

## MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING

April 23, 2021 at 9:00 AM

Conducted virtually via

[https://us02web.zoom.us/webinar/register/WN\\_Tveby6v3SJOUdAwognzY2g](https://us02web.zoom.us/webinar/register/WN_Tveby6v3SJOUdAwognzY2g)

**Stockholders Present and Represented:** The complete list is attached as Annex A.

<b>Total Number of Shares Present:</b>	<b>667,978,758</b>
<b>Total Number of Outstanding Shares:</b>	<b>877,415,324</b>
<b>Percentage of Shares Present vis-à-vis Total Outstanding Shares:</b>	<b>76.13%</b>

### Directors Present:

Jaime Augusto Zobel de Ayala

*Chairman of the Board and Chief Executive Officer  
Chairman, Executive Committee  
Member, Finance Committee*

Fernando Zobel de Ayala

*Vice Chairman of the Board, President and Chief  
Operating Officer  
Member, Executive Committee  
Member, Finance Committee*

Keiichi Matsunaga

*Member, Executive Committee  
Member, Audit Committee  
Member, Risk Management and Related Party  
Transactions Committee  
Member, Personnel and Compensation Committee*

Rizalina G. Mantaring (independent director)

*Chairman, Audit Committee  
Chairman, Personnel and Compensation Committee  
Member, Corporate Governance and Nomination  
Committee  
Member, Risk Management and Related Party  
Transactions Committee*

Antonio Jose U. Periquet (independent director)

*Chairman, Risk Management and Related Party  
Transactions Committee  
Chairman, Corporate Governance and Nomination  
Committee  
Member, Finance Committee*

Delfin L. Lazaro

*Chairman, Finance Committee  
Member, Personnel and Compensation Committee*

Cezar P. Consing

*Member, Finance Committee*

**Officers Present:**

Jose Rene Gregory D. Almendras, *Senior Managing Director*  
Bernard Vincent O. Dy, *Senior Managing Director*  
Jose Teodoro K. Limcaoco, *Senior Managing Director*  
Arthur R. Tan, *Senior Managing Director*  
Alfredo I. Ayala, *Managing Director*  
Paolo Maximo F. Borromeo, *Managing Director*  
John Eric T. Francia, *Managing Director*  
Solomon M. Hermosura, *Managing Director and Corporate Secretary*  
Ruel T. Maranan, *Managing Director*  
John Philip S. Orbeta, *Managing Director*  
Catherine H. Ang, *Executive Director and Chief Audit Executive*  
Estelito C. Biacora, *Executive Director and Treasurer*  
Josephine G. De Asis, *Executive Director and Controller*  
Dodjie D. Lagazo, *Assistant Corporate Secretary*  
Joanne M. Lim, *Assistant Corporate Secretary*

**1. Call to Order**

After the national anthem, the Chairman, Mr. Jaime Augusto Zobel de Ayala, called the meeting to order at 9:00 a.m. He stated at the outset that the Corporation is holding the meeting in virtual format because of the restrictions to address the COVID-19 pandemic and the utmost importance it places on the health and well-being of its employees, stockholders, and partners. Nevertheless, the Corporation has striven to ensure that its stockholders can freely exercise their right to vote and be informed.

The Chairman introduced each of the presenters, namely: Fernando Zobel de Ayala (Vice-Chairman, President and Chief Operating Officer), Solomon M. Hermosura (Corporate Secretary), Celeste M. Jovenir (Head of Investor Relations), Rizalina G. Mantaring (Independent Director and Chairman of the Audit Committee), and Antonio Jose U. Periquet (Independent Director and Chairman of the Corporate Governance and Nomination Committee). He also presented the other members of the Board of Directors, Delfin L. Lazaro, Keiichi Matsunaga, and Cezar P. Consing, and the members of the Group Management Committee, namely, Jose Rene Gregory D. Almendras (President of Manila Water Company, Inc.), Alfredo I. Ayala (who is leading the initiatives in education), Paolo Maximo F. Borromeo (President of Ayala Healthcare Holdings, Inc.), Jose Teodoro K. Limcaoco (President of Bank of Philippine Islands), Ernest L. Cu (President of Globe Telecom, Inc.), Bernard Vincent O. Dy (President of Ayala Land, Inc.), John Eric T. Francia (President of AC Energy, Inc.), Ruel T. Maranan (President of Ayala Foundation, Inc.), John Philip S. Orbeta (Chief Human Resources Officer), Arthur R. Tan (President of AC Industrial Technology Holdings, Inc.), and Alberto M. de Larrazabal (the incoming Chief Finance Officer). The Chairman likewise acknowledged the presence of the other officers of the Corporation and the representatives of SyCip Gorres Velayo & Co. ("SGV"), the Corporation's external auditor and validator of the voting results, who were in attendance.

**2. Notice of Meeting**

The Secretary, Mr. Solomon M. Hermosura, certified that by March 26, 2021, the stockholders of record as of March 9, 2021 were notified of the Notice of the meeting and the Definitive Information Statement. Service was caused in three (3) ways: first, by email to all stockholders who have given their e-mail addresses, second, by posting on the Corporation's website and third, by disclosure through the Philippine Stock Exchange EDGE system. In addition, the Notice was published in print and online formats on March 30 and March 31 in the Manila Bulletin and the Philippine Daily Inquirer. Accordingly, the stockholders have been duly notified in accordance with the By-Laws and applicable rules, including the

Corporation's Internal Guidelines on Participation in Stockholders' Meeting by Remote Communication and Voting in Absentia.

### **3. Determination of Quorum**

The Secretary certified that there was a quorum for the meeting with stockholders owning 667,978,758 shares or 76.13% of the total outstanding shares present. The mode of attendance of the stockholders present and their respective percentages of the outstanding shares are set forth below:

Mode of Attendance	% of Total Outstanding Shares	Number of Shares
Appointment of the Chairman as proxy	75.955%	666,438,592
Voting in absentia	0.013%	113,064
Remote Communication	0.163%	1,427,102

Additionally, there were 426 viewers of the live webcast of the meeting.

