

CHAIRMAN'S MESSAGE

Jaime Augusto Zobel de Ayala

Chairman, Ayala Corporation

2022 Ayala Corporation Annual Stockholders Meeting

Fellow shareholders,

We close 2022 with the renewed hope that the worst of the COVID-19 pandemic has passed, and that we are now recovering after more than two years of severe economic and social dislocations. Several signs already point to people living with the virus, demonstrating the tremendous resilience of humanity.

2022 saw improved mobility, decreasing unemployment, and pent-up demand producing a 2.9% global GDP growth rate. The Philippines grew 7.6% in 2022, exceeding several estimates. The country returned to pre-pandemic productivity levels in the third quarter.

However, the conflict in Europe has raised oil and energy prices, disrupted global supply chains, and fueled inflation. The latter has caused the world's central banks to raise interest rates at pace, which in turn has caused some market volatility.

Despite this volatility, I remain hopeful. We have an excellent opportunity to revisit our business paradigms. I firmly believe that we can and must rebuild. We must make things much better and much stronger for everyone's benefit.

Today, allow me to share my thoughts on the year that was – on how this health and economic crisis appears to be waning; on how there is a greater demand for more resilient and sustainable systems; and on how Ayala is helping lead a more inclusive economic recovery.

Expansion alongside economic recovery

First, we have seen that alongside the country's full reopening, our businesses have started to meaningfully recover, and take advantage of expansion opportunities. Economic vitality has returned, which we hope will fuel growth.

A key beneficiary is Ayala Land, with increasing commercial and office foot traffic propping up its performance. Residential demand was robust despite higher interest rates, allowing ALI to launch 30 projects. We enter 2023 with renewed optimism, with ALI rolling out development projects, refreshed mall experiences, and much-needed warehousing and cold chain facilities.

Given the increasing importance of e-commerce and more resilient logistics systems, AC Logistics is progressing on its goal of being integral to all parts of the supply chain. Our acquisition of the Air21 group allows us to be a full end-to-end logistics provider, including international freight forwarding, warehousing, in-land transportation and waste management.

We are also encouraged that the core manufacturing and four-vehicle distribution and retail operations of AC Industrials have returned to profitability. We think that electric vehicles represent considerable potential. We are excited to participate in the emerging electric mobility ecosystem.

Harnessing opportunities at the intersection of customer obsession and digital

Secondly, digital technologies have substantially transformed consumer expectations and behavior.

Organizations must embrace a philosophy of tech-enabled customer obsession to be relevant.

Our business units, having been on extensive digitalization journeys, are reaping the rewards. Globe and BPI are good examples.

Globe built new and upgraded cell sites nationwide and installed critical 5G infrastructure. This enabled Globe to provide a wide array of digital products and look more like a digital technology company. Globe is exploring new spaces through 917Ventures and Kickstart Ventures. We are hopeful that we will find the next digital game-changer through these entities.

Meanwhile, as much as 89% of BPI's transactions are already being done through digital channels. Customer obsession is now a core pillar of BPI's values. Work continues to reformat our branches and launch new online platforms to serve a broad range of specific customer needs. Furthermore, our merger with Robinsons Bank will provide us with a much larger client base and help us capture synergies across our platforms and products.

BPI and Globe have also made gains in financial inclusivity. BPI's digital client base has grown more than five times since 2019. Just last year, BPI Online directly acquired about 150,000 new-to-bank clients and, through its ongoing partnership with GCash, around 500,000 more customers.

Meanwhile, GCash now serves a user base of 76 million, five times higher than the next largest e-wallet. The GCash Lending platform now has 2 million unique borrowers and has disbursed P57 billion in loans.

We are delighted that GCash has become ubiquitous in the lives of Filipinos, and we remain bullish at the prospects of this platform, not just as a financial tool, but as a lifestyle enabler.

Building a modern, sustainable, and equitable economy

Thirdly, there are now public expectations for enterprises to be more active contributors to society. Here in the Philippines, we saw how a broad coalition of private enterprises, civil society, and government were instrumental in the effective handling of COVID.

