items, Definitive Information Statement, Registration and Validation Procedures including for Voting, the Management Report, and the Audited Financial Statements together with the quarterly financials and interim report were also posted in the Philippine Stock Exchange's Edge Disclosure System and/or in the company's website. He confirmed his execution of a

Certificate attesting to this fact. The Chairman instructed the Corporate Secretary to append that Certificate to the original minutes of the meeting.

#### **DETERMINATION OF QUORUM/GROUND RULES**

Upon the inquiry of the Chairman, the Corporate Secretary reported that out of the 504,545,994 common shares issued and outstanding, there were present either in person or represented by proxy 347,094,597 shares of the common stock representing 68.79% of the outstanding voting stock of the Corporation. There being a quorum, the Chairman declared the meeting open for the transaction of business, noting that the meeting had to be conducted virtually but that the company had taken steps to insure that the shareholders had the opportunity to participate in the meeting to the same extent possible if it had been conducted in person. He then requested the Corporate Secretary to discuss the procedure and rules to be observed for the meeting.

The Corporate Secretary explained that under the Company's Articles of Incorporation, all common shares have full voting rights. Except for delinquent stock, all common stockholders of record as of April 14, 2021 were entitled to register and vote the number of shares in their name as of the record date. For the election of directors, each stockholder may cumulate his votes. The Notice and Agenda as published included an explanation of the agenda items. As stated in the Registration and Validation Procedures furnished to the stockholders, a validation of the stockholders was conducted from May 1, 2021 to May 11, 2021.

Qualified stockholders and proxies who successfully registered and validated for the meeting were sent a confirmation through email and the links for them to attend the virtual ASM and to cast their vote on or before May 11, 2021 through a secure online voting platform. This online voting platform contained the six items for approval as indicated in the agenda set out in the notice, unless other matters were raised. The proposed resolution for each of these were to be shown on the screen during the course of the meeting.

For items other than the election of directors, the stockholders had the option to either vote in favor of or against a matter for approval, or to abstain.

For the election of directors, the stockholders had the option to vote their shares for each of the nominees, not vote for any nominee, or vote for one or some nominees only, in such number of shares as the stockholders prefer; provided that the

total number of votes cast does not exceed the number of shares owned by them multiplied by the number of directors to be elected.

Votes received through electronic voting or voting *in absentia* and votes cast through proxies were tabulated by the Office of the Corporate Secretary and validated by Sycip Gorres and Velayo & Co. The results of the voting, with full details of the affirmative and negative votes, as well as abstentions, were to be reflected in the minutes of this meeting.

Questions and comments were allowed to be submitted during registration and until May 11, 2021. The Corporate Secretary stated that the Corporation will endeavor to respond to all questions within the time allowed.

The Corporate Secretary explained that the manner of voting shall be non-cumulative, except as to the election of directors. Each stockholder shall have one vote for each share entitled to vote and registered in his name. The vote of the stockholders representing at least a majority of the shares present or represented at the meeting will be sufficient to approve any of the matters for approval. In the election of directors, cumulative voting shall be allowed and the top fifteen nominees with the most number of votes will be elected as directors.

The Corporate Secretary said that the participation and voting procedures were also contained in the Definitive Information Statement, accessible to all stockholders through the Company's website and ASM portal as well as on the EDGE disclosure system of the Philippine Stock Exchange. He reminded everyone that the meeting was being recorded, both video and audio. Except for the designated speakers and presenters, the microphones of the other attendees have been muted.

#### **APPROVAL OF MINUTES OF THE PREVIOUS MEETING**

The Chairman said that the next order of business was the approval of the minutes of the previous stockholders meeting. He said that an electronic copy of the draft minutes of the Annual Stockholders' Meeting last July 30, 2020 was posted at the company's website within five (5) business days after the date of the actual meeting. He requested the Corporate Secretary to read the proposed resolution in this regard.

The Corporate Secretary stated that Management proposed the approval of the following resolution by the stockholders:

*“RESOLVED, that the stockholders of First Philippine Holdings Corporation hereby approve the minutes of the Annual Stockholders’ Meeting held on July 30, 2020.”*

The Corporate Secretary stated that the Company received votes or proxies representing 343,584,257 shares or 98.99% of the shares present or represented at the meeting which voted in favor of the approval of the minutes of the annual stockholders meeting held last July 30, 2020 and approving the same. The Company received zero shares voting against and zero shares abstaining from voting on this particular matter. This was noted by the Chairman and who declared the resolution approved.

## **THE CHAIRMAN’S REPORT**

Mr. Federico R. Lopez, the Chairman and Chief Executive Officer, then rendered his annual report, thus -

Good morning.

While we’ll remember 2020 as a bizarre and tumultuous year because of COVID-19 and the underlying global crisis it represents, at the FPH Group, it was the period that we crystallized our definitive roles in the transition to a decarbonized and regenerative future. Our updated Mission statement is a short yet powerful phrase that’s now at the center of everything we do. It’s founded on principles that have been guiding our actions in the past and is now shaping the way we reimagine and redesign our businesses for the future.