### **4. Instructions on Rules of Conduct and Voting Procedures**

The Chairman asked the Secretary to share the rules of conduct and voting procedures for the meeting, including the measures to provide the shareholders the opportunity to participate in the meeting to the same extent possible as in an in-person meeting.

The Secretary first stated that the rules of conduct and the voting procedures are set forth in the Definitive Information Statement and in the Explanation of Agenda Items, which forms part of the Notice of the Annual Stockholders' Meeting before he emphasized the following points:

- (i) The agenda for the meeting covers a range of matters requiring stockholders' vote and was included in the Notice sent to stockholders for this meeting. Stockholders were also provided an opportunity to propose matters for inclusion in the agenda, pursuant to applicable rules and regulations and the Corporation's internal guidelines.
- (ii) Stockholders who registered under the electronic Voting in Absentia & Shareholder (VIASH) system and notified the Company by email by April 14, 2021 of their intention to participate in this meeting by remote communication may send their questions or comments to [corporatesecretary@ayala.com.ph](mailto:corporatesecretary@ayala.com.ph).
- (iii) Questions or comments received before 9:30 a.m. of April 23, 2021 will be read aloud and addressed during the Q and A period, which will take place after other matters. Management will reply by email to questions and comments not taken up during the meeting.
- (iv) There are five resolutions proposed for adoption by the stockholders, each of which will be shown on the screen as the same is being taken up.
- (v) Stockholders could cast their votes on these proposed resolutions and in the election of directors beginning March 31, 2021 through the VIASH System. Stockholders participating via live feed may cast their votes using the same system. The polls will remain open until the end of the meeting for stockholders who had successfully registered in the VIASH System.

- (vi) Stockholders were provided with the option of appointing the Chairman as proxy.
- (vii) The Secretary reported that the votes cast as of close of business of April 21, 2021 have been tabulated. The votes were from stockholders owning 666,604,535 voting shares representing 99.99% of the total voting shares represented in the meeting and 80.56% of the total outstanding voting shares. The Secretary will be referring to this preliminary tabulation when reporting the voting results during the meeting. However, the results of the final tabulation of votes, with full details of the affirmative and negative votes and abstentions, will be reflected in the minutes.

## 5. Approval of the Minutes of the 2020 Stockholders' Meeting

The Chairman then proceeded with the approval of the minutes of the annual stockholders' meeting held on April 24, 2020, an electronic copy of which was posted on the website of the Corporation.

The Secretary presented Resolution No. S-01-2021 and based on the votes received, reported the approval by the stockholders of the resolution, which is set forth below:

### Resolution No. S-01-2021

**RESOLVED**, to approve the minutes of the annual stockholders' meeting held on April 24, 2020.

As tabulated by the Committee of Inspectors of Proxies and Ballots and validated by SGV, the votes for the adoption of Resolution No. S-01-2021 providing for the approval of the minutes of the previous meeting are as follows:

	For	Against	Abstain
Number of Voted Shares	666,313,367	1	151
% of Shares of Shareholders Present	99.75%	0.00%	0.00%

## 6. Annual Report of Officers

### Message of the Chairman

The Chairman, Mr. Jaime Augusto Zobel de Ayala, began his presentation by looking back to March 11, 2020 when the World Health Organization declared COVID-19 a global pandemic, and sharing that nobody could have imagined then that the pandemic would stretch well beyond one year and transform into a complex combination of four crises (health, social, economic and geopolitical) rolled into one. Without minimizing the devastation caused by the pandemic, the Chairman highlighted the silver linings: the sublime courage, skill and resourcefulness of the frontliners; the multiplication of dialogues and connections made possible by the ramp-up in technology and digital infrastructure; the restoration of connections within families, and the Filipinos' *bayanihan* spirit.

Ayala Corporation had the same narrative in 2020 – while its bottomline has been severely impacted, the Ayala group, acting with agility, weathered the economic challenges, made decisive and balanced trade-offs between short-term pivots and long-term sustainability, and continued to be a force for growth and a force for good for its varied stakeholders.

The Chairman laid out three broad themes which represent the past year and set the foundation for how the group is positioned for long-term growth. First, the group's balanced portfolio and years of risk-resilient financial discipline served as its strategic advantage in navigating through a severely disrupted business landscape. While the crisis affected Ayala Land, BPI, and AC Industrials, the impact on the group's overall performance was offset by the resilience of Globe and AC Energy. Moreover, the transformation initiatives that were undertaken a few years back bore fruit as the crisis essentially catalyzed the tremendous potential of digital technologies and digital adoption. In fact, two of the country's top three digital finance platforms are Ayala assets, namely, GCash and BPI Online. GCash also recently attracted US\$175 million in fresh capital, including an investment from Bow Wave, a New York-based private equity fund. Similarly, enrollments and usage surged during the pandemic across the BPI's online platforms as its digital channels now constitute an average of seventy percent (70%) of the bank's total transactions. In tandem with its balanced portfolio, Ayala's years of risk-resilient discipline with respect to financial management generated sufficient absorption capacity to protect its balance sheet. Ayala Land, BPI, Globe, and Manila Water raised around US\$3 billion in combined proceeds from various domestic and international capital raising exercises that will enable the group to preserve financial sustainability and create capacity for opportunistic investments.

