

**MINUTES OF THE ANNUAL MEETING OF THE STOCKHOLDERS OF
FIRST PHILIPPINE HOLDINGS CORPORATION
HELD AT THE FIFTH ROCKWELL EVENTS HALL, R5 LEVEL
POWER PLANT MALL, ROCKWELL CENTER, MAKATI CITY
ON MAY 10, 2019¹**

The annual meeting of the stockholders of First Philippine Holdings Corporation (the “Corporation”) was held at 10:00 a.m. on May 10, 2019 at The Fifth Rockwell Events Hall, R5 Level, Power Plant Mall, Rockwell Center, Makati City. The following Directors were present at the meeting:

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

Members of senior management consisting of the following were likewise present:

Mr. Emmanuel P. Singson - Senior Vice President, Treasurer & CFO
Mr. Anthony M. Mabasa - Senior Vice President
Mr. Victor Emmanuel B. Santos, Jr. - Senior Vice President &
Compliance Officer
Mr. Nestor J. Padilla - Senior Vice President
Mr. 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
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

¹ Draft only, Subject to further review and ratification at the next Annual Stockholders’ Meeting.

Mr. Jose Valentin A. Pantangco, Jr. - Vice President & Head, Corporate
Planning
Ms. Maria Carmina Z. Ubaña - Vice President/Comptroller
Ms. Ma. Theresa M. Villanueva - Head, Internal Audit
Mr. Fiorello R. Estuar - Senior Adviser
Mr. Jonathan C. Russell - Senior Adviser
Mr. Mario L. Bautista - Board Adviser

The Corporation's Vice President & Investor Relations Officer, Ms. Emelita D. Sabella, was also present at the meeting.

Also present were Ms. Editha V. Estacio, Ms. Vivian Cruz-Ruiz, Mr. Noel P. Rabaja, Ms. Frances Rose J. Villamayor, Mr. J. Carlitos G. Cruz, Mr. Wilson P. Tan, Ms. Irish Ibay and Ms. Dione Cristy Velina, all representing the external auditors of the Corporation, SyCip, Gorres, Velayo & Co.

CALL TO ORDER

The meeting was called to order by Mr. Federico R. Lopez, Chairman of the meeting. The minutes of the proceedings were recorded by Mr. Enrique I. Quiason, Corporate Secretary.

PROOF OF NOTICE

The Secretary reported that notices of the annual meeting of the stockholders had been sent to the stockholders of the Corporation and that he had executed a certification to this effect. The Chairman directed the Secretary to append the said certification to the minutes of the meeting.

DETERMINATION OF QUORUM/GROUND RULES

The Secretary reported that out of the 526,956,804 common shares issued and outstanding, there were present either in person or represented by proxy 381,363,157 shares of the common stock representing 72.37% of the outstanding voting stock of the Corporation. There being a quorum, the Chairman of the meeting declared the meeting open for the transaction of business.

The Secretary further explained that the manner of voting shall be non-cumulative, except as to the election of directors. Each stockholder shall have one

vote for each share entitled to vote and registered in his name. Unless a motion is duly made and seconded, the voting shall be made *viva voce* and counted manually by the Corporate Secretary. Voting shall be done by balloting upon motion duly made and seconded, and the transfer agent shall count and canvass the ballots.

In the election of directors, cumulative voting shall be allowed and the top fifteen nominees with the most number of votes will be elected as directors.

For fair and orderly proceedings, the following ground rules will be observed during this meeting:

- (a) A stockholder who wishes to take the floor must identify himself and direct his question to the Chairman. If he is a holder of a proxy, he is to state this fact and the name of the stockholder who granted him the proxy. He must first be recognized by the Chairman before he can have the floor.
- (b) Questions or comments from the floor may be entertained subject to the following:
 - (i) Only questions or comments relevant to the particular item in the agenda being discussed will be allowed;
 - (ii) To give equal chance to everyone – a stockholder can ask one (1) question or give one (1) comment. If there are questions or comments which could not be entertained on the floor, a stockholder may submit his position in writing to the Office of the Corporate Secretary within five (5) days from today.
- (c) A stockholder shall be given, at most, two (2) minutes to ask a question or to discuss his comments.

The Chairman may waive or allow exceptions to the foregoing rules if, in his judgment, he deems it necessary or proper under the circumstances. Any person who fails to follow the foregoing guidelines may be declared out of order and barred from further participation in the proceedings or escorted from the venue.

The Secretary reminded everyone to observe proper decorum and due courtesy during this meeting.

APPROVAL OF MINUTES OF THE PREVIOUS MEETING

On motion made and seconded, the reading of the minutes of the Annual Stockholders Meeting held last May 28, 2018, copies of which had earlier been circulated to the stockholders, was dispensed with, and the minutes were approved as recorded.

Stockholders representing 372,184,277 shares or 99.28% of the shares present or represented at the meeting voted in person or by proxy in favor of dispensing with the reading of the minutes of the annual stockholders meeting held last May 29, 2017 and approving the same. The company received zero shares voting against and zero shares abstaining from voting on this particular matter. This was noted by the Chairman.

THE CHAIRMAN'S REPORT

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

Good morning.

One of the most powerful cartoons I've come across in a while is one by Tom Toro of the New Yorker Magazine which shows a man in a tattered business suit and tie sitting around a campfire amidst a future wasteland telling three children, "*Yes the planet got destroyed but for a beautiful moment in time we created a lot of value for shareholders*". Funny, but tragically so true of how the world works today.

The way we measure progress and success in our world is severely broken. Countries are judged by how fast gross domestic product (GDP) grows, and corporate stocks are deemed good investments also by how fast they can advance their net incomes regardless of how it's achieved. Most successful business models are racing to spur consumption of their products beyond what consumers really need. As a result, carbon emission trajectories are leading us toward a catastrophic world that's 3 to 6 degrees Celsius warmer. Human activity is warming the Earth 5,000 times faster than the most rapid natural warming occurrence in our planet's past, and species are going extinct faster than at any period in geologic history. Microplastics are already being found in organisms dwelling in the deepest reaches of the Marianas trench as well as the pristine Pyrenees mountains of France and Spain. These are but a few examples of the widescale destruction humans are wreaking on our only home. The international non-governmental organization Global Footprint Network estimates that we

already use up 1.5 Earths each year just feeding our current level of wants and needs; that's 50% more than our planet's ability to replenish the resources used up!