Central to our new Mission is the *Stakeholder Pentad Framework*.<sup>2\*</sup> This powerful lens captures a lot of our essence and how we want to move forward. Applying this mindset means all decisions should revolve around balancing the needs of all five stakeholders, in a specific sequence: first, your customers; then your co-creators which are your employees, suppliers, contractors; then the Earth; then the communities; and finally, your investors. The pentad necessitates that we think in systemic wholes and not in fragmented parts. Reversing the sequence, which unfortunately has permeated the thinking of most businesses in the past, just doesn’t work when your

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<sup>2\*</sup> *The Responsible Business, Carol Sanford*

primary goal of maximizing shareholder value leaves little room to benefit anything else.

We've breached most of our planet's safe environment limits in the mindless pursuit of growth and prosperity for just a few. This has set us on a trajectory of 3-4 degrees Celsius of warming by 2100 --- that will clearly be an unlivable planet. In January 2021, results of the UNDP-Oxford University "**Peoples' Climate Vote**"-- the biggest global survey on climate change among a million people across 50 countries -- showed that 64 percent of the participants believe that climate change is an emergency that requires urgent responses from countries (It's interesting to note that almost half of the poll participants were between 14 to 18 years old). I can't even begin to imagine the changes that are about to take place in consumer buying habits, supply chains, the rewiring of finance, and even social norms---just to name a few, as these beliefs progress and mature. Every single industry today will be affected by the need to reduce carbon dioxide emissions. Taking the necessary actions that prepare ourselves and the country for these massive shifts in how the world works will be worthwhile investments with immeasurable returns. Best to do them early and avoid getting locked into stranded assets.

The next ten years are absolutely critical to whether we get the transition on course for Carbon Neutrality by 2050 or watch it run away from us irreversibly. The signs and the frequency of 1-in-100-year events and temperature records everywhere (including the Arctic and Antarctic last year) are already demonstrating, in no uncertain terms, that time's up and we've messed around with the stability of the planet to geologic-scale proportions! This is the incisive and foreboding truth behind the saying, "*We're the first generation to feel the effects of climate change and the last that can do anything about it*".

As this reality mainstreams, the world will also recognize that we have a remaining Carbon Budget that halts warming to less than 1.5 degrees Celsius. That number is in the realm of 500 or so gigatons left before we blow past that point of no return. Since global emissions are 51 gigatons per year, we have less than ten years before we use that up. We need to get this number down to zero before 2050. Not just by 20 percent or 30 percent but down to ZERO, otherwise the Earth's warming just continues with all the terrible consequences. The COVID lockdowns have only brought down global emissions by 7-8 percent. So we need COVID-scale emission reductions every year till 2050 if we are to achieve that. That is the magnitude of the task. This is bigger than anything man has ever done in the history of this planet. The world either fragments and quarrels for their fair share of what's left (which will surely be catastrophic) or we take the high road as a global community, prioritize, constrain what we do, and make the hard choices of where that remaining emissions budget gets used.

As the world comes to grips with this reality, we will see paradigms shifting drastically. We will go back to basics. Consumerism will hopefully be anchored less on our wants and more toward our needs. Hopefully, we focus on prosperity for all, especially those left behind, rather than on simply aiming to raise gross domestic product (GDP) growth per se. Then very importantly, we begin to reimagine and redesign our infrastructure and way of life for a changed world: decarbonized, resilient, and socially inclusive.

Why should we care about decarbonizing when the Philippines is just a tiny fraction (barely 0.4 percent) of global emissions? Shouldn't the large, developed nations just be tasked with correcting all these as their debt to society and we, the developing world, should be given the chance to grow as they have in the past? In fact, don't they owe us this debt after using up the planet's carbon limits all these decades and centuries for their own material ends?

There's truth to all that but it's also good to keep the issue in the right perspective. The Philippines, despite its tiny contribution to world emissions, is one of the most vulnerable nations on earth to the unfolding climate crisis. We have an inordinate stake in limiting global temperature rise to within 1.5°C. Our voice in the community of nations resonates with a stronger moral power if we're willing to back our words with action, proving it can be done.

The thought of lowering the carbon emissions of our electricity grid enthalls me because if done successfully, you can electrify transportation and buildings, and even the industrial sector, which is regarded as the most difficult to electrify because it features processes that rely heavily on the petroleum sector for both feedstocks and for energy. This will bring down carbon emissions even more and also lead to cleaner urban air. And while all these may appear to be a daunting challenge we must face, I am optimistic about the future as many new developments continue to unfold.

First, the costs of renewable energy (RE) and battery storage have come down considerably in the last decade or so. At Energy Development Corporation (EDC), we are also working on bringing down the cost of geothermal power although, admittedly, not yet quite as dramatically as what we've seen for wind and solar. As RE and battery storage costs drop further in the coming years, their penetration into our grids, rooftops, and our lives will increase. However, if we want to encourage a deeper penetration and deep decarbonization, we must effectively plan for the intermittency issues that arise with RE.

Second, there are a host of solutions to the issues that intermittency and seasonality bring to a grid that would maximize the penetration of renewable energy in the transition. The power industry has to use a full arsenal of technological solutions to manage the variability and

intermittency inherent in RE, make energy consumption more efficient, and thus facilitate the rapid lowering of carbon footprints.