Second, in responding to the pandemic, the group prioritized protecting three concentric circles of stakeholders: its employees, its broader business ecosystem and the community at large. From March to December 2020, the Ayala group disbursed a total of ₱13.2B for its pandemic response initiatives. From providing an emergency assistance package for the employees and those who provide contractual services to the entire group, to building a COVID-19 facility and implementing health and safety protocols in the various workplaces, to making available tools-of-work and online educational courses, the Group showed that the well-being and safety of its workforce were of utmost priority. The second phase was to ensure that the business ecosystem stayed in place as we collectively tried to recover. Ayala Land was the first to implement rent condonations to its mall merchants, while BPI was among the first financial institutions to offer a grace period for loan payments. Similarly, Globe and Manila Water provided grace periods for bill payments all consistent with the economic stimulus package put in place during the crisis. The Ayala Enterprise Circle was also launched as a support network for the group's SME partners to help them navigate the crisis by providing business solutions, expert mentorship, training, and business-matching opportunities. Guided by the philosophy that the sustainable recovery of private institutions can happen only if the communities also survive and thrive, the Ayala group spearheaded a number of community projects, including Project *Ugnayan*, a peer partnership among the private sector, that galvanized action to address the immediate food needs of the economically vulnerable families who were caught flat-footed when community quarantine was declared last year. Many of the biggest donors committed their support within 48 hours. A total of two hundred seventy (270) companies contributed and raised ₱1.7 billion worth of emergency relief assistance and distributed this by enlisting the machinery of PDRF and the Catholic Church to over 14 million individuals. The Ayala group also led in converting the World Trade Center into a massive quarantine facility and donated a number of molecular testing laboratories and significant quantities of medical supplies to local government units. Presently, the group is among the leading private sector firms supporting the government in planning and implementing the national vaccination program.

Third, the Ayala group continues to capitalize on opportunities amid the massive shifts taking place, and remains well-positioned for a post-pandemic recovery. AC Health is scaling up its portfolio to take advantage of the momentum in the healthcare ecosystem. Last February, AC Health completed the acquisition of a majority stake in QualiMed Health Network. The addition of QualiMed to AC Health's portfolio complements its clinics under the Healthway brand, as well as the country's first specialty cancer hospital, which is set to open in 2023. AC Health also launched a telemedicine solution that, among others, is targeted to be used for vaccination scheduling and monitoring. With digital infrastructure seen to power many more industries, including logistics, the Group is looking to further develop its logistics portfolio, which started with Entrego, in a more meaningful way. Entrego has

ramped up its operations significantly over the past year, with revenues growing 10 times since 2018 and the volume of packages delivered doubling since the start of the pandemic. A third set of opportunities—aside from healthcare and digitalization—lies in the area of sustainability and of ESG-proofing the group's businesses. Global investors and pandemic realizations have triggered the demand for affordable, reliable, renewable, and sustainable power. AC Energy intends to play a leading role in this energy transition process with a strategy that emphasizes building a low-carbon portfolio by working towards fully divesting its thermal assets by 2030. AC Energy's rapid transition to renewables has attracted strategic partnerships from blue chip institutions such as GIC, Singapore's sovereign wealth fund, which is acquiring a 17.5% stake in the company. The group will do its part to help spur the revitalization of the economy through continued investment spending and has allocated ₱196 billion in combined capital expenditure for 2021.

The Chairman then segued into a discussion of the transition of the Chief Executive Officer position from him to his brother and incumbent President of the Corporation, Mr. Fernando Zobel de Ayala. He shared that retaining his roles as Chairman or Vice Chairman of the boards of Ayala Corporation and its various subsidiaries will allow him to continue providing support to the management teams across the group and at the same time, will create space for him to focus on governance, and strengthen connections with the group's partners, customers, and employees.

Having served as the Chief Executive Officer for twenty six (26) years and as an employee for forty (40) years, the Chairman expressed his pride: (i) in having been part of a continuing path of progressive transformation in the company; (ii) in the fact that Ayala has developed products and services that are significantly more inclusive to broader segments of the population, has used technology and disruption to transform the way the group's customers experience life, and has consistently committed capital and a growing balance sheet to address the vital social and hard infrastructure bottlenecks that the Philippines faces as a country; (iii) in having an institution that is aligned to the UN Sustainable Development Goals and the broader initiatives that conform to the new accepted ESG frameworks; and (iv) in having developed a community of talented, driven, imaginative and problem-solving teams that relish challenges and whose values are parallel to those in leadership across the group.

In conclusion, the Chairman recognized the leadership provided by the Mr. Fernando Zobel de Ayala for more than two decades and his eminent suitability to continue providing executive momentum in his new role as President and CEO of Ayala; declared their intent to continue charting in tandem Ayala's path forward; and thanked the Corporation's Board of Directors for their constant guidance and foresight, the leadership teams and colleagues across the entire Ayala group for their deep commitment and engagement across many fronts, and the stockholders, for their unwavering trust and support.

#### Report of the President

The President, Fernando Zobel de Ayala, recounted the highlights of Mr. Jaime Augusto Zobel de Ayala's twenty-six (26) year-tenure as CEO particularly, the outstanding financial track record of the Corporation which saw its market capitalization and net income expanding more than sixfold during that period, and his five-point legacy upon which Ayala Corporation will build and propel sustainable returns for generations to come. Said legacy is as follows: first, the Group portfolio mix is stronger, expanded, more diversified and balanced; second, the Group has developed a culture of relevant and relevant innovation; third, the Corporation has a rigorous financial management discipline that has been tested and proven, time and again; fourth, Mr. Jaime Augusto Zobel de Ayala has championed Ayala's pioneering efforts to align its ambition and metrics with world-class standards for Sustainability and Environmental, Social and Corporate Governance (ESG); and fifth; Mr. Jaime Augusto Zobel de Ayala led in placing Ayala at the forefront of the evolving role of corporations to address society's pain points, to create inclusive and sustainable prosperity for all stakeholders, and to aid in nation-building.

On behalf of Ayala's shareholders and management, the President thanked Mr. Jaime Augusto Zobel de Ayala for all his contributions as Chief Executive Officer which are strategic advantages that strongly position Ayala Corporation for future sustainable growth across varied economic cycles.