With each passing year we see stronger and stronger evidence of the link between human activity and the climate crisis that's unfolding before our eyes.

- The year 2018 ranked as the fourth warmest year on record, with the five warmest years having occurred since 2010.
- In June 28th of last year, Oman experienced the highest nighttime temperature ever recorded on Earth at a scorching 42.6 degrees Celsius. The hottest temperature ever to occur in Africa was likewise recorded in Ouargla, Algeria at a searing 51.1 degrees Celsius. A summer heatwave in Japan had more than 22,000 people hospitalized with heat stroke. Devastating wildfires in California, Greece, Australia and even normally damp England and Sweden.
- 2018 also saw unprecedented droughts in South Africa, Morocco, Spain, India, and Iraq that have caused reservoirs to dry up, affecting food production and harvest, and resulting to water rationing, and even the threat of completely turning off all water supply in Cape Town.
- Typhoon Mangkhut (Ompong) hit northern Philippines that caused flash flooding, storm surges and landslides, leaving a death toll of at least 95 before hitting Hong Kong; Typhoon Mangkhut is now officially Hong Kong's most intense storm since record-keeping began in 1946. In July, torrential rains in Japan also brought its worst flooding in decades and in September Typhoon Jebi turned into the most powerful to hit the country in 25 years leaving a trail of destruction throughout the Kansai region.
- While in the US, Hurricane Florence dumped more than 8 trillion gallons of rains that caused flooding in North Carolina (NC). Only two years before (in 2016), Hurricane Matthew caused similar flooding in that state. NC Governor Ray Cooper acknowledges the constancy of these extreme weather events and the need to plan for it, saying: *"When you have two 500-year floods within two years of each other, it's pretty clear it's not a 500-year flood."*

With every passing year, it's becoming increasingly tougher to deny that our climate is changing faster than previously imagined due to human activity. A large and growing number of the world's largest corporations participating in the Carbon Disclosure Project -- more than 75 percent as opposed to only 10 percent in 2010 -- now incorporate climate change into their business strategies. I believe that today, we are living through one of history's great paradigm shifts. An age wherein we're only just beginning to realize the immense impact we've had on the planet and that we urgently need to overhaul how we relate

with the Earth if we want to keep it habitable for humans in the decades to come. We don't have a choice. There is no Plan B or planet B, as some would say.

Of course paradigm shifts are never easy. They never have been throughout history. But as the environmentalist and author Bill McKibben rightly puts it: *“the math is hard to argue with; business as usual and growth as usual spell an end to the world as usual. This is the one overwhelming fact of our lifetimes.”* PricewaterhouseCoopers or PwC quantifies what the world needs to do to keep global temperature rise to less than 2 degrees Celsius. They emphasize that we must reduce the carbon intensity of the economy -- the amount of carbon emitted per dollar of GDP -- by 6 percent each year until 2100. Although this number looks modest, it is nine times the current rate of improvement being experienced in the world today; this only underscores the magnitude of the transformation needed. In fact, the Intergovernmental Panel On Climate Change (IPCC) released last October 2018 a very important report urging dramatic action to limit Global Warming to less than 1.5 degrees Celsius if we wish to avoid a dangerous, irreversible and “game-over” climate crisis which threatens humanity. The enormity of reduction in CO2 emissions is still possible but unprecedented in scale and in the words of Piers Forster, one of its lead authors, requires us to *“do everything and do it immediately”*.

At FPH, we believe our platform of businesses and our way-to-play are all geared toward this goal.

Our Natural Gas plants under First Gen are key to bringing down the carbon intensity of the economy as they emit less than half of the carbon and only a fraction of the other pollutants per kilowatt-hour relative to an equivalent-sized coal plant. This is key to keeping the economy humming and our lights on, even as we transition to a decarbonized world. Today, these plants run on the country's only indigenous gas field, Camago-Malampaya, but we are currently preparing for the day these fields no longer have indigenous gas through the development of what could be the country's first Liquefied Natural Gas (LNG) import terminal. In December 2018, First Gen signed a Joint Development Agreement (JDA) with Tokyo Gas Co., Ltd. to push this forward. It's an exciting time to be doing this as LNG suppliers worldwide are only just beginning to innovate and show flexibility on gas contracts never before seen in the world of LNG contracting. Just this April 2019, Shell and our partner Tokyo Gas signed the world's first coal-indexed LNG contract. This signals that gas producers are now willing to fight head to head against coal plants in competitive power markets, if they aren't cheaper already.

Our Geothermal plants are today the only large scale 24/7 sources of renewable energy. The relatively fixed pricing we are able to offer our electricity customers is a massive advantage and gives them certainty at a time when our coal-based competitors cannot. In addition, the massive transformation taking place at Energy Development

Corporation is exciting and promises to transform them into a leaner but more robust and resilient player and competitor.

Our decision several years ago to slam the door on developing any coal-fired power for ourselves was prescient. Even as more coal-fired capacity comes on line globally, their utilization and capacity factors are falling. International Energy Agency (IEA) figures for 2017 show the average capacity factor of coal plants globally has fallen even more to 52.8 percent, down from 59.3 percent in 2013. This is alarming for a technology whose economics only makes sense when run at baseload rates of 70 to 80 percent. The implication is that many coal plants today are being run sub-optimally and expensively. The fact that they are required to ramp up and down frequently causes thermal fatigue of components, of materials, and corrosion that negatively impact efficiency and emissions even more. Aside from the fact that coal-fired power no longer has a place in a world that needs to decarbonize rapidly, its economics are being rendered uncompetitive in grids increasingly being penetrated by more intermittent renewable energy sources. Its days are numbered. More so, as over a hundred global financial institutions --- public development banks like the World Bank, European Investment Bank, Asian Development Bank; national development finance institutions in countries like the Netherlands, Brazil, Sweden, KfW of Germany; export credit agencies mostly from OECD member countries; private banks such as Morgan Stanley, Credit Agricole, ING, US Bancorp, Deutsche Bank, Banco Santander, Citi, HSBC, Standard Chartered; and even insurance companies like AXA, Swiss Re, Lloyds, Generali, Nippon Life --- all have announced coal finance restrictions as first steps toward more substantive action in support of the Paris agreement.

