
energy
DEVELOPMENT CORPORATION
Powering Infinite Possibilities
INTEGRATED REPORT 2022
IT'S WORTHLESS IT.
Climate change may be daunting.
But today, solutions are in sight.
The lush and healthy ecosystem around EDC's geothermal plants are a result of the most comprehensive reforestation program in the country, BINHI. EDC began this program because protecting biodiversity and restoring the forest cover around its geothermal plants will ensure that it will continue to meet the country's growing demand for renewable baseload energy.
IT'S TIME TO REGENERATE A DAMAGED WORLD.



ABOUT THE COVER

IT IS WORTHLESS IT. We might think it is worthless to find solutions to the climate crisis we are facing, but it is worth every effort. In the cover photo, we feature Energy Development Corporation's initiative BINHI– the country's most comprehensive reforestation program. It is the firm belief of EDC that only through enriching nature can it support the operations of its geothermal plants and sustain the country's demand for renewable energy. This proves that business sustainability can be parallel with protecting the environment. The road to regenerating a damaged world might be daunting, but it is a worthwhile undertaking.

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ABOUT THE COMPANY

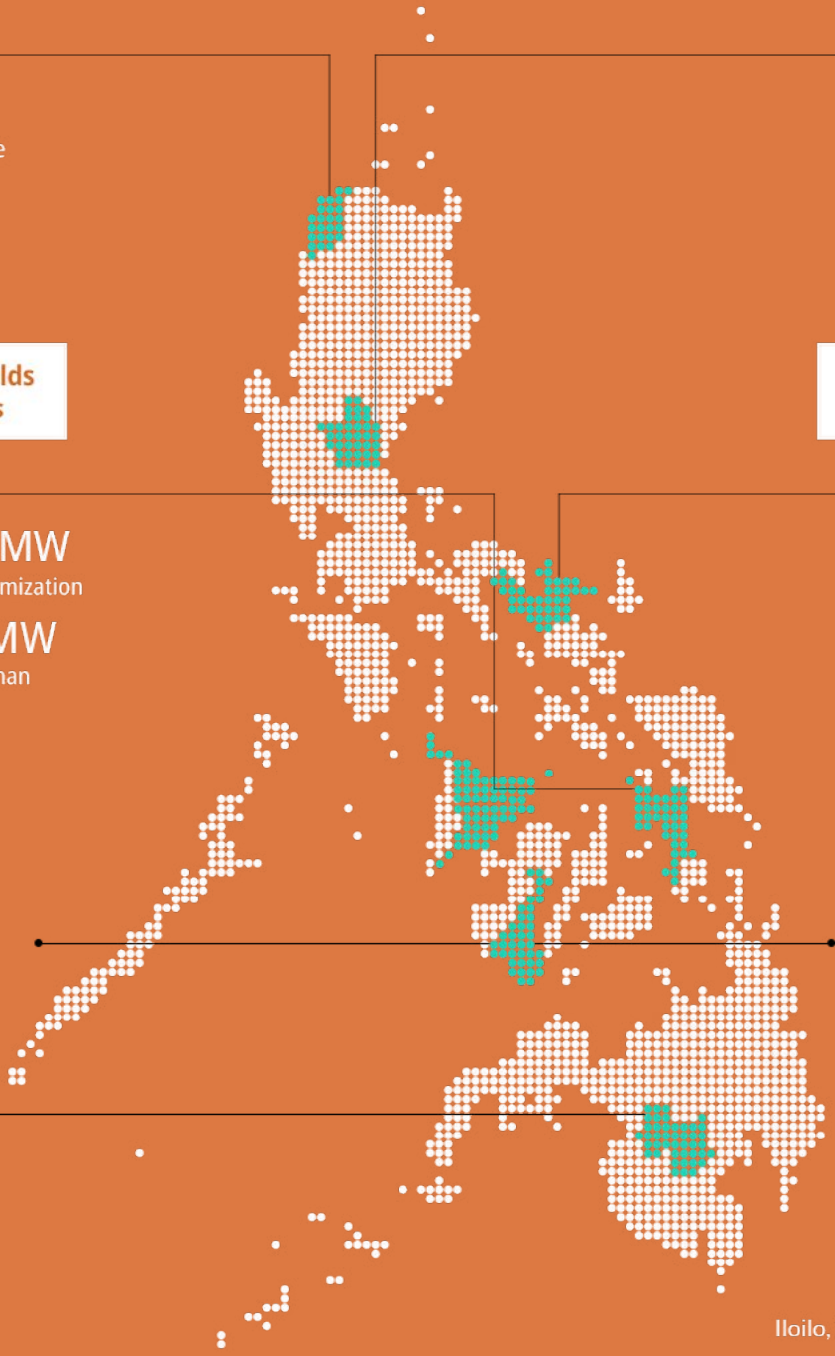
Energy Development Corporation (EDC) is a global and diverse renewable energy company with 46 years of pioneering sustainable practices. We are the Philippines' leading 100% renewable energy producer with an installed capacity of 1,484.09 MegaWatts (MW), which accounts for almost 20% of the country's total installed renewable energy capacity. EDC's 1,189.34 MW geothermal energy production provides 61% of the country's total installed geothermal power.

EDC has been primarily exploring, developing, operating, and utilizing geothermal energy since 1976. We are a world leader in wet steam field technology, with geothermal power facilities in Bicol, Leyte, Negros Island, and Mindanao. EDC also operates the country's only combined wind and solar farm in the region located in Burgos, Ilocos Norte, and hydro assets in Nueva Ecija. Through these investments, the Company can supply 100% naturally sourced power to the national grid and bolster the country's economic growth.

At the heart of EDC's overall operations is its vision of a regenerative future manifested through impactful environmental and social programs implemented in every EDC facility. It aims to enhance the ecosystem and uplift the lives of those in its partner communities exponentially.

We lead by example through good governance. To lessen the carbon footprint of its business operations, We strive to improve its watershed management within the company-managed geothermal reservations. EDC-managed watersheds have the potential to capture more carbon dioxide from the atmosphere than the 1.1 million tonnes of carbon dioxide equivalent (tCO2e) carbon emissions of its entire operations, absorbing at least 1.7 million tCO2e every year. The company achieves this by implementing comprehensive watershed management such as forest protection, forest restoration, biodiversity monitoring and conservation, mainstreaming of Philippine native trees, and other greening initiatives.

Through social initiatives, EDC does right by its stakeholders, from the most influential to the most vulnerable, thus maintaining its social license to operate and promote its accountability culture. EDC continuously endeavors to attain nine of the 17 United Nations (UN) Sustainable Development Goals (SDGs)—No Poverty (1), Zero Hunger (2) Gender Equality (5), Affordable and Clean Energy (7), Decent Work and Economic Growth (8), Industry, Innovation and Infrastructure (9), Responsible Consumption and Production (12), Climate Action (13) and Partnership for the Goals (17). The SDGs serve as a basis for the programs the Company crafts in partnership with various stakeholders and target audiences.



ILOCOS

150 MW
Burgos Wind, Ilocos Norte

6.82 MW
Burgos Solar I and II, Ilocos Norte

NUEVA ECIJA

120 MW
Pantabangan

12 MW
Masiway

Integrated Steamfields and Power Plants

EDC Subsidiary Steamfields and Power Plants

LEYTE

112.08 MW[1]
Upper Mahiao

49.5 MW
Leyte Optimization

232.61 MW
Malitbog

123 MW
Tongonan

198.14 MW
Mahanagdong

BACMAN

120.0 MW[2]
BacMan I

20.0 MW
BacMan II

SOUTHERN NEGROS

49.37 MW
Nasulo

SOUTHERN NEGROS (GCGI)

112.5 MW
Palinpinon I

60 MW[3]
Palinpinon II

MINDANAO

54.24 MW
Mindanao I

54.24 MW
Mindanao II

3.66 MW
Mindanao III

EDC SIKLAB

5.17 MW
Iloilo, Aklan, Leyte, Southern Leyte, and Sorsogon

CURRENT INSTALLED CAPACITY:

1,484.09 MW

**Based on the Certificates of Compliance ("COCs") or Provisional Authorities to Operate ("PAO") issued by the ERC, where "installed nameplate capacity" is defined as "full-load continuous gross capacity of a unit under specified conditions, as calculated from the electric generator nameplate based on the rated power factor x x x" pursuant to ERC Resolution No. 16, Series of 2014.*

[1] Does not include Unit 3 (37.36 MW); unit was offline during ERC's virtual inspection held on 20 August 2020
[2] Based on Dependable Capacity of 60 MW per unit, as indicated in the PAO issued by the ERC on October 6, 2020
[3] Palinpinon-2 includes Sogongon 1, Sogongon 2 and Okoy 5 GPPs. PAO for Sogongon 1 and 2 was issued on November 4, 2020 while PAO for Okoy 5, integrated in Palinpinon-1 GPP PAO, was issued on February 4, 2021; does not include 20-MW Nasuji GPP (on preservation mode)

Our Vision

To be the leading global geothermal energy company and key provider of clean and renewable 24/7 energy.

Our Mission

To forge collaborative pathways for a decarbonized and regenerative future.

Our Purpose

We recognize that our planet's life support systems and social institutions are now at a breaking point. Unbridled consumption and the importance of bottom-line growth are at the root of the climate crisis, our alienation from nature, and the profound social and economic divisions that have become existential threats to humanity today.

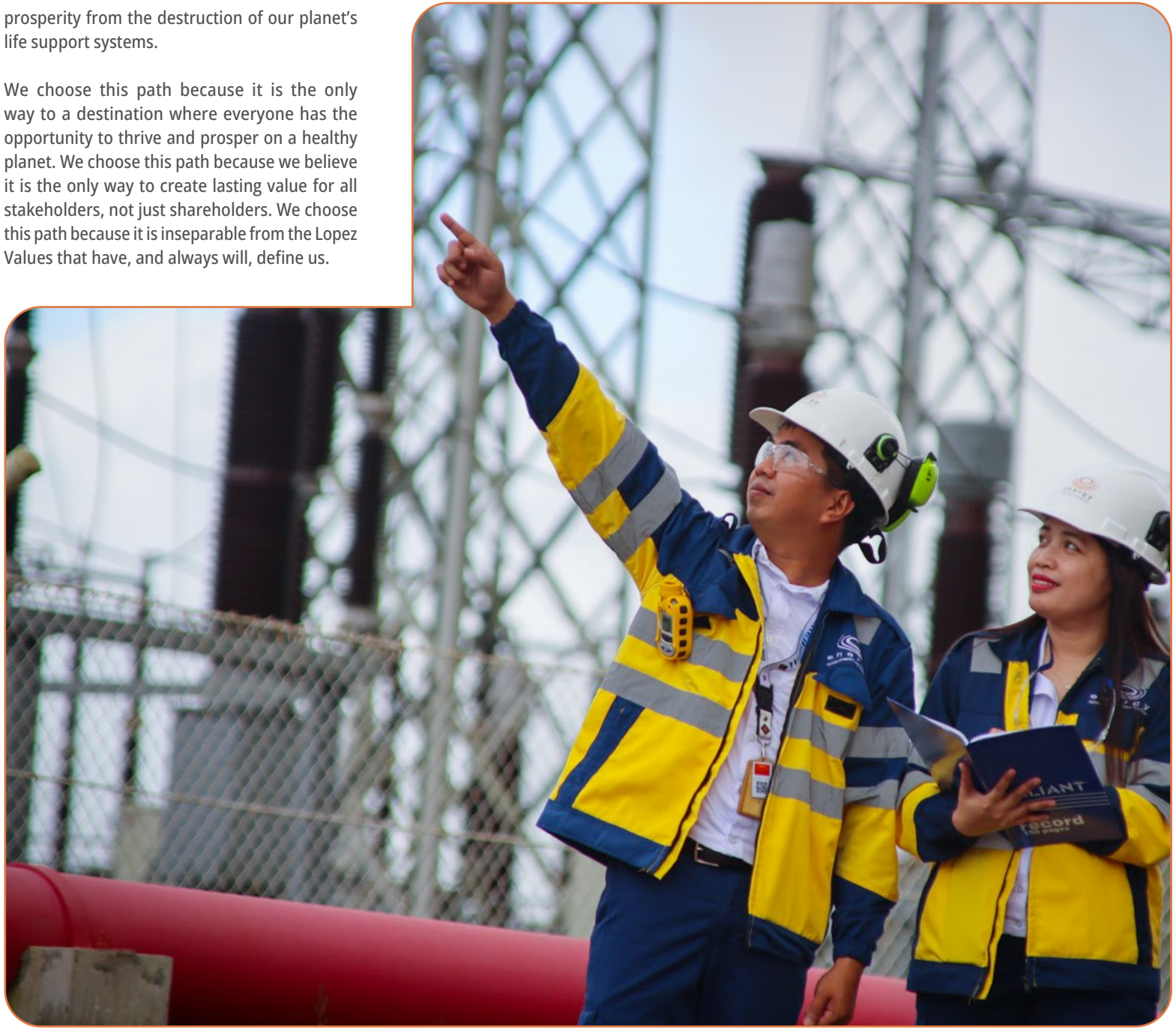
Overcoming these challenges will require paradigm shifts in thinking, living, and doing business. Pursuing sustainability that seeks only to do less harm is no longer good enough.

Instead, we need to create symbiotic, mutually beneficial relationships with nature and society that benefit more than just shareholders. Today's businesses must urgently become a regenerative force that elevates or creates an exponential positive impact on everything they touch—customers, employees, suppliers, contractors, the environment, communities, and investors.

We are mindful that we exist within highly diverse and nested systems and must all play unique, reciprocal, and synchronized roles in a world that needs healing.

Our collective success will be measured by how quickly we can decouple economic and social prosperity from the destruction of our planet's life support systems.

We choose this path because it is the only way to a destination where everyone has the opportunity to thrive and prosper on a healthy planet. We choose this path because we believe it is the only way to create lasting value for all stakeholders, not just shareholders. We choose this path because it is inseparable from the Lopez Values that have, and always will, define us.



OUR WAY TO PLAY

We promote a regenerative society by increasing access to reliable renewable energy through purposeful innovation and proactive partnerships.

Our Capability System

Sustainable Generation
expansive understanding and management of geothermal resources to develop and optimize resilient assets

Purposeful Innovation
systematic identification and deployment of groundbreaking ideas that improve performance and customer satisfaction

Committed Stakeholder Ecosystem
integrated approach in building mutually beneficial relationships to progress our regenerative agenda

Transformative Integration
Deft integration of targeted acquisitions that increase corporate value

Organizational Agility
Delivery of fast, customer-centric solutions through self-organized teams who can pivot and prioritize

Our Chosen Path

We take the path that puts the welfare of present and future generations as our foremost concern. We use our heritage and expertise as a leading geothermal energy provider to fulfill our duty to co-create a regenerative society.

We strive to deepen our relationships with customers. Understanding their need for dependable and affordable renewable energy, we purposefully innovate to improve our services to provide the best possible customer experience.

We embark on broadening the markets we serve. Our four decades of advancing renewable energy in the Philippines create the impetus to expand globally and accelerate decarbonization.

We build trusted partnerships with public and private stakeholders to shape a regenerative society. We commit to thinking, living, and doing business in a manner that enables nature to flourish and humanity to prosper alongside an economy that advances.

We foster a culture that cares deeply for the well-being of our people. We empower people to reach their full potential in a workplace where accountability, performance orientation, and collaboration is the norm.

The Lopez Credo and Values

We, as employees of the Lopez group of companies, believe that our primary reason for being is to serve God and the Filipino people.

Thus, we shall always conduct ourselves in a manner that is mindful of the long-term mutual benefit of the Lopez Group and the various publics we serve.

We will be responsible stewards of all our resources, and conscious of our obligation to present and future generations.

Since 1928, and in the years and generations to follow, our commitment to the distinctive Lopez values will not change as we remain committed to serve our stakeholders.

In our service to the Filipino people, we will be guided by the following distinct Lopez Values:

- A Pioneering Entrepreneurial Spirit
- Business Excellence
- Unity
- Nationalism
- Social Justice
- Integrity
- Employee Welfare and Wellness

We know from generations of experience that it is by living according to these values that a company can be built to last.



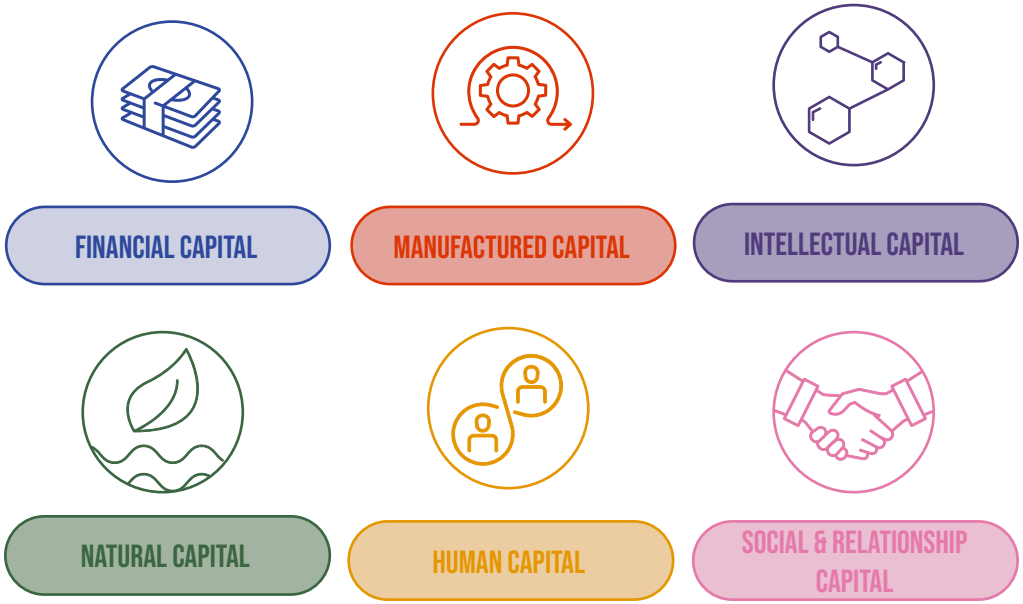
ABOUT THE REPORT

We are proud to present the 2022 Integrated Report <IR> of the Energy Development Corporation (EDC), prepared following the reporting framework set forth by the International Integrated Reporting Council (IIRC). This report covers our financial, environmental, social, and governance performance from January 1 to December 31, 2022.

The EDC 2022 Integrated Report centers on various aspects, such as our different capitals, systematized approaches, and stories. We utilize this approach to ensure we transparently report our activities and operations to our stakeholders, public and private partners, clients, and communities. As a company, EDC is dedicated to achieving long-term business growth while promoting the inclusive growth of our local communities and the Philippines. Our stories with the communities we work with serve as a testament to this commitment.

For more than ten years, we have adhered to reporting practices that encompass critical aspects of social, governance, human resource management, health and safety, and environmental responsibility. Our reporting approach has allowed us to showcase our performance beyond financial terms, and in this report, we demonstrate our commitment to elevating everything we touch.

This report also outlines our holistic approach to business, which considers the six distinct but interconnected capitals outlined in the International <IR> Framework. By strategically utilizing these capitals, we transform them into outputs that add value to our stakeholders. As such, this report features details on our strategy, governance, and management of our capitals, namely:



REPORTING FRAMEWORK AND STANDARDS

Integrated Reporting IR Standards	Global Reporting Initiative (GRI) Standards	Task Force for Climate-related Financial Disclosures (TCFD)
In 2020, EDC shifted to the International Integrated Report Framework to enhance the integration of its capitals within its business operations and its strategies to create value over time for its stakeholders and shareholders. These capitals are financial, manufactured, human, social and relationship, intellectual, and natural. With this framework, EDC can improve the quality of information it discloses and enhance accountability and stewardship among the capitals and their interdependencies.	EDC prepared this report following the GRI Standards: Comprehensive option. EDC has been using the GRI Standards to disclose and discuss its material topics for over ten (10) years. It takes advantage of the modularity, clear structure, and comparability of the relevant disclosures of the framework. The GRI Standards are among the most widely used as they are considered the gold standard in sustainability reporting. Organizations use it to report their economic, environmental, and societal impacts.	The TCFD is established to develop climate-related disclosures and further understand the concentrations of carbon-related assets and exposures to climate-related risks. The EDC 2022 Integrated Report follows the TCFD Framework, ensuring that the governance structures, business strategies, environmental impacts and disclosures, and future metrics and targets of the Company are aligned with the global requirements. External assurers have rigorously reviewed the EDC 2021 Integrated Report to ensure the accuracy and balance of disclosures. EDC will use its insights and recommendations to enhance and guide our organization's reporting practices and disclosures.

102-11, 102-16, 102-46, 102-50, 102-51, 102-52, 102-54

We've added more value to our report by integrating the EDC Stakeholder Pentad Framework with our capitals. This framework is based on our mission and helps us understand our relationships with stakeholders and shareholders.

The Stakeholder Pentad Framework is a powerful tool that guides our decision-making. It emphasizes the need to balance the needs of all five stakeholders: our customers, co-creators (employees, suppliers, contractors, and other partners), the Earth, communities, and investors.

Integrating our capitals with our stakeholder framework shows how each capital is essential to our stakeholders and how they contribute to our mission of creating collaborative pathways towards a decarbonized and regenerative future.

We welcome feedback and appreciate suggestions for making our report more meaningful and valuable to our stakeholders. For comments and suggestions, please get in touch with:

Corporate Communications Department
Energy Development Corporation (EDC)
corpcomm@energy.com.ph



TCFD Recommended disclosures:

Governance:

- Determine the Board's oversight of climate-related risks and opportunities
- Identify the management's role in assessing and managing climate-related risks and opportunities

Strategy:

- Describe the climate-related risks and opportunities the Company has identified over the short, medium, and long term
- Describe the impact of climate-related risks and opportunities on the Company's businesses, strategy, and financial planning

Risk Management:

- Describe the Company's processes for identifying and assessing climate-related risks
- Describe the Company's processes for managing climate-related risks
- Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the Company's overall risk management

Metrics and Targets:

- Disclose the metrics used by the Company to assess climate-related risks and opportunities in line with its strategy and risk management process
- Disclose Scope 1, 2, and 3 GHG emissions and the related risks
- Describe the targets used by the Company to manage climate-related risks and opportunities and performance against targets



Our Stakeholder Pentad Framework

Our mission is to create a regenerative society through collaboration. We have adopted the Stakeholder Pentad Framework to guide our organization and outline our relationships with those we serve, partner with, and work with. This ecosystem approach requires us to balance the needs of our five stakeholders in a way that creates exponential good: customers, co-creators (employees, suppliers, contractors), Earth, communities, and investors.

STAKEHOLDER ENGAGEMENT

Stakeholders	Material Issues	Our Response
CUSTOMERS **We are committed to meeting our customers' needs for reliable and affordable renewable energy while continuously improving all our capitals to ensure their satisfaction and contribute to the interests of our other stakeholders.**	• Materials and resource management • Resource allocation • Risks and crisis management	We prioritize delivering a reliable source of clean, 100% renewable power at competitive rates and continuously find ways to deliver value-adding services. We maintain compliance with all national and local regulations, ensuring adherence to industry standards. EDC also built a Business Continuity Management (BCM) System that addresses disaster response, crisis management, and business recovery. We create BCM teams (such as Crisis Management Committees, Incident Management Teams, and Business Recovery Teams) across all sites to carry out these plans. We regularly update our BCM plans and strategies based on risk reviews. We ensure the sustainability and reliability of our steam resource by: (1) minimizing steam outages through asset repairs (asset reliability), (2) maintaining generation according to sweet spot levels and addressing risks related to injection security and decline rate (resource health), (3) planning for a stable long-term DOP and delivering make up steam at lowest cost/MW (steam augmentation); (4) and developing new geothermal capacity from greenfields while leveraging breakthrough technology to de-risk and reduce cost of development (growth).
CO-CREATORS **We foster a culture that cares for the well-being of our co-creators, including our employees, suppliers, and contractors, by investing in their manufactured and intellectual capitals to enable their professional and personal growth. We empower them to realize their full potential in an environment that values accountability, performance orientation, and teamwork.**	• Labor practices • Diversity, equality and inclusion • Training and Development • Occupational Health and • Safety systems • Innovation management	We prioritize creating a safe, healthy, inclusive, and thriving work environment for our employees to enable them to deliver optimal value to our stakeholders. We proactively communicate with our employees to understand and address their needs. We embed our mission of a decarbonized and regenerative future in our employees, encouraging them to bring their authentic selves to work and participate in mission-related activities. Our HR systems are continuously recalibrated to support employee development and attract top talents who share our mission.

102-21, 102-28, 102-31, 102-43, 102-44

STAKEHOLDER ENGAGEMENT

Stakeholders	Material Issues	Our Response
EARTH **We prioritize being better stewards of the Earth and fulfilling our duty as environmental advocates by using our heritage and expertise. We also inspire change through livelihood opportunities, education for the youth, and biodiversity protection to rehabilitate nature and elevate lives in the places we operate and their surrounding areas.**	• Materials and resource management • Environmental compliance • Environmental policy • Land use and biodiversity • Carbon intensity • Carbon sequestration	Our commitment to protecting and restoring the natural environment guides our operations. We prioritize non-toxic offerings and comply with local and national laws and regulations on environmental impacts. To minimize negative impacts, we continuously implement a robust environmental management system aligned with ISO standards. Our employees are empowered to contribute to reducing the organization's environmental footprint. Our efforts include reforestation and land and marine biodiversity protection to conserve natural ecosystems.
COMMUNITIES **In every step and decision, we are driven by our promise to elevate lives and rehabilitate nature in places where we operate and their surrounding areas. We inspire change through livelihood opportunities, education for the youth, and biodiversity protection. We also dedicate ourselves to giving back to our host communities, which comprise our social and relationship capital.**	• Impact and contributions to local communities	We proactively engage with the communities in which our operations are located to gather their insights and feedback and meet their needs. We prioritize empowering communities for self-sufficiency while respecting and protecting their human rights.
INVESTORS **We establish trust with our investors and operate to create a regenerative society that allows nature to flourish and humanity to prosper alongside an advancing economy.**	• Resource Allocation • Asset portfolio	We prioritize actively communicating our progress to investors and shareholders through board and committee meetings, our annual stockholders' meeting, corporate filings, including the Integrated Report, Financial Statements, and Corporate Governance Report. We respond to their queries and work to implement their recommendations to continuously improve our operations and ensure optimal business and capital performance.

102-21, 102-28, 102-31, 102-43, 102-44



CHAIRMAN'S MESSAGE

More importantly, we must keep in mind that the overriding goal is to "solve the climate emergency", by mitigating and reversing emissions as well as adapting to its impacts that are already here and intensifying.

DEAR READERS,

Today it's undeniable that the climate emergency being faced by humanity is real and in urgent need of action. In the last few years, we've employed various platforms, venues, and forums, including our integrated report covers, to highlight the existential threat posed by the climate crisis. Now it feels so much more encouraging as we see a myriad of sectors of society weaving threads from their respective fields into a tapestry of solutions that aims to bring carbon emissions down to zero by 2050. While the challenge is still daunting, we know that, with the right focus, countless solutions will come to light.

The journey to Net Zero will involve three phases that need to be executed within a limited timeframe. More importantly, we must keep in mind that the overriding goal is to **"solve the climate emergency"**, by mitigating and reversing emissions as well as adapting to its impacts that are already here and intensifying. Because if we don't get it right, the exponential deterioration of global climate systems and the environment will make it impossible to solve other problems like poverty, inequality, disease, food production, freshwater scarcity, mass migration, social displacement, mass extinction of species, and biodiversity loss, among others.

All of this we will feel during our lifetimes and they're undeniably accelerating as we can see in news reports every single day now.

Recall that Paris COP 21 applauded the agreements that signaled we could limit global warming to 2.0 degrees Celsius if all commitments were met. Since then, the UN IPCC issued a Special Report on Global Warming, followed by its Sixth Assessment Reports from Working Groups I, II and III, all with dire warnings and consequences for a 2-degree Celsius warmer world. Taken together, they underscored the scientific consensus that our targets must not exceed 1.5 degrees by end century. This target is slipping away from us fast but the 1.5 degrees Celsius must still remain our base case.

Consequently, "solving the climate emergency" means deliberately embarking on a journey through these phases.

In **PHASE ONE**, we *REDUCE* Greenhouse Gas (GHG) emissions of carbon dioxide, methane, nitrous oxides and fluorinated gases from the current 59 gigatons (Gt) of GHG's per year, and we see emissions peak by 2025. This is where most efforts are centered today. But we cannot stop there.

Next, in **PHASE TWO**, we aim further to *ELIMINATE* all emissions of GHG's. We must get to Net Zero emissions by 2050.

However in **PHASE THREE** by 2050, we must begin the arduous task of reducing the concentration of greenhouse gases in the atmosphere. We must get to what is called *NET NEGATIVE EMISSIONS*. This is best described in the words of NASA climate scientist James Hansen: "If humanity wishes to preserve a planet similar to that on which civilization developed and to which life on Earth is adapted...CO2 will need to be reduced...to at most 350ppm."

For reference, pre-industrialization carbon dioxide levels were at 280ppm and we sailed past 350ppm in 1986. We continued to blow through 400ppm in 2013, the same year Super Typhoon Yolanda, the most powerful typhoon on earth to ever make landfall, announced to the world, through the suffering of millions of Filipinos, that climate change is here and that we better get our acts together now. While the COVID-19 pandemic has given the world a short respite, today emissions are on the rise again and Paris COP 21 targets still aren't being met.

We now need to realize Phases One, Two and Three within the rapidly diminishing timeframe

of the next 27 years. Failing to do this over the limited period will trigger irreversible tipping points, the effects of which we are already seeing in news reports from all over the world every day. The clock ticks as we speak. Winning this war and solving climate change will mean staying laser-focused on strategies, tactics and accelerating technologies that are likely to scale within this very critical timeframe of the next 27 years.

Progress through Phases One to Three in the battle to "solve climate emergency" has many facets beyond just energy. It spans agricultural practices, food production, waste management practices, industrial processes, deforestation, f-gases used in refrigeration and many others. The key elements of the energy transition involves the following: reducing the carbon intensity of electricity, scaling up energy efficiency efforts, electrifying as much of transport and the industrial sectors, using carbon-neutral fuels for other hard-to-reach sectors, and deploying nature-based and man-made carbon capture, use and storage. All these will have immense implications for the central role of the electricity grid. The most important point is that by 2050, we will need 5 times the electricity we use today; and we will need 10-12 times the clean energy in use today.

For now at the FPH Group, our efforts remain focused largely on helping to reduce the carbon intensity of the electricity grid and then ultimately to decarbonize it. We're making it our mission to shepherd the energy transition to Net Zero.

From a global perspective, we need to clean up the electricity grid's generation sources with the intent of progressively lowering carbon intensity per kwh. This is done through a combination of renewable energy sources, storage (e.g., batteries or pump hydro), and other complementing low-carbon energy sources. This alone is a complex balancing act. For our country, adding more 24/7 renewable energy sources like hydro and geothermal power to the grid should be encouraged as no-regret options. However, what needs to be done thoughtfully is the addition of more renewable energy sources like solar and wind. Their variable and intermittent nature though necessitates that we match them with more grid capacity and storage to account for the fact that they're not there when night falls or on cloudy or windless days. However, batteries are only capable of running 3-4 hours and thus fall short of fully providing power for the 10-12 hours before the sun rises or the stretches of cloudy or windless days or even weeks. As such, there is need for a low carbon emission fuel like natural gas to act as the bridge fuel that's technically more suited for complementing the variable nature of renewable energy.

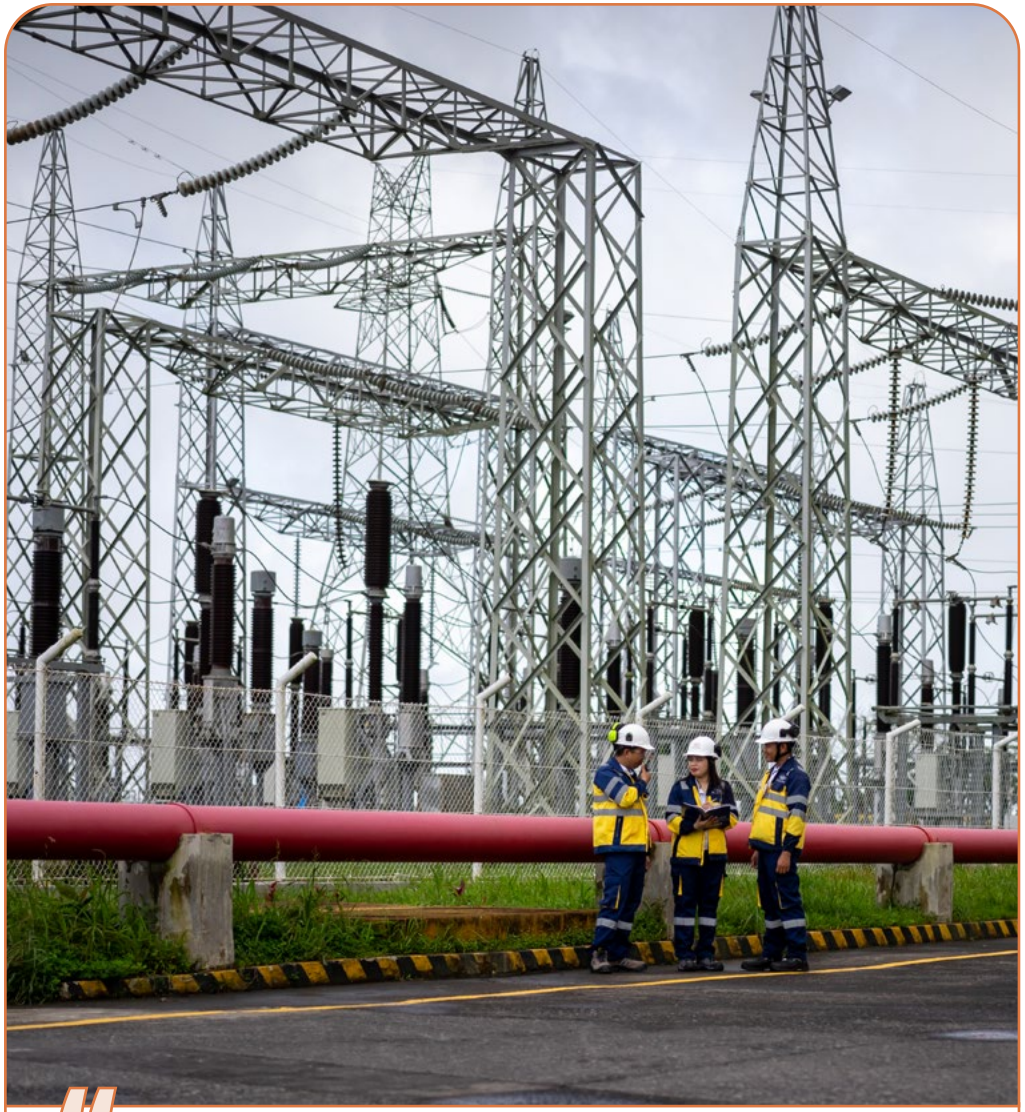
We view FPH's diverse portfolio of clean and renewable energy sources as a key enabler to a greener electricity grid. Our target is to grow our low carbon energy portfolio to 13,000 MW by 2030, of which 9,000 MW will be renewables.

As we clean up our energy grid, we must also move towards scaling up energy efficiency as the "first fuel" and encourage its use everywhere. Today these efforts are still sparse and fragmented but they have great potential. They are the lowest hanging fruit to reduce carbon emissions and are no-brainers because they also bring real cost savings and enhance the bottom lines of our customers.

Yet, as we navigate this energy transition, we must bear in mind the need to keep the lights on



For now at the FPH Group, our efforts remain focused largely on helping to reduce the carbon intensity of the electricity grid and then ultimately to decarbonize it. We're making it our mission to shepherd the energy transition to Net Zero.



Decarbonizing and scaling up a green electricity grid over the next three decades is probably the greatest energy transition in the history of mankind.

and keep power prices affordable for all. At the same time, we must continue to improve access to 24/7 electricity for millions of households in the country who currently do not have it reliably in their lives if we are to even begin uplifting them from poverty.

Decarbonizing and scaling up a green electricity grid over the next three decades is probably the greatest energy transition in the history of mankind. It's not just changing the electricity system but building a new global energy system with components we have never built before and at a massive scale. This will need nothing short of collaborative action among various players that today consider themselves competitors. And these also need well-coordinated and timely action on the part of regulators who must ensure energy security and be well-versed on the elements that make for a successful and just energy transition.

In addition to creating a future-ready energy system, our being 4th on the world's climate vulnerability list necessitates that we prepare Philippine cities, communities, and infrastructure for resilience in a climate-changed world. The impacts of the climate crisis as well as climate action that will be demanded of everyone are among the forces in history that will transpire "gradually and then suddenly". If we're not prepared and conveniently ignore it, we'll be overwhelmed and not recognize the world around us in the coming thirty years. The science tells us we no longer have a choice. We need to act in a systematic and collaborative way if we want to succeed and make serious headway in tackling other issues like hunger, poverty, and the other pressing Sustainable Development Goals of our time. Trying to solve those will be futile if we don't build for the resilience we need and if we don't ultimately "solve the climate emergency".

The forces unleashed by the climate emergency are already creating a future that, by necessity, must look very different from the past. The times call for new paradigms and even social constructs. We will need to measure progress using new metrics and reshape our way of life to thrive in a changed and rapidly changing world. It's all about reimagining our relationship to the planet and to one another. If humans have such immense power to degenerate the Earth, if we so choose, humanity can also wield the same power to change course and regenerate it not just for the sake of currently living humans but for the millions of other species that co-inhabit our world, today and tomorrow.

The journey to Net Zero is not purely driven by the bottom line. To our stakeholders, thank you for your support in helping us transform our Company to one that's truly responsive to the needs not only of our country but of the world.



Federico R. Lopez
Chairman

PRESIDENT'S MESSAGE

In 2022, we focused on narrowing the interpretation of our vision into just four focus areas, and we concentrated on clearing the path for everyone to deliver.



TO OUR DEAR STAKEHOLDERS

We started the year 2022 by acknowledging the shortfalls of 2021, and taking accountability for our role in allowing those execution missteps to happen. Our numbers in 2021 and our morale suffered.

We then committed to learning from our mistakes and improving on how we do things around the company. I am proud to say that we have made great strides toward achieving that goal. Incidentally, that painful letter to you, our shareholders, in combination with the letter of our chairman, won the gold award in the Asia Sustainability Reporting Awards this 2023.

In 2022, we focused on narrowing the interpretation of our vision into just four focus areas, and we concentrated on clearing the path for everyone to deliver.

As a result, we significantly outperformed our generation and attributable recurring net income targets in 2022 for the first time in four years. Our PHP 11.2 billion RNIA was up by 28.7%, or PHP 2.5 billion, from PHP 8.7 billion in 2021.

HITTING THE MARK: EDC'S SUCCESS IN ACHIEVING 2022 KEY PRIORITIES

We refocused in 2022 by simplifying our priorities to just these four:

Priority 1: Improve HSE Performance

Priority 2: Stabilize the base generation

Priority 3: Achieve financial targets

Priority 4: Achieve growth targets

Priority 1: Improve HSE Performance

HSE must come first. Good HSE practices affect how other things are done in the company and when done properly, demand consistency from everyone to do their job right.

With HSE in place, we can then focus on generation, growth, and financial targets. HSE costs more in the short term but less in the long term. Initially, we must bring our people and communities along the journey and invest in the right training and equipment. Over time, many things improved, including basic housekeeping, warehousing, and storing over PHP 4 billion of materials in inventory.

We make it clear that we care equally about our people and the residents of the communities where we operate. Our laborers and contractors are usually from the local communities. We are committed to ensuring everyone goes home to their loved ones safely every single day.

The same goes for the environment.

Small changes made have resulted in a dramatic reduction of risks, such as driving accidents. This has been the case with driver training and coaching, policies on maximum hours worked, mandatory rest and dash cams & GPS, reduced over-speeding incidents by 20% and accidents by 5%.

In the end, two things have contributed to our performance in HSE: first, the focus we put into HSE, particularly our Safety practices, and second, the spirit of humility, to learn and to listen all the time. We know that accidents are waiting to happen daily, with thousands of workers coming in and out of our sites and thousands of kilometers driven by hundreds of EDC, contractor, and supplier vehicles.

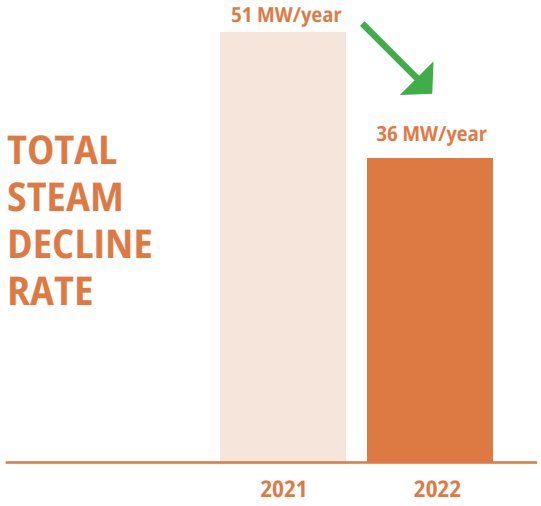
It requires humility and urgent accountability to highlight high-potential incidents across the company and proactively learn from them. Over the last year, our High Potential incidents have increased. By focusing on what we can learn from each of these incidents instead of the usual "who was responsible?" approach, we channeled our energy into improving our systems and controls to prevent incident re-occurrence while promoting a just safety culture.

Priority 2: Stabilize the Base Generation

Two major contributors helped us exceed our generation target by a small margin. First is our Sweet Spot studies, which helped guide our steam management practices and lowered the natural decline rate of the fields. The second is the success of our drilling and workover activities. With these, we hit our generation targets despite the low production from our wind assets.

Our steamfield operations set realistic targets based on the Sweet Spot studies conducted from 2020 to 2021. By managing our resources carefully, we reversed our decline rates. It also helped that we tested trickle injection practices on the dry steam parts of the field. The focus on these areas paid off last year and continues to yield benefits this year.

Looking ahead, we will focus on just three things to increase our steam production: First, on our execution of the drilling program; Second, the management of our fluid reinjection at the right spots, and finally, our success at controlling the impact of highly acidic fluids on our assets. We are doing well on the first two aspects and must catch up on the third.





HSE must come first. Good HSE practices affect how other things are done in the company, and when done properly, demands a consistency from everyone to do their job right.

Priority 3: Achieve Financial Targets

We exceeded our financial targets largely due to two factors. First, we benefited from tailwinds provided by higher market prices, given geopolitical events. Second, we exceeded our volume for the reasons stated earlier.

We also paid close attention to costs and efficiently managed them, which is essential to ensure effective operations. Despite the annual inflation, our costs have remained controlled over the last 11 years. This demonstrates our commitment to improving productivity and efficiency in our operations.

Priority 4: Achieve Growth Targets

It is essential to understand that geothermal operation is a fully vertically integrated system. We own and manage the energy resource, we transport it, we process it, use some of it, and re-process the unused fluids and heat to ensure the long-term sustainability of our operations.

As a deployer of capital, a 100MW geothermal plant will generate as much revenue as a 500-550MW solar plant. We are fortunate to be in this position of deploying capital towards a resource that hedges us against fluctuations in hydrocarbon prices, which our customers have benefitted from since the Ukraine invasion.

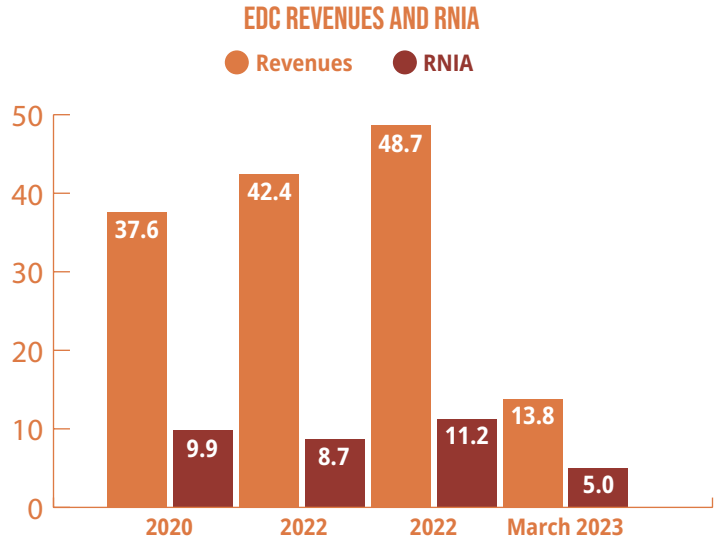
We've made significant progress in reaching our growth targets for 2022. Two notable accomplishments were the successful establishment of the 3.6-MW Mindanao 3 (M3) binary geothermal power plant in Mindanao and the ongoing construction of the Palayan Bayan plant. Furthermore, the Tanawon project already received the Notice to Proceed (NTP) from the Board. Looking ahead, we are committed to achieving our growth targets by identifying new locations for development through the Greenfield expansion program. In the next three and a half years, we plan to construct five power plants, including the 100-MW Project Aya and offshore and onshore wind sites. We are expediting the development of priority sites such as Burgos 1, Laguna, and Guimaras. Additionally, we are actively pursuing partnership opportunities and endeavoring to extend the validity of concessions for sites with excellent wind potential and grid access.

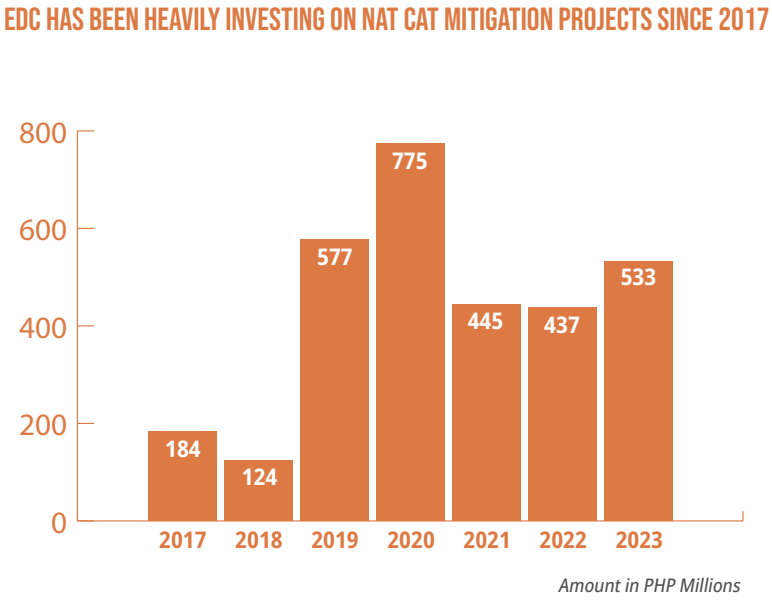
In 2023, we will begin constructing seven projects developed by our team. We began construction of three of the projects in 2022, which together represent an investment of PHP 17.35 billion.

All our growth will be for naught if we are not ready for the hyper-localized impact of climate change.

For this reason, we have invested in resiliency since 2014, and have dramatically improved our risk mitigation for natural catastrophes, typhoons, and earthquakes.

We have always hoped that our efforts and investments at being nat-cat-ready would pay off. In 2022, we finally passed the five-year mark of having no Nat-Cat insurance claims for the first time in two decades. Achieving this feat has required significant thought, engineering, and investments. Our insurance premium went down at this year's renewal, described by our brokers and lead insurers as "unprecedented."





Claiming 2023 as our Banner Year

As we look ahead to the balance of 2023, your company is in good shape and in good hands. We anticipate a record year for EDC this 2023, with the projected generation, financial growth, and HSE performance that should exceed our previous achievements.

The year will be characterized by growth as we embark on seven projects simultaneously. At the outset, we recognize that these do pose significant challenges. We are fully focused on HSE and field execution to ensure that each project is completed to the highest possible standard.

We understand that our top priority must be the health and safety of our thousands of workers, laborers, suppliers, and co-creators. We are committed to investments in much-needed training, safety supervision, proper PPE and equipment, and world-class practices, particularly in lifting and rigging, working at heights, road transport, and high-exposure situations.

Our performance in terms of process safety has been really good, and we need to let that permeate toward general safety practices.

As I reflect on EDC's recent successes, I am aware that all of it has been made possible by the unwavering dedication of our workforce. Despite the numerous challenges we faced in both 2021 and 2022, our team remained committed to our goals with high morale and worked tirelessly and collaboratively to ensure we stayed on track.

HR Asia recognized EDC as one of the best companies to work for in Asia. This is a testament to our commitment to providing our employees with a safe and inclusive workplace, particularly during the pandemic. It shows what happens when we listen with empathy and act with resolve so that employees can grow, develop, and thrive.

Finally, I would like to take a moment to acknowledge the tragic loss of four of our EDC colleagues and consultants in the CESSNA tragedy in February 2023. Their contributions to our company and their impact on our community will never be forgotten. Our hearts go out to their families and loved ones during this difficult time, and we offer our deepest condolences and sympathies. We will work to carry on with their legacies.

Thank you.

Richard B. Tantoco
President



As I reflect on EDC's recent successes, I am aware that none of it would have been possible without the unwavering dedication of our workforce. Despite the numerous challenges we faced over the past year, our team remained committed to our goals and worked tirelessly to ensure we stayed on track.

EDC'S KEY PRIORITIES FOR REGENERATIVE GROWTH

EDC achieved its targets across all capitals in 2022 by focusing on key priorities, namely:



Priority 1: Improve HSE Performance

At EDC, we pride ourselves on focusing on the welfare of our employees. As such, we first aimed to improve our Health, Safety, and Environmental (HSE) performance. We positively progressed on safety over production, with sustained satisfactory observations and incident reporting and enhanced management of top safety risks such as working at heights and motor vehicle use. We also developed strategies to improve planning, supervision, communications, and workload as we realized that these are the main underlying themes that contribute to our systemic challenges. In the succeeding years, we aim to continually improve and eventually achieve a 0.15 target total recordable incident rate (TRIR) in 2023, as well as start to understand the gaps in our system to further reduce the frequency at which we have incidents that have a potential to have disabling or fatal consequences.



Priority 2: Stabilize the base generation

Secondly, we aimed to stabilize our base generation. Despite experiencing lower generation earlier in 2022 due to the impact of Typhoon Odette, our overall generation achieved a 3% increase, or 2 TWH, compared to the previous three years, where we had an average of around 7 TWH in generation. We also achieved our actual sales volume target in Leyte and Bacman, with Leyte gaining a higher steam availability due to steam diversion. Additionally, we reached our end-of-year generation outlook of 7500 GWh, which was 2% higher than our target. Although we faced challenges such as emergent Fluid Collection and Recycling System (FCRS) and powerplant activities, dynamic fuel resources, and access and transmission difficulties, we ensured preparation, constant communication, and collaboration to optimize forecasts and maximize resources. Our proactive approach allowed us to provide short- and long-term solutions with the support of our enablers.



Priority 3: Achieve financial targets

For our third priority, we exceeded our targets regarding attributable recurring net income for the first time in the last four years. Our net income increased by 21% or PHP 1.9 billion and RNIA increased by 29% from 2021. This achievement was partly due to our market positioning in 2022. With inflation, foreign exchange depreciation, and the worldwide supply-demand crash, EDC's average WESM exposure also increased 3-4 times, increasing our uncontracted position to 29-39% from 9-10% exposure.

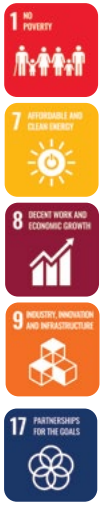
Lastly, the major growth targets achieved in 2022 include the 3.6-MW Mindanao 3 (M3) binary geothermal power plant in Mindanao and the Palayan Bayan plant, which is currently under construction. Additionally, the Tanawon plants received the Notice to Proceed (NTP) from the Board. Moving forward, we commit to achieving



Priority 4: Achieve growth targets

our growth targets by identifying new site developments through the Brownfield expansion program. Over the next three and a half years, five power plants will be built, namely the 100-MW Project Aya and other offshore and onshore wind sites. We are accelerating the development of priority sites (Burgos 1, Laguna, Guimaras), pursuing partnership opportunities, and keeping sites with good wind potential and grid access by seeking to extend the validity of concessions.

Our success in delivering clean energy and contributing to a decarbonized and regenerative future is a testament to the collective efforts of our teams, who have demonstrated our APCS principles—accountability, performance-orientation, collaboration, and safety. Without our workforce's dedication and hard work, achieving our key priorities for 2022 would not have been possible.

Capital	Activities	Outputs	Value Created	Contribution to the SDGs	Risks
Financial	• [Debt/Equity] Nurture banking/ lender/investor relationships especially to further ESG and Net Zero Carbon commitments • Regular monitoring and managing of Interest Rate and Forex risks • Negotiated floating rate term loan structure to manage the interest costs of new loans • Ensure no loan defaults • Regular monitoring of various economic indicators, Forex, interest and hedging rates	• [Debt] Fully funded business plan • Zero Loan Defaults • Not more than 10% unfavorable deviation on Interest Rate risk and Forex bottom line loss • Regulatory reports submitted on time • [Grants] U.S. Trade and Development Agency (USTDA) grant for feasibility study and Joint Crediting Mechanism (JCM) subsidy/sale of carbon credit secured to fund growth projects • [Equity] Dividends fully paid as declared	• Managed both the foreign exchange risk as well as the interest rate risks in 2022		• [Debt/Equity] Interest rate risk, forex risk • Inability to source funds for growth or refinancing
Manufactured	• Enterprise Risk Management • Equipment Upgrades and Maintenance • Control System Integration • Planned Maintenance Shutdowns • Natural Catastrophe Resiliency Program • Asset Management Program • Typhoon-proofing of facilities • Digital weather forecast and seismic sensors • Wells Services and Monitoring • Technical Due Diligence	• High Reliability and Availability of Steam Fields and Power Plants • Improved Resilience of Assets to Climate Change and Geohazards • Total Steam Delivered : 68.72 Million metric tonnes • Completed Construction Of Geohazard/ Landslide Mitigation Measures • Completed Forest Fire Control Measures • Completed Earthquake Resilience Measures • Completed Other Enablers (Weather, slope, earthquake, data) • NatCat Site Technical Teams	• Improved Equipment Reliability • Climate Change and Natural Catastrophe Resiliency • Improved safety and prevented prolonged outages due to natural catastrophe • Sustained generation of EDC's existing geothermal fields • Geothermal resource management • Expanded the business, exploration, and development locally and internationally • Technical Due Diligence • Technologies that will add revenue or improve efficiency to generate power		• Project execution • Equipment durability and reliability • Geothermal capacity • Climate change impacts • Forced outages • Other natural calamities (e.g., earthquakes)

Capital	Activities	Outputs	Value Created	Contribution to the SDGs	Risks
Human	• 1,548 Employees • HR Service Delivery • Employee Engagement • Labor Relations • Vendor Accreditation • Talent Management • HR as strategic business partner • HR Systems, Support and Services enabling • Employee Value Proposition • Continued Shelter-in-Place and Work-from-Home Arrangements • Vaccination Program • Professional Counseling • Repurposing of Employee Benefits • Enhanced Healthcare Program • APCS-CI-Agile Culture* **Accountability, Performance Orientation, Collaboration, and Safety (APCS) Continuous Improvement (CI), Agile*	• Highly engaged and resilient workforce • Holistic employee development • Increased productivity • Zero grievances and resolved employee discipline cases • Zero man hours lost due to industrial dispute • Change management and communication programs • Data-driven decisions • Digitization of HR operations	• Employee Satisfaction and highly engaged workforce • Enhanced employee experience • Industrial harmony • Future-fit organization • Professional talent pool • Seamless execution of HRSS processes • On-time delivery of HR Services		• Optimizing talent development for leadership pipeline • Workforce competency • Internal governance competency • Compliance with Data Privacy Act • Health and safety • Climate change impacts
Natural	• Brine Optimization Power Plants • Reduction of Carbon Emissions • Water withdrawal monitoring • BINHI Program • Forest Carbon • GHG Accounting • Watershed Management • Climate Forecasting • Partnerships for recycling and repurposing • Upgrade of Fluid Collection and Reinjection System (FCRS) • Flagship Species Initiative (FSI)	• Carbon avoided and sequestered • Sustainable water withdrawal • Climate resilient facilities • Forest management • Biodiversity conservation • Minimized waste disposal to landfill • Minimized wastewater discharge • Native tree species planted and upgraded conservation status	• Decarbonization • Adaptation of facilities to climate change • Appropriate generation projection provided to lenders • Contribution to Circular Economy • Healthy watersheds • Sustainable water • No net forest loss • Sustainable forest habitat		• Competency development of teams • Transmitters and support for the communication infrastructure • Climate change impacts

Capital	Activities	Outputs	Value Created	Contribution to the SDGs	Risks
Social and Relationship	• Networking and partnership-building for CSR advocacy and programs • Strengthening of the shared value framework into the business model • Strategic stakeholder engagement • Scholarships, mentorship, and job placement support • Livelihood and social enterprise development	• Effective implementation of programs • No business interruptions from stakeholder grievances • Swift release of permits and social endorsements • Accurate dissemination of positive information about the Company	• Self-reliant communities • Good relationship with stakeholders • Business continuity • Improved social license to operate • Improved quality of life in the host communities • Improved management of geothermal reservations		• Historical oppositors • Climate change impacts
Intellectual	• Board of Innovation (BOI) Accelerator Program • Endeavor Open Innovation • Global Innovation Management Institute (GIMI) Innovation Certification • 5-year Drilling Operations Program • Sweet Spot modeling • Purposeful Innovation Program » Integrated Management System Quality, Environmental and Safety Management Systems » Continuous Improvement Program » Asset Management » Natural Catastrophe Risk Management » DrillApp » Alternative Technologies (3D modeling, Online/Offline Dissolution)	• Enhanced Process Improvement, Reduced risks • Improved culture and behavior • Additional revenue and cost savings • Critical Asset Risk Register, Life Time Asset Plan, Asset Investment Plan • Digital technology for smart exploration, development, and utilization • Sustainable steam and effective reinjection management • Additional revenue from smaller power consumers	• Integrated EDC systems and processes • Advanced resource and steamfield management • Optimum and sustainable management of EDC assets • Optimized well design		• Asset owner governance inaccuracy • Data and resources projection • Climate change impacts

LET'S RECAP:
NOTABLE EDC STRATEGIES FOR 2022

- Launched the Net Zero Carbon Alliance framework to help partners achieve carbon neutrality
- Established ten new arboreta in partnership with various BINHI partners, with an additional three in development, bringing the total number of arboreta to 32 and 165 tree parks nationwide
- Continued to utilize Sweet Spot modeling to identify areas of focus such as asset reliability and injection security
- Implemented the EDC Purposeful Innovation Program, which seeks to broaden and diversify EDC's business using new tools and practices to capture innovations
- Provided financial assistance and mentoring support to 499 scholars across its project sites through the SIKAT Program
- Maintained the NatCat Resiliency Program
- Sustained a steady financial course through prudent risk management practices despite high inflation and weakened peso against the US dollar
- Signed Master Loan Agreements with six of our bank counterparties
- Requested a floating rate term loan structure from its relationship banks to address interest costs and minimize FX losses and borrowing costs
- Significantly increased processing purchase orders with a speed improvement of 19%, attributed to enhanced utilization of LVPO, Catalogs, and Contract Call-Offs



THE REGENERATIVE REVOLUTION: GOING ABOVE AND BEYOND

We recognize the ever-changing landscape of risks and opportunities, but our mission is clear and urgent. As we face the escalating climate crisis, pursuing renewable and sustainable energy is a crucial step toward a clean and decarbonized future.

As we celebrate our 46th anniversary, we are committed to persevering in creating value beyond financial gains. We focus on building future avenues beyond sustainability by investing in programs that enhance the environment, elevate our partner communities, and promote regenerative development. We strengthen our teams, forging close partnerships with our host cities and municipalities, and collaborating with various organizations.

As we move toward the future, we must create mutually beneficial relationships with nature and society. We integrate this within EDC and promote a regenerative community with increased access to reliable and affordable clean energy. Internally, we anchor our operations towards Sustainable Generation, Purposeful Innovation, Committed Stakeholder Ecosystem, Transformative Integration, and Organizational Agility.

By co-creating a regenerative future, EDC is leading the nation in its transition to clean energy. We provide a platform for representatives from the private and public sectors to contribute to the forging of the green pathway through access to renewables, investments, corporate social responsibility, financial and educational grants, or volunteer work.



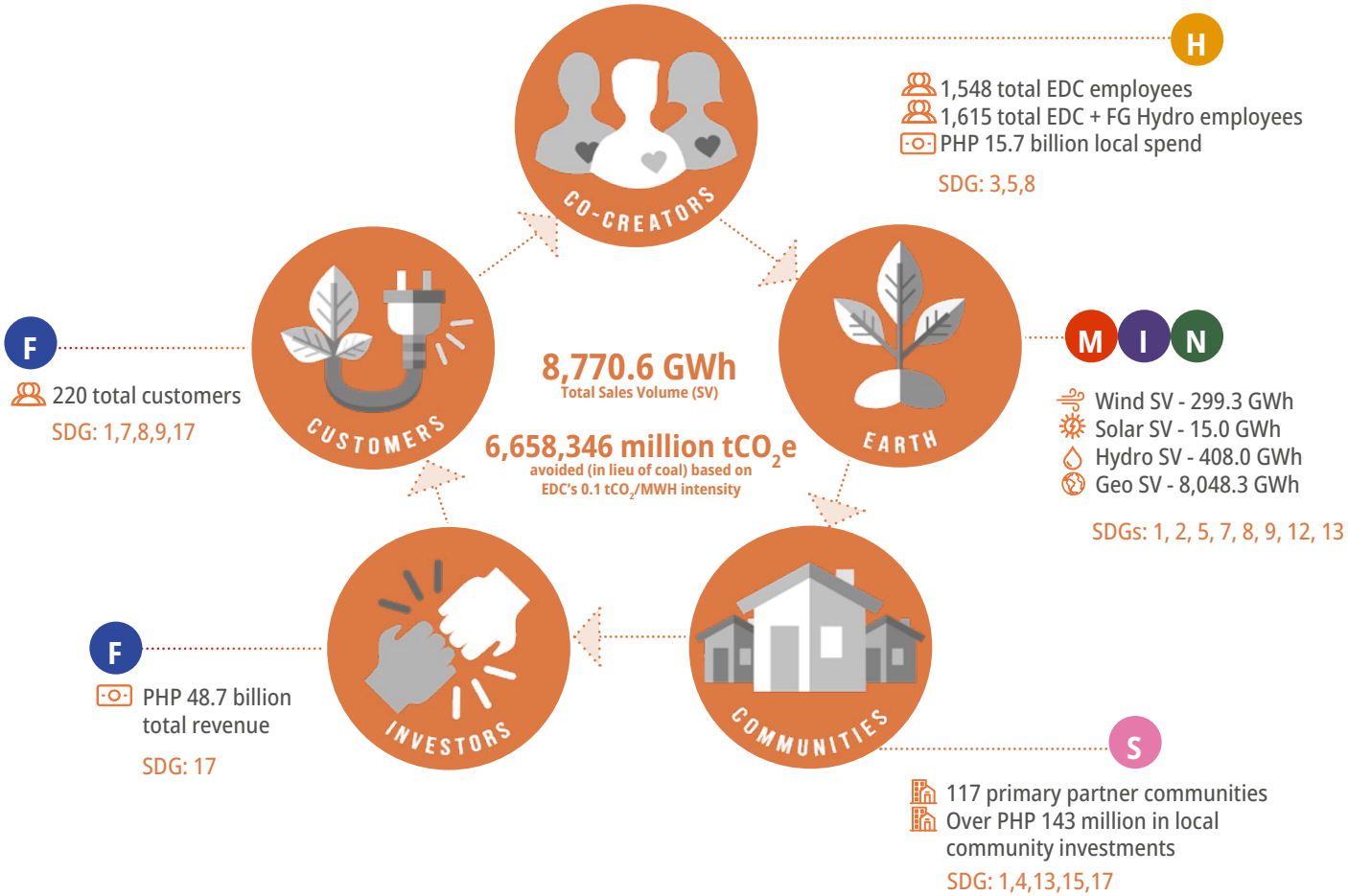
EDC VALUE CHAIN

EDC is the top 100% renewable energy company in the Philippines, focused on being a sustainable, low-carbon business that provides reliable, clean, and affordable energy. Our portfolio includes geothermal, hydro, wind, and solar sources.

We have been generating geothermal power in the Philippines for over 40 years, enabling us to deliver on our Geo 24/7 commitment. Our activities range from exploration to maintenance of geothermal steam fields and power plants, wind, solar, and hydroelectric power plants.

We align our operations with our vision of a regenerative future for the Philippines, implementing strategies to reduce our carbon footprint, care for the environment, and create value for society.





CAPITALS

Financial | Human | Manufactured | Intellectual | Social | Natural

UN SDGs



OUR VALUE CREATION PROCESS

EXTERNAL ENVIRONMENT

CAPITALS	INPUTS		OUTCOMES
FINANCIAL	• Nurture banking/lender/investor relationships • Shift to floating rate term loan structure • Total direct value distributed to the economy worth PHP 35.4 billion	These are external factors such as trends in energy, supply and demand, environmental factors, and changes in markets and regulatory requirements that influence the business **RISKS** • Debt and equity risks • Natural catastrophe and disasters • Natural decline in geothermal resource • Deforestation • Social acceptance & historical and political oppositors	• PHP 48.7 billion revenue • PHP 11.2 billion RNIA • 8,770.6 GWh energy sales • Secured PHP24 billion term Loan facilities to fully fund business plans
MANUFACTURED	• Enterprise Risk Management • Equipment Upgrades and Maintenance • Control System Integration • Natural Catastrophe Resiliency Program		• 68.72 million metric tonnes of steam delivered • Sustained generation of existing geothermal fields • Efficiently managed geothermal resources • Developed and explored new projects locally and abroad • Technical Due Diligence in various geothermal fields outside the country • Improved NatCat resiliency • Improved inventory of critical spares
INTELLECTUAL	• Integrated Management System; Quality, Environmental and Safety Management Systems • Natural Catastrophe Risk Management	**STRATEGIES** • Fully-funded business plan • Utilization of internal and external resources • Shared value framework	• Integrated EDC systems and processes • Advanced resource and steamfield management • Initiated optimum and sustainable management of EDC assets • Developed low-cost well design
NATURAL	• Brine Optimization Power Plants • Reduction of Carbon Emissions • BINHI Program • Forest Carbon • GHG Accounting • Watershed Management • Climate Forecasting	**PERFORMANCE** • Zero Loan Defaults • Total Steam Delivered : 68.72 Million metric tonnes • Zero man hours lost • 100% accomplishment of CSR targets • 8,771 GWh power generated • Commissioned M3 binary power plant	• Increased decarbonization with carbon sequestration of at least 1.7M tCO2e • Adapted facilities to climate change • Provided appropriate generation projection to lenders • Contributed to Circular Economy • Maintained healthy watersheds • Ensured no net forest loss
HUMAN	• Employee Engagement • Labor Relations • Enhanced Healthcare Program • Continued Shelter-in-Place and Work-from-Home Arrangements	**TARGETS** • 0.1 TRIR • 7.3 TWH generation • PHP 8.8 billion net income • M3 binary plant full operation; initiate other projects under Brownfield expansion program	• Engaged and resilient workforce • Improved holistic employee development • Increased productivity
SOCIAL & RELATIONSHIP	• CSR Programs • Stakeholder engagement • Partnerships and alliances	The activities and initiatives of EDC are aligned with the Government's Green Auction Program to ensure a continuous, adequate, and economic supply of energy through the country's indigenous energy sources, and likewise aligned with the Government's initiative to shift to clean energy resources and green technologies.	• Forged business continuity • Sustained customer retention/recontracting

EDC as 100% RE producer | Vendor accreditation | RE Regulations and Opportunities(RCOA, GEOP, Greenfield Coal Plants, RA 9513) | Market and competitive circumstances | COVID-19 pandemic | Climate change vulnerability

EDC's value creation framework showcases how the company generates value by transforming its six capitals—Financial, Manufactured, Intellectual, Human, Natural, and Social—into outputs through various business activities. We are committed to proactively managing the impacts of these transformations on the environment, society, and stakeholders.



Business Model

EDC's efforts aim to improve the country's energy sector by harnessing the full potential of clean, natural resources. Our geothermal energy portfolio is our main asset, in addition to our wind power farm —the largest in the Philippines and combined with our solar power farm—and the FG Hydropower plant in Nueva Ecija.

EDC has remained a trusted industry expert in generating power from geothermal resources for over four decades, providing a stable source of baseload renewable energy known as Geo 24/7.

As the country's leading renewable energy company, we prioritize consistently enhancing our services while providing customers with the best experience possible by reducing outages and increasing power generation from purely renewable energy sources. EDC's Agile approach also enables independent decision-making and immediate action, with multidisciplinary teams working together to provide innovative solutions that best serve the customers. All these align with EDC's culture driven by Continuous Improvement, which inspires innovation and growth.

Given the urgency of the climate crisis, we are taking all necessary measures to provide reliable, stable, and clean power to customers even during natural disasters and the pandemic. We implement business continuity measures to ensure resilience and adapt to changes and disruptions. EDC's facilities are typhoon-proofed and have remained climate-resilient, even during catastrophic events such as Typhoon Haiyan and Super Typhoon Rai, which caused millions of damages.

External Environment

EDC operates within a complex external environment that includes legal, commercial, social, environmental, and political considerations. These factors impact our ability to create, preserve, and transform value. However, we are fortunate that renewable energy opportunities are growing in the Philippines, particularly with the evolving regulations on Retail Competition and Open Access (RCOA), Green Energy Auction Program (GEAP), Green Energy Option Program (GEOP), and the moratorium on Greenfield Coal Plants.

EDC complies with national government agencies' permits and licenses. We also set parameters and policies for our vendors to ensure a green roster of suppliers. The Renewable Energy (RE) Act of 2008 serves as the regulatory framework for our industry, providing both fiscal and non-fiscal incentives for RE projects. Additionally, the market and competitive circumstances of the renewable energy sector influence our organization.

As we pursue our mission, we must acknowledge and appropriately address the Philippines' vulnerability to the impacts of the climate crisis, especially given our current rank as the topmost in risk global ranking, according to the World Risk Index 2022. The level of risk we face can be exacerbated or reduced by our social conditions, institutions, and structural ability to respond and support our stakeholders promptly. As such, we continuously and efficiently manage and mitigate these risks. Moreover, as the ongoing pandemic is still challenging our operations, we have implemented site and system innovations with guidance from senior management and cooperation from the entire organization to minimize the pandemic's impacts on our company.

Addressing Risks through Risk Management, Innovation, and Continuous Improvement

As an energy company, EDC faces various risks and disruptions in transforming our capitals. These risks could be brought about by various factors such as natural hazards, regulatory changes, financial instability, or even a global phenomenon like the COVID-19 pandemic. However, EDC does not simply regard risks merely as threats; we also see them as opportunities to create value for our stakeholders.

EDC is exposed to natural hazards, including typhoons, earthquakes, and landslides, due to the Philippines' geographic location. However, we have been implementing mitigating measures to address the risks associated with these hazards such as various projects and initiatives to have resilient operations and personnel safety.

EDC also manages risks related to its operations, including the reliability of power generation assets and the sustainability of geothermal resources. To address these risks, we have been implementing several initiatives, such as an enterprise asset management program for power generation assets and modern technologies for geothermal resource management.

On the commercial aspect, the expiration of power supply agreements may expose EDC to the potential volatility of spot market prices, which could affect the company's revenues. However, we are continuously managing this through efforts to contract our available capacity with existing and new customers.

During the COVID-19 pandemic, EDC immediately shifted to a work-from-home arrangement, which required us to shift to digital workflows and processes. All expenses related to COVID-19 mitigating measures and solutions were part of our operating costs. We also needed to address cybersecurity risks by identifying and addressing vulnerabilities in the system, strengthening the protection of information technology and operational technology systems, and improving the company's disaster recovery plan.

EDC's identified risks	Nature of Risk	Our Response
Climate impacts due to the Philippines' geographical location	External	*Risk Management Strategies* • Regular natural catastrophe risk reviews • Implemented various resilience projects and initiatives
Reliability of power generation assets and the sustainability of geothermal resources.	External	*Risk Management Strategies* • Implemented enterprise asset management program for power generation assets • Implemented modern technologies for geothermal resource management
Market risk from the expiration of key contracts in the next five years	External	Efforts to contract our available capacity with existing and new customers
Cybersecurity risks from increasing dependence on information systems and automation brought about by continuous modernization and interconnection	Internal	• Identifying and addressing vulnerabilities in the system • Strengthening the protection of information technology and operational technology systems • Reviewing and improving the company's disaster recovery plan

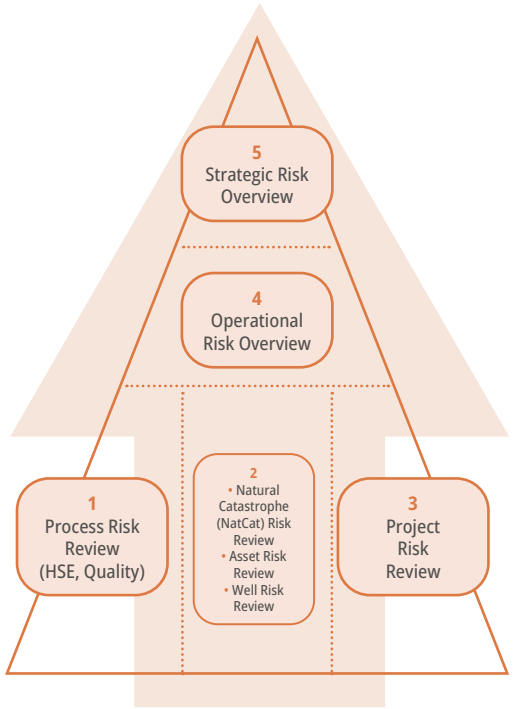


As part of our Enterprise Risk Management (ERM) system, EDC continuously identifies, evaluates, manages, and monitors its enterprise risks. Risk treatment plans are formulated as part of our planning and budgeting processes to allocate appropriate resources for risk mitigation. We also regularly report strategic risks to the Management Committee and the Risk Management Committee of the Board. EDC conducts annual Process Risk Reviews, Focused Risk Reviews (such as Natural Catastrophe (NatCat) Risk Review, Asset Risk Review, and Well Risk Review), and Operational Risk Reviews to identify and manage risks. Additionally, Project Risk Reviews are conducted as part of the Company's project management process. The project teams conduct risk assessments, which are regularly updated and monitored as part of project status reporting.