Third, there is a fundamental shift to lower carbon sources of energy. The world of energy and electricity markets is being massively disrupted. In countries like Australia, Germany, and some US states like California with even modest renewable energy penetration, the preference of the consumers and policymakers for low-carbon sources has manifested in coal plants being utilized less or being idled. The world is seeing the acceleration of this shift as it discovers that massive grid flexibility is needed for the inevitable penetration of RE sources that's growing at a rapid pace. Global banks, huge pension funds, sovereign wealth funds, private equity, and insurance firms are now being clear about their waning appetite for investments in high-carbon fuels and technologies. Even engineering firms, technical advisers, and equipment manufacturers have announced staying away from building high-carbon emitting assets.

Our own transition to a decarbonized future will be anchored in the next few years by our efforts to bring in liquefied natural gas (LNG) through First Gen before the end of Malampaya. Bear in mind though that while we are embarking on this timely shift to LNG, we are, at the same time, also planning for its eventual phaseout in ways that complement a pathway to Carbon Neutrality by 2050 and consistent with a 1.5-degree Celsius target.

Beyond the energy sector, we can unlock more opportunities as we reimagine how and where we get our food, our building materials (even integrating carbon negative materials like bamboo), the design of our buildings, how we cool them, how we insulate them, district cooling, what refrigerants we use, how we dispose of those refrigerants, smart buildings, and other similar innovative solutions.

Beyond designing for a decarbonized world, just as important would be planning for resilience amidst a harsher climate. Here we could reimagine how we design our cities with resilient infrastructure like underground powerlines and distributed generation as well as circularity in the use of water, rainwater, and waste (a valuable resource we're literally throwing away).

But it'll also be about building cities that encourage social integration, community, and compassion. The so-called 15-minute cities being planned for by progressive urban designers/mayors in Paris, Barcelona, London, Detroit, Melbourne, and Portland, Oregon where work, shopping, health, and culture are not more than a 15-minute walk, bike ride, or mass transit ride away. They are characterized by having a more thoroughly integrated urban fabric that builds social cohesion among income classes and races.

These ideas merely scratch the surface but preparing for that world now, with innovative business models that work, will ensure that we're equipped to thrive as individuals, companies, communities, and as a nation in the coming decade. Carbon Neutrality 2050 could become that focal point which catalyzes multi-dimensional solutions from all sectors and corners of society.

I hope that you all share my excitement and optimism as we move along our journey to a decarbonized and regenerative future. Thank you for your unwavering support.

The Chairman thereupon called on Mr. Francis Giles B. Puno, President & COO of the Corporation, to render his report.

### **THE PRESIDENT'S REPORT**

Mr. Francis Giles B. Puno, President & Chief Operating Officer of the Corporation, after being given the floor, rendered his report, thus -

Dear Stakeholders,

To say 2020 was a challenging year is truly an understatement...

The year started off with the eruption of Taal Volcano ...

...followed by the Covid pandemic.

...Then, during the latter half of the year, the country was beset by eight different storms affecting some of our sites.

Individually, these events are damaging enough on their own. Taken together, their damages are enough to cause an economic recession.

In 2020, the Philippines had its worst economic performance to date since the country began releasing its annual growth data in 1947. The Philippine Statistics Authority reported that the country's Gross Domestic Product shrank 9.5 percent in 2020. This, of course, was the inevitable result of the slowdown in economic activity caused by extended lockdown periods compounded by natural calamities.

As many of you know, we at First Philippine Holdings (FPH), are a strong advocate against the existential threat of climate change. For us, it is not surprising to see how the climate crisis has had an invisible yet steady hand in the disasters we are challenged with today. Scientists and researchers have warned us about how continued global warming and

climate change may give rise to new strains of viruses, pathogens, and tropical diseases.

Continued deforestation and habitat loss displace animals and force them to migrate; forcing them to come in close contact with human populations; providing ample opportunity for pathogens and new strains of viruses to transfer to humans in the backdrop of an increasingly warming planet. The COVID-19 pandemic we are experiencing today may, unfortunately, just be a glimpse into other pandemics to come.

So, while we are sacrificing and doing the best we can to stay safe and healthy during these trying times, we would not be able to get to the root cause of the issue if we do not address the climate crisis as well. Remember: there will be a vaccine for COVID-19, but there will be no vaccine for the climate crisis.

In 2020, FPH introduced its re-crafted mission meant to address climate change by “forging collaborative pathways to a decarbonized and regenerative future” and its purpose of creating mutually beneficial relationships with nature and society to benefit our customers, our employees, our suppliers, our environment, our communities, as well as our investors. In power and energy, our chosen path is centered on a program to accelerate and lead the transition towards a decarbonized Philippine energy system. In property, we shall nurture socially inclusive, well-tempered and creative spaces that elevate surrounding communities and the environment. In construction, we shall build infrastructure that creates resilience and enhances the quality of life in a more complex, climate-changed world.

Indeed, it was an interesting time to launch such a bold vision for the future. However, it was exactly in the context of the global pandemic where we can test the clarity and audacity of our mission and the strength of our resolve and commitment as a company. Our mission and purpose serve as our guardrails; they direct the way we operate and interact with the world around us. These goals humble us as we intentionally set a high bar for ourselves and we hope we can inspire others to pursue what would be a challenging, exciting, and inspiring journey ahead.

### **The question is how to thrive in these challenging times?**

Like most companies, FPH and its subsidiaries were not spared from the economic disruption brought by the COVID-19 pandemic, as evident in our financial performance.