Our world today teems with change and disruption. At FPH, we're all incessantly and purposefully "*sensing the wind*" and "*reading the tea leaves*". And in such a world marked by so much complexity, we must also keep our organizations alert, as well as agile. But let me just say that real and lasting shareholder value can only be had when we place the interests of all our stakeholders, our customers, the planet, and humanity at the center of everything we do. The world's paradigms are shifting yet again and, as a company, we intend to help that shift in the best way we can. It is amongst these great challenges where we intend to build the many great opportunities that will foster true shareholder value.

Thank you for your continued trust and unwavering support. 🙏

THE PRESIDENT'S REPORT

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

Dear Stakeholders,

"We are now at a time in history where everyone with any insight of the climate crisis that threatens our civilization and the entire biosphere must speak out in clear language, no matter how uncomfortable and unprofitable that may be ... The bigger your carbon footprint is, the bigger your moral duty. The bigger your platform, the bigger your responsibility."

Strong words. I wish I had said those words but I didn't. It took a 15-year old Swedish girl to say those powerful lines. Her name is Greta Thunberg, a Nobel Peace Prize nominee who has inspired an international movement to fight climate change. In August of last year, Greta sat outside the Swedish parliament and staged a school strike for the planet.

She missed school every Friday to take her stand on this existential threat that will affect her generation the most. In March this year, something interesting happened in the global climate movement—children from 123 countries did the same. Fighting for the very planet they will inherit.

She has since found widespread support from fellow youths all over the world and been prominently featured in global events like the UN COP24 summit, The World Economic Forum and the European Union Parliament. You can watch Greta in YouTube and you will be amazed about her clarity in thinking and her frustration with leaders today who are not acting responsibly.

Greta's words come to mind as I prepared my statement for this year's annual shareholders' meeting. She, and so many others see it. The global consensus is clear, the science is clear, and even children feel it—the climate is in crisis. I think it's because I, myself, am a father of four and I too have a 15-year-old child. To me, Greta is like your child, appealing to us parents to act responsibly especially during times of crisis.

The year 2018 was the fourth warmest year on record; it was also the year the Philippines was visited by 21 tropical cyclones, including category-5 Typhoon Ompong (Mangkhut) in September 2018.

The situation is expected to turn even more drastic: the U.N.'s Intergovernmental Panel on Climate Change reports that in a little over a decade, the world will fully feel the irreversible effects of climate change. The world could hit 1.5 degrees Celsius warmer as soon as 11 years from now in 2030 with devastating impact.

The Philippines is an archipelagic country right in the midst of the typhoon belt. We rank fifth in the world for countries with highest weather-related losses from 1998 to 2017, and third in the world for those at risk in facing natural disasters.

On our very shores, three things are happening—more frequent and violent weather patterns, rising seas, and recently, scarcity of potable water. Pair that with an infrastructure bottleneck, and income inequality where the poor become poorer as their health, homes, and livelihood take a regular beating—all greatly impact the Filipino family.

While many are aware about the climate issue, it pains me to see that very few are translating that awareness into action. The Philippines' current energy mix highly favors dirty energy—coal, which today already accounts for 52 percent of the total energy mix. And with the additional new coal fired plants planned, it would comprise a dominant 80%+ of the mix. Not a good sign of things to come especially since we import most of our coal supply from countries like Indonesia. This means more harmful gases are dumped daily into the atmosphere taking us closer to the threshold that can cause havoc to the environment and society. At what cost? At a very high cost—our lives and the survival of our planet, our home.

We Make Our Stand

We cannot allow this to happen. We, at First Philippine Holdings (FPH), have made pivotal choices in the way we run our businesses.

Three years ago, we made the decision not to invest in coal. We power through when others would hesitate. This is more than an advocacy—sustainability is our legacy. For our energy business, we have chosen clean, renewable and cost-competitive sources such as natural gas, geothermal, hydro, wind and solar.

Moreover, our chosen platform was developed with cost competitiveness and affordability as a priority with the Filipino consumers in mind. This is what makes us unique. This is what distinguishes First Philippine Holdings vis-à-vis our competition.

Our Financial Performance

The choices we make are always powered by our desire to do good. The conglomerate's stellar financial performance in 2018 demonstrates that there are economic benefits to taking the high road. We are proving that it can be done!

For the year ended December 31, 2018, FPH Group's topline grew by ₱20.5 billion or 20 percent from last year's PHP104.9 billion to PHP125.4 billion following strong operating results across our Energy, Real Estate, Construction, and Manufacturing businesses.

The corresponding attributable net income amounted to PHP10.3 billion, also higher by PHP4.4 billion or 76 percent, compared to PHP5.9 billion in 2017.

Our robust revenue figure translated to a record-high recurring net income attributable to equity holders of the Parent of PHP10.4 billion, higher by PHP3.6 billion or 53 percent, compared to PHP6.8 billion in 2017.

Let me now report about our lines of business.

We start with our Energy investment.

Our Energy group, led by First Gen and its subsidiary, Energy Development Corporation (EDC), remains the biggest driver of growth for the conglomerate. In 2018, the First Gen group posted revenues of PHP103.8 billion up by 21 percent or PHP17.8 billion from last year's PHP86.0 billion and an attributable recurring net income of PHP12.7 billion, higher by PHP4.6 billion or 57 percent compared to last year's PHP8.1 billion. The Energy group contributed PHP8.1 billion or 73 percent to the 2018 recurring earnings of FPH.