Our COVID experience solidifies my belief that enterprises can and should play a bigger role in building a stronger country. Thus, we are accelerating our efforts to help create a modern Philippine economy, one that is underpinned by a strong commitment to sustainability and stakeholder well-being.

For instance, in some Ayala malls and offices, as much as 90% of the gross leasable areas employ renewable energy. AC Industrials and Ayala Land continue to enable an electric mobility future through the rollout of EV charging infrastructure. Ayala Corporation, Globe, and AC Industrials have also pooled resources to bring to the Philippines Gogoro and its innovative swappable batteries and electric bikes.

Speaking of energy, ACEN has taken bold steps to have a fully renewable energy portfolio by 2025, and to have 20GW of renewables capacity by 2030. Last year, ACEN completed the world's first Energy Transition Mechanism transaction, which provides a blueprint that other coal-fired producers can adopt to responsibly transition their facilities towards cleaner alternatives.

A modern, sustainable, and progressive nation requires a healthy population. Thus, AC Health continues to develop an ecosystem of physical and digital healthcare offerings. Further, Globe and AC Health have combined their digital health assets under the new KonsultaMD platform. We are also on track to open the Healthway Cancer Care Center in 2023, with the objective of providing quality affordable care to cancer patients.

Reaffirming and accelerating our sustainability commitments

Before I close, allow me to provide an update on our sustainability initiatives.

We continue to be active members of prominent international sustainability organizations, such as the World Business Council for Sustainable Development and the Council for Inclusive Capitalism.

We likewise reaffirm our support for the Ten Principles of the United Nations Global Compact with a focus on the areas of Human Rights, Labor, Environment, and Anti-Corruption.

We also continue to support the Taskforce on Climate-Related Financial Disclosures and remain committed to being a nature-positive company. Our business strategies and financial reporting remain aligned to the high standards set by the TCFD.

As for our commitment, announced in 2021, to achieve net zero greenhouse gases by 2050, our core business units have made significant progress on their net zero roadmaps across Scopes 1, 2, and 3. In partnership with our advisor, South Pole, we hope to have a consolidated net zero roadmap ready by the end of 2023.

We continue to explore nature-based solutions. With Ayala's broad portfolio, I think there may be an opportunity for us to make a big impact in this rapidly evolving space. We have an ongoing project in Mindoro, which will produce high-quality carbon credits. Our teams are working with different community stakeholders to develop a project structure that will pass third party validation.

Most of our ongoing initiatives revolve around the Environment pillar of ESG, given that Environment standards are quite developed. Nonetheless, we strongly recognize the immense importance of the Social pillar – the "S" in ESG. We are preparing a framework for Social, centered around the themes of expanding access to products and services, and providing meaningful and dignified work to a broad base of Filipinos.

Looking ahead

To close, we enter 2023 with the belief that we can regain the momentum that was lost due to the pandemic. I remain hopeful and excited at the many possibilities available to Ayala, and I am greatly encouraged at the continued strength of our companies; the sustained partnership with our stakeholders; and our unwavering commitment for equitable progress and the greater good.

We are likewise excited to have Bong Consing as our Chief Executive Officer. Bong knows the group well, starting as a banker to the group in the 80s; then as President and CEO of BPI from 2013 to 2021, where he was a key driver of the bank's digitalization and transformation program; as a member of the Group Management Committee over the same period; and as a director of BPI, Globe, and Ayala Corporation.

Bong has the skillset that is necessary to lead a large, complex, and diverse group like ours. We are confident that his leadership will pave the way towards continued relevance and growth in the foreseeable future.

I thank our Board of Directors for their guidance through what has been a challenging period. I thank our many management teams and employees, who continue to be integral to Ayala's relevance and longevity. And I thank all of you – our customers, host communities, business partners, and shareholders – for continuing to place your faith in Ayala. Our group's strength would not be possible without all of you. With your support, we will help build the Philippines of the future.