To ensure effective risk governance, top risks from these activities are reported to Line Management, Management Committee, and/or the Risk Management Committee (RMC) of the Board. This ensures that the Company's top operational and strategic risks are managed with clear direction and strategies.

EDC also has a Business Continuity Management (BCM) System covering emergency response, crisis management, and business recovery. We regularly update our BCM plans and strategies based on risk reviews and establish BCM teams (e.g., Crisis Management Committees, Incident Management Teams, and Business Recovery Teams) across all locations to execute these plans.

To further strengthen and improve our BCM plans and strategies, we conduct annual desktop simulations to test the readiness of our BCM team members. In 2022, the Risk Management Department, in coordination with facilities' BCM managers, conducted simulation exercises for all operating sites, considering each location's top risk exposure, including the ongoing pandemic situation.



Risk Owners		Risk Reporting/ Escalation
5	Group Head	*Risk Management Committee (RMC) of the Board and CRC (Per Schedule)*
4	Group Head	*Corporate Risk Committee (CRC) (Per Schedule)*
3	Project Manager	*Group Head/ Project Steering Committee (Project Stage-Gate Schedule)*
2	Relevant Group Head	*Relevant Governance Committee (Per Schedule)*
1	Process Owner/ Department Head	*Group Head and HSE Committee*



Strategy

Despite the disruptions brought about by the pandemic, we ensured a steady flow of revenue by confirming fully-funded business plans and optimizing capital allocation. We maintained our target selling price and annual revenue while improving our contract portfolio, securing grants and concessional financing, and timely debt service and dividend payouts for our shareholders.

To ensure the resilience of our facilities amidst natural disasters such as typhoons, earthquakes, flooding, landslides, and power outages, we conducted timely preventive maintenance servicing of all generating units. We strengthened our resiliency program on all sites. We also invested in technological and digital improvements, including intelligent instrumentation, more sophisticated chemical tracer, and optimized well and field surveillance systems. We forged strategic partnerships and joint ventures with information and technology organizations to advance our regenerative agenda with the help of our facilities.

In addition to elevating our physical facilities, we also focused on enhancing our intellectual capital by implementing an Integrated Management System (IMS) and facility-level governance through asset management leaders. We introduced further upgrades in wells to ensure optimal delivery. We utilized geohazard assessments such as the Rapid Earthquake Damage Assessment System (REDAS) and digital tools like 3D gravity modeling and the Global Navigation Satellite System (GNSS).

We also improved employee relationships through enhanced HR service delivery, collective employee dialogue, and revisited workplace policies. We also enhanced talent management with development initiatives and learning solutions for our employees. We delivered process solutions to improve the HR Services systems framework to strengthen our operations.

EDC is committed to carbon neutrality, steam optimization, and efficient water management programs to ensure sustainability and regeneration within our natural capital. We follow the climate modeling system to enable the most efficient performance while managing resources. We also sustain our ongoing and long-term initiatives, such as waste minimization programs and conserving and monitoring local flora and fauna.

In our social relationships, we continued to launch corporate social responsibility (CSR) programs with partners and advocates who share our values. We also promote relationship management within our stakeholders through the existing stakeholder framework and strategically develop new social networks to achieve the company's objectives and create value for our stakeholders.



Outcomes

Despite the ongoing impacts of the pandemic and the worsening climate crisis, EDC has remained steadfast in its commitment to a decarbonized and regenerative future. Our revenue for 2022 reached PHP 48.7 billion, with an RNIA of PHP 11.2 billion and a total direct value distributed to the economy of PHP 35.4 billion. By efficiently managing geothermal resources, equipment upgrades, and adopting new technologies, we sustained the generation of EDC's existing geothermal fields. We expanded our business by exploring and developing new renewable energy projects.

EDC also prioritized technology development, streamlining processes, improving efficiency, and increasing revenue. We empowered our workforce with integrated EDC systems, advanced resource and steam field management, and sustainable management of assets. We also focused on holistic employee development, including mental health, wellness, and training that increases productivity.

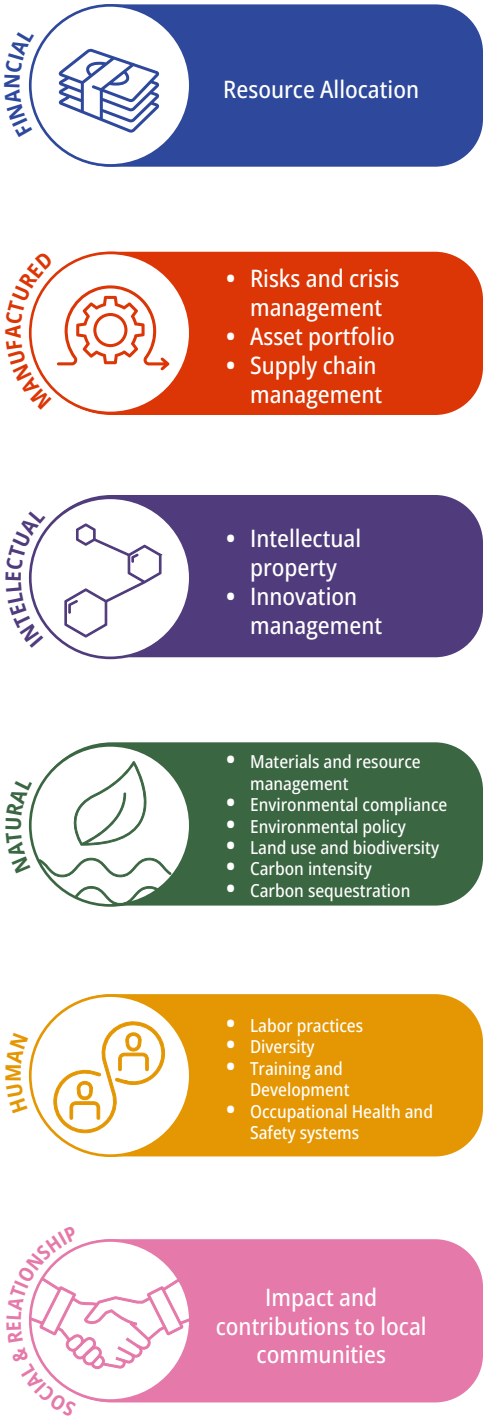
EDC remains committed to decarbonization and regeneration through water management and reforestation programs. We implemented climate change adaptation programs and explored ways to contribute to a circular economy. We also prioritized proper resource management and community interventions to ensure no business interruption in our communities. In light of the natural disasters the nation experienced, income and food security for our communities were also top priorities for EDC.

Stakeholder Engagement and Materiality

EDC recognizes the crucial role played by our stakeholders in fulfilling our mission. We have proactively ensured constant communication with our stakeholders, utilizing their feedback and insights to improve our operations and achieve our sustainable and regenerative goals.

To identify the factors that matter most to our stakeholders, we conducted a materiality survey in collaboration with our corporate and technical working groups. Based on this, the current material topics are consistent with those in our 2021 report. The survey results also informed our decision-making process, guiding us toward our business goals and creating value for our stakeholder groups.

We reviewed the material topics related to their significance and impact on our operations. We evaluated these topics based on our capacity and capability to manage or act on them, considering the risks and crisis management in place within the Company. These material topics cover a range of issues, including our company policies, processes, and operations, which are all critical to business continuity. By identifying and addressing these material topics, we aim to ensure the sustainable growth of our organization while creating value for our stakeholders and the environment.





FINANCIAL CAPITAL

ADVANCING OUR ASSETS

Our financial capital refers to the funds and investments used to sustain and expand operations. As a leading geothermal energy producer in the Philippines, EDC's financial capital is critical for funding its renewable energy projects and maintaining its market position. The financial capital is interdependent with other capitals, including human, natural, and social capital. For instance, investing in employee training can boost operational efficiency and increase cost savings, leading to financial growth. Effective natural resource management can enhance the company's reputation and social license to operate, contributing to financial success. Thus, EDC's financial capital is best understood within the context of the broader strategy and management of all its capitals.

Activities	Outputs	Value Created	Contribution to the SDGs	Risks
• [Debt/Equity] Nurture banking/ lender/investor relationships especially to further ESG and Net Zero Carbon commitments • Regular monitoring and managing of Interest Rate and Forex risks • Negotiated floating rate term loan structure to manage the interest costs of new loans • Ensure no loan defaults • Regular monitoring of various economic indicators, Forex, interest and hedging rates	• [Debt] Fully funded business plan • Zero Loan Defaults • Not more than 10% unfavorable deviation on Interest Rate risk and Forex bottom line loss • Regulatory reports submitted on time • [Grants] USTDA grant for feasibility study and JCM subsidy/sale of carbon credit secured to fund growth projects • [Equity] Dividends fully paid as declared	• Managed both the foreign exchange risk as well as the interest rate risks in 2022	1 NO POVERTY 7 AFFORDABLE AND CLEAN ENERGY 8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 17 PARTNERSHIPS FOR THE GOALS	• [Debt/Equity] Interest rate risk, forex risk • Inability to source funds for growth or refinancing





FROM DAILY HUDDLES TO DIGITIZATION: NAVIGATING CHANGE AT EDC

***Kyle Chua**, Performance Analysis Specialist, Supply Chain Management (SCM)*

My day starts with a daily huddle where we go through what needs to be done for the day, discuss what was accomplished the previous day, and ensure that we use a tool called Jira to track the progress of our projects and activities. From there, I spend my day meeting with people, answering process questions, running through emails, and working on mini-projects. As a Performance Analysis Specialist at EDC, I streamline business processes in the Supply Chain Management department. My primary responsibility is ensuring the tools' expectations are met and creating presentations when necessary.

I've been working at EDC for almost five years, and one of the most significant changes I've witnessed is the shift toward Agile methodology. This new project management framework has made our jobs more exciting, engaging and collaborative. We work from home, which has increased our productivity. As someone responsible for digitizing, I ensure that the only way we work is digital, which has helped with adoption and learning. We started this as early as January 2020 even though the lockdown began on March 2020. It was not difficult to convince vendors to join in since everyone was already evolving.

I stay in EDC because the industry's nature aligns with my sustainability values. Renewable energy is the future, and I don't want to work for a company that destroys the environment. EDC treats its employees very well and is very people-focused. During the lockdown, they set aside money to help employees and even provided a budget for people to take up interests while at home. Our manager, always stresses the importance of spending time with our loved ones and not obsessing over work. During my breaks, I spend time with my dogs, and my closest friends in EDC are in my department in Strategic Sourcing. We're roughly the same age and have similar backgrounds, so we schedule hangouts even outside of work.

Being regenerative means finding ways to eliminate waste, make things more efficient, and exceed the level of service that was there before. I achieve this by looking at the process, identifying and eliminating the inefficiencies, and making that time productive.

Working at EDC is rewarding, and I take pride in being part of a company dedicated to making a difference in creating a better future for everyone.

EDC's financial management involves maintaining healthy cash flows from diversified contract agreements. This financial strategy allows EDC to secure financing for various initiatives, including portfolio expansion, power plant equipment upgrades, spare parts replacement, debt refinancing, and other capital expenditure projects like our natural catastrophe resiliency program. By implementing these projects, we enhance the profitability of our energy projects and provide regular returns to our valued shareholders.

We aim to generate funds internally, secure long-term debt and equity financing for growth projects, and refinance debt maturities. Moreover, we seek concessional financing or grants to support EDC's goals. In addition, we enforce corporate governance rules and regulations and submit regular reports to the Securities and Exchange Commission and our shareholders. Our commitment to maintaining regulatory compliance extends to our Enterprise Risk Management Program, aligned with ISO 31000. Through annual reviews of operational risks, we identify and promptly implement appropriate treatment plans for high-risk situations. These plans are escalated to the Management or Board Committee and monitored to ensure effective risk management. To secure new loans or financing transactions, the company seeks Operations Committee (OpsCom) and Board approval and conducts regular internal monitoring and external reports. We also conduct annual lenders' and shareholders' meetings.

To manage working capital, we prioritize the timely collection of receivables, payment of trade payables, and improving supplier cooperation to reduce input costs. We are also exploring digital transformation to improve finance processes.

To further promote corporate governance and risk management, We continually evaluate and improve treasury, financial, accounting, and budget systems. We also established a capital expenditure program that ensures our power-generating assets' optimal availability and reliability through investments in climate-proofing and resiliency. These efforts underscore our dedication to delivering reliable and sustainable energy solutions while upholding our commitments to our stakeholders.



FINANCIAL AND OPERATIONAL HIGHLIGHTS

For the first time in four years, we significantly surpassed our generation and attributable recurring net income targets in 2022. Compared to the prior year, our net revenue increased by 14.9% or by PHP 6.3 billion from PHP 42.4 billion to PHP 48.7 billion. In addition, net income increased by 21% or PHP 1.9 billion, marking the second time in our company's history that we've achieved an 11-digit RNIA since 2019. Furthermore, we exceeded our actual sales volume goals in Bacman and Leyte, with Leyte having increased steam availability as a result of steam diversion. This accomplishment was made possible in part by our 2022 market positioning. With the effects of inflation, currency depreciation, and the global supply-demand collapse, EDC's average WESM exposure also climbed three to four times, boosting our uncontracted position from 9 to 10% exposure to 29 to 39%.

We successfully secured full funding for our business plan in 2022 by leveraging all identified financing sources, resulting in PHP 24 billion signed term loan facilities with seven bank counterparties. To streamline loan documentation for future financing endeavors, we also signed Master Loan Agreements with six of our bank counterparties. The loan drawdown was timed to minimize negative carry and optimize the utilization of funds. There were zero loan defaults, and the company ensured no more than a 10% unfavorable deviation on Interest Rate risk and Forex bottom-line loss. Additionally, we submitted regulatory reports on time. In addition to loans, the company secured a USTDA grant for a feasibility study and was awarded a JCM subsidy or carbon credit sale to fund growth projects. The company also paid dividends in full, as declared.

14.9%
NET REVENUE INCREASE FROM THE PREVIOUS YEAR

PHP 48.7 BILLION
2022 REVENUE

PHP 24 BILLION
TERM LOAN FACILITIES SIGNED, OF WHICH PHP 14 BILLION LOANS WERE DRAWN IN 2022

PHP 5 BILLION
FIXED RATE CORPORATE NOTES SETTLED



2022 ENERGY SALES IN GWH

	Geothermal	Burgos Wind	Burgos Solar and Siklab	Hydro
Unified Leyte	2,685	299	15	408
Tongonan	982			
Palinpinon I and II	1,614			
BacMan	1,783			
Mindanao I, II and III	610			
Nasulo	375			

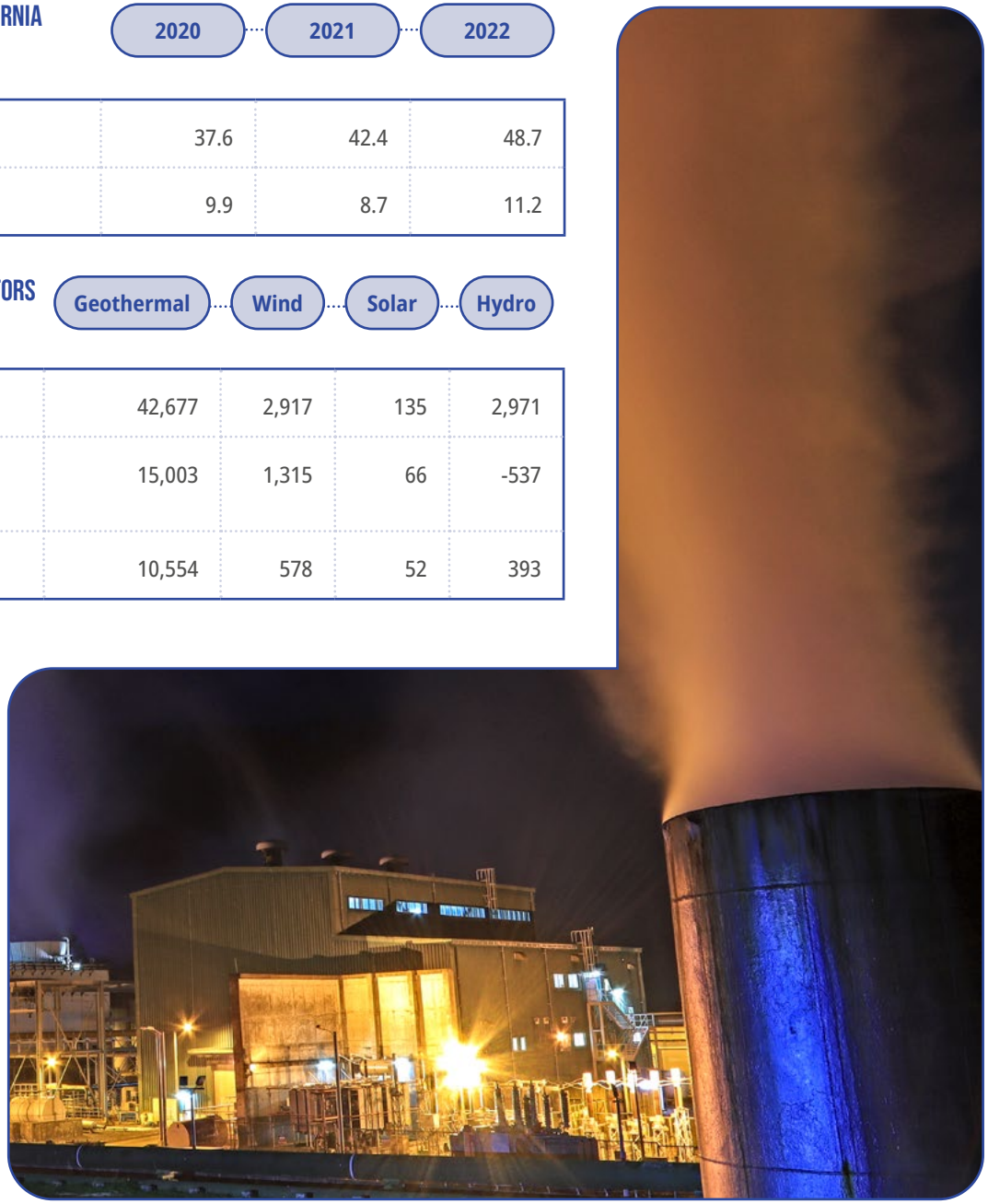
8,771 GWH
GENERATED TOTAL ENERGY SALES

EDC REVENUE AND RNIA
(IN PHP BILLION)

	2020	2021	2022
Revenue	37.6	42.4	48.7
RNIA	9.9	8.7	11.2

FINANCIAL INDICATORS
(IN PHP MILLIONS)

	Geothermal	Wind	Solar	Hydro
Revenue	42,677	2,917	135	2,971
Operating Income	15,003	1,315	66	-537
Net Income	10,554	578	52	393



ECONOMIC VALUE DISTRIBUTED*
(IN PHP BILLION)

Operating Cost	20.3	57.2%
Employment wages and benefits	3.0	8.6%
Payments to capital providers	8.2	23.0%
Payments to the government	3.8	10.8%
Community investments	0.1	0.4%
Total Economic Value Distributed	35.4	100.0%

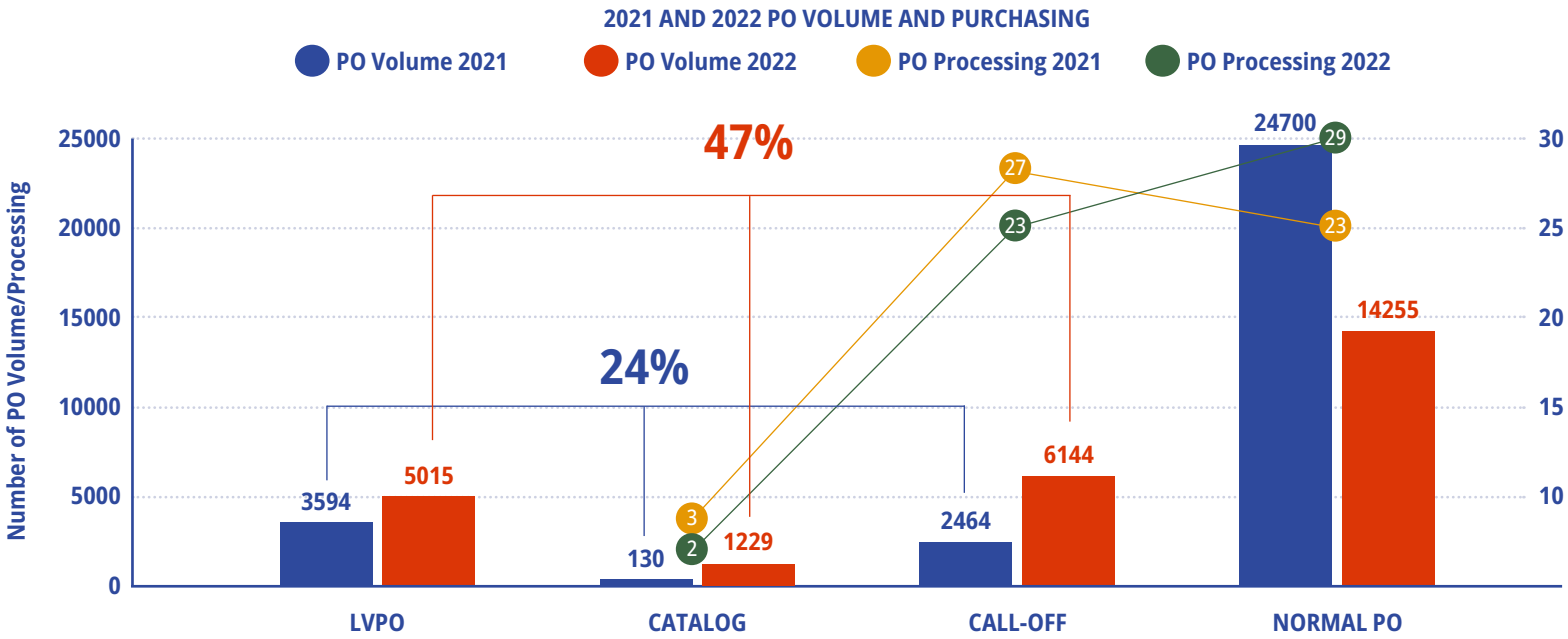
Total amount includes FG Hydro

ECONOMIC VALUE*
(IN PHP BILLION)

Generated**	49.2
Distributed	35.4
Retained	13.8

Total amount includes FG Hydro
**Revenue from sale of electricity plus other income*

FINANCIAL MANAGEMENT STRATEGIES AND OPPORTUNITIES



2022 FINANCIAL STRATEGIES

- Fully-funded business plan
- Minimize negative carry
- Secure grants and other concessional financings
- Ensure timely debt service and dividend payouts
- Improve contract portfolio
- Maintain target selling price and annual revenues
- Optimize Capital Allocation of all funds for Opex and Capex
- Maintain strong credit and financial track record

In 2022, the global economy was beset by high inflation and central banks responded by raising monetary policy rates. This resulted in higher interest rates and a weakened Peso against the US Dollar. Despite these challenges, we maintained a steady financial course through our prudent risk management practices, even after securing an additional PHP 14 billion loans for the year. EDC negotiated for a floating rate term loan structure from its relationship banks to address interest costs. Ultimately, EDC was resilient in weathering unfavorable market conditions with minimal Forex losses and borrowing costs.

We also significantly increased processing purchase orders (POs), with a speed improvement of 19%. This accomplishment can be attributed to our enhanced utilization of LVPO, Catalogs, and Contract Call-Offs, which currently account for 47% of our volume, double that of the previous year.

The improvement is also a result of our regular refreshers, feedback, and info sessions with proponents that have boosted LVPO usage. Furthermore, we expanded the LVPO's scope, which stimulated usage by December 2022. The LVPO expansion includes increasing the threshold limit from PHP 100K to PHP 250K, adding more categories valid for LVPO, system updates on PGroup, and new matcodes. Additional benefits include freeing up buyers for more strategic sourcing/contracting, enabling catalogs, promoting PO purchases over Payment Order, allowing for three-way matching, and providing more efficient/standardized invoicing.

Moreover, we simplified our PR-PO process from 35 days down to 4 days for LVPO, making the process more convenient than Regular PO, Payment Orders, and Cash Purchases and improving the timeliness of deliveries. Catalog PO proved ten times faster than Normal PO, with an average Catalog PO of 2.12 days versus Normal PO at 29 days, resulting in 8,252 days of waiting time saved. Our simplification of CLMS also expedited the uploading of contracts, and we no longer have to wait for the bulk upload of CM. In 2022, we uploaded 203 new and amended contracts via CLMS.

EDC's procurement department is responsible for purchasing the necessary items outlined by proponents to ensure timely delivery, complete fulfillment, and cost-effectiveness for the company. In addition to procurement, EDC's supply chain management team helps secure additional savings and optimal deals for the company's requirements. This team comprises buying categories, strategic sourcing, logistics, inventory, and materials management.



To monitor the team's performance, we conduct a continuous three-week Agile Sprint, which evaluates the different groups within the supply chain management team groups. Along with this evaluation, the company tracks key performance indicators (KPIs), including savings and processing time for purchase requests and purchase orders.

Robotic Process Automation (RPA) automation facilitated the generation of more reports, resulting in increased capacity for the Coupa Admin Team, with 337 hours saved by automating Coupa Line and Header deletions in tandem with SAP. RPA automation also enabled us to extract historical data from logs, which our analytics team is currently investigating for further analysis. The enhancements to Coupa allowed us to incorporate PO Change Amount % as a criterion for PO Change approval, effectively resolving our audit issue of non-compliance with the Approvals Manual.

Our Lopez Group support has been excellent, with 71 Lopez eBids conducted, resulting in an average savings of 4.95% and PHP 12.51 M total savings for Lopez, 34% more than in 2021. We also extended Coupa sourcing support to ABS-CBN in 2022 and provided Lopez Procurement Catalog Knowledge Sharing.

We achieved our financial goals by optimizing fund allocation, managing risks, and increasing revenue through positive branding and improved contracts. We managed risks by bridging capacity through replacement and hedging activities while constantly monitoring economic indicators. Additionally, nurturing relationships with banking and investor partners, collaborating with ESG-focused customers, and exploring new sources of financing, secured funding for growth projects and widened our market base. We also leveraged technology and engaged with suppliers to decrease input costs. To future-proof EDC, we insured for Business Interruption and improved shareholder communication.

LIGHTING UP LEYTE:

EDC'S ER1-94 FUNDS MAKE A DIFFERENCE

The remote villages of Leyte were transformed by EDC's ER1-94 funds, improving the lives of its beneficiaries with off-grid electrification projects and solar-powered street lights.

According to a report from the Department of Energy (DOE), the funds provided by EDC have already been put to good use in improving the communities.

In the first quarter of 2022, the ER1-94 funds were disbursed to support off-grid electrification projects in various communities across the Philippines. EDC partnered with the local government in Leyte to identify potential beneficiaries and allocate the funds accordingly.

EDC's initiative has already yielded significant results, providing electricity to 32 households in remote areas for the first time and improving safety with ten solar-powered street lights. The local beneficiaries expressed their gratitude, and EDC aims to continue supporting similar initiatives as part of its commitment to sustainable development.

Moreover, EDC remitted PHP 12.4 million to the host towns of its geothermal facility in Valencia, Negros Oriental. The remittance was part of EDC's Corporate Social Responsibility program, which seeks to positively impact the lives of the people in the host communities.

The remittance was made possible through EDC's revenue-sharing scheme, which ensures that the local communities receive a fair share of the revenues generated by the geothermal facility. The host towns of Valencia, Amlan, and Sibulan were the beneficiaries of the PHP 12.4 million remittance, supporting various community development projects such as infrastructure improvements, health and education programs, and environmental initiatives.

EDC's President and COO, Richard Tantoco, expressed his satisfaction with the company's impact on the host communities, emphasizing the company's commitment to prioritize the welfare of their host communities and support their development.





EDC WINS MAYBANK'S T.I.G.E.R. AWARD FOR EXCELLENCE AND EFFICIENCY

Amidst the glitz and glamor of Maybank Philippines' 25th Anniversary Gala, EDC shone bright as it was awarded the prestigious T.I.G.E.R. award for Excellence and Efficiency, cementing its excellence in promoting sustainable development and renewable energy in the Philippines, on November 25, 2022, at Shangri-la The Fort in BGC.

The Towards Integrated Green Energy Renewables (T.I.G.E.R.) Awards recognize EDC's pioneering accomplishments in promoting sustainable development and renewable energy. EDC has been at the forefront of developing renewable energy projects in the Philippines, contributing significantly to the country's efforts to reduce greenhouse gas emissions and combat climate change.

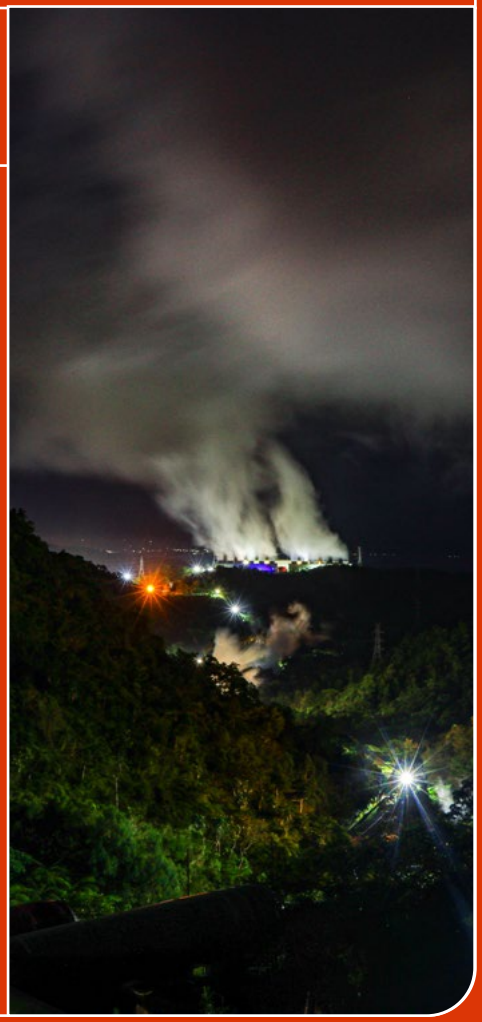
Maybank, one of the leading banking institutions in Southeast Asia, held the awards ceremony to recognize outstanding companies that embody the T.I.G.E.R. values of teamwork, integrity, growth, excellence, and efficiency. The T.I.G.E.R. Awards is a ceremony that recognizes companies that have significantly contributed to promoting renewable energy in the Asia-Pacific region.

MANUFACTURED CAPITAL

ELEVATING OUR VALUE

EDC recognizes the importance of our manufactured capital, which encompasses the infrastructure, equipment, and technologies required for our operations. To generate renewable energy effectively and reduce our environmental impact, we employ advanced technologies in our geothermal facilities. Moreover, we regularly invest in maintaining and upgrading our facilities to ensure their reliability, safety, and compliance with regulations. We reduce our operational costs and carbon footprint by implementing energy efficiency measures. By prioritizing our manufactured capital, we deliver sustainable energy solutions to our customers while creating long-term value for our stakeholders.

Activities	Outputs	Value Created	Contribution to the SDGs	Risks
• Enterprise Risk Management • Equipment Upgrades and Maintenance • Control System Integration • Planned Maintenance Shutdowns • Natural Catastrophe Resiliency Program • Asset Management Program • Typhoon-proofing of facilities • Digital weather forecast and seismic sensors • Wells Services and Monitoring • Technical Due Diligence	• High Reliability and Availability of Steam Fields and Power Plants • Improved Resilience of Assets to Climate Change and Geohazards • Total Steam Delivered: 68.72 Million metric tonnes • Completed Construction Of Geohazard/ Landslide Mitigation Measures • Completed Forest Fire Control Measures • Completed Earthquake Resilience Measures • Completed Other Enablers (Weather, slope, earthquake, data) • NatCat Site Technical Teams	• Improved Equipment Reliability • Climate Change and Natural Catastrophe Resiliency • Improved safety and prevented prolonged outages due to natural catastrophe • Sustained generation of EDC's existing geothermal fields • Geothermal resource management • Expanded the business, exploration, and development locally and internationally • Technical Due Diligence • Technologies that will add revenue or improve efficiency to generate power		• Project execution • Equipment durability and reliability • Geothermal capacity • Climate change impacts • Forced outages • Other natural calamities (e.g., earthquakes)





28 YEARS AND COUNTING:

MY JOURNEY AS HEAD OF RESOURCE MANAGEMENT AT EDC

Eugene T. Aleman, *Resource Management Operations - Production Optimization*

I am proud to have been part of the company for over 28 years. Over the years, I have witnessed how the company has become the country's largest geothermal energy producer and world's largest vertically integrated geothermal company.

It has been an incredible journey that started when the company was still known as the Philippine National Oil Company – Energy Development Corporation (PNOC-EDC), a government-owned and controlled corporation.

My current position usually starts with checking updates from the previous day through SMS, chats, and emails before attending virtual meetings and coordinating with teammates and relevant personnel. Site visits to BacMan are also part of my schedule, and I always stay on top of issues needing immediate attention.

I choose to work at EDC because of its noble intentions, world-class operations, and commitment to caring for its employees. It is a company that every employee should be proud of, and I plan to stay with it until I eventually retire.

Being regenerative is about elevating and impacting positively on people, the environment, and the community. It's not just about restoration or rejuvenation but something more sublime. A good example is engaging in creative activities that make a positive difference.

As EDC employees, we take pride in our company's promotion: to forge collaborative pathways for a decarbonized and regenerative future. Our mission requires everyone to be regenerative in everything we do. It's a call and challenge to everyone in the company to adopt this mindset, and if we all do our share, we can become fully regenerative.

We continue to dominate the country's renewable power industry with its wide-ranging facilities across the nation, providing a total installed capacity of 1,484.09 MW. We are maintaining ten geothermal contract areas, four of which are operational for commercial purposes. These sites are situated in various locations, including Leyte, Negros Oriental, Albay, and Sorsogon, as well as Mt. Apo-Cotabato, Nueva Ecija for FG Hydro, Burgos Wind Energy, and solar in Ilocos Norte. We have also installed solar rooftops through EDC Siklab Power Corporation in Gaisano malls in Iloilo, Aklan, Leyte, and Sorsogon. We provide a reliable source of electricity to electric cooperatives (ECs) and distribution utilities (DUs) and cater to commercial and industrial customers.

Our dedication to creating value for our stakeholders and ensuring business sustainability is reflected in our flexible contract terms, value-added services, and guidance in transitioning to renewable energy. We regularly evaluate our performance in delivering power to our customers to strengthen and improve our services, ultimately promoting customer satisfaction and retention. We also prioritize local employment in the areas of our operation and provide job security to our employees while benchmarking our compensation packages against industry averages. We also contribute to local economies by collaborating with community organizations and cooperatives to build their capacity for economic participation and working with locally-based suppliers.



OPERATIONAL HIGHLIGHTS AND STRATEGIES

EDC increased its geothermal capacity in local and international projects by optimizing its geothermal reservoirs. We prioritized the efficient operation and development of our assets in the short-term and greenfield projects in the long term through these strategic activities:

1. Geophysical/geochemical surveys
2. Well utilization strategy
3. Smart instrumentation
4. Installations and automation (calcite/silica inhibition)
5. Regular well surveys (CIC, DHV, etc.)
6. More optimized well and field surveillance
7. Use of Corrosion Resistant Alloy pipes for acidic resource
8. Non-rig workover alternatives (e.g., broaching, CTU, BHAC, online dissolution, offline dissolution)
9. Strategic partnerships/joint venture (Technical Due Diligence)

7,481 GWH

GENERATED TOTAL ENERGY 1.7 M
TONNES OF CARBON SEQUESTERED



WIND AND SOLAR OPERATIONAL HIGHLIGHTS

	Burgos Wind			Burgos Solar			Solar Rooftop		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
Actual Energy Generation (GWh)	367.0	414.8	310.4	10.2	8.4	10.2	5.6	5.2	5.2
Net Capacity Factor (%)	27.9	31.7	23.7	17	17.8	17.1	12.3	11.5	13.7
Availability (%)	97.9*	96.8*	97.5*	PR**=74.9	PR**=74.5	PR**=71.9	N/A	PR**=73.6	PR**=73.6
Reliability (%)	99.9	99.9	99.9	98.5	98.8	97.4	N/A	99.2	99.3
Planned Outage (in hours)	28.8	32.8	34.3	0.0	0.0	33.6	0.0	66.5	0.0
Unplanned Outage (in hours)	13.4	5	6.2	362.8	194.3	459.5	567.7	618.9	530.1

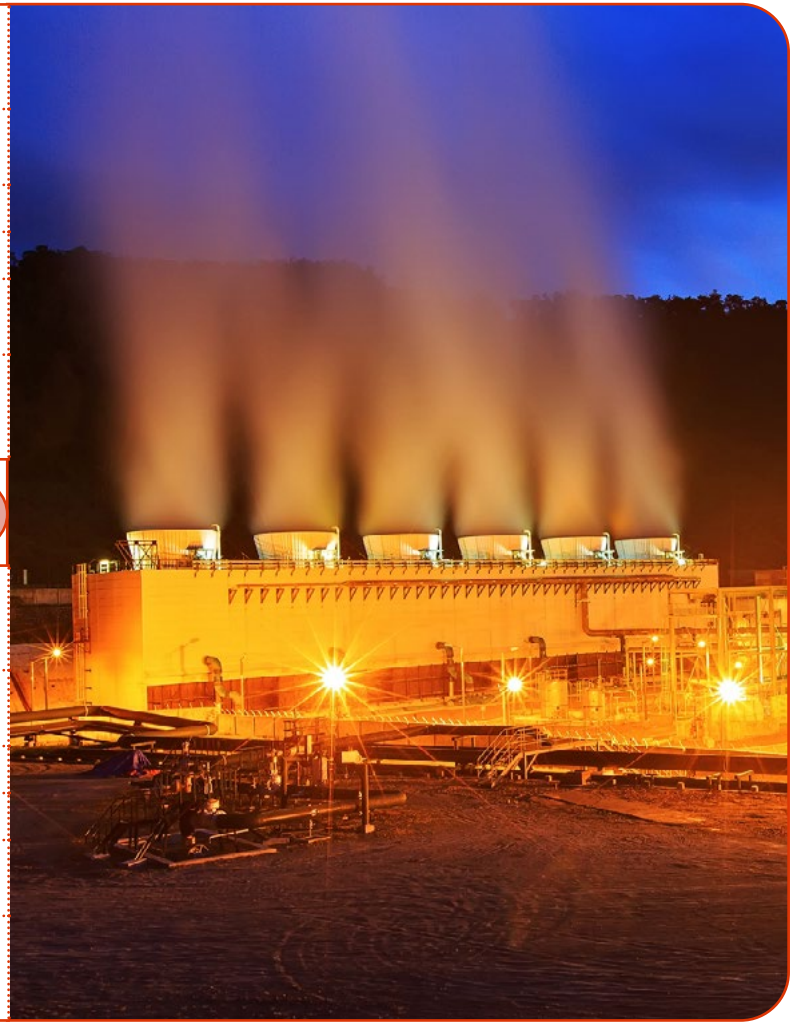


** Energy-based availability*
***Performance ratio (PR). Ratio of measured output to expected output for a given period and based on the system name-plate rating.*

GEOTHERMAL OPERATIONAL HIGHLIGHTS

	Bacman			Unified Leyte			Tongonan		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
Actual Energy Generation (GWh)	1,025.1	1,019.98	1,042.2	3,389.8	2,951.02	2,928.24	929.9	941.50	901.71
Net Capacity Factor (%)	87.6	87.1	87.78	67.6	58.2	57.76	93.8	93.7	88.37
Availability (%)	95.7	94.3	94.13	93.4	88.2	88.93	95.7	95.8	92.81
Reliability (%)	96.4	96.4	97.74	94.2	90.8	91.81	96.4	99.1	97.49
Planned Outage (in hours)	431.9	432.0	584.2	575.8	2,578.8	2,285.1	213.3	904.2	1,241.6
Unplanned Outage (in hours)	963.9	806.1	915.6	12,411.6	19,500.7	14,537.9	1,078.4	224.3	745.3

	Palinpinon			Nasulo			Mindanao		
	2020	2021	2022	2020	2020	2022	2020	2021	2022
Actual Energy Generation (GWh)	1,110.2	1,183.9	1232.1	320.9	320.9	382.5	693.8	648.2	668.6
Net Capacity Factor (%)	83.0	75.7	86.6	82.6	82.6	98.6	79.0	66.1	70.3
Availability (%)	89.6	90.8	91.3	99.8	99.8	99.7	99.5	97.6	95.3
Reliability (%)	90.3	94.4	98.2	99.8	99.8	99.7	99.5	99.6	98.5
Planned Outage (in hours)	288.6	1,934.1	2,273.8	0.0	0.0	0.0	0.0	339.9	191.9
Unplanned Outage (in hours)	3,999.3	1,270.5	2,483.1	21.5	21.5	21.7	74.5	77.2	3,533.0





We recognize the potential impacts of our facilities on our host communities and the environment. To mitigate adverse effects, we have implemented upgrading programs and retrofitting activities to regenerate our manufactured capital, and impact management measures to minimize our ecological footprint. We manage these activities through our Facilities Management System (FMS), which ensures the operational efficiency of our facilities while mitigating the risk of natural disasters and mismanagement of manufactured capital. Specifically, the Facilities Operations & Maintenance (FOM) group is responsible for managing the steam fields, whereas the Integrated Sub-Surface (ISS) group manages the operation of our wells.

To ensure that the infrastructure is optimal, we conduct an annual preventive maintenance service (PMS). The PMS is designed to achieve its objectives, and internal and external audits are conducted to assess its effectiveness. Additionally, we implement diagnostic surveys to evaluate the condition of our wells. If necessary, we carry out workovers to repair mechanical casing damages and clear blockages through acidizing. Steam flow measurements and downhole viewer surveys are also utilized to evaluate the success of the workovers.

Risk Management Initiatives

To prevent future outages, EDC developed a Natural Catastrophe Resiliency Framework which includes measures before, during, and after disasters. These measures include identifying potential landslide areas and mitigations, installing sensors for early warning, and creating hazard maps.

In 2022, our NatCat Resiliency Program was designed with two primary objectives. Firstly, we aimed to continue implementing engineering controls, including replacing cooling towers in Leyte and retrofitting projects for buildings. These measures are essential to enhance our infrastructure and minimize the potential risks of natural catastrophes. Secondly, we invested in studies to improve our risk assessment capabilities and identify necessary risk reduction measures, such as conducting a Building Integrity Assessment of other old power plant buildings. These studies provide valuable insights into the potential impact of natural catastrophes and allow us to implement targeted measures to improve our overall resiliency.

EDC also updates risk assessments quarterly, implements forest fire protection measures, conducts LiDAR surveys, and assesses geohazards. As a result of these efforts, EDC's risk levels for typhoons, geohazards, and forest fires are now at a medium level. EDC plans to prioritize mitigating earthquake risks by replacing cooling towers and retrofitting buildings.

Given the increasing frequency and severity of extreme weather conditions, we are committed to our resilience and preparedness. Thus, we have taken proactive measures to mitigate risks and potential damages by reinforcing our facilities to make them typhoon-proof. This includes installing thicker roofing sheets, roof purlins, wall studs, and reinforced roll-up doors in our powerhouses. We have also constructed concrete-bunker-type buildings in our control buildings, replaced wooden materials with Fiber-Reinforced Plastic (FRP) in the cooling towers, and reinforced fan decks and stack cylinders.

EDC has also implemented guidelines and protocols to mitigate risks from the pandemic, including providing necessary equipment and hiring additional health experts. To mitigate equipment and project execution risks, EDC implemented an Asset Management System and identified asset-related risks through analysis. EDC faced challenges in steam decline and reservoir processes in geothermal operations but implemented measures such as a drilling program and a project gating process. EDC also introduced a scale-inhibition system and low-temp arc welding, reducing costs and preventing prolonged outages.



EDC'S ELECTRIC DREAMS:

PILOTING EVs IN THE PHILIPPINES

Energy Development Corporation (EDC) is piloting electric vehicles (EVs) fueled by steam energy—a first in the Philippines and the Asia-Pacific region. The EVs have a designated charging station within the Tongonan Geothermal Power Plant in Kananga, Leyte.

The pilot EVs are part of EDC's transport fleet and are powered by Geo 24/7, EDC's brand of geothermal energy that has provided the Philippines with clean, low-carbon power for over 40 years. Using EVs saves costs, reduces carbon emissions, and promotes EDC's mission to forge collaborative pathways for a decarbonized and regenerative future.

The first three Rich6EV 4x2 pickup trucks are currently on the site and will be tested for six months to determine how many units should be added to EDC's rented fleet in all its facilities nationwide. EDC's partnership with Hong Equipment and Development (HEAD) Corporation, its reliable equipment and service vehicle provider for over 30 years, has made EVs a reality.

EDC plans to rent electric buses to shuttle its employees to its project sites and establish EV charging stations in its host city, starting with Ormoc City in Leyte. This move is a step further in promoting the use of renewable energy in transportation and highlights EDC's commitment to reducing its carbon footprint and promoting a sustainable future.

EDC EXPANDS GEOTHERMAL SERVICES AND FACILITIES

EDC inaugurated its 3.6 MW Mindanao 3 (M3) binary geothermal power plant in Mindanao. The binary plant is equipped with Organic Rankine cycle technology that efficiently generates electricity using the natural heat from the earth. This technology also minimizes the plant's environmental impact, making it a sustainable and eco-friendly energy source.

The M3 geothermal binary plant is expected to generate around 31,500 megawatt-hours (MWh) of clean energy annually, enough to power approximately 14,500 homes in the region. The plant will also help reduce carbon dioxide emissions by approximately 20,000 tons per year, equivalent to removing around 4,300 cars from the road.

Moreover, EDC received approval from the Energy Regulatory Commission (ERC) to develop a point-to-point power transmission line that connects its 3.6 MW power plant near Mount Apo to the Mindanao grid.

EDC's M3 binary geothermal power plant will expand its existing Mt. Apo geothermal facility with an additional supply of renewable power in Mindanao. The binary power plant will use existing brine from EDC's 103-MW Mindanao 1 and 2 geothermal power plants to generate energy without additional drilling. The brine's heat is harnessed to generate electricity for the new power plant before it is reinjected into the reservoir. The power plant was synchronized to the Mindanao grid on March 12, 2022, and passed NGCP's compliance testing on March 25.

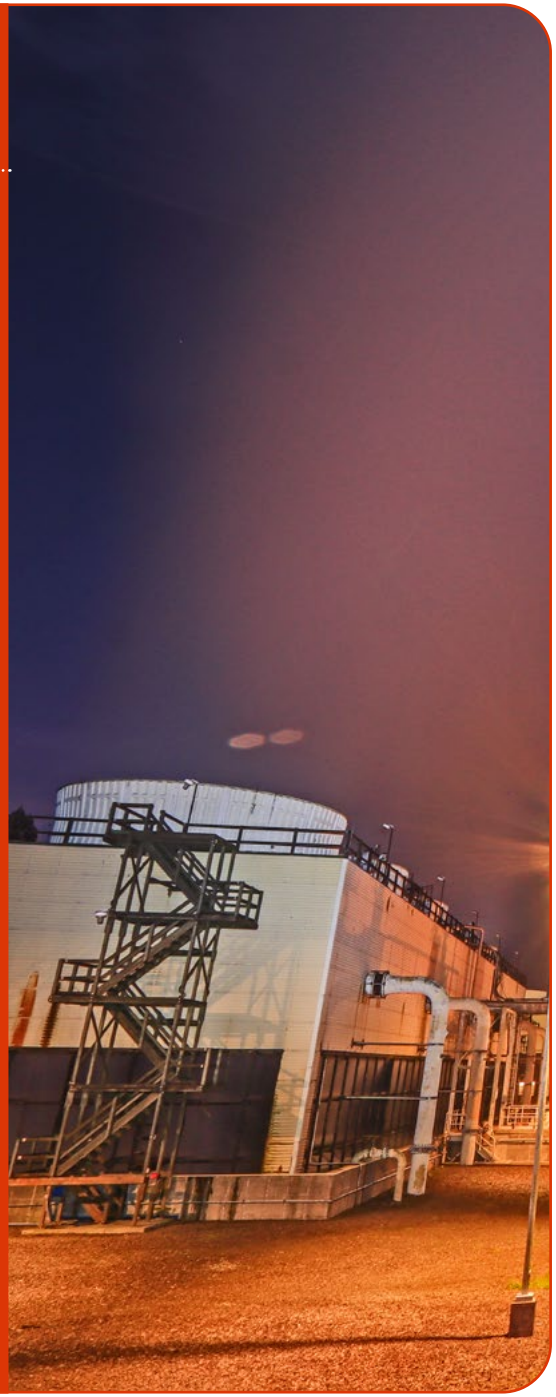
To strengthen the US-Philippines alliance and cooperation in the energy sector, the US Department of Energy, the US Department of State, and the Philippine Department of Energy are set to establish an "energy policy dialogue" for the development of new energy cooperation, including offshore wind development and grid stability. As part of these efforts, the US Trade and Development Agency (USTDA) will collaborate with EDC to develop the feasibility study for a potential power plant project in Mindanao. This project aims to provide cheaper and cleaner electricity for consumers while diversifying the Philippines' energy mix and reducing emissions.

EDC also aims to invest over P20 billion in two geothermal projects as part of its efforts to decarbonize the country. These are the 100-MW Aya pumped-storage project in Nueva Ecija and the 20-MW Tanawon geothermal power plant in Bicol. The Aya project is expected to become the country's largest battery system supporting the grid for up to 12 hours. The Tanawon plant is part of the expansion of the Bacon-Manito (BacMan) geothermal power plant in the Bicol region.

The company is also working on the Palayan binary plant in Bicol. The project would expand the 130-MW Bacon-Manito (BacMan) geothermal facility in Bicol. The P7-billion plant would use waste heat from the 110-MW Bacman-1 geothermal power plant to generate additional energy without additional drilling.

Additionally, the Department of Energy has awarded wind power service contracts to various companies to develop projects with a combined potential output of 30 gigawatts. As one of the recipients, EDC is set to develop the Iloilo-Guimaras Offshore Wind Power Project located in the provinces of Iloilo, Negros Occidental, and the 1 Offshore Wind Power Project in Guimaras. This project has a potential capacity of 1,000 MW. With this development, the Philippines is poised to become a major global offshore wind industry player. A report released by the Department of Energy and the World Bank indicates that the Philippines has the potential to install 21 GW of offshore wind power by 2040.

EDC plans to extend its operations by adding binary and other geothermal projects. The company intends to obtain external assurance of Scope 1, 2, and 3 GHG emissions and carbon offsets within the next 2-3 years. This will further reinforce EDC's commitment to achieving Net Zero and maintaining its progress toward this objective.



INTELLECTUAL CAPITAL

INNOVATE TO REGENERATE

Our intellectual capital refers to our knowledge, skills, employee expertise, company systems, processes, and technology. With our extensive experience in developing and operating geothermal, wind, solar, and hydroelectric power plants, we accumulated valuable knowledge in various areas such as project management, engineering, and environmental sustainability. We also invest in research and development to enhance our technological capabilities and improve the efficiency of our operations.

Activities	Outputs	Value Created	Contribution to the SDGs	Risks
• Board of Innovation (BOI) Accelerator Program • Endeavor Open Innovation • Global Innovation Management Institute (GIMI) Innovation Certification • 5-year Drilling Operations Program • Sweet Spot modeling • Purposeful Innovation Program • Integrated Management System Quality, Environmental and Safety Management Systems • Continuous Improvement Program • Asset Management • Natural Catastrophe Risk Management • DrillApp • Alternative Technologies (3D modeling, Online/ Offline Dissolution)	• Enhanced Process Improvement, Reduced risks • Improved culture and behavior • Additional revenue and cost savings • Critical Asset Risk Register, Life Time Asset Plan, Asset Investment Plan • Digital technology for smart exploration, development, and utilization • Sustainable steam and effective reinjection management • Additional revenue from smaller power consumers	• Integrated EDC systems and processes • Advanced resource and steamfield management • Optimum and sustainable management of EDC assets • Optimized well design	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	• Asset owner governance inaccuracy • Data and resources projection • Climate change impacts





FROM ANALYST TO INNOVATOR

FINDING GROWTH AND DEVELOPMENT AT EDC

Carlos Gabriel Yaptinchay,
Head of Innovation, Transformation Group

I have been working at EDC for the past eight years. During my time here, I have held different positions in various departments, including Business/Commercial Analyst for the Leyte Geothermal Business Unit (LGBU) and Program Management Officer for the Program Management Office.

Currently, I am the Head of Innovation, where I work closely with different project managers, stakeholders, and sponsors to ensure the success of the Transformation program. My typical day includes meeting with various teams to conceptualize and plan different programs, conducting Case Team Meetings to challenge and improve ideas, and meeting with external partners for innovation.

What I love about working at EDC is the constant evolution and improvement. Over the years, I have witnessed many changes in organizational structure and work processes. Agile ways of work have been adopted, cross-functional teams have become more common, and new tools and systems have been implemented.

At EDC, I feel that my development and growth are prioritized. The company cares about my well-being and always puts its employees first. This is why I choose to stay and work here. Every day, I face new challenges and changing roles, which allow me to grow personally and professionally.

To me, being regenerative means that nobody gets left behind. Everyone is a partner in our journey toward a more sustainable future. In my personal life, I try to reduce my carbon footprint by using reusable containers and bags, opting for public transportation, and supporting local businesses that prioritize sustainability. I believe that every little effort counts in positively impacting the environment.

We recognize that our intellectual capital is critical to our overall success. It enables us to innovate, improve efficiency, and maintain a competitive edge in the renewable energy industry. It is a crucial driver of our success and closely integrates with our other capitals. By leveraging our intellectual capital and other resources, we can continue our leadership in the renewable energy industry and contribute to a more sustainable future.

Our intellectual capital supports our socioeconomic compliance and enhances our overall corporate value and internal operations. Moreover, we consistently implement established systems and regularly review and assess policies, ensuring they remain relevant and effective.

In addition, our intellectual capital plays a crucial role in upholding the EDC Customer Privacy system. We understand the significance of data privacy and its legal framework, so we prioritize respecting and protecting our customers' information. This approach is fundamental in building and maintaining the trust of our customers. By taking proactive measures to safeguard their data, we can foster a relationship of trust and mutual respect, which is vital to our success.



OPERATIONAL HIGHLIGHTS AND STRATEGIES

The 5-year Drilling Operations Program (DOP) shows the planned activities to augment or maintain the steam supply of the company in the next five years. This may include drilling of new wells, workover of existing wells, and other non-rig workover alternatives. It is one of management's tools for ensuring that steam availability is aligned to EDC's generation targets. It is not enough that we ensure that steam is available—we also look at steam sustainability. Knowing what level of generation should be maintained in order to continue extracting from our steamfields is the objective of Sweet Spot studies. Starting with Leyte, the study was also replicated to the other geothermal sites. It has become integral in EDC's fuel strategy, focusing on resource health and predictability, given the long production history and present subsurface conditions in each field. Through Sweet Spot modeling, we can focus on key areas such as asset reliability and address risks related to injection security and steam decline. Insights from the Sweet Spot study are considered in generation outlooking and helps identify what growth developments must be prioritized and incorporated into long-term contracting strategies.

Actenum is the platform used to capture end-to-end DOP processes and critical milestones. As our "single source of truth," it helps us establish a stable lineup, provide an implementation outlook of approved DOP projects, and track the cut-in of newly-drilled wells to ensure compliance with generation forecasts.

The Honeywell Forge Alarm Management aims to enhance our geothermal power plants' safety and operational performance. The platform provides real-time analysis and insights into alarm data, helping EDC to identify and address potential safety hazards before they escalate into serious incidents. In addition, Honeywell Forge Alarm Management could improve the operational efficiency of our geothermal plants. The platform's advanced analytics capabilities can help EDC identify and address issues causing unnecessary downtime, thereby enhancing overall plant performance.

As part of our enterprise transformation efforts, the EDC Purposeful Innovation Program aims to expand and diversify EDC's business by capturing innovations using new tools and practices. Moreover, it aims to provide a structured approach to innovation. EDC will leverage on internal and external resources to build new value for the company, enhancing our Intellectual Capital. Given that innovation is a new capability for EDC, it is essential to incorporate new skills and practices and establish processes and protective measures to mitigate potential risks. Innovation will enable EDC to develop new revenue streams and stay ahead of the competition. In 2022, EDC collaborated with various organizations, including the Board of Innovation (BOI), Endeavor, and the Global Innovation Management Institute (GIMI), to enhance its innovation capability.



EDC'S INNOVATION CAPABILITY RECOGNIZED BY GIMI CERTIFICATION

All EDC candidates passed the recent Global Innovation Management Institute (GIMI) Innovation Certification Examination. The exam aimed to test the candidates' understanding of innovation management concepts and their ability to apply them to real-world situations. The EDC joined the GIMI Innovation Certification program in 2022 as part of its Purposeful Innovation Program, which aims to enhance the company's innovation capability.

The program provides a structured approach to innovation, and partnering with GIMI allows the EDC to leverage globally recognized innovation management frameworks and best practices. The successful results of the recent certification examination demonstrate the EDC's commitment to building a culture of innovation and developing the skills and knowledge necessary to drive innovation within the company.

MANAGING OUR RISKS AND EXPLORING OPPORTUNITIES

Effective management of geothermal resources require robust intellectual capital that has been developed and refined over many years of operation. Our Integrated Process Review (IPR) is a key tool that gives us a competitive advantage. To maintain our high standards, we periodically review our processes, monitor their implementation, and ensure data privacy and confidentiality when dealing with third parties. In addition to investing in training for software and licenses, we have established an internal audit group and document control teams to ensure compliance with our policies. Monthly reporting and internal and external audits are conducted to verify that we have followed protocols and have appropriate documentation.

To ensure effective monitoring, we have established a robust system that includes asset custodianship (property management) and data confidentiality contracts for software and licenses. These tools are critical to ensuring proper accountability and protecting sensitive data from unauthorized access. Our commitment to asset custodianship enables us to accurately track and manage our software and license assets, ensuring their appropriate use and maintenance. Additionally, our data confidentiality contracts help safeguard our intellectual property and sensitive information, protecting us from the risks of data breaches and cyberattacks.

EDC elevated its organizational processes and systems, reduced risks, and generated additional revenue and cost savings by integrating the Integrated Management System (IMS). EDC embedded the IMS in the company's business processes, regularly conducts audits, and collaborates with Culture Workstream and Vertical CI governance for the execution of the Continuous Improvement Program. In Asset Management, the Reliability and Asset Integrity Management Group conducted and monitored the implementation under Facilities Operations and Maintenance. The maintenance and management of EDC's facilities were prioritized through a governance structure integrated into the end-to-end asset management framework.

We encounter organizational system risks, such as the inaccuracy of asset owner governance, which can lead to data and resource projection concerns. To address this, EDC promoted the importance of accountability and collaboration across the organization and implemented definitive work plans per facility. The company invested in alternative technologies, including 3D Gravity modeling software and a 3D magnetotelluric (MT) modeling software, that added value to its resource delineation activities and strengthened its operational capacity. The Natural Catastrophe Risk Management programs equipped EDC with Landslide Mitigation, Typhoon-proofing, and Earthquake-proofing Programs, which protect its assets and facilities.

In addition to the six existing cybersecurity measures, EDC launched another one in 2022.



EDC AND NUS:

A POWERHOUSE PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT IN SOUTHEAST ASIA

In Southeast Asia, programs that use nature as a source of carbon have been picking up steam, although questions about their accuracy and long-term efficacy have surfaced.

To address this, Singapore's National University (NUS) announced it will spearhead a research initiative aimed at boosting the credibility of nature-based carbon projects in Southeast Asia. With EDC's partnership, the project aims to promote joint research and development activities of mutual interest and benefit in the area(s) of nature-based solutions for climate mitigation and adaptation by improving and developing methodologies and approaches for forest measurement, monitoring, reporting, and verification (M & MRV) to measure carbon sequestration in natural ecosystems accurately.

The SGD 15 million (USD 11.2 million) project comes when nature-based solutions are gaining popularity as an effective means of mitigating climate change. However, concerns over the accuracy of carbon accounting methods and the long-term effectiveness of these projects have been raised. The initiative seeks to address these concerns and help establish Southeast Asia as a leader in sustainable development.

EDC has been involved in nature-based solutions through its BINHI program across its project sites. Through the current collaboration with NUS, EDC aims to further explore the potential of nature-based solutions in addressing climate change.

EDC AND ENDEAVOR PHILIPPINES HOLD JOINT OPEN INNOVATION PROGRAM

In 2022, EDC partnered with Endeavor Philippines, a global organization that selects, mentors and accelerates high-impact entrepreneurs for an Open Innovation Program.

Through the Open Innovation Program, EDC and Endeavor Philippines aims to:

- Incubate and scale growth opportunities adjacent to core business through external partnerships;
- Commercialize innovative solutions that are regenerative and customer-centric; and
- Build a culture of innovation that is outward thinking and tolerant of failure.

EDC and Endeavor Philippines selected three companies to participate in their joint Open Innovation Program. This initiative aims to support innovative startups and help them elevate their businesses. The program, launched in October 2021, received over 40 applications from different startups.

The three selected companies were Packetworx, Nanotronics, and iHandal. Packetworx is a Filipino technology company that specializes in Internet of Things (IoT) solutions. They provide end-to-end services for businesses and organizations looking to integrate IoT technology into their operations, including device management, data analytics, and cloud computing. Nanotronics, on the other hand, is a global technology company specializing in advanced manufacturing and AI-powered microscopy solutions. Their technologies are used in semiconductors, aerospace, and life sciences, enabling customers to improve their production processes and product quality. Finally, iHandal is a Malaysian engineering company that provides solutions for the power and energy industry. They specialize in designing, building, and maintaining energy-related infrastructure, such as power plants, substations, and renewable energy systems.

The selected startups received support from EDC and Endeavor Philippines, including mentorship, training, and access to funding opportunities. The program helped scale up their businesses and enabled them to positively impact their communities. Currently, EDC is piloting the new H2S monitoring system from Packetworx in Negros.

As testament to EDC's drive towards innovation, last November 9, 2022, EDC won the Corporate Innovators of the Year. This was awarded by Endeavor Philippines during Endeavor Philippines' 8th Birthday Celebration at the Ayala Museum. This award is a testament to EDC's efforts in driving innovation on a corporate scale. It signifies that we are building partnerships with entrepreneurs and startups that support our regenerative and decarbonized mission.



EDC WINS GOLD, SILVER AWARDS AT ASIA SUSTAINABILITY REPORTING AWARDS

EDC struck sustainability gold and silver prizes at the 8th Asia Sustainability Reporting Awards—the most prestigious honors for sustainability and integrated reports.

EDC received three awards for its 2021 Integrated Report: one gold for the Asia's Best Sustainability Report (CEO Letter category), a silver for the Asia's Best Sustainability Report (Private Company category), and another silver for the Asia's Best Integrated Report (Value Creation category). These accolades serve as a tribute to EDC's dedication to sustainability and its efforts to tackle material sustainability concerns.

Rajesh Chhabara, founder of ASRA and Managing Director of CSWorks, stated, "EDC's integrated report demonstrates its commitment to high-quality disclosure about how it manages material environmental, social and governance issues, risks and opportunities to create sustainable value for its stakeholders."

The CEO Letter category reviews top executives' messages in sustainability reports from hundreds of Asian companies. Value creation assesses the positive outcomes of business activities over short, medium, and long terms. Asia's Best Sustainability Report for Private Companies evaluates voluntarily released ESG reports on environment, social, and governance.

The honors are given to integrated and sustainability reports that exhibit excellent, value-creating reporting. An independent judging team selects the finalists and winners after a thorough evaluation process yields the winning reports. In addition to rating the report's quality, the multi-tiered judgment procedure performs thorough due diligence that considers the companies' stakeholder reputations.

GOLD

ASIA'S BEST SUSTAINABILITY REPORT

CEO LETTER CATEGORY

SILVER

ASIA'S BEST SUSTAINABILITY REPORT

PRIVATE COMPANY CATEGORY

ASIA'S BEST INTEGRATED REPORT

VALUE CREATION CATEGORY







NATURAL CAPITAL

HARMONIZING WITH NATURE

EDC's commitment to preserving natural capital is vital to its regenerative strategy. We prioritize conserving and restoring the environment surrounding our geothermal facilities, as our natural capital's resources rely on resilience. To achieve this goal, we implement reforestation, wildlife conservation, and sustainable agriculture practices. These efforts promote biodiversity conservation, enhance ecosystem services, and support local communities. EDC continues to explore innovative approaches to reduce its environmental impact while providing value to our stakeholders.

Activities	Outputs	Value Created	Contribution to the SDGs	Risks
• Brine Optimization Power Plants • Reduction of Carbon Emissions • Water withdrawal monitoring • BINHI Program • Forest Carbon • GHG Accounting • Watershed Management • Climate Forecasting • Partnerships for recycling and repurposing • Upgrade of Fluid Collection and Reinjection System (FCRS) • Flagship Species Initiative (FSI)	• Carbon avoided and sequestered • Sustainable water withdrawal • Climate resilient facilities • Forest management • Biodiversity conservation • Minimized waste disposal to landfill • Minimized wastewater discharge • Native tree species planted and upgraded conservation status	• Decarbonization • Adaptation of facilities to climate change • Appropriate generation projection provided to lenders • Contribution to Circular Economy • Healthy watersheds • Sustainable water • No net forest loss • Sustainable forest habitat	6 CLEAN WATER AND SANITATION 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 14 LIFE BELOW WATER 15 LIFE ON LAND 17 PARTNERSHIPS FOR THE GOALS	• Competency development of teams • Transmitters and support for the communication infrastructure • Climate change impacts



Our commitment to environmental stewardship is a central tenet of our business philosophy. We recognize the critical importance of nature to our operations and have adopted a "system value" approach to ensure the long-term sustainability of our business within a stable environment. This strategy reflects our deep belief that protecting the environment and enhancing biodiversity is an ethical imperative and a sound business strategy that benefits our customers, stakeholders, and the general public. EDC's Biodiversity Conservation and Monitoring Program (BCMP) addresses the potential negative impacts of its geothermal operations on wildlife, habitat fragmentation, and biodiversity loss, which may occur due to EDC's projects' locations in biodiversity-rich areas.

We go beyond regulatory compliance to achieve our environmental goals and actively protect and improve the forest cover in and around our plant sites. By delivering optimal forest goods and services, we also help recharge our geothermal and hydropower reservoirs, which benefit various public sectors and industries that rely on these resources. At the same time, we closely monitor the performance of our facilities, manage our natural resource use, and comply with all relevant environmental laws and regulations. Crucially, we also prioritize building and maintaining positive relationships with our host communities, ensuring that our activities have no negative impact on the communities we work with.





NO CARBON REQUIRED:

A DAY IN THE LIFE OF AN ENVIRONMENTAL MANAGEMENT LEADER

***Paulo Gooco**, Environmental Management Lead, Environmental Management Department*

My day typically starts with a busy morning. I prepare breakfast while my daughter gets ready for school. I then take my dog for a walk and bike before dropping my daughter off at school. Once I return to my workstation at home, I check the weather at all our sites and inform the personnel in our facilities of any red flags.

When I first joined EDC, I saw how serious they were about protecting the environment, which was essential to me. Over the years, I have seen improvements in the culture, people become more agile, and more accommodating to new ideas. We are now more collaborative and engaging, and innovations are highly encouraged. We have shifted our focus towards doing more work in the background, such as audits and special projects.

I started in EDC as an Air Quality Specialist in 2011 wherein I initially focused on complying with DENR regulations. However, I and the rest of the environmental management team have evolved to think beyond compliance and have shifted our focus toward sustainability and regeneration.

I love being on fieldwork or on our geothermal sites because the environment is refreshing and relaxing, a great way to recharge. When it comes to my personal life, as a family, we also try to change our scenery occasionally and escape the hustle and bustle of the city.

For me, being regenerative means being a good citizen of this planet and taking care of the environment. We do our part at home by being mindful of the products we buy and use, minimizing our electricity consumption, and even composting our soil. We inspire others to do the same, and I often volunteer for talks to encourage others to make small changes that can have a significant impact.

I feel blessed to be a part of EDC, a company that shares my values and commitment to protecting the environment. It's important to me to be a good human and take care of the community and the environment, and I plan to continue doing so for years to come.

EDC'S COMMITMENT TO ENVIRONMENTAL STEWARDSHIP

	2020	2021	2022
Forestlands protected	34,744 hectares	127,608 hectares	127,608 hectares
Critically endangered Philippine native tree species successfully propagated and mainstreamed	96	96	145
Partners in saving Philippine native tree species	186	196	206
Invested in BINHI initiatives	PHP 16.6 million	PHP 25.7 million	PHP 31.6 million

1.7 MILLION TONNES
CARBON SEQUESTERED

32
ARBORETA ESTABLISHED BY EDC AND ITS BINHI PARTNERS

514
NUMBER OF UNIQUE SPECIES DISCOVERED IN EDC-MANAGED FORESTS

272,443
QUALITY SEEDLINGS PRODUCED

206
TOTAL NUMBER OF BINHI PARTNERS
(11 NEW PARTNERS FOR BINHI PROGRAMIN 2022)

5
NEW PROPAGATION PROTOCOLS FOR THREATENED TREE SPECIES

PHP 15 MILLION
IN NET REVENUES FROM LIVELIHOOD PROJECTS AND COMMUNITY CONTRACTS

3,004.6 KM
OF FOOT PATROLS AND DRONE PATROLS

PHP 4.9 MILLION
INVESTED IN LIVELIHOOD AND COMMUNITY PROJECTS



GEOTHERMAL STEAM

As a significant presence in the geothermal energy industry, EDC recognizes the importance of conserving and utilizing our environmental resources for energy production. We consciously improve the cost efficiency of our power generation while protecting and maintaining these resources in our geothermal reserves as part of our transformation journey. This includes properly managing recyclable waste and implementing brine optimization power plants to generate additional power with minimal carbon emissions.

EDC's decarbonization initiatives not only enhance our financial capital by pushing us closer to green financing but also increase our potential for revenue through low carbon operations and selling Renewable Energy Certificates (RECs). Our commitment to sustainability also supports our social and human capitals, creating job opportunities for local communities. By focusing on the sustainable use of natural resources and decarbonization, EDC contributes to a greener and more prosperous future for all.



EDC holds service contracts with the DOE. It has ten (10) geothermal contract areas, each granting EDC exclusive rights to explore, develop, and utilize the corresponding resources in the relevant contract area. EDC conducts commercial operations in four (4) of its ten (10) geothermal contract areas as follows:

- Tongonan, Kananga, Leyte - EDC operates geothermal steamfield projects in Leyte, which deliver steam to the Tongonan geothermal power plant, owned by EDC's subsidiary Green Core Geothermal, Inc. (GCGI), and the EDC-owned Unified Leyte geothermal power plants.
- Southern Negros, Valencia, Negros Oriental - EDC operates one geothermal steamfield project in Southern Negros, which delivers steam to the two GCGI-owned Palinpinon geothermal power plants, and EDC-owned Nasulo geothermal power plant.
- Bacon-Manito, Albay, and Sorsogon - EDC operates one geothermal steamfield project, which delivers steam to two geothermal power plants in Albay and Sorsogon, owned by BacMan Geothermal Inc. (BGI).
- Mt. Apo, Kidapawan, Cotabato - EDC operates one geothermal steamfield project, which delivers steam to three EDC-owned geothermal power plants in Mt. Apo.

DECARBONIZATION

EDC is driven by its mission to create a decarbonized and regenerative future. As such, we work towards achieving carbon neutrality in our operations. One of our key initiatives towards this goal is the BINHI Program, which effectively sequesters more carbon than what we emit. We are currently preparing for the accounting, verification and certification of our forest carbon. Through BINHI, we have maintained our geothermal reservoirs through nationwide reforestation efforts. The program adheres to a Sustainability Policy and field manuals for restoring native tree species. At the same time, we have integrated GHG Accounting Protocols into our operations for measuring and monitoring greenhouse gas emissions.

We are working towards a sustainable future through our commitment to achieving our net zero goals and actively participating in reforestation efforts. We recognize the importance of our BINHI Program in sequestering carbon and its potential for generating additional revenue through carbon credits. Strict protocols guide our approach to forest conservation and greenhouse gas measurement to ensure the highest levels of sustainability in our operations.