First Gen started strong in 2018 as it secured a baseload power supply contract for its 420-MW San Gabriel natural gas-fired power plant. San Gabriel started delivering power to Meralco in the second half of 2018 and has effectively reduced the overall average cost of electricity to Meralco customers.

We can now add San Gabriel to the other large units of First Gen namely, Santa Rita and San Lorenzo in delivering predictable and stable earnings for the foreseeable future.

This proves yet again that being eco-friendly does not have to be costly.

As we transition to a low-carbon future, we continue making headway through the joint development agreement (JDA) signed between First Gen and Tokyo Gas for the liquefied natural gas (LNG) terminal in Batangas. Tokyo Gas, who has a 20 percent stake in the LNG project, is a global leader in LNG and one of the biggest market buyers of gas in the world. It is worth noting that this is their first international investment in a downstream regas terminal, which signals their confidence in First Gen and our ability to see this project through.

The terminal's construction will be completed in four years, in time for the closure of the Malampaya Deep Water Gas-to-Power Project in 2024.

We are happy to report that strong interest in the project from local and international players validate the vital role of LNG in the country to ensure the continuous operations of our existing natural gas plants and their importance in the transition to a clean energy future.

This is an essential development to address our country's future growing energy needs through low carbon solutions.

I'm here to tell you that it can be done and First Gen will make it happen.

Another highlight worth noting was the successful delisting of EDC from the Philippine Stock Exchange so that investors who wish to invest in a clean and green company can focus on First Gen or even FPH. EDC has been 100 percent contracted since early 2018, and has launched various optimization programs to enhance operational efficiency and to bring down costs in order to be more competitive versus other energy alternatives, including coal. Its typhoon-hit power plants in Leyte were fully brought back online in the third quarter of 2018, exceeding our own target of bringing back the power plants to their pre-typhoon levels.

In real estate, we create integrated communities that reduce carbon footprint and promote a healthier environment.

Composed of Rockwell Land and First Philippine Industrial Park (FPIP), our Real Estate group was the next big driver of growth for the conglomerate with a combined contribution of PHP2.3 billion comprising 21 percent to the Group's RNI. In 2018, our Real Estate group posted total revenues of PHP16.3 billion, up by PHP 735 million or 5 percent from last year driven substantially by Rockwell Land's higher completion and sales take-up of residential development projects as well as stronger revenues from both commercial and industrial leasing businesses. Rockwell Land delivered strong recurring earnings of PHP2.5 billion, while FPIP posted a corresponding recurring earnings of PHP151 million as we focused our park's business towards enhancing its recurring revenue base.

Rockwell Land has firmly established its brand as a leading lifestyle community developer with its Proscenium project in Rockwell Makati that achieved a 92 percent sales take-up in 2018, and continues to create exceptional multi-use developments nationally with these projects: The Arton North Tower in Quezon City; Aruga Resorts and Residences in Mactan, Cebu; and Terreno South and Southwell Mahogany, both in Batangas.

FPIP, on the other hand, has succeeded in enabling MEANINGFUL JOBS FOR THE FILIPINO. We are generating high-value jobs in the countryside and strengthening our country's manufacturing sector, which saw 10 new locators in 2018, bringing its total to 135 locators generating close to 65,000 jobs.

For the past 20 years, FPIP has provided innovative solutions to its locators, such as reliable first-world infrastructure like wastewater treatment and stable power supply, which are critical for locators in the semiconductor and electronics industries. Moving forward, we are building ready-built-factories (RBFs) with access to renewable energy sources. We are also working toward improving the living conditions of our locators and their employees through logistics hubs, residential or

dormitory facilities, green linear parks, transport hubs and shuttle bus services, and a retail center built within the industrial park.

To help advance inclusive growth and job creation, we are also working with a technical-vocational schools that can cater to the fast-growing manpower requirements of our locators at FPIP. The First Industrial Science and Technology School, or FIRST School, operates a pioneering education to employment (E2E) system that benefits locators, the industrial park, students, and the community.

Building Key Infrastructure

Our companies are also concerned with ease of mobility and the delivery of basic services. Thus, we are also bringing our sustainable mindset while enabling critical economic infrastructure and utilities through our construction arm, First Balfour.

In 2018, the First Balfour group posted revenues of PHP4.8 billion and a recurring net income of PHP190 million, contributing two percent to the Group's RNI. The 2018 revenues were PHP469 million or 11 percent higher than last year while RNI was slightly lower by PHP17 million or eight percent than last year's PHP207 million.

First Balfour commenced work for landmark projects such as the Cebu-Cordova Link Expressway, a cable-stayed bridge which will link Cebu City and Cordova, and the Novaliches-Balara Aqueduct 4 (NBAQ4) project, an aqueduct which will deliver bulk water to Balara to help address Metro Manila's growing water needs. NBAQ4 is the first of its kind in the country as it will be using a tunnel boring machine to build a 7.3-kilometer aqueduct passing under Commonwealth Avenue in Quezon City. This puts First Balfour at the forefront of developing underground tunneling expertise, which will be helpful for larger and more complex projects such as building subway stations and hydroelectric plants. First Balfour also ended 2018 with an order backlog for construction projects at an all-time high of PHP11.1 billion.

Proudly Filipino Made

2018 was also a good year for First Philec Inc. (FPI), our manufacturing arm with a rich history of pioneering proudly Filipino made transformers.

In 2018, FPI delivered impressive growth with revenues of PHP2.3 billion, higher by PHP280 million or 14 percent from last year, and PHP39 million or eight percent jump in attributable RNI from PHP482 million to PHP521 million, contributing four percent to the Group's RNI. This reflects FPI's success in retaining its foothold in the electrical transformers industry.

Building For Sustainability

We are also strengthening our green legacy with the rebirth of the Benpres Building as The Chronicle building. While the name harkens back to the Lopez Group's heritage, the new building will be a forward-looking development anchored on sustainable technology and design principles. Once completed, The Chronicle will be one of the most energy-efficient and water-efficient buildings in the country.