Our main lowlight is that in 2020, FPH’s attributable recurring net earnings dropped by 21.5% or PHP2.6 billion to PHP9.4 billion from PHP12.0 billion in the previous year. This was predictably caused by the extended lockdown period that affected the operations of our power, real estate, construction, manufacturing and services businesses.

Total FPH Group revenues amounted to PHP107.3 billion, declining by PHP26.3 billion or 19.7% largely due to the following factors:

A. Lower price of electricity sold driven by a favorable reduction in average natural gas prices by 19.1% from USD8.90 to USD7.20 per MMBtu, which significantly reduced fuel revenues of the Santa Rita and San Lorenzo gas plants by PHP8.9 billion (or USD178 million), coupled with the reduced combined plant dispatch at 69% compared to 76% in the previous year;

B. Our San Gabriel gas plant registered lower revenues on account of an untimely outage in September caused by a damaged generator that required repair. We were fortunate that demand for power had gone down as we were on the hook for replacement power cost. We are pleased to report that all repairs were completed last February and the plant is now fully operational; delivering one of the lowest priced electricity to Meralco's consumers.

C. In addition, lower electricity spot prices and electricity demand affected revenues of our other power plants, namely Avion gas, Pantabangan hydro, and the geothermal plants of EDC. The decline in EDC's revenues was partly offset by higher revenues from its Burgos Wind and Solar plant on account of the unexpectedly better wind regime and the ERC-approved Feed-in-Tariff rate escalation.

Group revenues from the real estate business through Rockwell Land suffered a steeper drop in sales of 33.5% or PHP3.6 billion to PHP7.2 billion mainly due to lower reservation sales and delayed construction completion across its residential development projects.

Revenues derived from Contracts and Services likewise fell 19.5 % or PHP1.7 billion to PHP6.8 billion resulting from:

- a) Reduced earnings of Rockwell's commercial leasing and hotel business primarily due to the concessions given to tenants and the partial operations of the mall and hotel;
- b) Our industrial park, FPIP, also posted a decline in water and hotel revenues, and
- c) Thermaprime also recognized lower revenues following the slowdown in geothermal drilling activities during the lockdown.

First Philec's sales of distribution transformers went down by PHP 466 million or 19.55% to PHP1.9 billion mainly on account of the restrictions imposed on manufacturing operations during the quarantine.

### **Costs and Expenses:**

The drop in Group revenues also translated to reduced costs and expenses that totaled PHP80.8 billion, lower by PHP22.2 billion or 21.6% compared to last year's PHP103.0 billion. Much of the decrease was caused by lower fuel expenses, which are complete pass-through charges to Meralco, coupled with the deferment of EDC's maintenance and drilling activities across its geothermal assets. These were further complemented by lower general and administrative expenses particularly personnel, professional fees, utilities, and taxes and licenses.

Finance costs declined by PHP1.1 billion or 12.9% to PHP7.1 billion mainly attributable to the continuing debt reduction efforts of the First Gen group. This was partly offset by the incremental interest expenses recognized from new bank loans obtained by the FPH Parent, EDC, Rockwell, First Balfour, and FPIP. The loans were drawn to provide sufficient cash buffers across the portfolio to prepare for a possible prolonged slowdown.

The aforementioned factors resulted in a lower consolidated net income by PHP3.8 billion or 15.5%, from PHP24.6 billion in 2019 to PHP20.8 billion in 2020. Meanwhile, the net income attributable to FPH amounted to PHP9.9 billion, down by PHP2.7 billion or 21.6% compared to our attributable net income of PHP12.6 billion in 2019.

### **Adjusting to the Pandemic and Other Operating Highlights:**

Despite the setbacks, we witnessed a positive upturn in the last quarter of 2020. Economic activity and the overall operations of the group eventually ramped up when the government relaxed its guidelines and policies on quarantine restrictions.

As such, during the last quarter of 2020, the operating results of some of our companies were at par or even better than their results from pre-COVID periods. The projects of First Balfour and Thermaprime, which were halted during the ECQ period, have been greenlit and are now ramping up. First Philec's manufacturing line is also back to full plant capacity.

The pandemic required us to immediately roll out a response plan as part of our Crisis and Business Continuity Management program. This required all our sites to organize focal teams in charge of implementing the continuity plan and communicating with employees and external stakeholders.

We redesigned our operations to better adapt to the pandemic situation. We implemented safety practices such as work-from-home, sheltering-in-place, COVID-19 testing, medical disclosures, consultation hotlines,

and emotional health sessions to better support the health and well-being of our employees.

We put in place necessary benefits and policies to help employees adapt to the changes. We provided communication and internet allowances for employees to enable them to productively and effectively work-from-home. We restricted business travel and crafted stringent return-to-work protocols. Additionally, we included COVID-19 in our health insurance coverage.

The COVID-19 pandemic also required immediate assistance to the community-at-large. We approached our pandemic-related assistance through targeted efforts such as: 1) the Pantawid feeding program with ABS-CBN; 2) improved laboratory testing facilities and temporary accommodations for Philippine General Hospital and University of the Philippines National Institute of Health, Medical City and National Kidney Technical Institute frontliners; 3) we assisted the Philippine Port Authority with its 500 bed quarantine facility for overseas foreign workers; and 4) provided COVID testing equipment for the cities of Iloilo, Ormoc and Dumaguete. The combined support that the FPH Group had given for pandemic-related efforts amounted to PHP1.1 billion.