WIND AND SOLAR

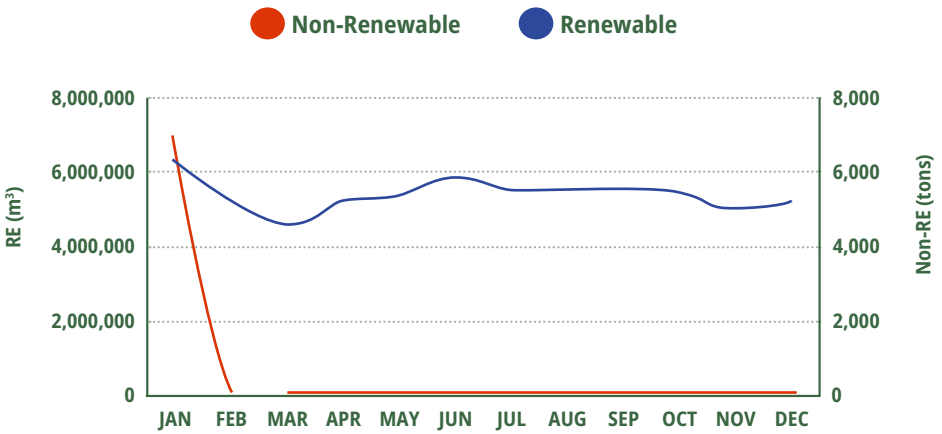
The Burgos Wind and Solar Projects, which are both located in Ilocos Norte were granted a Feed-In-Tariff ("FIT") Certificate of Compliance ("COC") by the ERC that entitles them to an applicable FIT rate, subject to adjustments as may be approved by the ERC, for the entire duration of their FIT eligibility periods.

EDC Siklab Power Corporation ("EDC Siklab"), a wholly-owned subsidiary of EDC, operates solar rooftop systems in various Gaisano Capital Malls located in the provinces of Iloilo, Aklan, Leyte,Southern Leyte, and Sorsogon.

MATERIALS AND ENERGY

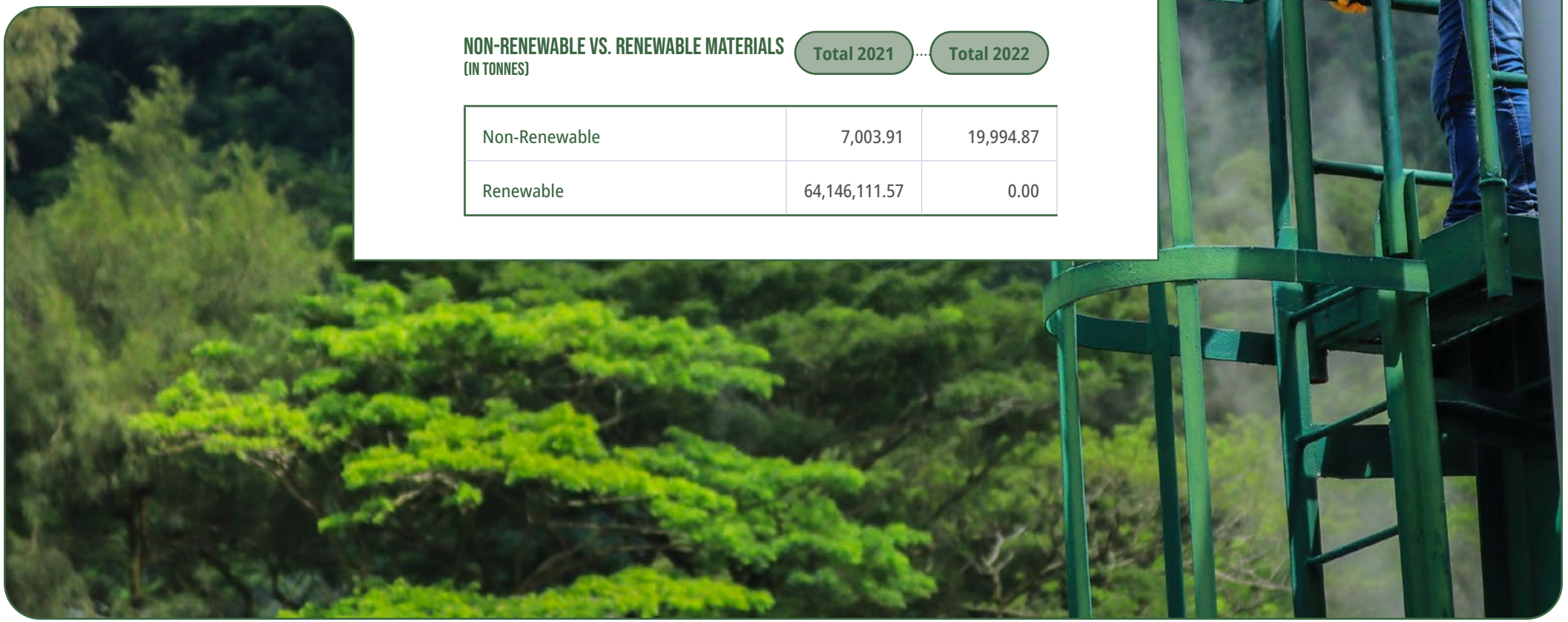
The supply chain management is responsible for minimizing the impact of EDC's purchases of materials on natural resources. Material consumption is currently being monitored, and in 2023, we will evaluate selected materials for their embedded carbon to increase the visibility of Scope 3 emissions. The facility and operations maintenance group and environmental management department manage EDC's energy consumption by monitoring it, conducting annual energy audits, and implementing energy-saving projects to achieve its decarbonization and net-zero plan.

TOTAL MATERIAL USED



NON-RENEWABLE VS. RENEWABLE MATERIALS
(IN TONNES)

	Total 2021	Total 2022
Non-Renewable	7,003.91	19,994.87
Renewable	64,146,111.57	0.00

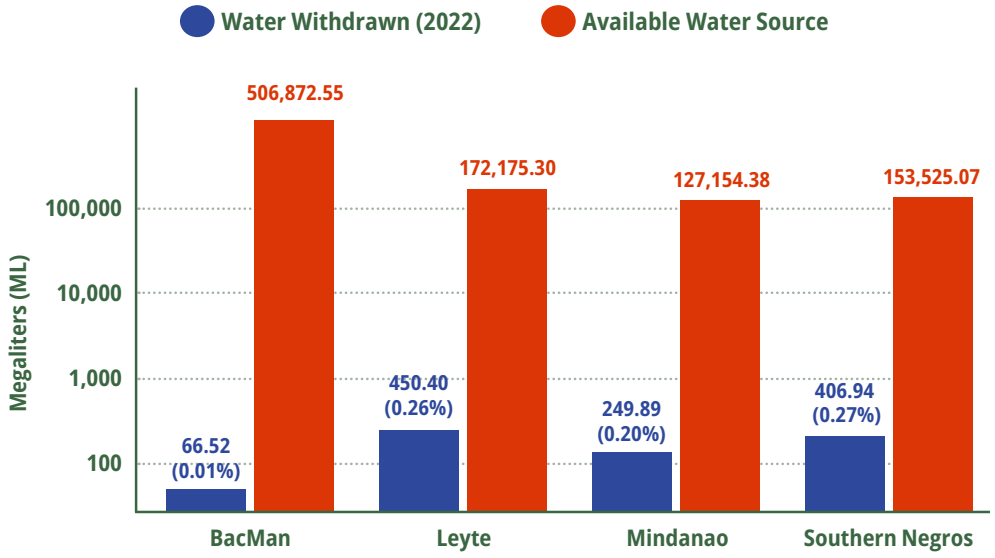


WATER WITHDRAWAL

EDC depends on freshwater resources for operational and domestic purposes. Our geothermal power plants require freshwater for cooling systems, occasional geothermal well drilling, and related activities. Water is also used for fire pump testing, maintenance, laboratory operations, and domestic use. Our cascading hydropower plant in Nueva Ecija utilizes surface water, which is released for irrigation. We only harness the kinetic energy of water flow, particularly when the National Irrigation Administration (NIA) decides to release water for agriculture. The environmental management department also monitors and assesses water resource sustainability, integral to EDC's climate scenario assessments.

Our geothermal operations are in watersheds drained by streams and springs serving as water supply sources. The catchments include the BacMan catchment (Manitohan, Cawayan, Botong, Gayong/Osiao, Rizal, and San Isidro river sub-catchments) in Albay and Sorsogon, Bao River and Kanawagan River catchment in Leyte, Matingao-Marbel River catchment in North Cotabato, and Okoy-Banica River catchment in Negros Oriental. Based on the 2019 World Resources Institute (WRI) Aqueduct Water Risk Atlas[1], our geothermal operations are located in regions with low and low to medium water stress[2]. However, our hydropower plant in Nueva Ecija is in a medium to high water stress region. The ratios of EDC facility's actual water withdrawal in 2022 from the catchment surface water flows ranged from 0.01% (Bacon-Manito Geothermal Plant) to (Southern Negros Geothermal Plant) 0.27% with a total withdrawal percentage of 0.74%, indicating that the company's geothermal operations did not significantly affect the freshwater supply in the catchment basin.

FIGURE 1. GRAPH OF WATER WITHDRAWAL AND WATER SOURCE OF EDC SITES (2022)





Aside from withdrawal from surface waters, EDC purchases water from third-party providers, primarily for domestic water use in its city offices and minimally for cleaning of solar panels in its solar farm project. The company also extracts a small amount of water from groundwater resources for domestic use and only for the Southern Negros Geothermal Plant. As for seawater, none is being withdrawn by EDC facilities.

[1] The World Resources Institute (WRI) Aqueduct Water Risk Atlas maps the world's overall water risk by aggregating all selected indicators from the physical quantity, quality, regulatory and reputational risk categories.
[2] One of the indicators used by WRI under the physical quantity risk category is water stress. Based on WRI's definition, water stress is the ratio of total water withdrawals to available renewable surface and groundwater supplies.



Water withdrawal information for each source was taken from records of water meter readings and billing statements. In defective water meters, estimations of water withdrawal in some areas are based on the plant mass balance, number of persons at the site, and historical same-period monthly water meter readings.

Water withdrawal from surface water in Bacon-Manito (Bacman) facility minimally increased from 2020 to 2022. Such an increase can be attributed to implementing the Shelter-in-Place (SIP) program as part of the company's COVID-19 management and the preventive maintenance activities in the Cawayan Power Plant.

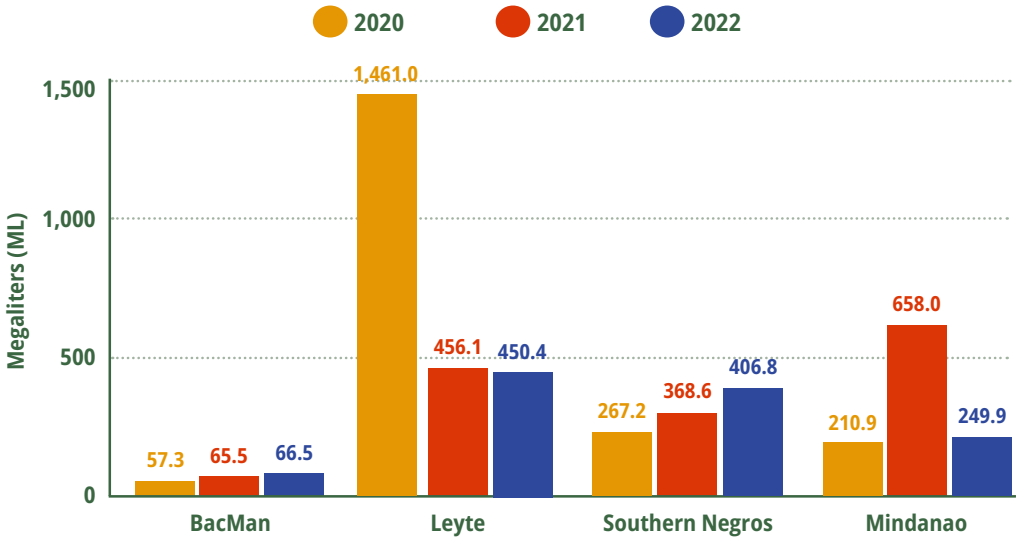
The marked decrease in the Leyte facility's water withdrawal from 2020 to 2022 was recorded due to reduced quenching and other well-related activities.

The EDC facility in Southern Negros had an increasing trend in water withdrawal from 2020 due to preventive maintenance activities in Pal 1 Power Plant.

Water withdrawal in the Mt. Apo facility (Mindanao) significantly increased from 2020 to 2021 due to well drilling.

Figure 2 present the summary of trends of the water consumption and withdrawal of EDC project sites.

FIGURE 2. WATER CONSUMPTION/WITHDRAWAL FROM SITE PER YEAR





WATER DISCHARGE

We implement a Zero Discharge System in its geothermal sites. In this setup, geothermal water (brine and condensate) is contained and reinjected into the deep geothermal reservoir, thus, helping sustain the geothermal resource while avoiding contamination of surface waters and shallow groundwater aquifers. Effluents from the daily operation of facilities are limited to domestic wastewater and washings conveyed to septic tanks. The quality of the effluents is monitored and evaluated against the DENR effluent standards under the DENR Administrative Order 2016-08 or the Water Quality Guidelines and General Effluent Standards. Improvements are ongoing to meet the new or more stringent standards for specific domestic wastewater parameters, i.e., fecal coliform, ammoniacal-nitrogen, nitrate-nitrogen, and phosphate-phosphorus.

EMISSIONS, EFFLUENTS, AND WASTE

We recognize that emissions are crucial to our power generation business. Lowering GHG emissions from our operations is the primary focus of our decarbonization and net-zero plan, which the Environmental Management Department manages, Facility Operations and Maintenance, Integrated Sub-Surface, Transformation office, Supply Chain Management, and Risk Management. We also conduct continuous air quality monitoring and undergo third-party multi-sector monitoring to ensure compliance with regulations and standards.

By prioritizing emissions management, EDC aims to reduce its carbon footprint and mitigate the environmental impact of its operations. Through these efforts, we seek to achieve our goal of being a net-zero carbon company.

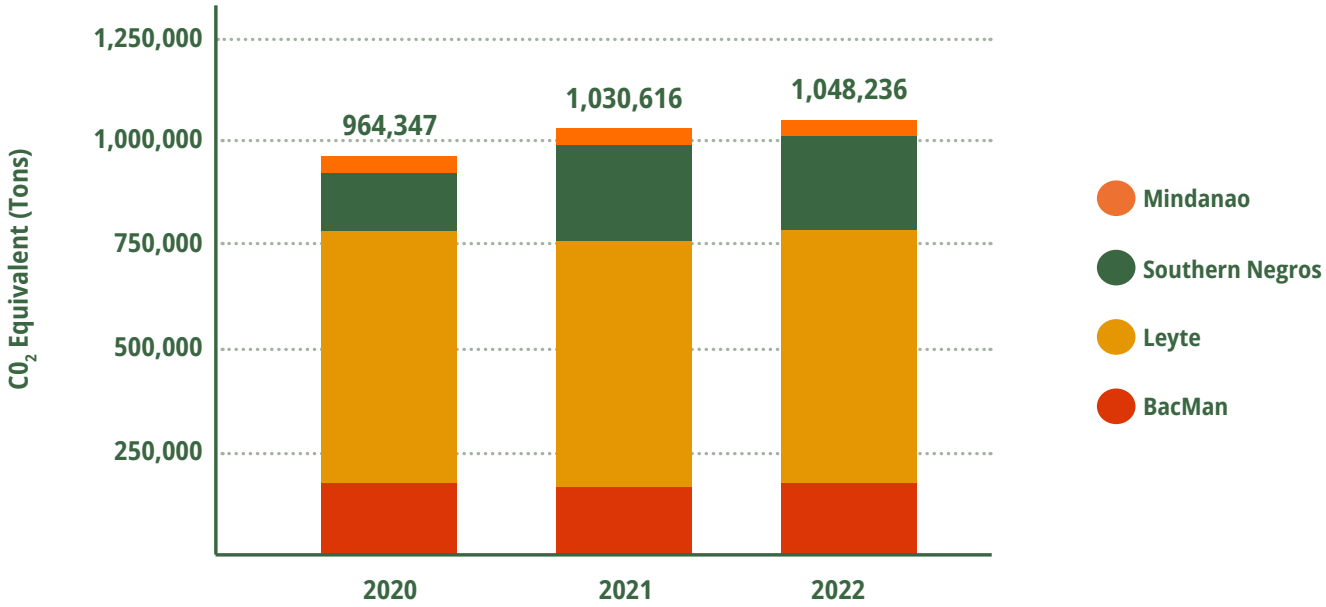
Waste management is also a critical aspect of EDC's circularity. The environmental management department manages it by monitoring waste, implementing proper waste management practices, minimizing waste generation, and partnering with organizations to increase EDC's circularity. The success of EDC's initiatives in these areas is evaluated based on various key performance indicators, meeting net-zero goals, and trends in consumption.

In 2022, our direct greenhouse gas (GHG) emissions primarily originated from the venting of non-condensable gases from our geothermal power plants and steamfields. These accounted for 99% of all GHG emissions, including indirect emissions (Scope 2 and 3). Geothermal power production involves using steam from deep within the earth to power a steam turbine, generating electricity. After this process, the steam is condensed and re-injected back into the geothermal reservoir. However, non-condensable gases within the steam, consisting of approximately 98-99% CO_2 and trace amounts of methane (CH4), are released into the atmosphere through cooling tower fans. These gases are classified as GHG. Additionally, non-condensable gases are emitted during routine venting of existing wells and testing newly drilled wells within the steamfield.

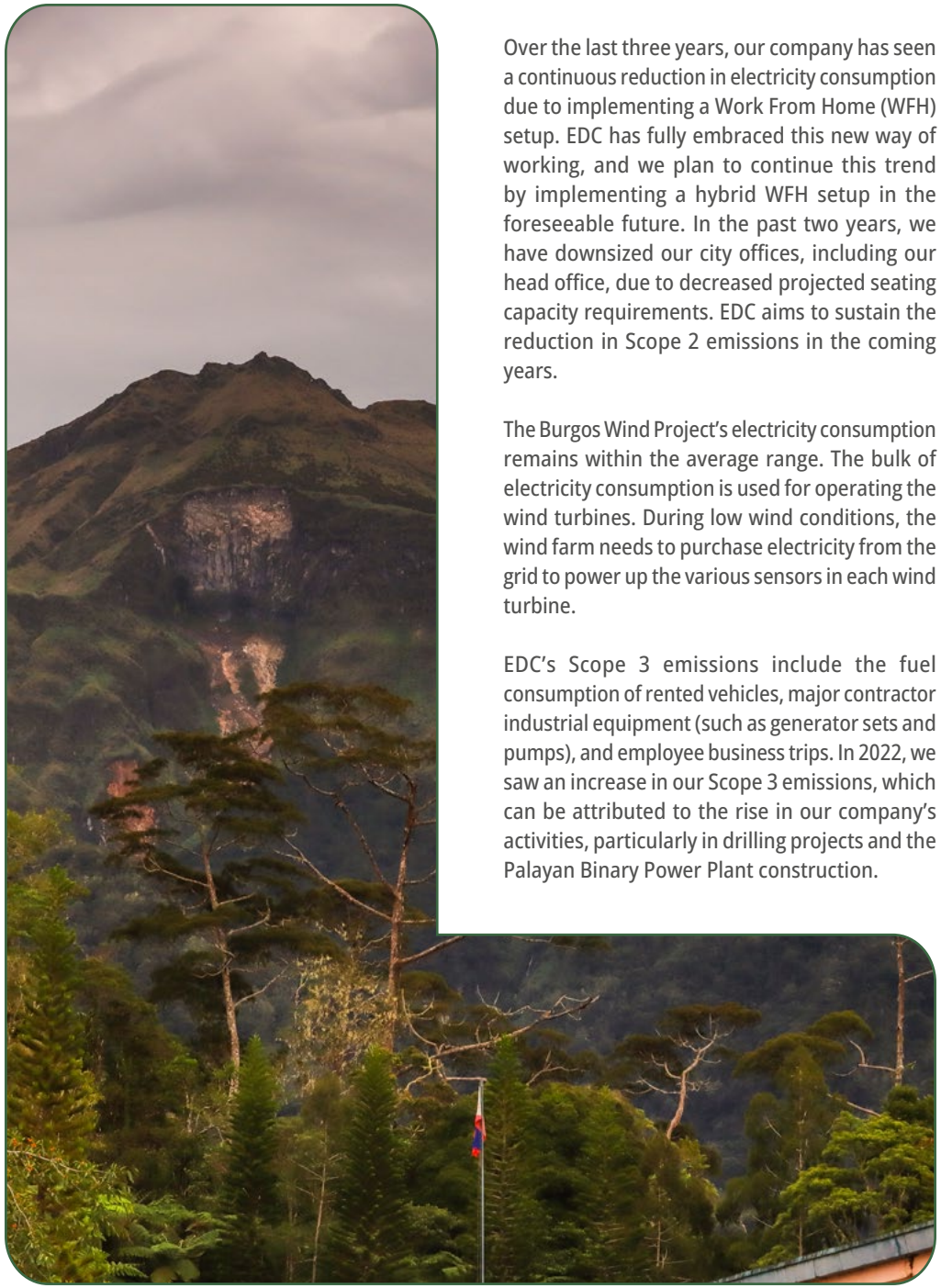
EDC facilities emitted a total of 1,048,236 tonnes of equivalent CO_2. These represent a slight increase of 2% compared to the previous year's emissions. The direct CO_2 emissions increase was primarily due to the higher amount of CO_2 in the steam extracted across all geothermal fields.



SCOPE 1 DIRECT GHG EMISSIONS



302-1, 302-2, 302-4, 305-1



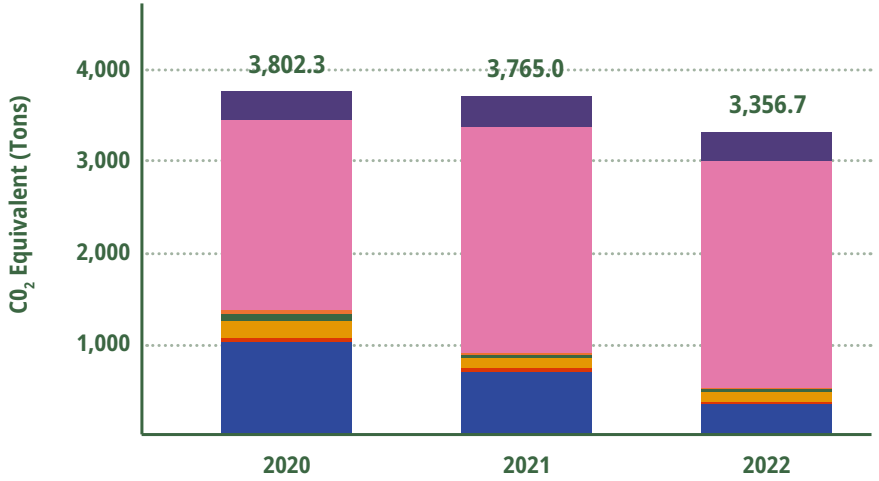
Over the last three years, our company has seen a continuous reduction in electricity consumption due to implementing a Work From Home (WFH) setup. EDC has fully embraced this new way of working, and we plan to continue this trend by implementing a hybrid WFH setup in the foreseeable future. In the past two years, we have downsized our city offices, including our head office, due to decreased projected seating capacity requirements. EDC aims to sustain the reduction in Scope 2 emissions in the coming years.

The Burgos Wind Project's electricity consumption remains within the average range. The bulk of electricity consumption is used for operating the wind turbines. During low wind conditions, the wind farm needs to purchase electricity from the grid to power up the various sensors in each wind turbine.

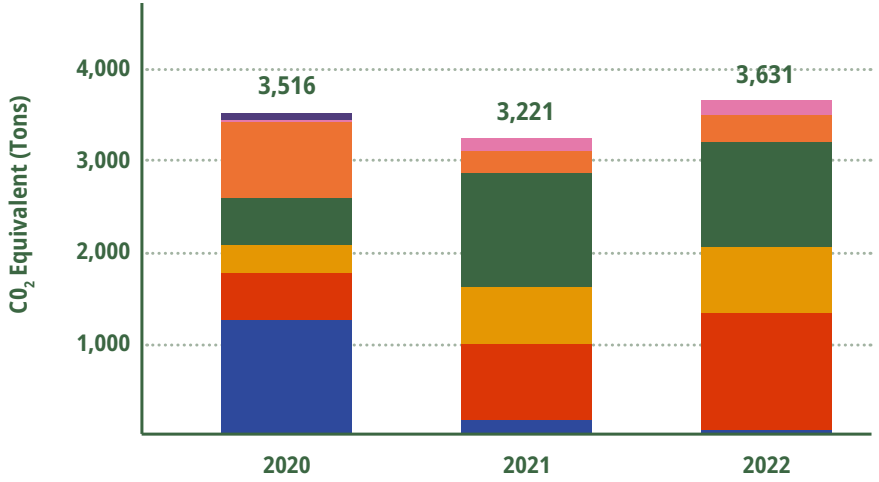
EDC's Scope 3 emissions include the fuel consumption of rented vehicles, major contractor industrial equipment (such as generator sets and pumps), and employee business trips. In 2022, we saw an increase in our Scope 3 emissions, which can be attributed to the rise in our company's activities, particularly in drilling projects and the Palayan Binary Power Plant construction.

Pantabangan Hydro
Mindanao
Leyte
Head Office
Burgos Wind
Southern Negros
BacMan

SCOPE 2 INDIRECT GHG EMISSIONS (PURCHASED ELECTRICITY)



SCOPE 3 OTHER INDIRECT GHG EMISSIONS



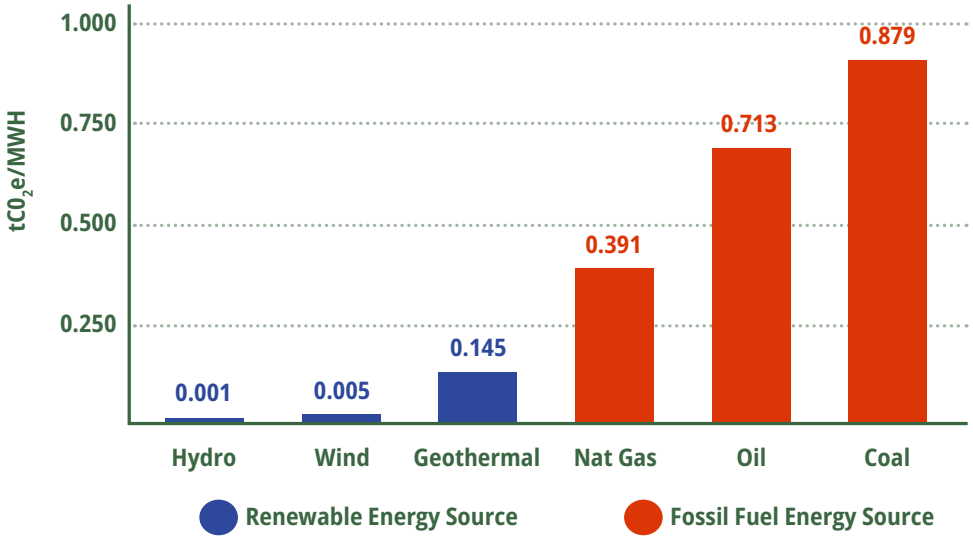
302-1, 302-2, 302-4, 305-2, 305-3

In 2022, EDC maintained its carbon intensity of 0.1 tonnes of equivalent CO2 per MWH, a positive outcome for its sustainability efforts.

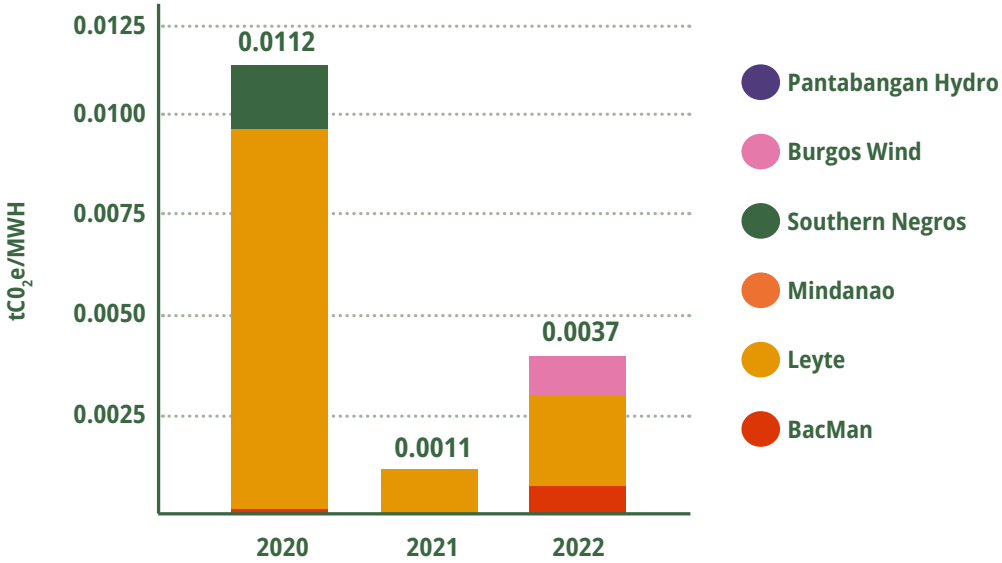
We collaborated with ERM Certification and Verification Services (ERM CVS) to ensure the credibility and accuracy of our GHG emissions reporting. This partnership aims to conduct external assurance of our Scope 1 and 2 GHG emissions. The project is divided into two phases. Phase 1, a pre-assurance exercise, will begin in the first quarter of 2023. This phase aims to identify gaps in our GHG accounting and management processes. It is a crucial exercise that will help us identify areas needing improvement, ensuring that our GHG reporting is accurate and credible. Phase 2, the external assurance, is scheduled to start in the third quarter of 2023. It is based on the ISO 14064:3 standard and aims to prepare for the next Integrated Reporting cycle. This phase is critical in ensuring our GHG reporting meets the highest international standards.



CARBON INTENSITY PER TECHNOLOGY



OZONE DEPLETING SUBSTANCES

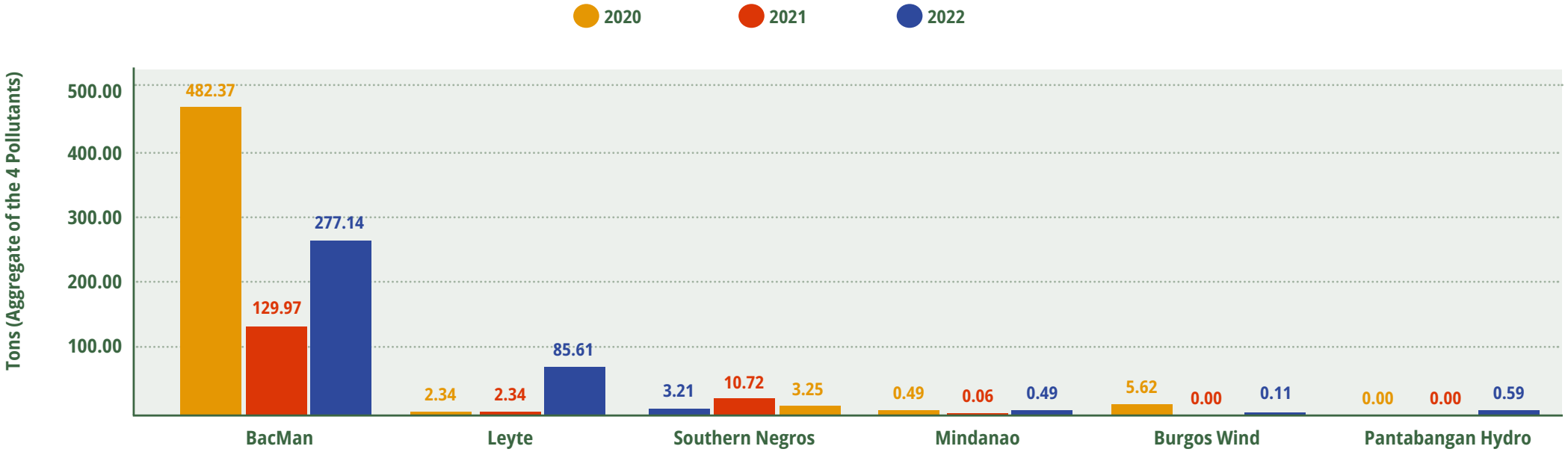




The gradual reduction in our Ozone-Depleting Substances (ODS) emissions can be attributed to using refrigerants with zero Ozone-Depleting Potential (ODP) in our project sites. Although the primary refrigerant used is R-22, we have equipped new air-conditioning units and refrigerators with R-134a or R-410a, which carry zero ODP. Our goal is to completely phase out the use of R-22 and become ODS-free before the importation ban that will take effect on January 1, 2040, as mandated by the Montreal Protocol. Currently, two of our project areas, the Mindanao Geothermal Project and Pantabangan Hydropower, are already ODS-free.

Although EDC does not use ODS in any of its main processes for producing clean and renewable energy, our ODS emissions mainly stem from air-conditioning units and refrigerators used in offices, vehicles, laboratories, and other support facilities of our power projects. We computed our ODS emissions using Tier 2 of the Revised 1996 Intergovernmental Panel on Climate Change (IPCC) Guidelines for National Greenhouse Gas Inventories Manual as a reference.

EMISSIONS OF NO_X, SO_X, PM, AND CO





Our renewable energy projects, which consist of geothermal, hydro, wind, and solar power plants, do not emit harmful air pollutants like Nitrogen Oxides (NOX), Sulfur Oxides (SOX), Particulate Matter (PM), and Carbon Monoxide (CO) that could negatively impact the climate, ecosystem, and public health. However, the plants are supported by diesel-powered equipment like black start generator sets, fire pumps, and standby generator sets that emit these pollutants when in operation. To minimize environmental impact, we limit the operation of diesel engines to specific activities such as weekly 15-minute checks to ensure proper functioning, black start generator sets used to power up plants from shutdown or plant failure, emergencies like fire, and routine emission testing to ensure regulatory compliance. All sources must meet emissions standards under the Philippine Clean Air Act.

We referenced the United States Environmental Protection Agency's (US EPA's) AP 42: Compilation of Air Pollutant Emission Factors to estimate the annual generator sets and fire pump emissions. Bacman's emission is noticeably higher compared to the rest of the project sites. Normally, pumps are not required for reinjection as fluids can flow freely through pipes. However, due to the distance of the reinjection well, diesel pumps are deployed to facilitate the reinjection process.



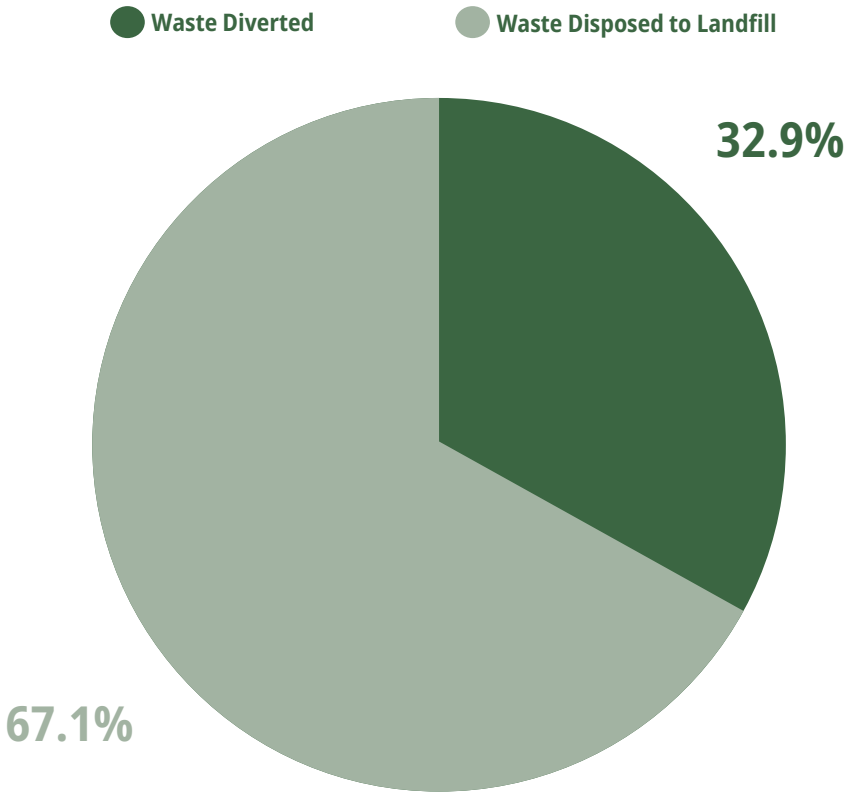
EDC upholds the Waste Management Hierarchy, prioritizing minimizing waste and limiting landfill disposal. Through various operations and support processes, EDC implements waste minimization methodologies.

In 2022, we generated 905 tonnes of waste, marking a 20% decrease from the previous year. Hazardous waste comprised 19% of the total, which includes major components such as used oil, lead acid batteries, and electronic waste. To address this, EDC collaborates with ABS-CBN Lingkod Kapamilya Foundation, Inc. (ALKFI) to recycle these wastes through programs such as Bantay Baterya and Bantay Langis, with ALKFI benefiting from the proceeds of these recycled materials.

Including remaining waste from previous years, EDC disposed of 1,090 tonnes of waste in 2022, with a third classified as diverted waste due to recycling, recovery, or reuse. We aim to increase the ratio of waste diverted to waste disposed of in landfills to promote greater recycling and the circularity of its operations. In line with this, EDC launched the "7 R's of Environmental Regeneration" program to educate and engage employees to adopt actions beyond recycling that contribute to a greener future. The program includes Refuse, Reduce, Reuse, Repurpose, Repair, Restore, and Recycle.

EDC's DENR-accredited Pollution Control Officers monitor waste generated on-site and disposed of, with monitoring done at least monthly and quarterly reporting to the Department of Environment and Natural Resources (DENR). Since 2018, EDC has been implementing the Environmental Management System (ISO 14001) in its remaining facilities (BacMan, Leyte, and Head Office) to enhance environmental controls in waste management.

WASTE DIVERTED AND DISPOSED



306-1, 306-2, 306-4

SUPPLIER ENVIRONMENTAL ASSESSMENT

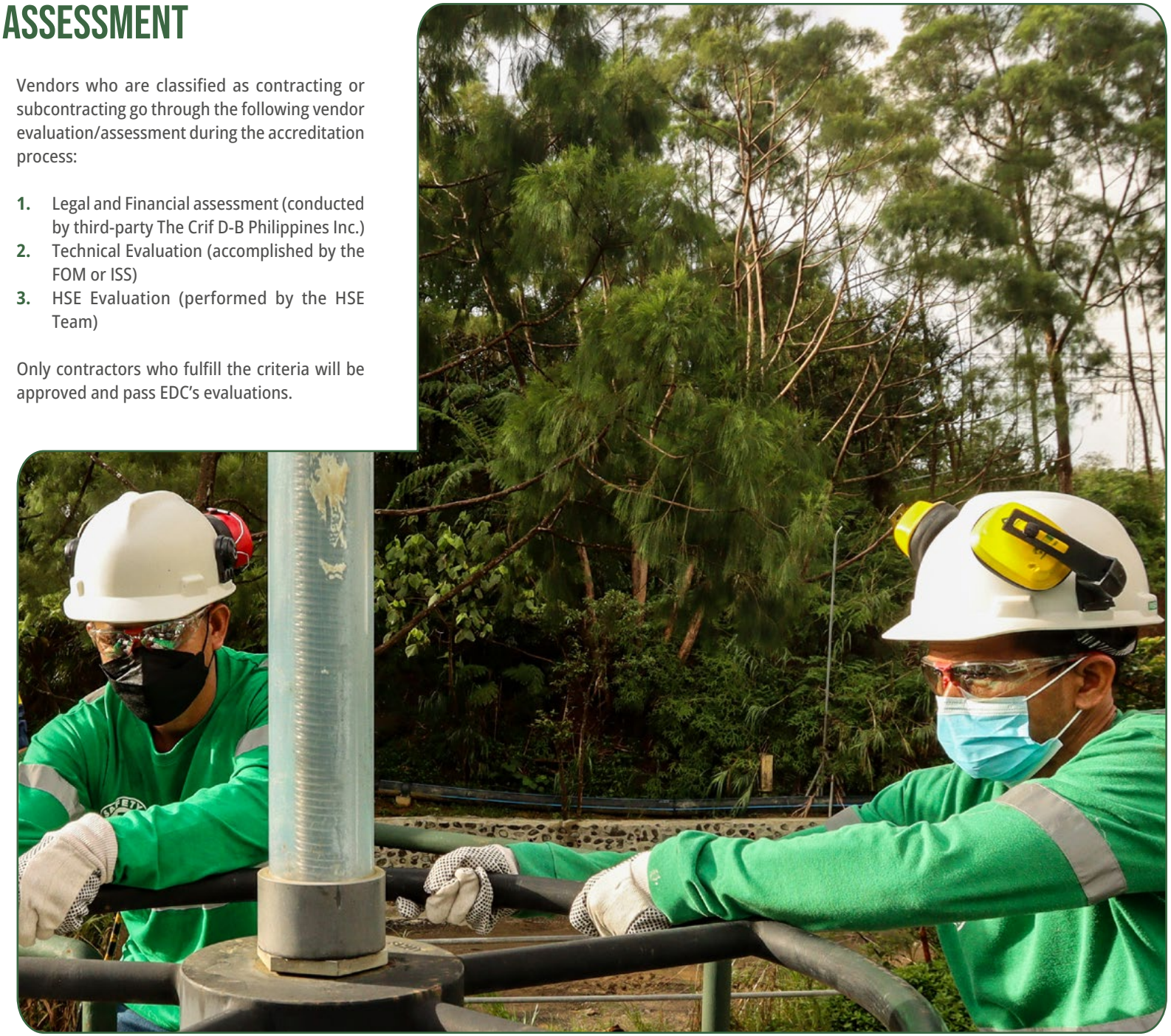
To ensure that contractors are compliant with our Health, Safety, and Environment (HSE) Policies and Guidelines, part of the HSE evaluation criteria are the following:

1. HSE Performance
2. HSE Organization and Management
3. Regulatory Compliance (Permits/Licenses)
4. Hazard Identification, Risk Assessment and Control
5. HSE Written Plans and Procedures
6. HSE Committees and Meetings
7. Employee Engagement
8. Inspections and Audits
9. Personal Protective Equipment
10. Environmental Management
    a. Permit to Transport for Hazardous Waste generated during construction
    b. Permit to Operate for Stationary Source (Power Plant and Gensets):
    c. Steam Turbine
        i. Emergency Diesel Genset
        ii. Diesel Genset/s (for Construction Purposes)
    d. Priority Chemical List Compliance Certificate / Chemical Control Order Registration
    e. Environmental Compliance Certificate / Treatment, Storage, and Disposal Certificate
11. Fitness for Duty: HSE and Craft Skills, Knowledge, and Training
12. Fitness For Duty: Health
13. Emergency Preparedness and Response
14. Incident Reporting and Investigation

Vendors who are classified as contracting or subcontracting go through the following vendor evaluation/assessment during the accreditation process:

1. Legal and Financial assessment (conducted by third-party The Crif D-B Philippines Inc.)
2. Technical Evaluation (accomplished by the FOM or ISS)
3. HSE Evaluation (performed by the HSE Team)

Only contractors who fulfill the criteria will be approved and pass EDC's evaluations.



BINHI @ 14: ACHIEVING BIODIVERSITY GOALS

EDC's BINHI Program is a nationwide Forest Landscape Restoration program that aims to restore degraded forests in the Philippines by propagating and planting threatened native tree species. Since its inception in 2008, the BINHI Program has partnered with multiple stakeholders, such as local communities, academic institutions, civil society groups (NGOs and private institutions), and government agencies, to promote further biodiversity conservation and sustainable forest management in the Philippines.

We allocated PHP 31 million towards environmental initiatives and watershed management programs as part of the BINHI Program in 2022. Working with top foresters, botanists, and wildlife biologists in the country, the company aims to reforest degraded watersheds, safeguard the 145 most endangered Philippine native tree species, preserve forests and watersheds, and protect the diverse wildlife that inhabits the geothermal reservations under its management.

In 2022, ten new arboreta were established in partnership with various BINHI partners. The new arboreta are located at the Priest of Notre Dame de Vie (PNDV) Institute in Angat, Bulacan; University of the Philippines Sierra Madre Land Grant in Real, Quezon; Bicol University in Albay; Center for Tropical Conservation Studies - Silliman University in Valencia, Negros Oriental; Farmville de Bago in Negros, Occidental; Philippine Eagle Foundation in Davao City; Visayas State University in Leyte; SVD Laudato Si Farm in Tagaytay; Bangui National High School in Ilocos Norte; and LAO Integrated Farms in Kidapawan. In addition, three memoranda of agreement for the establishment of arboreta in 2023 were signed between EDC BINHI and the Lyceum of the Philippines University (LPU) in Laguna; Batangas State University in Lobo, Batangas; and the Jerome Carlos Arboretum in Zamboanga, Sibugay.

In summary, EDC and its BINHI partners have established 32 arboreta, with an additional 3 in development, and 165 tree parks nationwide that serve as safe havens for threatened native tree species.

On March 30, we partnered with Silliman University to plant 100 seedlings of threatened native tree species in the SU-EDC BINHI Arboretum in Palinpinon, Valencia, Negros Oriental. The arboretum aims to provide a safe space for preserving threatened trees for scientific and educational purposes. In the kickoff tree-planting activity, participants planted 25 threatened species native to the Philippines. EDC supplied the seedlings from their Vegetative Material Reproduction (VMR) nursery. Each seedling had a tag with information about the species and a QR code that links to a BINHI website page containing details about the species and its location. Future tree-planting activities in the Arboretum will allow planters to track the status of their seedlings through the BINHI Communitree, an online platform and database of trees planted by EDC and its partners.

In another partnership, we collaborated with the VSU College of Forestry and Environmental Science (CFES) to establish an arboretum of endangered Philippine tree species in the VSU flagship campus in Baybay City. The initial area of the arboretum will be 2,000 square meters, located near Molave Hill in the VSU Nature Park. They will feature a botanical collection



of endangered tree species from all over the country. The partnership was formalized through a memorandum of agreement (MOA) witnessed by key officials, faculty, and staff from the CFES and EDC representatives.

As part of an exclusive collaboration, EDC BINHI partnered with Botanic Gardens Conservation International (BGCI) to conduct research and gather extinction risk data on all tree species worldwide through the Global Tree Assessment (GTA). In March 2021, EDC BINHI and BGCI amended an existing Memorandum of Agreement to extend the collaboration for an additional two years, expanding the scope of the collaboration to include 200 additional Philippine endemic species and 470 new species classified as near-endemic tree species. We completed the assessments for the 800 endemic species in December 2020, which were published on the



Dobsonia chapmani

IUCN Red List website. Currently, an additional 203 species are published on the website. Through the GTA initiative, EDC aims to contribute to global efforts in conserving threatened tree species and their habitats. This effort includes identifying the key threats and challenges these species face and developing conservation strategies to address these issues. By doing so, we hope to help protect and restore these essential components of the world's ecosystems, which provide numerous benefits to humanity, including carbon sequestration, soil stabilization, and biodiversity conservation.

EDC generated 343,332 high-quality seedlings in the main and satellite nurseries throughout the project sites. These seedlings were disseminated to different partners as planting materials during tree-planting events. In contrast, the remaining ones are being cared and maintained in the nurseries to serve as seedling stocks for future undertakings.

To protect identified focus conservation areas and prevent forest fires, EDC completed 3,004.55 km of foot patrols and drone patrols, resulting in eight apprehensions, including capturing five Agarwood gatherers and confiscating three hunting guns in Leyte. The company also formulated forest patrol plans for each project site. Forest protection efforts were further strengthened by partnering with the DENR, local government, police, armed forces, and people's organizations to form the Multi-sectoral Forest and Environmental Protection Committee (MFEPC) and the Barangay forest protection brigade.

EDC continued to empower its host communities through livelihood support and capacity-building activities, including Forest Laws and Regulations, Forest Fire Prevention and Control, and LAWIN training. Meanwhile, the strict implementation of forest protection activities in its host barangay in the Municipality of Valencia contributed to three filed cases on illegal forest activities, including unlawful occupation or destruction of forestlands cultivation at the protected forestland.

Finally, in Negros, EDC conducted a Forest Law enforcement cascade in preparation for DENR deputation in 2023 with the help of Task Force Bantay Kabtangan (TFBK), TFBK-Puhagan, Barangay Puhagan, and the Armed Forces of the Philippines Special CAFGU Active Auxiliary (AFP-SCAA).

Our commitment to sustainability was also highlighted in its collective bargaining agreement (CBA) negotiations with its Rank and File (RF) and Professional/Technical (PT) employee unions. The negotiations were conducted online for the second time, and the company's HR representatives, Ferdinand Geronimo and Julio Sulit, led the planting of threatened native tree species across EDC's geothermal field sites in Leyte, Negros Island, Bicol, and Mount Apo. The tree planting activity was a joint effort between the employee unions and management to support EDC's BINHI program.

The unions involved in the tree planting activity also agreed to forgo printing CBA booklets. Instead, they adopted digital copies to support the company's regenerative agenda, with savings donated to EDC's SIKAT Scholarship program for underprivileged students from host communities. This initiative showcased the company's commitment to sustainability, and the successful online conclusion of the CBA negotiations marked another milestone for EDC. In 2020, the company received congratulations from the Department of Labor and Employment (DOLE) for conducting the first-ever virtual CBA negotiations and signing in the region and the country via Zoom. The unions involved in the tree planting activity were Bacman Professional and Technical Employees Union (BAPTEU), Bacman Geothermal Inc. Professional/Technical Employees Coalition (BGI PROTEC), Demokratikong Samahang Manggagawa ng EDC-BGPF-BGI-Association of Democratic Labor Organization (DSM-ADLO), Leyte A Geothermal Project Employees' Union (LAGPEU), Leyte Geothermal Professional and Technical Employees Union (LEGPTEU), Mt. Apo Professional Technical Employees' Union (MAPTEU), Mt. Apo Worker's Union-Associated Labor Unions (MAWU), Negros EDC Professional and Technical Association-Associated Professional, Supervisory, Office and Technical Employees Union (NEPTA-APSOTEU), PNOC-EDC SNGPF Rank and File Union (SNGPF RF), and Tongonan Worker's Union-National Federation of Labor Unions (TWU).



Joseph Emmanuel Liwag, Vice President and Managing Director of Knowles Electronics Corporation. A customer and an active partner of the EDC BINHI Program in Cebu City.

Additionally, we created an avenue for Filipinos to aid in conserving endangered wildlife species, such as the Golden-Crowned Flying Fox and the Apo Myna, by selling Diwa and Kali plush toys. These toys come with an information card about the species and are packaged in a printed cloth bag. The project was conducted in collaboration with ABS-CBN Lingkod Kapamilya Foundation, Inc., Karaw CraftVentures, and community organizations from Sorsogon Province. EDC funded the project and handled marketing and promotions, while Karaw CraftVentures led the design and development of the products and provided training to the communities. The project aims to empower these communities through training in conservation activities and business skills. This initiative is part of EDC's BINHI-Flagship Species Program, which prioritizes the protection efforts of essential fauna and flora found in its project sites. The project was launched on June 29 at the Museo Sorsogon, Capitol Compound, Sorsogon City.



Farmer Roy Dalaguit of EDC's community partner Tongonan Farmers Association found this wounded Philippine Deer near the Mahiao river in in the forests of Kananga, Leyte.



Engr. Andy T. Durog, EBWPC's Facility Head rescued Brahminy Kite (Haliastur indus). First Balfour Head Engr. Jaycy Aguite assisted in the turn over of the endangered bird to the PENRO-Ilocos Norte.

HEARTS FOR THE WILD:

TWO TALES OF CONSERVATION AND RESCUE

Amidst the ongoing environmental crisis, two acts of kindness showcase the importance of wildlife conservation efforts in protecting endangered species.

Engr. Andy T. Durog of Energy Development Corporation Burgos Wind Power Corporation (EBWPC) rescued a Brahminy Kite on October 30, 2022, locally known as *lawin* in Burgos, after it hit his car's bumper due to a strong gust of wind. Durog turned over the bird to local authorities at the Provincial Environment and Natural Resources of Ilocos Norte (PENRO – Ilocos Norte), who assessed its health and released it back into the forests of Laoag on November 4. The Department of Environment and Natural Resources (DENR) reminds the public to turn over captured or rescued wild animals for proper handling and care, as Republic Act No. 9147 prohibits the exploitation of wildlife species and their habitat.

In another event, on November 7, a male Philippine Deer (*Rusa Marianna*) was found wounded and with broken antlers in the forests of Kananga, Leyte, by Roy Dalaguit, a member of the Tongonan Farmers Association and a community partner of EDC. Dalaguit contacted EDC BINHI Forester Ronelmar Aquilar, who facilitated the animal rescue together with the Ormoc City Veterinary Office and personnel of Palo town's Community Environment and Natural Resources Office (CENRO). After being placed under the custody of the Ormoc City Wildlife Rescue Center for treatment, the deer was pronounced fit for release and was released by Aquilar and representatives of the CENRO and the Ormoc City Veterinary Office in the forestlands within EDC's Tongonan Geothermal Reservation. The Philippine Deer, called bugsok in Leyte, is an endangered deer species endemic to the Philippines, according to DENR Administrative Order No. 2019-09. Despite laws protecting endangered species, the population of the Philippine Deer continues to dwindle due to habitat loss and illegal hunting.

EDC IN BORACAY'S WASTELAND TURNAROUND:

A MODEL FOR CONSERVATION EFFORTS

The once barren wasteland of Boracay has been transformed into a thriving conservation park, thanks to the collaboration of both private and government sectors, with the hope that it will serve as a shining example of the power of unity in conservation efforts.

The wetlands of Boracay are now in different phases of rehabilitation, and Secretary Cimatu commended the private sector for adopting what was once considered a wasteland instead of a wetland due to its degraded state.

According to Environment Secretary Roy A. Cimatu, the Boracay Wetland Conservation Park is an excellent example of the value of multi-sectoral convergence in conservation work. He hopes that the lessons learned from the rehabilitation of the Boracay wetlands will inspire business and government leaders to invest their financial and political capital in saving wetlands throughout the country.

During the World Wetlands Day 2022 celebration, Secretary Cimatu highlighted the importance of wetlands in a video message with the theme "Wetlands Action for People and Nature." The Energy Development Corporation (EDC), Aboitiz Equity Ventures Inc., Boracay Tubi System Inc., J.G. Summit Olefins Corp., and San Miguel Corp. were among the first to respond to the DENR's Adopt-A-Wetland Program to recover and restore the island's nine wetlands.

This year's World Wetlands Day theme emphasizes the significance of concerted actions in conserving and sustainably using wetlands to benefit humanity, the environment, and biodiversity. Secretary Cimatu personally witnessed the transformation of the Boracay Wetland Conservation Park from a degraded wetland to an arboretum of native trees, an ecotourism site, and an educational center for conservation.

Wetlands, known as the "kidneys of the Earth," filter water through vegetation and substrates, mitigate the effects of climate change and provide healing through their recreational uses. World Wetlands Day is celebrated annually on February 2 to raise global awareness of the vital role of wetlands for people and our planet, coinciding with the anniversary of the Convention on Wetlands, adopted as an international treaty in 1971. The Filipino people also celebrate National Wetlands Day on February 2 each year, recognizing the immense importance of wetlands to their welfare and the protection of global biodiversity as declared by Presidential Proclamation 74, Series of 1999.





BORACAY ISLAND WETLAND NO. 2 TURN-OVER. DENR 6 Regional Executive Director Livino B. Duran receives the coffee table book from Mr. Anson M. Tagtag, OIC Chief of the Caves, Wetlands and Other Ecosystems Division under the Biodiversity Management Bureau (BMB), on behalf of the Energy Development Corporation. The coffee table book symbolizes the turn-over of the protection, conservation and management of Wetland No. 2, now called the Boracay Wetland Conservation Park, from the EDC to DENR. *IDENR 6*

GEOTHERMAL ENERGY WITH A HEART:

EDC RECOGNIZED FOR ENVIRONMENTAL EFFORTS

As the world continues to grapple with the consequences of climate change, EDC's Bac-Man Geothermal Power Plant has been recognized for its exceptional environmental efforts, paving the way for other energy companies to follow suit.

EDC received a Certificate of Commendation from the Department of Environment and Natural Resources – Environmental Management Bureau (DENR-EMB5) for its Best Environmental Initiatives. This is the first time DENR-EMB5 has recognized stakeholders for such a category. The certificate was awarded to EDC's Bac-Man Geothermal Power Plant for its exceptional environmental efforts during the Philippine Environment Month in June.

Marcel Rosario, the EDC-Bac-Man Facility Head, acknowledged the commendation and pledged to be responsible leaders in the energy sector by going beyond producing clean, reliable, and stable energy. He assured his commitment to remain active in forest restoration and biodiversity preservation and to maintain the robust ecosystem services in their geothermal reservations for the benefit of future generations.

Rosario expressed his gratitude to DENR-EMB5 for recognizing companies like EDC that contribute to building a low-carbon world. He also stated that this recognition inspires them to pursue their green path, affirming their commitment to preserving the environment and maintaining sustainable practices.

Bac-Man Geothermal Inc (BGI), which runs the 150-MW Bac-Man Geothermal Power Plant, operates on a 25,000-hectare geothermal reservation that spans Bacon, Sorsogon City, and Manito, Albay, in the Bicol region.



EDC-BacMan receives certificate of recognition from DENR-EMB5 for outstanding compliance with environmental laws. Key officers of the agency hand over the award to EDC-BacMan representatives.



GROWING A GREENER FUTURE:

UPLB, CLEANTECH, AND EDC'S BINHI FOR BIODIVERSITY CONSERVATION

A lush arboretum, featuring over 400 native trees, was recently inaugurated in Siniloan, Laguna, thanks to a joint effort by the University of the Philippines Los Baños (UPLB), CleanTech Foundation, Inc., and EDC's BINHI Greening Legacy Program, serving as a living testament to the importance of biodiversity conservation and environmental protection.

UPLB officially inaugurated the UP Sierra Madre Land Grant BINHI Arboretum on September 30 in celebration of the Sierra Madre Day held in Siniloan, Laguna. A joint project among EDC, UPLB and Cleantech Foundation which began signing a memorandum of agreement in 2020. It's a joint project among EDC, UPLB, and CleanTech Foundation, Inc. (CleanTech), which began with signing a memorandum of understanding in 2016.

The UP Sierra Madre Land Grant BINHI Arboretum aims to conserve and promote the diversity of Philippine native tree species. Over 400 native tree seedlings from EDC's BINHI are now thriving and adding to the biodiversity of the arboretum.

The arboretum covers an area two (2) hectares and is located within the Laguna-Quezon Land Grant in Siniloan, Laguna. It features more than 400 native trees with total of 90 species under BINHI priority list. Some of which are endangered or critically endangered. It serves as a living laboratory for the study and conservation of these species and a venue for environmental education and eco-tourism.

The BINHI Greening Legacy Program is EDC's corporate social responsibility project for promoting biodiversity conservation and environmental protection. It has established several other arboreta throughout the Philippines, aiming to conserve and propagate more native tree species to mainstream and delist from the threatened list. EDC partners with organizations through this program to establish and maintain arboreta or botanical gardens that showcase and conserve native tree species.



New NZCA partners. (From Left) Head of Corporate Services of INAEC Aviation Senen C.Torralba, Menarco Development Corporation COO Atty Maria Cristina Samson, the Linden Suites General Manager Ma. Celeste Romualdo, Converge VP and Head of Program Management and Change Integration Bryan King Kay, and Ecolab Director SEA & Country Manager Philippines Sarawoot Lerdmaleewong.

13 NZCA MEMBERS
AS OF DECEMBER 2022

ARTHALAND BUILDING SUSTAINABLE LEGACIES · energy Powering Infinite Possibilities · First Balfour · knowles · Silliman University · Unilever · drink SUSTAINABILITY COMMUNICATIONS · SGV Building a better working world · INAEC AVIATION CORP · CONVERGE ICT SOLUTIONS INC. · ECOLAB · THE LINDEN SUITES · MENARCO DEVELOPMENT CORPORATION

NET ZERO CARBON ALLIANCE AT ONE: EDC RELEASES FRAMEWORK, WELCOMES NEW PARTNERS

To commemorate its first year in operation, the Net Zero Carbon Alliance (NZCA) unveiled a ground-breaking structure that enables its participants to share best practices, increase their capacity for carbon emission reduction and monitoring, and improve their access to green financing.

The NZCA framework involves several steps that partners must take to achieve Net Zero emissions:

1. Commit: Partners must assess their readiness, ability, and commitment to achieving Net Zero emissions.
2. Measure: Partners must quantitatively measure their greenhouse gas emissions and carbon footprint to understand the extent of their emissions and identify how much they need to reduce.
3. Plan: Partners must plan how to avoid and reduce emissions, how to offset emissions that cannot be reduced, and how to remove emissions from the atmosphere.
4. Act: Partners must implement the plans they developed, including reducing, avoiding, or eliminating emissions, as well as offsetting. They must also track their progress in reducing emissions.
5. Track: Partners must track their progress in reducing emissions and ensure they meet their targets.
6. Validate: Partners should preferably undergo third-party validation or assessment to certify that they have complied with their targets and that the emissions have been avoided or reduced.

Dr. Rodel Lasco, an acclaimed scientist with over 40 years of experience and co-recipient of the 2007 Nobel Peace Prize, currently serving as the Executive Director of the Oscar M. Lopez (OML) Center for Climate Change Adaptation and Mitigation, extensively reviewed the framework. The framework also incorporates feedback and suggestions from pioneer partners and third-party experts, including the Intergovernmental Panel for Climate Change (IPCC).

In 2022, six additional partners joined the NZCA: Converge ICT Solutions Inc., Ecolab, INAEC Aviation Corporation, Menarco Development Corporation, SGV & Co., and The Linden Suites. Its pioneer members were Arthaland Corporation, Drink Communications, First Balfour, Knowles Corporation, Silliman University, and Unilever Philippines.

EDC launched NZCA in September 2021. The establishment of the NZCA is EDC's proactive response to its mission of fostering cooperative strategies that enable a sustainable and restorative future. As the first private sector-led initiative in the country that aims to attain net zero carbon emissions among businesses, NZCA aspires to encourage and support Philippine enterprises in taking immediate measures to achieve carbon neutrality by 2050 and contribute to the nation's endeavors to combat climate change.

HUMAN CAPITAL

HARNESSING POWER FROM OUR MOST VALUABLE RESOURCE

EDC's success and drive to deliver clean and sustainable energy solutions would not be possible without its human capital. We therefore invest in the continuous training and development of our employees to empower them to perform their respective roles while cultivating a strong culture of safety, environmental stewardship, and social responsibility. This combination enables them to remain committed to innovation and collaboration, thus driving the company's efforts to always look for opportunities to improve our existing technologies and processes. It is these positive employee experiences that likewise inspire us to pursue our noble mission and what drives us to forge more partnerships with other like-minded organizations .

Activities	Outputs	Value Created	Contribution to the SDGs	Risks
• 1,548 Employees • HR Service Delivery • Employee Engagement • Labor Relations • Vendor Accreditation • Talent Management • HR as strategic business partner • HR Systems, Support and Services enabling • Employee Value Proposition • Continued Shelter-in-Place and Work-from-Home Arrangements • Vaccination Program • Professional Counseling • Repurposing of Employee Benefits • Enhanced Healthcare Program • APCS-CI-Agile Culture* **Accountability, Performance Orientation, Collaboration, and Safety (APCS); Continuous Improvement, (CI) Agile*	• Highly engaged and resilient workforce • Holistic employee development • Increased productivity • Zero grievances and [zero] "unresolved" employee discipline cases. • Zero man hours lost due to industrial dispute • Change management and communication programs • Data-driven decisions • Digitization of HR operations	• Employee Satisfaction and highly engaged workforce • Enhanced employee experience • Industrial harmony • Future-fit organization • Professional talent pool • Seamless execution of HRSS processes • On-time delivery of HR Services		• Optimizing talent development for leadership pipeline • Workforce competency • Internal governance competency • Compliance with Data Privacy Act • Health and safety • Climate change impacts



33 YEARS OF SERVICE

MY JOURNEY WITH EDC IN LEYTE



Samuel Ramirez,
Compliance Officer, EDC Leyte



I am a Compliance Officer for Leyte and have been with the company for almost 33 years. Every morning, before going to work, I start my day by opening my laptop to prepare a list of my priorities for the day. But I always make sure to have breakfast with my wife and kids before heading to the office.

My journey with EDC began in 1991 when I started as a staff clerk and later became a warehouseman. I have always wanted to work for EDC since my college days. When I got married, I immediately applied for a job in the company to support my family's needs.

As a union leader, I always advocate industrial peace and win-win solutions. I treat my colleagues with respect and initiate discussions to resolve misunderstandings. Although I have been through three strikes, I am also aware how much the company relies on its employees.

One of my most unforgettable experiences was being the chairman of the employee alliance at our Bacman site. I learned that if we do not make firm decisions, chaos could ensue in different sites, and we need to coordinate with other site leaders to maintain industrial peace.

Moreover, as a Compliance Officer, I always ensure that I do not receive any notice of violations from the regulatory agencies I handle.

I have also witnessed how EDC addressed management issues over the decades. The company consistently introduces upgrades and new initiatives, and we are currently adapting to the corporate way of governing and management.

Moreover, I see EDC as a company that contributes to the development of the Philippines while also taking care of its employees and everyone we work with. In my career's three decades, I believe no other company can match the care and support that EDC has given me.

Regarding regenerative ideas, it is essential to have initiatives that society accepts. We need to survey what can help the company grow and develop while being accepted by society. Employees are strongly encouraged and empowered to propose initiatives for our company's growth and development. With the CI (continuous improvement) approach, we have the freedom to contribute our ideas that may be technical, and we could help the company in ways that others may not see. Reporting a good catch isn't always bad, as we can download regenerative ideas that could improve our performance and contribute to the company's growth.

As I prepare for another day at work, I reflect on my journey with EDC and feel grateful for the opportunities the company has given me as well as enabling me to provide for the needs of my family. One of the main reasons I work hard every day is to help my children finish their studies. Because of all these, I am committed to doing my best to ensure that the company continues to grow while likewise contributing to the betterment of society.

We harness our proven capabilities as an industry leader to create meaningful and productive partnerships with internal and external stakeholders. These collaborations in turn, have significantly impacted social development and contributed to uplifting the lives of everyone involved. Working with entities ranging from employees to government agencies has also enabled us to extend the reach of our positive influence and solidify our commitment to fostering progress.

Our dedication to progress is reflected in our employment practices and workplace culture. But our focus in bringing out the best in people is not limited to our employees alone. We offer as proof our comprehensive Corporate Social Responsibility (CSR) programs that similarly empower our external stakeholders.

To uphold the highest governance standards in caring for our people, we adopt international best practices and meet global investor expectations concerning sustainability. Our diligence in complying with national and local regulations across all operations and locations effectively ensures that our efforts are always ethical and responsible.

Furthermore, we are committed to enhancing development opportunities for individuals within our areas of influence, respecting human rights, and vehemently opposing forced or compulsory labor. We seek to set exemplary standards for what it means to be a responsible corporate citizen through these measures



Employment and Engagement Strategies

As a testimony to our excellence in employee engagement, EDC was recognized by HR Asia with the "Best Companies to Work for in Asia Award 2022". This was based on HR Asia's Total Engagement Assessment Model (TEAM) which measures a company's performance in three dimensions of employee engagement: CORE, Self, and Group. Exceeding the market average in the said dimensions can be attributed to the exceptional human resource management and employee engagement practices of the company. This also provides additional insights on how our company culture, founded on four fundamental behaviors—accountability, performance excellence, collaboration, and safety (APCS)—fosters sincere familial concern among employees. It is this same culture that empowers them to drive positive change for our customers, communities, and, ultimately, the entire planet.

Since commitment to our people is a central pillar of our success, we implement an enterprise-wide performance management system that includes individual development plans to ensure equal professional growth and development opportunities for all employees. Constructive feedback and regular discussions between employees and their superiors are likewise included in an established system to guide career growth, leading to high employee engagement and satisfaction.

Aside from all these, EDC benchmarks its rates with industry standards to identify the optimal rewards and recognition mix to attract and retain the best talents. This means that we are willing to go beyond minimum wage standards to offer competitive rates to our employees. In order to implement this, the company judiciously allocates budgets for Total Rewards, including compensation and benefits for employees, as well as for promotions and other salary adjustments. HR also budgets for various employee engagement activities, events, and similar initiatives. We also provide retirement benefits to our regular employees and likewise recognize the service milestones of employees through the annual Employee Service Awards program.

In all these, our compensation philosophy remains firmly grounded on the company's and employees' overall performance in formulating and implementing its annual compensation and rewards schemes.

Another strength is that we focus keenly on our HR Service Delivery and Employee Engagement efforts by fostering collaborative relationships through our Empower Council, including members from different functional groups and operating sites. True to its name, the council empowers employees to put forth ideas and even take the lead in initiatives that are aligned with their interests. This again drives a culture of internal accountability, performance orientation, and collaboration . EDC also offers a cadetship program for fresh graduates who are passionate about renewable energy. This is a six-month training course with allowance incentives and culminates in a certification that leads to opportunities for hiring junior engineers.

EMPOWER COUNCILS RECONVENE FACE-TO-FACE

In 2019, the Empower Councils were introduced by EDC as a means of providing its employees with a platform to become more engaged and involved in discussing and resolving work- and employee-related issues and concerns in their respective sites. These councils also enabled employees to volunteer and even lead various engagement activities based on their choice and interests. They complemented EDC's ongoing transformation journey by empowering employees to do and achieve more through collaboration with colleagues and a continuous improvement mindset.

However, the pandemic hit in 2020 and significantly impacted the councils. Face-to-face activities were put on hold, and meetings, discussions, and all engagement activities were restricted to online channels due to health and safety concerns.

Fortunately, EDC's successful vaccination program in 2022 saw more than 90% of its employees being fully vaccinated, with protocols implemented and proving effective in keeping employees safe from infection. With confidence growing from the positive results of these efforts, EDC management deemed it timely to reconvene the Empower Councils in all main locations to begin planning the resumption of face-to-face activities in the company.

The process started with an in-person "Labor and Employee Leaders Assembly" held in Bohol in July 2022, led by the President and joined by the union and informal employee leaders, along with all active members of the Empower Councils. The Deputy COO and HR Head were also present to resolve concerns arising from current and new work arrangements. Participants left the assembly in high spirits and a renewed eagerness to push through with similar face-to-face activities for employee engagement in their respective sites.

As a result, each site's Empower Councils were rejuvenated, and the company brought back two major in-person events last year: the 2022 Service Awards, also known as "EDC Rocks" programs, and the 2022 Christmas Parties. This demonstrated that empowering employees and creating opportunities for collaboration is always a winning formula for employee engagement, showcasing EDC's commitment to empowering its workforce and fostering collaboration to achieve continuous improvement.





Talent Management, Training, and Development

We know very well the importance of employee empowerment in achieving sustainable growth and success. The company thus provides various training and development programs to improve employee performance. These include coaching skills, communication skills, business continuity preparations, risk management, health, environment, and safety. These diverse and inclusive programs are available not only to organic employees but also to partner contractors. EDC also utilizes its Empower Councils to allow employees to participate and hone their problem-solving and decision-making skills on relevant workplace issues. Likewise, the company conducts alternative learning events like the Onboarding program for new employees, Leaders' Assembly, Leaders Talk Series, and Ask HR Anything (AHA), where specialized knowledge and information are shared. allocates budgets for Total Rewards, including

TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT AND GENDER, BY REGION, BY LEVEL

Male | Female

Resignation	61	21
End of Contract	42	9
Retirement	25	0
Death	0	0
Dismissal	0	2

Employment Contract	Bacman	Head Office	Ilocos	Leyte	Mt. Apo	Negros	Grand Total
Extended Workforce	25	78	10	5	5	7	130

2022 TRAINING DATA

Total Training Hours | Average Training Hours Per Employee

	Female	Male	Female	Male
Executive	45.50	341.50	6.50	13.66
Managerial	1,982.75	4,537.50	32.50	32.88
Supervisory	3,268.25	10,698.50	32.04	33.23
Professional/ Technical	7,907.75	14,812.75	34.99	26.69
Rank and File	7.00	1,331.00	1.40	7.19
Grand Total	**13, 211.25**	**31,721.25**	**33.36**	**27.53**

Labor Relations, Diversity, and Equal Opportunity

The Human Resource Management Group is key in nurturing good relations with all thirteen employee unions, representing 536 employee members as of 2022. It keeps everyone well-informed by helping organize regular town hall meetings and dialogues to discuss the company's business state, plans, programs, and priorities, even during the ongoing pandemic. The company then arranges four meetings with its union leaders and representatives within the year to ensure that the unions' perspective on ongoing programs and other management-related initiatives concerns are properly discussed. The Empower Councils in all sites also play a key role in encouraging employee participation in managing and implementing engagement activities. The Empower Council additionally serves as an inclusive venue for collective dialogues because it tackles issues concerning all employees.