The Chronicle will be the headquarters for FPH and all its subsidiaries and is targeted to be operationally carbon-neutral, and both LEED and BERDE certified. LEED, which stands for Leadership in Energy and Environmental Design, is a program maintained by the U.S. Green Building Council and the most widely used green building rating system in the world. BERDE, on the other hand, stands for Building for Ecologically Responsive Design Excellence, is a local green building rating system developed by the Philippine Green Building Council.

Ultimately, work on The Chronicle can give us a better idea on how we can apply these green building techniques to our businesses, particularly in our real estate and construction operations. We see the Chronicle setting the example of how energy efficient buildings should be built in the Philippines.

Doing Well By Doing Good

Guided by the Lopez Credo, with values that focus on social justice through business excellence and a pioneering entrepreneurial spirit, we remain committed to positive change by challenging industry peers and key stakeholders to focus on building a better and sustainable future for all. Without concerted action our planet is in grave danger.

Change is slowly trickling throughout the globe. Currently, the trend is to go green, with many of the big investors shunning dirty power, like coal, for fear of stranded assets and public criticism.

In line with this, we are pleased to see positive developments from various key stakeholders.

Just in February 2019, the Institute for Energy Economics and Financial Analysis released a report highlighting over Over 100 Global Financial Institutions Are Exiting Coal, With More to Come and that Every Two Weeks a Bank, Insurer or Lender Announces New Restrictions on Coal.

It reports that global capital is fleeing the coal sector and that this is no passing fad.

This gives us more confidence in our big pivot to focus our resources on clean, low carbon and renewable energy.

It is a platform that in our mind, has a long runway moving forward.

Countries globally are responding to the need to change such as Finland, Germany, and Chile are now drawing the line on coal. In Thailand, which now currently runs on 70 percent gas, local communities and stakeholders themselves act as the “social fence” against coal—whenever there is a coal-fired power plant being announced in their community, they protest immediately.

Just this week, BBC reported that Britain had its first week without without using electricity from burning coal since the 1880s.

The government plans to phase out the UK's last coal-fired plants by 2025 to reduce carbon emissions. The news article reports that as more renewables come to the system, coal-free runs like this are going to be a regular occurrence. This just goes to show that it can be done!

BBC also came up with an article recently that the UK needs to prepare for the worst due to climate change. In the Philippines, we also have to prepare as well.

Unfortunately, the Philippines is considered as one of the countries that is “the last frontier of coal” as policies have yet to be enforced for a more enabling environment for clean and renewable energy.

While it can be painful to admit that the Philippines is not there yet, there are signs of hope. It is worth noting that as of today, more and more local government units (LGUs) are turning their backs on coal. In Negros Island, an executive ordinance has been issued declaring the whole island as coal-free and powered only by renewable energy. Elsewhere, in the beautiful town of San Juan, La Union, the municipal council passed an ordinance declaring the town coal-free via a unanimous vote. Others have declared a coal-free future way ahead. These include the provinces of Bohol, Guimaras, Ilocos Norte, Masbate, South Cotabato and Ozamis City.

In closing, I'd like to leave you with more words from Greta Thunberg, in a speech delivered at the Climate COP24 in Katowice, Poland. She said: “In the year 2078, I will celebrate my 75th birthday. If I have children or grandchildren, maybe they will spend that day with me. Maybe they will ask me about you, the people who were around back in 2018. Maybe they will ask why you didn't do anything while there was still time to act?”

Let us not wait for that time to come. When our children and grandchildren look us in the eye and ask - why didn't we do anything.

If the world is changing, then so should we. We can learn. We can adapt. And we can survive. Better yet, we can find new ways to thrive.

Through our efforts as a conglomerate, we hope to inspire and encourage more companies in the Philippines to become part of the low-carbon clean energy movement.

We thank you, our stakeholders, for aligning with us in our desire to build a cleaner, greener, safer, and more livable world for future generations – a world that is powered by good.

**PRESENTATION & APPROVAL OF THE
MANAGEMENT REPORTS AND
RATIFICATION OF THE BOARD APPROVAL OF
THE AUDITED FINANCIAL STATEMENTS FOR
THE PERIOD ENDED DECEMBER 31, 2018**

The Chairman stated that copies of the management report, which include the audited financial statements for the calendar year ending December 31, 2018, were distributed to the stockholders prior to the meeting. He explained that the Board of Directors approved the audited financial statements last March 20, 2019.

Consistent with the Corporation's policy allowing stockholders to participate in the meetings of stockholders and ask questions, the Chairman inquired whether there were questions from the floor on the audited financial statements and the reports. He opened the floor to the stockholders for them to raise queries they may have.

Mr. Stephen Soliven, a proxy stockholder of Ansaldo Godinez & Co., observed that the Philippines has the second highest electricity cost in Asia, second to Japan and this is a hindrance or an impediment for local and foreign investments. He asked if the company has any specific remedy or suggestion to address this. Mr. Puno emphasized the fact that First Gen is doing everything it can to reduce the power rates to consumers. Looking at the Meralco website, substantially all of the contracted coal fired plants have rates that exceed that of the company's gas fired power plants. Even the newest gas fired plants are cheaper than many of the legacy agreements of Meralco that was contracted with coal. It should not have to contract using coal considering that there are other alternatives including natural gas, geothermal and other renewable energies that can actually drive the cost down for the consumers.

The Chairman stated that the statement that the Philippines has the second highest electricity cost is an old argument. A lot of power rates all over Asia are being subsidized because they are still owned by government but the subsidy comes at the expense of taxpayers so it is not actually cheap. Many of these countries, including

Indonesia, have been struggling to take out those subsidies because the subsidies are killing their governments fiscally. EPIRA had a provision in it which basically progresses what they call retail competition and open access which for customers of a certain size allows them to choose their suppliers. The way EPIRA was envisioned was that it was supposed to have gone all the way down to the household level so that everyone would have been able to choose their own suppliers. EPIRA was passed in 2001, and it has been almost 19 years, and retail competition and open access have been stuck there at about 750 kwh and has not gone down to the household level. But in the contestable market where all competitors are fighting, the generation rates have been brought down to P3.10 per kwh, but the generation rates (contracted rates) in the Meralco website are close to P4.00. This means that competition has the ability to do it, but what happened is that for some reason retail competition and open access have been delayed for more than 18 years. It should have gone down to the household level in a span of 3 to 5 years. Because retail competition and open access is what keeps utilities honest so that they don't contract with themselves and give the captive consumers very high rates. Consumers should be pushing that if they want lower rates. Right now what's happening is that utilities are using their captive markets to be able to subsidize their competition in the contestable market which is wrong and was not envisioned by EPIRA. Retail competition and open access can be rushed and pushed as soon as possible. so that the kind of competition and low rates that is seen in the contestable market can happen also for all sorts of consumers, including households.