The President then proceeded with his report. For the full-year 2020, Ayala reported a net income of ₱17 billion, 51% lower than the previous year. Much of the decline is attributed to non-recurring items such as provisions booked by our various businesses, an accounting reclassification, and the non-recurrence of divestment gains from our power and education units which were realized in the previous year. If these non-recurring drivers were to be excluded, the year-on-year contraction in net profits was relatively muted at 16%. Encouragingly, across the businesses, quarter-on-quarter recovery was seen in the second half of 2020. Ayala's reported net income grew 69%, to ₱5.8 billion, in the fourth quarter versus the third quarter. Excluding non-recurring items, Ayala's core net income improved 46%, to ₱6.8 billion, during the same period.

In response to the rapidly and unpredictably changing conditions last year, Ayala's Management Committee met frequently to review its plans on a two-week, two-month, and two-quarter rolling basis, allowing the group to pivot the businesses, fast-track and launch enhanced products and services, support the ecosystem, and contribute meaningfully to the national response and recovery agenda.

Ayala Land was one of the most affected business units in the Ayala group during the crisis. Its net income fell 74% to ₱8.7 billion as mobility restrictions impeded mall and hotel operations, dampened residential demand and slowed or halted construction activity but the office segment remained strong, supported by the resilience of the BPO industry. Ayala Land focused on preserving its value by keeping its asset base intact. It deferred plans to acquire new land, tempered project launches, rationalized spending and significantly reduced capital expenditures. For 2021, Ayala Land has programmed ₱88 billion in capital expenditures and is prepared to launch ₱100 billion-worth of residential projects as it prepares for recovery in the next two to three years. Despite a challenging period and a host of regulatory hurdles, Ayala Land successfully completed the IPO of AREIT, the first real estate investment trust in the country. This landmark capital market transaction, which raised ₱12.3 billion in proceeds, demonstrated Ayala Land's commitment to establish a REIT sector in the Philippines and encouraged greater participation by Filipinos in the domestic capital market.

With the massive drop in economic activity, Bank of the Philippine Islands was likewise heavily impacted by the pandemic. To prepare for the potential rise in non-performing loans, BPI booked total loan loss provisions of ₱28 billion in 2020, a fivefold increase from its year ago-level. This caused net income to fall 26% to ₱21 billion. For the first time in almost a decade of double-digit growth, BPI's loan book contracted 3.2% following a sharp decline in loan demand and deteriorating loan quality. NPLs rose from 1.7% a year ago to 2.7% in 2020, which is substantially lower than the industry average. The pandemic accelerated the adoption of remote and digital banking channels with thousands enrolling in BPI's digital channels; 52% of the bank's customers are now digitally enabled; more than half of them are active users; and an average of 70% of total transactions are now done online. BPI is poised to deliver on its goal of being the leading digital bank, with its BPI Online app already the leading online banking app during the pandemic.

To continue fulfilling the country's growing need for fast and reliable internet access, Globe Telecom invested ₱60 billion in capital expenditure in 2020, 18% higher than in 2019. Despite operating under severe mobility restrictions, Globe built nearly 1,300 new cell sites and upgraded more than 11,500 sites to 4G/LTE technology, surpassing the year ago achievements of 1,100 and 10,000, respectively. Globe also deployed 5G sites in Metro Manila and parts of Visayas and Mindanao, making it available in over 1,000 areas in the country. However, depreciation from these aggressive network investments drove a 16% decline in Globe's net profit to ₱18.6 billion. The demand for home broadband is reflected in

Globe's capital spending earmarked for 2021 – a record ₱70 billion in capital spending to execute on its network rollout strategy.

BPI's and Globe's experience in 2020 demonstrated the central role of digitalization for many industries where the Ayala group is represented and well positioned: eCommerce with Ayala Malls and Zalora, last mile logistics with Entrego, ePayments with BPI and GCash, remote or distance learning with iPeople, and telemedicine and prescription fulfillment with AC Health.

In 2020, AC Energy posted a net income of ₱6.2 billion, a decline from its year-ago level of ₱25 billion due to the absence of significant gains from the partial divestment of its thermal assets in 2019. AC Energy's attributable output grew 38% to 4,847 gigawatt hours, with 41% of this output coming from renewable sources. AC Energy is transitioning to a low carbon portfolio and has committed to divest all its coal assets by 2030. AC Energy continued its aggressive geographical expansion, and now currently operates in five markets—the Philippines, Vietnam, India, Indonesia, and Australia. Equity earnings from international assets increased 68% to ₱2.5 billion, supported by full-year operations of solar assets in Vietnam.

The Manila Water group continued to deliver the necessary infrastructure towards the fulfillment of its service obligations, spending ₱12.1 billion in capital expenditures. Of this amount, 81% was channeled to the East Zone Concession to carry out various projects on wastewater expansion, network reliability, and water supply. However, the shift in customer mix towards the residential segment with a lower tariff bracket, some softness in collection efficiency, and a one-time provision for probable losses in the East Zone Concession combined with lower contribution from domestic subsidiaries, weighed down Manila Water's profitability. Its net income fell 18% to ₱4.5 billion during the year.

At AC Industrials, there was a recovery following a spate of geopolitical and industry-specific challenges. From a loss of ₱2.4 billion in 2019, AC Industrials narrowed its losses to ₱1.8 billion in 2020 despite manufacturing disruptions during the year. AC Industrials posted a net profit in the fourth quarter after restoring plant operations to full capacity, improving factory efficiency, and optimizing margins from contract negotiations. With these adjustments, AC Industrials' array of disruptive technology is poised to ride on emerging megatrends around autonomous vehicles, more electronic components in automobiles, and green energy. The listing of IMI's subsidiary, VIA Optronics, a leading supplier of enhanced display solutions, on the New York Stock Exchange resulted in proceeds of US\$94 million, and a valuation that implied a 34% gain from IMI's acquisition price.

In 2020, AC Health completed the integration of its family, multispecialty, and corporate clinics into one Healthway brand to become the largest network of clinics in the country. This, together with the addition of the Qualimed Health Network, the development of the country's first specialty cancer hospital and the entry into telehealth with the Healthnow app in partnership with Globe significantly expands AC Health's participation in the different parts of overall patient care.