EDC's Rank and File (RF) and Professional/ Technical (PT) employee unions concluded their unified collective bargaining agreement (CBA) negotiations for 2022. To celebrate the occasion, the unions planted threatened native tree species across all geothermal field sites to support EDC's 14-year-old BINHI greening program. The BINHI seedlings were planted across EDC's geothermal sites in Leyte, Negros Island, Bicol, and Mount Apo. Ferdinand Geronimo and Julio Sulit, representing the management panel, led the tree planting activity in the EDC Antipolo Nursery.

Management reached agreements with all the unions without any delays or unnecessary interventions. Ma. Elizabeth Nasol, EDC Senior Vice President and Head of the Human Resource Management Group, expressed her gratitude to all the unions for their continuing trust and partnership with management. The company also recognized the unions' inspiring and innovative demonstration of support for EDC and its regenerative efforts.

The successful CBA negotiations were made possible because of the maturity, open-mindedness, thoroughness, and tenacity of the leaders of the management panel, with Noel Tan as Chairman and Luis Gonzales as Vice Chairman for the RF Management Panel and PT Chairman Estanislao Pialago Jr. and PT Vice-Chairman Roderick Flores, with members Jonah Carmen Facturan, Abraham Manansala, Nelson Nanual, Ferdinand Geronimo, Jaime Dumlao, Jose Noel Luna, Julio Sulit IV, Laarni May Aida Naranjilla, Cromwell Ozoa, Romeo Kee, Leonita Sabando.

Aside from its history of maintaining productive partnerships with all of its employee unions, the company is equally dedicated to fostering a work environment that values, respects, and celebrates the uniqueness and individuality of all its employees and stakeholders. It strives to promote gender equality and diversity, reject discrimination, and build a safe, inclusive, peaceful community. To this end, the company has established guidelines on achieving equal career opportunities, providing fair working conditions, and empowering marginalized groups. Furthermore, the company aims to ensure fair treatment of communities, partners, and other stakeholders. These guidelines set the direction for DEI awareness in the organization.

Currently, the Head of HRMG provides overall strategic directions to promote greater diversity, support equality, and reinforce inclusion in the company. A Technical Working Group was established to recommend and implement DEI initiatives in the workplace. The Technical Working Group, the Head of HRMG, and the Integrated People Relations and Policy Management team of HR are responsible for implementing DEI initiatives. Action plans on DEI are in progress for finalization in 2023.



Human Rights and Supplier Assessment

EDC's Human Rights Policy affirms the company's commitment to recognize, respect, and safeguard the human rights of all individuals working for the organization. The company therefore strives to create a secure and inclusive work environment for all of them. To ensure compliance with all of these principles, we conduct human rights training for its staff. It promptly monitors human rights situations in project areas, and minimizes response time to address potential human rights breaches.

The company likewise strongly emphasizes workers' rights in its HR policies, guidelines, and procedures. All personnel are thus expected to comply with the human rights principles stated in EDC's Human Rights Policy. As a result of these efforts, the company has achieved zero incidents and complaints of human rights violations.

To champion employee rights within its supplier network, we engage exclusively with legal contractors who are compliant with labor laws and have not faced any labor or human rights cases. Our contracts demand that independent contractors strictly comply with all pertinent labor, employment, and contracting laws. Moreover, we require our contractors to fulfill all their legal responsibilities to their personnel, including providing compensation, wages and fees, and mandatory benefits related to labor, social security, health, and taxes.

EDC also relies on HR technologies from third-party vendors to enhance access to HR services and information. We have also implemented a rigorous Vendor Accreditation process to ensure that our vendors meet all necessary legal, financial, and other requirements. This process is facilitated by a reputable third-party accreditor, Dunn & Bradstreet, who conducts thorough checks to determine the capability and compliance of our vendors. Our Vendor Accreditation process plays a vital role in mitigating risks associated with vendor partnerships and contributes to the overall success of our business operations.

These technologies have proven helpful to our leadership in making data-driven decisions and providing solutions to our employees. Such initiatives have also allowed the HR department to enforce policies, mitigate inherent risks in compliance with the Data Privacy Act and workforce costs, and have full SLA compliance, on-time service deliveries, and zero data privacy breach incidents.



HSE is *Malasakit*: Workplace Safety and Occupational Health Improvement

EDC considers the health and safety of our workforce, contractors, and community where we operate in as our highest priority, that's why the theme of our HSE culture transformation is "malasakit". We consistently follow our Operational Health and Safety (OHS) management system, which aligns with ISO 45001 requirements. Our new policy further elevates it by focusing on key precepts of care, risk mindfulness, learning and employing highest HSE standards.

Moreover, we launched and maintained the following programs in addition to the business-as-usual activities of compliance management, risk assessment, risk management, and site inspections.

Health, Safety, and Environment (HSE) Regenerative Culture Programs

- Good Catch: standardized observation program to encourage through intervening in the moment when unsafe conditions/acts are observed
- HSE Conversations: senior management listens and engages with workers on HSE matters
- HSE Rewards: incentivizes HSE activities through a points system with electronic cash gifts
- HSE Academy: self-paced online HSE learning platform
- 42KM: bimonthly online event where employees engage on topics related to culture transformation and HSE issues

Safety Risk Management

- Road Transport Safety: in vehicle monitoring system (IVMS) installed for
- on-the-road safety monitoring
- General Setting to Work: new work authorization process for managing occupational safety hazards
- Contractor HSE Management: regular HSE contractors forum Contractors Forum launched to improve HSE performance of partners
- HIRAC Process: sustained participation and consultation with affected workers in the risk assessment

Emergency Management

- Released bulletins on emergency management
- Conducted refresher trainings and seminars on incident command systems and emergency response
- Capacitating communities on responding to public safety incidents



MALASAKIT MATTERS:

REDEFINING HSE CULTURE FOR THE BETTER

We recognized that the drive to prioritize and improve on safety is even clearer and more vigorous than ever. In line with the Regenerative healthy, safety, and environmental (HSE) Culture that the company is pursuing, the team has been very supportive in engaging our people daily to take active participation in the HSE transformation journey. HSE is now being steadily inculcated in the behavior of our people, not just as mere followers of safety programs but each slowly seeing themselves as HSE leaders.

Good Catch is a standardized system established by EDC that aims to capture and manage HSE observations and near misses. This provides a peer to peer level of assurance that work is carried out safely. This system is crucial in identifying systemic issues in HSE management and elevating them to non-conformity and action reports to determine their root causes and implement appropriate action plans. The implementation of Good Catch supports EDC's transformation efforts by enhancing the organization's HSE Malasakit culture.

Through this system, we aim to foster a culture of 1) being aware, 2) acting promptly, and 3) fostering a learning environment to continuously improve our HSE management practices.

In making a Good Catch, employees take note of the SAFE acronym:

S - Scan
- Scan the area for safe and unsafe acts and conditions
- Look out for near misses

A - Act
- Recognize safe acts and conditions right away
- Intervene during unsafe acts and conditions & offer constructive feedback
- Make HSE conversations

F - Follow-up
- Prepare a Good Catch report. For every Good Catch report, an employee earns one HSE point. HSE points can be accumulated to claim a reward.

E - Evaluate
- Observe if safe observations are consistently being implemented or if sage observations continue to appear

Repeat the process

If an employee is working from home, EDC accepts Good Catch reports on work spaces (e.g., ergonomics, electrical hazards) and meetings (i.e., discussion of HSE plans, risks, and learning sessions).

EDC encourages making Good Catches a habit while being mindful of SAFE conditions and the data privacy act when filing the report. EDC believes in a regenerative HSE that helps save lives.

EDC established two awards to recognize exceptional catches made by its employees: the **Better Catches Awards** ceremony and the **Gold Glove Award**.

The **Better Catches Awards** is a monthly recognition program that acknowledges the quality of good catches submitted by EDC employees. It covers four categories: 1) Health, 2) Safety, 3) Environment, and 4) Work from Home.

Meanwhile, the **Gold Glove Award** is a monthly award that recognizes the Top 9 employees with the most number of Good Catches.



403-1, 403-3, 403-4, 403-7

We also take proactive steps to ensure the safety of our employees and contractors by conducting COVID booster uptake. All expenses related to COVID-19 mitigating measures and solutions were part of our operating costs. Communication channels were used to promote booster uptake, including emails, virtual meetings, information, education, and communication (IEC) materials. In addition, contractors were engaged during corporate and site-level contract forum meetings to discuss the importance of updated COVID boosters. Furthermore, clear-cut controls and requirements were cascaded to ensure compliance with COVID protocols. These measures reflect EDC's commitment to prioritizing the health and safety of its employees and stakeholders during the ongoing pandemic. In addition, we also partnered with local government units (LGUs) to conduct vaccination and booster campaigns.

EDC implemented enhanced ventilation assessments to prevent infection and control in all workspaces. We continued to provide medical assistance by hiring a doctor and COVID nurses to bolster COVID-19 management efforts. The company has also continuously updated its COVID protocols, including implementing a COVID risk assessment for resumption of travel and face-to-face activities. As a result of these efforts, the company reported zero severe or critical cases of COVID-19, zero hospitalizations or deaths due to COVID-19 in 2022, and zero occupational-related COVID-19 cases in the same year. We also successfully passed the Stage 2 External Audit conducted by Bureau Veritas on all occupational health (OH) processes and programs in its Head Office, BacMan, and Negros facilities.

EDC has taken significant steps to prioritize emotional well-being and mental health by forging a new partnership with MindNation, an emotional well-being and mental healthcare provider. EDC has expanded all employees' and subsidiaries' access to EWB and mental health services through this partnership. By prioritizing the mental health of its employees, EDC has taken an important step toward creating a safe and supportive workplace culture that fosters employee engagement, productivity, and well-being. This partnership demonstrates EDC's strong commitment to promoting the mental health of its employees and reinforces the company's reputation as a responsible employer that cares about the holistic well-being of its workforce.

We have successfully resumed its business as usual (BAU) operations that were previously sidelined due to the pandemic. In line with this, we conducted food safety training for all members of the OH team to ensure that the highest hygiene and safety standards are upheld. Additionally, EDC also administered flu vaccinations to its employees to protect them from flu-related illnesses. The company also implemented measures to promote workplace ergonomics, including regular ergonomics measurements and alcohol breath testing. Random drug tests were also conducted at least once by every site to ensure that employees were free from any substance abuse that could endanger their safety and that of their colleagues.

As a result of these initiatives, EDC has recorded a decrease in food safety incidents, thanks to the company's list of food-safe-certified food caterers for company-sponsored events. The continuous improvements in promoting ergonomics in the workplace have also helped prevent workplace injuries and reduce the risk of musculoskeletal disorders. These efforts reflect our commitment to promoting the health and safety of its employees and reinforcing its reputation as a responsible employer that cares about the well-being of its workforce.



To ensure consistent implementation of our policy, our Head Office Health and Safety Team translates it into health and safety strategies, programs, and standards that are followed across all EDC facilities. We also comply with international labor and occupational health and safety (OHS) guidelines and standards.

Our partner contractors also have a shared responsibility for health and safety. They are required to have their own OHS management plan that aligns with EDC's standards and programs. We conduct fleet-wide safety training for employees and contractors, and our third-party agreements mandate compliance with the Independent Contractor Health, Safety, and Environment Requirement.

We continuously seek ways to enhance our safety performance and measure the effectiveness of our integrated management system. We practice incident reporting and record management throughout our facilities to establish peer-to-peer assurance and collect, maintain, and monitor all necessary health and safety performance data. We conduct regular assessments and internal and external audits to ensure we meet our goals and effectively manage OHS workplace risks. As we continually improve, we strive to look for ways in increasing our capacity to work safely. While we continue to monitor TRIR as part of regulatory requirements, we are also starting to shift our metrics to better understand the mechanism at which incidents with high potential of resulting in disabling injuries or fatality may occur in EDC. We are also involving the workforce (including contractors) more in refining standards and programs as we recognize that they are the experts in their work. We continue to become a learning organization as we uncover and address systemic and organizational issues, instead of focusing on who is at fault.

NUMBER OF INCIDENTS [COMPANY/CONTRACTORS]

Type of Incidents	2020	2021	2022
Fatality	0	0	0
Days Away from Work Cases	5	6	2
Restricted Work Activity Cases	2	3	2
Medical Treatment Cases	3	12	13
Total Recordable Incidents	**10**	**21**	**17**
Cumulative Workhours	**14,842,885**	**20,615,796**	**20,847,637**
Total Recordable Incident Rate (TRIR)	**0.1371**	**0.2037**	**0.1631**



403-2, 403-5, 403-8, 403-9, 403-10

EDC SWEEPS 8 AWARDS AT THE 19TH PHILIPPINE QUILL AWARDS

EDC made waves in both the business and renewable energy sectors with victories at the 19th Philippine Quill Awards. The Philippine Quill Awards organized by the International Association of Business Communicators (IABC)-Philippines is one of the country's most prestigious award-giving bodies in the field of business communication.

We received eight awards, including the Company of the Year 4th runner-up. Projects that promote a regenerative mindset, such as "EDC and G Diaries: Changing the World 2gether," "EDC Races for a Regenerative Future," and "EDC@45: Forging Regenerative Partnerships with Positive Impact," received recognition. Additionally, EDC's Biodiversity Conservation and Monitoring Program (BCMP) won an award for excellence.

We also took home three Quill Awards of Merit under the Communication Management category, for its "Powering the Flight of the Philippine Eagle" entry. For the employee engagement category, its "EDC 45: Forging Regenerative Partnership with Positive Impact" was recognized once again.

"We believe that the way we communicate is just as important as the implementation and positive impact of our various corporate social responsibility programs, sustainability initiatives and stakeholder relations efforts," said EDC Assistant Vice President and Corporate Relations and Communications head Atty. Allan Barcena. "We proudly share these awards and recognitions with our partner organizations, communities, and the people who have made our work successful and those who continuously help us attain our mission of forging collaborative pathways for a decarbonized and regenerative future."









EDC RECOGNIZED FOR SUSTAINABILITY AND SAFETY EFFORTS AMIDST PANDEMIC

In the 16th Energy, Safety, Health, and Environment Conference of the Safety and Health Association of the Philippine Energy Sector (SHAPES) in partnership with the Department of Energy, our sites and safety officers were recognized for their exceptional performance in workplace health and safety. EDC bagged titanium, and gold awards for 43 million and 1 million man-hours without lost time accident (LTA), respectively.

EDC has also proactively ensured its employees' and contractors' safety and well-being amidst the ongoing COVID-19 pandemic. Its 100% renewable energy facilities have complied with the government's minimum health standards. EDC even invited representatives from the Department of Labor and Employment (DOLE) representatives to inspect its facilities and showcase its health and safety protocols. EDC's Occupational Health team and COVID-19 officers demonstrated their thorough screening process, education campaign, and COVID-19 case management procedures.

EDC's dedication to occupational safety and health was also recognized at the DOLE's 12th Gawad Kaligtasan at Kalusugan (GKK) National Awarding Ceremonies. The company's 108-megawatt Mount Apo Geothermal Project (MAGP) received the silver award for the industry category. The award recognized EDC's outstanding contributions, exemplary implementation, compliance, and promotion of its occupational safety and health programs. Individual recognitions were also given to MAGP's Arnel Gamao (Production Engineer) and Jessel Pagsuguiron (Health & Safety Officer). They received a National Silver Award for their continued partnership and significant accomplishments.

EDC's commitment to excellence goes beyond safety and communication. The company has been recognized for its environmental efforts, such as the Gawad Tugas award for the Clean Air and Water-Power Plant Category from the Department of Environment and Natural Resources (DENR) received by its Negros geothermal facility. EDC's Baslay Coffee Project for the Baslay Farmers' Association in Negros Oriental was also awarded the Grand Anvil Award from the Public Relations Society of the Philippines and the Best CSR Award for Enterprise Development from the League of Corporate Foundations' CSR Guild Awards.

EDC's leadership in the geothermal industry and commitment to sustainability have not gone unnoticed. As the company continues to pave the way for a decarbonized and regenerative future, it will undoubtedly receive further recognition for its efforts.

2022 SHAPES Outstanding Safety and Health Professional	2022 SHAPES Corporate Safety and Health Excellence Award
• Arvin I. Suguitan - Titanium • Joselito O. Hatoc (EDC) - Titanium • Joselito O. Hatoc (BGI) - Titanium • Daimel Conan L. Mayor - Titanium • Mateo C. Uribe Jr. - Gold	• EDC Burgos Wind Power Corporation - Titanium • Bacman Geothermal Inc. - Titanium • Bacon Manito Geothermal Project - Titanium • Green Core Geothermal, Inc. Tongonan 1 Geothermal Power Plant - Titanium • Upper Mahiao Facility - Gold

EDC's leadership in the geothermal industry and commitment to sustainability have not gone unnoticed. As the company continues to pave the way for a decarbonized and regenerative future, it will undoubtedly receive further recognition for its efforts.



SOCIAL AND RELATIONSHIP CAPITAL

CREATING RIPPLES OF CHANGE

EDC upholds its strong social and relationship capital by fostering proactive community engagement. This is essential in our operations, as maintaining good relationships with local communities and stakeholders is crucial to our inclusive and overall success. Through partnerships with local government units, non-governmental organizations, and community groups, we implemented various sustainable development projects such as livelihood programs, education and scholarship opportunities, health and sanitation programs, and environmental conservation efforts. Our transparent and responsive communication channels with stakeholders strengthen our social and relationship capital, contributing to our long-term sustainability and growth.

Activities	Outputs	Value Created	Contribution to the SDGs	Risks
• Networking and partnership-building for CSR advocacy and programs • Strengthening of the shared value framework into the business model • Strategic stakeholder engagement • Scholarships, mentorship, and job placement support • Livelihood and social enterprise development	• Effective implementation of programs • No business interruptions from stakeholder grievances • Swift release of permits and social endorsements • Accurate dissemination of positive information about the Company	• Self-reliant communities • Good relationship with stakeholders • Business continuity • Improved social license to operate • Improved quality of life in the host communities • Improved management of geothermal reservations		• Historical oppositors • Climate change impacts





THE JOY OF GIVING BACK:

MAKING A DIFFERENCE WITH EDC

Damsel Fruto, *Partnerships Officer, EDC Head Office*

It's been 11 years since I joined EDC, and my journey here has been nothing short of incredible. I started as an Administrative Assistant for EDC's Watershed Management team. Although my background was in Agricultural Economics, my additional knowledge of watershed and forestry came in handy. From 2012 to 2015, I worked on the technical side of Watershed Management, and from 2015 to 2016, I became an officer for watershed management.

Finally, in 2017, I was transferred to CSR as the CSR education lead. My potential as an extrovert in the community was recognized. It felt like things naturally fell into place. Currently, I oversee the governance and implementation of CSR initiatives at our sites and was part of the rebranding from EDC Careers to SIKAT.

EDC has undergone many changes over the years, including going paperless and becoming fully digital. However, as a CSR worker, it has been challenging to implement these changes in communities, especially in remote areas. When the pandemic hit, we were finally allowed to work from home, something that had been proposed for a long time due to traffic. WFH proposals had been rejected before, but the pandemic made it possible, and EDC was accommodating. Fieldwork still depends on partnerships and events, and I recently went to Mindanao for work.

One of my most memorable experiences with EDC was when we gathered our scholars for a solidarity-building activity. It all started with 40 UP students, and we later accepted local colleges and universities. In 2018, we decided to gather all the scholars for the first time, and it was in Negros. A hundred of them attended; it was their first time riding an airplane and being catered to. Witnessing their joy and fulfillment made our work all the more worthwhile.

EDC is a company that values its employees' well-being, and they prioritize it above all else. They collaborate with us to suggest improvements, and the EMPOWER Council is always available to provide support. EDC ensures that its operations are sustainable and environmentally friendly, and they go beyond compliance. This is evident in our CSR programs, such as BINHI, where we plant native trees and increase the biodiversity of the area of operations. We also provide educational programs for mentoring and livelihood support to empower individuals to help their families and communities. EDC's mission is not just about profit but also about improving the lives of those around us.

As a responsible corporate citizen, we understand the significance of its business operations' direct and indirect impacts on host and neighboring communities. Thus, we adhere to a Corporate Social Responsibility (CSR) Policy that aims to maximize the positive effects on these communities.

EDC believes in catalyzing host communities towards positive and productive action. Our strategic CSR programs aim to empower stakeholders and partner communities to become proactive and self-reliant agents of their development. The Company follows local CSR regulations, international standards, and best practices in community engagement in implementing its social development initiatives.

To ensure the effectiveness of our projects, we monitor and measure impacts based on project objectives, quantitative targets, and cost-benefit analyses.

EDC's strategic CSR framework for social responsibility supports business growth and profitability, the protection and sustainability of the environment and natural resources, and the long-term improvement of all host communities' quality of life. Using the shared value framework, the company generates business and societal value for the community and stakeholders. This approach promotes sustainability initiatives by encouraging shared economic investments.

The highest level of the organization, the board of directors, has a CSR Committee composed of at least three board members. This committee provides leadership and oversees the management of strategic CSR programs, enabling the Company to deliver effective CSR initiatives that contribute significantly to its triple bottom line.

Moreover, the Corporate Social Responsibility Head Office provides strategic direction and technical assistance in implementing EDC's CSR portfolio. With robust CSR programs in place, we aim to help build a more sustainable and equitable future.

PHP 143 MILLION

TOTAL 2022 CSR INITIATIVES VALUE

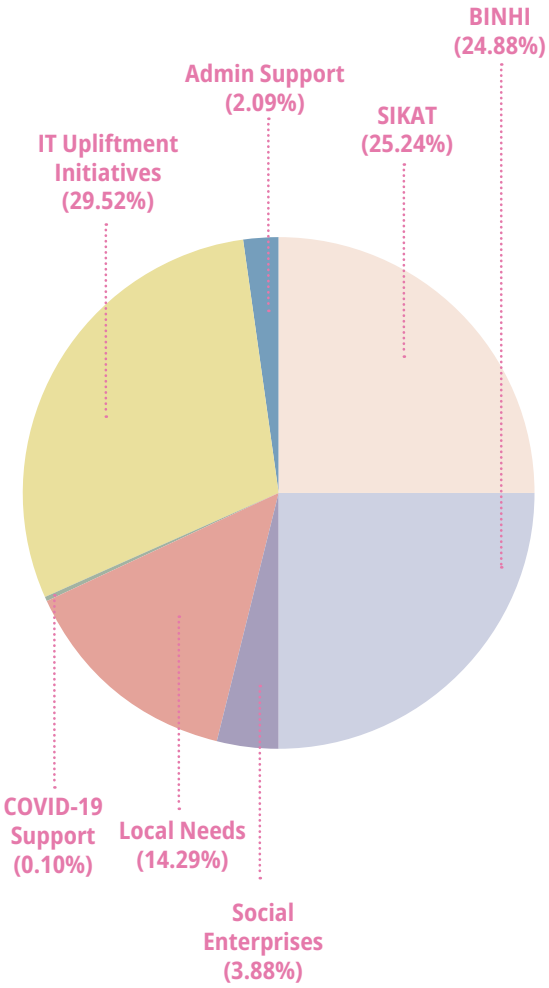


EDC CSR INVESTMENTS FOR 2022

Energy Development Corporation (EDC) remains committed to forging the green energy path, which is reflected not just in its business operations, but also in its comprehensive corporate social responsibility (CSR) portfolio. Consistent with its identity as the leading 100% renewable energy provider, EDC takes its mission to go beyond sustainability by investing in programs that enhance the environment, elevate its partner communities, and advocate regenerative development.

In 2022, EDC invested a total of Php 126.9 million for its CSR initiatives across the project sites. EDC's banner CSR programs focus on education, environment, and social enterprise development. The Company also supported projects that address emerging development challenges and respond to local needs of the communities and stakeholders at the site level. These include initiatives geared towards uplifting the welfare and promoting the culture of indigenous peoples (IP) communities in Mt. Apo; continuing support to stakeholders to combat the COVID-19 pandemic; disaster response & relief operations; resource mobilization initiatives; community relations initiatives in Burgos, Ilocos Norte; Mobile water filtration project in Leyte; and the Palayan Bayan regenerative project initiatives, among others.

Program	Project/Activities/Initiatives	2022 budget (PHP)[1]
SIKAT (Education)	College scholarship grants; monitoring & mentoring; scholars engagement initiatives; support to basic education; technical-vocational scholarships through Keitech Educational Foundation; employment placement assistance; support for SIKAT Alumni Association	32,042,194
BINHI (Environment)	Forest restoration; advocacy and partnerships on mainstreaming Philippine native trees through ex-situ and in-situ conservation; Biodiversity Conservation & Monitoring Program; Flagship Species Initiative; forest protection within EDC-managed geothermal reservations; Forest Carbon Project	31,589,748
Social Enterprises	Livelihood projects; long-term social enterprises; IEC initiatives; marketing assistance and other capacity support for EDC-supported local community organizations	4,930,794
Local Needs	Other external assistance and sponsorships; disaster response & relief operations; resource mobilization initiatives; community relations initiatives in Burgos, Ilocos Norte; Mobile water filtration project in Leyte; Palayan Bayan regen project initiatives	18,137,692
COVID-19 Support	Negros assistance to LGU vehicle utilization	124,722
IP Upliftment Initiatives	Local scholarships and livelihood for IP communities in Mt. Apo; support for Mt. Apo Foundation; royalties for MADADMA; other assistance for IP communities	37,485,475
Admin Support	Communications; corporate giveaways; reports; and other administrative expenses	2,658,856
Total CSR Investments		**PHP 126,969,481[2]**



[1] *Figures quoted are net of taxes.*
[2] *includes FG Hydro CSR investment*

EMPOWERING MINDS, BUILDING COMMUNITIES:

EDC'S COMMITMENT TO EDUCATION

In 2022, EDC demonstrated its unwavering commitment to education and community empowerment through its various corporate social responsibility initiatives. With a total investment of PHP 143 million, EDC focused on enhancing the welfare of its host communities and promoting environmental conservation.

Aligning with the Philippine government's vision for a better future, EDC's SIKAT Program provided financial assistance and mentoring support to 499 scholars across its project sites. The program emphasized holistic support for marginalized but deserving youth, covering scholarship grants, scholars' engagement initiatives, and career placement assistance after graduation.

SIKAT Scholarship and Mentoring Support

EDC's belief in the power of education in breaking generational poverty and raising future change-makers drove the Company's commitment to supporting scholars across its project sites. In the academic year 2022-2023, EDC provided financial assistance and mentoring support to 120 scholars across the Philippines, including the University of the Philippines and other local universities and colleges.

The scholarship grants also included provisions for laptops and monthly internet allowances to support distance learning. EDC employees raised funds and donations through the Adopt-a-Scholar Program to support ten of the 120 SIKAT scholars.

We also aimed to develop its scholars into a workforce-ready community by organizing job preparedness webinars and extending job placement assistance for its graduates. The partnership with ASSIST resulted in the development of an online platform that empowers participants to acquire professional in-demand skills training and connects them directly to recruiters of various organizations or corporations.

At the core of the SIKAT Program is its goal to engage and empower its scholars. The program encourages its scholars to be academically excellent, passionate, values-driven, and advocates of regenerative development. The program also emphasizes the importance of environmental sustainability through the participation of scholars in batch environmental projects.

Scholars within the same batch conceptualized, developed, and implemented projects to promote environmental sustainability and long-term solutions to environmental issues in their respective campuses and communities. EDC's various groups provided inputs to improve project designs and offer guidance during project implementation.

Aside from the batch projects, scholars are encouraged to implement individual environmental projects. These projects can include environmental advocacy campaigns, community engagement, volunteerism projects, and action research to identify practical solutions to environmental issues in their localities.

The SIKAT scholars gathered for their yearly solidarity-building and enrichment workshop with the collaboration of EDC, its holding Company First Philippine Holdings (FPH), and Communities Organized for Resource Allocation (CORA). The workshop's theme was "Environmental Leadership: The Pathway to Regenerative Thinking," intending to develop the scholars' leadership skills and transform them into environmental advocates. The hybrid event allowed the scholars to meet and strengthen their camaraderie.



SIKAT PROGRAM'S FIRST SUMMA CUM LAUDE GRADUATE:

RENELYN UDTOHAN'S PATH TO A BRIGHTER FUTURE

SIKAT scholar Renelyn Udtohan is a living testament that education is a powerful tool in breaking the cycle of poverty. Despite financial hardships, Udtohan graduated with honors, earning the title summa cum laude in her Bachelor of Science in Mathematics course at the prestigious Negros Oriental State University (NORSU) in the province. She also received the highest graduation honors in the history of the SIKAT scholarship program.

In 2022, SIKAT produced 43 graduates, including Udtohan, the first summa cum laude of the program, along with two magna cum laude graduates from Sorsogon State University and UP-Visayas, and 16 cum laude graduates. Additionally, the program awarded scholarships to 15 graduates from various groups of indigenous peoples (IP) in Mindanao.

SIKAT has provided scholarships to 256 scholars and produced 133 graduates, with 75% of them now employed in the private sector.

To continue her SIKAT success story, Udtohan enrolled in the Master of Science in Mathematics program at the University of San Carlos in Cebu through a scholarship grant from the Department of Science and Technology (DOST).

Udtohan recognizes the invaluable help that SIKAT has provided her since high school and delivered this message for the 2022 SIKAT graduates:

"We were able to become individuals we could never have imagined before. As we move forward, remember to pay it forward. Let us continue to serve our community and be a source of hope for the next generation."



SIKAT continued its monthly webinar series, SIKATalks, last year, providing a platform for coaching, mentoring, and sharing valuable life lessons, inspirational stories, and special topics by EDC employees and SIKAT graduates. The webinars aimed to contribute to the holistic development of current scholars, with an average attendance of 50 to 60 scholars and around 150 online viewers per session.

Additionally, we launched several fundraising campaigns for its SIKAT Program. In April 2022, in partnership with VirtualRacePH, we organized its second virtual race called "Race for a Regenerative Future 2." The event featured run and ride challenges with various distance targets. Sponsored by partners such as Pocari Sweat, Razza Consulting, EVC Consulting and Engineering Services, Papsy's Bikes and Brews, and CleanTech Global Renewables, Inc., the event garnered the participation of 418 racers nationwide, generating and donating net proceeds amounting to PHP 258,900 to the SIKAT program. In December 2022, we launched the Basket of Love project for its SIKAT scholars. Employees donated Gratitude Stars for their chosen colleagues, and SIKAT alums also participated in the donation drive. The campaign raised a total of PHP 70,600, which enabled the program to purchase Christmas gift baskets for the families of its scholars.

BURGOS WIND RUSH CHALLENGE:

EMPOWERING EDUCATION THROUGH FUN AND FITNESS

EDC's Burgos Wind Power Project celebrated its 8th anniversary with the Wind Rush Challenge, a fun run that raised money for the Adopt-A-School program of the local government unit (LGU) of Burgos, Ilocos Norte. The event featured 3-kilometer and 8-kilometer courses at the country's largest combined wind and solar farm, which covers a 680-hectare site across three barangays in Ilocos Norte.

Over 200 participants joined the fun run, including EDC employees, partner contractors from First Balfour and Vestas, representatives from Barangay Poblacion, Burgos LGU, Provincial Education Development Office, Department of Education Division (DepEd) of Ilocos Norte, North Luzon Renewable Energy Company (NLREC), Bureau of Fire Protection (BFP) Burgos, Philippine National Police (PNP) Burgos, and the Provincial Environment and Natural Resources Office (PENRO). Vice-Governor Cecilia Araneta-Marcos, Municipal Mayor Crescente N. Garcia, Sangguniang Bayan members Russel Jenald N. Garcia, Ma. Kathrina Saguiguit-Fulgar, Raponsel G. Jimenez, Punong Barangay Jogie B. Jimenez, and other representatives from EDC's partner LGUs also attended.

The event raised PHP 32,000 from the registration fees, which EDC turned over to Burgos Mayor Crescente Garcia and Sangguniang Bayan Committee on Education Head Ma. Kathrina Saguiguit-Fulgar. The Burgos wind farm generates about 370 GWh of electricity annually, powers more than two million households in the Philippines, and offsets approximately 200,000t of CO_2 emissions annually. The event allowed EDC to give back to the community and celebrate its successful project while promoting renewable energy in the country.



EDC Burgos Corporate Relations Head Deborah Sabarre-Melchor and EDC Burgos Facility Head Engr. Andy Durog present certificates of participation to fun run finishers.

KEITECH: 14 YEARS OF VALUES-BASED TECH-VOC EDUCATION

Nestled in Kananga, Leyte, the Keitech Educational Foundation, Inc. (Keitech) stands as a beacon of hope for underprivileged but talented students, providing technical-vocational training and full scholarships, and assisting them with employment opportunities. It was established as a partnership between the Technical Education and Skills Development Authority (TESDA) and EDC, with a goal to empower the marginalized youth in the region with locally and globally in-demand skills to address Leyte's poverty incidence and unemployment rates. Keitech has shaped the future of unemployed youth and set a new standard for public-private partnerships. The institute has produced 1,276 graduates in construction, metal and engineering, and tourism services since its inception in 2009. Keitech incorporates life skills and values formation into the training curriculum to cultivate professionalism and a positive work attitude among the trainees. Keitech was recognized as a model technical training institution in the Eastern Visayas Region, with a 100% passing rate in all TESDA certification exams.

For the academic year 2021-2022, Keitech Foundation completed the training program for 203 scholars under community-based training—173 came from the Typhoon Odette-hit areas in Southern Leyte. The rest were indigent youth from Kananga and Ormoc City. Eighteen of the graduate trainees completed Electrical Installation and Maintenance NC II and Shielded Metal Arc and Welding NC II as part of the regular training program supported by its long-time partner, the Philippine Associated Smelting and Refining Corporation ("PASAR") Foundation, Inc. Additionally, EDC partnered with TESDA Sorsogon, First Balfour, the City Government of Sorsogon, and Keitech to provide technical-vocational training through the Community-Based Technical Skills Training Program. In 2021, 116 trainees finished their technical-vocational training and received certificates of completion, and First Balfour hired 41.

Keitech's emphasis on high-quality technical-vocational education has created a pool of highly employable graduates with a signature values formation module that sets them apart from other tech-voc trainees. Keitech proactively partners with reputable industry partners to provide suitable environments for the on-the-job component of its training program, with the possibility of absorbing trainees as employees upon graduation. Despite the challenges brought about by the COVID-19 pandemic on the construction, engineering, and tourism sectors, Keitech's alums' employment rate has remained high at 91.08%.

For these efforts, Keitech was recognized by the 12th Asia Responsible Enterprise Awards (AREA) under the Investment in People category, and the Technical Education and Skills Development Authority (TESDA) 2022 National Kabalikat Award for its outstanding partnership in enhancing technical vocational education and training (TVET) in the country. These prestigious awards reflect Keitech's unwavering commitment to providing high-quality education and employment opportunities to the underprivileged youth in the region, transforming their lives and helping them secure a brighter future.



EDC'S COMMUNITY-BASED TRAINING:

EMPOWERING LIVES THROUGH SKILLS DEVELOPMENT



EDC Palayan Binary team and partner organizations posed with the community-based skills training graduates who are now fully employed at EDC's construction project sites.

Aaron James Lasala, a former merchandiser, lost his job during the COVID-19 pandemic like many others. However, his hope was renewed when he learned about a community-based skills training program initiated by First Gen-led Energy Development Corporation (EDC), which also offered promising employment prospects. Lasala shared how this opportunity from EDC's Palayan Binary Project Team in Bacman (Bacon-Manito) changed his life.

The program, which lasted three months, offered courses on electrical installation and maintenance, shielded metal arc welding, scaffolding, and masonry, following the Keitech Education Foundation's (Keitech) technical-vocational curriculum. Keitech prides itself on maintaining a consistent 100% passing rate in Technical Education and Skills Development Authority's (TESDA) national certification courses.

EDC's partners, such as First Balfour Inc, TESDA Albay and Sorsogon, the local government units of Manito and Sorsogon City, and the Department of Education (DepEd) Sorsogon City, made the skills training program possible.

Lasala and over a hundred other trainees who graduated from the program over a year ago are now fully employed in construction projects under First Balfour and other contractors working for the Palayan Binary Project on the Bacman Geothermal Project site. These first-year results indicate that EDC is on its way to achieving the same success that it had in Keitech Leyte through its community-based skills training in Bacman.

In a short program held to celebrate the first anniversary of the community-based skills training, the Palayan Binary team expressed gratitude for achieving high employability rates among the graduates and for being an instrument of change in the trainees' lives. Palayan Binary Project Manager Anthony Witkowsky said in his speech during the awarding that the team organized a face-to-face event to "celebrate the milestones and small wins the training graduates have attained a year after we initiated the training. It's good to hear the inspiring stories and experiences of the trainees for being part of the program and working under EDC Projects."

During the awarding, Lasala was recognized several times for exercising safety leadership and received three safety-related awards at work, including the Safety Champion Award granted by the EDC Palayan Binary team. Monette Escober also proudly shared her success story, from being jobless to a breadwinner. "I had no stable job before joining the training. After the three-month course, I am fortunate to get a good-paying job that can now provide for my family's needs," Escober stated. She continuously strives for improvement and attends various training to develop new skills. Escober is now a certified Competent Person (CP), the first one from the group to achieve such certification. Escober was also recognized for being the Achiever of the Year for having a consistently outstanding performance at work.

Other special awards were also given to Sharmaine Arena, Jon-Jon Lasala, and Jayvit Jesalva for Most Committed Employee, Leadership Excellence, and Everyday Hero Award, respectively. Representatives from EDC's partner organizations also witnessed the awarding and sharing of testimonials of the trainees, including Engr. Gilda Ranido, TESDA Sorsogon Provincial Director, First Balfour Project HR Head Sarah Ondangan, Engr. Christian Bongalos, EDC Project Execution Management Head and Project Manager of Palayan Binary FCRS Package, and Palayan Binary Team Neil Racho (Construction Manager), Sherwyn Pasamba (Safety Manager), and Tiffany Trasmer.

EDC ROLLS OUT "SCHOOL ON WHEELS" TO AID DISTANCE LEARNING IN REMOTE AREAS OF THE PHILIPPINES

As the country's far-flung areas continue to face persistent challenges in quality educational support and reliable internet coverage, EDC has taken a bold step to help students who are struggling with distance learning in the fast-paced digital age.

EDC donated a mobile school worth PHP 1.9 million to Ilocos Norte. The "School on Wheels" is equipped with laptops, printers, and internet connection and will reach out to students in remote areas of Nueva Era, Carasi, and Vintar, where internet connectivity is weak. The initiative aims to help students under the current distance learning program of the Department of Education.

The mobile school will be the first in the province, and the Schools Division of Ilocos Norte is preparing its schedule. Senior education program specialist and acting information officer Valerie Talamayan said the mobile school would be rolled out in hard-to-reach areas to support students struggling with online classes.

Deborah Melchor, EDC's Corporate Relations Head in Ilocos Norte, said the Company is proud to help Ilocos Norte learners realize their dreams through mobile learning. She also noted that this initiative supports the Provincial Government of Ilocos Norte and the Department of Education's objective of bringing the school to remote areas.

The "School on Wheels" project is part of the Company's corporate social responsibility efforts, which aim to support education, environment, and livelihood in the communities where they operate. EDC owns a 680-hectare wind farm in Burgos town, Ilocos Norte, which generates approximately 370 GWh of electricity a year, powering more than two million households in the Philippines and offsetting approximately 200,000t of CO_2 emissions annually.



School on Wheels brings laptops, printers, and internet to hard-to-reach areas in Ilocos Norte, ensuring quality education for all.

A NEW PATH TO SELF-RELIANCE:

BREWING SELF-RELIANCE FOR COMMUNITIES

Our unwavering commitment to empowering communities through self-reliance initiatives have been a major driver of success for the BINHI Program, with a significant number of farmers' associations transitioning into people's organizations and local cooperatives. As a result, around PHP 15 million in net revenues from livelihood projects and community contracts were generated by EDC-supported community organizations in 2022. EDC is backing four long-term social enterprise projects and roughly 15 short-term livelihood projects that collectively benefit 2,000 households within the project sites.

In Leyte, we are working alongside the Tongonan Farmers' Association (TOFA) to develop a thriving coffee and cacao enterprise. The Coffee & Cacao Project is the product of a partnership MOA signed by EDC, the Department of Science and Technology Region VIII, the Barangay of Tongonan, the City Government of Ormoc, and the Tongonan Farmers' Association in 2021. Last year, the farmers participated in a series of training sessions and focused on farm maintenance and post-harvest processing to enhance their skills and knowledge.

In partnership with Forest Foundation Philippines, we approved a grant project for the Alliance of Bacman Farmers Association Incorporated Agriculture Cooperative (ALBAFAI) in the Manito Mangrove Conservation and Ecotourism Project-Phase I. The project aims to develop a community-managed ecotourism enterprise within a 190-hectare mangrove forest in Albay. This project is expected to generate income for ALBAFAI's 318 member-households from tourism receipts, create employment opportunities, and incentivize the community to continue protecting the mangrove forest. To achieve this, ALBAFAI will develop a mangrove forest protection plan and conduct forest protection activities to protect the forest from key threats such as timber poaching and charcoal-making. Last year, we assisted ALBAFAI in developing finance manuals and templates to strengthen its financial management system. This will be crucial as the organization matures and pursues its ecotourism enterprise and other livelihood projects.

In Mt. Apo, EDC and Coffee for Peace, Inc. are capacitating local coffee farmers in the Sukkudanan Coffee Project, which aims to enrich the existing 40 hectares of coffee plantations in the ancestral domain of the Manobo Apao Descendant of Ancestral Domains of Mount Apo (MADADMA). The Apo's Brew coffee brand was also launched with a new coffee processing facility during the Alay sa Kalikasan event, attended by various stakeholders such as the MADADMA Council of Elders and representatives from local government offices.

EDC is also supporting other social enterprises, such as the Handicraft Scaling-Up Project with the Balili-Cambucad-Tubigon-Malabo Farmers Association in Negros Oriental, Cacao Production for Mt. Talinis Dark Chocolate with the Mt. Talinis Cacao Farmers Association in the same province, and Kamias Prunes Production with local community organizations in Burgos, Ilocos Norte.

EDC SOCIAL ENTERPRISE 2022 HIGHLIGHTS

318
ALBAFAI MEMBER-HOUSEHOLDS TO BENEFIT FROM APPROVED GRANT PROJECT

PHP 15 MILLION
IN NET REVENUES FROM EDC-SUPPORTED COMMUNITY ORGANIZATIONS

15
SHORT-TERM LIVELIHOOD PROJECTS ONGOING, 9 TURNED OVER TO THE COMMUNITY ORGANIZATIONS

2,000
HOUSEHOLDS BENEFITED FROM THE 4 LONG-TERM SOCIAL ENTERPRISE PROJECTS



Weathering the Storm: Nationwide Resiliency Building for Disaster Preparedness

In Ilocos Norte, we partnered with the Municipal Disaster Risk Reduction and Management Office to hold the third Municipal Rescue Olympics. The event aimed to enhance the capabilities of rescue volunteers to respond more effectively to disasters and emergencies. Volunteers from Emergency Rescue Teams from the 11 barangays of Burgos, the EDC Burgos, and the Vintar Rescue Teams demonstrated their skills in different scenarios, such as victim extrication in a vehicular accident, search and rescue in a collapsed building and high-angle victim rescue.

EDC also repaired and restored ten ferro-cement rainwater harvesting tanks constructed in public schools in Burgos, Ilocos Norte, in preparation for the rainy season. These low-cost technology solutions, built by the Company in 2017 and 2018, can store up to 4,000 liters of water and help address the problem of water scarcity in the area.

Meanwhile, EDC's nationwide initiative to boost emergency preparedness and disaster response kicked off with a three-day training exercise in Sorsogon. EDC partnered with the city government to provide all-hazards community emergency response and austere environment rescue training to barangay health emergency response team members and representatives from the Sorsogon Provincial and City Disaster Risk Reduction and Management Office and the Bureau of Fire Protection. The move is part of the Company's corporate social responsibility program to promote public awareness of calamities and forge collaborative pathways for a decarbonized and regenerative future.

EDC's safety and emergency management department, led by Dr. Ted Esguerra, Simforiano Rivera, and Gerard Natividad, trained the attendees on providing community-based emergency preparedness and humanitarian action services. The importance of disaster preparedness and emergency response efforts was underscored by Gina Pascual, EDC vice president and head of corporate support functions. She mentioned how such efforts are important in raising public awareness of calamities.

The trainees were familiarized with the components of the emergency medical services system and taught how to perform primary and secondary assessments, basic trauma life support, and cardiopulmonary resuscitation with an automated external defibrillator. Esguerra and his team also taught austere medical practices for trauma emergencies and surface water rescue techniques.

In addition to the training exercise, we signed a memorandum of agreement with the CDRRMO for the installation of the latter's very high-frequency repeater system at the EDC radio tower facility. The installation will improve radio communication within the 64 barangays of Sorsogon City as part of the CDRRMO's DRRM plan. Mayor Ester Hamor of Sorsogon City thanked EDC for this partnership that ensures the safety of their constituents.





Honoring Heritage, Building Futures: EDC's Indigenous Community Education and Preservation Efforts

EDC dedicates itself to the Indigenous People (IP) communities as its key stakeholders and endeavors to assist them in enhancing their well-being and preserving their cultural legacy.

The Mt. Apo Foundation, Inc. (MAFI) has been providing academic scholarship grants to deserving youth in Mindanao for almost three decades, with the support of EDC. MAFI's Educational Development Program (EDP) offers scholarships to poor but deserving Senior High School and college students from indigenous communities and non-IP upland dwellers. MAFI maintained 22 scholars for the academic year 2021-2022, and 13 out of 14 of its examinees passed their respective licensure examinations in education, criminology, and fire protection. The foundation also supports strengthening its scholars, alumni, and parent organizations.

We also unveiled the School of Indigenous Knowledge (SIK) building in Brgy. Bongolanon in the Municipality of Magpet, Cotabato, as part of the Cultural Heritage Program for the Indigenous Peoples. This initiative is aimed at preserving and promoting the cultural legacy and traditions of the Indigenous Peoples, particularly among the youth, through cultural masters.

Through the MADADMA Scholarship Program, EDC provided scholarship support exclusively to the Indigenous Peoples in the community. Last year, the program supported 42 scholars. EDC also runs the Balik Eskwela program, which assists members of Brgy. Ilomavis who had to discontinue their studies due to financial constraints. EDC supported ten scholars, and seven of them graduated last year.

We collaborated with LiteHaus International, a non-profit organization based in Australia, to supply 300 laptops to 18 elementary schools in Kidapawan City. The initiative seeks to provide indigenous students access to technology while also assisting teachers and students in delivering high-quality, interactive, and engaging multimedia-supported education.

Additionally, we provided technical assistance to MADADMA in implementing the Ancestral Domain Sustainable Development and Protection Plan (ADSDPP) and Community Royalty Development Plan. The technical assistance focused on developing the organization, establishing a grievance mechanism, enhancing financial management, and providing leadership training and seminars.



POWERING UP NEGROS ORIENTAL:

EDC'S OFF-GRID E-COMMUNITY PROJECT

The small barangays of Malaunay and Caidiocan in Valencia, Negros Oriental, were once cut off from the rest of the world. But now, thanks to EDC's collaborative effort with various organizations, these remote communities can finally connect to the internet. With the implementation of the country's first off-grid e-community project, these barangays are set to become self-sufficient and resilient in a rapidly digitizing world.

EDC is expanding its off-grid e-communities project to the rest of its host areas in Barangays Caidiocan and Malaunay in Negros Oriental in partnership with Department of Information and Communications Technology (DICT), Negros Oriental Chamber of Commerce & Industry, Inc. (NOCCI), and the local government units of the two barangays as well as the Municality of Valencia, Negros Oriental.

This means that the students of these two barangays will no longer have to travel all the way to Dumaguete City just to get that much needed stable internet signal for their distance learning or to do research for their school assignments while workers will now be able to work from home and have more opportunities to earn online and connect with their families and friends abroad.

"We really pushed for this expansion of our e-communities project in Valencia after launching our pilot project in Barangay Puhagan because we saw how it fuels progress and well-being among our stakeholders in the area who are now able to connect free of charge frequently with their friends and loved ones anywhere in the world as well as conduct virtual meetings with businesses, local government officials, and employees. Having an internet connection has, indeed, become a part of our hierarchy of needs," said Atty. Allan V. Barcena, assistant vice president and head of EDC's Corporate Relations & Communications.

For almost 40 years, EDC has been providing an uninterrupted source of clean 24/7 energy to Negros Island and other parts of the Luzon and Visayas regions from its 222.5-MW geothermal facility in Valencia, Negros Oriental.

Early this year, EDC turned over a check donation amounting to PHP 277,940 to two partner barangays in Valencia, Negros Oriental for the installation of WiFi infrastructures.

Through this e-community project of EDC and its partners, Brgys. Caidiocan and Malaunay will now have a free wifi facility at their respective barangay halls. DICT provided the procurement of the fixed wireless broadband network with a 40mbps pure bandwidth, while NOCCI generously provided fixed wireless solar technology and a redundant broadband network design to ensure uninterrupted connectivity for the residents of Barangays Caidiocan and Malaunay.

"This initiative is part of our mission to forge collaborative pathways for a decarbonized and regenerative future, which is essentially about creating exponential positive impact by elevating our environment and our stakeholders," added Barcena.



EDC hands over a donation check worth PHP 277,940 to Valencia's partner barangays for the installation of WiFi infrastructures, promoting the Philippines' pioneering off-grid e-community project. Malaunay and Caidiocan rejoice as they receive PHP 138,970 each.







A TOY WITH A PURPOSE:

EDC'S INNOVATIVE APPROACH TO WILDLIFE CONSERVATION

The call to protect endangered species has never been more adorable, as EDC teams up with community organizations to launch a unique conservation project featuring Diwa and Kali plush toys.

EDC created an avenue for Filipinos to aid in conserving endangered wildlife species, such as the Golden-Crowned Flying Fox and the Apo Myna, by selling Diwa and Kali plush toys. These toys come with an information card about the species and are packaged in a printed cloth bag.

The project was conducted in collaboration with ABS-CBN Lingkod Kapamilya Foundation, Inc., Karaw CraftVentures, and community organizations from Sorsogon Province. EDC funded the project and handled marketing and promotions, while Karaw CraftVentures led the design and development of the products and provided training to the communities.

The project aims to empower these communities through training in conservation activities and business skills. This initiative is part of EDC's BINHI-Flagship Species Program, which prioritizes the protection efforts of essential fauna and flora found in its project sites. The project was launched on June 29 at the Museo Sorsogon, Capitol Compound, Sorsogon City.

Eduardo Jimenez, EDC Bacman Corporate Relations Department Head, said in his message that, "this initiative aims to increase awareness and appreciation about wildlife conservation and educate its stakeholders about the wonders of nature."

"We also intend to make significant impacts on the environment and communities by manufacturing these symbolic stuffed toys to spread awareness on the importance of wildlife conservation while supporting the two community organizations in Sorsogon Province," Jimenez added.

The project likewise helps in empowering these communities by engaging them in conservation activities and enhancing their management and business skills through the plush toys social enterprise project.

EDC-BINHI Flagship Species Initiative Program Lead Abegail Gatdula briefly explained the background of FSI. "The initiative aimstargets to further mainstream biodiversity conservation and prioritize the protection efforts of identified highly important fauna (animals) & flora (plants) species found at EDC's project sites," Gatdula explained.

STORIES OF CHANGE:

A MONOGRAPH OF EDC'S SIKAT PROGRAM



Could a scholarship program create a ripple effect of positive change for the environment and financial stability among its scholars?

Based on a monograph conducted by the University of the Philippines Los Banos - College of Development Communication (UPLB-CDC), increased consciousness on environmental protection and a more stable financial state were two of the many positive impacts of the Energy Development Corporation's (EDC) SIKAT scholarship program experienced by its scholars.

Titled Stories of Change, the monograph is a qualitative and participatory form of monitoring and evaluation (M&E) research project conducted by CDC to depict what is happening in the field and identify unexpected changes and values in an organization.

Dr. Trina Leah Mendoza, project leader and chair of the Department of Development Broadcasting and Telecommunication of CDC, explained that they used the Most Significant Change (MSC) technique, which involved collecting stories from the scholars, focusing on what the latter think is the most significant change that occurred and why they think it occurred vis-a-vis the SIKAT program.

"The stories we gathered from our interviews with the SIKAT scholars were aligned with certain domains of change determined by EDC, which included changes in the scholars' attitude or behavior, their community participation, and their families' quality of life. These were the stories included in the monograph," Mendoza said.

A total of 25 SIKAT scholars who graduated between 2015 and 2019 from the University of the Philippines and other state universities and colleges responded and participated in the study and were virtually interviewed by the researchers.

Based on the interviews, the impacts of the SIKAT program to them as an individual includes increased appreciation for the value of education, career orientation and high employability, economic security, and character development.

Aside from the individual level, the scholarship program also created significant changes to the families of the scholars. The financial support from SIKAT augmented their income and helped their families' daily needs. Other scholars became the breadwinner and were able to support their siblings' college education.

Moreover, at the community participation aspect, the scholars highlighted five significant changes such as participate in tree planting activities, initiate gift-giving activities for unfortunate families, donate to development organizations, extend financial support to neighbors and relatives, and give back to their communities and create ripples of change,

These results were concurred by Rowena Daep, one of the SIKAT scholars and UPLB BS Biology alumna, who is now a Community Partner in EDC Bacon-Manito (Bacman) Geothermal facility. In her message during the launch of the monograph, she described the SIKAT program as "life-changing".

"Coming from a family of farmers with an unstable source of income, the scholarship program helped me immensely in getting through college. Not only did the program provide me with financial aid, but it also made me a champion of environmental stewardship, through initiatives, such as tree planting activities. It also molded my professionalism through career readiness seminars facilitated by EDC," Daep narrated.

In her opening remarks, CDC Dean Maria Stella Tirol lauded EDC for centering its CSR program on education, which she said is key in unfolding the human potential, an ethos also held by CDC. She also thanked them for being one of CDC's academic field work partners for students.

During the official handover of the monograph, Nancy Ibuna, head of corporate relations of EDC, expressed her gratitude to CDC for aiding them in assessing the impact of the SIKAT program, which they have been offering for more than 10 years now and which has supported over 200 scholars. She also hoped that the monograph produced by CDC would inspire prospective SIKAT scholars.

ESG EXPENSES AND INVESTMENTS IN 2022



Capital	Amount (PHP millions)	Percentage Composition of Expenses	Composition of Expenses
Manufactured	28,245	47.33	Acquisition of buildings, building expansion, maintenance, equipment, asset resiliency, shelter-in place infra and, work from home innovations
Human	3,034	5.08	Skills development, vaccination program, medical benefits, well- being activities, employee engagement, and retirement funds
Natural	31	0.05	BINHI Initiatives
Social	127	0.21	Social initiatives geared towards uplifting the welfare and promoting the culture of indigenous peoples (IP) communities, and stakeholders to combat the COVID-19 pandemic; disaster response & relief operations; resource mobilization initiatives; and community relations initiatives.
Intellectual	28,245	47.33	Intellectual property, software and tools, cyber security measures, permits, licenses and rights
Total	59,682	100%	

MOVING FORWARD:

A RENEWED PROMISE FOR OUR REGENERATIVE POWER

What must be done to produce a single megawatt of regenerative power?

We continue expanding our local portfolio to supply the growing demand of the Philippine economy. In 2022, we notably surpassed our generation and attributable recurring net income targets for the first time in four years.

With this, we are confident we are headed toward our banner year.

We also announced our plans to develop an additional 1,200 MW of renewable energy projects by 2025, including solar, wind, and geothermal power plants. These developments are aligned with our commitment to supporting the country's transition to a more sustainable future.

In 2022, we achieved a 3% increase in generation compared to the past three years, equating to a difference of 2 TWh. This was attained despite lower wind generation due to Odette earlier that year. Our net revenue also saw a significant increase of 21%, equivalent to PHP 1.9 billion. However, we did encounter some issues. In the last quarter of 2022, we fell short of our targets by 23 GWh due to outages. This was caused by significant gas removal system repairs in Mt. Apo. Despite these challenges, our strong market positioning allowed us to finish the year positively. As EDC is a subsidiary of FPH, we also share common risks and opportunities. We face global risks such as the Ukraine and Russia conflict, COVID-19 lockdowns, and the global energy crisis. These challenges have led to an economy with high inflation rates, disrupted supply chains, and a looming recession. EDC has taken steps to address related risks and opportunities. These include disaster management, climate adaptation and resilience, and a decarbonization program. EDC's business continuity management framework addresses immediate natural disasters such as typhoons, floods, and landslides. Moreover, our power segments have a natural catastrophe program to address these risks proactively, and the non-power generation segments have integrated climate impacts into infrastructure and process designs.

Reflecting on the lessons we learned from 2022, we realize the importance of being proactive while thinking ahead. For 2023, we have identified four priorities to drive our company's growth and success: HSE, growth, subsurface improvement, and achieving our 7,429 GWh generation target.



2023 KEY PRIORITIES



Priority 1: HSE



Priority 2: Growth



Priority 3: Subsurface Improvement



Priority 4: Achieving our 7,429 GWh Generation Target

Priority 1: HSE

HSE continues to be our top priority priority for us in 2023. We are working on new tweaks to center our safety concept. We encourage employees to raise issues immediately and have started workshops with top management. Apart from traditional safety metrics like TRIR, we started looking at the frequency rate at which high potential incidents are occurring in EDC.

Priority 2: Growth

We are excited to announce that we will have seven projects under construction for the first time in 2023. These projects include the 28.9-MW Palayan Bayan, 5.6-MW Integrated Project, 20-MW Tanawon, 28-MW Mahanagdong, 10-MWh Tongonan BESS, 20-MWh Bacman BESS, and 20-MWh Negros BESS. We aim to continue our momentum from the M3 project in 2022, and we will focus on managing time and costs to ensure their success. After these seven projects, we will be focusing on geothermal green field development locally and internationally, as well as other technologies. We plan to build the right teams and use continuous innovation to achieve our growth targets.

Priority 3: Subsurface Improvement

We have made significant progress in subsurface improvement. We have reversed the decline rate for the first time in three years, going from 44-51 MW to 36 MW in 2022. We achieved this by optimizing extraction, finishing the Sweet Spot sites, ramping up our artificial recharge, focusing on reinjection security, and opening new pads. In 2023, we aim to increase care for our critical wells and address well outages through a faster well revival and data analytics.

Priority 4: Achieving our 7,429 GWh Generation Target

We will prioritize safety, reliability, and optimum efficiency to achieve our generation target. We have set specific targets for each of our sites, including wind and solar, Mt. Apo facility, BacMan 1 and 2, Negros site, and Leyte site. We are committed to maintaining EDC's APCS culture (Accountability, Performance Orientation, Collaboration, and Safety) to achieve our generation targets.

In relation to our 2023 priority areas, we are also slating other improvements based on our 2022 performance. Notably, we are processing the external assurance for our Scope 1, 2, and carbon offsets to help achieve our Net Zero target. We are currently monitoring material consumption, and in 2023, we will evaluate selected materials for their embedded carbon to increase the visibility of Scope 3 emissions.

We recognize the importance of diversity, equality, and inclusion (DEI) in the workplace. The Head of HRMG provides overall strategic direction for promoting DEI initiatives, and a Technical Working Group has been established to recommend and implement these initiatives. Along with the Integrated People Relations and Policy Management team of HR, the Technical Working Group is responsible for implementing DEI initiatives, with manpower and budgets allocated to support these efforts. Action plans on DEI are currently in progress and will be finalized in 2023, showing EDC's commitment to creating a diverse, inclusive, and equitable workplace.

Common Priority Areas	2022	2023
Health, Safety, and Environmental (HSE)	Improved safety over production, with sustained satisfactory observations and incident reporting and enhanced management of top safety risks such as working at heights and motor vehicle use	Aim to continually improve and eventually achieve a 0.15 target total recordable incident rate (TRIR), as well as start to understand the gaps in our system to further reduce the frequency at which we have incidents that have a potential to have disabling or fatal consequences
Base generation	Achieved 7500 GWh Reversed the decline rate from 44-51 MW to 36 MW in 2022	Aim to exceed 2022 financial targets
Financial Target	Increased by 21% or PHP 1.9 billion and RNIA increased by around 29% from 2021	Efforts to contract our available capacity with existing and new customers
Growth	Achieved major growth targets: • 3.6-MW Mindanao 3 (M3) binary geothermal power plant in Mindanao • Palayan Bayan plant • Tanawon project received the Notice to Proceed (NTP) from the Board	Aim to have seven projects under construction: • 28.9-MW Palayan Bayan • 5.6-MW Integrated Project • 20-MW Tanawon • 28-MW Mahanagdong • 10-MWh Tongonan BESS • 20-MWh Bacman BESS • 20-MWh Negros BESS.

CORPORATE GOVERNANCE

EDC recognizes that good corporate governance strengthens and stabilizes a company.

EDC's leadership and stakeholders continue to be committed to good corporate governance practices based on the Revised Corporation Code, applicable corporate governance rules and regulations, the EDC's By-Laws, and its Manual of Corporate Governance.

EDC's corporate governance practices that are embodied in manuals, policies, and guidelines help the Parent Company fulfill its corporate responsibility to its stakeholders. These corporate governance practices are primarily embodied in the Parent Company's Manual of Corporate Governance, Code of Conduct and Business Ethics, and Code of Conduct and Discipline.

Notable also are other company policies and manuals that contribute to EDC's corporate governance system, such as the policies Protected Disclosures, Giving and Receiving of Corporate Gifts, Related Party Transactions, the Enterprise Risk Management Manual and other governance-related policies.

Further, in 2018, the Parent Company approved and issued the Anti-Money Laundering and Countering Financial Terrorism and Responsible Asset Protection policies. The Quality and Asset Management Policy was approved in 2019 while the Health, Safety and Environment Policy and Privacy Policy were issued in 2020. Further, in 2021, the Parent Company issued the revised Conflict of Interest Guidelines.



BOARD MEETINGS

EDC's Corporate Secretary, through the Office of the President, prepares the schedule of EDC's Board of Directors (Board) meetings, in accordance with the By-laws, and disseminates it to the members of the Board and key executives so that EDC's Directors can plan accordingly and fit the year's Board meetings into their respective schedules.

EDC's Board meetings are usually scheduled at the beginning of the year to allow the Board to calendar and ensure maximum attendance in EDC Board meetings. For 2022, the dates of the EDC Board Meetings were announced on January 11, 2022.

As reported to the Securities and Exchange Commission (SEC), the Board of the Parent Company held its 2022 meetings on the following dates:

Meeting Date	Meeting Type
February 10, 2022	Regular Board Meeting
March 3, 2022	Special Board Meeting
April 5, 2022	Regular Board Meeting
May 19, 2022	Regular Board Meeting
June 29, 2022	Organizational Board Meeting
July 21, 2022	Regular Board Meeting
September 26, 2022	Regular Board Meeting
November 11, 2022	Regular Board Meeting
November 24, 2022	Regular Board Meeting

During Board meetings, EDC's Directors are expected to prepare for, attend, participate, and to act prudently, in good faith, and in the best interest of EDC and its stockholders. The Board is aptly apprised and has full and unrestricted access to information on EDC's over-all performance, major business issues, new projects, and economic and environmental impact. The Board has direct contact and communication with Management and employees at any time. As a matter of protocol, materials for Board meetings are provided at least five (5) business days before the date of the meeting.

In 2022, the Board had a total of nine (9) meetings, including its organizational meeting.

Details of the Directors' Board meeting attendance are set out below:

Name	Position	Date of Election	Number of Meetings Held During the Year	Number of Meetings Attended	Percentage
Federico R. Lopez	Chairman & CEO	June 29, 2022	9	9	100%
Richard B.Tantoco	Director, President & COO	June 29, 2022	9	9	100%
Francis Giles B.Puno	Director	June 29, 2022	9	9	100%
Jonathan C. Russell	Director	June 29, 2022	9	9	100%
Joaquin E. Quintos IV	Director	June 29, 2022	9	9	100%
David Andrew Baldwin	Director	June 29, 2022	9	8	88.89%
Christopher Low Eu Sun	Director	June 29, 2022	9	9	100%
Ang Eng Seng	Director	June 29, 2022	9	7	77.78%
Manuel I. Ayala	Ind. Director	June 29, 2022	9	9	100%
Sebastian C. Quiniones, Jr.	Ind. Director	June 29, 2022	9	9	100%
Teresa Grace Socorro G. Lara	Ind. Director	June 29, 2022	9	9	100%

The minimum quorum requirement for Board decisions under EDC's By-Laws is a majority of the total number of Directors of which (i) for so long as Red Vulcan holds sufficient shares to enable it to appoint at least one (1) Director, one (1) must be a Red Vulcan Director; and (ii) for so long as the Participation Conditions (as defined in the By Laws) are satisfied and there is at least one (1) incumbent Investco Director who is not an Unsuitable Director (as these terms are defined in the By Laws), one (1) must be an Investco Director.

Board meetings are recorded and minuted, and all resolutions are documented by the Corporate Secretary. Committee meetings are likewise recorded and minuted, with the resolutions documented by the respective Committee Secretariats.

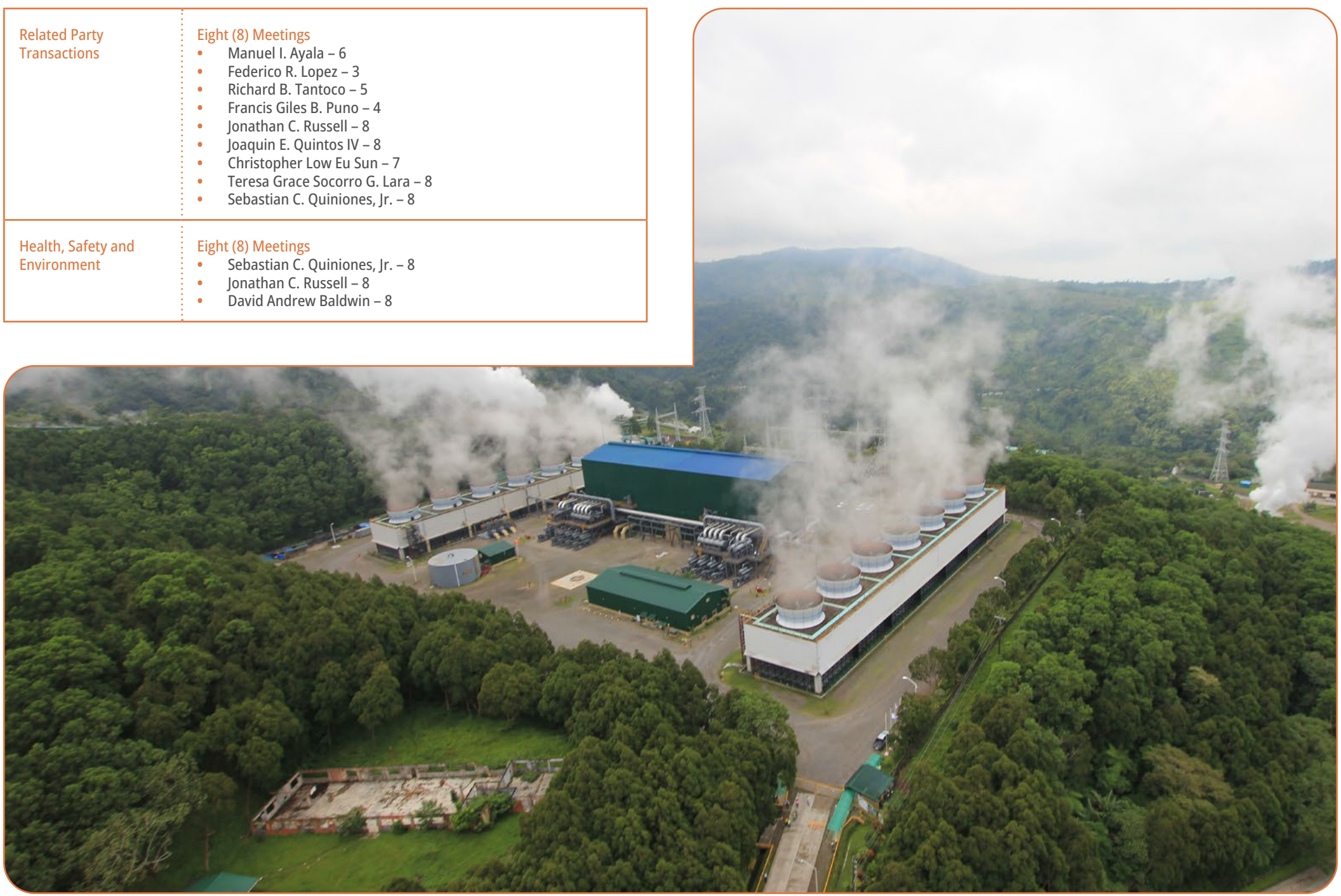


BOARD COMMITTEES

To facilitate the monitoring of the Parent Company's performance and to enhance the effectiveness of the Board in discharging its fiduciary duties, seven (7) Board-level committees have been constituted, namely: *the Audit and Governance Committee, Nomination and Compensation Committee, Risk Management Committee, Corporate Social Responsibility Committee, the Operations Committee, Related Party Transactions Committee, and the Health, Safety, and Environment Committee.*

Board Committee	Member's Attendance in 2022
Audit and Governance	Six (6) Meetings • Manuel I. Ayala - 6 • Francis Giles B. Puno - 3 • Jonathan C. Russell - 5 • Joaquin E. Quintos IV – 6 • Christopher Low Eu Sun - 6 • Sebastian C. Quiniones, Jr. - 6 • Teresa Grace Socorro G. Lara - 6
Nomination and Compensation	Five (5) Meetings • Federico R. Lopez - 4 • Francis Giles B. Puno – 5 • Joaquin E. Quintos IV – 5 • Christopher Low Eu Sun - 5 • Manuel I. Ayala - 5
Risk Management	Two (2) Meetings • Francis Giles B. Puno – 2 • Jonathan C. Russell – 2 • Christopher Low Eu Sun – 1 • Manuel I. Ayala – 1 • Sebastian C. Quiniones, Jr. – 1 • Teresa Grace Socorro G. Lara – 1
Corporate Social Responsibility	Two (2) Meetings • Federico R. Lopez – 2 • Richard B. Tantoco – 2 • Joaquin E. Quintos IV – 0 • David Andrew Baldwin – 1 • Teresa Grace Socorro G. Lara -–2
Operations	Fourteen (14) Meetings • Federico R. Lopez – 5 • Richard B. Tantoco – 14 • Francis Giles B. Puno – 8 • Jonathan C. Russell – 14 • Joaquin E. Quintos IV – 13 • David Andrew Baldwin – 13

Related Party Transactions	Eight (8) Meetings • Manuel I. Ayala – 6 • Federico R. Lopez – 3 • Richard B. Tantoco – 5 • Francis Giles B. Puno – 4 • Jonathan C. Russell – 8 • Joaquin E. Quintos IV – 8 • Christopher Low Eu Sun – 7 • Teresa Grace Socorro G. Lara – 8 • Sebastian C. Quiniones, Jr. – 8
Health, Safety and Environment	Eight (8) Meetings • Sebastian C. Quiniones, Jr. – 8 • Jonathan C. Russell – 8 • David Andrew Baldwin – 8



Members of EDC's different Board Committees were elected by the Board during the Organizational Board Meeting, following the Annual Stockholders' Meeting on June 29, 2022, and any subsequent change in the membership is made upon approval of the Board.

To further enhance the participation and involvement of the Board in the activities of the various committees, Directors who are non-committee members may likewise sit and observe in the Board Committee meetings. During committee meetings, the observer-directors can comment and make suggestions, but they have no voting right therein.

BOARD COMMITTEES' COMPOSITION, FUNCTIONS AND ACTIVITIES

Audit and Governance Committee ("AGC")

The AGC shall have at least three (3) Non-Executive Directors as members, three (3) of whom shall be Independent Directors.

At present, the AGC is composed of seven (7) directors. Of the seven (7) AGC members, three (3) are Independent Directors, namely Sebastian C. Quiniones, Jr., Teresa Grace Socorro G. Lara, and Manuel I. Ayala, its Chairman. Other AGC members are Non-Executive Directors Francis Giles B. Puno, Jonathan C. Russell, Joaquin E. Quintos IV, and Christopher Low Eu Sun.

The AGC Chairman, Director Ayala, has been an Independent Director and member of the AGC of the Parent Company since September 7, 2016; he previously served as Chairman of the Related Party Transactions Committee from May 8, 2017 to May 10, 2021. He served as Chairman of the AGC since May 11, 2021. A more detailed profile or qualifications of the AGC members are found in the pages on Director's Profile.

The AGC performs oversight functions in checking the integrity of EDC's financial reporting process, effectiveness and soundness of internal control environment, adequacy of audit functions for both internal and external audits, and compliance with rules, policies, laws, regulations, contracts, and the code of conduct. The AGC also recommends the appointment, re-appointment, and removal of the external auditor. Detailed enumeration of the AGC's responsibilities is found in the Corporate Governance (CG) Manual and the AGC Charter.

The AGC had six (6) meetings in 2022. Details of the 2022 AGC meeting attendance are found in the table on the 2022 Board Committee Composition and Attendance.

The following are the 2022 activities of the AGC:

- Financial Reporting and Disclosures. The AGC reviewed with Management and the external auditor (SGV & Co.) the annual audited financial statements and the quarterly interim financial reports and endorsed these to the Board for approval and release to regulatory agencies and creditors. The review included discussions on the appropriateness of accounting policies adopted by Management, the reasonableness of estimates, assumptions and judgments used in the preparation of financial statements, the impact of new accounting standards and interpretations, and other key accounting issues and audit results as highlighted by the external auditor.
- Internal Control. The AGC monitored the effectiveness of the internal control environment through various measures such as the review of the results of the external audit regarding internal control issues; exercising functional responsibility over Internal Audit and Corporate Governance and Housekeeping Team of the Legal Services Department and receiving reports on work done in assessing key governance, risk management and control components; discussion with Management on major control issues and recommendations to improve policies and processes; and promoting a culture of integrity and ethical values in the Parent Company.