Mr. Antonio Garcia sought confirmation if there will be a restructuring of the Lopez Group of companies where FPH will be the major beneficiary. The Chairman said that the group has not thought about that. Mr. Garcia further stated that the company's earnings last year was P18 per share and asked if there are plans to increase the cash dividend for common shares. Mr. Puno said that the approach all along has been a steady P2.00 per share, and that has been very consistent. The other approach to enhancing the company's shareholder value, which is a better use of its limited financial resources, is through exercising the buyback program. Looking at the share price of FPH since the company has instituted the buyback program, it combines the dividend plus the appreciation of the share price which actually outperforms the PSE i-index; so it translates into an enhanced return for the

shareholders. One approach is to increase the dividend, the other approach is whatever that is allotted for as far as “dividendable” cash the company has been using that proactively to buy back its shares, which is a better use of any excess cash it has today. The company continues to be active in the buyback program. Mr. Garcia asked whether it is the major shareholders that benefit more from the buyback. Mr. Puno explained that the minor shareholders get an increased return on the same percentage on a pro-rata basis as the major shareholders. The company is not driving this to benefit one single shareholder; it benefits all shareholders whether it be a major shareholder or a holder of one share in FPH. Mr. Garcia said that a lot of analysts say that the fair value of the company is more than P100 per share but it seems that over the past year it does not seem to be reflected. Mr. Puno said that the company is as frustrated about it but that is the reason why whatever excess cash it has it buys back shares. Typically what happens, as far as behavior is concerned, is then the company has every right to buy the shares back at a huge discount to the fundamental value. That way it improves in the long term the value for the remaining shareholders who stay and continue to be loyal as shareholders of the company. On renewable energy that runs the Power Plant Mall, Mr. Garcia asked if the source is solar and whether it creates a secondary problem. Mr. Puno said that Rockwell has its own solar facilities that address its office building needs but practically all of the renewable energy for the Power Plant Mall comes from geothermal plants in Luzon via transmission lines. The Chairman explained that when he talked about retail competition and open access, this is what it allows because Rockwell mall’s consumption is above 750 kwh so it is contracting directly with the group’s geothermal plants.

Mr. Jun Cabiling inquired on some updates about the West Tower in Bangkal, Makati. Mr. Anthony M. Mabasa said that the West Tower is in good condition. In fact, the occupancy of the West Tower is higher now compared before. This may be due to the fact that the management of the said tower is better. The old air conditioning units, generator sets and sewage treatment plant have also been replaced. Mr. Cabiling mentioned the gas leak that allegedly happened from Phoenix. Mr. Mabasa said that the team did not know what transpired in Phoenix, but the barangay did seek the help from the company’s technical team for assistance on this incident. On the very same day, the team gladly assisted the barangay to make sure that there will be no other problems in the area.

Ms. Meliza H. Agabin, a stockholder for 34 years, said that this is the first time that she attended the stockholders meeting. She said she was pleased to attend because she felt she attended a conference with the main topic on climate change. She congratulated the management and the Board of Directors because of the good philosophy being followed by the company. She said that she will have her children inherit the stocks that she owns. She summarized that the company is doing well by doing good. She said that the company serves 28 million households which are about 120 million in population, and the biggest consumers of energy are households. She asked if the company has a platform for stockholders or households to have the option or alternative to use renewable energy. One example of which is solar panels which Ms. Agabin said she is not knowledgeable about, particularly its benefits and affordability. She asked if the company has suggestions on alternative energy for households.

The Chairman acknowledged the excellent question from Ms. Agabin. He said that a solar panel on a rooftop can generate electricity cheaper than the Meralco rate. The investment would have a payback of 5 to 7 years. The initial shock is to be able to pay for it but there are many solar installers willing to give a lease or financing; some banks have also offered solar loans. It can power some appliances like refrigerators and even lighting. The Chairman gave instructions to Mr. Victor Emmanuel B. Santos, Jr. to give his contact details to Ms. Agabin or any other shareholder interested for further details on solar panel installation. Mr. Richard B. Tantoco informed the stockholder that when he installed solar panels on his rooftop, his Meralco electric bill dropped by 30%. He explained that it depends on the shape of the roof and the movement of the sun from east to west. The investment would be around P160,000 for a 4-year payback but the next 21 years will be free already. The good news is that anyone interested can file for a loan from Pag-IBIG which will finance a solar system worth P500,000.

Mr. Bert Morillo thanked the Chairman for his engaging advocacy but suggested a plan B of involving the shareholders in a social program. He then asked if bio-gas is part of the company's mission statement and whether it has a potential. The Chairman said that there is no program as of yet for doing bio-gas. But he acknowledged that bio-gas is mentioned in the book entitled 50 Ways to Save the Planet. He added that when the company closed the door to coal in 2016 it had been a

debate that had been raging for years and years. When Typhoon Yolanda happened in 2013 and the geothermal plants were at the center of everything, the company had to move faster than government to be in the center of rescue, relief and even rehabilitation efforts in the island of Leyte. The company then realized that the world has changed and it saw how much people were suffering. This totally changed the company's view and it decided to totally shut its doors on coal. There were discussions within management on how this could be done when coal at that time was the cheapest. The magic of shutting the door to something like that is the group is forced to look at the alternatives. When the company shut the door on coal it unleashed so much creativity for it to do so many other things including geothermal. It is only a matter of time for geothermal with so many opportunities open to it. All of these opportunities will come but the company has to stay focused and prioritize.. Bio-gas could be great but it is not yet where the company is putting its resources.