The President emphasized that Ayala has embraced the global ESG standards; and over the last few years, has defined and committed to a Sustainability Blueprint, measuring every Ayala business unit against clear goals that are anchored on the UN Sustainability Development Goals.

As a group of companies, the actions that were undertaken last year would not have been possible without the fiscal prudence that Ayala has cultivated throughout the years. It was able to enter the pandemic with a strong balance sheet; and to navigate the unpredictably long, deep and complicated crisis with its strong balance sheet remaining intact.



For 2020, the Corporation paid P6.92 per share in dividends to its common shareholders. The parent debt-to-equity ratio remains comfortable at 80% and the loan to value ratio, or the ratio of the parent net debt to the total value of our assets, at a healthy 9.2%.

Mr. Fernando Zobel de Ayala attributed the group's strong balance sheet to its most valued asset -- its team of over 60,000 employees, all of whom have been focused, dedicated, creative and resourceful to find solutions that helped restore order to chaos, adapted to changing customer needs and unlocked short and long-term value. Given the depth of talent and synergy between the varied teams, he expressed his confidence about the senior leadership transitions that were announced last December including the CEO role. He named and thanked the following three senior leaders who will be taking on new responsibilities: (i) Ayala Corporation's former CFO, TG Limcaoco, has taken the helm at BPI as President and CEO upon the retirement of his predecessor, Bong Consing, who will, in turn, continue to be engaged with the group as a member of the Board of Directors of BPI, Ayala Corporation, and AC Energy Corporation, among others. TG Limcaoco, who has been with the Ayala group for over 20 years and who has transformed the CFO role at Ayala Corporation by bringing a holistic approach to its investment, capital allocation, and overall strategic and financial decision-making process, is intimately familiar with BPI, having spent many years in the bank with a deep experience in retail and investment banking; (ii) Albert De Larrazabal will succeed TG as the CFO. Albert has been with the Ayala group for 15 years, having held various senior positions at Globe as its CFO and most recently, as its Chief Commercial Officer, overseeing all customer facing units and revenue growth across all products and services groups. Albert brings a wealth of expertise in finance, treasury, risk, and commercial operations at the holding company level; and (iii) Eric Francia, current President and CEO of AC Energy, has been appointed to concurrently chair Ayala Corporation's Investment Committee where he will be joined by Albert de Larrazabal and Paolo Borromeo, head of the Corporation's Strategic Development unit. The Committee's mandate is to drive the group's portfolio management agenda and provide recommendations for an investment portfolio that delivers sustainable value and impact. Eric's successful experience in business building, realizing value, and reinvesting for growth will be valuable for this new and expanded role.

Mr. Fernando Zobel de Ayala shared his plans of placing greater emphasis on the group's portfolio strategy with a sharper focus on optimizing returns from existing businesses, instituting a highly disciplined approach on capital deployment, and exploring opportunities for value realization initiatives to fund future investments. The group also intends to support the continued expansion of the core value drivers Ayala Land, BPI, Globe, and AC Energy and the scaling up of the healthcare and logistics businesses. In addition, a more proactive stance in recycling capital across the group to support our growth strategy and further strengthen our balance sheet will be taken.

He ended his report by thanking all the stakeholders for the trust and support despite all the challenges and for continuing to take this journey with the group.

His report was followed by an audio-visual presentation showing Ayala's and its employees' commitment to nation-building as embodied in the word, "*Pangako*".

Upon the request of the Chairman, the Secretary presented the following Resolution No. S-02-2021 and reported the stockholders' approval of the same in accordance with the voting results:

#### **Resolution No. S-02-2021**

**RESOLVED**, to note the Corporation's Annual Report, which consists of the Chairman's Message, the President's Report, and the audio-visual presentation to the stockholders, and to approve the consolidated audited financial statements of the

Corporation and its subsidiaries as of December 31, 2020, as audited by the Corporation's external auditor, SyCip Gorres Velayo & Co.

As tabulated by the Committee of Inspectors of Proxies and Ballots and validated by SGV, the votes on the motion for the noting of the annual report and the approval of the 2020 consolidated audited financial statements of the Corporation and its subsidiaries together with the approval of Resolution No. S-02-2021 are as follows:

	For	Against	Abstain
Number of Shares Voted	665,997,499	3	316,017
% of Shares of Shareholders Present	99.70%	0.00%	0.00%

## 7. Ratification of the acts of the Board of Directors and Officers

The Secretary, upon the Chairman's request, stated that stockholders' ratification was sought for all the acts and resolutions of the Board, the Executive Committee, and other Board Committees exercising powers delegated by the Board, which were adopted from April 24, 2020 until 23 April 2021 as well as for all the acts of the Corporation's officers performed to implement the resolutions of the Board or its Committees, or in connection with the Corporation's general conduct of its business. The acts and resolutions of the Board are reflected in the minutes of the meetings, and they include the election of officers, members of the various Board Committees and the lead independent director, approval of the amended By-Laws, appointment of attorneys-in-fact and authorized signatories, capital allocation and disbursement of funds to subsidiaries, treasury-related matters, declaration of cash dividends, and matters covered by disclosures to the Securities and Exchange Commission and the Philippine Stock Exchange.

The Secretary reported that Resolution No. S-03-2021 had been approved by the stockholders based on the preliminary tabulation of votes:

### Resolution No. S-03-2021

**RESOLVED**, to ratify each and every act and resolution, from 24 April 2020 to 23 April 2021 (the "Period"), of the Board of Directors (the "Board") and the Executive Committee and other Board committees exercising powers delegated by the Board, and each and every act, during the Period, of the officers of the Corporation performed in accordance with the resolutions of the Board, the Executive Committee and other Board committees as well as with the By-laws of the Corporation.