  Based on the results of the assurance activities performed by the Parent Company's Internal Audit, the external auditor's unqualified opinion on the financial statements, and discussions with Management, the AGC assessed that the Parent Company's systems of internal controls, risk management, and governance processes are adequate and generally effective.
- External and Internal Audit. The AGC reviewed the overall scope and audit plan of the external auditor. It also reviewed and affirmed the Management's evaluation on the performance of the external auditor (for the 2021 financial statements audit) and approved the re-engagement of SGV & Co. for another year (for the 2022 audit). It also approved the non-audit services rendered by external auditor, and the Internal Audit's annual plan and confirmed that independence is maintained, the scope of work is sufficient, and resources are adequate.
- Compliance and Corporate Governance. The AGC monitored the Parent Company's compliance to applicable laws, rules and regulations and relevant company policies. It also supported the Parent Company's initiatives to strengthen its corporate governance framework by providing full support to the Parent Company's efforts in (i) maintaining compliance with the Revised Corporation Code and other laws, rules and regulations on corporate governance, in particular, the Code of Corporate Governance for Public Companies and Registered Issuers, (ii) benchmarking CG practices with comparable companies, (iii) improving the CG evaluation system, and (iv) ensuring that our directors, key officers and senior executives comply with the CG requirements on reporting and disclosure, as well as on CG trainings.
- Assessment of Performance. The AGC assessed its performance for the year 2022 based on the guidelines and suggested parameters set by the SEC. The assessment results showed that the AGC Charter remains fully compliant with the suggested parameters of SEC and the committee has generally complied with requirements set forth in the AGC Charter and the CG Manual.

BOARD ACTIVITIES

Board Training Program

For 2022, nine (9) Directors and seventeen (17) officers and Senior Management participated in the corporate governance seminar conducted by a duly accredited training provider. The corporate governance seminars provided the Directors, officers, and Senior Management an opportunity to learn and integrate corporate governance principles and be provided with useful insights on various and current governance issues.

Board Strategic Update

To align the activities of the Parent Company with its vision, mission, core values, and goals for the year, the Board of Directors conducted a Board Strategic Update last November 11, 2022.

The Board Strategic Update provided a venue for the Directors to set strategic directions and guidance for the Parent Company. The Directors likewise assessed major opportunities and risks for the Parent Company.

Board Self-Evaluation

The Board's Self-Evaluation helps the Board assess the overall performance and effectiveness of the Board and the Board Committees as well as the performance of the Chairman/CEO and the President/COO in respect of their governance responsibilities. The Board's Self-Evaluation helps it identify its strengths and weaknesses as well as those of the Parent Company, leading to an improvement in performance throughout the organization.

Compensation of Directors and Executive Officers

The NCC has the responsibility to review and recommend to the Board the Parent Company's compensation system and remuneration packages for corporate officers and Directors.

The levels of honoraria, remuneration or compensation for EDC's Directors and executive officers are set at the optimum level to attract and retain the services of qualified and competent Directors and officers. A portion of the honoraria, remuneration or compensation of the Directors, whether executive, non-executive or independent, may also be structured or be based on corporate and individual performance. In accordance with its By-Laws, the Board shall receive compensation for their services pursuant to a resolution of the stockholders.

In EDC, the current Board compensation package is as follows:

- Monthly director's fee: Php50,000.00;
- Attendance fee for Directors' meetings: Php10,000.00 per Board meeting and Php6,000.00 per Board Committee meeting;
- Bonus to Directors as a group: ½ of 1% of declared cash dividend;
- Group Life Insurance Coverage; and
- Group Hospitalization Insurance Coverage.



Nomination and Compensation Committee ("NCC")

Under its Charter, the NCC shall have at least three (3) Directors as members, one of whom shall be an Independent Director. Currently, the NCC is composed of five (5) members, comprising of three (3) Non-Executive Directors, one (1) Independent Director, and one (1) Executive Director. It is headed by Chairman/CEO Federico R. Lopez as Chairman.

The NCC evaluates the qualifications of all persons nominated to the Board and those recommended to other positions requiring appointment by the Board. It also established a formal and transparent procedure for developing a policy on executive compensation and fixing the compensation packages of corporate officers and directors. Detailed enumeration of the NCC's responsibilities is provided in the CG Manual and the NCC Charter.

In 2022, the NCC had five (5) meetings. Details of the 2022 NCC meeting attendance are found in the table on the 2022 Board Committee Composition and Attendance.

During these meetings, the NCC reviewed the qualifications, credentials, and disqualifications of nominees for Regular and Independent Directors. The NCC also assessed and reviewed the skills, qualifications, and disqualifications of the newly appointed Vice Presidents and officers of the Parent Company.

Risk Management Committee ("RMC")

The RMC Charter provides that the RMC shall be composed of at least three (3) Directors as members and, as far as practicable, composed of Non-Executive Directors, three (3) of whom are Independent Directors. It is currently composed of six (6) Non-Executive Directors, three (3) of whom are Independent Directors, and headed by Director Francis Giles B. Puno as its Chairman. The RMC Chairman is not the Chairman of the Board or of any other EDC Board Committee. He has gained knowledge and experience on risk and risk management since he served as RMC Chairman and member since 2009. He is supported by Directors Jonathan C. Russell, Christopher Low Eu Sun, Manuel I. Ayala, Sebastian C. Quiniones, Jr. and Teresa Grace Socorro G. Lara.

The RMC is a separate Board Committee that assists the EDC Board in its oversight responsibility over Management's activities in managing risks involving physical, financial, operational, labor, legal, security, environmental, and other risks of the Parent Company. In carrying out its mandate, the RMC:

- Conducts a yearly evaluation of the Parent Company's risk assessment and risk management program and ensure that appropriate controls are in place;
- Recommends to the Board the Parent Company's strategic risks, including the risk mitigation and control measures that require immediate or urgent implementation;
- Meets periodically with the AGC, key management, and internal and external auditors to understand and discuss the control environment;
- Reviews the Parent Company's risk tolerance, financial exposures, and investment guidelines, including the mitigating strategies, insurance, and other risk financing schemes being undertaken;
- Reviews periodically the security, safety, and physical loss control measures and the specific Emergency Response Plan adopted by the Parent Company to ensure that all risks are adequately covered; and
- Reviews annually the adequacy of the RMC Charter and recommend any proposed changes to the Board.

The RMC conducted two (2) meetings in 2022. Details of the 2022 RMC meeting attendance are found in the table on the 2022 Board Committee Composition and Attendance.

The following are the activities of the RMC in 2022:

- Enterprise Risk Management Program. The RMC conducted several activities pursuant to their risk management program: Strategic Risk Review on Steam Augmentation Risk, Disruption Risks, Global Recession Risk, and Talent Retention and Resourcing Risk. Operational Risk Reviews were also conducted as part of the annual planning and budgeting processes. Natural Catastrophe Risk Review, Asset Risk Review, Well Risk Review, and Compliance Risk Review continued to be conducted.
- Business Continuity Management ("BCM") Program. Desktop simulations, covering key exposures, were conducted for all facilities with the objective of further enhancing the capabilities of the crisis management teams as well as the company's BCM Program.

Specific to the Head Office, the Business Recovery Plan is being updated to consider the Big One scenario. All initiatives related to this started in 2022 and will continue until 2023.



Corporate Social Responsibility Committee ("CSR Committee")

The CSR Committee shall be composed of at least three (3) members. Currently, the CSR Committee has five (5) members, composed of two (2) Non-Executive Directors, two (2) Executive Directors, and one (1) Independent Director. It is headed by Chairman/CEO Federico R. Lopez as Chairman.

The CSR Committee conducts an annual review of the Parent Company's CSR programs to ensure that these programs comply with applicable laws, conform with international standards and global trends, and are consistent with company values and policies. It ensures that the CSR program is integrated and applied consistently throughout the organization and identifies and recommends program enhancements that will increase effectiveness and overall improvement in company performance and image. Detailed enumeration of the CSR Committee's responsibilities is provided in EDC's CG Manual and CSR Committee Charter.

In 2022, the CSR Committee reviewed major CSR projects of the Parent Company and provided directions, strategies, and necessary endorsements. Two (2) meetings were held by the CSR Committee to provide guidance in the implementation of CSR and environmental initiatives of the Parent Company. Details of the 2022 CSR Committee meeting attendance are found in the table on the 2022 Board Committee Composition and Attendance.



Operations Committee ("OpsCom")

The OpsCom shall be composed of at least five (5) Directors as members, including the Chief Executive Officer and the Chief Operating Officer. Currently, the members are two (2) Executive Directors and four (4) Non-Executive Directors.

As provided in the CG Manual and the OpsCom Charter, the OpsCom deliberates, reviews, and recommends all matters that will require Board approval, and such assignments that may be delegated by the Board on policy, organization/ personnel, finance, expenditures, budget, fixed assets, procurement, credit, and sales.

In 2022, the OpsCom held a total of fourteen (14) meetings. Pursuant to its committee charter, the presence of at least three (3) members of the committee will constitute a quorum for the committee meeting. Details of the 2022 OpsCom attendance are found in the table on the 2022 Board Committee Composition and Attendance.

Related Party Transactions Committee ("RPT Committee")

The RPT Committee shall be composed of at least five (5) members, three (3) of whom are Independent Directors. Currently, the RPT Committee has nine (9) members, seven (7) of whom are Non-Executive Directors and Independent Directors. The RPT Committee is headed by Independent Director Teresa Grace Socorro G. Lara as RPT Committee Chairman. Director Lara is not the Chairman of the Board nor a Chairman of any other EDC Board Committee.

The RPT Committee was created to oversee the Parent Company's compliance to pertinent rules, regulations and policies governing related party transactions and administers the effective implementation of EDC's RPT Policy. It is also tasked to review, approve and/or endorse all material and significant RPTs of the Parent Company in accordance with its RPT Policy and Guidelines to ensure the integrity and transparency of such transactions.

The RPT Committee had eight (8) meetings in 2022. Details of the RPT Committee meeting attendance are found in the table on the 2022 Board Committee Composition and Attendance.

In 2022, all non-material and pre-cleared related party transactions were presented to the Committee for information, eleven (11) material RPTs with amounts ranging from more than PHP 50 million to PHP 250 million each were reviewed and approved by the Committee, and four (4) significant RPTs amounting to more than PHP 250 million each were reviewed and endorsed by the Committee for Board approval.

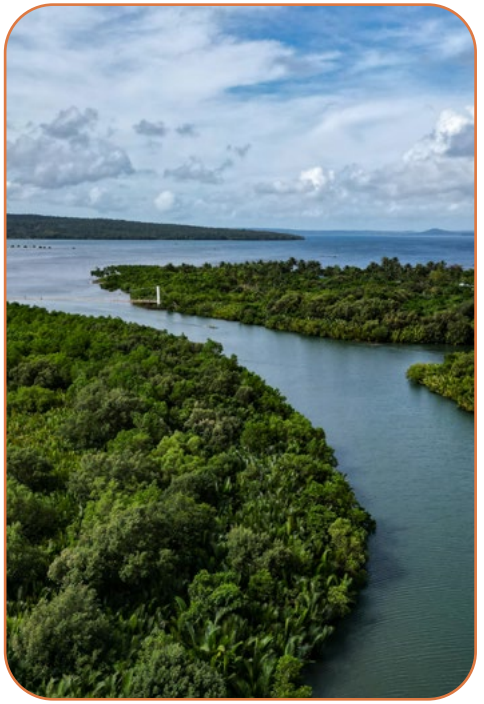
Details of RPTs entered into by the Parent Company during the year are disclosed in the Parent Company's Notes to the Financial Statements.

Health, Safety and Environment Committee ("HSE Committee")

The HSE Committee shall be composed of at least three (3) members, one (1) of whom is an Independent Directors. Currently, the HSE Committee has three (3) members, headed by Independent Director Sebastian C. Quiniones, Jr. as Committee Chairman.

The HSE Committee was created by the Board on November 23, 2020 to assist the Board in its oversight responsibility as regards the Parent Company's HSE standards and practices.

The HSE Committee had eight (8) meetings in 2022. Details of the 2022 HSE meeting attendance are found in the table on the 2022 Board Committee Composition and Attendance.



CORPORATE GOVERNANCE POLICIES AND INITIATIVES

EDC's corporate governance practices that are embodied in manuals, policies, and guidelines help the Parent Company fulfill its corporate responsibility to its stakeholders. These corporate governance practices are primarily embodied in the Parent Company's Manual of Corporate Governance, Code of Conduct and Business Ethics, and Code of Conduct and Discipline.

Notable also are other company policies and manuals that contribute to EDC's corporate governance system, such as the policies on Protected Disclosures, Giving and Receiving of Corporate Gifts, Related Party Transactions, the Enterprise Risk Management Manual and other governance-related policies.

Further, in 2018, the Parent Company approved and issued the Anti-Money Laundering and Countering Financial Terrorism and Responsible Asset Protection policies. The Quality and Asset Management Policy was approved in 2019 while the Health, Safety and Environment Policy and Privacy Policy were issued in 2020. Further, in 2021, the Parent Company issued the revised Conflict of Interest Guidelines.

Below are short descriptions of some of the EDC policies and initiatives that promote good corporate governance:

Manual of Corporate Governance ("CG Manual")

Together with the Articles of Incorporation, By-Laws, and Board Committee Charters, the CG Manual lays down the basic principles and governance framework that the Board and the officers of the Parent Company are called to observe and practice alongside efforts to achieve the Parent Company's objectives. The CG Manual contains corporate governance principles, structures, and processes covering the rights of stockholders, the minimum qualifications of directors, and the primary roles and duties of directors and officers, among others.

As part of Board oversight, the CG Manual is periodically reviewed to ensure that the Parent Company's corporate governance practices remain relevant and effective while the Parent Company works towards the attainment of its corporate objectives. In 2017, EDC's CG Manual was reviewed and updated to align with the pertinent provisions of SEC Memorandum Circular No. 19, series of 2016 or the Code of Corporate Governance for Publicly-Listed Companies and to respond to the operating needs of the Parent Company. Following the delisting of the common shares of the Parent Company from the PSE on November 29, 2018, EDC revised its CG Manual, which was approved by the Board on March 20, 2020 and by the Policy Review Committee on May 19, 2020, and submitted the same to the SEC on June 2, 2020 in accordance with SEC Memorandum Circular No. 24, series of 2019 or the Code of Corporate Governance for Public Companies and Registered Issuers.

Code of Conduct and Business Ethics ("CCBE") and Code of Conduct and Discipline ("CCD")

EDC's CCBE and CCD were adopted to promote a culture of integrity, transparency, and accountability in the performance of duties and to instill and reinforce the Parent Company's corporate values and discipline among the employees, the Management, and the Board. These policies also provide guidance on managing business relationships in all aspects of the Parent Company's operations, including confidentiality of information, use of company property/resources, and conflict of interest and fraud.

The CCBE became effective on September 13, 2004 and provides the key principles that guide the Parent Company in dealing with its principal stakeholders including the Government, its employees, business partners, communities where it operates and environment.

EDC's CCD became effective on September 16, 2011 and the latest revisions took effect on November 2, 2015. This prescribes the norms of conduct and standards of behavior to instill a strong sense of discipline among its officers and employees to ensure EDC's core values are embraced by them in their work and daily lives.

Policies on Conflict of Interest, Protected Disclosures, Giving and Receiving of Corporate Gifts, Anti-Money Laundering and Countering Financial Terrorism

These policies cover a wide array of topics ranging from matters involving ethical work performance, dealings with customers, suppliers, creditors, and government regulators, handling corporate assets, records and information, avoidance of conflict of interest and corrupt practices, fraud identification and reporting, and the encouragement and protection of whistleblowers. These corporate documents provide the limits and guidelines that employees, Management, and the Board must consider in their interactions with stakeholders to operate and achieve the Parent Company's objectives.

EDC's Conflict of Interest Policy applies to all directors, officers and employees and sets the guidelines in dealing with suppliers, customers, and all other organizations or individuals doing or seeking to do business with the Parent Company to avoid any conflict with their own personal interests.

EDC's Protected Disclosures Policy, which is part of its Personnel Manual, encourages officers, employees, or any person to report serious concerns of irregularities and wrongdoings, including unsafe practices within the Parent Company, illegal and questionable activities or omissions, unethical behavior, fraud, and other malpractices without fear of harassment, retaliation, or adverse employment consequence. EDC's Protected Disclosures Policy provides the procedures for whistleblowing, as well as the rights and responsibilities of whistleblowers under the said policy.

In furtherance of EDC's good governance initiatives and aligned with its Code of Conduct and Discipline, the Parent Company's Internal Audit Department ("IAD") has assigned hotlines to enable any stakeholder, officer, employee, or any person to report serious concerns of irregularities and wrongdoings.

Complaints should be raised at hotline no. +63917-5155896 or emailed to whistleblower@energy.com.ph. All reports will be acted upon and treated with strict confidentiality in accordance with EDC's Protected Disclosure Policy.

Report received by IAD will be immediately evaluated and assessed if it qualifies as a protected disclosure. If it qualifies as such, an assurance of no retaliatory action is given to a whistleblower by treating with strict confidentiality his identity, the content of the report, and the recipient of the report. IAD will thereafter proceed to investigate the reported incident and observe confidentiality of the proceedings in accordance with the provisions of EDC's Protected Disclosure Policy. In cases where

a disclosure was made to an EDC officer, said officer to whom disclosure was made shall report the disclosure in full detail to the IAD within a period of five (5) days from date of disclosure. Under EDC's Protected Disclosure Policy, a whistleblower enjoys privileged communication as a defense in any action that may be brought against him arising from a protected disclosure that he has made.

EDC's Guidelines on Giving and Receiving Corporate Gifts was approved on March 2013 and was last updated on September 28, 2018. This established clear and realistic guidelines on giving and receiving of gifts, incorporating examples of what types of gifts are and are not allowed. This also helps motivate employees to strive for transparent business practices and relationships by keeping gifts and favors to a minimum, if not prohibiting them entirely, and empower employees with freedom and trust to strike the correct balance in their relationships with outside firms, including vendors, consultants, contractors, suppliers, customers, regulators, political leaders, host communities and other business partners, among others.

Lastly, the Anti-Money Laundering and Countering Financial Terrorism policies aim to promote a culture of integrity, anti-corruption, and ethical values and behavior in the Parent Company and its employees. The Parent Company undertakes to deal with, and conduct business only with, reputable customers, suppliers, partners and other counterparts who are generally known to be involved in legitimate business activities.

Related Party Transactions Policy ("RPT Policy")

The Parent Company believes that having an RPT Policy is another step towards strengthening EDC's governance activities as it provides a framework for ensuring the integrity and transparency of related party transactions ("RPTs"). It also ensures that proper review and approval of transactions with a related party are undertaken in a manner that conforms to good governance while facilitating timely contracting for goods and services.

EDC has constituted a Board-level RPT Committee, which is chaired by an Independent Director, with Non-Executive Directors holding more than majority of the committee membership and all EDC Independent Directors sitting as members of the RPT Committee. The RPT Committee is tasked to oversee the implementation of the Parent Company's RPT Policy to ensure the integrity and transparency of RPTs.

EDC also has an RPT Management Review Panel that assists the RPT Board in the review of RPTs of the Parent Company.

Enterprise Risk Management Manual

The Enterprise Risk Management Manual lays down the Parent Company's risk management framework that enables EDC to better address different risks and ensures that its business objectives are attained with the highest level of efficiency. EDC's Risk Management Committee, composed of Non-Executive Directors, oversees the implementation of its Enterprise Risk Management Manual.

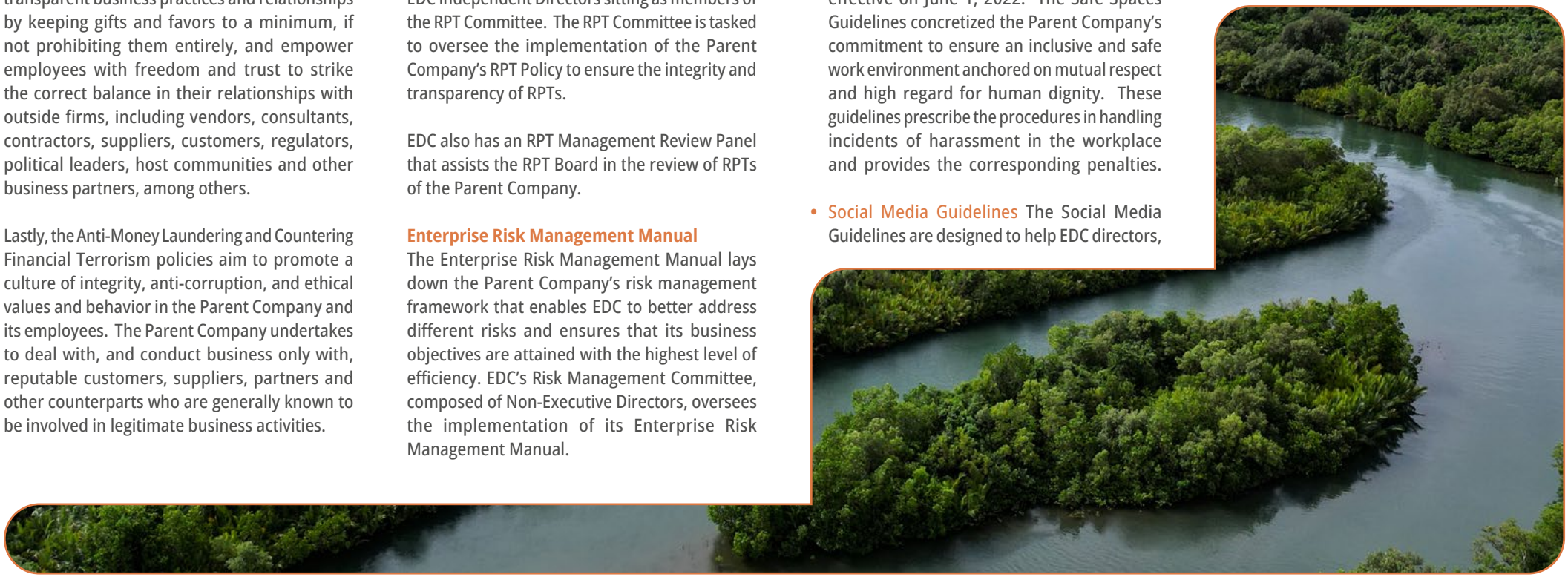
Other Governance-Related Policies.

Aside from the above-mentioned company policies, EDC employees are enjoined to observe the following governance-related policies and guidelines in all aspects of their work:

- Diversity, Equality and Inclusion Guidelines The Diversity, Equality and Inclusion Guidelines operationalizes the Parent Company's strong commitment in fostering a work environment where the uniqueness and individuality of employees and stakeholders are valued, respected and celebrated. This aims to uphold respect for gender equality and diversity, reject discrimination, and build a safe, inclusive and peaceful work community.

- Safe Spaces Guidelines EDC recently came out with its Safe Spaces Guidelines, which became effective on June 1, 2022. The Safe Spaces Guidelines concretized the Parent Company's commitment to ensure an inclusive and safe work environment anchored on mutual respect and high regard for human dignity. These guidelines prescribe the procedures in handling incidents of harassment in the workplace and provides the corresponding penalties.

- Social Media Guidelines The Social Media Guidelines are designed to help EDC directors, officers and employees ("Covered Persons") understand and adhere to the proper use of social media in relation to the Parent Company. The guidelines provide guidance on the use of social media that (a) uses EDC Information Systems and/or (b) makes reference to EDC or EDC's interests, including its subsidiaries, business, work, policies, research, relationships, competitors and Covered Persons.



COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR PUBLIC COMPANIES AND REGISTERED ISSUERS

EDC's corporate governance culture emanates from the Board, supported by its AGC, the Senior Vice-President and Compliance Officer for SEC, and the Legal Services Division.

EDC's Senior Vice-President and Compliance Officer for SEC, and concurrent Chief Financial Officer and Treasurer, Mr. Erwin O. Avante, spearheads activities related to promoting a culture of good governance within the Parent Company, and monitoring and ensuring compliance by EDC's directors, Management, and employees with corporate governance laws, rules, and regulations. He is assisted by the Legal Services Division of the Parent Company, which helps oversee and monitor corporate governance compliance by EDC. The Parent Company's AGC, as part of its functions and responsibilities, leads, reviews, and oversees the Parent Company's corporate governance practices and policies. Finally, EDC's Board decides on corporate matters and strategies, mindful of its corporate governance responsibilities under the Parent Company's CG Manual.

In 2022, EDC substantially complied with the Code of Corporate Governance for Public Companies and Registered Issuers as indicated in its Annual Corporate Governance Report for Public Companies and Registered Issuers (or SEC Form-ACGR), which was submitted to the SEC on June 30, 2022.

2022 CORPORATE GOVERNANCE ACTIVITIES

For the year ending December 31, 2022, below were the Corporate Governance activities of EDC:

Rights of Stockholders

EDC continues to take the following measures to protect the rights of every stockholder:

- Basic Stockholder Rights. EDC's stockholders, whether of common or preferred shares, or with a majority or minor stake, or who may be an individual or an institutional investor, are equitably provided with the following basic stockholders' rights recognized in the Revised Corporation Code, among others: voting rights, pre-emptive rights, appraisal rights, right to inspect corporate books and records, right to information, right to receive dividends, right to participate and be adequately informed on decisions about fundamental corporate acts.

  The Board continues to give its full support for programs and activities promoting the exercise of stockholders' voting rights, through the early release of the Notice and Agenda for the stockholders' meetings containing an explanation of the items to be discussed, the reiteration during stockholders meeting of the voting procedure, and the disclosure to the stockholders of specific acts approved by the Board.

  To protect the rights of the Parent Company's minority stockholders, the Board makes sure that appropriate safeguards are in place when deciding fundamental corporate actions, and that Independent Directors actively participate in the deliberations of the Board and the Board Committees.

- Right to be Notified of and to Participate in Decisions Concerning Fundamental Corporate Changes. EDC encourages its stockholders' attendance to the annual and special stockholders' meetings to ensure their effective and active participation therein and to help them arrive at a well-informed decision on any proposed fundamental changes in the Parent Company, which may include amendments in the Parent Company's Articles of Incorporation and By-Laws, increase in the authorized capital stock, or transfer of all, or substantially all, of the Parent Company's assets. If individual stockholders or authorized representatives of institutional stockholders cannot attend such meetings, these stockholders are informed ahead of time of their right to appoint a proxy.

  In addition to the stockholders' right to be informed on corporate changes, EDC also ensures that all available measures are taken so that meeting notices and relevant company information reach its stockholders in the most efficient, convenient, and timely manner.

  For 2022, EDC held two (2) stockholders' meeting: the Special Stockholders Meeting ("SSM") on February 24, 2022 and the Annual Stockholders' Meeting ("ASM") on June 29, 2022. Due to the COVID-19 situation, there was no physical venue for the stockholders' meetings. Instead, the SSM and ASM were conducted via remote communication.

  For the SSM, EDC released the Notice of ASM on January 11, 2022. Thereafter, the Definitive Information Statement (or SEC Form 20-IS) containing the Notice of Meeting for the SSM ("Notice of SSM") and the Agenda, the proxy forms, and all information necessary for stockholders to make informed decisions, was filed with the SEC on January 25, 2022. Pursuant to SEC Notice dated March 16, 2021, the Notice of SSM was published in print and online format in two (2) newspapers of general circulation on January 27 and 28, 2022. Further, pursuant to SEC Notice dated April 20, 2020, a copy of the Notice of SSM, Definitive Information Statement, minutes of the previous meeting of the stockholders, and other documents related to the meeting was made available at the Company's website.

  For the ASM, EDC released the Notice of ASM on May 30, 2022. Thereafter, the Definitive Information Statement (or SEC Form 20-IS) containing the Notice of Meeting and the Agenda, the proxy forms, and all information necessary for stockholders to make informed decisions, was filed with the SEC on April 19, 2022. Pursuant to SEC Notice dated April 20, 2020, a copy of the Notice of the Meeting, Definitive Information Statement, minutes of the previous meeting of the stockholders, and other documents related to the meeting was made available at the Parent Company's website.

  In both the SSM and ASM, EDC stockholders were given an opportunity to raise questions to the Board and Management during the stockholders' meeting. Details of the meeting are further discussed in this report under "Equitable Treatment of Stockholders".

  The outcome of the SSM and ASM, with details of the approved agenda items and the approving, dissenting, and abstaining votes, were immediately disclosed to the public via SEC submissions and the Company's website.

  Outside of the stockholders' meetings, EDC keeps its investors, stockholders, and stakeholders informed, through disclosures

and updates posted in the Parent Company's website (http://www.energy.com.ph). For 2022, the Parent Company made a total of thirty-five (35) structured and unstructured disclosures.

Lastly, in addition to the holding of the stockholders' meetings and its updates and disclosures, the Parent Company placed appropriate mechanisms, which allow its stockholders, other stakeholders, and the public at large to participate and give their feedback and complaints. These feedback mechanisms include the Whistleblower Hotline, the EDC website (www.energy.com.ph), the contact information of EDC's Investor Relations Office, and the contact information for the Data Protection Officer.

- Right to Elect Directors. In electing the members of its Board during the ASM, EDC stockholders may vote such number of their voting shares for as many persons as there are directors to be elected or to cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of their voting shares, or to distribute them on the same principle among as many candidates as they think fit. The one share, one vote rule applies.

  Prior to the ASM, all EDC stockholders, including non-controlling stockholders, were given an opportunity to nominate candidates to the Board.

- Right to Dividends ("Dividends Policy"). EDC's Board is authorized to declare dividends as long as EDC has unrestricted retained earnings in accordance with Section 42 of the Revised Corporation Code.

  In the case of cash dividends, holders of common shares are entitled to receive annual cash dividends of at least 30% of the prior year's attributable recurring net income as approved by the Board, without need of stockholders' approval. Such declaration of cash dividend takes into consideration factors such as current and prospective debt service requirements and loan covenants, the implementation of business plans, operating expenses, budget, funding for new investments, as well as appropriate reserves and working capital, among others.

  In the case of stock dividends, the Board's and stockholders' approvals are required in accordance with existing laws. Stockholders representing at least two-thirds of EDC's outstanding capital stock must approve the stock dividend declaration.

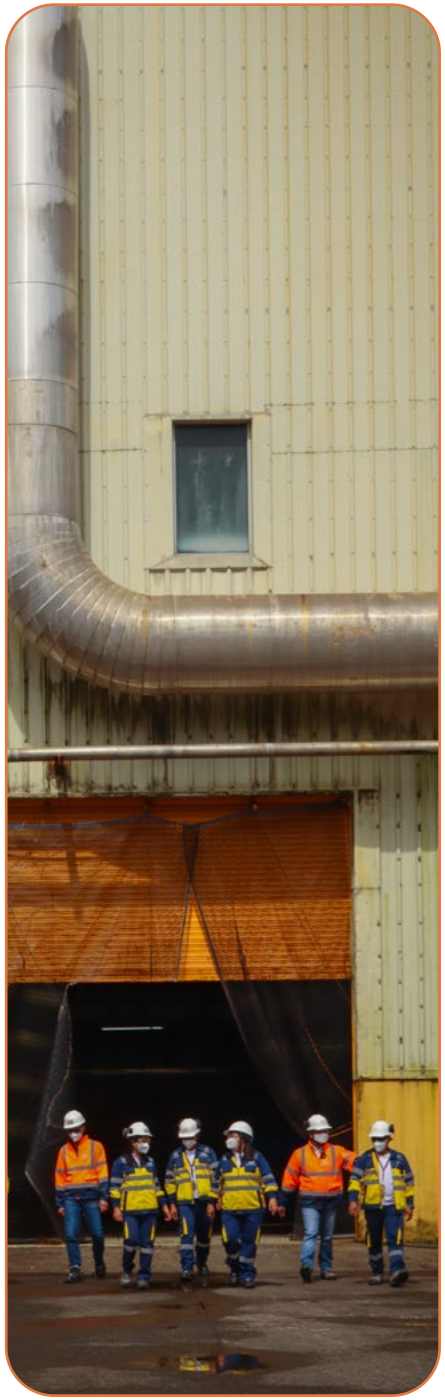
  EDC made several dividends declaration in 2022. On May 19, 2022, EDC's Board declared a regular cash dividend of approximately Php0.0313 per share, in favor of the holders of preferred shares, and approximately Php0.1467 per share, in favor of the holders of common shares, out of the unrestricted retained earnings as of December 31, 2021, in the total amount of Php2.8 billion.

  On November 24, 2022, EDC again declared a special cash dividend of approximately Php0.1467 per share, in favor of the holders of common shares, out of the unrestricted retained earnings as of December 31, 2021, in the total amount of Php2.5 billion.

- Policy on Mergers, Acquisitions, and/or Takeovers. Before entering into extraordinary transactions, such as mergers, acquisitions, and/or takeovers, the Parent Company conducts above-adequate due diligence and review of such extraordinary transactions and the parties potentially involved in it, by securing, among others, the services of expert third-party firms and consultants to evaluate the fairness of the transaction price and its terms and conditions, and to ensure the viability of such transaction to EDC in the long-term. When EDC received a tender offer from PREHC on August 3, 2017, the Independent Directors engaged the services of another expert third-party firm to opine on the reasonableness of the methodologies and approaches used by the experts engaged by the offeror in determining the fair value of the Parent Company.

  EDC also recognizes the rights of its stockholders to participate in the approval of any merger or consolidation in accordance with Section 77 of the Revised Corporation Code.

  Further, where the matter involves a related party, the Parent Company complies with its RPT Policy and exercises greater care and transparency in ensuring reasonable, fair, and arm's length transaction price, terms and conditions that are compliant with pertinent laws, rules, and regulations, and ensures that the transactions inure to the benefit and best interest of the Parent Company and its stockholders as a whole, given relevant circumstances. Material RPTs are disclosed and reviewed by the Parent Company's Independent Directors and approved in accordance with the RPT Policy and consistent with the requirements of the Revised Corporation Code.



2022 STOCKHOLDERS' MEETING.

EDC held a SSM on February 24, 2022. Details on equitable treatment of EDC stockholders during the 2022 SSM are as follows:

- The Parent Company's stockholders participated either in person or through their authorized representatives. Only stockholders of record as of January 28, 2022 were entitled to notice of, and vote at, the meeting. Stockholders who could not personally attend the meeting designated their authorized representatives by submitting a duly- executed proxy by February 17, 2022.

- Meeting notices were issued in English since it is an official language in the Philippines, and also for the benefit of foreign stockholders. For the 2022 SSM, the Notice of SSM was first disclosed via SEC Form 17-C on January 11, 2022. To provide stockholders enough time to examine the information needed to arrive at an informed decision, it was again issued with the meeting agenda, as part of the Definitive Information Statement (SEC Form 20-IS) filed with the SEC, which was published in print and online format in the business section of the Philippine Star and Business Mirror, both newspapers of general circulation, on January 27 and 28, 2022. A copy of the notice, SEC Form 20-IS, minutes of the previous meeting, and other documents related to the meeting were also made accessible through EDC's website.

- In the SEC Form 20-IS, the Parent Company included the Notice and detailed Agenda, together with a brief explanation and rationale of each Agenda item to guide its stockholders and to provide them with the necessary information they could use to arrive at a well-informed decision. It also provided other relevant and adequate information for the stockholders' consideration, including on the amendment of the Second Article of the Articles of Incorporation, to expand the primary purpose of the Parent Company to develop new business that are related to, aligned with, or complementary to its existing business.

- No new item was included in the agenda on the day of the meeting nor was there any amendment made on material information in the SEC Form 20-IS without informing the stockholders in advance.

- A proxy form with instructions on how to appoint a proxy to stockholders' meeting, was enclosed in the Notice and the SEC Form 20-IS to enable representation for the stockholders who could not personally attend the meeting. The proxy form could be electronically filled up; alternatively, it could be downloaded, filled up, and signed, and a scanned copy uploaded in the ASM website. Following submission of the proxy, the company validated the same.

- The SSM was held virtually on February 24, 2022 at 10:00 A.M. Due to the COVID-19 situation, there was no physical venue for the meeting. Stockholders who intended to participate by remote communication had to pre-register pursuant to the Requirements and Procedure for Participation and Voting at the 2022 Special Stockholders' Meeting. Stockholders owning at least 26,398,304,650 shares, representing at least 99.93% of the outstanding capital stock, attended the 2022 SSM, either in person or by proxy.

- EDC's Chairman of the Board/CEO, President/COO, Executive and Non-Executive Directors and Independent Directors, corporate officers, and Management, including the Investor Relations Officer, as well as the external auditor, attended the meeting. All of the eleven (11) members of the Board were present in the meeting.

- The SSM was conducted in English to equally preserve all stockholders' interest and ease communication needs for foreign stockholders.

- EDC followed the agenda items as stated in the Notice and conducted the meeting in accordance with existing laws and regulations.

- The Corporate Secretary explained the voting procedures observed for the meeting, which was included in the SEC Form 20-IS that was distributed to all stockholders prior to the meeting.

- The Chairman encouraged the stockholders to send their queries or to express their opinions or recommendations.

- EDC stockholders voted on each agenda item. Voting results were announced during the SSM, and approved items that were required to be disclosed were reported to the SEC through the filing of SEC Form 17-C on February 24, 2022. BDO Unibank, Inc. – Securities Operations tabulated the votes for each agenda item.

The table below shows the voting results of the 2022 SSM:

Agenda Items	Action			
Item 1. Call to Order	No action necessary.			
Item 2. Proof of Notice and Certification of Quorum	No action necessary.			
	FOR	**%**	**AGAINST**	**ABSTAIN**
Item 3. Approval of the Minutes of the Previous Stockholders' Meeting	26,398,304,650	99.93%	-	-
Item 4. Approval of the Management Report and Audited Financial Statements for the year ended December 31, 2021	26,398,304,650	99.93%	-	-
Item 5. Adjournment	No action necessary.			



2022 ANNUAL STOCKHOLDERS' MEETING

EDC held its 2022 ASM virtually on June 29, 2022. Details on equitable treatment of EDC stockholders during the 2022 ASM are as follows:

1.The Parent Company's stockholders participated either in person or through their authorized representatives. Only stockholders of record as of April 15, 2022 were entitled to notice of, and vote at, the meeting. Stockholders who could not personally attend the meeting designated their authorized representatives by submitting a duly-executed proxy by June 23, 2022.

2. Meeting notices were issued in English since it is an official language in the Philippines, and also for the benefit of foreign stockholders. For the 2022 ASM, the Notice of the Meeting was first disclosed via SEC Form 17-C on April 29, 2022. To provide stockholders enough time to examine the information needed to arrive at an informed decision, it was again issued with the meeting agenda, as part of the Definitive Information Statement (SEC Form 20-IS) filed with the SEC, which was published in print and online format in the business section of the Philippine Star and Business Mirror, both newspapers of general circulation, on May 30 and 31, 2022. A copy of the notice, Definitive Information Statement, minutes of the previous meeting, and other documents related to the meeting were also made accessible through EDC's website.

3. In the SEC Form 20-IS, the Parent Company included the Notice and detailed Agenda, together with a brief explanation and rationale of each Agenda item to guide its stockholders and to provide them with the necessary information they could use to arrive at a well-informed decision. It also provided other relevant and adequate information for the stockholders' consideration, including –

- Nomination and Election of EDC Directors. Basic information on the nominees for Directors, such as the name, type of directorship, education, experience, positions held in other businesses, date of first election, shareholding in EDC, and such other information were provided to stockholders in SEC Form 20-IS.

- Remuneration Information. Information on the amount and form of compensation received by the Directors and key officers of EDC were provided in SEC Form 20-IS.

- Appointment of External Auditors. SGV & Co, with Ms. Ma. Veronica Andrea R. Pore as the audit partner-in-charge, upon the recommendation of the Audit and Governance Committee, was identified as EDC's external auditor for 2022-2023.

- Divdends. Information on the dividend policy and the dividend amount declared to be paid and the dividends actually paid in the previous years were likewise provided.

4. No new item was included in the agenda on the day of the meeting nor was there any amendment made on material information in SEC Form 20-IS without informing the stockholders in advance.

5. A proxy form with instructions on how to appoint a proxy to stockholders' meeting, was enclosed in the Notice and the SEC Form 20-IS to enable representation for the stockholders who could not personally attend the meeting. The proxy form could be electronically filled up; alternatively, it could be downloaded, filled up, and signed, and a scanned copy uploaded in the ASM website. Following submission of the proxy, the Parent Company validated the same.

6. The ASM was held virtually on June 29, 2022 at 10:00 A.M. Due to the COVID-19 situation, there was no physical venue for the meeting. Stockholders who intended to participate by remote communication had to pre- register pursuant to the Requirements and Procedure for Participation and Voting at the 2021 Annual Stockholders' Meeting. Stockholders owning at least 26,398,304,653 shares, representing at least 99.93% of the outstanding capital stock, attended the 2022 ASM, either in person or by proxy.

7. EDC's Chairman of the Board/CEO, President/COO, Executive and Non- Executive Directors and Independent Directors, corporate officers, and Management, including the Investor Relations Officer, as well as the external auditor, attended the meeting. All of the eleven (11) members of the Board were present in the meeting.

8. The ASM was conducted in English to equally preserve all stockholders' interest and ease communication needs for foreign stockholders.

9. EDC followed the agenda items as stated in the Notice and conducted the meeting in accordance with existing laws and regulations.

10. The Corporate Secretary explained the voting procedures observed for the meeting, which was included in the SEC Form 20-IS that was distributed to all stockholders prior to the meeting.

11. The Chairman encouraged the stockholders to send their queries or to express their opinions or recommendations.

12. EDC stockholders voted on each agenda item. Voting results were announced during the ASM, and approved items that were required to be disclosed were reported to the SEC through the filing of SEC Form 17-C on Jun 29, 2022. BDO Unibank, Inc. – Securities Operations tabulated the votes for each agenda item.

The table on the right shows the voting results of the 2022 ASM:

Agenda Items	Action			
Item 1. Call to Order	No action necessary.			
Item 2. Proof of Notice and Certification of Quorum	No action necessary.			
	FOR	**%**	**AGAINST**	**ABSTAIN**
Item 3. Approval of the Minutes of the Previous Stockholders' Meeting	26,398,304,644	99.93%	-	-
Item 4. Approval of the Management Report and Audited Financial Statements for the year ended December 31, 2021	26,398,304,644	99.93%	-	-
Item 5. Ratification of Acts of Management and the Board of Directors	26,398,304,644	99.93%	-	-
Item 6. Election of Directors	Votes per nominee shown below			
For Regular Director:	Votes per nominee shown below			
Federico R. Lopez	26,398,254,444	99.93%	-	-
Richard B. Tantoco	26,398,304,644	99.93%	-	-
Francis Giles B. Puno	26,398,254,444	99.93%	-	-
Jonathan C. Russell	26,398,254,444	99.93%	-	-
Joaquin E. Quintos IV	26,398,304,644	99.93%	-	-
David Andrew Baldwin	26,398,254,444	99.93%	-	-
Christopher Low Eu Sun	26,398,254,444	99.93%	-	-
Ang Eng Seng	26,398,304,644	99.93%	-	-
For Independent Director:	Votes per nominee shown below			
Manuel I. Ayala	26,398,304,644	99.93%	-	-
Sebastian C. Quiniones, Jr.	26,398,304,644	99.93%	-	-
Teresa Grace Socorro G. Lara	26,398,304,644	99.93%	-	-
Item 7. Approval of appointment of SGV & Co. as the Company's external auditor	26,398,304,644	99.93%	-	-
Item 8. Adjournment	No action necessary.			

BOARD OF DIRECTORS



Federico R. Lopez, 61

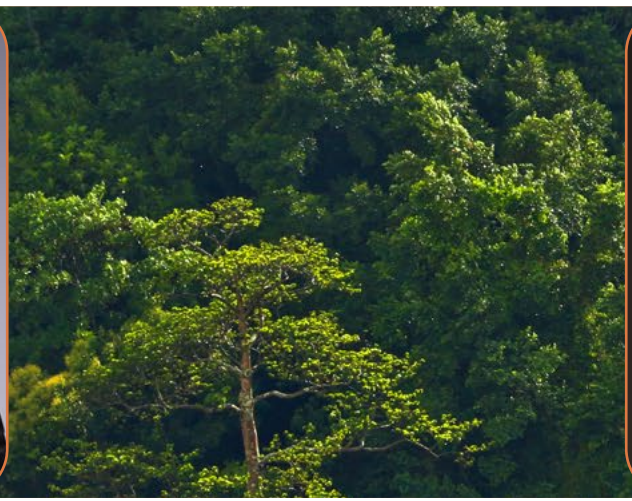
Mr. Lopez, Filipino, has been a member of the Board since November 29, 2007. He is currently Chairman and Chief Executive Officer of EDC, and the publicly-listed companies Lopez Holding Corporation, FPH and First Gen. He is Vice Chairman of Rockwell Land Corporation and also sits on the board of ABS-CBN Corporation, which are also publicly-listed companies.

A staunch environmentalist, he is the Chairman of the Oscar M. Lopez Center for Climate Change Adaptation and Disaster Risk Management Foundation ("OML Center"), a non-profit private sector-led initiative supporting research and innovative solutions to build climate-resilient communities. He is the Chairman of Sikat Solar Challenge Foundation, Inc., which focuses on bringing clean energy solutions to rural communities. He is the Chairman of Ang Misyon, an El Sistema-inspired advocacy committed to igniting social change and youth development through the formation of the Orchestra of the Filipino Youth. He is the Chairman of Knowledge Channel Foundation, which is committed to delivering transformative learning experiences especially to poor and marginalized Filipino children and communities. He is also a member of the Board of Trustees of the Philippine Disaster Resilience Foundation, the ABS-CBN Lingkod Kapamilya Foundation, the Eugenio Lopez Foundation, Teach for the Philippines, and Endeavor Philippines.

Mr. Lopez is a member of the New York Philharmonic International Advisory Board, Asia Business Council, World Presidents Organization, Chief Executives Organization, ASEAN Business Club, Management Association of the Philippines, Philippine Chamber of Commerce and Industry, European Chamber of Commerce of the Philippines, and Makati Business Club.

Mr. Lopez is a graduate of the University of Pennsylvania with a Bachelor of Arts Degree, Double Major in Economics and International Relations, cum laude (1983).









Richard B. Tantoco, 56

Mr. Tantoco, Filipino, sits as a director of EDC since November 29, 2007. He is currently President and Chief Operating Officer of EDC and several of its subsidiaries, including BGI, GCGI and EBWPC. He also sits as a director and Executive Vice President of First Gen, a publicly-listed company, and several First Gen subsidiaries, and as director of Cebu Air, Inc.

He is currently the President and Trustee of the OML Center and a trustee in the board of several non-profit organizations, including KEITECH Educational Foundation Inc., Business for Sustainable Development, Inc. and Eugenio Lopez Foundation, Inc. He previously worked with management consulting firm Booz, Allen and Hamilton, Inc. in New York and London where he specialized in mergers and acquisition advisory, turnaround strategy advisory, and growth strategy formulation for media and manufacturing companies.

Mr. Tantoco has an MBA in Finance from the Wharton School of Business of the University of Pennsylvania (1993) and a Bachelor of Science degree in Business Management from the Ateneo de Manila University where he graduated with honors (1988).

Francis Giles B. Puno, 58

Mr. Puno, Filipino, has been a director of EDC since November 29, 2007. He also sits in the board of publicly- listed companies FPH, First Gen, First Philippine Industrial Park ("FPIP"), and Rockwell Land. He is also the President and Chief Operating Officer of FPH, First Gen, FPIP and several First Gen subsidiaries, such as Red Vulcan, First Gen Energy Solutions, FGP Corp., and First NatGas Power Corp. He previously worked with the Global Power and Environmental Group of The Chase Manhattan Bank in Singapore and Hong Kong where he originated and executed financial advisory and debt arrangement mandates for power and water projects in Asia.

Mr. Puno has a Master of Management degree from the Kellogg Graduate School of Management of Northwestern University (1990) and a Bachelor of Science degree in Business Management from the Ateneo de Manila University (1985).



Joaquin E. Quintos IV, 63

Mr. Quintos, Filipino, has been a director of EDC since November 2015. He is currently Senior Vice President of FPH and serves as the President of the conglomerate's healthcare and education businesses, namely Asian Eye Institute, Philippine Impact Health, and First Industrial Science and Technology College. He also serves as a director of various operating subsidiaries of FPH. He is also a member of the board of AIA Philippines and Sky Cable Corporation. He was a former independent director of iPeople, STI Education Services Group, Inc., Vicsal Investment, Inc. and AB Capital and Investment Corporation. He is currently a Trustee of the Knowledge Channel Foundation and La Proteccion de la Infancia.

Prior to joining FPH, Mr. Quintos was President and CEO of Prople Limited and was the Chairman and Country General Manager of IBM Philippines Inc. ("IBM"). He headed all of IBM's wholly owned subsidiaries in the Philippines. He was President and CEO of IBM Daksh Philippines Inc., Chairman of IBM Solutions Delivery Inc., and Chairman of IBM Business Services Inc. IBM's BPO operating subsidiaries, IBM Daksh and IBM Business Services, were set-up during his tenure.

He was formerly the Chairman of the ICT Panel of the Joint Congressional Committee on Science and Technology of the Republic of the Philippines. He was previously the Chairman of De La Salle University Manila and the Co-Chairman of the De La Salle Philippines board, which oversees the unified administration of the network of seventeen (17) La Sallian institutions in the Philippines. He was also the previous Vice Chairman of the Credit Information Corporation, the national credit registry of the Philippines.

Mr. Quintos is a graduate of the University of the Philippines with a Bachelor of Science degree in Industrial Engineering, cum laude.

Jonathan C. Russell, 58

Mr. Russell, British, has been a director of EDC since November 29, 2007. He is also an Executive Vice President of First Gen and director of GCGI. He was previously Vice President of Generation Ventures Associates ("GVA"), an international developer of independent power projects based in Boston, USA, responsible for the development of 1,720 MW of IPP projects in Asia. Prior to joining GVA, he worked for BG plc based in London and Boston, responsible for the development of power and natural gas distribution projects.

Mr. Russell has an MBA with Distinction in International Business & Export Management from the City University Business School, London, England (1989) and a Bachelor of Science with Honours in Chemical & Administrative Sciences from the City University, London, England (1987).

David Andrew Baldwin, 58

Mr. Baldwin, Australian, has been a director of EDC since October 3, 2017. He is also a Senior Managing Director at Macquarie Asset Management ("MAM"), where he is the head of power, renewable and utility businesses across Asia. MAM is the world's largest infrastructure asset manager and has approximately 11GW of renewable energy investments under management.

Mr. Baldwin's industry experience includes renewable, utilities, resources and petrochemicals in both private and listed companies around the world.

Prior to joining MAM in 2017, Mr. Baldwin was CEO, Integrated Gas at Origin Energy, where he delivered and operated Origin's LNG and gas businesses. Prior to this, he was CEO of Contact Energy ("Contact"), one of New Zealand's largest integrated energy companies with more than 2,000 MW of geothermal, hydroelectric and gas-fired generation, and approximately 600,000 customers.



Prior to his role at Contact, Mr. Baldwin held senior positions at Berkshire Hathaway Energy in the Philippines and the United States, SouthPac Corporation in Indonesia and Shell in Netherlands and New Zealand. David's responsibilities included the delivery and operation of geothermal, hydroelectric and other renewable projects, mergers and acquisitions, and design and operation of petrochemical facilities.

Mr. Baldwin has an MBA from Victoria University of Wellington (1994) and a degree in Chemical Engineering from the University of Canterbury (1985).

Christopher Low Eu Sun, 39

Mr. Low, Malaysian, has been a director of EDC since October 3, 2017. He is a Managing Director of Macquarie Infrastructure and Real Assets ("MIRA"), which is part of MAM – the asset management arm of Macquarie Group.

Mr. Low joined MIRA in 2006 and currently serves as the Co-head of South-East Asia and India for MAM Real Assets. Mr. Low has been based in Singapore since 2014.

Mr. Low has a master's degree in Management from Imperial College London and an undergraduate degree in Economics from the London School of Economics.

Ang Eng Seng, 60

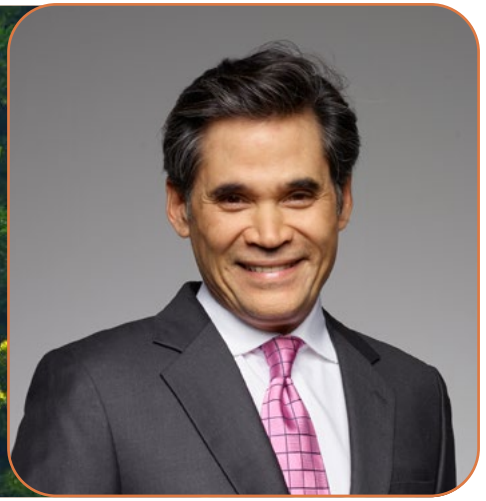
Mr. Ang, Singaporean, has been a director of EDC since February 4, 2021. He is currently the Chief Investment Officer of GIC Private Limited ("GIC") for Infrastructure. Prior to this, he was President of Europe and Head of Integrated Strategies Group of GIC.

Prior to joining GIC in 1994, Mr. Ang was a Director of the Auditor-General's Office in Singapore. From 1996 to 1998, he was seconded from GIC to China International Capital Corporation in Beijing first as the Deputy General Manager and subsequently as the General Manager of its Direct Investment Department. He was Head of the Greater China Team for GIC Special Investments from 1999 to mid-2003, before becoming the Head of Europe Private Equity Group until 2009. He was concurrently Global Head of GIC's Direct Investment Group and Head of Infrastructure Group from 2009 to 2012.

Mr. Ang holds a master's degree from Cambridge University (1984). He is a Certified Public Accountant and a Chartered Financial Analyst charter holder.







Sebastian C. Quiniones, Jr., 62

Mr. Quiniones, Filipino, is an Independent Director of EDC since May 11, 2021 and currently sits as the Chairman of the Health, Safety, and Environment Committee. He has been an Executive Director of Pilipinas Shell Foundation since January 2019, Chairman of the Board of Mindoro Biodiversity and Conservation Foundation since 2016, Chairman of the Board of ShellClub15Plus since 2017, and a member of STEM Alliance Philippines since 2020. He is currently the Chairman of the Board of the League of Corporate Foundations. He was General Manager and Managing Director of Shell Philippines Exploration BV, a Director of Pilipinas Shell Petroleum Corporation where he was also a member of the Board Audit Committee, and Trustee of the Pension Fund of Shell Philippines Exploration BV. He was appointed as Managing Director and General Manager of Prime Energy Resources Development BV, the company which took over the Operatorship of the Malampaya Gas to Power Project on 1 November 2022.

He is also a member of the Management Association of the Philippines where he was Chairman, and Vice Chairman of the Energy Committee. He is also a corporate member of Kabalikat Para sa Maunlad na Buhay, a microfinance non-government organization, and has membership in various committees of the Union Church of Manila.

Mr. Quiniones previously served in the Boards of First Philippine Industrial Corporation and Batangas Bay Carriers, Inc. from 2001 to 2002. He was the Oil and Gas Representative for the Multi-Sectoral Group of Philippines Extractive Industries Transparency Initiative, President of the Petroleum Association of the Philippines, a Trustee of the Malampaya Foundation, a Director of the British Chamber of Commerce of the Philippines, and a Trustee of the British School of Manila. He has also served as Chairman of Council of the Union Church of Manila.

Mr. Quiniones graduated from the Philippine Science High School (1976) and became an NSDB scholar at the University of Philippines Diliman where he studied Chemical Engineering. He was trained in Technical, Operational and Leadership roles in Shell and attended a senior management course at INSEAD in the Singapore campus.

Manuel I. Ayala, 59

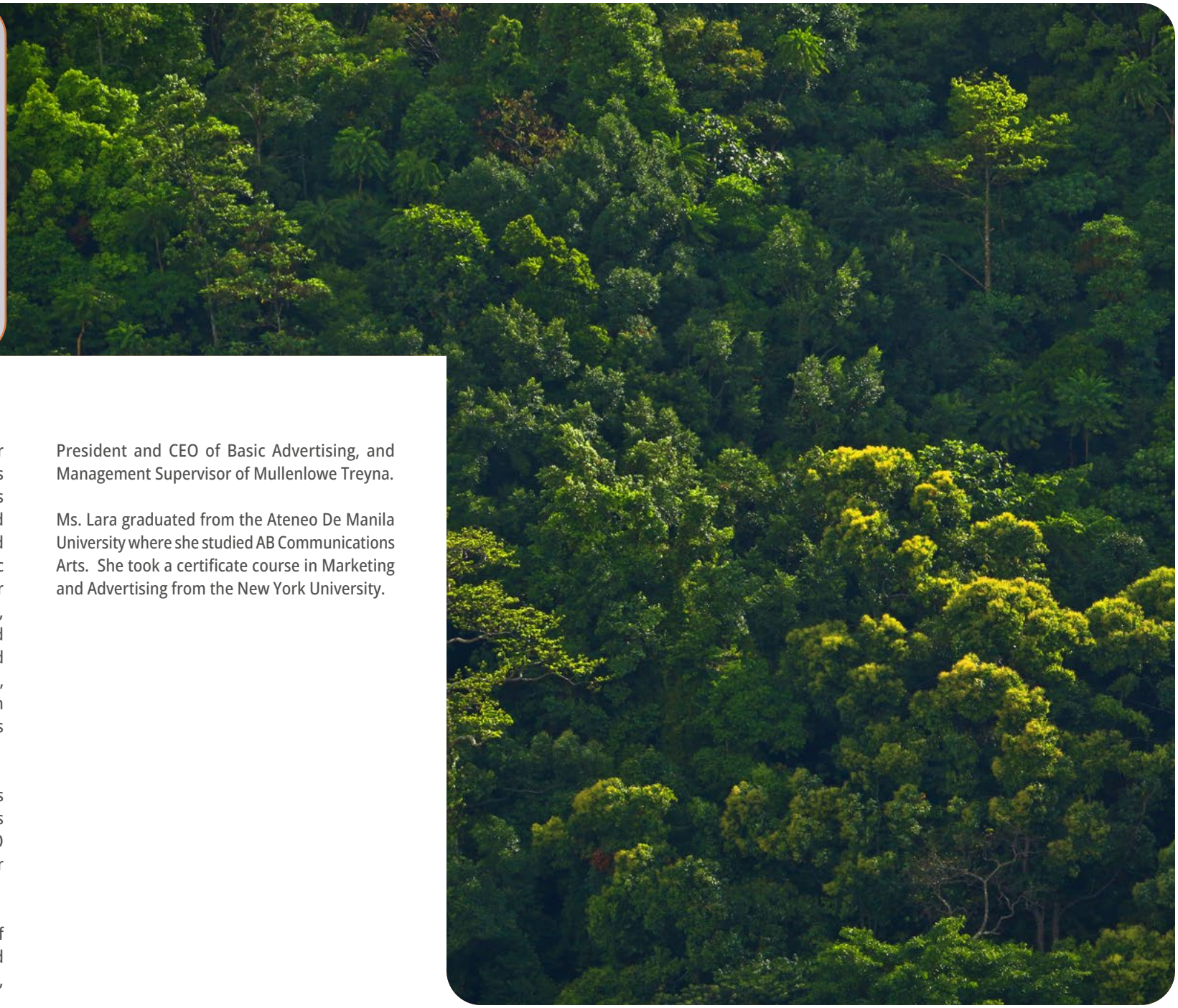
Mr. Ayala, Filipino, has been an Independent Director of EDC since September 7, 2016 and currently sits as the Chairman of the Audit and Governance Committee.

Mr. Ayala is the Co-Founder and Managing Director of Endeavor Philippines, a global nonprofit organization focused on accelerating the growth of high impact entrepreneurs. He is also an Independent Director of Sky Cable and a Board Trustee of the University of Asia and the Pacific.

Prior to Endeavor, Mr. Ayala founded Hatchd, Inc., a technology incubator that has helped to create companies such as Rappler, PawnHero, Purple Click, Ayannah, and GrowSari. He was also a co-founder of IRG Ltd., a Hong Kong- based M&A advisory firm focused on the telecoms, media and tech sectors across the Asia Pacific.

Mr. Ayala has an MBA from Harvard Business School and a BA from Yale University.





Teresa Grace Socorro G. Lara, 65

Ms. Lara, Filipino, is an Independent Director of EDC since May 11, 2021 and currently sits as the Chairman of the Related Party Transactions Committee. She is a Director of Artists and Company, a talent management firm and currently an Independent Director of Electronic Network Cash Tellers, Inc. She is active in her various advocacies, including GKONOMICS, which is the livelihood and training arm of Gawad Kalinga, as Marketing and Design Consultant, and MAKABATA School Foundation, Inc., a non-stock, non-profit foundation dedicated to the education of street children. Ms. Lara also supports various producers and artisans in the Negros Province.

Prior to this, Ms. Lara spent three (3) decades in the Philippine advertising industry. She was Chairman of the Board and President and CEO of Young and Rubicam Philippines until her retirement in 2014.

Ms. Lara was previously the Vice Chairman of Publicis/Jimenez Basic, General Manager and Client Services Director of Jimenez/D'ARCV, President and CEO of Basic Advertising, and Management Supervisor of Mullenlowe Treyna.

Ms. Lara graduated from the Ateneo De Manila University where she studied AB Communications Arts. She took a certificate course in Marketing and Advertising from the New York University.

KEY EXECUTIVE OFFICERS





Oscar M. Lopez, 92
Chairman Emeritus

Mr. Lopez, Filipino, is the Chairman Emeritus of EDC and has been a member of the Board since its full privatization in 2007 until October 3, 2017. He is also the Chairman Emeritus of FPH, the specific associate holding company for power generation and distribution, property and manufacturing.

Mr. Lopez is one of the most respected and admired business leaders in Asia. He was Management Association of the Philippines' Management Man of the Year in 2000 and one of the top twenty (20) finalists for CNBC and TNT International's Asia Business Leader Awards in 2004. He was the first Filipino businessman to be awarded the most prestigious Officer's Cross of the Order of Merit of the Federal Republic of Germany in 2005. He was a recipient of The Outstanding Filipino Award in the field of Business for the year 2009.

Named by Forbes Magazine as among the "Heroes of Philanthropy" in Asia, he is involved in several social and environmental concerns, among them the Eugenio Lopez Foundation and the Lopez Group Foundation. In 2006, he was honored in Monaco with the IMD-Lombard Odier Hentsch Distinguished Family Award for "an outstanding commitment on philanthropy for the family's achievement in excellence such as the clarity and sustainability of their social endeavors, exemplary corporate governance, a focus on family values, and the involvement of multiple generations."

He was conferred Honorary Degree Doctor of Laws, honoris causa by the Philippine Women's University in April 2009 and by the University of the Philippines in March 2012 and Honorary Degree Doctor of Humanities, honoris causa by De La Salle University in October 2010 and by the Ateneo de Manila University in November 2010. He was the 2011 Ramon del Rosario, Sr. Awardee for Nation Building.

Mr. Lopez has a Master's degree in Public Administration from the Littauer School of Public Administration in Harvard University (1955), where he also earned his Bachelor of Arts degree, cum laude (1951).

Victor Emmanuel B. Santos, Jr., 54
Executive Vice President and Regulatory Compliance Officer

Mr. Santos, Filipino, is currently the Executive Vice-President and Regulatory Compliance Officer of EDC. Prior to this, he was a Director of the Parent Company from February 28, 2017 to October 3, 2017. He is also an Executive Vice-President in First Gen and FPHC, both publicly-listed companies of the Lopez Group.

He is currently a Member of the Board of Trustees of the Philippine Independent Power Producers Association and a Director of the PEMC Board.

Mr. Santos has a Master's degree in Business Administration from Fordham University (1995) and a Bachelor of Science degree in Management of Financial Institutions from De La Salle University (1989).







Jerome H. Cainglet, 54
Senior Vice President, Deputy Chief Operating Officer and Head of Enterprise Commercial

Mr. Cainglet, Filipino, is the Senior Vice-President, Deputy Chief Operating Officer and Head of Enterprise Commercial Group of the Parent Company, having been appointed by the Board on February 10, 2022. He is currently a Director and Senior Vice-President and Deputy Chief Operating Officer of various EDC subsidiaries including, BGI, Unified Leyte Geothermal Inc. and EDC Geothermal Corporation. He is also a Director of various gas project companies of the Lopez Group, including First Gas Holdings Corporation, First Gas Power Corporation, FGP Corp., First NatGas Power Corporation, First Gas Pipeline Corporation, and FG Land Corporation.

Mr. Cainglet has been with the Lopez Group since July 1990 when he first joined FPH. He was a member of the core team that developed and implemented the Santa Rita and San Lorenzo gas-fired power plant projects as part of the Malampaya Gas-to-Power project and went on to Head the Gas Business Unit of First Gen until his appointment to the Parent Company.

He is a graduate of B.S. Chemical Engineering from the University of the Philippines (1989) and has an Executive MBA degree from the Asian Institute of Management (2006).

Erwin O. Avante, 48
Senior Vice President, Chief Financial Officer/ Treasurer and Compliance Officer for SEC

Mr. Avante, Filipino, was appointed by the Board as Chief Financial Officer effective January 1, 2019 and as a Compliance Officer for the SEC effective March 1, 2014. He was promoted to Senior Vice President of the Parent Company on February 10, 2022. He is also a Vice-President in First Gen. Prior to joining the Lopez Group in 1998, Mr. Avante worked as Senior Audit In-charge at SGV & Co.

Mr. Avante has a Master's Degree in Business Administration (2000) and a Master's of Science Degree in Computational Finance (2003), both obtained from the Graduate School of Business - De La Salle University, and a Bachelor of Science in Accountancy from De La Salle University (1994). Mr. Avante placed 1st in the May 1995 Certified Public Accountants board examination. He is also a CFA charterholder since 2005.

Ma. Elizabeth D. Nasol, 64
Senior Vice President, Head of Human Resource Management

Ms. Nasol, Filipino, joined EDC in February 2013 as Vice-President for the Human Resources Management Group. Prior to her appointment in EDC, she was the Vice-President for Corporate Human Resources of First Philippine Electric Corporation ("First Philec"), which is the intermediate holding company for all manufacturing investments of FPH.

Among her executive roles before joining the Lopez Group were as Vice-President for Corporate Human Resource of Roxas Holdings Inc. and all its subsidiaries, and as the Head of the Center for Excellence of Globe Telecommunications, Inc. She was also the Vice-President and Head of Organization and People Development in San Miguel Corporation where she established her career as an HR professional and well-respected leader.

She graduated from the University of Santo Tomas with a Bachelor's Degree in Psychology,

completed the Executive Development Program of INSEAD Singapore (1992), and finished the Strategic HR Management Program of the University of Michigan (1995). She then became a "Certified Total Rewards Fellow" (2018) by the Asian Total Rewards Institute which is based in Singapore.

Ms. Nasol's desire for continuous learning and development is matched by her dedication to sharing her expertise with professional organizations. As a result, she became President of the Organization Development Practitioners Network from 2009 to 2011, and likewise served as President of the Compensation Management Society of the Philippines from 2017 to 2020. She is also an active member of the People Management Association of the Philippines ("PMAP") where she was conferred the title "Diplomate in People Management" in 2017. She also remains a member of the PMAP Board of Trustees and was the Head of its Leadership Committee in 2019 (when it was also named the PMAP "Committee of the Year"). She was similarly a member of the PMAP Foundation Board of Trustees when the "Kapwa Diwa" initiative was launched in 2020 to focus on creating awareness for inculcating the Filipino values of "Malasakit sa Kapwa". As an elected member of the PMAP Board of Trustees, she has been assigned as the Trustee in charge of the Data and Research Committee since 2021 and was elected Vice President and Chairman of the Annual Conference in 2022.





Liberato S. Virata, 63
Senior Vice President, Head of Facilities O&M and Project Management

Mr. Virata, Filipino, was appointed by the Board as Senior Vice President in December 2019. He started working for EDC in 1982 and held various positions including Field Maintenance Manager for LGPF, Maintenance Manager, Production Manager and Resident Manager for Bacman Geothermal Production Field (BGPF) and Vice President and Head of Project Management prior to his current position.

Mr. Virata graduated with a Bachelor of Science degree in Mechanical Engineering from the Mapua Institute of Technology in Manila (1981). He became a Registered Mechanical Engineer in 1982 and a Professional Mechanical Engineer in 2006. He completed the Refinery Operations Course at Shell Refinery Clyde, Sydney New South Wales, Australia (1988), Management Development Program of AIM (1996), and Diploma Course in Maintenance Management System (JICA) at Kitakyushu, Japan (2003).

Mr. Virata is currently a Trustee and 1st Vice President of the Foundation of Outstanding Mapuan Incorporated. He was the National President of the Philippine Society of Mechanical Engineers in 2011 and 2012. He was a recipient of the PSME Fellow Award in 2013, PSME Don Tobias Marcelo Lifetime Achievement Award in 2016, PSME Outstanding Past President Emeritus Award in 2017, MIT's Outstanding Alumnus Award for 2016, NAMA's The Outstanding Mapuan for 2016, MEAAMIT's The Outstanding Mechanical Engineer in 2014 and Philippines Professional Regulation Commission Citation for the Most Outstanding Mechanical Engineer in 2015.

Emmanuel C. Portugal, 58
Vice President, Head of the Technology Office

Mr. Portugal, Filipino, is currently the Head of the Technology Office of EDC. He was appointed as Vice President and Chief Digital Transformation Officer in May 15, 2017. He is a highly experienced executive with a strong track record in business development, product marketing, sales and channel management. Among the companies he worked for are IBM, DFNN, Intel, and VMware. Prior to EDC, Mr. Portugal was the Country Manager of VMware Philippines where he established the organization as a strategic cloud computing and mobility platform for large enterprises in the telecommunications, banking, manufacturing, and public sector industries.

Mr. Portugal graduated from the University of the Philippines, with a Bachelor of Science degree in Mechanical Engineering (1985).









Jennifer Joy Santamarina Santos, 52
Chief Transformation Officer, Head of Transformation Office

Ms. Santos, Filipino, joined EDC in 2019. She is a proven business transformation leader with extensive experience from different companies in various industries (fast-moving consumer goods, telecommunications, media and technology) located in the Philippines and overseas. Prior to joining EDC, she managed multiple transformation programs in the Asia-Pacific region. She likewise has a strong track record in marketing, product management, innovation, and business development, having been an executive in these functions for many years.

Ms. Santos graduated from the Ateneo de Manila University as a scholar, with a Bachelor of Science degree in Management. She likewise attended the Ateneo Graduate School of Business. She also completed the Executive Development Program and Innovation Leadership Program of the Asian Institute of Management, as well as the International Executive Leadership Program of INSEAD-Singapore. Her professional development continues as she recently also completed certificate courses on Innovation in the Age of Disruption, and Leading Organizations in Disruptive Times at INSEAD-Singapore. She is also a mentor at the Asian Institute of Management and is a Certified Executive Coach.

Jay Joel L. Soriano, 45
Vice President

Mr. Soriano, Filipino, is currently a Vice President of the Parent Company. He joined EDC in 2014 as Deputy Strategic Business Unit Head of BGI before assuming the role of Strategic Business Unit Head of Negros Island Business Unit from 2016 to 2019 and as Head of the Integrated Planning Group in 2019 to 2022. He is also a Vice President and Head of Strategy and Planning of FGEN effective February 2022.

Mr. Soriano obtained his Bachelor of Science degree in Management Engineering from the Ateneo de Manila University. He also holds a Master's Degree in Business Administration from Harvard University.

Edwin H. Alcober, 50
Vice President, Head of Production Optimization of Integrated Subsurface

Mr. Alcober, Filipino, was appointed by the Board as Vice President in May 2019. He began his career in EDC more than two (2) decades ago as a Drilling Engineer. He then became a Process Geochemist before heading the Leyte Resource Management Department. He was also previously the Geosciences and Reservoir Engineering Group Head.

Mr. Alcober obtained his Bachelor of Science degree in Chemical Engineering from the University of the Philippines in Diliman in 1994. He had undergone training in Geothermal Energy Technology at the Geothermal Institute, University of Auckland, New Zealand in 1998 and awarded Best in Engineering. He also finished Basic Management Program (2010) and Management Development Program (2017) at the Asian Institute of Management.



James E. Jumawan, 58
Vice President, Head of Execution of Integrated Subsurface

Mr. Jumawan, Filipino, was appointed by the Board in May 2019 as Vice President and has been leading the drilling activities of EDC since 2015 as Head of the Well Services Group. He has more than three (3) decades of drilling expertise with EDC, joining the Parent Company as a Drilling Engineer in 1988.

Mr. Jumawan obtained his Bachelor of Science degree in Electrical Engineering from Siliman University (1986) and a diploma in Geothermal Energy Technology from the University of Auckland, New Zealand (2000).

Emeterio T. Busmeon, 60
Vice President, Head of Facility Operations

Mr. Busmeon, Filipino, was appointed by the Board in December 2019 as Vice President and Head of Facility Operations. He joined EDC in 2009. Prior to joining EDC, he was Acting Manager of the Maintenance Division of the National Power Corporation, having been with said company since 1990.