## **ALL SYSTEMS GO**

It is worth emphasizing that our whole FPH Group organization worked hard through the disruption to deliver, throughout 2020, the much-needed products and services to our customers. This was evident in the energy and power generation sector where our power plants operated at high reliability factors in excess of 95%.

To ensure business continuity, FPH drew on a PHP10 billion term loan facility to enhance cash reserves and be prepared for a possible prolonged “worst-case” scenario.

One key growth area of focus through First Gen is in developing its liquefied natural gas or LNG terminal. The plan requires modifying First Gen’s existing jetty facilities in Batangas to enable LNG to be shipped to the country from anywhere in the world and regasify the LNG molecules via a floating storage and regasification unit (FSRU).

Our planned interim offshore terminal remains on track for completion in the 3rd quarter of 2022. Not only has DOE granted us the Permit to Construct, First Gen also awarded the turnkey construction contract to McConnell Dowell of Australia.

This year, we accomplished a major milestone by awarding to BW Gas Ltd of Norway a 10-year charter contract to provide us with the floating storage and regas shipping vessel to be permanently moored at our jetty sometime in the fourth quarter of next year. And while we prioritize the

construction works in the jetty modification, we are hopeful that we can also finalize the LNG molecule supply necessary for the continued reliable operations of our power plants beyond Malampaya.

More importantly, LNG will pave the way for decarbonizing the country's entire energy system; to move away from coal dependence towards cleaner and renewable resources.

Additionally, global investment giant KKR conducted a voluntary tender offer for First Gen's shares at a 25% premium at the height of the quarantine period. KKR successfully tendered and acquired approximately 12.6% of First Gen's outstanding common shares. The passive investment undertaken in the midst of the pandemic is a testament to the confidence that KKR has in the future of the Philippines, of our Company, the capability of its management and the strategic choices made to favor clean, low carbon, and renewable energy.

Fortunately, things are moving in a positive direction with the Department of Energy's (DOE's) coal moratorium which is a much welcome announcement that shows how the Philippine Government is taking decisive steps toward a clean and renewable energy transition. Effective October 27, 2020, the DOE stopped processing applications for greenfield coal-fired power plants. This means that there will be more room for clean and renewable sources in the future energy mix of the country.

Rockwell Land was able to complete three projects, namely, the Lorraine Tower at The Proscenium, Edades Suites in Rockwell Makati, and Stonewell Acacia in Batangas. It generated robust residential lot sales in its first upscale horizontal development community called Rockwell South at Carmelray. It also established its presence in the north with a joint venture of a prime property in Angeles, Pampanga, intended for a mixed-use residential project and the likely site for the second Power Plant Mall.

FPIP, on the other hand, was able to complete 30,000 square meters of new ready-built factories, which are fortunately fully leased. The new locator is currently fitting-out the factory that will provide a thousand meaningful jobs in the next twelve months.

First Philec maintained its position as the leading transformers manufacturer in the country as it cornered nearly 60% of the Philippine market. With the increase in residential power demand given the semi-permanent work from home arrangement, First Philec works closely with the major distribution utilities to ensure reliable service to its consumers by delivering its high quality distribution transformer orders on time with strong after-sales support.

Despite halting operations during the ECQ, First Balfour picked up the pace with its outstanding construction projects. The Cebu–Cordova Link Expressway (CCLEX) project is already 60% complete, with target completion in the first half of 2022.

Meanwhile, the Novaliches-to-Balara Aqueduct tunneling project is 70% complete, with target completion in the first half of 2022, as well.

## **ALWAYS POWERED BY GOOD**

As we navigate 2021 and beyond, FPH will be guided by our mission, purpose, and chosen path, to develop an ecosystem of interconnected businesses that will help build the nation and secure a decarbonized and regenerative future for all.

To quote Jane Goodall, the 87-year old English-born renowned primatologist: “Climate change is actually a far more frightening thing right now than this pandemic because this pandemic will go away. But if we don’t **address climate change with as much vigor as people are addressing this pandemic** then the globe will heat up and we will reach a time when basically everywhere is not habitable to humans.” Jane continues by saying, “We are vulnerable and **we really need to learn to understand that we are part of the natural world and not separate from it.** We rely on it for clean air, clean water; we rely on forests to regulate temperature and to regulate rainfall. So we just have to start thinking differently and maybe this pandemic will start a movement.” Jane Goodall dedicated most of her life studying the personalities and survival skills of the wild chimpanzees of Tanzania since she was 26 years old. I distinctly remember watching documentary films and studying her passionate work when I was a young student in elementary school. I was surprised and impressed to find out that she is still active today in her late 80’s.

The reason we re-crafted our mission and our purpose is clearly to help address this existential threat of climate change and that we, as Jane Goodall emphasized, truly need to **appreciate that we are part of the natural world and not separate from it.** Together with you, our stakeholders, we intend to execute our plans and give everyone the opportunity to make better choices towards creating a brighter future together.