As tabulated by the Committee of Inspectors of Proxies and Ballots and validated by SGV, the votes on the ratification of the acts of the Board of Directors and Officers of the Corporation and the adoption of Resolution No. S-03-21 are as follows:

	For	Against	Abstain
Number of Shares Voted	665,820,095	92,185	399,276
% of Shares of Shareholders Present	99.68%	0.01%	0.06%

## 8. Election of Directors

The next item in the Agenda was the election of the seven (7) members of the Board of Directors for the ensuing year. Mr. Antonio Jose U. Periquet, Chairman of the Corporate Governance and Nomination Committee, informed the stockholders that in accordance with the requirements of the Corporation's By-Laws, the Manual of Corporate Governance, the Charter of the Board of Directors, and applicable regulations, the Corporate Governance and Nomination Committee endorsed the following nominees to

serve as directors of the Corporation: Jaime Augusto Zobel de Ayala, Fernando Zobel de Ayala, Rizalina G. Mantaring, Delfin L. Lazaro, Keiichi Matsunaga, Antonio Jose U. Periquet and Cezar P. Consing.

Mr. Periquet and Ms. Mantaring had been nominated as independent directors.

Mr. Periquet, highlighted that the Committee, having been guided by the principle that a well-balanced and diverse board which addresses the needs of the corporation, maintains its independence, and has the necessary expertise, experience and fresh perspective assures the corporation's long-term sustainability in a dynamic business landscape and maximization of long-term of stockholder value, has ascertained that all the nominees: (i) can add value and contribute independent judgement to the formulation of sound corporate strategies and policies for the Corporation; (ii) are qualified to serve as directors of the Corporation for the ensuing term; and (iii) have given their consent to their respective nominations.

The Corporate Secretary reported that based on the partial tabulation of votes, each of the seven nominees has garnered at least 613,514,076 votes. Given this, he certified that each nominee has received enough votes for election to the Board and that, consequently, Resolution No. S-04-2021 for the election of the seven nominees to the Board had been approved:

#### **Resolution No. S-04-2021**

**RESOLVED**, to elect the following as directors of the Corporation to serve as such beginning today until their successors are elected and qualified:

Jaime Augusto Zobel de Ayala  
Fernando Zobel de Ayala  
Cezar P. Consing  
Delfin L. Lazaro  
Rizalina G. Mantaring (*independent director*)  
Keiichi Matsunaga  
Antonio Jose U. Periquet (*independent director*)

As tabulated by the Committee of Inspectors of Proxies and Ballots and validated by SGV, the final votes received by the nominees based on the total cumulative votes received are as follows:

	For	Against	Abstain
Jaime Augusto Zobel de Ayala	637,830,665	27,274,678	1,643,950
Fernando Zobel de Ayala	617,145,550	49,553,184	22,550
Keiichi Matsunaga	613,509,453	52,986,356	22,550
Rizalina G. Mantaring	646,809,166	19,736,937	-
Delfin L. Lazaro	616,779,958	49,715,843	22,550
Antonio Jose U. Periquet	632,580,294	33,965,807	-
Cezar P. Consing	616,493,610	50,030,139	22,550

#### **9. Election of External Auditor and Fixing of Its Remuneration**

At the request of the Chairman, Ms. Rizalina G. Mantaring, Chairman of the Audit Committee, elucidated on the oversight function of the Committee over the external auditor, which is to assess the latter's integrity and independence and the effectiveness of its audit process and the critical nature of such function. She then informed the stockholders that in exercising such oversight function, the Committee evaluated and was satisfied with the performance of the Corporation's external auditor, SyCip Gorres & Velayo ("SGV"). Thus, the Audit Committee and the Board agreed to endorse the election of SGV as the

external auditor of the Corporation for the current fiscal year for an audit fee of PhP6,361,600.00, inclusive of value-added tax.

The Secretary presented Resolution No. S-05-2021 for the election of the Corporation's external auditor and fixing of its remuneration and reported that there were enough votes received for the approval of said resolution:

**Resolution No. S-05-2021**

**RESOLVED**, as endorsed by the Board of Directors, to approve the election of SyCip Gorres Velayo & Co. as the external auditor of the Corporation for the year 2021 for an audit fee of PhP6,361,600.00, inclusive of value-added tax.

As tabulated by the Committee of Inspectors of Proxies and Ballots and validated by SGV, the votes on the election of SGV as external auditor of the Corporation, the approval of its audit fee, and the adoption of Resolution No. S-05-21 are as follows:

	For	Against	Abstain
Number of Shares Voted	664,742,797	1,859,502	2,940
% of Shares of Shareholders Present	99.52%	0.28%	0.00%

**10. Other Matters**

After the Secretary confirmed that there were no other matters that require consideration by the stockholders, there being no submission from the stockholders of proposed agenda items, the Chairman requested Ms. Jovenir, the Head of Investor Relations of the Corporation, to read aloud the questions and comments together with the names of the stockholders who sent them.

At the Chairman's request, Mr. Fernando Zobel de Ayala addressed the first query sent by Ms. Anabell Tapang who asked about the changes that will be expected from the transition of the CEO role. He reiterated that the Chairman will be focusing his attention in supporting management as such and as Vice-Chairman of the various subsidiaries within the group, while at the same time focusing on governance issues and engaging with the stakeholders. He, on the other hand, as CEO, will be assuming the responsibility for day-to-day operations and will be strengthening and continuing to maintain leadership in all the sectors that the group is involved with.

The next question was from Ms. Julie Ann Belarmino who requested an update on the status of Ayala's vaccination program. The Chairman was pleased to report that the vaccine and immunization program had already been launched by AC Health and the Ayala Group HR council, with a total of one million doses of COVID-19 vaccines having been procured, inclusive of the donations to the government based on the requirements of the tripartite agreements entered into. The procured doses should be sufficient for the employees, their dependents, partner contractors as well as their communities and should be coming in June based on current plans.