Mr. Busmeon graduated from the Siliman University, with a Bachelor of Science degree in Mechanical Engineering in 1984. He holds a Master's Degree in Public Administration also from Siliman University. He is a Career Executive Service (CES) Eligible, Civil Service Commission in 2006. He practices as a Professional Mechanical Engineer in accordance with the Philippine Regulation Commission. He is also as a Certified Maintenance and Reliability Professional by the American National Standard Institute.

Maribel A. Manlapaz, 57
Vice President, Head of Comptrollership

Ms. Manlapaz, Filipino, joined EDC in November 2009. Prior to joining EDC, she held various executive positions for more than twenty (20) years at various global pharmaceutical companies, including as Director of Finance at UCB Philippines, Inc., a multinational company based in Belgium.

Ms. Manlapaz started her career in 1987 as an auditor with SGV & Co. (EY Affiliate). Between 1989 and 2006, she joined Pfizer, Inc. and The Boots Company Philippines, managing various finance functions. Her areas of expertise in the field of finance are management accounting, financial accounting and reporting, tax planning and compliance, and corporate and regulatory compliance.

Ms. Manlapaz is a Certified Public Accountant and holds a Master's Degree in Business Administration – Top Executive Program from the Pamantasan ng Lungsod ng Maynila (1996). She finished her undergraduate degree with cum laude distinction from the Philippines School of Business Administration in 1986, and was awarded Most Outstanding Graduate of the Year.

Ms. Manlapaz has also completed Diploma courses in Systems Design and Business Analysis and Strategic Finance at Asian Institute of Management. She also attended training programs on Coaching, Strategic Leadership and Leadership Foundation both locally and internationally.



Regina Victoria J. Pascual, 60
Vice President, Head of Corporate Support Functions

Ms. Pascual, Filipino, joined EDC in 1990. Prior to joining EDC, she managed water supply and sanitation programs under the Department of Interior and Local Government and its partnerships with the United States Agency for International Development. In her more than thirty (30) years in EDC, she has showcased her leadership and expertise in different functions related to hydrogeology, Health, Safety and Environment, and Integrated Management Systems Audit. Ms. Pascual earned her Bachelor of Science degree in Geology in 1983, and her Diploma in Environmental Science in 1996, both from the University of the Philippines Diliman.

Marvin Kenneth S. Bailon, 45
Vice President, Head of Business Development

Mr. Bailon, Filipino, joined EDC in 2011. He is currently the Vice President and Head of Business Development of the Parent Company where he leads the development of local and International geothermal growth projects. Prior to this, he was a Manager under the Business Development Group and eventually headed the commercial teams of EDC's Mt. Apo and Leyte business units. In 2018, he assumed the role of Strategic Business Unit Head of Bac-Man and in 2019 was the Head for Market Planning & Contracts concurrent with his role of Head of Business Development for local growth projects.

Mr. Bailon has more than ten (10) years of experience in research, business planning, and business development from different industries (including oil and gas, power, and food) prior to joining EDC. He earned both his undergraduate degree in Quantitative Economics and graduate degree in Industrial Economics from the University of Asia and the Pacific.

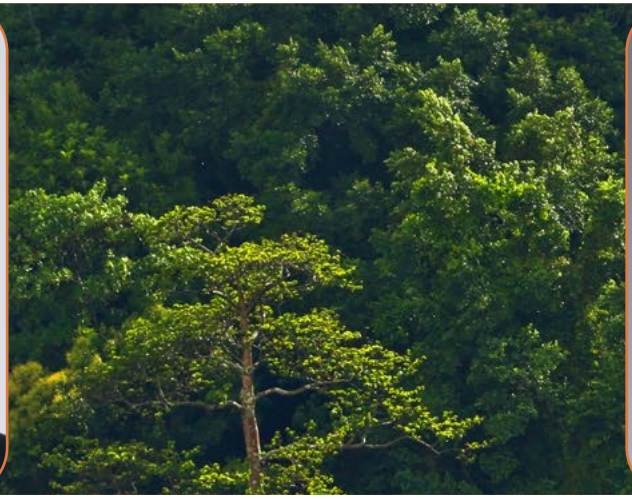
Reman A. Chua, 51
Vice President

Mr. Chua, Filipino, has been with EDC from 2007 to the present. He led EDC's 150 MW Burgos Wind Project and was appointed as Vice President on September 9, 2015.

Before his assignment to EDC, he began his career with the Lopez Group in 2002 as a Manager for Business Development under FGP Corporation. For a time, he was studying natural gas power vehicles as an extension business for the group and as an entry to non-power market for natural gas in the Philippines. He was assigned to the Manila North Tollways Corporation as manager for marketing, compliance and Business Development from 2002 up to 2005, during which the rehabilitation and expansion of the North Luzon Expressway ("NLEX") was undertaken and successfully completed in 2005. He led the marketing communications efforts that managed the increase of the toll rates in NLEX. Thereafter, he returned to First Gen and led various acquisition projects in the power sector.

He graduated with a Bachelor of Arts degree in Economics from Ateneo de Manila University, and holds a Master's in Business Management degree from the Asian Institute of Management.









Ariel Arman V. Lapus, 53
Vice President

Mr. Lapus, Filipino, was appointed by the Board in March 2012 to oversee EDC's business development efforts in Latin America and was based in Santiago, Chile. He sits in the Boards of the EDC companies in Chile and Peru.

Mr. Lapus is concurrently Vice-President of First Gen and Chief Operating Officer of Pi Energy Inc. and FP Island Energy Corporation (all subsidiaries of FPH). He is also a Board Member of the Sikat Foundation.

Prior to joining the Lopez Group, Mr. Lapus was Executive Vice President of Global Business Power Corporation and Vice President of Mirant Philippines Corporation. He has more than twenty (20) years of experience in the power industry, occupying senior and general management roles in business development (including local and international M&A), power marketing and trading, commercial and power plant operations, and corporate services (i.e., legal, procurement IT and CSR).

Mr. Lapus graduated with a Bachelor of Science in Business Management from the Ateneo de Manila University (1990). He has a Master's in Business Management from the Asian Institute of Management (1997) and a Master's in Leadership and Strategy (Sloan Fellow) from the London Business School (2017).

Glenn L. Tee, 51
Assistant Vice President, Chief Audit Executive, Head of Internal Audit

Mr. Tee, Filipino, was appointed by the Board in October 2010. Prior to his appointment at EDC, he was Internal Audit Head of First Gen. He started his career as auditor of Punongbayan and Araullo and joined FPH Group in 1994 where he held various key positions in the Internal Audit and Accounting Departments of FPH and subsidiaries.

Mr. Tee is a Certified Public Accountant and Certified Internal Auditor as accredited by the Institute of Internal Auditors USA. He holds a BS Commerce (Major in Accounting) degree from San Beda University (1992). He also completed the academic requirements of the Executive Master's in Business Administration from the Asian Institute of Management (2009).

Ryan Z. Velasco, 44
Assistant Vice President, Corporate Information Officer, Head of Corporate Strategy and Planning

Mr. Velasco, Filipino, has been with the Parent Company since 2013. He initially joined as part of EDC's International Business Development team covering Latin America before moving to Finance to assist with EDC's Investor Relations, Special Projects and other activities. Prior to joining the Parent Company, he worked for Indra Philippines, Inc. as its Managing Consultant and Head of Business Development – Financial Markets, and with Citigroup in London, United Kingdom as a Vice President covering its Europe, Middle East and Africa markets.

Mr. Velasco obtained his MBA degree at IESE Business School in Barcelona, Spain, and attended an MBA International Exchange Program at Tuck School of Business (Dartmouth) in Hanover, New Hampshire, USA. He graduated from Ateneo de Manila University with a Bachelor of Science Degree in Business Management, Honors Program.







Joseph P. Guevarra, 41
Assistant Vice President, Chief Risk Officer, Head of Risk & Insurance Management

Atty. Guevarra, Filipino, was appointed by the Board as the Chief Risk Officer on June 29, 2022, and currently heads the Risk & Insurance Management of EDC. Prior to this, he was Senior Legal Counsel and concurrently Head of Insurance Management of EDC, as well as the Corporate Secretary of EDC's geothermal subsidiaries. He joined EDC in June 2013.

Prior to joining EDC, Atty. Guevarra was the Deputy Head for Legal of Roxas Holdings, Inc. ("RHI") where he served as legal counsel of RHI and Assistant Corporate Secretary of RHI's subsidiaries.

He obtained his Bachelor of Arts degree, Major in Political Science in 2001 from the University of the Philippines in Diliman where he also obtained his Bachelor of Laws degree in 2005. He was admitted to the Philippine Bar in 2006.

Bernadette Ann Villa Policarpio, 46
Vice President, Corporate Secretary, Head of Legal and Regulatory Affairs

Atty. Policarpio, Filipino, was appointed as Assistant Corporate Secretary of EDC on September 7, 2016 and then as Corporate Secretary on October 3, 2017. She was appointed by the Board as Vice President on May 9, 2019. Atty. Policarpio is also a Vice President and Senior Counsel at First Gen. She joined EDC in August 2015, when she was seconded from First Gen. She currently heads the Legal and Regulatory Affairs.

Prior to joining the Lopez Group, Atty. Policarpio was Assistant Vice President for Legal Services at Global Business Power Corporation ("Global Power"), where she also served as the Head of the Legal Department and Assistant Corporate Secretary of the Global Power subsidiaries. Before moving in-house, Atty. Policarpio built her legal experience first as litigation associate at Villaraza & Angangco, later joining the government as Court Attorney in the Office of then Chief Justice Hilario G. Davide, Jr. in the Philippine Supreme Court. Thereafter, she pursued and completed her Master of Laws degree at the University of Michigan in Ann Arbor, Michigan, U.S.A. in 2006, which was followed by a fellowship stint at the Center for International Environmental Law in Geneva, Switzerland. Upon her return to the Philippines, she transitioned into commercial law practice as an associate at Romulo Law Office.

She obtained a Bachelor of Science degree in Management, Major in Legal Management in 1996 from the Ateneo de Manila University, where she also earned her Juris Doctor degree (with Second Honors Silver Medal Award) in 2000. She was admitted to the Philippine Bar in 2001.

Ana Maria A. Katigbak-Lim, 52
Assistant Corporate Secretary

Atty. Katigbak-Lim, Filipino, was appointed by the Board in January 2007 as Assistant Corporate Secretary, and as Corporate Secretary on September 7, 2016. On October 3, 2017, she was appointed anew as Assistant Corporate Secretary. She is a Senior Partner in Castillo Laman Tan Pantaleon & San Jose Law Firm.

Atty. Katigbak graduated cum laude from the University of the Philippines with degree in Bachelor of Arts in Comparative Literature (1990). She is a graduate of the University of the Philippines College of Law (1994) and a member of the Phi Kappa Phi international honor society and Integrated Bar of the Philippines. Her practice areas are mergers and acquisitions, securities and corporate law. She was admitted to the Philippine Bar in 1995.

2022 EDC AWARDS

ORGANIZATION/ PRESENTER	DESCRIPTION	AWARD / CATEGORY	DATE
DepEd Sorsogon City Division	Plaque of Recognition	The award was given in recognition and appreciation of DepEd education partners who support the Brigada Eskwela, Brigada Pagbasa and Adopt-a-School of Sorsogon City Division. EDC was recognized as one of the Best Volunteers - Group Category for its education programs in Sorsogon City which includes: • Conduct of community-based technical vocational training in Rizal Integrated National School to 58 trainees from the 8 host barangays in Sorsogon City in partnership with DepEd, KEITECH, First Balfour, TESDA and LGU Sorsogon City • Donation of facilities used for Shielded Metal Arc Welding (SMAW) and Electrical Installation & Maintenance (EIM) facilities (welding booth, grinding booth and mock-up boards) to Rizal Integrated National School for use in their K-12 programs • Distribution of school supplies to 3,835 elementary students of 12 EDC partner schools in Sorsogon City	Mar 2022
Asia Integrated Reporting Awards	is the most prestigious international recognition for integrated reporting. A non-profit initiative, AIRA promotes and celebrates excellence in corporate reporting, disclosure and transparency.	Asia's Best IR (Integrated Thinking)	Apr 04, 2022
DENR - EMB		Recognition for Best Environment Initiatives (Bacman)	Jun 2022
League of Corporate Foundation's CSR Guild Awards	The CSR Guild Awards is a recognition program of the League of Corporate Foundations. It is a seal of excellence incorporate citizenship to the most reputable and premier organizations implementing social good initiatives with meaningful and sustainable impact to the communities and institutions they serve.	• Finalist - Outstanding CSR Project in Health - Enhancing COVID-19 testing Capacities for Local Governments Finalist - Outstanding CSR Project in Environment - BINHI's Partnership with Botanic Garden's Conservation International (BGCI)	Jul 8, 2022

ORGANIZATION/ PRESENTER	DESCRIPTION	AWARD / CATEGORY	DATE
12th Asia Responsible Enterprise Awards (AREA)	Enterprise Asia's Asia Responsible Enterprise Awards program (AREA) recognizes and honors deserving Asian businesses for championing sustainable and responsible business practices in different categories.	• Investment In People category - Keitech Foundation • Corporate Sustainability Reporting category	Jul 21, 2022
19th Quill Awards	The Philippine Quill Awards, organized by the International Association of Business Communicators (IABC)-Philippines, is one of the country's most prestigious award-giving bodies in the field of business communication.	• Excellence Award for Communication Management - A Regenerative Environment with EDC's Biodiversity Conservation and Monitoring Program • Excellence Award for Communication Skills - EDC and G Diaries: Changing the World 2gether • Excellence Award for Communication Skills - EDC@45: Forging Regenerative Partnerships19th with Positive Impact • Excellence Award for Communication Skills - EDC Races for a Regenerative Future • 4th Runner up - Company of the Year • EDC Powering the Flight of the Philippine Eagle (Cat 15 -CSR) • EDC Powering the Flight of the Philippine Eagle (Cat 10 - Community Relations) • EDC 45: Forging Regenerative Partnership with Positive Impact (Cat 2: Employee Engagement)	Aug 17, 2022
TESDA Kabalikat Awards	The annual Kabalikat Awards is given to TESDA's most active and outstanding partners who have assisted the agency in developing, enhancing and implementing training programs that have resulted in better employability of Filipino skilled workers.	Outstanding Private Sector Partner in Technical Vocational Education Training	Sep 2022
Diligent Modern Governance	New York-based Diligent is the largest governance, risk, and compliance (GRC) SaaS company, serving more than one million users from over 25,000 organizations around the globe. Its modern GRC platform ensures boards, executives, and other leaders have a holistic, integrated view of audit, risk, information security, ethics, and compliance across the organization.	ESG, Diversity, & Climate Trailblazers in Diligent Corporation's 2022 Modern Governance 100 (RBT)	Sep 2022
DENR Mt Apo Natural Park Cotabato Protected Area Management Office	Certificate of Appreciation	Presented to Marisol Pedregosa/EDC for sharing expertise and knowledge as Resource Speaker during the conduct of orientation/Benchmarking for the Preparation of Protected Area management Plan held on Sept 29-30, 2022 at Kuya Rey's Restaurant, Quirino Drive, Kidapawan City	Sep 30, 2022,
HR Asia	It is the region's leading and most authoritative publication for human resources professionals and talent management executives. HR Asia employs a proprietary organizational survey that evaluates a company as an employer of choice in its field. HR Asia's Total Engagement Assessment Model (TEAM) measures the effectiveness of management initiatives through indicators that encompass three dimensions of employee engagement—CORE, Self and Group.	HR Asia Best Companies to Work For in Asia 2022	Nov 2022

ORGANIZATION/ PRESENTER	DESCRIPTION	AWARD / CATEGORY	DATE
12th Gawad Kaligtasan at Kalusugan (GKK) National Award	Since 1991, the DOLE has been giving the GKK award in recognition of outstanding and commendable achievements of establishments and individuals in terms of responding to the safety and health needs of workers, workplaces, and the community	Silver Awardee Industry category - MAGP Individual category - EDC MAGP's Production Engineer Arnel Gamao, Health and Safety Officer Jessel Pagsuguiron	Nov 2022
DENR EMB Region 7	Plaque of Recognition Gawad Tugas - Clean Air Management and Climate Change Mitigation	EDC-SNGP, GCGI-PGPP and EDC-Nasulo Geothermal PP was recognized by DENR EMB7 last Nov 29, 2022 because of its campaign on Climate Change Resiliency by planting 10M trees within 10 years (6 years only) in Negros Island.	Nov 2022
Safety and Health Association of the Philippine Energy Sector (SHAPES)		• 2022 SHAPES Outstanding Safety and Health Professional • Arvin I. Suguitan - Titanium • Joselito O. Hatoc (EDC) - Titanium • Joselito O. Hatoc (BGI) - Titanium • Daimel Conan L. Mayor - Titanium • Mateo C. Uribe Jr. - Gold • 2022 SHAPES Corporate Safety and Health Excellence Award • EDC Burgos Wind Power Corporation - Titanium • Bacman Geothermal Inc. - Titanium • Bacon Manito Geothermal Project - Titanium • Green Core Geothermal, Inc. Tongonan 1 Geothermal Power Plant - Titanium • Upper Mahiao Facility - Gold	Dec 2022
DepED SOCCSKSARGEN Region Kidapawan City Division	Plaque of Recognition	Presented to EDC for sharing their resources as external partner and stakeholder of DepEd Kidapawan City Division in promoting accessible, inclusive and liberating basic education for all.	Dec 9, 2022
Kidapawan City	Plaque of Appreciation	Presented to EDC in full recognition and appreciation of its invaluable support and contribution to the successful conduct of the PAKIGLAMBIGIT 2022 PEOPLES ORAGNIZATION SUMMIT THEME:NAGKAHIUSANG KIDAPAWAN, PAGKAB-OT SA KALAMBUAN	Dec 10, 2022

MEMBERSHIPS

A
- Association of Safety Practitioners of the Philippines, Inc.
- Association of Structural Engineers of the Philippines
- Association of the Filipino for the Advancement of Geosciences, Inc.

B
- Bicol Grievance Machinery Advocates
- Bicol Region Power Industry Tripartite Council, Inc.
- Boy Scouts of the Philippines, Cotabato Council

C
- Chartered Financial Analysts Society of the Philippines
- Consejo Geotérmico Chileno, A. G. (Chilean Geothermal Council)
- Cotabato Industrial Peace Advocates

G
- Geological Society of the Philippines
- Geothermal Resource Council
- Good Governance Advocates and Practitioners of the Philippines

I
- Information Systems and Control Association
- Information of Corporate Directors
- Institute of Integrated Electrical Engineers of the Philippines
- Institute of Internal Auditors
- Institute of Corporate Directors Companies' Circle
- Integrated Bar of the Philippines
- Integrated Chemists of the Philippines
- Integrated Institute of Electrical Engineers
- International Association of Business Communicators
- International Association of Hydrogeologists
- International Geohazards Society
- International Geothermal Association

K
- Kananga Municipal Development Council – Kananga, Leyte
- Kapisanan ng mga Kimiko ng Pilipinas

L
- Labor and Management Industrial Peace Advocates, Inc.
- Labor-Management Cooperation Practitioners Association – Cotabato
- League of Corporate Foundations

M
- Mount Apo Foundation, Inc.
- Mount Apo Natural Park Protected Area Management Board
- Mount Kanlaon Protected Area Management Board

N
- National Geothermal Association of the Philippines
- North Cotabato Geothermal Airshed Board

P
- Pollution Control Association of the Philippines, Inc.
- People Management Association of the Philippines
- Philippine Business for the Environment
- Philippine Council for NGO Certification
- Philippine Eagle Foundation, Inc.
- Philippine Independent Power Producers District 3800
- Philippine Institute of Certified Public Accountants
- Philippine Institute of Chemical Engineers
- Philippine Institute of Civil Engineers, Inc.
- Philippine Institute of Industrial Engineers
- Philippine Labor-Management Cooperation
- Philippine League of Labor-Management
- Philippine Society of Mechanical Engineers
- Philippine Society of Nondestructive Testing
- Philippine Welding Society
- Philippine Society of Mechanical Engineers, Inc.
- Project Management Institute
- Public Relations Society of the Philippines

R
- Regional Tripartite Wages and Productivity Board Region XII
- Renewable Energy Coalition
- Renewable Energy Developers' Council
- Rotary Club of Metro Kidapawan
- Rotary Club of Rizal Mideast, Rotary International

S
- Safety and Health Association of the Philippine Energy Sector, Inc.
- Small Grants Programme under the United Nations Development Programme

T
- Tax Managers Associations of the Philippines
- Toastmasters Club Cooperation Practitioners, Inc. U

U
- University of Asia and the Pacific

W
- Wind Energy Developers' Association of the Philippines
- World Resources Institute Awards and Membership

TECHNICAL WORKING GROUP

BacMan Geothermal Facility
- Anthony Buising
- Cheryl B. Mandane
- Daryl B. Gamez
- Debbie Anne B. Mortega
- Franklin N. Elizaga
- Ken Michael L. Florece
- Kristine Mae A. Silang
- Leah A. Herrera
- Leny D. Doctor
- Michelle B. Madrona
- Neil Anthony P. Miras
- Nora M. Africano
- Paolo A. Digo
- Ramon A. Parafina III
- Rommel C. Collantes
- Rowena B. Daep

Risk Management
- Joseph P. Guevarra
- Larissa N. Jason

Corporate Governance Office - Strategic Initiatives Legal and Regulatory Office
- Marita P. Lagos
- Kristina Irene D. Go

Corporate Support Functions
- Abegail Y. Gatdula
- Cherrylane E. Santiago
- Edwin G. Murillo
- Engellau F. Flores
- Ferdinand E. Lunaria
- Frances L. Ariola
- Jimson S. Solatre
- Jolly V. Jamoralin
- Dr. Lina Rose A. Alcances
- Maria Nancy P. Ibuna
- Melanie F. Gatbonton
- Paulo M. Gooco
- Ronino C. Gibe
- Soleil Micah O. Acu
- Ronalyn B. Briones
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- Clarisse Joyce B. Elloso
- Donna Gracia Piano
- Liza C. Po

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- Christian Roy R. Dadios
- Christine Japet S. Batilo
- Laurence A. Romero
- Melezra Amora

First Gen Hydro Power Corporation
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- Rodante S. Daludado

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- Erlindo C. Angcoy
- Jaime Jemuel C. Austria, Jr.
- Marianne J. Paje
- Geliah Gloria-Taboco

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- Aldrine O. Almanzor
- Andy Durog
- Arianne A. Saludares
- Denes R. Alpos
- Dexter A. Arcenal
- Erwin B. Magallanes
- Gilbert C. Milallos
- Glen Ceballos
- Jana Lyn Catipay
- Jennifer D. Wenceslao
- Johnre P. Alila
- Jorobel D. Rom
- Jose Allan M. Degamo
- Jusette Orovillo
- Leizley Sieras - Apas
- Leonita P. Sabando
- Lorena M. Daco-ag
- Ma. Liza T. Tumanda
- Ma. Sybil C. Villegas
- Marcelo M. Dinoy Jr.
- Mariel Joy R. Maceda
- Nerelito M. Pascual Jr.
- Normann M. Buscato
- Proceso C. Escoton
- Rogeberto P. Suson
- Salvador P. Corros
- Syrill S. Yap

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- Karen Kaye Abarientos
- Luis E. Gonzales
- Myrissa L. Tabao
- Raymund G. Dauz
- Romeo I. Kee
- Sherwin Melvin Burton E. Lucas
- Vicente G. Llorente

Negros Island Geothermal Facility
- Alex D. Faciolan
- Ariel H. dela Cruz
- Aubrey A. Bangaysiso
- Bernard Tia
- Carl Vincent P. Dipaling
- Cesar B. Villaflor
- Cliff V. Z. Concepcion
- Cromwell C. Ozoa
- Dominador S. Canatoy III
- Francis B. Saguban
- Jan Mark Wong
- Jane C. Ramirez
- Jaymar Matia-Ong
- Jayvi P. Valenzuela
- Jennifer Espartero-Dales
- Jennifer F. Dayon
- Joeny Q. Bermejo
- Leo A. Alon
- Maisie Kirstine Isobelle B. Cahambing
- Marcial M. Alcarez
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- Neil Vic A. Divinagracia
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- Noel R. Tan
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- Paulino Agudo
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- Robert Marcellin T. Gajo
- Ruben Ang Jr.
- Sam E. Antiporta

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- Marc Kevin Tan
- Shaila Jennel H. Zacarias
- Erica G. Gazo

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- Rexie Marie B. Abad
- Rosalyne C. Arucan
- Faye Marysol R. Arucan
- Arvin I. Suguitan
- Christian Gil R. Galemba

Human Resource Management Group
- Ferdinand R. Geronimo
- Jaime II Dumlao
- John Jhulio C. Barrameda

University of Asia and the Pacific
Center for Social Responsibility

Assurance/EDC/IR/2022

Independent Assurance Statement
External Review Committee

Manila
02 June 2023

Original: English

A. General Disclosures

The Energy Development Corporation (EDC) selected three experts in the fields of economics, environmental, and social sciences as members of the External Review Committee (ERC) to evaluate the Company's 2022 Integrated Report (IR) entitled ***It's Worthless/Worthless It***. The ERC members' primary role was to assess the Company's performance during the reporting period, taking into consideration the veracity of data in the IR. Moreover, they provided insights and recommendations vis-à-vis the regenerative mission of EDC.

The assurance process involved reviewing the IR and interviewing the Company's stakeholders, the Technical Working Groups (TWGs), and Senior Management. Two sites were selected for the assurance process – Leyte, which has the oldest and biggest geothermal power plant of EDC, and, Burgos, a younger site that is home to the Company's solar and wind power plant. The TWG members presented their respective sites' 2022 performance. The ERC also interviewed the relevant stakeholder groups in these areas as well as the Head Office's TWG and Senior Management headed by its President, Mr. Richard Tantoco.

EDC shouldered the expenses including the honorariums of the ERC members and the administrative support provided by the Center for Social Responsibility of the University of Asia and the Pacific (CSR-UA&P) as the host of the external assurance.

Methodology

The IR of EDC covered the performance of the Company and its power facilities from January 1 to December 31, 2022. EDC prepared its 2022 IR using the International Integrated Reporting <IR> Framework that outlines the six capitals – financial, manufactured, human, social and relationship, intellectual, and natural. EDC's IR also followed the GRI Standards to report and discuss its material topics.

The ERC conducted site visits for the data presentations of the TWGs and interviews with the stakeholders and Senior Management from April 19, 2023 to May 16, 2023 (see table below). The draft and the final copy of the IR were received and reviewed on April 5 and May 17, 2023, respectively, and the assurance statement was submitted by the ERC on June 2, 2023.

Below is the list of the sites included in the process along with the respective dates of the data presentations and stakeholder consultation sessions.

Site	Date
Leyte Geothermal	April 19-20, 2023
Senior Management	May 9, 2023
Head Office	May 9, 2023
Burgos Solar and Wind	May 15-16, 2023

The observations, findings, and recommendations of the ERC were based on EDC's draft IR (version of April 5, 2023), final IR (version of May 17, 2023), and consultations with the Company's various stakeholders. The ERC members submitted their individual management letters containing their observations and recommendations to the Senior Management last May 26, 2023.

Statement of Limitation

The assurance statement of the ERC should not be construed as the views of the organizations where the ERC members belong nor that of UA&P. The same does not provide a guarantee of data and information accuracy, as well as an endorsement of the Company's approaches, strategies, and plans. The assurance process assumed that all data and information provided by the Company were complete and true.

The performance of the assurance relies on the premise that the data and information provided are in good faith and free from misstatements. Due to the selected nature and other inherent limitations of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected.

The engagement excludes the sustainability management, performance, and reporting practices of EDC's associated companies, suppliers, contractors, and any third parties mentioned in the 2022 IR. The company position statements, the statements for the management approach, and case studies and examples are excluded from the scope of the ERC's work.

The reported disclosures related to economic, environmental, and social performances are based on EDC's declared data and performances. The procedures performed in a limited assurance engagement vary in nature and timing and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained if a reasonable assurance engagement had been performed.

The ERC expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this External Assurance Statement.

University of Asia and the Pacific
Center for Social Responsibility

Assurance/EDC/IR/2022

Independent Assurance Statement
External Review Committee

Manila
02 June 2023

Original: English

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The assurance statement of the ERC should not be construed as the views of the organizations where the ERC members belong nor that of UA&P. The same does not provide a guarantee of data and information accuracy, as well as an endorsement of the Company's approaches, strategies, and plans. The assurance process assumed that all data and information provided by the Company were complete and true.

The performance of the assurance relies on the premise that the data and information provided are in good faith and free from misstatements. Due to the selected nature and other inherent limitations of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected.

The engagement excludes the sustainability management, performance, and reporting practices of EDC's associated companies, suppliers, contractors, and any third parties mentioned in the 2022 IR. The company position statements, the statements for the management approach, and case studies and examples are excluded from the scope of the ERC's work.

The reported disclosures related to economic, environmental, and social performances are based on EDC's declared data and performances. The procedures performed in a limited assurance engagement vary in nature and timing and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained if a reasonable assurance engagement had been performed.

The ERC expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this External Assurance Statement.

B. Observation and Findings

Each member of the ERC had the opportunity to do a limited assurance on EDC's 2022 IR with this introductory statement: ***"The purpose of business is to solve the problems of people and planet profitably, and not profit from causing problems."***[1]

Our global challenges are ever-increasing. Despite the presence of international frameworks such as the Sendai Framework on Disaster Risk Reduction, the 2030 Agenda for Sustainable Development, and the Paris Agreement on Climate Change, the solutions to these challenges remain short of expectations.

Our lives, as we know it, have been significantly altered by this pandemic. The business sector has poured in billions of pesos for the recovery of our economy and the welfare of millions of Filipinos. However, it is not enough that we only look at the horizon. We must also consider beyond pandemic recovery and deal with the much graver and irreversible impacts of the climate crisis.

Lest we forget, ***"only a crisis – actual or perceived – produces real change. When that crisis occurs, the actions that are taken depend on the ideas that are lying around."***[2]

According to a study[3] by the Institute for Policy Integrity, 74% of expert economists said that immediate and drastic action is necessary. Also, there is an overwhelming consensus among expert economists that the costs of inaction on climate change are higher than the costs of action and that immediate and aggressive emissions reductions are economically desirable.

The Intergovernmental Panel on Climate Change (IPCC) recommended that global net human-caused greenhouse gas (GHG) emissions would need to fall by about 45% from 2010 levels by 2030, reaching 'net zero' by 2050. Moreover, limiting global warming to 1.5°C would require "rapid and far-reaching" transitions in land, energy, industry, buildings, transport, and cities."

Meanwhile, 66% of expert economists believe that the expected benefits of achieving net-zero GHG targets by 2050 would outweigh the projected costs. They further believe that aggressive emissions reduction efforts in line with the Paris Agreement targets are economically justified, as projected economic damages from climate change are far higher.

Given those immediate and meaningful efforts to reduce emissions are needed to limit the enormous economic risks of climate change, the weight of evidence is on the side of rapid action. ***The cost of inaction on climate change is higher than the costs of action.***

In the Philippine business scene, EDC's 2022 IR entitled ***"It's Worthless It"*** has set the tone – a manifestation supporting the country's ambition for a 75% avoidance and reduction in GHG emissions contained in its submission of Nationally Determined Contribution submitted to the United Nations Framework Convention on Climate Change in April 2021.

The challenge that EDC has put upon itself is admirable as achieving sustainability is in itself, momentous. And yet EDC goes beyond.

EDC has established its 20 power plants over the past four decades, its engagement and involvement with the local people and communities where it operates were initiated at different times, and therefore, different stages of the definition of good corporate citizenship. Keeping that in mind, EDC's local community engagement exhibits its commitment to education, skills development, income generation, and care for the environment.

EDC can be lauded for its agile and fit-for-purpose establishment of systems that ensured the welfare of its employees and supported the needs of the communities where it operates during the COVID-19 pandemic.

[1] Principles for Purposeful Business: How to deliver the framework for the Future of the Corporation.
[2] Capitalism and Freedom by late economist Milton Friedman.
[3] Gauging Economic Consensus on Climate Change. Retrieved 10 July 2022. https://policyintegrity.org/publications/detail/gauging-economic-consensus-on-climate-change

As EDC nears its golden anniversary, it would be good to see how EDC will provide venues to help move its internal and external stakeholders toward regeneration for all.

EDC's 2022 IR unequivocally declares that ***"It's time to regenerate a damaged world."*** All the more reason, we must accelerate our efforts in climate action.

What is the purpose of profit on a dead planet?

Below are the specific observations and findings of the ERC for the economic, environmental, and social aspects:

Economic Aspect

1. EDC's IR demonstrates a strong commitment to prioritizing the well-being of present and future generations. This is evident through purposeful regeneration, customer relationships, market expansion, and partnerships with stakeholders. The organizational culture prioritizes the well-being of employees, as supported by testimonies in the report. The focus on economic efficiency and optimization is highlighted, aiming to achieve desired values and the Company's mission. Strategies and actions are implemented to maximize resource utilization, minimize costs, and improve financial performance. Prioritizing efficiency enhances overall economic sustainability and value creation aligned with the Company's objectives. Strategies should include ongoing monitoring and analysis of trends.

2. EDC's regeneration framework emphasizes the transformation of capital, reflecting a strong sustainability perspective. The Company promotes innovation and collaborative co-creation while prioritizing the regeneration of all six forms of capital. Each form contributes to valuable service flows and generates value for EDC. While certain forms of capital can be transformed to promote sustainability, not all possess this characteristic. Natural capital, for example, has restoration challenges and requires precautionary measures. Therefore, prioritizing the regeneration of the capitals ensures continuity and sustainability of service flows, aligning with the Company's values. By focusing on regeneration, EDC sustains benefits, fosters long-term success, and enhances both physical and monetary values.

3. Pre- and post-pandemic energy sales volume and revenue trends: The energy sales volume and revenue exhibited fluctuations over the years, influenced by factors like generation levels and the Wholesale Electricity Spot Market (WESM) prices. The revenue generally increased, except for a decline in 2020 due to lower generation and the COVID-19 pandemic. In 2018, the energy sales volume and revenue grew due to higher generation. In 2019, they further increased due to a higher generation. In 2020, both the energy sales volume and revenue decreased due to lower generation and WESM prices. In 2021 and 2022, the energy sales volume decreased, but revenue increased mainly due to higher WESM prices.

4. Cost of Sales Variations: The cost of sales provides important insights for fiscal management and decision-making. It fluctuated over the years, with factors such as purchased services, utilities, rental, insurance, taxes, depreciation, amortization, repairs, and maintenance impacting costs. In 2018, the cost of sales increased primarily due to increases in various cost components. In 2019, it increased primarily due to purchased services and utilities. In 2020, it decreased due to decreases in several cost components. In 2021, it increased significantly due to purchased services, utilities, and major repairs. In 2022, it increased mainly due to purchased services, utilities, depreciation, amortization, personnel costs, and repairs.

5. Debt and current ratios during pre- and post-pandemic: Over four years, the debt ratio fluctuated, showing a decreasing trend from 2019 to 2022. The current ratio varied without a clear trend based on the information provided. In 2019, the debt ratio declined compared to the previous year, while the current ratio slightly decreased. In 2020, the debt ratio increased, and the current ratio marginally decreased. In 2021, the debt ratio decreased, and the current ratio dropped. In 2022, the debt ratio further decreased, and the current ratio increased.

6. Recurring net income fluctuations, trends, and recovery: The recurring net income fluctuated over the years. It increased in 2019, decreased in 2020 and 2021, and increased significantly in 2022. These changes were influenced by recurring revenue, operating expenses, net financial expenses, and provision

for income tax. The year 2022 can be seen as a year of recovery from the pandemic's effects, with a notable increase in recurring net income.

Environmental Aspect

1. EDC's emphasis on the Stakeholder Pentad Framework showcases not only the importance of its customers, employees, contractors, suppliers, communities, and investors but also the total regard for the environment as a critical component of the entire ecosystem.

2. While EDC maintains achieving financial and growth targets as its key priorities of regenerative growth, it has shown that both profit and purpose can co-exist without compromising the planet. Aside from corporate purposes and ethical culture, the framework for 21st century business must be based on its commitment to people and the planet.

3. EDC's selfless efforts in preserving and nurturing the natural capital are laudable. The Company's recognition of its roles to contribute to decarbonization and circular economy are steps ahead of just being responsible.

4. EDC's supplier environmental assessment and biodiversity conversation efforts (i.e., BINHI and Watershed Management) are notable and can serve as a benchmark in the industry.

5. EDC's regenerative stakeholder-centric framework that drives toward net positive must not only be an aspiration for the Company, but a reality for the business community. The establishment of the Net Zero Carbon Alliance (NZCA) is a mechanism that EDC can use to exercise and amplify its influence within the energy sector and the business community.

6. During the visit to EDC Burgos Wind Farm and a thorough discussion with the members of the TWG, one of the impressions that the external assurer picked up is the employee's limited or lack of understanding of the "regenerative framework".

7. One of the recommendations in the EDC's 2021 Integrated Report was an *"evaluation report on the social impact of the programs and projects on health, education, livelihood and environment."* However, there is a limited-to-almost-zero mention of this in the 2022 IR.

8. The use of *"natural disaster"* must be re-examined and changed.

Social Aspect

1. EDC's desire to practice good corporate citizenship is evident in its programs and activities designed for its employees and the communities where it operates.

   One cannot negate the pride that EDC employees exude which was supported by the data shown about the engagement, although the data about the level and expressions of involvement can still be improved. Its activities are Company-led/facilitated and can still develop into employee-led or initiated programs. As a Company that is cutting edge in the country, EDC employees can have the latitude to develop as leaders and expand their interests as individuals and as groups.

   Since the plants and their operations started at various decades, social preparation and protocols of engaging with the surrounding community could have been different and wanting. Today, there are reference materials on social preparation processes, guides, and social work theories, and practices that can be readily adapted to better engage the community and people.

   Moreover, the report and dialogues showcased activities and positive results over the years. Although community engagement can be observed to be generally affirmative, the non-reference to community data, baseline studies, and measurements of results, outputs, impacts - improvements - were also evident.

Community engagement requires strategic alignment with the local government and the people's aspirations and plans. EDC's engagement plans perhaps reflect these but may not be documented or was not shared yet.

2. EDC has been consistent in its programs to help the state of the community in the form of education, tree planting and nurturing, and livelihood such as Kananga-EDC Institute of Technology (KEITECH), BINHI, and the coffee farmers' cooperative. These programs are well-accepted, recognized, and appreciated by the community and in fact, have been (in some form) replicated in other areas. EDC has built and developed community programs for the youth and the farmers of the communities around its operations. And yet, there is no data-based evidence that living standards have improved in the surrounding communities, except the observable improvement in the homes of those who lease land to EDC.

   People in the community can see that EDC has grown and benefitted much from the resources in their areas, and this success somewhat magnifies the disparity between them. Add to the fact the people's perception of the waning or erratic quality of its engagement in the community and that internal protocols have had implications on the community which the people do not quite appreciate.

   Both share the same space where the energy plants (i.e., geothermal or wind) are situated, however, there is inconsistency in their experience and image of it.

C. Recommendations

Economic Aspect

1. Set periodic milestones for tracking regeneration progress.

    - Emphasize the establishment of "regeneration milestones" as specific targets or checkpoints to monitor and evaluate the progress of the Company's strategies and actions toward achieving its values and mission. The Company must establish well-defined measures and monitoring systems, as it consistently does, to assess the progress and impact of its sustainability and regeneration efforts across its capital. These systems should include key performance indicators (KPIs) that capture relevant economic, social, and environmental aspects. Regular monitoring and analysis of trends, conducted every five years, will further enhance the Company's decision-making and demonstrate its commitment to ongoing sustainability and value creation.

    - Complementing this recommendation, it is crucial to include well-defined measures that enable ongoing monitoring and analysis of trends over time. These measures will provide the Company with valuable insights into its performance and progress, facilitating informed decision-making and continuous improvement.

2. Balance natural capital preservation, innovation, and research & development.

    - The Company's strong sustainability perspective underscores its commitment to preserving and protecting natural capital, aligning it with long-term well-being and environmental balance. Consequently, it is imperative for the Company to thoroughly assess potential trade-offs and environmental impacts when considering strategies that involve substituting natural capital or other forms of capital.

    - Recognizing the significance of innovation and transformation, the Company should prioritize the development of human and social capital. Embracing a collaborative and co-creation approach, the Company should encourage the transformation of these capitals, particularly in response to rapid industrialization marked by the increasing prevalence of Internet of Things (IoT), artificial intelligence, and machine learning.

    - To drive sustainability and foster innovative solutions, EDC should make substantial investments in research and development (e.g., analyzing periodic trends such as the Sweet Spot approach), in other aspects. This investment will facilitate the regeneration and enhancement of all forms of capital, reinforcing its long-term viability and positive contributions.

3. Analyze and document lessons of sustainable recovery from prolonged hazards.

    - Conduct a comprehensive analysis of the Company's performance before and after the COVID-19 pandemic, focusing on key financial indicators such as energy sales volume, revenue, cost of sales, debt/asset ratio, common asset/liability ratio, and recurring net income attributable. This analysis will provide valuable insights into the impact of the pandemic and identify trends that inform strategies for resilience, revenue stability, cost management, and optimization of debt and current ratios.

    - Utilize the findings from the analysis to develop targeted initiatives for sustainable recovery. This includes diversifying revenue streams, implementing demand-side management initiatives, optimizing cost management practices, and refining debt management strategies. By leveraging these insights, the Company can drive long-term growth and profitability while navigating future hazardous events effectively.

    - Strengthen compliance and corporate governance practices by enhancing internal control systems, ensuring compliance with financial reporting standards, and considering the adoption of international audit standards. Regular assessments of employee satisfaction levels and surveys will also contribute to a positive work environment and foster a culture of engagement

and loyalty. These measures will reinforce transparency, accountability, and governance within EDC.

4. Establish quantitative indicators for measuring sustainability and regeneration goals.

    - Develop and implement quantitative measures of sustainability and regeneration indicators for each type of capital, including natural, human, social and relationship, manufactured, intellectual, and financial capital. This will provide a comprehensive understanding of the Company's progress towards regeneration and enable effective evaluation of its initiatives and investments. For example, measuring the avoided cost of damage, GHG emissions, and pollution control provides valuable insights into the environmental impact and benefits derived from risk and resiliency projects.

    - Assess the regeneration contribution and induced income effect of community initiatives like the KEITECH on local manpower resources. Quantifying the socio-economic benefits and empowerment generated by such initiatives helps demonstrate their value and impact. Additionally, measure the avoided cost of implementing health, safety, and environmental (HSE) practices to understand their positive effects on employee well-being and environmental conservation.

    - Quantify the foregone revenue resulting from power generation stoppage due to maintenance and hazardous events. By evaluating this foregone revenue, EDC can identify strategies to minimize downtime, improve operational efficiency, and maximize revenue generation. Incorporate insights from the Sweet Spot Study to develop targeted approaches that optimize the balance between revenue generation and maintenance activities.

Environmental Aspect

1. A critical objective is to become a net-zero carbon company. Aligned with EDC's regenerative strategy, in the next reporting cycle, the Company must continue to:

    a. Monitor, account for, and report its Scope 1 emissions; and

    b. Monitor, account for, manage, and report its Scope 3 emissions. While "Scope 3 encompasses emissions that are not produced by the company itself, and not the result of activities from assets owned or controlled by them, but by those that it's indirectly responsible for, up and down its value chain," EDC must exercise accountability and transparency.

2. On waste diverted and disposed, the 2022 IR declared that EDC *"generated 905 tonnes of waste..."* where more than 67% of these wastes are disposed of in landfills. Given the current state of the country's landfills especially in non-urbanized areas and aligned with EDC's recycling operations and contribution to circular economy, the Company must develop a 5-year strategic plan on how to drastically reduce its waste including the rate of disposal to the landfills.

3. While the external assurer notes the establishment of the NZCA as a good initiative, EDC, as the lead convener, must strengthen its foothold in the business community by encouraging more like-minded large corporations to join the movement and start or advance their sustainability journey.

    NZCA can be a good platform for *EDC* to "influence" the industry and the business community to learn and adopt a regenerative culture.

    NZCA can be a good vehicle for EDC to advance collaboration that will benefit the communities.

4. EDC's economic value generated increased by 11.75% /from PHP 43.56 billion to PHP 49.15 billion), and economic value generated by 24.21% (from PHP 11.03 billion to PHP 13.70 billion). It is sad to note that the community investments have a not-so-encouraging increase of PHP 10 million – 7.7% from PHP 130 million to PHP 140 million.

Using the 2022 data, the allocation for community investments represents only 0.28% (or 0.0028) of the economic value generated.

In consonance with EDC's regenerative framework which is stakeholder-centric, it is strongly recommended to increase EDC's community investments to a level that will address the minimum needs of the communities they are operating.

5. EDC must embed the full understanding of the "regenerative" mindset with each employee and ensure that each member contributes to the goal of achieving net positive. It is not enough that "regenerative framework" remains to be a company slogan. We have to put life into it. It must be lived.

   To establish a baseline, it is recommended that EDC conducts a company-wide survey on the employee's understanding of the "regenerative framework" and best practices attached to the framework. The result of the survey can be included in the 2023 IR.

6. The external assurer recommends ceasing the use of "natural disaster"[4] in the narrative as "it is time to recognize that natural events are human-induced."

7. *Specific to Burgos Wind Farm*. During the meeting with the TWG, the external assurer noted that, while Economic Value Distributed over three years (2020 to 2022) remained almost constant, the decrease in Economic Value Generated from PHP 3.98 billion in 2021 to PHP 2.97 billion in 2022 posed a concern. The TWG of EDC Burgos explained that the decrease is mainly due to the number of low wind days, therefore, the corresponding decrease in the sale of electricity.
   Since wind is a key natural component in wind farm operations, it becomes a key risk factor in business operations. The external assurer recommends that a projected annual forecast on high wind and low wind could be generated, if possible so that the amount of electricity generated can be determined and studied.

Social Aspect

1. **"I-kwenta para ma-i-kwento."** There is much that EDC can say about its investments and contributions to the community, but it has not yet made an accounting of this and has not yet documented it well enough to tell its compelling and moving story. The baseline data, the measured transformations, and even anecdotal stories can provide EDC and its partners with a better picture of the operations of the Company and how it puts into practice its work toward regeneration.

   Data can also provide a basis and better understating of the strategic direction that EDC takes, and the design of an engaging development plan with and for the community.

   Meanwhile, community investments at EDC were less than 1% of the Company's earnings, in fact, in Burgos, 80% of this is paid for compliance with government requirements.

   It is recommended that the return on investment in the community can be calculated so that the Company can measure and navigate itself from entry to exit strategies within its community plan.

2. There are multiple moving parts to consider in the social aspect of doing good and because people are at the center of this, it is even more fragile. It is also people who nurture acceptance, involvement, and positive integration for sustainability and regeneration.

   Time plays a critical role in understanding and assimilating the values and vision of EDC. The staff and stakeholders who are consistently exposed to the bearers of the vision and 'energy of EDC' have a better appreciation and assimilation of its values.

   One can claim to reach a regenerative state when there was a clear "start state" by which EDC and its stakeholders can map out, and then the road to be taken towards it. Data, dialogue, and discernment can help bring this to the fore.

[4] "Sendai Framework 6th Anniversary: Time to recognize there is no such thing as a natural disaster - we're doing it to ourselves" https://www.undrr.org/news/sendai-framework-6th-anniversary-time-recognize-there-no-such-thing-natural-disaster-were

With the goal of arriving at "shared value", it would be practical to employ social preparation and engagement frameworks, referencing the Theory of Change coupled with good data and monitoring and evaluation.

Collaboration not just in the locality but with non-local groups and organizations would provide EDC with the expertise it might not have but could be needed in the community. EDC is part of a conglomerate and can partner with other service providers in areas of education, teacher training, health and nutrition, and the like. This would not only bring in other stakeholders but help leverage the Company's investment in the community. Needless to say, it provides the would-be partners with opportunities to expand their reach.

For those communities that are yet to welcome EDC into their area, it would be prudent for the Company to start with social preparation activities and ensure that there is a shared vision from the onset.

There is no doubt that the Company's imperative is to be ***better than good***.

EDC is about renewable energy and being regenerative. And to be better than good, this imperative needs to radiate to those within its sphere of influence – its employees, the people, and the communities where it operates. Like energy, the closer one is to the source, the more it absorbs and assimilates.

EDC can amplify Engaging and Developing Communities (EDC) and co-design plans for its – the Company and the community's – regeneration and future.

CERTIFICATION

We, the members of the External Review Committee (ERC), have validated via external assurance activities the Energy Development Corporation 2022 performance, as presented in its Integrated Report (IR), based on the International Integrated Reporting <IR> Framework and relying on relevant data or information disclosed to and/or received by us during the validation process. This certification does not extend to matters beyond the coverage of such data or information and/or outside the scope of such process. More so, nothing in our assurance statement should be construed as a position or opinion of the organizations to which we are presently connected.

Our collective external assurance statement is attached hereto.

IN WITNESS WHEREOF, we have hereunto set our hands this June 02, 2023, at the University of Asia and the Pacific.



Ludwig O. Federigan
Executive Director, Young Environmental Forum
Chair, External Review Committee for Energy Development Corporation IR 2022

Mr. Ludwig O. Federigan has over 30 years of professional experience spanning the business, development, and government sectors. He has an academic background in Science (Engineering) and Management (Business Administration, and Disaster Risk and Crisis Management).

Mr. Federigan is a Climate Reality Leader and twice Mentor[5], and a Certified BERDE Professional[6]. He is the Founding Executive Director of the Young Environmental Forum, and a non-resident fellow of Stratbase ADR Institute[7], one of the country's respected think tanks. As a fellow, he wrote the occasional paper on *"The Interconnectedness of Health, Climate Change and Society"*[8] during the peak of the COVID-19 pandemic in May 2020, and *"Truth Be Told: Net Zero for a Manageable Future"* in April 2022. He also maintains a weekly column, *All About Choices*[9], in The Manila Times, and has written over two hundred articles on the environment, climate change, disaster risk, resilience, and sustainability.

He is one of the reviewers of the *Global Carbon Reward 2023 Working Policy on Carbon Pricing*[10]. He was part of the external assurance panel that examined and reviewed the environmental aspect of Maynilad Water Services Inc.'s Sustainability Report entitled *Expanding Horizons* (2017)[11] and *Rising to the Challenge* (2018)[12], and DMCI Holdings Inc.'s Sustainability Report entitled *Reinforcing Foundations* (2020)[13] and *Strength in Diversity* (2021). He was formerly the Treasurer and Vice-President for Business Operations of the World Wide Fund for Nature (WWF-Philippines) and has served the WWF Asia-Pacific Finance & Operations Group.

He received his Executive Master in Disaster Risk and Crisis Management, *fourth in class*, at the Asian Institute of Management (AIM) in 2021, and his Bachelor of Science in Engineering, *fifth in class*, at Don Bosco Technical College (1990). He earned all the required academic units leading to a Master in Business Administration at the University of San Carlos, topping the USC Graduate School Comprehensive Examinations. He finished his Strategic Business Economics Program, *graduating with merit*, at the University of Asia & the Pacific (UA&P).

He also completed executive programs on climate change[14] at the University of East Anglia (United Kingdom)[15], sustainable consumption and production[16][17] at the Asian Institute of Technology (Thailand) and TERI University (India), green energy and climate finance[18] at the Renewables Academy (Germany), the ASEAN Leadership

[5] One of the 32 Filipinos selected by The Climate Reality Project to be a Mentor for the Climate Reality Leadership Corps Global Training in July and August 2020.
[6] The Philippine Green Building Council (PHILGBC) developed the BERDE Professionals Basic Training Course to increase the capability of professionals and project proponents in implementing green building projects. Individuals who successfully complete the BERDE Professionals Basic Training Course and pass the BERDE Professionals Qualifying Examination are recognized as a Certified BERDE Professional. https://philgbc.org/tag/certified-berde-professional/
[7] Accessed at https://adrinstitute.org/non-resident-fellows/
[8] Read https://adrinstituteblog.files.wordpress.com/2020/10/stratbase-adr-institutes-may-2020-occasional-paper-the-interconnectedness-of-health-climate-change-and-society.pdf
[9] All articles can be accessed at https://www.manilatimes.net/author/ludwig_federigan/
[10] Abstract of Global Carbon Reward 2023 Policy Working Paper on Carbon Pricing. https://globalcarbonreward.org/gcr- outreach-2023/gcr-policy-working-paper/
[11] Read https://www.mayniladwater.com.ph/investor-relations/expanding-horizons/
[12] Read https://www.mayniladwater.com.ph/investor-relations/rising-to-the-challange-2018/
[13] Read https://www.dmciholdings.com/corporate_social_responsibility/page/2020-sustainability-report
10 31st Climate Reality Leadership Training Corps conducted by former US Vice-President and Nobel Laureate Al Gore.
[14] 31st Climate Reality Leadership Training Corps conducted by former US Vice-President and Nobel Laureate Al Gore.
[15] The only scholar selected by the School of International Development, University of East Anglia, United Kingdom.
[16] One of the 27 scholars and the only Filipino from the Asia-Pacific selected by the United Nations Environmental Programme (UNEP) to attend the United Nations (UN) Winter School of Sustainable Consumption and Production in Asia-Pacific. Read "Asia-Pacific's Future Decision-Makers Trained on Sustainable Consumption and Production" at https://www.unep.org/resnode/20380
[17] BLISS School on Sustainable Consumption and Production Patterns
[18] One of the 15 scholars from India, Indonesia, Philippines, Thailand, and Vietnam, selected by the German International Climate Initiative, through its Green Banking Capacity Building on Green Energy and Climate Finance. Read https://www.renac.de/projects/current-projects/greebanking/green-banking-se-asia/philippines

Program[19] at the Common Purpose Asia-Pacific (Singapore), sustainability leadership[20] at Yale University (USA), and the G20 Global Leadership Program at the KDI School of Public Policy and Management (South Korea)[21].

[19] One of the 48 scholars funded by General Electric (GE) ASEAN. Read https://commonpurpose.org/media/6044/ueam-global-leaders-report-2017_email.pdf
[20] The only scholar from ASEAN selected by the Yale School of Forestry & Environmental Science, Yale University, USA.
[21] KDI School of Public Policy and Management is the education arm of the Korea Development Institute, the country's leading economic policy think tank.



Amalia Celeste Santillan
Executive Director, League of Corporate Foundations

League of Corporate Foundations

Ms. Amalia Celeste "Celine" Santillan holds a Master's Degree in Values Education and has been involved in the not-for-profit sector for three decades. In the early 90s, she volunteered in Malibay, Pasay, and then in the remote town of Kadingilan, Bukidnon as a History and English teacher. She is a trainer and consultant for hundreds of organizations serving differently-abled people, children, indigenous peoples, and women's community micro-finance groups. She has provided technical support in the development of organizations and their strategic plans.

Ms. Santillan has been an assessor for the Philippine Council for NGO Certification for more than two decades and worked with the Association of Foundations in various capacities. Her professional experience includes working for volunteer groups, providing technical support in establishing not-for-profits and social enterprises such as, but not limited to, Kaloob Foundation Hands On-Manila, Gifts and Graces, and co-founding Eau et Vie/Tubig Pag-Asa in the Philippines. She was part of the first training and consulting non-profit firm in Asia dealing with fundraising: Venture for Fundraising.

She has led the Muntinlupa Development Foundation, Make-A-Wish, and Virlanie Foundation. She was Director for Fundraising at Save the Children Philippines, Regional Program Manager for BirdLife International (Singapore), and the Resource Alliance (United Kingdom).

She is also a teacher by profession and graduated from the Leading for High Performance training of the Oxford Group and the EXCELL Program Leadership and Management of Change of the Asian Institute of Management (AIM).



Dr. Gem B. Castillo
President, Resources, Environment and Economics Center for Studies, Inc.

REECS

Dr. Gem B. Castillo is an accomplished expert in the field of resource and environmental economics. He holds a Ph.D. in Forest Economics from Michigan State University, an M.S. in Forestry with a specialization in Forest Economics from the University of the Philippines Los Baños, a Diploma in Development Economics from the University of the Philippines School of Economics, and a B.S. in General Forestry from the University of the Philippines Los Baños.

In addition to his academic achievements, Dr. Castillo's leadership roles within the field are noteworthy. He currently serves as the President of the Resources, Environment and Economics Center for Studies (REECS), Inc., and has been the President of the Resource and Environmental Economics Foundation of the Philippines, Inc. since 2009. He also plays an active role as the National Director of the Economy and Environment Group Philippines and serves as a member of the Executive Committee for the Economy and Environment Partnership for Southeast Asia.

Dr. Castillo's expertise extends to diverse engagements, including his role as a consultant for the Philippine Development Plan 2023-2028. He has served as a project leader for various locally and internationally funded projects, including being a country consultant for the World Bank-funded Philippine Wealth Accounting and Valuation of Ecosystem Services (WAVES) project and leading the United Nations Environment Programme (UNEP)-funded Economics of Ecosystem and Biodiversity (TEEB) project. Additionally, he was the deputy team leader of an ADB-funded project on nature-based solutions. He has led a multi-disciplinary team in the technical review of large-scale metallic mining operations and served as the overall team leader for the review of non-metallic mining operations under the Mining Industry Coordinating Council (MICC). He has played significant roles as the project leader for the impact evaluation of social investment and development programs of a mining company. Furthermore, he has led projects to estimate the physical and monetary value of ecosystem services for geothermal operations and conducted an economic impact analysis of such operations.

He possesses extensive knowledge in areas such as ecosystem and natural capital accounting, benefit-cost analysis, and valuation of ecosystem services. He has been involved in the revision of the UN System of Environmental-Economic Accounting-Ecosystem Accounting and has contributed to a paper on global progress in natural capital accounting. Additionally, he has contributed to the development of capacity-building modules for the Ecotown Initiative and provided technical expertise in developing municipal accounts. He actively conducts training sessions and webinars on natural capital and ecosystem accounting for organizations such as the Department of Science and Technology- Philippine Council for Agriculture, Aquatic and Natural Resources Research and Development (DOST-PCAARRD), Department of Environment and Natural Resources (DENR), and state colleges and universities. Currently, he is engaged as a Science and Technology Consultant for various DOST-PCAARRD projects, including the project on natural capital accounting for the West Philippine Sea. Dr. Castillo has made significant contributions through assessments of existing knowledge on biodiversity/ecosystem services assessment (BESA) and applied economic analysis.

Overall, Dr. Castillo's invaluable contributions to resource and environmental economics, economic analysis, project evaluation, and ecosystem valuation have played a pivotal role in supporting sustainable development initiatives.

GRI CONTENT INDEX

This report has been prepared in accordance with the GRI Standards: Comprehensive option and the Electric Utilities (EU) Sector Disclosures.

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.

GRI Standard					Page number(s) and/or URL(s)	Omission		
						Part Omitted	Reason	Explanation
GRI 101: Foundation								
General Disclosures	IR	SDG	GRI		Page Number/Direct Answer			
Organizational Profile								
			102-1	Name of the organization	4			
			102-2	Activities, brands, products, and services	4			
			102-3	Location of headquarters	Rockwell Business Center Tower 3 Ortigas Ave, Pasig City			
			102-4	Location of operations	4, 5			
			102-5	Ownership and legal form	128-135			
			102-6	Markets served	20			
			102-7	Scale of the organization	26			
	Human	3,5,8	102-8	Information on employees and other workers	80			
	Natural	6,12,13,14,5,17	102-9	Supply chain	59			
	Natural	6,12,13,14,5,17	102-10	Significant changes to the organization and its supply chain	59			
			102-11	Precautionary Principle or approach	7-8			
	Natural, Social and Relationship	1,4,6,12,13,14,5,17	102-12	External initiatives	39,46,56,58,69-72,74-75,90-99			
			102-13	Membership of associations	139			

GRI Standard					Page number(s) and/or URL(s)	Omission		
						Part Omitted	Reason	Explanation
General Disclosures	IR	SDG	GRI		Page Number/Direct Answer			
Strategy								
			102-14	Statement from senior decision-maker	13-19			
			102-15	Key impacts, risks, and opportunities	27-32			
Ethics and integrity								
			102-16	Values, principles, standards, and norms of behavior	7-8			
			102-17	Mechanisms for advice and concerns about ethics	114-115			
Governance								
			102-18	Governance structure	109-110			
			102-19	Delegating authority	108-109			
			102-20	Executive-level responsibility for economic, environmental, and social topics	In 2014, First philippine Holdings (FPH) appointed Ms. Agnes C. de Jesus as its Chief Sustainability Officer (CSO) to lead the implementation of various corporate sustainability programs, including the adaptation of the Global Reporting Initiative (GRI) Standards framework not only in EDC but also in FPH's other companies, starting off with First Gen Corporation. Ms. de Jesus reports directly to FPH and EDC Chairman Federico R. Lopez			
			102-21	Consulting stakeholders on economic, environmental, and social topics	10-12			
			102-22	Composition of the highest governance body and its committees	109-110			
			102-23	Chair of the highest governance body	121			
			102-24	Nominating and selecting the highest governance body	113			

GRI Standard					Page number(s) and/or URL(s)	Omission		
						Part Omitted	Reason	Explanation
General Disclosures	IR	SDG	GRI		Page Number/Direct Answer			
			102-25	Conflicts of interest	115			
			102-26	Role of highest governance body in setting purpose, values, and strategy	113-116			
			102-27	Collective knowledge of highest governance body	113-116			
			102-28	Evaluating the highest governance body's performance	11-12,112			
			102-29	Identifying and managing economic, environmental, and social impacts	111			
			102-30	Effectiveness of risk management processes	29-30			
			102-31	Review of economic, environmental, and social topics	11-12			
			102-32	Highest governance body's role in sustainability reporting	Our Chairman and Chief Executive Officer (CEO) sets directions on our sustainability roadmap. The Chief Financial Officer (CFO) and his team reviews and approves the financial aspects, while our Chief Sustainability Officer (CSO) reviews the non- financial aspects of our sustainability report"			
			102-33	Communicating critical concerns	Concerns or questions may be sent through the Contact Us box on our website. https://www.energy.com.ph/contact/			
			102-34	Nature and total number of critical concerns	None			
			102-35	Remuneration policies	112,120			
			102-36	Process for determining remuneration	112,120			
			102-37	Stakeholders involvement in remuneration	120			

GRI Standard					Page number(s) and/or URL(s)	Omission		
						Part Omitted	Reason	Explanation
General Disclosures	IR	SDG	GRI		Page Number/Direct Answer			
			102-38	Annual total compensation ratio	120-121			
			102-39	Percentage increase in annual total compensation ratio	120-121			
Stakeholder engagement								
	Human	3,5,8	102-40	List of stakeholder groups	10			
			102-41	Collective bargaining agreements	81			
			102-42	Identifying and selecting stakeholders	10			
			102-43	Approach to stakeholder engagement	11-12			
			102-44	Key topics and concerns raised	11-12			
Reporting practice								
			102-45	Entities included in the consolidated financial statements	144			
			102-46	Defining report content and topic Boundaries	8-9			
			102-47	List of material topics	32			
			102-48	Restatements of information	None			
			102-49	Changes in reporting	None			
			102-50	Reporting period	8			
			102-51	Date of most recent report	8			
			102-52	Reporting cycle	8			
			102-53	Contact point for questions regarding the report	9			
			102-54	Claims of reporting in accordance with the GRI Standards	8			
			102-55	GRI content index	141-155			
			102-56	External assurance				

GRI Standard					Page number(s) and/or URL(s)	Omission		
						Part Omitted	Reason	Explanation
General Disclosures	IR	SDG	GRI		Page Number/Direct Answer			
Material Topics								
GRI 200 Economic Standard Series								
Economic Performance								
GRI 103: Management Approach	Financial	1,7,8,9,17	103-1	Explanation of the material topic and its Boundary	33			
			103-2	The management approach and its components	33			
			103-3	Evaluation of the management approach	33			
GRI 201: Economic Performance			201-1	Direct economic value generated and distributed	35-36			
			201-2	Financial implications and other risks and opportunities due to climate change	37-38			
			201-3	Defined benefit plan obligations and other retirement plans	*https://www.energy.com.ph*			
			201-4	Financial assistance received from government	None			
Market Presence								
GRI 103: Management Approach	Financial	1,7,8,9,17	103-1	Explanation of the material topic and its Boundary	33			
			103-2	The management approach and its components	33			
			103-3	Evaluation of the management approach	33			
GRI 202: Market Presence			202-1	Ratios of standard entry level wage by gender compared to local minimum wage	*https://www.energy.com.ph*			
			202-2	Proportion of senior management hired from the local community	*https://www.energy.com.ph*			

GRI Standard					Page number(s) and/or URL(s)	Omission		
						Part Omitted	Reason	Explanation
General Disclosures	IR	SDG	GRI		Page Number/Direct Answer			
Indirect Economic Impact								
GRI 103: Management Approach	Financial	1,7,8,9,17	103-1	Explanation of the material topic and its Boundary	33			
			103-2	The management approach and its components	33			
			103-3	Evaluation of the management approach	33			
GRI 203: Indirect Economic Impacts 2016			203-1	Infrastructure investments and services supported	35			
			203-2	Significant indirect economic impacts	39			
Procurement Practice								
GRI 103: Management Approach	Financial	1,7,8,9,17	103-1	Explanation of the material topic and its Boundary	32			
			103-2	The management approach and its components	33			
			103-3	Evaluation of the management approach	33			
GRI 204: Procurement Practices			204-1	Proportion of spending on local suppliers	*https://www.energy.com.ph*			

GRI Standard					Page number(s) and/or URL(s)	Omission		
						Part Omitted	Reason	Explanation
General Disclosures	IR	SDG	GRI		Page Number/Direct Answer			
Anti Corruption								
GRI 103: Management Approach	Financial	1,7,8,9,17	103-1	Explanation of the material topic and its Boundary				
			103-2	The management approach and its components				
			103-3	Evaluation of the management approach				
GRI 205: Anti-corruption			205-1	Operations assessed for risks related to corruption	All our business units and our Head Office are assessed for risks related to corruption.			
			205-2	Communication and training about anti-corruption policies and procedures	EDC has a Code of Conduct and Discipline, which was reviewed and revised in November 2015. It prescribes norms of conduct and standards of behavior to instill a strong sense of discipline among employees, and to ensure EDC's core values are embraced by employees in their work and daily lives. Electronic and hard copies were made available, provided, and distributed to new employees. Acknowledgment forms expressing joint commitmentto strictly conform to the revised Code of Conduct and Discipline were also signed by employees			
			205-3	Confirmed incidents of corruption and actions taken	There were no incidents of corruption reported in 2022.			

GRI Standard					Page number(s) and/or URL(s)	Omission		
						Part Omitted	Reason	Explanation
General Disclosures	IR	SDG	GRI	Page Number/Direct Answer				
Anti-competitive Behavior								
GRI 103: Management Approach	Financial	1,7,8,9,17	103-1	Explanation of the material topic and its Boundary				
			103-2	The management approach and its components				
			103-3	Evaluation of the management approach				
GRI 206: Anti-competitive Behavior			206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	There were no legal actions for anti-competitive behavior, anti-trust, and monopoly practices in 2022.			

GRI Standard					Page number(s) and/or URL(s)	Omission		
						Part Omitted	Reason	Explanation
General Disclosures	IR	SDG	GRI		Page Number/Direct Answer			
GRI 300 Environmental Standards Series								
Materials								
GRI 103: Management Approach	Natural	6,12,13,14,15,17	103-1	Explanation of the material topic and its Boundary	52			
			103-2	The management approach and its components	52			
			103-3	Evaluation of the management approach	52			
GRI 301: Materials			301-1	Materials used by weight or volume	57			
			301-2	Recycled input materials used	57			
			301-3	Reclaimed products and their packaging materials	Not Applicable			
Energy								
GRI 103: Management Approach	Natural	6,12,13,14,15,17	103-1	Explanation of the material topic and its Boundary	54			
			103-2	The management approach and its components	54			
			103-3	Evaluation of the management approach	54			
GRI 302: Energy			302-1	Energy consumption within the organization	63-64			
			302-2	Energy consumption outside of the organization	63-64			
			302-3	Energy intensity	65			
			302-4	Reduction of energy consumption	63-64			
			302-5	Reductions in energy requirements of products and services	None. Energy production is our core business.			

GRI Standard					Page number(s) and/or URL(s)	Omission		
						Part Omitted	Reason	Explanation
General Disclosures	IR	SDG	GRI		Page Number/Direct Answer			
Water								
GRI 103: Management Approach	Natural	6,12,13,14,15,17	103-1	Explanation of the material topic and its Boundary	54			
			103-2	The management approach and its components	54			
			103-3	Evaluation of the management approach	54			
GRI 303: Water			303-1	Interactions with water as a shared resource	60			
			303-2	Management of water discharge-related impacts	62			
			303-3	Water withdrawal	60-61			
			303-4	Water discharge	62			
			303-5	Water consumption	61			
Biodiversity								
GRI 103: Management Approach	Natural	6,12,13,14,15,17	103-1	Explanation of the material topic and its Boundary	54			
			103-2	The management approach and its components	54			
			103-3	Evaluation of the management approach	54			
GRI 304: Biodiversity			304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	69-71			
			304-2	Significant impacts of activities, products, and services on biodiversity	72			
			304-3	Habitats protected or restored	56, 74			
			304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	69-71			

GRI Standard					Page number(s) and/or URL(s)	Omission		
						Part Omitted	Reason	Explanation
General Disclosures	IR	SDG	GRI		Page Number/Direct Answer			
Emissions								
GRI 103: Management Approach	Natural	6,12,13,14,15,17	103-1	Explanation of the material topic and its Boundary	54			
			103-2	The management approach and its components	54			
			103-3	Evaluation of the management approach	54			
GRI 305: Emissions			305-1	Direct (Scope 1) GHG emissions	63			
			305-2	Energy indirect (Scope 2) GHG emissions	64			
			305-3	Other indirect (Scope 3) GHG emissions	64			
			305-4	GHG emissions intensity	65			
			305-5	Reduction of GHG emissions	66			
			305-6	Emissions of ozone-depleting substances (ODS)	65			
			305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	66			
Effluents and Waste								
GRI 103: Management Approach	Natural	6,12,13,14,15,17	103-1	Explanation of the material topic and its Boundary	54			
			103-2	The management approach and its components	54			
			103-3	Evaluation of the management approach	54			
			306-1	Waste generation and significant waste-related impacts	67			
			306-2	Waste by type and disposal method	67			
			306-3	Significant spills	None			
			306-4	Transport of hazardous waste	67			
			306-5	Water bodies affected by water discharges and/or runoff				

GRI Standard					Page number(s) and/or URL(s)	Omission		
						Part Omitted	Reason	Explanation
General Disclosures	IR	SDG	GRI		Page Number/Direct Answer			
Environmental Compliance								
GRI 103: Management Approach	Natural	6,12,13,14,15,17	103-1	Explanation of the material topic and its Boundary	54			
			103-2	The management approach and its components	54			
			103-3	Evaluation of the management approach	54			
GRI 307: Environmental Compliance			307-1	Non-compliance with environmental laws and regulations	None			
Supplier Environmental Assessment								
GRI 103: Management Approach	Natural	6,12,13,14,15,17	103-1	Explanation of the material topic and its Boundary	68			
			103-2	The management approach and its components	68			
			103-3	Evaluation of the management approach	68			
GRI 308: Supplier Environmental Assessment			308-1	New suppliers that were screened using environmental criteria	None			
			308-2	Negative environmental impacts in the supply chain and actions taken	None			

GRI Standard					Page number(s) and/or URL(s)	Omission		
						Part Omitted	Reason	Explanation
General Disclosures	IR	SDG	GRI		Page Number/Direct Answer			
GRI 400 Social Standards Series								
GRI 103: Management Approach	Human	3,5,8	103-1	Explanation of the material topic and its Boundary	76			
			103-2	The management approach and its components	76			
			103-3	Evaluation of the management approach	76			
GRI 401: Employment			401-1	New employee hires and employee turnover	80			
			401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	The company provides benefits to its regular employees such as leaves (vacation, sick, and parental); annual health exam; company loans; group and travel insurance; medical and death assistance; rice subsidy; company uniforms; service awards; retirement plan and death benefit, among others.			
			401-3	Parental leave	The company provides maternity and paternity leaves, as well as parental leaves for solo parents.			
Labor/Management Relations								
GRI 103: Management Approach	Human	3,5,8	103-1	Explanation of the material topic and its Boundary	76			
			103-2	The management approach and its components	76			
			103-3	Evaluation of the management approach	76			
GRI 402: Labor/ Management Relations			402-1	Minimum notice periods regarding operational changes	At least four weeks or 30 days before a particular operational change takes effect.			