In line with this, I would like to express a heartfelt thank you to all our employees, shareholders, partners, and host communities who continue to support us in our challenging and exciting mission ahead. We wouldn’t have survived 2020 without you. In the meantime, we are awaiting the arrival of the vaccines and participated in the private sector group bulk order from AstraZeneca and Moderna. Surely, we have all experienced personal suffering this last year. It is crucially important for us to reflect and learn from the personal, societal, and economic

challenges we faced in this pandemic to come up with a renewed, positive outlook towards a decarbonized and a regenerative future.

We remain steadfast in our commitments to all of you, our dear stakeholders. During uncertain times, one thing remains certain: We will always be powered by good.

Thank you for your continued support!

**PRESENTATION & APPROVAL OF THE  
MANAGEMENT REPORTS AND  
RATIFICATION OF THE BOARD APPROVAL OF  
THE AUDITED FINANCIAL STATEMENTS FOR  
THE PERIOD ENDED DECEMBER 31, 2020**

The Chairman stated that copies of the management report, which included the audited financial statements for the calendar year ending December 31, 2020, were duly published and made available to the stockholders prior to the meeting. The management report and the financial statements included all pertinent actions undertaken during the year as well as the activities and performance of the subsidiaries and affiliates, including the declaration of dividends by the Company. He explained that the Board of Directors approved the audited financial statements last March 25, 2021. The statements also included a report from the Audit Committee on internal controls, risk management systems and on the external audit and non-audit fees.

Consistent with the Company's policy allowing stockholders to participate in the meetings of stockholders and ask questions, the Chairman said that management was prepared to clarify or elaborate on any matter reflected in the management report and the financial statements. He also said that the external auditors were also present to explain as may be necessary. In connection with the meeting, the Company had requested its valued stockholders to submit their questions through a designated online link. He then requested the Corporate Secretary to read the questions that can be accommodated within the time allowed with Management was ready to respond after each question.

The Corporate Secretary said that the Company received the following questions from Mr. Ghandie Martinez, a stockholder of record. The Corporate Secretary read the first question thus, "As a shareholder, I would like to be assured of

the dividends. So far, FPH has been paying dividends amounting to P2/share every year for the past several years. Can we expect another P2/share dividend payout this year?”

The President requested the Chief Financial Officer, Mr. Emmanuel P. Singson to respond. Mr. Singson stated that the Company is operating in a difficult environment, given the continuing various degrees of lockdowns and the persisting uncertainty due to the pandemic. And it has to be prudent and diligent in evaluating and implementing the plans for its businesses. That said, barring any unforeseen events and given its present investment requirements and cash position, he believes that the company can still maintain a P2/share dividend pay-out for the shareholders this year.

The Corporate Secretary then read the next question of Mr. Martinez: “I am also interested in FPH’s capex program for 2021, how will it look like with the ongoing pandemic?”

Mr. Singson stated that the capex for this year is estimated to be higher than last year’s at around P50 Billion as First Gen continues to develop its LNG terminal while Rockwell and First Balfour proceed with their planned projects. Majority of the capex for this year will be for the energy group, for First Gen P26B, followed by the property sector of about P14B for Rockwell and about a billion for FPIP. The balance is allocated for the construction sector, the new businesses in healthcare and education and was also used for FPH’s investments earlier this year.

The Corporate Secretary said the last question of Mr. Martinez was “Is FPH still continuing its share buyback program?” Mr. Singson responded that last July 9, 2020, the FPH board of directors approved an extension of the FPH share buyback program from July 2020 to July 2022. Since its inception, FPH has to date purchased 105 million shares and paid out P7 billion to its shareholders under the share buyback program. Currently, there is still P4.7 billion available for further buybacks as the company continues to view this as a value enhancing exercise for the shareholders.

The Corporate Secretary then stated that those were the questions received, but that if there were questions received after the deadline or during the meeting through other means such the through the corporate secretary’s email at corporatesecretary@fphc.com as provided in the meeting materials, or at invrel@fphc.com the Company will endeavor to respond to these questions as well.

The Chairman hoped that the stockholders, as well as the Company's friends from the press, would find the responses sufficient and requested the Corporate Secretary to read the proposed resolution with respect to the financial statements, the reports and the voting results.

The Corporate Secretary stated that Management proposed the approval of the following resolution for approval by the stockholders:

*“RESOLVED, That the stockholders of First Philippine Holdings Corporation (the ‘Corporation’):*

- (i) confirm, approve, and ratify, as they hereby do confirm, approve and ratify, the Board of Directors’ approval of the Audited Financial Statements of the Corporation for the period ended December 31, 2020; and*
- (ii) approve, as they hereby do approve, the management reports covering the calendar year ending December 31, 2020.”*

The Corporate Secretary stated that the Company received votes or proxies representing 343,197,637 shares or 98.88% of the shares present or represented at the meeting which voted in favor of the approval of the management reports and audited financial statements. The Company received zero shares voting against and 386,620 shares abstaining from voting on this particular matter. This was noted by the Chairman and who declared the resolution approved.