With respect to the question from Mr. James Erwin Villarin, concerning the existence of silver linings amidst the pandemic, Mr. Fernando Zobel de Ayala noted that the whole digitalization effort has been vastly accelerated and that there has been a significant change in the relationship between the government and private sector as they have strongly collaborated with each other during this crisis.

In response to the question raised by Ms. Maria Paula Romero on possible new investments of the group, the President stated that the group will be mainly focusing on its current businesses and that there are no

imminent plans to enter new sectors right now. This year, Ayala will continue to pursue the opportunities within the energy, healthcare and logistics space and hopefully, to grow them aggressively.

Ms. Jovenir next read the series of questions sent by Mr. Alfred Reiterer, to wit:

(i) At today's Annual Stockholders' Meeting one of your foreign shareholders, the Norwegian Government Pension Fund, one of the biggest sovereign wealth funds in the world, is voting against you and Mr. Antonio Jose U. Periquet. This negative vote is based on "conflict of interest" as you can read on their website: <https://www.nbim.no/en/the-fund/responsible-investment/our-voting-records/meeting/?m=1490294>

Was this topic ever raised during any Board meeting? Did the Board discuss the issue with any dissenting shareholders?

(ii) Ayala Corporation as the controlling shareholder of Manila Water Company, Inc. approved the issuance of new shares to Trident Water Company Holdings, Inc. at approximately 50% of the book value and therefore diluting the value of the shares held by minority shareholders of Manila Water dramatically.

I would like to ask each independent director to answer individually and to tell me why this is in the interest of minority shareholders.

(iii) While I fully understand that the current situation requires to hold today's Annual Stockholders' Meeting virtually via Zoom, I don't understand why during the past 12 months the company was not able to prepare a better setup and why shareholders cannot ask questions directly during the meeting in the same way as it is done by a lot of international companies.

As regards the first query, the Chairman stated that the Corporation has a conflict-of-interest policy to address potential and actual conflicts-of-interest situations, a Board Charter, and a Manual of Corporate Governance that guides the actions of the Board, whose members have always exercised independent judgement regardless of the type of directorship. He shared his belief that Mr. Periquet fulfills the conditions of being an independent director and that it is not quite clear what the concern is regarding Mr. Periquet. With respect to the vote against him, the fact that he has relinquished his CEO post should be sufficient to address the concern but even before such transition, there had been a clear delineation of the two functions and there were measures implemented to ensure the separation of the two distinct functions, such as having a lead independent director, as recommended by good corporate governance.

Mr. Fernando Zobel de Ayala addressed the second question relating to Manila Water, emphasizing at the outset that the decision was made by Manila Water's Board. He then reminded everyone about the water shortage crisis and the regulatory pressure that confronted Manila Water, which caused its stock price to plummet to just over PhP5, and then subsequently hovering around PhP6 to PhP8. The Agreement was for the Razon group to subscribe to Manila Water's common shares at the subscription price of PhP13.00, which the Board found to be fair at that time given the circumstances and considering their enormous value as strategic partner to the group in light of their global port operations and their knowledge of so many businesses and countries.

Finally, to address the third question from Mr. Reiterer, the Chairman remarked that the health of the employees and the stakeholders remain to be of the utmost importance to the Corporation, and since there are government restrictions in place, the Corporation has used technology the best it can in order to continue serving the needs of its stockholders by answering their questions and giving them the information they need while at the same time, keeping everybody safe.

The Chairman answered Mr. Ishamael Canua's query in the negative, categorically saying that there is no plan to bid for the Sangley International Airport project at this time.

The Chairman requested Mr. Limcaoco, President of BPI, to respond to Mr. Canua's second question about BPI's interest in the retail banking operations of Citibank. While Mr. Limcaoco confirmed that it finds Citibank's retail business excellent and complementary to BPI's operations, they will have to wait for Citibank to reach out directly to them before it can make a determination on whether to participate or not in any possible sale.


The last question received was from Ms. Dia Lim who asked about Ayala's responsibility or oversight if a subsidiary's management committee is seen to be violating its own internal controls and protocols. The Chairman mentioned that all the companies within the group have strong internal audit functions in place and they follow the highest standards. New policies are established when there is a need to do so and they are executed across the group. The group takes these matters seriously and should there be any issues, then those are addressed at the board level of the subsidiary concerned since each board is independent.

Before adjourning, the Chairman, took the opportunity to express his deep gratitude and to pay tribute to Mr. Xavier P. Loinaz, who stepped down from the Ayala board in December last year for health reasons. Mr. Loinaz has been a very important part of the Ayala group's history, having been with the group for 40 years. He led BPI as CEO for 22 years, as member of Globe's Board of Directors for 13 years and of Ayala Corporation's Board for 14 years. He detailed the many contributions made by Mr. Loinaz and credited him for having been an extraordinary influence across the Ayala group and being of great personal help to the Chairman during his stint as a CEO. He wished Mr. Loinaz a quick recovery.

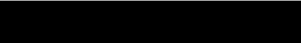
## **11. Adjournment**

There being no other matters to discuss, the Chairman adjourned the meeting and informed the stockholders that the link to the recorded webcast of the meeting will be posted on AC's website, and stockholders may raise issues, clarifications and concerns on the meeting conducted within two weeks from posting of the link by sending an email to [corporatesecretary@ayala.com.ph](mailto:corporatesecretary@ayala.com.ph).


As a parting statement, he recognized the many challenges besetting the nation but also recognized the many lessons learned by all that will be helpful in navigating a better normal.