GRI Standard					Page number(s) and/or URL(s)	Omission		
						Part Omitted	Reason	Explanation
General Disclosures	IR	SDG	GRI		Page Number/Direct Answer			
Occupational Health and Safety								
GRI 103: Management Approach	Human	3,5,8	103-1	Explanation of the material topic and its Boundary	76			
			103-2	The management approach and its components	76			
			103-3	Evaluation of the management approach	76			
GRI 403: Occupational Health and Safety			403-1	Occupational health and safety management system	84			
			403-2	Hazard identification, risk assessment, and incident investigation	85-86			
			403-3	Occupational health services	84			
			403-4	Worker participation, consultation, and communication on occupational health and safety	84			
			403-5	Worker training on occupational health and safety	85-86			
			403-6	Promotion of worker health	88			
			403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	84			
			403-8	Workers covered by an occupational health and safety management system	85-86			
			403-9	Work-related injuries	86			
			403-10	Work-related ill health	86			

GRI Standard					Page number(s) and/or URL(s)	Omission		
						Part Omitted	Reason	Explanation
Training and Education								
GRI 103: Management Approach	Human	3,5,8	103-1	Explanation of the material topic and its Boundary	76			
			103-2	The management approach and its components	76			
			103-3	Evaluation of the management approach	76			
GRI 404: Training and Education			404-1	Average hours of training per year per employee	80			
			404-2	Programs for upgrading employee skills and transition assistance programs	80			
			404-3	Percentage of employees receiving regular performance and career development reviews	80			
Diversity and Equal Opportunity								
GRI 103: Management Approach	Human	3,5,8	103-1	Explanation of the material topic and its Boundary	76			
			103-2	The management approach and its components	76			
			103-3	Evaluation of the management approach	76			
GRI 405: Diversity and Equal Opportunity			405-1	Diversity of governance bodies and employees	81			
			405-2	Ratio of basic salary and remuneration of women to men	78			

GRI Standard					Page number(s) and/or URL(s)	Omission		
						Part Omitted	Reason	Explanation
General Disclosures	IR	SDG	GRI		Page Number/Direct Answer			
Non-discrimination								
GRI 103: Management Approach	Human	3,5,8	103-1	Explanation of the material topic and its Boundary	76			
			103-2	The management approach and its components	76			
			103-3	Evaluation of the management approach	76			
GRI 406: Non-discrimination			406-1	Incidents of discrimination and corrective actions taken	None			
Freedom of Association and Collective Bargaining								
GRI 103: Management Approach	Human	3,5,8	103-1	Explanation of the material topic and its Boundary	76			
			103-2	The management approach and its components	76			
			103-3	Evaluation of the management approach	76			
GRI 407: Freedom of Association and Collective Bargaining			407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	None			
Child Labor								
GRI 103: Management Approach	Human	3,5,8	103-1	Explanation of the material topic and its Boundary	76			
			103-2	The management approach and its components	76			
			103-3	Evaluation of the management approach	76			
GRI 408: Child Labor			408-1	Operations and suppliers at significant risk for incidents of child labor	None			

GRI Standard					Page number(s) and/or URL(s)	Omission		
						Part Omitted	Reason	Explanation
General Disclosures	IR	SDG	GRI		Page Number/Direct Answer			
Forced or Compulsory Labor								
GRI 103: Management Approach	Human	3,5,8	103-1	Explanation of the material topic and its Boundary	76			
			103-2	The management approach and its components	76			
			103-3	Evaluation of the management approach	76			
GRI 409: Forced or Compulsory Labor			409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	None			
Security Practices								
GRI 103: Management Approach	Human	3,5,8	103-1	Explanation of the material topic and its Boundary	76			
			103-2	The management approach and its components	76			
			103-3	Evaluation of the management approach	76			
GRI 410: Security Practices			410-1	Security personnel trained in human rights policies or procedures	82			
Rights of Indigenous People								
GRI 103: Management Approach	Human	3,5,8	103-1	Explanation of the material topic and its Boundary	76			
			103-2	The management approach and its components	76			
			103-3	Evaluation of the management approach	76			
GRI 411: Rights of Indigenous Peoples 2016			411-1	Incidents of violations involving rights of indigenous peoples	None			

GRI Standard					Page number(s) and/or URL(s)	Omission		
						Part Omitted	Reason	Explanation
General Disclosures	IR	SDG	GRI		Page Number/Direct Answer			
Human Rights Assessment								
GRI 103: Management Approach	Human	3,5,8	103-1	Explanation of the material topic and its Boundary	76			
			103-2	The management approach and its components	76			
			103-3	Evaluation of the management approach	76			
GRI 412: Human Rights Assessment			412-1	Operations that have been subject to human rights reviews or impact assessments	82			
			412-2	Employee training on human rights policies or procedures	82			
			412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	82			
Local Communities								
GRI 103: Management Approach	Social and Relationship	1,4,13,15,17	103-1	Explanation of the material topic and its Boundary	89			
			103-2	The management approach and its components	89			
			103-3	Evaluation of the management approach	89			
GRI 413: Local Communities			413-1	Operations with local community engagement, impact assessments, and development programs	92			
			413-2	Operations with significant actual and potential negative impacts on local communities	None			

GRI Standard					Page number(s) and/or URL(s)	Omission		
						Part Omitted	Reason	Explanation
General Disclosures	IR	SDG	GRI		Page Number/Direct Answer			
Supplier Social Assessment								
GRI 103: Management Approach	Human	3,5,8	103-1	Explanation of the material topic and its Boundary	76			
			103-2	The management approach and its components	76			
			103-3	Evaluation of the management approach	76			
GRI 414: Supplier Social Assessment			414-1	New suppliers that were screened using social criteria	82			
			414-2	Negative social impacts in the supply chain and actions taken	None			
Public Policy								
GRI 103: Management Approach	Social and Relationship	1,4,13,15,17	103-1	Explanation of the material topic and its Boundary	89			
			103-2	The management approach and its components	89			
			103-3	Evaluation of the management approach	89			
GRI 415: Public Policy			415-1	Political contributions	90			

GRI Standard					Page number(s) and/or URL(s)	Omission		
						Part Omitted	Reason	Explanation
General Disclosures	IR	SDG	GRI		Page Number/Direct Answer			
Customer Health and Safety								
GRI 103: Management Approach	Social and Relationship	1,4,13,15,17	103-1	Explanation of the material topic and its Boundary	*https://www.energy.com.ph*			
			103-2	The management approach and its components	*https://www.energy.com.ph*			
			103-3	Evaluation of the management approach	*https://www.energy.com.ph*			
GRI 416: Customer Health and Safety			416-1	Assessment of the health and safety impacts of product and service categories	*https://www.energy.com.ph*			
			416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	There were no incidents of non-compliance in 2022			
Marketing and Labeling								
GRI 103: Management Approach			103-1	Explanation of the material topic and its Boundary	*https://www.energy.com.ph*			
			103-2	The management approach and its components	*https://www.energy.com.ph*			
			103-3	Evaluation of the management approach	*https://www.energy.com.ph*			
GRI 417: Marketing and Labeling			417-1	Requirements for product and service information and labeling	*https://www.energy.com.ph*			
			417-2	Incidents of non-compliance concerning product and service information and labeling	*https://www.energy.com.ph*			
			417-3	Incidents of non-compliance concerning marketing communications	There were no incidents of non-compliance concerning product and service information and labeling in 2022			

GRI Standard					Page number(s) and/or URL(s)	Omission		
						Part Omitted	Reason	Explanation
General Disclosures	IR	SDG	GRI		Page Number/Direct Answer			
Customer Privacy								
GRI 103: Management Approach			103-1	Explanation of the material topic and its Boundary	*https://www.energy.com.ph*			
			103-2	The management approach and its components	*https://www.energy.com.ph*			
			103-3	Evaluation of the management approach	*https://www.energy.com.ph*			
GRI 418: Customer Privacy			418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	There were no incidents of non-compliance concerning the health and safety impacts of products and services in 2022			
Socioeconomic Compliance								
GRI 103: Management Approach			103-1	Explanation of the material topic and its Boundary	*https://www.energy.com.ph*			
			103-2	The management approach and its components	*https://www.energy.com.ph*			
			103-3	Evaluation of the management approach	*https://www.energy.com.ph*			
GRI 419: Socioeconomic Compliance			419-1	Non-compliance with laws and regulations in the social and economic area	No incidents of non-compliance with socio- economic regulations in 2022			

Disclosure				Page number(s) and/or URL(s)	Omission		
					Part Omitted	Reason	Explanation
Electric Utilities Sector Disclosure	IR	SDG	GRI	Page Number/Direct Answer			
EU1			Installed capacity, broken down by primary energy source and by regulatory regime	5			
EU2			Net energy output broken down by primary energy source and by regulatory regime	5			
EU3			Number of residential, industrial, institutional and commercial customer accounts	43-44			
EU4			Length of above and underground transmission and distribution line by regulatory regime	Not Applicable			
EU5			Allocation of CO2 emissions, allowances or equivalent, broken down by Carbon Trading Framework	Not Applicable			
EU10			Planned capacity against projected electricity demand over the long term, broken down by energy source and regulatory regime	54.55 (2021 response)			
EU11			Average generation efficiency of thermal plants by energy source and by regulatory regime	54.55 (2021 response)			
EU13			Biodiversity of offset habitats compared to the biodiversity of the affected areas	55			
EU15			Percentage of employees eligible to return in the next 5 and 10 years broken down by job category and by region	None (no available data)			
EU17			Days worked by contractor and subcontractor employees involved in construction, operation and maintenance activities	None (no available data)			
EU18			Percentage of contractor and subcontractor employees that have undergone relevant health and safety training	100% of contractor and subcontractor employees have undergone relevant health and safety training			
EU22			Number of people physically or economically displaced and compensation, broken down by type of project	None			
EU25			Number of injuries and fatalities to the public involving company assets, including legal judgments, settlements, and pending legal cases of diseases	None			
EU30			Average plant availability factor by energy source and by regulatory regime	43-44			

AUDITED FINANCIAL STATEMENTS

energy
DEVELOPMENT CORPORATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

March 10, 2023

Securities and Exchange Commission
7907 Makati Avenue, Salcedo Village,
Bel-Air, Makati City

The management of Energy Development Corporation and Subsidiaries (the Company) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2022 and December 31, 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

SyCip, Gorres, Velayo & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Federico R. Lopez
Chairman / CEO

Richard B. Tantoco
President / COO

Erwin O. Avante
Senior Vice-President / CFO / Treasurer

6th Floor, Rockwell Business Center Tower 3
Ortigas Avenue, Pasig City, 1604, Philippines
energy.com.ph
7755-2332
8667-7332

SUBSCRIBED AND SWORN to before me this MAR 24 2023 2023 at MANDALUYONG CITY affiants exhibiting to me their respective valid government issued IDs, as follows:

Name	ID NO.	Date/Place of Issue
Federico R. Lopez	PP No. P8922683B	February 11, 2022 / Manila
Richard B. Tantoco	PP No. P7724443B	September 29, 2021 / Manila
Erwin O. Avante	PP No. P5645446A	January 17, 2018 / NCR East

Doc. No.: 121
Page No.: 26
Book No.: I
Series of 2023.

SELINA ALESSANDRA M. MIRANDA
NOTARY PUBLIC
ROLL NO. 83210
MANDALUYONG CITY, PHILIPPINES

ATTY. SELINA ALESSANDRA M. MIRANDA
Notary Public for Mandaluyong City
Appointment No. 0638-23 (until December 2024)
33rd Floor, The Podium West Tower
12 ADB Avenue, Ortigas Center, Mandaluyong City 1550
Roll of Attorneys No. 83210
PTR No. 3123938/01.04.2023/Mandaluyong City
IBP No. 230554/06.08.2022/Quezon City

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

						6	6	3	8	1

COMPANY NAME

ENERGY DEVELOPMENT CORPORATION
(A Subsidiary of Red Vulcan Holdings Corporation) AND SUBSIDIARIES

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

Rockwell Business Center Tower
3, Ortigas Avenue, Pasig City,
Philippines

Form Type	Department requiring the report	Secondary License Type, If Applicable
A C F S	C F D	

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
EDC_CS@energy.com.ph	7755-2332	09178060835

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
994	First Tuesday of May	12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Maribel A. Manlapaz	manlapaz.ma@energy.com.ph	7755-2332	09178060835

CONTACT PERSON's ADDRESS

Rockwell Business Center Tower 3, Ortigas Avenue, Pasig City, Philippines

NOTE 1: *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2: *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Energy Development Corporation
Rockwell Business Center Tower 3
Ortigas Avenue, Pasig City, Philippines

Opinion

We have audited the consolidated financial statements of Energy Development Corporation (a subsidiary of Red Vulcan Holdings Corporation) and its subsidiaries (collectively referred to as the Company), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2022 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

A member firm of Ernst & Young Global Limited

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Recoverability of Goodwill

Under PFRSs, the Company is required to annually test the recoverability of goodwill. As at December 31, 2022, the Company has goodwill amounting to ₱2,623.0 million, of which ₱2,241.7 million resulted from Green Core Geothermal, Inc.'s acquisition of the Palinpinon and Tongonan geothermal power plants. This annual recoverability test of goodwill is significant to our audit because the amount of goodwill is material to the consolidated financial statements. In addition, management's assessment process requires significant judgment and is based on assumptions which are subject to uncertainty on the estimation process, including budgeted gross margin, growth rate and discount rate.

The related disclosures on the Company's goodwill are included in Notes 3 and 13 to the consolidated financial statements.

Audit Response

We evaluated the assumptions and methodology used. We compared the forecasted cash flow assumptions used in the recoverability testing such as budgeted gross margin against the historical performance of the Company. We also compared the estimated volume and price of electricity to be sold to the contracted customers and to the spot market with historical information. In addition, we compared the long-term growth rate used with those reflected in the published economic forecast, as well as relevant industry outlook. Likewise, we evaluated the discount rate used and assessed whether this is consistent with market participant assumptions for similar assets. We also reviewed the Company's disclosures about those assumptions to which the outcome of the recoverability test is most sensitive, specifically those that have the most significant effect on the determination of the recoverable amount of goodwill.

Recoverability of Exploration and Evaluation Assets

As at December 31, 2022, the carrying value of the Company's exploration and evaluation assets amounted to ₱2,039.3 million. Under PFRS 6, *Exploration for and Evaluation of Mineral Resources*, these exploration and evaluation assets shall be assessed for impairment when facts and circumstances suggest that the carrying amounts exceed the recoverable amounts. The ability of the Company to recover its exploration and evaluation assets depends on the commercial viability of its geothermal reserves. This matter is important to our audit because of the substantial amount of exploration and evaluation assets and the significant management judgment required in assessing whether there is any indication that these may not be recoverable.

The related disclosures on the Company's exploration and evaluation assets are included in Notes 3 and 14 to the consolidated financial statements.

Audit Response

We obtained management's assessment on whether there is any indication that the exploration and evaluation assets may not be recoverable. We obtained the status of each exploration project as of December 31, 2022, as certified by the Company's technical group head, and compared it with the disclosures submitted to the regulatory agency. We reviewed the terms of contracts and budget for exploration costs. We inspected the licenses and permits of each exploration project to determine that the period for which the Company has the right to explore in the specific area has not expired or is not expiring in the near future. We also inquired of management about the project areas that are expected to be abandoned or any exploration activities that are planned to be discontinued in those areas.

Other Information

Management is responsible for the other information. The other information comprises the SEC Form 17-A for the year ended December 31, 2022 but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the SEC Form 20-IS (Definitive Information Statement) and Annual Report for the year ended December 31, 2022, which are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Maria Veronica Andresa R. Pore.

SYCIP GORRES VELAYO & CO.

Maria Veronica Andresa R. Pore
Partner
CPA Certificate No. 90349
Tax Identification No. 164-533-282
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 90349-SEC (Group A)
Valid to cover audit of 2022 to 2026 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-071-2020, December 3, 2020, valid until December 2, 2023
PTR No. 9564679, January 3, 2023, Makati City

March 10, 2023

ENERGY DEVELOPMENT CORPORATION
(A Subsidiary of Red Vulcan Holdings Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6 and 31)	**₱17,597,790,076**	₱14,015,021,534
Financial assets at fair value through profit or loss (Notes 8 and 31)	**12,728,592**	853,132,173
Trade and other receivables (Notes 3, 7, 20, 31, 32 and 37)	**7,518,797,890**	6,054,475,863
Due from related parties (Notes 20 and 31)	**30,837,428**	16,351,785
Parts and supplies inventories (Notes 3 and 10)	**7,875,130,356**	6,537,659,419
Derivative assets (Note 31)	**44,354,398**	40,876,487
Other current assets (Note 11)	**1,682,744,270**	1,800,262,160
Total Current Assets	**34,762,383,010**	29,317,779,421
Noncurrent Assets		
Property, plant and equipment (Notes 3 and 12)	**100,928,941,565**	96,218,489,654
Goodwill and intangible assets (Notes 3 and 13)	**3,632,115,032**	3,782,168,520
Exploration and evaluation assets (Notes 3 and 14)	**2,039,273,991**	1,974,832,245
Deferred tax assets - net (Notes 3 and 29)	**754,381,502**	743,374,944
Derivative assets - net of current portion (Note 31)	**326,321,639**	–
Financial assets at fair value through other comprehensive income (Notes 9 and 31)	**295,027,377**	225,813,559
Other noncurrent assets (Notes 3, 15 and 31)	**7,258,105,646**	6,976,289,234
Total Noncurrent Assets	**115,234,166,752**	109,920,968,156
TOTAL ASSETS	**₱149,996,549,762**	₱139,238,747,577
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 3, 16, 20 and 31)	**₱15,461,906,425**	₱13,036,362,897
Due to related parties (Notes 20 and 31)	**2,048,799**	3,170,129
Income tax payable	**298,171,346**	120,909,242
Current portion of:		
Long-term debts (Notes 17 and 31)	**8,881,483,933**	13,104,746,816
Lease liability (Notes 3, 20, 31 and 32)	**160,772,239**	92,906,116
Derivative liabilities (Note 31)	**–**	29,127,140
Total Current Liabilities	**24,804,382,742**	26,387,222,340

(Forward)

	December 31	
	2022	2021
Noncurrent Liabilities		
Long-term debts - net of current portion (Notes 17 and 31)	**₱44,420,127,685**	₱40,014,339,379
Long-term lease liability - net of current portion (Notes 3, 20, 31 and 32)	**241,067,949**	204,268,805
Net retirement and other post-employment benefits (Notes 3 and 28)	**1,759,719,829**	1,845,016,838
Derivative liabilities - net of current portion (Note 31)	**–**	252,435,210
Deferred tax liabilities - net (Notes 3 and 29)	**165,957,154**	–
Provisions and other long-term liabilities (Notes 3, 18 and 32)	**3,027,800,327**	2,590,831,831
Total Noncurrent Liabilities	**49,614,672,944**	44,906,892,063
Total Liabilities	**74,419,055,686**	71,294,114,403
Equity		
Equity attributable to equity holders of the Parent Company:		
Preferred stock (Note 19)	**93,750,000**	93,750,000
Common stock (Note 19)	**19,076,250,000**	19,076,250,000
Treasury stock (Note 19)	**(14,730,745,981)**	(14,729,043,061)
Additional paid-in capital (Note 19)	**8,715,108,001**	8,715,108,001
Equity reserve (Note 19)	**(3,706,430,769)**	(3,706,430,769)
Net accumulated unrealized gain on financial assets at fair value through other comprehensive income (Note 9)	**70,143,690**	73,346,630
Fair value adjustments on hedging transactions (Note 31)	**72,138,661**	(588,484,497)
Cumulative translation adjustments (Note 19)	**1,678,432,949**	709,699,911
Retained earnings (Notes 2 and 19):		
Unappropriated	**24,774,924,243**	42,290,651,190
Appropriated	**37,261,489,718**	13,894,154,283
	73,305,060,512	65,829,001,688
Non-controlling interests (Note 19)	**2,272,433,564**	2,115,631,486
Total Equity	**75,577,494,076**	67,944,633,174
TOTAL LIABILITIES AND EQUITY	**₱149,996,549,762**	₱139,238,747,577

See accompanying Notes to Consolidated Financial Statements.

ENERGY DEVELOPMENT CORPORATION
(A Subsidiary of Red Vulcan Holdings Corporation)
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31		
	2022	2021	2020
REVENUE FROM SALE OF ELECTRICITY (Notes 3, 5, 20, 21, 35 and 37)	**₱48,700,352,764**	₱42,368,368,769	₱37,616,779,662
COSTS OF SALE OF ELECTRICITY (Notes 10, 12, 13, 20, 22, 24, 28, 33, 35 and 36)	**(26,587,499,563)**	(24,644,155,221)	(17,418,329,056)
GENERAL AND ADMINISTRATIVE EXPENSES (Notes 10, 12, 13, 15, 23, 24 and 28)	**(6,402,577,580)**	(5,676,032,237)	(5,421,340,207)
FINANCIAL INCOME (EXPENSE)			
Interest income (Notes 6, 11, 25 and 31)	**258,131,186**	143,651,319	246,288,135
Interest expense (Notes 17, 18, 25, 31 and 32)	**(2,872,574,735)**	(2,946,174,558)	(3,622,746,689)
	(2,614,443,549)	(2,802,523,239)	(3,376,458,554)
OTHER INCOME (CHARGES)			
Foreign exchange gains (losses) (Notes 26 and 31)	**(43,860,848)**	109,445,793	240,378,453
Miscellaneous income (charges) - net (Notes 17, 27 and 35)	**(126,358,067)**	909,732,854	1,656,593,603
	(170,218,915)	1,019,178,647	1,896,972,056
INCOME BEFORE INCOME TAX	**12,925,613,157**	10,264,836,719	13,297,623,901
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 29)			
Current	**1,810,102,780**	920,731,806	1,703,056,342
Deferred	**(17,017,667)**	117,571,665	57,577,041
	1,793,085,113	1,038,303,471	1,760,633,383
NET INCOME	**₱11,132,528,044**	₱9,226,533,248	₱11,536,990,518
Net income attributable to:			
Equity holders of the Parent Company	**₱10,979,385,739**	₱9,122,453,169	₱11,494,601,441
Non-controlling interests	**153,142,305**	104,080,079	42,389,077
	₱11,132,528,044	₱9,226,533,248	₱11,536,990,518
Basic/Diluted Earnings Per Share for Net Income Attributable to Equity Holders of the Parent Company (Note 30)	**₱0.627**	₱0.518	₱0.657

See accompanying Notes to Consolidated Financial Statements.

ENERGY DEVELOPMENT CORPORATION
(A Subsidiary of Red Vulcan Holdings Corporation)
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2022	2021	2020
NET INCOME	**₱11,132,528,044**	₱9,226,533,248	₱11,536,990,518
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:			
Cumulative translation adjustments on foreign subsidiaries (Note 19)	**968,733,038**	330,503,658	(298,034,741)
Fair value adjustments on hedging transactions, net of tax effect amounting to ₱28,995,245 in 2022, ₱39,538,239 in 2021 and ₱24,135,525 in 2020 (Note 31)	**660,623,158**	225,324,450	(366,922,402)
Changes in fair value of debt instruments at fair value through other comprehensive income (Note 9)	**(20,899,368)**	(13,515,621)	12,811,375
NET OTHER COMPREHENSIVE INCOME (LOSS) TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS	**1,608,456,828**	542,312,487	(652,145,768)
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:			
Remeasurements of retirement and other post-employment benefits, net of tax effect amounting to ₱18,096,947 in 2022, ₱24,650,110 in 2021 and ₱20,832,526 in 2020 (Note 28)	**162,872,522**	221,850,987	(187,492,732)
Changes in fair value of equity instruments designated at fair value through other comprehensive income (Note 9)	**24,206,428**	67,261,490	52,829,725
NET OTHER COMPREHENSIVE INCOME (LOSS) NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS	**187,078,950**	289,112,477	(134,663,007)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	**1,795,535,778**	831,424,964	(786,808,775)
TOTAL COMPREHENSIVE INCOME, NET OF TAX	**₱12,928,063,822**	₱10,057,958,212	₱10,750,181,743
Total comprehensive income attributable to:			
Equity holders of the Parent Company	**₱12,771,261,744**	₱9,950,405,156	₱10,708,233,179
Non-controlling interests	**156,802,078**	107,553,056	41,948,564
	₱12,928,063,822	₱10,057,958,212	₱10,750,181,743

See accompanying Notes to Consolidated Financial Statements.

ENERGY DEVELOPMENT CORPORATION
(A Subsidiary of Red Vulcan Holdings Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

	Preferred Stock (Note 19)	Common Stock (Note 19)	Treasury Stock (Note 19)	Additional Paid-in Capital (Note 19)	Equity Reserve (Note 19)	Net Accumulated Unrealized Gain on Financial Assets at FVOCI (Note 19)	Fair Value Adjustments on Hedging Transactions (Note 19)	Cumulative Translation Adjustments (Note 19)	Unappropriated Retained Earnings (Note 19)	Appropriated Retained Earnings (Note 19)	Subtotal	Non-controlling Interests (Note 19)	Total Equity
Balances, January 1, 2022	**₱93,750,000**	**₱19,076,250,000**	**(₱14,729,043,061)**	**₱8,715,108,001**	**(₱3,706,430,769)**	**₱73,346,630**	**(₱588,184,197)**	**₱709,699,911**	**₱42,290,651,190**	**₱13,894,154,283**	**₱65,829,001,688**	**₱2,115,631,486**	**₱67,944,633,174**
Total comprehensive income													
Net income	–	–	–	–	–	–	–	–	10,979,385,739	–	10,979,385,739	153,142,305	11,132,528,044
Fair value adjustments on hedging transactions (Note 31)	–	–	–	–	–	–	660,623,158	–	–	–	660,623,158	–	660,623,158
Cumulative translation adjustments on foreign subsidiaries (Note 19)	–	–	–	–	–	–	–	968,733,038	–	–	968,733,038	–	968,733,038
Changes in fair value of equity instruments at FVOCI recognized in equity (Note 9)	–	–	–	–	–	24,206,428	–	–	–	–	24,206,428	–	24,206,428
Transfer of net accumulated unrealized gain on financial assets at FVOCI to retained earnings (Note 9)	–	–	–	–	–	(6,510,000)			6,510,000		–	–	–
Remeasurements of retirement and other post-employment benefits (Note 28)	–	–	–	–	–	–	–	–	159,212,749	–	159,212,749	3,659,773	162,872,522
Changes in fair value of debt instruments designated at FVOCI recognized in equity (Note 9)	–	–	–	–	–	(20,899,368)	–	–	–	–	(20,899,368)	–	(20,899,368)
Total other comprehensive income	–	–	–	–	–	(3,202,940)	660,623,158	968,733,038	165,722,749	–	1,791,876,005	3,659,773	1,795,535,778
	–	–	–	–	–	(3,202,940)	660,623,158	968,733,038	11,145,108,488	–	12,771,261,744	156,802,078	12,928,063,822
Cash dividend (Note 19)	–	–	–	–	–	–	–	–	(5,293,500,000)	–	(5,293,500,000)	–	(5,293,500,000)
Appropriation of retained earning (Note 19)	–	–	–	–	–	–	–	–	(30,000,000,000)	30,000,000,000	–	–	–
Reversal of appropriation of retained earnings (Note 19)	–	–	–	–	–	–	–	–	6,632,664,565	(6,632,664,565)	–	–	–
Acquisition of treasury stock (Note 19)	–	–	(1,702,920)	–	–	–	–	–	–	–	(1,702,920)	–	(1,702,920)
Balances, December 31, 2022	**₱93,750,000**	**₱19,076,250,000**	**(₱14,730,745,981)**	**₱8,715,108,001**	**(₱3,706,430,769)**	**₱70,143,690**	**₱72,138,661**	**₱1,678,432,949**	**₱24,774,924,243**	**₱37,261,489,718**	**₱73,305,060,512**	**₱2,272,433,564**	**₱75,577,494,076**

(Forward)

	Preferred Stock (Note 19)	Common Stock (Note 19)	Treasury Stock (Note 19)	Additional Paid-in Capital (Note 19)	Equity Reserve (Note 19)	Net Accumulated Unrealized Gain on Financial Assets at FVOCI (Note 9)	Fair Value Adjustments on Hedging Transactions (Note 31)	Cumulative Translation Adjustments (Note 19)	Unappropriated Retained Earnings (Note 19)	Appropriated Retained Earnings (Note 19)	Subtotal	Non-controlling Interests (Note 19)	Total Equity
Balances, January 1, 2021	₱93,750,000	₱19,076,250,000	(₱14,679,307,342)	₱8,715,108,001	(₱3,706,430,769)	₱220,361,062	(₱813,808,947)	₱379,196,253	₱28,498,576,259	₱23,437,184,520	₱61,220,879,037	₱2,008,078,430	₱63,228,957,467
Total comprehensive income													
Net income	–	–	–	–	–	–	–	–	9,122,453,169	–	9,122,453,169	104,080,079	9,226,533,248
Fair value adjustments on hedging transactions (Note 31)	–	–	–	–	–	–	225,324,450	–	–	–	225,324,450	–	225,324,450
Cumulative translation adjustments on foreign subsidiaries (Note 19)	–	–	–	–	–	–	–	330,503,658	–	–	330,503,658	–	330,503,658
Changes in fair value of equity instruments at FVOCI recognized in equity (Note 9)	–	–	–	–	–	67,261,490	–	–	–	–	67,261,490	–	67,261,490
Transfer of net accumulated unrealized gain on financial assets at FVOCI to retained earnings (Note 9)	–	–	–	–	–	(200,760,301)	–	–	200,760,301	–	–	–	–
Remeasurements of retirement and other post-employment benefits (Note 28)	–	–	–	–	–	–	–	–	218,378,010	–	218,378,010	3,472,977	221,850,987
Changes in fair value of debt instruments designated at FVOCI recognized in equity (Note 9)	–	–	–	–	–	(13,515,621)	–	–	–	–	(13,515,621)	–	(13,515,621)
Total other comprehensive income	–	–	–	–	–	(147,014,432)	225,324,450	330,503,658	419,138,311	–	827,951,987	3,472,977	831,424,964
	–	–	–	–	–	(147,014,432)	225,324,450	330,503,658	9,541,591,480	–	9,950,405,156	107,553,056	10,057,958,212
Cash dividends (Note 19)	–	–	–	–	–	–	–	–	(5,292,546,786)	–	(5,292,546,786)	–	(5,292,546,786)
Reversal of appropriation of retained earnings (Note 19)	–	–	–	–	–	–	–	–	9,543,030,237	(9,543,030,237)	–	–	–
Acquisition of treasury stock (Note 19)	–	–	(49,735,719)	–	–	–	–	–	–	–	(49,735,719)	–	(49,735,719)
Balances, December 31, 2021	**₱93,750,000**	**₱19,076,250,000**	**(₱14,729,043,061)**	**₱8,715,108,001**	**(₱3,706,430,769)**	**₱73,346,630**	**(₱588,484,497)**	**₱709,699,911**	**₱42,290,651,190**	**₱13,894,154,283**	**₱65,829,001,688**	**₱2,115,631,486**	**₱67,944,633,174**



	Preferred Stock (Note 19)	Common Stock (Note 19)	Treasury Stock (Note 19)	Additional Paid-in Capital (Note 19)	Equity Reserve (Note 19)	Net Accumulated Unrealized Gain on Financial Assets at FVOCI (Note 9)	Fair Value Adjustments on Hedging Transactions (Note 31)	Cumulative Translation Adjustments (Note 19)	Unappropriated Retained Earnings (Note 19)	Appropriated Retained Earnings (Note 19)	Subtotal	Non-controlling Interests (Note 19)	Total Equity
Balances, January 1, 2020	₱93,750,000	₱19,076,250,000	(₱14,646,566,916)	₱8,715,108,001	(₱3,706,430,769)	₱159,427,712	(₱446,886,545)	₱677,230,994	₱21,217,149,607	₱26,699,854,200	₱57,838,886,284	₱1,966,129,866	₱59,805,016,150
Total comprehensive income													
Net income	–	–	–	–	–	–	–	–	11,494,601,441	–	11,494,601,441	42,389,077	11,536,990,518
Cumulative translation adjustments on foreign subsidiaries (Note 19)	–	–	–	–	–	–	–	(298,034,741)	–	–	(298,034,741)	–	(298,034,741)
Fair value adjustments on hedging transactions (Note 31)	–	–	–	–	–	–	(366,922,402)	–	–	–	(366,922,402)	–	(366,922,402)
Changes in fair value of equity instruments at FVOCI recognized in equity (Note 9)	–	–	–	–	–	52,829,725	–	–	–	–	52,829,725	–	52,829,725
Changes in fair value of debt instruments designated at FVOCI recognized in equity (Note 9)	–	–	–	–	–	12,811,375	–	–	–	–	12,811,375	–	12,811,375
Transfer of net accumulated unrealized gain on financial assets at FVOCI to retained earnings (Note 9)	–	–	–	–	–	(4,707,750)	–	–	4,707,750	–	–	–	–
Remeasurements of retirement and other post-employment benefits (Note 28)	–	–	–	–	–	–	–	–	(187,052,219)	–	(187,052,219)	(440,513)	(187,492,732)
Total other comprehensive loss	–	–	–	–	–	60,933,350	(366,922,402)	(298,034,741)	(182,344,469)	–	(786,368,262)	(440,513)	(786,808,775)
	–	–	–	–	–	60,933,350	(366,922,402)	(298,034,741)	11,312,256,972	–	10,708,233,179	41,948,564	10,750,181,743
Appropriations of retained earnings (Note 19)	–	–	–	–	–	–	–	–	(2,405,100,000)	2,405,100,000	–	–	–
Reversal of appropriation of retained earnings (Note 19)	–	–	–	–	–	–	–	–	5,667,769,680	(5,667,769,680)	–	–	–
Cash dividends (Note 19)	–	–	–	–	–	–	–	–	(7,293,500,000)	–	(7,293,500,000)	–	(7,293,500,000)
Acquisition of treasury stock (Note 19)	–	–	(32,740,426)	–	–	–	–	–	–	–	(32,740,426)	–	(32,740,426)
Balances, December 31, 2020	**₱93,750,000**	**₱19,076,250,000**	**(₱14,679,307,342)**	**₱8,715,108,001**	**(₱3,706,430,769)**	**₱220,361,062**	**(₱813,808,947)**	**₱379,196,253**	**₱28,498,576,259**	**₱23,437,184,520**	**₱61,220,879,037**	**₱2,008,078,430**	**₱63,228,957,467**

See accompanying Notes to Consolidated Financial Statements.



ENERGY DEVELOPMENT CORPORATION
(A Subsidiary of Red Vulcan Holdings Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱12,925,613,157**	₱10,264,836,719	₱13,297,623,901
Adjustments for:			
Depreciation and amortization (Notes 12, 13, 22 and 23)	**6,807,096,972**	6,605,115,758	6,547,264,747
Interest expense (Note 25)	**2,872,574,735**	2,946,174,558	3,622,746,689
Interest income (Notes 6, 11, 25 and 31)	**(258,131,186)**	(143,651,319)	(246,288,135)
Provisions for impairment of trade and other receivables, prepaid taxes, and others (Notes 7, 15 and 23)	**688,464,769**	277,104,307	253,265,909
Unrealized foreign exchange losses (gains) - net (Note 26)	**108,245,605**	(40,383,130)	(382,920,084)
Change in net retirement and other post-employment benefits	**95,672,460**	67,278,123	263,121,458
Realized income from redemption of financial assets at fair value through profit or loss (Notes 8 and 27)	**(31,259,850)**	(2,794,617)	(130,361)
Provision for impairment of parts and supplies inventories (Notes 10 and 23)	**20,721,752**	69,281,245	79,960,616
Loss on direct write-off of input VAT claims (Notes 15 and 27)	**10,560,486**	77,519,398	36,292,033
Mark-to-market losses (gains) on financial assets at fair value through profit or loss (Notes 8 and 27)	**7,689,361**	(210,162)	(9,069,461)
Loss (gain) on disposal and retirement of property, plant and equipment (Notes 12, 20 and 27)	**(5,165,656)**	(5,460,423)	1,985,806
Unrealized derivative losses (Note 27)	–	–	90,379,946
Provision for impairment of exploration and evaluation assets and goodwill (Notes 13, 14 and 27)	–	–	54,165,823
Realized loss from sale of financial assets at fair value through comprehensive income (Note 9)	–	–	200,000
Operating income before working capital changes	**23,242,082,605**	20,114,810,457	23,608,598,887
Decrease (increase) in:			
Trade and other receivables	**(1,471,877,502)**	821,650,975	1,282,909,504
Parts and supplies inventories	**(1,358,192,689)**	(645,745,554)	(1,740,722,636)
Due from related parties	**(14,485,643)**	7,151,778	8,609,354
Other current assets	**333,257,136**	3,610,577,151	(4,561,667,030)
Increase (decrease) in:			
Trade and other payables	**2,420,806,302**	816,784,062	1,362,620,902
Due to related parties	**29,921,480**	(1,673,420)	2,200,678
Provisions and other long-term liabilities	**475,583,889**	113,683,691	47,946,792
Cash generated from operations	**23,657,095,578**	24,837,239,140	20,010,496,451
Income tax paid, including creditable withholding tax	**(1,848,579,922)**	(1,290,344,960)	(1,351,191,812)
Net cash flows from operating activities	**21,808,515,656**	23,546,894,180	18,659,304,639
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property, plant and equipment (Note 12)	**(₱9,862,105,021)**	(₱10,867,063,374)	(₱6,162,329,495)
Financial assets at FVPL (Note 8)	**(2,512,500,000)**	(3,205,000,000)	(710,000,000)
Financial assets at FVOCI (Note 9)	**(99,856,758)**	–	–
Exploration and evaluation assets (Note 14)	**(72,159,209)**	(17,554,441)	(4,886,819)
Intangible assets (Note 13)	**(53,448,138)**	(90,261,931)	(81,089,129)
Additions to other noncurrent assets	**(500,085,160)**	(800,024,352)	(1,790,835,213)
Decrease in:			
Debt service reserve account (Notes 11 and 17)	–	–	661,239,713
Tax credit certificates	–	693,822,645	430,882,869
Interest received	**248,630,153**	154,444,303	253,864,929
Proceeds from:			
Redemption of financial assets at FVPL (Note 8)	**3,376,474,070**	3,277,704,392	1,153,573,943
Disposal of financial assets at FVOCI (Note 9)	**33,950,000**	405,228,606	6,500,000
Sale of property, plant and equipment (Notes 12, 20 and 27)	**5,544,224**	7,448,803	25,406,504
Net cash flows used in investing activities	**(9,435,555,839)**	(10,441,255,349)	(6,217,672,698)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Long term debts (Notes 17 and 38)	**(14,288,395,546)**	(14,485,248,494)	(7,699,266,359)
Dividends (Notes 19 and 38)	**(5,293,500,000)**	(10,292,546,786)	(6,493,216,395)
Interest and other financial charges (Note 38)	**(2,667,275,303)**	(3,014,017,902)	(3,385,447,911)
Lease liability (Notes 31, 32 and 38)	**(79,416,857)**	(126,217,394)	(160,448,287)
Acquisition of treasury stock (Notes 1, 19 and 38)	**(1,702,920)**	(49,735,720)	(32,740,426)
Proceeds from availment of long-term debts - net of transaction cost (Note 17)	**13,581,462,961**	6,917,182,188	12,933,440,019
Net cash flows used in financing activities	**(8,748,827,665)**	(21,050,584,108)	(4,837,679,359)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**3,624,132,152**	(7,944,945,277)	7,603,952,582
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(41,363,610)**	204,529,445	(102,635,947)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**14,015,021,534**	21,755,437,366	14,254,120,731
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱17,597,790,076**	₱14,015,021,534	₱21,755,437,366

(Forward)

See accompanying Notes to Consolidated Financial Statements.

1. **Corporate Information and Authorization for Issuance of the Consolidated Financial Statements**

General
Energy Development Corporation (the "Parent Company" or "EDC") was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on March 5, 1976.

The Parent Company and its subsidiaries (collectively referred to as the "Company") are primarily engaged in the business of exploring, developing and operating geothermal energy and other indigenous renewable energy projects in the Philippines.

Red Vulcan is the parent company of EDC, while Lopez, Inc. is the ultimate parent company.

Red Vulcan and Lopez, Inc. are both incorporated in the Philippines.

As of December 31, 2022 and 2021, Red Vulcan holds the controlling voting interest with 63.9% ownership of EDC's outstanding voting shares while Philippines Renewable Energy Holdings Corp. (PREHC) owns 34.9%.

Geothermal and Other Renewable Energy Projects
EDC's geothermal power projects consist of two (2) principal activities: (i) the production of geothermal steam for use at EDC's and its subsidiaries' geothermal power plants, and (ii) the generation and sale of electricity through those geothermal power plants pursuant to "take-or-pay and take-and-pay offtake arrangements". EDC's steam and electricity sales are supported by medium-term to long-term offtake agreements in various forms. EDC's steam sales are backed by long-term offtake agreements with its wholly owned subsidiaries: (i) Geothermal Resource Sales Contracts (GRSCs) with Green Core Geothermal Inc. (GCGI); and (ii) Steam Sales Agreement (SSA) with Bac-Man Geothermal Inc. (BGI). EDC's 25-year Power Purchase Agreements (PPAs) with National Power Corporation (NPC) covering EDC's Unified Leyte (Leyte A and Leyte B) and Mindanao Geothermal Power Projects (Mindanao I and Mindanao II) expired in July 2021, July 2022 and February 2022, respectively. The PPA for Mindanao II will expire in June 2024 (see Notes 3 and 21).

EDC holds service contracts with the DOE. It has ten (10) geothermal contract areas, each granting EDC exclusive rights to explore, develop, and utilize the corresponding resources in the relevant contract area (see Note 33). EDC conducts commercial operations in four (4) of its ten (10) geothermal contract areas as follows:

- Tongonan, Kananga, Leyte - EDC operates geothermal steamfield projects in Leyte, which deliver steam to the Tongonan geothermal power plant, owned by EDC's subsidiary GCGI, and the EDC-owned Unified Leyte geothermal power plants.
- Southern Negros, Valencia, Negros Oriental - EDC operates one (1) geothermal steamfield project in Southern Negros, which delivers steam to the two (2) GCGI-owned Palinpinon geothermal power plants, and EDC-owned Nasulo geothermal power plant.
- Bacon-Manito, Albay and Sorsogon - EDC operates one (1) geothermal steamfield project, which deliver steam to two (2) geothermal power plants in Albay and Sorsogon, owned by BGI.
- Mt. Apo, Kidapawan, Cotabato - EDC operates one (1) geothermal steamfield project, which delivers steam to three (3) EDC-owned geothermal power plants in Mt. Apo.

The Company also operates hydroelectric power plant through First Gen Hydro Power Corporation (FG Hydro), a 60%-owned subsidiary of EDC. FG Hydro generates revenue from the sale of electricity generated by its 132-Megawatt (MW) Pantabangan-Masiway hydroelectric plants (PAHEP/MAHEP) located in Nueva Ecija.

EDC Burgos Wind Power Corporation (EBWPC), a wholly owned subsidiary of EDC, operates the 150 MW Burgos Wind Energy Project.

EDC also operates the 6.82 MW Burgos Solar Project (Phases 1 and 2).

The Burgos Wind and Solar Projects, which are both located in Ilocos Norte, were granted a Feed-In-Tariff (FIT) Certificate of Compliance (FIT COC) by the Energy Regulatory Commission (ERC) that entitles them to an applicable FIT rate, subject to adjustments as may be approved by the ERC, for the entire duration of their FIT eligibility periods.

EDC Siklab Power Corporation (EDC Siklab), a wholly owned subsidiary of EDC, operates solar rooftop systems in various Gaisano Capital Malls located in the provinces of Iloilo, Aklan, Leyte, Southern Leyte and Sorsogon.

Power Supply Agreements (PSAs)
The Parent Company and its subsidiaries, namely GCGI, BGI, FG Hydro and Unified Leyte Geothermal Inc. (ULGEI), hold offtake agreements in the form of PSAs with various customers, particularly electric cooperatives and retail electricity suppliers (see Note 21).

Retail Supply Contracts (RSCs)
On February 14, 2017, the ERC approved BGI's application for a Retail Electricity Supplier (RES) license. The RES license grants BGI to engage in the supply of electricity to end-users in the contestable market through retail supply contracts (RSC). Generated electricity in excess of contracted levels is sold to the Wholesale Electricity Spot Market ("WESM").

On August 3, 2022, the RES license of BGI was extended by the ERC for a period of one (1) year from August 14, 2022 until August 13, 2023, pending final evaluation of its application for the renewal of its RES license.

In June 2020, the ERC approved GCGI's application for RES license effective for a period of five (5) years from June 2020 to June 2025.

Green Energy Option Program Supply Contracts (GEOPSC)
In May 2021 and October 2020, the Department of Energy (DOE) approved the application for an Operating Permit as Renewable Energy (RE) Supplier under the Green Energy Option Program (GEOP) valid for a period of five (5) years from the date of issuance for GCGI and BGI, respectively.

Ancillary Services Procurement Agreements (ASPAs)
EDC, GCGI and FG Hydro sell electricity through ancillary service to the National Grid Corporation of the Philippines (NGCP) under ASPAs. The ASPAs of EDC and GCGI expired last September 2022 while the ASPA of FG Hydro is set to expire on March 25, 2023.

Generated electricity in excess of contracted levels is sold to the Wholesale Electricity Spot Market (WESM).

Subsidiaries
The Parent Company and its subsidiaries were separately incorporated and registered with the Philippine SEC, except for its foreign subsidiaries. Below are the Parent Company's voting interests in its subsidiaries:

	December 31, 2022 and 2021	
	Direct	Indirect
EDC Geothermal Corp. (EGC)[2]	100.00	–
Green Core Geothermal Inc. (GCGI)	–	100.00
Bac-Man Geothermal Inc. (BGI)	–	100.00
Unified Leyte Geothermal Energy Inc. (ULGEI)	–	100.00
Bac-Man Energy Development Corporation (BEDC)[1]	–	100.00
EDC Chile Limitada[1]	99.99	0.01
EDC Holdings International Limited (EHIL)[2]	100.00	–
Energy Development Corporation Hong Kong Limited (EDC HKL)[2]	–	100.00
Energy Development Corporation Hong Kong International Investments Limited (EDC HKIIL)[2]	–	100.00
EDC Chile Holdings SPA[2]	–	100.00
EDC Geotermica SPA (Chile)[1]	–	100.00
EDC Peru Holdings S.A.C.[2]	–	100.00
EDC Geotermica S.A.C. (Peru)[1]	–	100.00
Energy Development Corporation Peru S.A.C.[1]	–	100.00
EDC Geotérmica Del Sur S.A.C.[1]	–	100.00
EDC Energía Azul S.A.C.[1]	–	100.00
Geotermica Crucero Peru S.A.C.[1]	–	70.00
EDC Energía Perú S.A.C.[1]	–	100.00
Geotermica Tutupaca Norte Peru S.A.C.[1]	–	70.00
EDC Energia Geotérmica S.A.C.[1]	–	100.00
EDC Progreso Geotérmica Perú S.A.C.[1]	–	100.00
Geotermica Loriscota Peru S.A.C.[1]	–	70.00
EDC Energía Renovable Perú S.A.C.[1]	–	100.00
EDC Soluciones Sostenibles Ltd[2]	–	100.00
EDC Energia Verde Chile SpA[1]	–	100.00
EDC Energia de la Tierra SpA[1]	–	100.00
EDC Desarollo Sostenible Ltd[2]	–	100.00
EDC Energia Verde Peru S.A.C.[1]	–	100.00

(Forward)

	December 31, 2022 and 2021	
	Direct	Indirect
PT EDC Indonesia[1]	–	95.00
PT EDC Panas Bumi Indonesia[1]	–	95.00
EDC Wind Energy Holdings, Inc. (EWEHI)[2]	100.00	–
EDC Burgos Wind Power Corporation (EBWPC)	–	100.00
EDC Pagudpud Wind Power Corporation (EPWPC)[1]	–	100.00
EDC Bayog Burgos Wind Power Corporation (EBBWPC)[1]	–	100.00
EDC Pagali Burgos Wind Power Corporation (EPBWPC)[1]	–	100.00
Iloilo 1 Renewable Energy Corporation (I1REC)[1]	–	100.00
EDC Bright Solar Energy Holdings, Inc. (EBSEHI)[2]	100.00	–
EDC Siklab Power Corporation (EDC Siklab)	–	100.00
EDC Sinag Power Corporation (EDC Sinag)[1]	–	100.00
EDC Wind Energy Holdings 2 Inc. (EWEHI2)[2]	100.00	–
First Gen Hydro Power Corporation (FG Hydro)	60.00	–

[1]*Has not started commercial operations as of December 31, 2022*
[2]*Serves as an investment holding company*

EGC
EGC was incorporated on April 9, 2008 to participate in the bid for a local power plant. The bid was won by and awarded to another local entity not within the Company. Thereafter, EGC became an investment holding company of its wholly owned subsidiaries, namely GCGI, BGI, ULGEI and BEDC. EGC also has a 0.01% stake in EDC Chile Limitada.

Further details on EGC's wholly owned subsidiaries follow:

- GCGI was incorporated on June 22, 2009 with primary activities on power generation, transmission, distribution and other energy-related businesses. GCGI is currently operating the 172.5 MW Palinpinon and 123.0 MW Tongonan 1 geothermal power plants in Negros Oriental and Leyte, respectively, following its successful acquisition from the Power Sector Assets and Liabilities Management Corporation (PSALM) in 2009.

  On June 8, 2020, the ERC approved GCGI's application for a RES license. The RES license allows GCGI to engage in the supply of electricity to end-users in the contestable market.

  On May 31, 2021, the ERC approved GCGI's application for GEOP operating permit. The GEOP is an initiative of the Department of Energy (DOE) that allows consumers with at least 100 kWh of electricity to choose renewable energy as a power source for their business.

- BGI was incorporated on April 7, 2010 primarily to carry on the general business of generating, transmitting, and/or distributing energy. BGI is currently operating the then 150 MW Bac-Man Geothermal Power Plants (BMGPP) in Bicol, following its successful acquisition from PSALM in May 2010. Prior to the acquisition of BGI of the BMGPP, the Parent Company supplied and sold steam to NPC under the SSA. Details are as follows:

  a. Bacon-Manito I

  The SSA for the Bac-Man 110 MW geothermal resources entered into on November 1988 provides, among others, that NPC shall pay the Parent Company a base price per kilowatt-hour of gross generation, subject to inflation adjustments and based on a guaranteed

take-or-pay rate at 75% plant factor. The SSA is for a period of 25 years, which commenced in May 1993 and expired in May 2018.

On June 1, 2018, the Parent Company and BGI entered an interim arrangement for the supply of steam for Bac-Man I Geothermal Power Plants effective from the date of expiration of the SSA until the new SSA takes effect or December 25, 2020, whichever is earlier. On December 24, 2020, the term of such interim agreement was extended for another three (3) years, or until December 25, 2023.

b. Bacon-Manito II

Bac-Man II's SSA with NPC was signed in June 1996 for its two (2) 20 MW capacity modular plants - Cawayan and Botong. The terms and conditions under the contract contain, among others, NPC's commitment to pay the Parent Company a base price per kilowatt-hour of gross generation, subject to inflation adjustments and based on a guaranteed take-or-pay rate, commencing from the established commercial operation period, using the following plant factors: 50% for the first year, 65% for the second year and 75% for the third and subsequent years. The SSA is for a period of 25 years, which commenced in March 1994 for Cawayan and December 1997 for Botong. The SSA for Cawayan and Botong plants expired in March 2019 and December 2022, respectively.

On April 30, 2019, the Parent Company and BGI entered an interim arrangement for the supply of steam for Bac-Man II's Cawayan Unit effective from the date of expiration of the SSA until the new SSA takes effect or December 25, 2020, whichever is earlier. On December 24, 2020, the term of such interim agreement was extended for another three (3) years, or until December 25, 2023.

Following the commercial operations of the Bac-Man Units 1, 2 and 3 on October 1, 2013, January 28, 2014, and June 3, 2014, respectively, PSALM/NPC, EDC and BGI have agreed to allow EDC to bill BGI directly, on behalf of PSALM/NPC.

On February 14, 2017, the ERC approved BGI's application for a Retail Electricity Supplier (RES) license. The RES license allows BGI to engage in the supply of electricity to end-users in the contestable market.

On October 2020, the ERC approved BGI's application for GEOP operating permit.

In December 2020, BGI awarded the engineering, procurement and construction (EPC) contract for the 29 MW Palayan Binary Balance of Plant (BOP) work package to First Balfour Inc. BGI has also awarded a contract for the supply of the plant to Turboden S.p.A. and Mitsubishi Power Ltd. for the binary cycle power generation equipment to be installed at Bacman geothermal power plant in Manito, Albay. The 29 MW Palayan Binary Plant Project is expected to be completed by September 2023.

On December 7, 2020, the Parent Company issued the Notice of Award to First Balfour for the construction of the Fluid Collection and Recycling System (FCRS) and interconnection works for the Palayan Binary Power Project.

On February 22, 2021, MUFG Bank, Ltd., issued an irrevocable standby letter of credit in favor of Turboden S.P.A (the "Beneficiary") for the supply contract entered into BGI. The final expiration date of the instrument will be on January 23, 2023 and the beneficiary is entitled to the aggregate maximum amount of US$34.6 million.

- ULGEI was incorporated on June 23, 2010. ULGEI, a wholly owned subsidiary of EDC, had been declared as one (1) of the seven (7) Highest Ranking Bidders for the maximum allowable 40 MW per bidder in the Selection and Appointment of the Independent Power Producer Administrators (IPPA) for the Strips of Energy of the Unified Leyte Geothermal Power Plants (ULGPPs), and thereafter, as the Highest Ranking Bidder to administer the Bulk Energy of the ULGPPs, which is the capacity in excess of the 240 MW allotted for the Strips of Energy. The bidding was conducted by the PSALM on November 7, 2013, a day before Super Typhoon Yolanda made landfall and severely affected the facilities of EDC, the NGCP, and various distribution utilities in Central Visayas. Consequently, ULGEI has written to PSALM that it cannot accept the award of the winning bids as the physical and economic conditions underlying the bidding process and the IPPA Administration Agreements required to be executed pursuant thereto have been dramatically altered by the severe and widespread destruction caused by Super Typhoon Yolanda in the Eastern and Western Visayas regions.

  In February 2014, PSALM has written ULGEI informing it of the following:

  1. ULGEI has been selected as the Winning Bidder for 40 MW Strips of Energy of the ULGPP at the bidded rate/price; and,

  2. PSALM accepts ULGEI's decision not to accept the award as Winning Bidder for the Bulk Energy of the ULGPP, subject to subsequent determination/evaluation of the forfeiture of ULGEI's Bid Security and ULGEI's qualification to participate further in the rebidding process for said Bulk Energy.

  In December 2014, the IPPA Contract for the strips of energy was turned over to ULGEI. In 2021, the IPPA Contract with PSALM expired.

- SNGI and BEDC were incorporated on February 4, 2011 and September 22, 2011, respectively. These companies were incorporated to carry on the general business of generating, transmitting, and/or distributing energy derived from any and all forms, types and kinds of energy sources for lighting and power purposes and whole-selling the electric power to power corporations, public electric utilities and electric cooperatives.

  On August 30, 2019, the Philippine SEC approved the Amended Articles of Incorporation of SNGI shortening its corporate existence up to February 4, 2021, thereby dissolving the corporation.

  As of December 31, 2022, BEDC remained non-operating.

EDC Chile Limitada

EDC Chile Limitada is a limited liability company incorporated on February 11, 2010 in Santiago, Chile with the purpose of exploring, evaluating and extracting any mineral or substance to generate geothermal energy. As of December 31, 2022, EDC Chile Limitada remained non-operating.

EHIL and EDC HKL
EHIL was incorporated on August 17, 2011 in British Virgin Islands and serves as an investment holding company of EDC's international subsidiaries. EHIL owns 100% interest in EDC HKL, a company incorporated on November 22, 2011, in Hong Kong. The following entities are the subsidiaries under EDC HKL:

- EDC HKIIL is a wholly owned subsidiary of EDC HKL, a company incorporated on November 18, 2016 in the British Virgin Island.

- EDC Chile Holdings SpA, which was incorporated on January 13, 2012 in Santiago, Chile, is a wholly owned subsidiary of EDC HKL and is the holding company of EDC Geotermica SPA (Chile) which was also incorporated on January 13, 2012 in Santiago, Chile. Their main purpose is to carry on the general business of generating, transmitting, and/or distributing energy derived from any and all forms, types and kinds of energy sources for lighting and power purposes and whole-selling the electric power to power corporations, public electric utilities and electric cooperatives.

- EDC Peru Holdings S.A.C., incorporated on January 19, 2012 in Lima, Peru, is a 99.9%-owned subsidiary of EDC HKL. EDC Peru Holdings S.A.C. holds 99.9% stake in EDC Geotermica S.A.C. (Peru), which was also incorporated on January 19, 2012 in Lima, Peru. EHIL owns the remaining 0.1% stake in EDC Peru Holdings S.A.C. and EDC Geotermica Peru S.A.C. Their main purpose is to carry on the general business of generating, transmitting, and/or distributing energy derived from any and all forms, types and kinds of energy sources for lighting and power purposes and whole-selling the electric power to power corporations, public electric utilities and electric cooperatives.

  On July 17, 2012, Energy Development Corporation Peru S.A.C. was incorporated in Lima, Peru as a 70%-owned subsidiary of EDC Geotermica Peru S.A.C. Its main purpose is to carry on the general business of generating, transmitting, and/or distributing energy derived from any and all forms, types and kinds of energy sources for lighting and power purposes and whole-selling the electric power to power corporations, public electric utilities and electric cooperatives. On January 3, 2014, Energy Development Corporation Peru S.A.C. became 100% indirectly owned subsidiary by the Parent Company through acquisition of Hot Rock Entities.

- On February 27, 2013, EDC Geotermica Del Sur S.A.C., EDC Energía Azul S.A.C., EDC Energía Perú S.A.C., EDC Energía Geotérmica S.A.C., EDC Progreso Geotérmico Perú S.A.C., EDC Energía Renovable Perú S.A.C., were incorporated in Lima, Peru as 99.9%-owned by EDC HKL and 0.1%-owned by EDC Peru Holdings S.A.C. Their main purpose is to carry on the general business of generating, transmitting, and/or distributing energy derived from any and all forms, types and kinds of energy sources for lighting and power purposes and whole-selling the electric power to power corporations, public electric utilities and electric cooperatives.

  On July 5, 2013, three (3) entities were incorporated in Lima, Peru. These entities are Geotermica Crucero Peru S.A.C., as 70%-owned by EDC Energia Azul S.A.C; Geotermica Tutupaca Norte Peru S.A.C. as 70%-owned by EDC Energia Peru S.A.C.; and Geotermica Loriscota Peru S.A.C., as 70%-owned by EDC Progreso Geotermico S.A.C. Their main purpose is to carry on the general business of generating, transmitting, and/or distributing energy derived from any and all forms, types and kinds of energy sources for lighting and power purposes and whole-selling the electric power to power corporations, public electric utilities and electric cooperatives.

- On January 3, 2014, EDC HKL purchased 100% interest in EDC Soluciones Sostenibles Ltd and EDC Desarollo Sostenible Ltd located in British Virgin Islands (BVI) with a total offer price of US$3.0 million. This effectively gave EDC HKL a 100% indirect interest to acquirees' subsidiaries EDC Energia Verde Chile SpA, EDC Energia de la Tierra SpA and EDC Energia Verde Peru S.A.C. (see Note 3).

  In February 2020, the Internal Revenue Services authorized the closure of EDC Energia Verde Chile SpA and EDC Energia de la Tierra SpA.

- On July 9, 2012, PT EDC Indonesia and PT EDC Panas Bumi Indonesia were incorporated in Jakarta Pusat, Indonesia as 95%-owned subsidiaries of EDC HKL.

As of December 31, 2022, all subsidiaries of EDC HKL remained non-operating.

EWEHI
EWEHI is a holding company incorporated on April 15, 2010. The following entities are the wholly owned subsidiaries of EWEHI:

- EBWPC was incorporated on April 13, 2010 to carry on the general business of generating, transmitting, and/or distributing energy. EBWPC operates the 150 MW Burgos Wind Project located in the Municipality of Burgos, Ilocos Norte.

- EPWPC was incorporated on February 29, 2012 to carry on the general business of generating, transmitting, and/or distributing energy. As of December 31, 2022, EPWPC remained non-operating.

- EBBWPC and EPBWPC were both incorporated on May 22, 2014 to carry on the general business of generating, transmitting, and/or distributing energy. As of December 31, 2022, EBBWPC and EPBWPC remained non-operating.

- M1REC, M2REC, M3REC and I1REC were all incorporated on February 9, 2016, while N1REC was incorporated on March 16, 2016 to carry on the general business of generating, transmitting, and/or distributing energy.

  On August 23, 2019, the Philippine SEC approved the Amended Articles of Incorporation shortening the corporate existence of M1REC, M2REC and M3REC up to February 9, 2021, and N1REC up to March 16, 2021, thereby dissolving these companies.

  As of December 31, 2022, I1REC remained non-operating.

EBSEHI
EBSEHI is a holding company incorporated on May 23, 2014. The following entities are the wholly owned subsidiaries of EBSEHI:

- EDC Siklab was incorporated on May 22, 2014 to carry on the general business of generating, transmitting, and/or distributing energy.

- EDC Sinag was incorporated on November 19, 2014 to carry on the general business of generating, transmitting, and/or distributing energy. As of December 31, 2022, EDC Sinag remained non-operating.

- Sinag Iloilo, Siklab Iloilo and ECSVPC were incorporated on February 4, 2011, September 28, 2011 and June 25, 2014, respectively. These companies were incorporated to carry on the general business of generating, transmitting, and/or distributing energy derived from any and all forms, types and kinds of energy sources for lighting and power purposes and whole-selling the electric power to power corporations, public electric utilities and electric cooperatives.

  On August 23, 2019, September 10, 2019 and March 20, 2020, the Philippine SEC approved the Amended Articles of Incorporation shortening the corporate existence of Sinag Iloilo up to February 4, 2021, Siklab Iloilo up to September 28, 2021, and ECSVPC up to June 25, 2021, respectively, thereby dissolving these companies.

EWEHI2
EWEHI2 is a holding company incorporated on January 5, 2017. EWEHI2 has 100% ownership over CREC, BREC4 and BREC3. CREC and BREC4 were incorporated on January 27, 2017 while BREC3 was incorporated on January 25, 2017, to carry on the general business of generating, transmitting, and/or distributing energy.

On August 30, 2019, the Philippine SEC approved the Amended Articles of Incorporation shortening the corporate existence of CREC and BREC4 up to January 27, 2021, and BREC3 up to January 25, 2021, thereby dissolving these companies.

FG Hydro
FG Hydro was incorporated on March 13, 2006 with primary activities on power generation, transmission, distribution and other energy-related businesses. FG Hydro operates the 132 MW PAHEP/MAHEP located in Nueva Ecija, Philippines. FG Hydro buys from and sells electricity to the WESM and to various privately-owned DUs under the PSAs and PSCs, and to NGCP through ancillary services under the ASPA.

Principal Office Address
The registered principal office address of the Parent Company is Rockwell Business Center Tower 3, Ortigas Avenue, Pasig City, Philippines.

Authorization for Issuance of the Consolidated Financial Statements
The consolidated financial statements were reviewed and recommended for approval by the Audit and Governance Committee to the Board of Directors (BOD) on March 8, 2023. The same consolidated financial statements were approved and authorized for issuance by the BOD on March 10, 2023.

2. Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for derivative instruments, financial assets at fair value through profit or loss (FVPL) and financial assets at fair value through other comprehensive income (FVOCI) that are measured at fair value. The consolidated financial statements are presented in Philippine peso (₱), which is the Parent Company's functional currency. All values are rounded to the nearest ₱, except when otherwise indicated.

Statement of Compliance
The consolidated financial statements of the Company are prepared in accordance with Philippine Financial Reporting Standards (PFRSs).

New Standards, Interpretations and Amendments
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2022. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The adoption of these new standards did not have an impact on the consolidated financial statements of the Company.

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

  At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

- Amendments to PAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- Amendments to PAS 37, *Onerous Contracts - Costs of Fulfilling a Contract*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

- *Annual Improvements to PFRSs* 2018-2020 Cycle

- Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

  The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to PFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

- Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 per cent' test for derecognition of financial liabilities*

  The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

  The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities in future periods.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Determination of Functional Currency

Each entity within the Company determines its own functional currency. The respective functional currency of EDC and its subsidiaries is the currency of the primary economic environment in which each entity operates. It is the currency that mainly influences the sale of services and the costs of providing services.

The presentation currency of the Company is the Philippine Peso, which is the Parent Company's functional currency. The functional currency of each of the Company's subsidiaries, as disclosed in Note 4 to the consolidated financial statements, is determined based on the economic substance of the underlying circumstances relevant to each subsidiary.

Applicability of Philippine Interpretation IFRIC-12, Service Concession Arrangements on the Geothermal Renewable Energy Service Contract, Wind Energy Service Contract and Solar Energy Service Contract

An arrangement would fall under Philippine Interpretation IFRIC-12 if the two (2) conditions below are met:

a) the grantor controls or regulates the services that the operator must provide using the infrastructure, to whom it must provide them, and at what price; and
b) the grantor controls any significant residual interest in the property at the end of the concession term through ownership, beneficial entitlement or otherwise.

Based on management's judgment, the Geothermal Renewable Energy Service Contracts (GRESCs), Wind Energy Service Contracts (WESCs) and Solar Energy Service Contracts (SESCs) entered into by the Company are outside the scope of Philippine Interpretation IFRIC-12 since the Company controls the significant residual interest in the properties (i.e., the estimated useful lives of the assets exceed the service concession periods) at the end of the concession term through ownership.

Joint Venture Agreement between the Company and Alterra Power Corporation on Mariposa Geothermal Project

On May 20, 2013, EDC and Alterra Power Corporation (Alterra, a publicly-traded company and listed at the Toronto Stock Exchange) executed a joint venture agreement (JVA) for the exploration and development of the Mariposa geothermal project in Chile (Mariposa Project). Following the execution of such JVA, EDC, Alterra and their relevant subsidiaries have executed Shareholders' Agreement and other related agreements all with effect on June 17, 2013 for the implementation of the terms of the JVA. Under the Shareholders' Agreement, EDC (through EDC Geotermica SpA, its wholly owned subsidiary in Chile) will subscribe to a 70% interest in Compañía De Energia (Enerco), an Alterra subsidiary in Chile that owns the Mariposa Project. On June 17, 2013, EDC subscribed to a 70% interest in Enerco through a Subscription Deed with Alterra.

While EDC Geotermica owns 70% interest in Enerco, it does not have the sole ability to direct the relevant activities which most significantly affect the returns of Enerco as the key operating and financial decisions of Enerco require the unanimous vote and consent of the parties sharing control. Accordingly, the investment in Enerco has been determined by management to be a joint arrangement to be accounted for as joint venture (see Note 15).

Stored Energy Commitments

Under its addendum agreements with NPC, the Parent Company has a commitment to NPC with respect to certain volume of stored energy that NPC may lift for a specified period, provided that the Parent Company is able to generate such energy over and above the nominated energy for each given year in accordance with the related PPAs. The Company has made a judgment based on historical information that future liftings by NPC from the stored energy is not probable and accordingly, has not deferred any portion of the collected revenues. The stored energy commitments are, however, disclosed in Note 32 to the consolidated financial statements.

Applicability of PFRS 16, Leases on the Parent Company's PPAs

The Parent Company has three (3) 25-year PPA with NPC covering Unified Leyte and Mindanao Geothermal Power Projects (Mindanao I and Mindanao II). The Parent Company evaluated its PPAs with NPC by applying the requirements of PFRS 16. Based on management's judgment, the PPAs with NPC, do not contain a lease as the arrangements did not convey to the customer the right to control the use of the identified asset.

Revenue Recognition

The Company applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers:

a) Identifying Performance Obligations

The Company identifies performance obligations by considering whether the promised goods or services in the contract are distinct goods or services. A good or service is distinct when the customer can benefit from the good or service on its own or together with other resources that are readily available to the customer and the Company's promise to transfer the good or service to the customer is separately identifiable from the other promises in the contract.

The Company assesses performance obligations as a series of distinct goods and services that are substantially the same and have the same pattern of transfer if:

1. each distinct good or services in the series are transferred over time; and
2. the same method of progress will be used (i.e., units of delivery) to measure the entity's progress towards complete satisfaction of the performance obligation.

For revenue contracts under PPAs, PSAs, ASPAs including spot market sales to WESM and sale of electricity covered by the FIT scheme in which capacity and energy dispatched are separately identified, these are combined and considered as one (1) performance obligation since these are not distinct within the context of the contract as the customer cannot benefit from the contracted capacity without the corresponding energy and the customer cannot obtain energy without contracting a capacity.

Retail electricity and GEOP supply also qualifies as a series of distinct goods or services which is accounted for as one performance obligation since the delivery of energy every month is a distinct service which is recognized over time and have the same measure of progress.

b) *Revenue Recognition*

The Company recognizes revenue when it satisfies an identified performance obligation by transferring a promised good or service to a customer. A good or service is considered to be transferred when the customer obtains control. The Company determines, at contract inception, whether it will transfer control of a promised good or service over time. If the Company does not satisfy a performance obligation over time, the performance obligation is satisfied at a point in time.

The Company concluded that revenue from sale of electricity from contracts with customers are to be recognized over time, since customers simultaneously receive and consume the benefits as the Company supplies power.

Determination of Transaction Price from Sale of Electricity
The adjustment of the FIT rate for the delivered energy is a variable consideration which shall be accounted for in the period in which the transaction price changed. In 2020, the Company recognized additional revenue and long-term receivables computed on the FIT rate increment which will be recovered for a period of five years starting January 1, 2021. In 2022 and 2021, while waiting for the approval of the 2022 and 2021 FIT rates, management has assessed that the lower between the ERC approved 2020 FIT rates and the TransCo forecasted FIT rates for 2022 and 2021, represent the best estimate of the transaction price the Company will be entitled to in exchange of the delivered energy (see Note 37).

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at ssfinancial reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Measurement of Expected Credit Losses
ECLs are derived from unbiased and probability-weighted estimates of expected loss. Financial assets that are not credit-impaired at the balance sheet date are measured as the present value of all cash shortfalls over the expected life of the financial asset discounted by the effective interest rate. The cash shortfall is the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive.

The Company leverages existing risk management indicators (e.g., internal credit risk classification and restructuring triggers), credit risk rating changes and reasonable and supportable information which allows the Company to identify whether the credit risk of financial assets has significantly increased.

The information about the ECLs on the Company's trade and other receivables are disclosed in Note 7.

Inputs, Assumptions and Estimation Techniques

General approach for cash in banks and other financial assets measured at amortized cost
The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the probability of default (PD), loss given default (LGD) and exposure at default (EAD), defined as follows:

- *PD*

  The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months, or over the remaining life of the obligation. PD estimates are estimates at a certain date, which are calculated based on available market data using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates. The 12-month and lifetime PD represent the expected point-in-time probability of a default over the next 12 months and remaining lifetime of the financial instrument, respectively, based on conditions existing at reporting date and future economic conditions that affect credit risk.

- *LGD*

  Loss Given Default represents the Company's expectation of the extent of loss on a defaulted exposure, taking into account the mitigating effect of collateral, its expected value when realized and the time value of money. LGD varies by type of counterparty, type of seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of EAD.

- *EAD*

  EAD is based on the amounts the Company expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.

The ECL is determined by projecting the PD, LGD, and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e., the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the balance sheet date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by counterparty.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. LGDs are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGD's are influenced by collection strategies.

The assumptions underlying the ECL calculation such as how the maturity profile of the PDs change are monitored and reviewed on a quarterly basis.

Simplified approach for trade receivables
The Company uses a provision matrix to calculate ECLs for certain trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Company's historical observed default rates.
The Company will calibrate the matrices to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., inflation rate, gross domestic product (GDP), foreign exchange rate) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Incorporation of Forward-Looking Information
The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

The Company has identified and documented key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

Predicted relationship between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past (5) years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

The Company has not identified any uncertain event that it has assessed to be relevant to the risk of default occurring but where it is not able to estimate the impact on ECL due to lack of reasonable and supportable information.

Estimating Net Realizable Value of Parts and Supplies Inventories
The Company measures its parts and supplies inventories at net realizable value when such value is lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes. The carrying amounts of parts and supplies inventories as of December 31, 2022 and 2021 amounted to ₱7,875.1 million and ₱6,537.7 million, respectively (see Note 10). Provision for impairment of parts and supplies inventories amounted to ₱20.7 million, ₱69.3 million and ₱80.0 million in 2022, 2021 and 2020, respectively (see Notes 10 and 23).

Estimating Useful Lives of Property, Plant and Equipment (excluding Land and Construction in Progress), Water Rights and Other Intangible Assets
The Company estimates the useful lives of property, plant and equipment (excluding land and construction in progress), water rights and other intangible assets based on the period over which each asset is expected to be available for use and on the collective assessment of industry practices, internal evaluation and experience with similar arrangements.

The estimated useful life is revisited at the end of each financial reporting period and updated if expectations differ materially from previous estimates.

No impairment loss on property, plant and equipment, water rights, and other intangible assets was recognized in 2022, 2021 and 2020. The carrying amount of the property, plant and equipment (excluding land and construction in progress) amounted to ₱82,247.6 million and ₱80,179.4 million as of December 31, 2022 and 2021, respectively (see Note 12). The carrying amount of water rights and other intangible assets amounted to ₱1,009.1 million and ₱1,171.2 million as of December 31, 2022 and 2021, respectively (see Note 13).

Impairment of Non-financial Assets other than Goodwill and Exploration and Evaluation Assets
The Company assesses whether there are any indicators of impairment for all non-financial assets other than goodwill at each balance sheet date. These non-financial assets other than goodwill are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

The factors that the Company considers important which could trigger an impairment review include the following:

- significant under-performance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and,
- significant negative industry or economic trends.

The Company recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is computed using the value in use (VIU) approach. Recoverable amount is estimated for an individual asset or, if it is not possible, for the cash-generating unit (CGU) to which the asset belongs.