**RATIFICATION OF THE ACTS OF THE BOARD,  
OF THE EXECUTIVE COMMITTEE, OTHER BOARD  
COMMITTEES, AND OF THE MANAGEMENT  
OF THE CORPORATION**

The Chairman said that the next item in the agenda was the ratification of the acts of the Board of Directors, of the Executive Committee, other Board Committees, and of the Management of the Corporation. Those actions affecting the business, operations, financial performance and decisions of the Corporation are also covered in the Information Statement, Management Report, Chairman and President's Reports and in the discussions in this meeting. He requested the Corporate Secretary to read the proposed resolution with respect to the foregoing.

The Corporate Secretary stated that Management proposed the approval of the following resolution by the stockholders:

*“RESOLVED, That all resolutions and acts of the Board of Directors, the Executive Committee and other Board Committees, as well as the acts and contracts entered into by the Management of First Philippine Holdings Corporation during the calendar year ended December 31, 2020, and up to the date of this Annual Stockholders Meeting, and the Chairman and President’s Reports, be, as they are hereby, confirmed, ratified and approved by the stockholders.”*

The Corporate Secretary stated that the Company received votes or proxies representing 343,197,637 shares or 98.88% of the shares present or represented at the meeting which voted in favor of the approval of the acts of the Board of Directors, of the Executive Committee, the other Board Committees, and of the Management during the calendar year ended December 31, 2020 and up to the date of this meeting as well as the Chairman & President’s Reports. The Company received zero shares voting against and 386,620 shares abstaining from voting on this particular matter. This was noted by the Chairman and who declared the resolution approved.

## **ELECTION OF DIRECTORS**

The Chairman said that the next item in the agenda was the election of directors of the Corporation for the ensuing year. There are fifteen seats in the Board to be filled. He asked the Corporate Secretary to explain the provisions of the By-Laws and the rules of the SEC with respect to the election of directors.

The Corporate Secretary said that, according to Article II, Section 3 of the By-Laws, all nominations for the election of Directors by the stockholders shall be submitted in writing to the Corporate Governance Committee at least 60 days before the scheduled date of the annual stockholders’ meeting. Nominations and elections of independent directors must also comply with the regulations of the SEC and all related issuances. In this regard and except as explained in the Information Statement, the Board, as recommended by the Corporate Governance Committee, received within the said period nominations in favor of the following stockholders as Directors of the Corporation for the ensuing year:

Mr. David O. Chua  
Ms. Roberta L. Feliciano  
Mr. Miguel Ernesto L. Lopez  
Mr. Manuel M. Lopez  
Mr. Federico R. Lopez  
Ms. Mercedes Lopez-Vargas  
Mr. Francis Giles B. Puno  
Ms. Anita B. Quitain  
Mr. Emmanuel P. Singson  
Mr. Richard B. Tantoco  
Mr. Jaime I. Ayala  
Mr. Stephen T. CuUnjieng  
Mr. Francisco Ed. Lim  
Ms. Rizalina G. Mantaring  
Mr. Cirilo P. Noel

It was advised that the Corporate Governance Committee and the Board of Directors, as applicable and based on the Manual, reviewed and favorably passed upon the qualifications and eligibility of the stockholders nominated as Regular Directors and as Independent Directors for the ensuing year in accordance with the By-Laws and the Corporation's Manual for Corporate Governance. Ms. Mantaring, Mr. Noel, Mr. Lim, Mr. Ayala and Mr. CuUnjieng were nominated as independent directors. The directors' qualifications and professional experience were all discussed in the Information Statement. An attendance report was included to show none of the directors nominated have attended less than 50% of the meetings as well as a section on their compensation, including their committee attendance. The Board likewise conducted a performance self-assessment for 2020. The members of the Board have complied with the Company's policies on self-dealing, disclosures and related party transactions, among others.

With respect to the votes cast, each director received at least 96.36% of the votes. The Corporate Secretary certified that the board directors so nominated have received the requisite votes for election without prejudice to a final tabulation to be made part of the records.

The votes for the directors were as follows:

	ACTION		
	FOR	AGAINST	ABSTAIN
Mr. David O. Chua	339,116,957 97.70%	4,467,300 1.29%	-
Ms. Roberta L. Feliciano.	339,116,957 97.70%	4,467,300 1.29%	-
Mr. Miguel Ernesto L. Lopez	336,026,293 96.81%	7,557,964 2.18%	-
Amb. Manuel M. Lopez	335,169,839 96.56%	8,414,418 2.42%	-
Mr. Federico R. Lopez	334,458,209 96.36%	9,126,048 2.63%	-
Ms. Mercedes Lopez-Vargas	339,116,957 97.70%	4,467,300 1.29%	-
Mr. Francis Giles B. Puno	338,837,557 97.62%	4,746,700 1.37%	-
Comm. Anita B. Quitain	339,116,957 97.70%	4,467,300 1.29%	-
Mr. Emmanuel P. Singson	339,116,957 97.70%	4,467,300 1.29%	-
Mr. Richard B. Tantoco	339,116,957 97.70%	4,467,300 1.29%	-
Mr. Jaime I. Ayala*	336,026,293 96.81%	7,557,964 2.18%	-
Mr. Stephen T. CuUnjieng*	343,251,057 98.89%	333,200 .10%	-
Mr. Francisco Ed. Lim*	343,251,057 98.89%	333,200 .10%	-
Ms. Rizalina G. Mantaring*	342,302,067 98.62%	1,282,190 .37%	-
Mr. Cirilo P. Noel*	335,276,493 96.60%	8,300,844 2.39%	-
<i>* Nominated and elected as Independent Directors</i>			

*\*Percentage of votes is based on the number of shares present or represented at the meeting*

The Chairman formally declared the said nominated stockholders to be the duly elected members of the Board of Directors, to serve as such for the ensuing year and until their successors are duly elected and qualified. He welcomed the new directors and stated that he looked forward to working with them.