Mr. Ruben Jordan stated that FPH is awash in cash. He asked if the company is at the liberty to expound whether this cash was put to good use. Mr. Puno said that every year the company comes out with its estimated capex program based on a conversation with the various investments. It is not a big cash pile and the capex program is basically an approval based on the conversation with subsidiaries on where to spend its limited resources on. Looking at the consolidated balance sheet, it looks like the company has a lot of cash but much of that are in the operating companies. It is also communicated to the operating companies to flow up the dividends to FPH. Whatever dividends obtained from subsidiaries, 1/3 of that is dedicated to paying off the company's shareholders and the balance of that is reducing the debt and making other investments. As the Chairman pointed out, the company would have thought that at the time when it turned its back on coal that there were no other opportunity for investments. But as it looked through its platforms or different lines of business and having honest conversations with the CEOs of the subsidiaries, they are finding ways of being able to look at these opportunities and to put it in investments that will do well by doing good. So the company is just starting that journey of being able to be more clear about putting its investments in areas where it can do well and do good at the same time. But a lot of the cash on a consolidated basis is really with the operating companies which have their own needs. First Gen, being the biggest will

have quite a sizeable capital expenditure program, and this will be followed by Rockwell Land.

Going back to cost of electricity, Mr. Jordan said that when they unbundle the charges part of it is FIT. He asked if the company benefits as a power generator using renewables. Mr. Puno said that by the company's computation, there is a FIT-all tariff that every consumer pays but there are computations showing that the FIT-all tariff resulted in an average reduction of rates to the consumers. Each consumer benefits no different from every other consumer in the country. The FIT-all tariff is there and by some computations it has benefited the consumers in general in lowering the prices of electricity.

Mr. Jordan said that, on social responsibility, he salutes the company's zeal on the issue. He inquired on whether this can be shared with other conglomerates to harmonize their social endeavors. The Chairman said that it would be nice if all the conglomerates could work together in that way. The truth though is that everyone has its own path. But over time they will find their path to where all of the conglomerates should be headed. He expressed hopes that they will do it much sooner. Mr. Jordan mentioned a bishop who threatened to withdraw his savings from a bank if it still continues to serve the coal plants. The Chairman also shared that bright, young millennials and Gen Z people are now choosing employers that do not finance coal plants.

Mr. Alfredo Abueg, Jr. said that he salutes the directors, the management and the primary shareholder for their concern for the environment. And that the ordinary shareholders are looking forward that other companies would follow the example being shown by the Lopez Group. He expressed his confusion as to which is the real Lopez holding company. He suggested having an affiliate that will concentrate on installing solar power. As for the meeting venue, he suggested installing signages to help guide the stockholders.

Mr. Robert Go requested for an update about BINHI. Mr. Tantoco said that BINHI is a program that EDC launched in honor of the Chairman Emeritus, Mr. Oscar M. Lopez. He said that there are 3,300 Philippine trees, 96 of them are almost extinct because these are hardwood and have high commercial value. EDC bought new DNA equipment from Harvard, donated it to the University of the Philippines and assisted in the propagation of these endangered trees. So far in eight years, more than 20

species have been removed from highly endangered and elevated to threatened, meaning there are either more than 5,000 or 10,000 in the wild. EDC is partnering with Ayala Group in its subdivisions, Silliman University and U.P. in spreading the trees where they can thrive. Because of this good work, CNN featured BINHI and EDC was contacted by the International Union for the Conservation of Nature (IUCN). They will come over soon and they wanted BINHI to be their first Philippine institutional partner. IUCN wanted BINHI to be the primary custodian and inventory keeper of all Philippine species of trees and will grant the funding to establish this program. The Chairman added that the last two *caladis naric* species which was thought to be extinct was found and is being regenerated to take it away from the brink of extinction. He congratulated the BINHI team that is doing this.

Mr. Stephen Soliven asked if Meralco is a monopoly. The Chairman replied that Meralco is a natural monopoly because of the nature of the distribution business. But EPIRA basically introduced retail competition and open access which should keep the utilities honest. This is what is needed, to push retail competition and open access so that utilities are subject to the forces of competition and give consumers low rates. This is the way the law was envisioned and how it should be implemented properly. Consumers have to help in pushing this.

Mr. Guillermo Gili said that the Chairman and/or President's reports delved exhaustively on clean energy and inquired on the possible use of magnetism for this purpose. The Chairman advised that he did not have any knowledge on this.

As there were no other questions to be raised, the stockholders, on motion made and duly seconded approved the following resolutions:

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

- (i) confirm, approve, and ratify, as they hereby do confirm, approve and ratify, the Board of Directors’ approval of the Audited Financial Statements of the Corporation for the period ended December 31, 2018; and*
- (ii) approve, as they hereby do approve, the management reports covering the calendar year ending December 31, 2018.”*

The Secretary reported that stockholders representing 371,189,137 shares or 99.01% of the shares present or represented at the meeting voted in person or by proxy

in favor of the resolution approving the management report and the audited financial statements, while stockholders representing 995,140 shares or 0.27% abstained from voting. No shares voted against. This was noted by the Chairman.

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

On motion made and duly seconded, the following resolution was approved by the stockholders:

“RESOLVED, That all resolutions and acts of the Board of Directors and the Executive Committee as well as the acts and contracts entered into by the Management of First Philippine Holdings Corporation during the calendar year ended December 31, 2018 and up to the date of the meeting, and the Chairman and President’s Reports, be, as they are hereby, confirmed, ratified and approved.”