  
**SOLOMON M. HERMOSURA**  
Corporate Secretary

  
**DODJIE D. LAGAZO**  
Assistant Corporate Secretary

  
**JOANNE M. LIM**  
Assistant Corporate Secretary

ATTESTED BY:

  
**JAIME AUGUSTO ZOBEL DE AYALA**  
Chairman of the Board and of the Meeting

**Annex A**  
**Attendance of Stockholders**

<b>Stockholder</b>	<b>Type Of Shares</b>	<b>No. Of Shares</b>	<b>Appointee/ Beneficial Owner</b>
1 ESOWN ADMINISTRATOR 2006	Common	4,583	Chairman of The Meeting
2 ESOWN ADMINISTRATOR 2007	Common	7,575	Chairman of The Meeting
3 ESOWN ADMINISTRATOR 2008	Common	9,470	Chairman of The Meeting
4 ESOWN ADMINISTRATOR 2009	Common	5,054	Chairman of The Meeting
5 ESOWN ADMINISTRATOR 2012	Common	315,963	Chairman of The Meeting
6 ESOWN ADMINISTRATOR 2014	Common	284,960	Chairman of The Meeting
7 ESOWN ADMINISTRATOR 2015	Common	397,289	Chairman of The Meeting
8 ESOWN ADMINISTRATOR 2016	Common	471,061	Chairman of The Meeting
9 ESOWN ADMINISTRATOR 2017	Common	430,232	Chairman of The Meeting
10 ESOWN ADMINISTRATOR 2018	Common	482,414	Chairman of The Meeting
11 ESOWN ADMINISTRATOR 2019	Common	512,962	Chairman of The Meeting
12 ESOWN ADMINISTRATOR 2020	Common	1,455,430	Chairman of The Meeting
13 VIOLETA YAP ELEFANO	Common	1,963	Chairman of The Meeting
14 MERMAC INC.	Voting Preferred	172,778,760	Chairman of The Meeting
	Common	296,625,706	Chairman of The Meeting
15 MITSUBISHI LOGISTICS CORPORATION	Common	360,512	Chairman of The Meeting
16 MITSUBISHI CORPORATION	Common	37,771,896	Chairman of The Meeting
	Voting Preferred	19,545,678	Chairman of The Meeting
17 STANDARD CHARTERED BANK	Common	20,541,058	Chairman of The Meeting
18 CITIBANK N.A.	Common	39,250,550	Chairman of The Meeting
19 DEUTSCHE BANK MANILA-CLIENTS A/C	Common	32,136,504	Chairman of The Meeting
20 BPI SECURITIES CORPORATION FAO Wilfredo Eco Nuesa and/or Sherisa Pulido Nuesa	Common	151,000	Chairman of The Meeting
21 BPI SECURITIES CORPORATION FAO Sherisa Pulido Nuesa and/or Dominic Carlo Pulido Nuesa	Common	37,937	Chairman of The Meeting
22 BPI SECURITIES CORPORATION FAO Sherisa Pulido Nuesa and/or Sherwil Farah Pulido Nuesa	Common	22,431	Chairman of The Meeting
23 THE HONGKONG & SHANGHAI BANKING CORP. LTD.	Common	42,837,604	Chairman of The Meeting
<b>Sub-Total (Proxy)</b>		<b>666,438,592</b>	
24 AGUSTIN R. MONTILLA IV	Common	345	
25 PHILSTOCKS FINANCIAL INC	Common	1	Alfred Reiterer
26 BPI SECURITIES CORPORATION	Common	10	Alvin V. David
27 COL FINANCIAL GROUP, INC.	Common	80	Anabell A. Tapang
28 PHILSTOCKS FINANCIAL INC	Common	150	Dia T. Lim
29 COL FINANCIAL GROUP, INC.	Common	1	Ishmael Sam D. Canua

30	JAMES ERWIN B. VILLARIN	Common	10	
31	COL FINANCIAL GROUP, INC.	Common	2	Joey Kiele M. Lumain
32	JOHN PHILIP S. ORBETA	Common	101,070	
33	AB CAPITAL SECURITIES, INC.	Common	280	Joselito Pelicano Dalit
34	COL FINANCIAL GROUP, INC.	Common	10	Julie Ann V. Belarmino
35	COL FINANCIAL GROUP, INC.	Common	70	King Dranreb C. Barchita
36	COL FINANCIAL GROUP, INC.	Common	70	Ma. Felicia G. Aquino
37	BPI SECURITIES CORPORATION	Common	371	Ma. Victoria E. Anonuevo
38	MARGARITO B. TEVES	Common	7,286	
	MARGARITO B. TEVES	Voting	2,446	
		Preferred		
39	UNICAPITAL SECURITIES INC.	Common	30	Maria Paula G. Romero
40	MARK TOM Q. MULINGBAYAN	Common	187	
41	MICHELLE MARIE T. VALBUENA	Common	126	
42	RODERICK ALAIN MANIWANG ALVAREZ	Common	39	
43	RONALD PO	Common	57	
44	ROY O. EMATA	Common	423	
	<b>Sub-Total (VIASH)</b>		<b>113,064</b>	
45	EMILIO LOLITO J. TUMBOCON	Common	7,165	
46	JOSEPH FRANCIS RODRIGO	Common	139	
47	FLORANTE AYTONA	Common	109	
48	DESIREE SAHAGUN OTE	Common	155	
49	HUBERT DY-AN	Voting	2,089	
		Preferred		
	HUBERT DY-AN	Common	2,657	
50	JONATHAN MACOPIA CARRETAS	Common	50	
51	VICTORIA FREJAS	Common	4,004	
52	JULIUS SANVICTORES	Common	56	
		Voting		
53	FERNANDO ZOBEL DE AYALA	Preferred	554,983	
		Voting		
54	JAIME AUGUSTO ZOBEL DE AYALA	Preferred	543,802	
55	DELFIN L. LAZARO	Common	1	
		Voting		
	DELFIN L. LAZARO	Preferred	258,297	
56	KEIICHI MATSUNAGA	Common	1	
57	RIZALINA G. MANTARING	Common	1	
58	CEZAR P. CONSING	Common	10	
59	SOLOMON MATEO HERMOSURA	Voting	53,583	
		Preferred		
	<b>Sub-Total (Remote Communication)</b>		<b>1,427,102</b>	
<b>Total</b>			<b>667,978,758</b>	