#### **ACKNOWLEDGMENT OF OUTGOING DIRECTORS**

The Chairman expressed on behalf of FPH, its officers and employees, their profound gratitude and appreciation to the outgoing directors of the Company. These distinguished gentlemen started their term as director when the Chairman Emeritus Oscar M. Lopez, was the Chairman and CEO of the Company. The Chairman stated that he is quite fortunate to have had the opportunity to work with them and be guided by their knowledge and wisdom after he assumed the Chairmanship in July 2010.

**Mr. Augusto Almeda-Lopez** has been a Director of the Corporation since 1986, right after the EDSA People Power Revolution. That was when the Chairman Emeritus was put back at the helm of managing a near-bankrupt FPH. Tito Jake was Vice Chairman of the board from 1993 to 2010. He served as Chairman of the Compensation and Remuneration Committee and as a member of the Executive Committee and the Audit Committee.

**Mr. Ernesto B. Rufino, Jr.** became a Director of the Corporation from 1986 until 2001. He was re-elected to the board in January 2003 and has remained a director since then or for a total of 29 years. Mr. Rufino actually started his career at the economic research and development department together with the Chairman Emeritus back in 1966, when FPH was still known as Meralco Securities Corporation. He would rejoin the company in 1986, and was the Chief Finance Officer, Treasurer, and a Senior Vice President of FPH until his retirement in 2007. At the FPH Board, he was a member of the Finance & Investment Committee and the Board Risk Oversight Committee.

**Mr. Elpidio L. Ibañez** has been a Director of the Corporation since October 1988 or for 33 years. Nonoy started his career at FPH's management information systems group back in March 1979. He eventually became Treasurer, then was appointed President & Chief Operating Officer in May 1994, a position which he held up to September 2015, upon his retirement. At the FPH Board, he was a member of the Audit Committee, the Corporate Governance Committee and the Related Party Transactions Committee.

**Mr. Peter D. Garrucho, Jr.** has been a Director of the Corporation since 1994. He was appointed Managing Director for Energy in 1994, and was at the forefront of developing FPH's power generation portfolio until his retirement in January 2008. Peter was formerly the Vice Chairman & Chief Executive Officer of the First Gen and the First Gas companies and has mentored many of its senior officers, including the Chairman, Giles Puno, Ricky Tantoco, and Jon Russell. At the FPH Board, he was a member of the Audit, the Compensation and Remuneration, the Finance and Investment, the Board Risk Oversight and the Related Party Transactions Committees.

**Chief Justice Artemio V. Panganiban** assumed office as an independent director of FPH in July 2007 or for 14 years. He was the Chairman of the Board Risk Oversight Committee where he was instrumental in the review and mitigation of key risks facing the company. He was also selected as the Company's lead independent director.

**Mr. Juan B. Santos** has been an Independent Director of the Corporation since 2009 or for 12 years. He was the Chairman of the Audit Committee where he insured the integrity and completeness of the company's financial reports, working closely with the external and internal auditors. He was also a member of the Corporate Governance and the Related Party Transactions Committees.

The Chairman thanked all of the directors for their long service, stating that it has been his privilege to sit with them in the boardroom, to have had the benefit of their wisdom and to have known their faith and fealty to the group through all the good and bad times. He added that every one deserves a big hand but it will have to done virtually at this time. He wanted them to know of the gratitude that the Company will always bear for the indispensable part that they have played in making FPH a relentless and now regenerative force for good. He wished them all the best.

#### **APPOINTMENT OF EXTERNAL AUDITORS**

The last item in the agenda was the appointment of external auditors and the Chairman requested the Corporate Secretary to read the proposed resolution in this regard.

The Corporate Secretary stated that Management proposed the approval of the following resolution by the stockholders:

*“RESOLVED, that the stockholders of First Philippine Holdings Corporation (the “Corporation”) hereby approve the appointment of SyCip Gorres Velayo & Co. as the Corporation’s external auditors for the period 2021-2022.”*

The Corporate Secretary reported that the Company received votes or proxies representing 342,775,977 shares or 98.76% of the shares present or represented at the meeting which voted in favor of the appointment of Sycip Gorres Velayo & Co. as the Corporation's external auditors. The Company received 808,280 shares voting against and zero shares abstaining from voting on this particular matter. This was noted by the Chairman and who declared the resolution approved.

## **ADJOURNMENT**

The Chairman inquired if there was any other business to be taken up. There being no further business to transact, the Chairman thanked everyone who attend the virtual stockholders' meeting, wished for their continued good health and reminded them to be safe. He stated that the Company is with them during this challenging time. He expressed hopes that with the impending arrival of more vaccines and with God's Grace that everyone will have their normal lives back soon. The meeting was thereupon adjourned.

**ENRIQUE I. QUIASON**  
Corporate Secretary

**ATTEST:**

**FEDERICO R. LOPEZ**  
Chairman of the Board