The Secretary reported that the company received proxies with votes in favor, against and to abstain on the following items:

	FOR	AGAINST	ABSTAIN
Ratification of the acts of the Board, of the Executive Committee and of Management	371,189,137 99.01%	-	995,140 .27%
Items entered into in the ordinary course of business with those of significance having been covered by the proper disclosures and the related actions taken with respect thereto such as:	371,189,137 99.01%	-	995,140 .27%
a) The election of directors and appointment of corporate officers	371,189,137 99.01%	-	995,140 .27%
b) Membership in the relevant committees such as the Executive Committee	371,189,137 99.01%	-	995,140 .27%
c) Designation of authorized signatories	371,189,137 99.01%	-	995,140 .27%
d) The resignation of a director and the election of his replacement	371,189,137 99.01%	-	995,140 .27%
e) Share buyback transactions	371,189,137 99.01%	-	995,140 .27%
f) The approval of the audited financial statements for the calendar year ended Dec. 31, 2017	371,189,137 99.01%	-	995,140 .27%
g) The declaration of cash dividends on common and preferred shares	371,189,137 99.01%	-	995,140 .27%
h) The extension of the common shares buyback program from July 2018 to July 2020 for up to P6.0 Billion	371,189,137 99.01%	-	995,140 .27%
i) The appointment of a Vice President	371,189,137 99.01%	-	995,140 .27%

This was noted by the Chairman.

ELECTION OF DIRECTORS

The Secretary informed the Chairman that, according to Article II, Section 3 of the By-Laws, all nominations for the election of Directors by the stockholders shall be submitted in writing to the nomination and election committee at least 60 days before the scheduled date of the annual stockholders meeting. Nominations and elections of independent directors must also comply with Securities and Exchange Commission Circular No. 16 and all related issuances. The Board, as recommended by the Corporate Governance Committee, received within the said period nominations in favor of the following stockholders as Directors of the Corporation for the ensuing year:

Mr. Augusto Almeda-Lopez
Mr. Stephen T. CuUnjieng
Mr. Peter D. Garrucho, Jr.
Mr. Elpidio L. Ibañez
Mr. Eugenio L. Lopez III
Mr. Federico R. Lopez
Ambassador Manuel M. Lopez
Mr. Oscar M. Lopez
Ms. Rizalina G. Mantaring
Chief Justice Artemio V. Panganiban
Mr. Francis Giles B. Puno
Commissioner Anita B. Quitain
Mr. Ernesto B. Rufino, Jr.
Mr. Juan B. Santos
Mr. Richard B. Tantoco

It was advised that the Board of Directors, in its regular meeting on February 14, 2019, reviewed and favorably passed upon the qualifications and eligibility of the stockholders nominated as Directors for the ensuing year in accordance with the By-Laws and the Corporation's Manual for Corporate Governance. Ms. Rizalina G. Mantaring, Chief Justice Artemio V. Panganiban, Mr. Juan B. Santos and Mr. Stephen T. CuUnjieng are being nominated as independent directors. With respect to the proxies, each director received at least 87.67% of the votes.

It was duly moved and seconded that the fifteen stockholders who were nominated as directors for the ensuing year be declared elected as Directors for the fifteen board seats of the Corporation.

There being no objection, the Chairman directed the Secretary to cast the relevant votes in favor of the following stockholders duly nominated as Directors of First Philippine Holdings Corporation for the ensuing year and until their successors

shall have been duly elected and shall have qualified. The votes for the directors were as follows:

Augusto Almeda-Lopez	334,583,185 89.25%	13,990,363 3.73%	23,610,729 6.30%
Peter D. Garrucho, Jr.	334,583,185 89.25%	13,990,363 3.73%	23,610,729 6.30%
Elpidio L. Ibañez	334,535,015 89.24%	13,990,363 3.73%	23,658,899 6.31%
Eugenio L. Lopez III	334,535,015 89.24%	13,990,363 3.73%	23,658,899 6.31%
Federico R. Lopez	359,368,216 95.86%	10,973,933 2.93%	1,842,128 0.49%
Manuel M. Lopez	334,535,015 89.24%	13,990,363 3.73%	23,658,899 6.31%
Oscar M. Lopez	335,024,945 89.37%	13,990,363 3.73%	23,168,969 6.18%
Francis Giles B. Puno	338,158,075 90.20%	10,919,803 2.91%	23,106,399 6.16%
Ernesto B. Rufino, Jr.	328,646,870 87.67%	10,762,018 2.87%	32,775,389 8.74%
Richard B. Tantoco	329,136,800 87.80%	10,762,018 2.87%	32,285,459 8.61%
Anita B. Quitain	328,464,870 87.67%	10,762,018 2.87%	32,775,389 8.74%
Rizalina G. Mantaring*	371,729,762 99.16%	234,815 0.06%	219,700 0.06%
Artemio V. Panganiban*	347,098,812 92.59%	15,558,805 4.15%	9,526,660 2.54%
Juan B. Santos*	349,010,079 93.10%	14,181,498 3.78%	8,992,700 2.40%
Stephen T. CuUnjieng*	362,770,402 96.77%	234,815 0.06%	9,179,060 2.45%

*Independent Directors

The Chairman directed the Secretary to record the proxies which gave particular votes to certain nominees. It was also noted that Ms. Rizalina G. Mantaring, Chief Justice Artemio V. Panganiban, Mr. Juan B. Santos and Mr. Stephen T. CuUnjieng were duly elected as independent directors. Without prejudice to a final tabulation of the votes, the fifteen nominee directors were formally declared elected by the Chairman as members of the Board of Directors, to serve for the ensuing year and until their successors are duly elected and qualified.

APPOINTMENT OF EXTERNAL AUDITORS

On motion duly made and seconded, the stockholders approved the retention of Sycip, Gorres, Velayo and Co., Certified Public Accountants, as the Corporation's external auditors for the ensuing year.

Stockholders representing 862,856,580 shares or 96.79% of the shares present or represented at the meeting voted in person or by proxy in favor of the motion while stockholders representing 368,337 shares voted against the motion, and 8,959,360 shares abstained. This was noted by the Chairman.

ADJOURNMENT

The Chairman inquired if there was any other business to be taken up. There being no further business to transact, the meeting was, on motion made and duly seconded, thereupon adjourned.

ENRIQUE I. QUIASON
Corporate Secretary

A T T E S T :

FEDERICO R. LOPEZ
Chairman of the Board

DRAFT