

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE  
AND SRC RULE 17.2(c) THEREUNDER

1. **May 21, 2021**  
Date of Report
2. SEC Identification Number **19073**                      3. BIR Tax Identification No. **000-288-698-000**
4. **FIRST PHILIPPINE HOLDINGS CORPORATION**  
Exact name of issuer as specified in its charter
5. **Metro Manila, Philippines**                      6.  (SEC Use Only)  
Province, country or other jurisdiction of                      Industry Classification Code:  
incorporation
7. **6<sup>th</sup> Floor Rockwell Business Center Tower 3, Ortigas Avenue, Pasig City**                      **1604**  
Address of principal office                      Postal Code
8. **2-631-8024 or 555-8000**  
Issuer's telephone number, including area code
9. **N/A**  
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
<b>Total Outstanding Shares</b>	<b>504,275,994 shares</b> (As of May 19, 2021)
<b>Total Outstanding Preferred Redeemable Shares</b>	<b>3,600,000 shares</b> (As of May 19, 2021)

11. Indicate the item numbers reported herein: **Item Nos. 4 & 9**

#### Item 4

##### Directors Elected at the ASM

At the annual meeting of the stockholders held today, May 21, 2021, the following were elected as members of the Board of Directors of First Philippine Holdings Corporation (the "Corporation"):

1. Mr. Jaime I. Ayala\*
2. Mr. David O. Chua
3. Mr. Stephen T. CuUnjieng\*
4. Ms. Roberta L. Feliciano
5. Mr. Francisco Ed. Lim\*
6. Mr. Federico R. Lopez
7. Amb. Manuel M. Lopez
8. Ms. Mercedes Lopez-Vargas
9. Mr. Miguel Ernesto L. Lopez
10. Ms. Rizalina G. Mantaring\*
11. Mr. Cirilo P. Noel\*
12. Mr. Francis Giles B. Puno
13. Comm. Anita B. Quitain
14. Mr. Emmanuel P. Singson
15. Mr. Richard B. Tantoco

*\*As Independent Director*

##### Officers and Advisers Appointed, Constitution of Board Committees and Lead Independent Director

At the Organizational Meeting of the Board of Directors held on May 21, 2021, the following were appointed as the Corporation's officers, as Members of the Board Committees, as advisers and as Lead Independent Director:

Mr. Oscar M. Lopez	Chairman Emeritus
Mr. Federico R. Lopez	Chairman & Chief Executive Officer
Amb. Manuel M. Lopez	Vice Chairman
Mr. Francis Giles B. Puno	President & Chief Operating Officer
Mr. Emmanuel P. Singson	Senior Vice President, Treasurer & Chief Finance Officer
Mr. Richard B. Tantoco	Executive Vice President
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. Joaquin E. Quintos IV	Senior Vice President
Mr. Renato A. Castillo	Senior Vice President & Chief Risk Officer
Mr. Oscar R. Lopez, Jr.	Vice President
Mr. Benjamin R. Lopez	Vice President
Mr. Ariel C. Ong	Vice President
Ms. Anna Karina P. Gerochi	Vice President, Head of 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
Mr. Alwin S. Sta. Rosa	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. Enrique I. Quiason	Corporate Secretary
Mr. Jonathan C. Russell	Senior Board Adviser
Mr. Mario L. Bautista	Senior Board Adviser

**Executive Committee:**

<i>Chairman:</i>	Mr. Federico R. Lopez
<i>Vice Chairman:</i>	Mr. Francis Giles B. Puno
<i>Members:</i>	Mr. Miguel Ernesto L. Lopez Mr. Richard B. Tantoco Mr. Emmanuel P. Singson

**Audit Committee:**

<i>Chairman:</i>	Ms. Rizalina G. Mantaring*
<i>Members:</i>	Mr. Cirilo P. Noel* Mr. Stephen T. CuUnjieng* Mr. Jaime I. Ayala* Mr. Francis Ed. Lim* Mr. Miguel Ernesto L. Lopez Ms. Mercedes Lopez-Vargas

**Related Party Transactions Committee:**

<i>Chairman:</i>	Mr. Stephen T. CuUnjieng*
<i>Members:</i>	Mr. Cirilo P. Noel* Ms. Rizalina G. Mantaring* Mr. Richard B. Tantoco Mr. Emmanuel P. Singson

**Compensation and Remuneration Committee:**

<i>Chairman:</i>	Mr. Stephen T. CuUnjieng*
<i>Members:</i>	Ms. Rizalina G. Mantaring* Mr. Federico R. Lopez Mr. Francis Giles B. Puno

**Corporate Governance Committee:**

<i>Chairman:</i>	Mr. Jaime I. Ayala*
<i>Vice Chairman:</i>	Mr. Federico R. Lopez
<i>Members:</i>	Mr. Stephen T. CuUnjieng* Amb. Manuel M. Lopez Mr. Francis Ed. Lim* Mr. Francis Giles B. Puno

**Finance & Investment Committee:**

<i>Chairman:</i>	Mr. Federico R. Lopez
<i>Vice Chairman:</i>	Mr. Francis Giles B. Puno
<i>Members:</i>	Mr. Miguel Ernesto L. Lopez Mr. Richard B. Tantoco Mr. Emmanuel P. Singson

**Board Risk Oversight Committee:**

*Chairman:* Mr. Cirilo P. Noel\*  
*Members:* Mr. Jaime I. Ayala\*  
Mr. Francis Ed. Lim\*  
Mr. David O. Chua  
Ms. Roberta L. Feliciano  
Ms. Rizalina G. Mantaring\*  
Comm. Anita B. Quitain

*\*Independent Director*

**Lead Independent Director** Ms. Rizalina G. Mantaring

**Item 9**

**Resolutions approved at the ASM**

The following resolutions were also approved by the stockholders:

1. Approval of the Minutes of the Annual Stockholders' Meeting held last July 30, 2020;
2. Approval/Ratification of the December 31, 2020 Reports and the Audited Financial Statements for the year ended December 31, 2020;
3. Ratification of the Acts of the Board, of the Executive Committee, other Board Committees, and of Management; and the
4. Appointment of SGV& Co. as External Auditors.

**Declaration of Cash Dividends**

The Board of Directors likewise approved the declaration of ₱1.10 per share cash dividends to all common shareholders of record as of June 8, 2021, payable on or before June 29, 2021.

**Copy of Reports**

Please find attached herewith a copy each of the reports of the Corporation's Chairman & CEO, Mr. Federico R. Lopez, and its President & COO, Mr. Francis Giles B. Puno as delivered during the annual stockholders' meeting.

**SIGNATURES**

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**FIRST PHILIPPINE HOLDINGS CORPORATION**

Issuer

May 21, 2021

  
**ESMERALDO C. AMISTAD**  
Vice President &  
Assistant Corporate Secretary



First Philippine Holdings Corporation

• • — f Ž Š f " ‡ Š ' Ž † ‡ " • i ‡ ‡ - < • %o

21 May 2021

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>1\*</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 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  -- 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

<sup>1\*</sup> *The Responsible Business*, Carol Sanford

---

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 enthralls 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.

**FPH PRESIDENT'S REPORT 2020**  
**Annual Stockholders' Meeting**  
**21 May 2021**

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.

Slide 33

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 recrafted 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!