In the case of prepaid taxes, where the collection of tax claims is uncertain, the Company provides allowance for impairment of prepaid taxes based on the assessment of management and the Company's legal counsel.

The Company recorded a provision for impairment of prepaid taxes amounting to ₱152.2 million, ₱190.4 million and ₱250.1 million in 2022, 2021 and 2020, respectively (see Notes 15 and 23). The carrying amount of prepaid taxes amounted to ₱3,974.6 million and ₱3,605.0 million as of December 31, 2022 and 2021, respectively (see Note 15).

Loss on direct write-off of input VAT claims amounting to ₱10.6 million, ₱77.5 million and ₱36.3 million in 2022, 2021 and 2020, respectively, are included in "Miscellaneous income - net" in the consolidated statements of income (see Notes 15 and 27).

For property, plant and equipment and intangible assets, when VIU calculations are undertaken, management estimates the expected future cash flows from the asset or CGU and discounts such cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset to calculate the present value as of the financial reporting date.

Management also makes an assessment whether previously recognized impairment loss should be reversed. Reversal of an impairment loss is recognized when there is an increase in the estimated service potential of an asset, either from use or from sale, since the date when the Company last recognized an impairment loss for that asset.

The carrying amount of property, plant and equipment as of December 31, 2022 and 2021 amounted to ₱100,928.9 million and ₱96,218.5 million, respectively (see Note 12). The carrying amount of water rights as of December 31, 2022 and 2021 amounted to ₱853.7 million and ₱949.9 million, respectively (see Note 13). The carrying amount of other intangible assets as of December 31, 2022 and 2021 amounted to ₱155.4 million and ₱221.4 million, respectively (see Note 13).

Recoverability of Goodwill
As of December 31, 2022 and 2021, the Company's goodwill is allocated to the following CGUs:

Entity	CGU	**2022**	2021
GCGI	Palinpinon power plant complex	**₱2,107.5 million**	₱2,107.5 million
GCGI	Tongonan power plant complex	**134.2 million**	134.2 million
FG Hydro	Pantabangan-Masiway hydroelectric plants	**293.3 million**	293.3 million
EDC HKL*	Hot Rock entities	**88.0 million**	75.9 million
		₱2,623.0 million	₱2,610.9 million

**Changes in the carrying amounts in 2022 and 2021 are due to foreign exchange adjustments*

Goodwill is tested for recoverability annually as at September 30 for GCGI and December 31 for FG Hydro and Hot Rock or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

This requires an estimation of the VIU of the CGUs to which goodwill is allocated. Estimating VIU requires the Company to estimate the expected future cash flows from the CGUs and discount such cash flows using the weighted average cost of capital to calculate the present value of those future cash flows.

The recoverable amounts have been determined based on VIU calculation using cash flow projections based on financial budgets approved by senior management covering a five-year period. The pre-tax discount rate applied to cash flow projections in 2022 ranges from 10.28% to 10.42%; while in 2021, the pre-tax discount rate applied ranges from 8.94% to 9.75%. The cash flows beyond the remaining term of the existing agreements are extrapolated using the growth rate of 5.6% in both 2022 and 2021.

Following are the key assumptions used:

- *Budgeted Gross Margin*

  Budgeted gross margin is the average gross margin achieved in the year immediately before the budgeted year, increased for expected efficiency improvements.

- *Discount Rate*

  Discount rate reflects the current market assessment of the risk specific to each CGU. The discount rate is based on the average percentage of EDC's weighted average cost of capital. This rate is further adjusted to reflect the market assessment of any risk specific to the CGU for which future estimates of cash flows have not been adjusted.

- *Growth Rate*

  Cash flows beyond the five-year period are extrapolated using a determined constant growth rate to arrive at the terminal value of each CGU.

In 2020, the Company recognized impairment loss amounting to US$1.1 million (₱54.2 million) on the goodwill arising from the acquisition of Hot Rock entities. No similar impairment loss was recognized in 2022 and 2021 (see Notes 13 and 27).

Recoverability of Exploration and Evaluation Assets
Exploration and evaluation costs are recognized as assets in accordance with PFRS 6, *Exploration for and Evaluation of Mineral Resources*. Capitalization of these costs is based, to a certain extent, on management's judgment of the degree to which the expenditure may be associated with finding specific geothermal reserve.

The application of the Company's accounting policy for exploration and evaluation assets requires judgment and estimates in determining whether it is likely that the future economic benefits are certain, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available.

The Company reviews the carrying values of its exploration and evaluation assets whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts. An impairment loss is recognized when the carrying values of these assets are not recoverable and exceeds their fair value.

The factors that the Company considers important which could trigger an impairment review of exploration and evaluation assets include the following:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of geothermal reserve in the specific area is neither budgeted nor planned;
- exploration for and evaluation of geothermal reserve in the specific area have not led to the discovery of commercially viable geothermal reserve and the Company decided to discontinue such activities in the specific area; and,
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

The Company determines impairment of projects based on the technical assessment of its resident scientists in various disciplines or based on management's decision not to pursue any further commercial development of its exploration projects.

No provision for impairment of exploration and evaluation costs was recognized in 2022, 2021 and 2020.

In 2020, following the DOE's approval of the surrender of the energy service contracts for Ampiro, Lakewood and Balingasag, the exploration and evaluation costs incurred for these projects totaling to ₱9.0 million and the related allowance for impairment losses were written off.

As of December 31, 2022 and 2021, the carrying amount of exploration and evaluation assets amounted to ₱2,039.3 million and ₱1,974.8 million, respectively (see Notes 14 and 33).

Retirement and Other Post-employment Benefits
The cost of defined benefits retirement plan and other post-employment medical and life insurance benefits are determined using the projected unit credit method of actuarial valuations. An actuarial valuation involves making assumptions about discount rates, future salary increases, medical trend rate, mortality and disability rates and employee turnover rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The assumed discount rates were determined using the market yields on Philippine government bonds with terms consistent with the expected employee benefit payout as at financial reporting date. The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates in the Philippines.

As of December 31, 2022 and 2021, the net retirement and other post-employment benefits liability amounted to ₱1,759.7 million and ₱1,845.0 million, respectively (see Note 28). The detailed information with respect to the Company's net retirement and other post-employment benefits is presented in Note 28 to the consolidated financial statements.

Provision for Rehabilitation and Restoration Costs
In 2009, with the conversion of its Geothermal Service Contracts (GSCs) to GRESCs, the Company has made a judgment that the GRESCs are subject to the provision for restoration costs. Similarly, under the WESC, the Company has made a judgment that it is responsible for the removal and the disposal of all materials, equipment and facilities installed in the contract area used for the wind energy project. In determining the amount of provisions for rehabilitation and restoration costs, assumptions and estimates are required in relation to the expected cost to rehabilitate and restore sites and infrastructure when such obligation exists.

As of December 31, 2022 and 2021, the Company adjusted its provision for rehabilitation and restoration costs to ₱1,422.1 million and ₱1,480.7 million, respectively, presented under "Provisions and other long-term liabilities" account in the consolidated statements of financial position (see Note 18). The revisions in estimate were mainly attributable to changes in discount rates.

Provision for Liabilities on Regulatory Assessments and Other Contingencies
The Company has pending assessments from various regulatory agencies and outstanding legal cases. The Company's estimate of the probable costs for the resolution of these assessments and legal cases has been developed in consultation with in-house and external legal counsels handling the defense of these cases, and is based upon the thorough analysis of the potential outcomes. Management, in consultation with its in-house and external legal counsels, believe that the Company's positions on these assessments are consistent with the relevant laws, and these assessments would not have a material adverse effect on the Company's consolidated financial position and results of operations.

It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of strategies relating to these proceedings. As of December 31, 2022 and 2021, provisions for these liabilities amounting to ₱465.8 million and ₱458.0 million, respectively, are recorded and recognized as part of "Others" under "Provisions and other long-term liabilities" (see Note 18). Interest on liability from litigation amounted to ₱7.8 million in 2022, 2021 and 2020 (see Notes 18 and 25).

Estimation of Liability from Shortfall Generation
The Parent Company's Unified Leyte PPA with NPC requires the annual nomination of capacity that EDC shall deliver to NPC. On a monthly basis, EDC bills a uniform capacity to NPC based on the nominated energy. At the end of the contract year, EDC's fulfillment of the nominated capacity and the parties' responsibilities for any shortfall shall be determined. On the other hand, the PPAs for Mindanao I and II provide a minimum offtake energy, which the Parent Company shall meet each contract year. The contract year for the Unified Leyte PPA is for fiscal period ending July 25 while the contract year for the Mindanao I and Mindanao II PPAs is for fiscal period ending December 25 (see Note 21). Assessment is made at every reporting date whether the nominated capacity or minimum offtake energy would be met based on management's projection of electricity generation covering the entire contract year. If the occurrence of shortfall generation is determined to be probable, the amount of estimated reimbursement to NPC is accounted for as a reduction to revenue for the period and a corresponding liability to NPC is recognized. As of December 31, 2022 and 2021, the Company's estimated liability arising from such shortfall generation amounted to ₱1,311.7 million and ₱1,424.4 million, respectively, shown under "Trade and other payables" account specifically under "Other payables" (see Note 16).

Moreover, the amount of estimations relating to the shortfall generation under the PPAs may be subsequently adjusted or reported depending on the subsequent reconciliation by the Technical or Steering Committee established in accordance with the PPAs, in view of the parties' responsibilities in connection with the consequences of typhoons and similar events. As of March 10, 2023, the reconciliation with NPC for certain contract years is still ongoing.

Recognition of Deferred Income Tax Assets
Deferred income tax assets are recognized to the extent that it is probable that sufficient future taxable profits will be available against which the assets can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized. This includes the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of recognized deferred tax assets amounted to ₱1,935.3 million and ₱1,955.2 million as of December 31, 2022 and 2021, respectively (see Note 29). The Company's deductible temporary differences pertaining to carryforward benefits of unused NOLCO, fair value adjustments related to EBWPC's hedging activities and the fair value loss related to the investment in BGI's preferred shares for which no deferred income tax asset was recognized as of December 31, 2022 and 2021 are disclosed in Note 29.

4. Summary of Significant Accounting Policies

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at December 31, 2022, 2021 and 2020.

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investees and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if, and only if, the Company has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and,
- The Company's voting rights and potential voting rights.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Company gains control until the date the Parent Company ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Company and to the NCI, even if this results in the NCI having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Company's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Company loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Business Combinations and Goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any NCI in the acquiree. For each business combination, the Company elects whether to measure the NCI of the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in "General and Administrative Expenses" in the consolidated statement of income.

The Company determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs.

The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organized workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Company acquires a business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PFRS 9, *Financial Instruments,* is measured at fair value with changes in fair value recognized either in profit or loss in accordance with PFRS 9. Other contingent consideration that is not within the scope of PFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

Joint Venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining joint control is similar to those necessary to determine control over subsidiaries. The Company's investment in joint venture is accounted for using the equity method (see Note 3).

Under the equity method, the investment in a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Company's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of income reflects the Company's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Company's OCI. In addition, when there has been a change recognized directly in the equity of the joint venture, the Company recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Company and the joint venture is eliminated to the extent of the interest in the joint venture.

The aggregate of the Company's share of profit or loss of a joint venture is shown on the consolidated statement of income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

The financial statements of the joint venture is prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

After application of the equity method, the Company determines whether it is necessary to recognize an impairment loss on its investment on joint venture. At each reporting date, the Company determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognizes the loss within profit or loss.

Upon loss of joint control over the joint venture, the Company measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Current versus Noncurrent Classification

The Company presents assets and liabilities in the consolidated statement of financial position based on current/noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
- The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as noncurrent. Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

Foreign Currencies

The Company's consolidated financial statements are presented in Philippine Peso, which is also the Parent Company's functional currency. Each entity within the Company determines its own functional currency and measures items included in their financial statements using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company's entities in the respective functional currency spot rates prevailing at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange prevailing at financial reporting date. All differences are taken to the profit or loss as part of "Foreign exchange gains (losses)" account.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially

recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of advance consideration.

The functional currency of the Company's subsidiaries is Philippine Peso, except for the following subsidiaries:

Subsidiary	Functional Currency
EDC Burgos Wind Power Corporation	US dollar
EDC EHIL	- do -
EDC HKL	- do -
EDC HKIIL	- do -
EDC Soluciones Sostenibles Ltd	- do -
EDC Desarollo Sostenible Ltd	- do -
EDC Chile Holdings SPA	Chilean peso
EDC Geotermica Chile	- do -
EDC Chile Limitada	- do -
EDC Energia Verde Chile SpA	- do -
EDC Energia de la Tierra SpA	- do -
EDC Peru Holdings S.A.C.	Peruvian nuevo sol
EDC Geotermica Peru S.A.C.	- do -
EDC Peru S.A.C.	- do -
EDC Geotérmica Del Sur S.A.C.	- do -
EDC Energía Azul S.A.C.	- do -
Geotermica Crucero Peru S.A.C.	- do -
EDC Energía Perú S.A.C.	- do -
Geotermica Tutupaca Norte Peru S.A.C.	- do -
EDC Energía Geotérmica S.A.C.	- do -
EDC Progreso Geotérmico Perú S.A.C.	- do -
Geotermica Loriscota Peru S.A.C.	- do -
EDC Energía Renovable Perú S.A.C.	- do -
EDC Energia Verde Peru SAC	- do -
PT EDC Indonesia	Indonesian rupiah
PT EDC Panas Bumi Indonesia	- do -

Translation

On consolidation, for subsidiaries whose functional currency is different from the presentation currency, the Company translates the results of their operations and financial position into the presentation currency. As at the financial reporting date, the assets and liabilities presented (including comparatives) are translated into the presentation currency at the closing rate of exchange prevailing at the financial reporting date while the capital stock and other equity balances are translated at historical rates of exchange. The income and expenses for the profit or loss presented (including comparatives) are translated at the exchange rates at the dates of the transactions, where determinable, or at the weighted average rate of exchange during the reporting period. The exchange differences arising on the translation to the presentation currency are recognized as a separate component of equity under the "Cumulative translation adjustments" account in the consolidated statement of financial position.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amount of assets and liabilities arising on the acquisition date are treated as assets and liabilities of the foreign operation and translated at the closing rate of exchange of financial reporting date.

Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand and in banks, and short-term deposits with original maturities of three (3) months or less from dates of acquisition and that are subject to insignificant risk of changes in value. Money market securities with maturity of more than three (3) months but less than 12 months are presented as "Short-term investments" under "Other Current Assets".

Parts and Supplies Inventories

Parts and supplies inventories are valued at the lower of cost and net realizable value. Cost includes the invoice amount, net of trade and cash discounts. Cost is calculated using the moving average method. Net realizable value represents the current replacement cost.

Prepaid Expenses

Prepayments are expenses paid in advance and recorded as asset before these are utilized. This account comprises prepaid expenses, creditable withholding taxes, tax credit certificates and advances to contractors. The prepaid expenses are apportioned over the period covered by the payment and charged to the appropriate accounts in the profit or loss when incurred; creditable withholding taxes are deducted from income tax payable on the same year the revenue was recognized; and the advances to contractors are reclassified to the proper asset or expense account and deducted from the contractor's billings as specified on the provision of the contract. Prepayments that are expected to be realized for a period of no more than 12 months after the financial reporting period are classified as other current assets; otherwise, these are classified as other noncurrent assets.

Property, Plant and Equipment

Property, plant and equipment, except land, is stated at cost less accumulated depreciation, amortization and impairment in value, if any. The initial cost of property, plant and equipment consist of the purchase price including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and other costs directly attributable to bringing the assets to its working condition and location for its intended use. Cost also includes the cost of replacing part of the property, plant and equipment, and the borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives, depreciation and amortization. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are recognized in the profit or loss as incurred. Property, plant and equipment also include the estimated rehabilitation and restoration costs of the Company's steam fields and power plants contract areas for which the Company is legally and constructively liable. These costs are included under "Fluid Collection and Recycling System (FCRS) and Production Wells" and "Power Plants" (see Notes 12 and 18).

Land is carried at cost less accumulated impairment losses, if any.

The income generated wholly and necessarily as a result of the process of bringing the asset into the location and condition for its intended use (i.e., net proceeds from selling any items produced while testing whether the asset is functioning properly) is recognized in profit or loss.

Depreciation and amortization are calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	Number of years
Power plants	15-30
FCRS and production wells	10-25
Buildings, improvements and other structures	5-35
Exploration, machinery and equipment	2-25
Transportation equipment	5-10
Furniture, fixtures and equipment	3-10
Laboratory equipment	5-10

Depreciation and amortization of an item of property, plant and equipment begin when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation and amortization cease at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*, and the date the asset is derecognized. Leasehold improvements are amortized over the lease term or the economic life of the related asset, whichever is shorter.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

An item of property, plant and equipment, and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

The useful lives of property, plant and equipment are reviewed at each financial year-end and adjusted, prospectively, if appropriate.

Construction in progress represents structures under construction and is stated at cost, net of accumulated impairment losses, if any. This includes costs of construction and other direct costs. Costs also include interest on borrowed funds and amortization of deferred financing costs on these borrowed funds incurred during the construction period. Construction in progress is not depreciated until such time that the assets are put into operational use.

Liquidated damages received arising from breach of contract are deducted from the cost of the asset unless these can be directly linked to the amount of lost revenue. Liquidated damages are recognized only when receipt is virtually certain.

The Company's policy to classify right-of-use (ROU) assets as part of property, plant and equipment. The Company recognizes ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The initial cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized ROU assets are depreciated on a straight-line basis over the shorter of their estimated useful life and lease term of 1.3 to 8.2 years as of December 31, 2022 and 2021. ROU assets are subject to impairment (refer to Impairment of Non-Financial Assets policy).

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment loss, if any. Internally-generated intangible assets, if any, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and amortization method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds, if any, and the carrying amount of the asset, and are recognized in profit or loss when the asset is derecognized.

Water Rights

The cost of water rights of FG Hydro is measured on initial recognition at cost.

Following initial recognition of the water rights, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses, if any. Water rights are amortized using the straight-line method over 25 years, which is the term of the agreement with the National Irrigation Administration (NIA).

Computer Software and Licenses

The costs of acquisition of computer software and licenses are capitalized as intangible asset if such costs are not integral part of the related hardware.

These intangible assets are initially measured at cost. Subsequently, these are measured at cost less accumulated amortization and allowance for impairment losses, if any. Amortization of computer software is computed using the straight-line method over its estimated useful life of five (5) years.

Exploration and Evaluation Assets
The Company follows the full cost method of accounting for its exploration costs determined on the basis of each service contract area. Under this method, all exploration costs relating to each service contract are accumulated and deferred under the "Exploration and evaluation assets" account in the consolidated statement of financial position pending the determination of whether the wells have proved reserves. Capitalized expenditures include costs of license acquisition, technical services and studies, exploration drilling and testing, and appropriate technical and administrative expenses. General overhead or costs incurred prior to having obtained the legal rights to explore an area are recognized as expense in profit or loss when incurred. Once the legal right to explore has been acquired, costs directly associated with an exploration well are capitalized as exploration and evaluation assets until the drilling of the well is complete and the results have been evaluated. Capitalized exploration and evaluation expenditures are considered to be intangible assets until the commencement of drilling of exploratory wells.

If tests conducted on the drilled exploratory wells reveal that these wells cannot produce proved reserves, the capitalized costs are charged to expense except when management decides to use the unproductive wells, for recycling or waste disposal.

Once the technical feasibility and commercial viability of the project to produce proved reserves are established, the exploration and evaluation assets are reclassified to property, plant and equipment.

Exploration and evaluation assets also include the estimated rehabilitation and restoration costs of the Company that are incurred as a consequence of having undertaken the exploration for and evaluation of geothermal resources.

Impairment of Non-financial Assets
For non-financial assets such as property, plant and equipment, intangible assets, exploration and evaluation assets, and prepaid taxes for refund/tax credits, the Company assesses at each financial reporting date whether there is an indication that a non-financial asset may be impaired. If any such indication exists, the Company estimates the asset's recoverable amount.

The recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its VIU and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In determining VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses are recognized in profit or loss in the expense categories consistent with the function of the impaired asset.

For non-financial assets excluding goodwill, an assessment is made at each financial reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of the recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In such instance, the carrying amount of the asset is increased to its recoverable amount. However, that increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss.

Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the CGU or group of CGUs to which the goodwill relates. When the recoverable amount of the CGU or group of CGUs is less than the carrying amount of the CGU or group of CGUs to which goodwill has been allocated, an impairment loss is recognized immediately in profit or loss. Impairment loss relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods.

Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial Recognition and Measurement
Financial instruments on initial recognition and, where allowed and appropriate, re-evaluates this designation of each financial reporting date.

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under PFRS 15 (refer to Revenue Recognition policy).

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent Measurement
Purposes of subsequent measurement, financial assets are classified in four (4) categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVPL

Financial Assets at Amortized Cost (Debt Instruments)
Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost includes cash and cash equivalents, trade and other receivables, short-term investments and long-term receivables.

Financial Assets at FVOCI (Debt Instruments)
For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Company's debt instruments at FVOCI includes in government securities, government bonds and notes, and corporate bonds.

Financial Assets Designated at FVOCI (Equity Instruments)
Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of income when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Company elected to classify irrevocably its quoted equity investments under this category.

Financial Assets at FVPL
Financial assets at FVPL are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of income.

This category includes derivative instruments, financial asset at FVPL and unquoted equity investments which the Company had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are also recognized as other income in the consolidated statement of income when the right of payment has been established.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets
Further disclosures relating to impairment of financial assets are also provided in the following notes:

Disclosures for significant assumptions	Note 3
Debt instruments at fair value through OCI	Note 9
Trade receivables	Note 7

The Company recognizes an allowance for ECLs for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two (2) stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For cash and cash equivalents, the Company applies the low credit risk simplification. The investments are considered to be low credit risk investments as the counterparties have investment grade ratings. It is the Company's policy to measure ECLs on such instruments on a 12-month basis based on available probabilities of defaults and loss given defaults. The Company uses the ratings published by a reputable rating agency to determine if the counterparty has investment grade rating. If there are no available ratings, the Company determines the ratings by reference to a comparable bank.

For debt instruments at FVOCI, the Company also applies the low credit risk simplification. The Company's debt instruments at FVOCI comprise solely of quoted bonds that are graded in the top investment category (Very Good and Good) by credit rating agencies such as Moody's Corporation (Moody's) and/or Standard & Poor's Financial Services LLC (S&P), and, therefore, are considered to be low credit risk investments.

For all debt financial assets other than trade receivables, ECLs are recognized using general approach wherein the Company tracks changes in credit risk and recognizes a loss allowance based on either a 12-month or lifetime ECLs at each reporting date.

Loss allowances are recognized based on 12-month ECL for debt investment securities that are assessed to have low credit risk at the reporting date. A financial asset is considered to have low credit risk if:

- the financial instrument has a low risk of default
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

At each reporting date, the Company assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Company considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis. An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent

period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-months ECL.

Write-offs
A financial asset together with the associated allowance is written off either partially or in their entirety when there is no realistic prospect of future recovery.

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, and payables, net of directly attributable transaction costs.

The Company's financial liabilities which include trade and other payables, due to related parties, lease liability and long-term debts are classified as loans and borrowings.

Subsequent measurement
For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortized cost (loans and borrowings)

Financial liabilities at FVPL
Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of income.

Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Company has not designated any financial liability as at FVPL.

Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of income.

This category is applied for those issued financial liabilities or their components where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares, which are not designated as financial liabilities at FVPL.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of income.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position, if and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Fair Value of Financial Instruments
The Company measures financial instruments, such as derivatives, financial assets at FVPL, and financial assets at FVOCI, at fair value at each reporting date.

Fair value is the estimated price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

"Day 1" Differences
Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" difference amount.

Derivative Financial Instruments and Hedge Accounting
Initial recognition and subsequent measurement
The Company uses derivative financial instruments such as cross-currency swaps, interest rate swaps and forwards to manage its interest rate and foreign currency risk exposures in its US dollar-denominated loans. Accrual of interest on the received and pay legs of the interest rate swaps are recorded as adjustments to the interest expense on the related foreign currency-denominated loans. Accrual of interest on the pay legs of the various currency swaps are recognized in the consolidated statement of income as "Interest expense".

Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

For the purpose of hedge accounting, derivatives can be designated as cash flow hedges or fair value hedges, depending on the type of risk exposure.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Fair Value Hedges
The change in the fair value of a hedging instrument is recognized in profit or loss as other expense. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the consolidated statement of income as other expense.

For fair value hedges relating to items carried at amortized cost, any adjustment to carrying value is amortized through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortization may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognized, the unamortized fair value is recognized immediately in profit or loss.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in profit or loss.

Cash Flow Hedges
The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the consolidated statement of income. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

In 2014, EBWPC designated its interest rate swaps as cash flow hedges for its exposure on interest rate risks on portions of its floating rate US$150 million ECA and US$37.5 million Commercial Debt Facilities that is benchmarked against US LIBOR (see Notes 17 and 31). In 2020, the Parent Company designated its call spread swaps as cash flow hedges for its exposures on its $50.0 million term loan that is benchmarked against US LIBOR (see Notes 17 and 31).

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognized in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

Embedded Derivatives
An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. The Company assesses whether embedded derivatives are required to be separated from the host contracts when the Company first becomes party to the contract. An embedded derivative is separated from the hybrid or combined contract if all the following conditions are met:

(a) the economic characteristics and risks of the embedded derivative are not clearly and closely related to the economic characteristics and risks of the host contract;
(b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
(c) the hybrid instrument is not recognized at FVPL.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at FVPL. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the FVPL category.

Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. The Company determines whether a modification to cash flows is significant by considering the extent to which the expected future cash flows associated with the embedded derivative, the host contract or both have changed and whether the change is significant relative to the previously expected cash flows on the contract.

Retirement and Other Post-employment Benefits
The Company maintains funded, non-contributory defined benefits retirement plans. The Company also provides post-employment medical and life insurance benefits which are unfunded.

The Company recognizes the net defined benefit liability or asset which is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods, but are closed directly to retained earnings at the end of every reporting period.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Company's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Termination Benefits
Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of an entity's decision to terminate an employee's employment before the normal retirement date for authorized causes under the Labor Code.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

Provisions
Provision for Rehabilitation and Restoration Costs
Provision for rehabilitation and restoration costs arose from the Company's obligation under the GRESCs and WESC to restore the existing sites of the Company upon termination of the cooperation period. The nature of these activities includes plugging of drilled wells and restoration of pads and road networks. When the liability is initially recognized, the present value of the estimated costs is capitalized as part of the carrying amount of the related "FCRS and Production Wells" and "Power Plants" under property, plant and equipment, and exploration and evaluation assets. Provision for rehabilitation and restoration costs are provided at the present value of expected costs to settle the obligation using estimated cash flows.

The amount of provision for rehabilitation and restoration costs in the consolidated statement of financial position is increased by the accretion expense recognized in profit or loss using the effective interest method. The periodic unwinding of the discount is recognized in the consolidated statement of income as "Interest expense".

For closed sites or areas, changes to estimated costs are recognized immediately in profit or loss. Decrease in rehabilitation and restoration costs that exceeds the carrying amount of the corresponding rehabilitation asset is recognized immediately in profit or loss.

The estimated future costs of rehabilitation and restoration are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the related asset.

Other Provisions
Provisions are recognized when (i) the Company has a present obligation (legal or constructive) as a result of a past event; (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (iii) a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as "Interest expense" in the consolidated statement of income.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Capital Stock
Capital stock is measured at par value for all shares issued. When the Parent Company issues more than one (1) class of stock, a separate account is maintained for each class of stock and the number of shares issued. Capital stock includes common stock and preferred stock.

When the shares are sold at premium, the difference between the proceeds and the par value is credited to the "Additional paid-in capital" (APIC) account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Parent Company, the shares shall be measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Direct costs incurred related to equity issuance, such as underwriting, accounting and legal fees, printing costs and taxes are chargeable to the APIC account. If APIC is not sufficient, the excess is charged against the "Equity reserve" account.

Treasury Stock
The Parent Company's own equity instruments that are reacquired (treasury stock) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale,

issue or cancellation of the Parent Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in APIC.

Retained Earnings
The amount included in retained earnings includes profit or loss attributable to EDC Group's equity holders and reduced by dividends on capital stock. Dividends on capital stock are recognized as a liability and deducted from equity when they are declared by the Parent Company's BOD. Dividends for the year that are approved after the financial reporting date are dealt with as an event after the financial reporting date. The remeasurement gains and losses on retirement benefits are also included in the amount of retained earnings.

Retained earnings may also include the effect of changes in accounting policies as may be required by the standards' transitional provisions.

Portions of the retained earnings are restricted from being declared as dividend such as (1) amount pertaining to the treasury stocks; and (2) remeasurement gains on retirement benefits.

Dividend on Preferred and Common Stocks
EDC Group may pay dividends in cash or by the issuance of shares of stock. Cash and property dividends are subject to the approval of the BOD, while stock dividends are subject to approval by the BOD, at least two-thirds of the outstanding capital stock of the shareholders at a shareholders' meeting called for such purpose, and by the Philippine SEC. EDC Group may declare dividends only out of its unrestricted retained earnings.

Cash and property dividends on preferred and common shares are recognized as liability and deducted from equity when declared. Stock dividends are treated as transfers from retained earnings to APIC.

Leases
The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a Lessee
The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-Use Assets

Refer to Property, Plant and Equipment policy.

ii) Lease Liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses

(unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term Leases and Leases of Low-value Assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

Company as a Lessor
Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Revenue from Contracts with Customers
Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to credit risks.

The specific recognition criteria described below must also be met before revenue is recognized.

Sale of Electricity
Sale of electricity is consummated whenever the electricity generated by the Company is transmitted through the transmission line designated by the buyer, for a consideration. Revenues from sale of electricity using hydroelectric and geothermal power are based on sales price and are composed of generation fees from spot market sales to the WESM, PSAs with various customers such as distribution utilities, electric cooperatives and industrial customers, and PPAs with NPC. Revenue from sale of electricity using wind and solar power is based on the applicable FIT rates as approved by the Energy Regulatory Commission (ERC). Revenue from sale of electricity is recognized monthly based on the actual energy delivered.

Meanwhile, revenue from sale of electricity through ancillary services to the NGCP is recognized monthly based on the capacity scheduled and/or dispatched and provided. For RSCs and GEOPSCs, revenue from sale of electricity is composed of generation charge from monthly energy supply with various contestable/GEOP customers and is recognized monthly based on the actual energy delivered. The basic energy charges for each billing period are inclusive of generation charge and retail supply charge.

The Company identified the sale of electricity as its performance obligation since the customer can benefit from it in conjunction with other readily available resources and it is also distinct within the context of the contract. The performance obligation qualifies as a series of distinct services that are substantially the same and have the same pattern of transfer. The Company concluded that the revenue should be recognized overtime since the customers simultaneously receives and consumes the benefits as the Company supplies electricity.

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

Dividend Income
Revenue is recognized when the Company's right to receive the payment is established.

Interest Income
Interest income is recognized as interest accrues, using the EIR method.

Costs of Sale of Electricity
These include expenses incurred by the departments directly responsible for the generation of revenues from electricity (i.e., Plant Operations, Production, Maintenance, Transmission and Dispatch, Wells Drilling and Maintenance Department) at operating project locations. Costs of sale of electricity also includes cost of replacement power. Costs of sale of electricity are expensed when incurred.

General and Administrative Expenses
General and administrative expenses constitute cost of administering the business and normally include the expenses incurred by the departments in the Head Office (i.e., Management and Services, and Project Location's Administrative Services Department). General and administrative expenses are expensed when incurred.

Income from Insurance Claims
Income from insurance claims are recognized in other income and are recognized only when receipt is virtually certain.

Borrowing Costs
Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are added to the cost of the assets, until such time that the assets are substantially ready for their intended use or sale, which necessarily take a substantial period of time. Income earned on temporary investment of specific borrowings, pending the expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalization. Borrowing costs include interest charges and other costs incurred in connection with the borrowing of funds, as well as exchange differences arising from foreign currency borrowings used to finance the project to the extent that they are regarded as an adjustment to interest costs. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Taxes

Current Tax
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the financial reporting date.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of income.

Management periodically evaluates positions taken in the tax return with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

Deferred Tax
Deferred tax is provided using the balance sheet liability method on temporary differences at the financial reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits and unused tax losses [i.e., net operating loss carry-over (NOLCO)], to the extent that it is probable that sufficient taxable profits will be available against which the deductible temporary differences, and the carryforward benefits of unused tax credits and unused tax losses can be utilized except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and sufficient taxable profits will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each financial reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each financial reporting date and are recognized to the extent that it has become probable that sufficient future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as at the financial reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transactions either in OCI or directly in equity. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

VAT
Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.
When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated statement of financial position to the extent of the recoverable amount.

Earnings Per Share (EPS)
Basic EPS is computed by dividing net income for the year attributable to common shareholders of the Parent Company with the weighted average number of common shares outstanding during the year, after giving retroactive effect to any stock dividends or stock splits, if any, declared during the year.

Diluted EPS is computed in the same manner, with the net income for the year attributable to common shareholders of the Parent Company and the weighted average number of common shares outstanding during the year, adjusted for the effect of all dilutive potential common shares.

As of December 31, 2022, 2021 and 2020, the Company does not have any dilutive potential common shares. Hence, diluted EPS is the same as basic EPS.

Operating Segments
The Company's operating businesses are organized and managed separately according to the geographical segments. The Company's identified operating segments are consistent with the segments reported to the BOD which is the Company's Chief Operating Decision Maker (CODM). Financial information on the operating segment is presented in Note 5 to the consolidated financial statements.

Events After the Financial Reporting Date
Events after the financial reporting date that provide additional information about the Company's financial position at the financial reporting date (adjusting events) are reflected in the consolidated financial statements. Events after the financial reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements.

Future Changes in Accounting Policies
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements to have a significant impact on its consolidated financial statements. The Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2023

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Company.

- Amendments to PAS 8, *Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Company.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

  An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023. The amendments are not expected to have a material impact on the Company.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

  The amendments clarify:

  - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right.
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively.

  The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed. The amendments are not expected to have a material impact on the Company.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the International Accounting Standards Board (IASB).

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

5. Operating Segment Information

The Company's operating segments are determined based on geographical segment, with each segment representing a strategic business location that has similar economic and political conditions, proximity of operations and specific risks associated with operations in a particular area.

The Company's identified reportable segments below are consistent with the segments reported to the BOD, which is the CODM of the Company.

a. Leyte Geothermal Facilities - This segment pertains to Leyte Geothermal Production Field and Power Plants. This includes projects in Tongonan, Mahanagdong, Upper Mahiao, Malitbog, ULGEI and other projects in Leyte Province.

b. Negros Island Geothermal Facility - This segment refers to Southern Negros Geothermal Production Field and Power Plants. Power plants included in Negros are Palinpinon I, Palinpinon II and Nasulo.

c. Bacon-Manito Geothermal Facility - This segment relates to Bacon-Manito Geothermal Production Field and Power Plants.

d. Mt. Apo Geothermal Business Facility - This segment refers to Mt. Apo Geothermal Production Field and Power Plants.

e. Pantabangan/Masiway - This segment relates to Pantabangan-Masiway hydroelectric complex located in Nueva Ecija Province.

f. Wind Business Facility - This segment pertains to wind project commercially operating in Northern Luzon.

g. Solar Business Facility - This segment pertains to solar projects commercially operating in Northern Luzon and Visayas.

h. Others - This refers to other renewable energy projects including foreign investments and Head Office of the Company.

Management monitors the operating results of the business segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Finance costs, finance income, income taxes and other charges and income are managed on a group basis.

Segment performance is evaluated based on net income for the year and earnings before interest, taxes, and depreciation and amortization (EBITDA). Net income for the year is measured consistent with net income reported in the consolidated financial statements. EBITDA is calculated as revenue from sale of electricity minus costs of sales of electricity and general and administrative expenses, excluding non-cash items such as depreciation and amortization, impairment loss on property, plant and equipment, and loss on disposal of property, plant and equipment, among others.

In 2022, 2021 and 2020, two (2) customers accounted for 16.9% and 6.2%; 29.6% and 9.6%; and 35.0% and 11.8%, respectively, of the total revenue from sale of electricity. Sales to these customers are included in the Leyte, Mt. Apo, Wind and Solar segments.



Financial information on the operating segments are summarized as follows:

	Leyte	Negros Island	Bacon-Manito	Mt. Apo	Pantabangan/ Masiway	Wind	Solar	Others	Total
Year ended December 31, 2022									
Segment revenue	**₱24,142,334,227**	**₱17,379,779,488**	**₱11,996,353,674**	**₱2,044,656,193**	**₱4,061,353,917**	**₱2,911,576,221**	**₱135,156,939**	**₱–**	**₱62,671,210,659**
Intersegment revenue	**(3,870,740,749)**	**(4,668,378,555)**	**(4,347,027,589)**	**–**	**(1,090,110,224)**	**5,598,865**	**(199,643)**	**–**	**(13,970,857,895)**
Total segment revenue	**20,271,593,478**	**12,711,400,933**	**7,649,326,085**	**2,044,656,193**	**2,971,243,693**	**2,917,175,086**	**134,957,296**	**–**	**48,700,352,764**
Segment expenses	**(11,636,523,647)**	**(7,538,914,776)**	**(6,312,333,983)**	**(2,186,405,968)**	**(3,709,894,819)**	**(1,602,428,883)**	**(69,397,886)**	**–**	**(33,055,899,962)**
Unallocated expenses	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**65,822,819**	**65,822,819**
Interest income	**85,057,208**	**36,187,374**	**39,056,819**	**16,553,085**	**32,574,024**	**47,073,290**	**1,562,268**	**67,118**	**258,131,186**
Interest expense	**(1,114,006,930)**	**(362,553,129)**	**(259,845,223)**	**(291,343,913)**	**(1,529,608)**	**(587,999,109)**	**(12,110,193)**	**(243,186,630)**	**(2,872,574,735)**
Other income (charges) - net	**(366,088,573)**	**(194,689,807)**	**(426,124,066)**	**(17,040,667)**	**884,242,726**	**(32,029,255)**	**31,149**	**(18,520,422)**	**(170,218,915)**
Benefit from (provision for) income tax	**(824,432,171)**	**(576,718,815)**	**(212,153,073)**	**19,540,545**	**18,967,764**	**(163,830,993)**	**(3,500,487)**	**(50,957,883)**	**(1,793,085,113)**
Segment result	**₱6,415,599,365**	**₱4,074,711,780**	**₱477,926,559**	**(₱414,040,725)**	**₱195,603,780**	**₱577,960,136**	**₱51,542,147**	**(₱246,774,998)**	**₱11,132,528,044**
EBITDA	**₱11,994,301,646**	**₱6,279,580,393**	**₱2,166,554,247**	**₱671,423,564**	**(₱281,363,488)**	**₱2,214,010,254**	**₱109,225,902**	**₱–**	**₱23,153,732,518**
Unallocated Expenses									**72,826,596**
									₱23,226,559,114

	Leyte	Negros Island	Bacon-Manito	Mt. Apo	Pantabangan/ Masiway	Wind	Solar	Others	Total
Year ended December 31, 2021									
Segment revenue	₱19,406,823,917	₱12,969,796,538	₱10,055,892,961	₱2,319,617,824	₱4,937,153,924	₱3,941,791,972	₱141,286,466	₱–	₱53,772,363,602
Intersegment revenue	(3,680,380,387)	(3,547,882,387)	(3,366,157,630)	–	(809,574,429)	–	–	–	(11,403,994,833)
Total segment revenue	15,726,443,530	9,421,914,151	6,689,735,331	2,319,617,824	4,127,579,495	3,941,791,972	141,286,466	–	42,368,368,769
Segment expenses	(11,169,291,222)	(5,647,761,289)	(5,536,941,100)	(2,026,689,216)	(4,489,935,356)	(1,522,041,113)	(70,149,750)	–	(30,462,812,046)
Unallocated expenses	–	–	–	–	–	–	–	142,624,588	142,624,588
Interest income	43,965,166	11,265,793	26,090,103	7,722,894	11,055,829	42,452,249	1,053,169	46,116	143,651,319
Interest expense	(1,098,792,000)	(354,695,241)	(257,022,917)	(198,264,549)	(1,810,878)	(603,782,370)	(13,033,254)	(418,773,349)	(2,946,174,558)
Other income (charges) - net	715,164,072	(94,136,748)	(250,777,650)	3,800,585	657,450,264	52,345,478	44,984	(64,712,338)	1,019,178,647
Benefit from (provision for) income tax	(428,687,022)	(337,925,364)	(46,540,934)	3,111,633	(33,789,361)	(88,766,293)	(1,120,808)	(104,585,322)	(1,038,303,471)
Segment result	₱3,788,802,524	₱2,998,658,302	₱624,542,833	₱109,299,171	₱270,549,993	₱1,821,999,923	₱58,080,807	(₱445,400,305)	₱9,226,533,248
EBITDA	₱7,926,902,783	₱4,912,443,861	₱2,058,662,739	₱1,048,762,737	₱86,028,311	₱3,266,919,039	₱114,659,442	₱–	₱19,414,378,912
Unallocated Expenses									(414,696,291)
									₱18,999,682,621

	Leyte	Negros Island	Bacon-Manito	Mt. Apo	Pantabangan/ Masiway	Wind	Solar	Others	Total
Year ended December 31, 2020									
Segment revenue	₱19,704,228,958	₱12,570,869,356	₱7,212,218,221	₱2,399,353,126	₱2,068,365,944	₱4,295,301,140	₱158,447,369	₱–	₱48,408,784,114
Intersegment revenue	(4,048,590,989)	(3,861,187,635)	(2,882,225,828)	–	–	–	–	–	(10,792,004,452)
Total segment revenue	15,655,637,969	8,709,681,721	4,329,992,393	2,399,353,126	2,068,365,944	4,295,301,140	158,447,369	–	37,616,779,662
Segment expenses	(11,436,848,788)	(4,042,565,425)	(3,546,454,128)	(2,025,583,145)	(1,629,900,545)	(1,530,745,527)	(67,237,538)	–	(24,279,335,096)
Unallocated expenses	–	–	–	–	–	–	–	1,439,665,833	1,439,665,833
Interest income	126,000,430	50,019,613	38,398,079	20,463,957	3,058,386	8,029,565	223,752	94,353	246,288,135
Interest expense	(1,403,264,493)	(532,287,469)	(393,399,476)	(254,251,357)	(1,736,722)	(667,394,819)	(14,470,364)	(355,941,989)	(3,622,746,689)
Other income (charges) - net	2,066,608,399	111,532,931	147,227,355	25,694,751	(288,222,717)	(134,915,212)	76,181	(31,029,632)	1,896,972,056
Benefit from (provision for) income tax	(651,276,566)	(469,952,578)	(163,860,784)	3,773,587	(38,811,971)	41,284,736	(2,647,824)	(479,141,983)	(1,760,633,383)
Segment result	₱4,356,856,951	₱3,826,428,793	₱411,903,439	₱169,450,919	₱112,752,375	₱2,011,559,883	₱74,391,576	₱573,646,582	₱11,536,990,518
EBITDA	₱8,280,131,017	₱5,914,798,241	₱1,740,846,533	₱1,247,766,830	₱889,335,721	₱3,634,887,560	₱135,381,741	₱–	₱21,843,147,643
Unallocated Expenses									(185,545,972)
									₱21,657,601,671

	Leyte	Negros Island	Bacon-Manito	Mt. Apo	Pantabangan/ Masiway	Wind	Solar	Elimination	Total
As of and for the year ended December 31, 2022									
Segment assets	**₱97,643,803,252**	**₱32,602,290,155**	**₱12,786,135,236**	**₱13,444,201,565**	**₱5,939,684,807**	**₱18,135,248,110**	**₱828,425,734**	**(₱67,114,843,838)**	**₱114,264,945,021**
Unallocated corporate assets									**35,731,604,741**
Total assets									**₱149,996,549,762**
Segment liabilities	**₱47,943,398,008**	**₱20,813,924,432**	**₱12,261,065,828**	**₱8,487,126,719**	**₱218,288,201**	**₱10,022,348,059**	**₱636,700,423**	**(₱66,266,860,653)**	**₱34,115,991,017**
Unallocated corporate liabilities									**40,303,064,669**
Total liabilities									**₱74,419,055,686**
Capital expenditure	**₱3,138,700,146**	**₱1,524,969,436**	**₱1,239,758,582**	**₱614,588,746**	**₱189,123,259**	**₱13,882,871**	**₱–**	**₱–**	**₱6,721,023,040**
Unallocated capital expenditure									**3,390,633,027**
Total capital expenditure									**₱10,111,656,067**
Depreciation and amortization	**₱2,905,800,776**	**₱991,614,448**	**₱757,566,138**	**₱729,325,843**	**₱457,287,638**	**₱865,803,608**	**₱43,033,588**	**₱26,526,212**	**₱6,776,958,251**
Unallocated depreciation and amortization									**30,138,721**
Total depreciation and amortization									**₱6,807,096,972**
Other non-cash items	**₱453,431,039**	**₱115,479,788**	**₱71,996,007**	**₱83,847,496**	**₱–**	**₱33,460,443**	**₱632,900**	**(₱49,661,152)**	**₱ 709,186,521**

	Leyte	Negros Island	Bacon-Manito	Mt. Apo	Pantabangan/ Masiway	Wind	Solar	Elimination	Total
As of and for the year ended December 31, 2021									
Segment assets	₱91,611,256,011	₱29,928,020,137	₱11,652,040,368	₱11,912,771,889	₱6,004,263,397	₱18,278,518,540	₱842,703,570	(₱69,425,465,306)	₱100,804,108,606
Unallocated corporate assets									38,434,638,971
Total assets									₱139,238,747,577
Segment liabilities	₱43,396,403,668	₱15,965,488,756	₱11,111,291,854	₱6,346,586,681	₱686,643,165	₱10,536,796,183	₱660,206,126	(₱70,296,057,268)	₱18,407,359,165
Unallocated corporate liabilities									52,886,755,238
Total liabilities									₱71,294,114,403
Capital expenditure	₱4,420,319,144	₱1,716,969,775	₱443,687,786	₱925,596,311	₱162,143,032	₱10,244,216	₱–	₱–	₱7,678,960,264
Unallocated capital expenditure									3,224,241,015
Total capital expenditure									₱10,903,201,279
Depreciation and amortization	₱2,875,399,964	₱955,554,229	₱765,195,285	₱662,883,684	₱448,384,172	₱783,222,428	₱ 42,969,450	₱26,526,212	₱6,560,135,424
Unallocated depreciation and amortization									44,980,334
Total depreciation and amortization									₱6,605,115,758
Other non-cash items	₱494,350,511	₱182,739,770	₱140,673,223	₱92,950,445	₱–	₱63,945,752	₱553,275	(₱694,593,068)	₱280,619,908

The following table shows the Company's reconciliation of EBITDA to the consolidated net income for the years ended December 31, 2022, 2021 and 2020:

	2022	2021	2020
EBITDA	**₱23,226,559,114**	₱18,999,682,621	₱21,657,601,671
Add (deduct):			
Depreciation and amortization (Notes 12, 13, 22 and 23)	**(6,807,096,972)**	(6,605,115,758)	(6,547,264,747)
Interest expense (Notes 17, 25 and 31)	**(2,872,574,735)**	(2,946,174,558)	(3,622,746,689)
Provision for income tax (Note 29)	**(1,793,085,113)**	(1,038,303,471)	(1,760,633,383)
Interest income (Notes 6, 11, 25 and 31)	**258,131,186**	143,651,319	246,288,135
Provisions for impairment of trade and other receivables, prepaid taxes and other (Notes 7, 15, 16 and 23)	**(688,464,769)**	(277,104,307)	(253,265,909)
Foreign exchange gains (losses) (Notes 26 and 31)	**(43,860,848)**	109,445,793	240,378,453
Provision for impairment of parts and supplies inventories (Notes 3, 10 and 23)	**(20,721,752)**	(69,281,245)	(79,960,616)
Impairment of goodwill	–	–	(54,165,823)
Miscellaneous income (charges) (Note 27)	**(126,358,067)**	909,732,854	1,710,759,426
Consolidated net income	**₱11,132,528,044**	₱9,226,533,248	₱11,536,990,518

In the normal course of business, entities within the Company engage in intercompany sale and purchase of steam and electricity. Intersegment revenues are all eliminated in consolidation. Segment information is measured in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements.

Unallocated expenses pertain to expenses of the corporate, technical and administrative support groups, while unallocated corporate assets and liabilities, which include among others certain cash and cash equivalents, property, plant and equipment, parts and supplies inventories, trade and other payables and retirement and post-retirement benefits, pertain to the Head Office and are managed on a group basis. Capital expenditure consist of additions to property, plant and equipment.

Disaggregation of revenues

Set out below is the disaggregation of the Company's revenue from contracts with customers for the years ended December 31, 2022, 2021 and 2020:

Type of contracts	2022	2021	2020
Revenue from spot market sales	**₱17,156,936,374**	₱7,262,787,265	₱4,140,890,079
Revenue from PSAs	**15,223,312,520**	14,373,917,797	12,276,607,986
Revenue from PPAs	**8,212,667,679**	12,523,861,268	13,159,941,314
Revenue from sales under FIT	**3,019,923,386**	4,051,718,480	4,420,169,316
Revenue from RES, GEOP and other customer contracts	**5,087,512,805**	4,156,083,959	3,619,170,967
	₱48,700,352,764	₱42,368,368,769	₱37,616,779,662

Set out below, is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information for the years ended December 31, 2022, 2021 and 2020:

	Leyte	Negros Island	Bacon-Manito	Mt. Apo	Pantabangan/ Masiway	Wind	Solar	Total
Year ended December 31, 2022								
Segment revenue	₱24,142,334,227	₱17,379,779,188	₱11,996,353,674	₱2,044,656,193	₱4,061,353,917	₱2,911,576,221	₱135,156,939	₱62,671,210,659
Intersegment revenue	(3,870,740,749)	(4,668,378,555)	(4,347,027,589)	–	(1,090,110,224)	5,598,865	(199,643)	(13,970,857,895)
Revenue from contracts with customers	₱20,271,593,478	₱12,711,400,933	₱7,649,326,085	₱2,044,656,193	₱2,971,243,693	₱2,917,175,086	₱134,957,296	₱48,700,352,764
Revenue from spot market sales	₱7,513,313,626	₱6,602,906,874	₱2,506,081,498	₱–	₱534,634,376	₱–	₱–	₱17,156,936,374
Revenue from PSAs	4,246,634,249	5,986,179,046	2,283,423,005	484,111,154	2,222,965,066	–	–	15,223,312,520
Revenue from PPAs	6,643,910,332	–	–	1,560,545,039	–	–	8,212,308	8,212,667,679
Revenue from RES and other customers	1,867,735,271	122,315,013	2,859,821,582	–	213,644,251	–	23,996,688	5,087,512,805
Revenue from sales under FIT	–	–	–	–	–	2,917,175,086	102,748,300	3,019,923,386
Revenue from contracts with customers	₱20,271,593,478	₱12,711,400,933	₱7,649,326,085	₱2,044,656,193	₱2,971,243,693	₱2,917,175,086	₱134,957,296	₱48,700,352,764

	Leyte	Negros Island	Bacon-Manito	Mt. Apo	Pantabangan/ Masiway	Wind	Solar	Total
Year ended December 31, 2021								
Segment revenue	₱19,406,823,917	₱12,969,796,338	₱10,033,892,961	₱2,319,617,824	₱4,937,133,924	₱3,941,791,972	₱141,286,466	₱53,772,343,602
Intersegment revenue	(3,680,380,387)	(3,547,882,387)	(3,366,157,680)	–	(809,574,429)	–	–	(11,403,994,883)
Revenue from contracts with customers	₱15,726,443,530	₱9,421,914,151	₱6,689,735,331	₱2,319,617,824	₱4,127,559,495	₱3,941,791,972	₱141,286,466	₱42,368,368,769
Revenue from PSAs	₱3,718,646,398	₱6,008,210,006	₱1,643,097,016	₱–	₱3,003,964,377	₱–	₱–	₱14,373,917,797
Revenue from PPAs	10,196,040,404	–	–	2,319,617,824	–	–	8,203,040	12,523,861,268
Revenue from spot market sales	1,357,772,986	2,636,797,399	2,353,362,455	–	914,854,425	–	–	7,262,787,265
Revenue from sales under FIT	–	–	–	–	–	3,941,791,972	109,926,508	4,051,718,480
Revenue from RES and other customers	453,983,742	776,906,746	2,693,275,860	–	208,760,693	–	23,156,918	4,156,083,959
Revenue from contracts with customers	₱15,726,443,530	₱9,421,914,151	₱6,689,735,331	₱2,319,617,824	₱4,127,559,495	₱3,941,791,972	₱141,286,466	₱42,368,368,769

	Leyte	Negros Island	Bacon-Manito	Mt. Apo	Pantabangan/ Masiway	Wind	Solar	Total
Year ended December 31, 2020								
Segment revenue	₱19,704,228,958	₱12,570,869,356	₱7,212,218,221	₱2,399,353,126	₱2,068,365,944	₱4,295,301,140	₱158,447,369	₱48,408,784,114
Intersegment revenue	(4,048,590,989)	(3,861,187,635)	(2,882,225,828)	–	–	–	–	(10,792,004,452)
Revenue from contracts with customers	₱15,655,637,969	₱8,709,681,721	₱4,329,992,393	₱2,399,353,126	₱2,068,365,944	₱4,295,301,140	₱158,447,369	₱37,616,779,662
Revenue from PPAs	₱10,751,572,524	₱–	₱–	₱2,399,353,126	₱–	₱–	₱9,015,664	₱13,159,941,314
Revenue from PSAs	3,792,017,732	6,199,324,295	1,087,275,599	–	1,197,990,360	–	–	12,276,607,986
Revenue from sales under FIT	–	–	–	–	–	4,295,301,140	124,868,176	4,420,169,316
Revenue from Spot Market Sales	1,112,047,713	1,121,844,097	1,289,070,382	–	617,927,887	–	–	4,140,890,079
Revenue from RES and other customers	–	1,388,513,329	1,953,646,412	–	252,447,697	–	24,563,529	3,619,170,967
Revenue from contracts with customers	₱15,655,637,969	₱8,709,681,721	₱4,329,992,393	₱2,399,353,126	₱2,068,365,944	₱4,295,301,140	₱158,447,369	₱37,616,779,662

6. Cash and Cash Equivalents

	2022	2021
Cash on hand and in banks	**₱8,226,586,883**	₱7,559,645,456
Cash equivalents	**9,371,203,193**	6,455,376,078
	₱17,597,790,076	₱14,015,021,534

Cash in banks earns interest at the respective bank deposit rates ranging from 0.10% to 1.5% for the years ended December 31, 2022, 2021 and 2020. Cash equivalents consist of money market placements, which are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Company. Total interest earned on cash and cash equivalents, net of final tax, amounted to ₱198.1 million, ₱91.6 million and ₱197.3 million in 2022, 2021 and 2020, respectively (see Note 25).

7. Trade and Other Receivables

	2022	2021
Trade receivables:		
Third parties (Note 37)	**₱7,901,495,931**	₱6,577,380,638
Related parties (Note 20)	**125,697,320**	63,111,384
	8,027,193,251	6,640,492,022
Others:		
Non-trade accounts receivable (Note 32)	**466,148,893**	374,316,730
Loans and notes receivables	**43,597,418**	44,579,027
Advances to employees	**41,965,705**	37,982,159
	551,712,016	456,877,916
	8,578,905,267	7,097,369,938
Less allowance for impairment	**1,060,107,377**	1,042,894,075
	₱7,518,797,890	₱6,054,475,863

Trade receivables are non interest-bearing and are generally collectible in 30 to 60 days. Non-trade receivables are non interest-bearing and include receivable from insurance claims, accrued interest and other receivables.

The table below shows the rollforward analysis of the allowance for impairment of trade and other receivables as of December 31, 2022 and 2021:

	2022	2021
Balances at beginning of year	**₱1,042,894,075**	₱956,121,213
Provision for impairment (Notes 3 and 23)	**17,056,507**	86,674,750
Foreign exchange translation adjustment	**156,795**	98,112
Balances at end of year	**₱1,060,107,377**	₱1,042,894,075

8. Financial Asset at Fair Value Through Profit or Loss

The Company entered into various investment management agreement (IMA) with various Investment Managers, whereby the Company availed the service of the Investment Manager relative to the management and investment of funds.

Among others, following are the significant provisions of the IMA:

- The Investment Manager shall administer and manage the fund as allowed and subject to the requirements of the Bangko Sentral ng Pilipinas and in accordance with the written investment policy and guidelines mutually agreed upon and signed by the Investment Manager and the Company.
- The agreement is considered as an agency and not a trust agreement. The Company, therefore, shall at all times retain legal title to the fund.
- The IMA does not guaranty a yield, return, or income on the investments or reinvestments made by the Investment Manager. Any loss or depreciation in the value of the assets of the fund shall be for the account of the Company.

In addition, the Company has investments in various money unit investment trust fund and mutual funds.

Fund investments include quoted government securities and other quoted securities.

The Company accounts for the entire investment as a financial asset to be carried at fair value through profit or loss.

As of December 31, 2022 and 2021, the movements of the financial assets at FVPL account are as follows:

	2022	2021
Balances at beginning of year	**₱853,132,173**	₱922,831,786
Additions for the year	**2,512,500,000**	3,205,000,000
Redemptions for the year	**(3,376,474,070)**	(3,277,704,392)
Mark-to-market gain (loss) (Note 27)	**(7,689,361)**	210,162
Realized income from redemption (Note 27)	**31,259,850**	2,794,617
Balances at end of year	**₱12,728,592**	₱853,132,173

9. Financial Assets at Fair Value Through Other Comprehensive Income

As at December 31, 2022 and 2021, the movements in the financial assets at FVOCI are as follows:

	2022	2021
Balances at beginning of year	**₱225,813,559**	₱576,424,296
Additions during the year	**99,856,758**	–
Disposals during the year	**(33,950,000)**	(405,228,606)
Changes in fair value of equity instruments	**24,206,428**	67,261,490
Changes in fair value of debt instruments	**(20,899,368)**	(13,515,621)
Adjustment	–	872,000
Balances at end of year	**₱295,027,377**	₱225,813,559

Financial assets at FVOCI consists of the following as of December 31, 2022 and 2021:

	2022	2021
Equity instruments designated at FVOCI		
Quoted equity instruments		
Wack Wack Golf & Country Club	**₱58,000,000**	₱44,000,000
Alabang Country Club	**11,000,000**	13,850,000
Baguio Country Club Share	**6,000,000**	4,100,000
Others	**9,762,302**	7,555,874
	84,762,302	69,505,874
Debt instruments at FVOCI		
Quoted debt instruments		
Government bonds and notes	**₱175,256,220**	₱120,192,550
Corporate bonds	**35,008,855**	36,115,135
	210,265,075	156,307,685
Total	**₱295,027,377**	₱225,813,559

The movements of the net accumulated unrealized gain related to financial assets at FVOCI in 2022 and 2021 are presented in the consolidated statements of comprehensive income with details as follows:

	2022	2021
Balances at beginning of year	**₱73,346,630**	₱220,361,062
Changes in fair value of equity instruments at FVOCI	**24,206,428**	67,261,490
Changes in fair value of debt instruments at FVOCI	**(20,899,368)**	(13,515,621)
Transfer of net accumulated unrealized gain on financial assets at FVOCI to retained earnings	**(6,510,000)**	(200,760,301)
Balances at end of year	**₱70,143,690**	₱73,346,630

Investments in quoted equity securities consist mainly of shares traded in the PSE and investments in golf and country club shares.

Quoted government debt securities consist of investments in fixed rate bonds, fixed rate treasury notes and retail treasury bonds with maturities between 2022 and 2037 as of December 31, 2022 and 2021, and interest rates ranging from 2.4% to 6.1% for both years (see Note 25).

Changes in fair value recognized in the consolidated statements of comprehensive income pertain to the unrealized gains and losses during the period brought about by the temporary increase or decrease in the fair value of the debt and equity securities.

10. Parts and Supplies Inventories

	2022	2021
Parts and supplies inventories:		
At Cost	**₱6,438,681,448**	₱5,134,433,802
At NRV	**1,436,448,908**	1,403,225,617
	₱7,875,130,356	₱6,537,659,419

Allowance for inventory obsolescence:

	2022	2021
Balances at beginning of year	**₱598,001,022**	₱528,719,777
Provision for impairment (Note 23)	**20,721,752**	69,281,245
Balances at end of year	**₱618,722,774**	₱598,001,022

Parts and supplies inventories include items that are carried at net realizable value amounting to ₱1,436.4 million and ₱1,403.2 million as of December 31, 2022 and 2021, respectively, and have costs amounting to ₱2,055.1 million and ₱2,001.2 million, respectively. The rest of the parts and supplies inventories are carried at cost.

The amount of parts and supplies inventories charged to expense amounted to ₱1,352.3 million, ₱1,312.0 million and ₱1,213.3 million in 2022, 2021 and 2020, respectively (see Notes 22 and 23).

Details of parts and supplies inventories issued are as follows:

	2022	2021	2020
Costs of sales of electricity (Note 22)	**₱1,165,835,154**	₱1,100,895,604	₱1,047,926,909
General and administrative expenses (Note 23)	**186,427,229**	211,126,431	165,351,167
	₱1,352,262,383	₱1,312,022,035	₱1,213,278,076

11. Other Current Assets

	2022	2021
Prepaid expenses	**₱764,220,640**	₱639,351,890
Creditable withholding taxes	**409,821,634**	193,957,194
Deposits and special funds	**332,476,585**	276,388,153
Advances to suppliers	**37,063,722**	135,697,366
Short-term investments	**–**	451,767,551
Others	**139,161,689**	103,100,006
	₱1,682,744,270	₱1,800,262,160

Prepaid expenses include prepaid insurance and rentals while advances to suppliers pertains mainly to the advances made by the Company for the purchase of parts and supplies, and other goods and services.

Short-term investments consist of money market securities with maturity of more than three (3) months but less than 12 months. Total interest earned on short-term investments, net of final tax, amounted to ₱2.5 million, ₱2.1 million and ₱37.7 million in 2022, 2021 and 2020 respectively (see Note 25).

Deposits and special funds include deposits to distribution utilities as required under the Distribution Wheeling Service Agreements (DWSAs) and cash held in escrow accounts of the Company as required under the retail supply contracts (RSCs) and GEOP supply contracts.

12. Property, Plant and Equipment

	2022										
	Land	Power Plants	FCRS and Production Wells	Buildings, Improvements and Other Structures	Exploration, Machinery and Equipment	Transportation Equipment	Furniture, Fixtures and Equipment	Laboratory Equipment	Right of Use of Assets - Buildings, Improvements and Other Structures	Construction in Progress	Total
Cost											
Balances at January 1	₱838,230,627	₱76,290,257,064	₱54,090,742,735	₱8,606,086,589	₱3,582,915,046	₱127,161,697	₱1,596,062,409	₱879,000,005	₱567,470,422	₱15,241,822,251	₱161,819,748,845
Additions	43,080,548	1,573,025	7,379,439	30,930,229	9,429,658	43,078,933	68,441,599	56,177,162	167,529,681	9,684,032,793	10,111,656,067
Disposals/retirements (Note 27)	–	–	–	–	(52,811,141)	(3,381,195)	(22,843,848)	(277,066)	–	–	(79,313,250)
Reclassifications/adjustments (Note 18)	–	2,704,464,153	3,969,092,928	275,466,950	59,298,183	–	4,729,785	(38,363,897)	(229)	(7,084,623,980)	(109,936,107)
Foreign exchange adjustments	–	1,701,779,518	–	144,314,355	110,828	–	594,413	237,835	14,782,935	(240,147)	1,861,579,737
Balances at December 31	881,311,175	80,698,073,760	58,067,215,102	9,056,798,123	3,598,942,574	166,859,435	1,646,987,358	896,774,039	749,782,809	17,840,990,917	173,603,735,292
Accumulated Depreciation, Amortization and Impairment											
Balances at January 1	17,627,581	36,949,326,425	19,459,197,694	3,825,296,231	2,891,515,787	79,302,930	1,496,220,295	680,478,107	178,971,708	23,322,433	65,601,259,191
Depreciation and amortization (Notes 22 and 23)	–	3,783,531,475	1,952,490,089	451,526,372	160,901,113	17,637,148	68,673,219	66,549,003	118,955,291	–	6,620,263,710
Disposals/retirements (Note 27)	–	–	–	–	(52,622,325)	(3,381,190)	(22,654,111)	(277,055)	–	–	(78,934,681)
Reclassifications	–	–	–	(28,791,935)	–	–	–	–	–	–	(28,791,935)
Foreign exchange adjustments	–	505,995,095	–	77,045,219	(25,673,487)	–	1,483,323	84,608	2,062,684	–	560,997,442
Balances at December 31	17,627,581	41,238,852,995	21,411,687,783	4,325,075,887	2,974,121,088	93,558,888	1,543,722,726	746,834,663	299,989,683	23,322,433	72,674,793,727
Net Book Value	₱863,683,594	₱39,459,220,765	₱36,655,527,319	₱4,731,722,236	₱624,821,486	₱73,300,547	₱103,264,632	₱149,939,376	₱449,793,126	₱17,817,668,484	₱100,928,941,565

	2021										
	Land	Power Plants	FCRS and Production Wells	Buildings, Improvements and Other Structures	Exploration, Machinery and Equipment	Transportation Equipment	Furniture, Fixtures and Equipment	Laboratory Equipment	Right of Use of Assets - Buildings, Improvements and Other Structures	Construction in Progress	Total
Cost											
Balances at January 1	₱789,706,515	₱73,625,022,473	₱51,635,099,353	₱8,195,333,713	₱3,397,230,408	₱105,031,477	₱1,561,088,351	₱826,802,525	₱744,264,106	₱9,356,339,523	₱150,238,918,444
Additions	48,524,112	5,073,109	–	11,782,441	31,212,462	33,724,256	32,134,916	19,157,247	36,137,905	10,685,454,831	10,903,201,279
Disposals/retirements (Note 27)	–	(18,759,582)	–	(11,804,577)	(17,294,076)	(11,555,655)	(13,864,672)	(17,429,970)	(228,486,872)	–	(319,195,404)
Reclassifications/adjustments (Notes 14 and 18)	–	1,612,888,475	2,455,643,382	346,844,121	171,696,741	(38,381)	13,369,658	50,363,092	6,535,827	(4,799,985,831)	(142,682,916)
Foreign exchange adjustments	–	1,066,032,589	–	63,930,891	69,511	–	334,156	107,111	9,019,456	13,728	1,139,507,442
Balances at December 31	838,230,627	76,290,257,064	54,090,742,735	8,606,086,589	3,582,915,046	127,161,697	1,596,062,409	879,000,005	567,470,422	15,241,822,251	161,819,748,845
Accumulated Depreciation, Amortization and Impairment											
Balances at January 1	17,627,581	33,039,817,587	17,633,782,243	3,367,819,240	2,807,407,651	78,336,387	1,361,951,572	617,579,708	268,874,729	23,322,433	59,216,519,131
Depreciation and amortization (Notes 22 and 23)	–	3,640,502,149	1,825,441,072	443,787,849	115,336,212	12,374,070	146,920,380	80,042,390	138,192,962	–	6,402,597,084
Disposals/retirements (Note 27)	–	(18,759,571)	–	(10,702,077)	(16,992,820)	(11,345,879)	(13,722,352)	(17,197,462)	(228,486,863)	–	(317,207,024)
Reclassifications	–	–	(25,621)	997,604	(14,285,052)	(61,648)	805,510	9,659	–	–	(12,559,548)
Foreign exchange adjustments	–	287,766,260	–	23,393,615	49,796	–	265,185	43,812	390,880	–	311,909,548
Balances at December 31	17,627,581	36,949,326,425	19,459,197,694	3,825,296,231	2,891,515,787	79,302,930	1,496,220,295	680,478,107	178,971,708	23,322,433	65,601,259,191
Net Book Value	₱820,603,046	₱39,340,930,639	₱34,631,545,041	₱4,780,790,358	₱691,399,259	₱17,858,767	₱99,842,114	₱198,521,898	₱388,498,714	₱15,218,499,818	₱96,218,489,654

Construction in Progress

The Company's construction in progress account includes steam assets and other ongoing construction projects. Steam assets are mainly composed of in-progress production wells and FCRS, while other construction projects include the Palayan Bayan, ongoing rehabilitation activities in the plants, Control Systems Integration (CSI), retrofitting projects and other constructions.

Estimated Rehabilitation and Restoration Costs

FCRS and production wells include the estimated rehabilitation and restoration costs of the Company's steam fields and power plants' contract areas at the end of the contract period. These were based on technical estimates of probable costs, which may be incurred by the Company in the rehabilitation and restoration of the said steam fields' and power plants' contract areas, using a risk-free discount rate and adjusted the cash flows to settle the provision.

Also, the Company has recorded an estimated provision for asset retirement obligation relating to the removal and disposal of all wind farm materials, equipment and facilities from the contract areas at the end of contract period. The amount of provision was recorded as part of the costs of power plants.

Depreciation and Amortization

Details of depreciation and amortization charges recognized in profit or loss are shown below:

	2022	2021	2020
Property, plant and equipment	**₱6,620,263,710**	₱6,402,597,084	₱6,374,183,217
Intangible assets (Note 13)	**215,625,197**	215,078,222	176,856,048
Capitalized depreciation	**(28,791,935)**	(12,559,548)	(3,774,518)
	₱6,807,096,972	₱6,605,115,758	₱6,547,264,747
Costs of sales of electricity (Note 22)	**₱6,482,788,430**	₱6,189,956,020	₱6,029,979,784
General and administrative expenses (Note 23)	**324,308,542**	415,159,738	517,284,963
	₱6,807,096,972	₱6,605,115,758	₱6,547,264,747

Additions

Additions in the property, plant and equipment include non-cash right of use of assets - buildings, improvements and other structures additions amounting to ₱167.5 million and ₱36.1 million in 2022 and 2021, respectively.

Reclassifications/adjustments

The reclassifications/adjustments in the cost of property, plant and equipment include adjustments to the provision for rehabilitation and restoration costs amounting to ₱138.7 million and ₱157.9 million in 2022 and 2021, respectively (see Note 18), reclassification in 2020 from Mindanao III exploration and evaluation assets amounting to ₱1,177.7 million (see Note 14), and adjustments to ROU assets arising from the amendments of certain lease contract (see Note 32). Meanwhile, the reclassifications in the accumulated depreciation of property, plant and equipment include capitalized depreciation charges amounting to ₱28.8 million, ₱12.6 million and ₱3.8 million in 2022, 2021 and 2020, respectively. Other reclassifications were due to the results of reassessment made by the Company on the nature of the assets.

13. Goodwill and Intangible Assets

	2022			
	Goodwill	**Water Rights**	**Other Intangible Assets**	**Total**
Cost				
Balances at January 1	**₱2,666,921,448**	**₱2,404,778,918**	**₱695,911,029**	**₱5,767,611,395**
Additions	–	–	53,448,138	53,448,138
Foreign exchange translation adjustment	12,123,571	–	–	12,123,571
Balances at December 31	**2,679,045,019**	**2,404,778,918**	**749,359,167**	**5,833,183,104**
Accumulated Amortization and Allowance for Impairment				
Balances at January 1	**55,999,570**	**1,454,891,247**	**474,552,058**	**1,985,442,875**
Amortization (Notes 12, 22 and 23)	–	96,191,157	119,434,040	215,625,197
Balances at December 31	**55,999,570**	**1,551,082,404**	**593,986,098**	**2,201,068,072**
Net Book Value	**₱2,623,045,449**	**₱853,696,514**	**₱155,373,069**	**₱3,632,115,032**

	2021			
	Goodwill	Water Rights	Other Intangible Assets	Total
Cost				
Balances at January 1	₱2,656,067,487	₱2,404,778,918	₱605,649,098	₱5,666,495,503
Additions	–	–	90,261,931	90,261,931
Foreign exchange translation adjustment	10,853,961	–	–	10,853,961
Balances at December 31	2,666,921,448	2,404,778,918	695,911,029	5,767,611,395
Accumulated Amortization and Allowance for Impairment				
Balances at January 1	52,731,766	1,358,700,090	355,664,993	1,767,096,849
Amortization (Notes 12, 22 and 23)	–	96,191,157	118,887,065	215,078,222
Foreign exchange translation adjustment	3,267,804	–	–	3,267,804
Balances at December 31	55,999,570	1,454,891,247	474,552,058	1,985,442,875
Net Book Value	₱2,610,921,878	₱949,887,671	₱221,358,971	₱3,782,168,520

Goodwill

GCGI

On September 2, 2009, GCGI acquired the then 192.5 MW Palinpinon (in Negros Oriental) and 112.5 MW Tongonan 1 (in Leyte) geothermal power plants in an auction conducted by PSALM where GCGI submitted the highest complying financial bid of US$220.0 million. This financial bid was subsequently reduced by US$6.7 million as PSALM agreed that the Company will directly assume the obligations to procure the equipment/services indicated in the Purchase Requisitions being processed by NPC under Schedule R-Purchase Orders in the Asset Purchase Agreement (APA). The total acquisition cost incurred by the Company amounted to ₱10,165.3 million, resulting to goodwill of ₱2,241.7 million.

FG Hydro

On September 8, 2006, FG Hydro participated and won the bid for the 112 MW PAHEP/MAHEP facility conducted by PSALM in connection with the privatization of NPC assets. FG Hydro paid a total consideration of US$129.0 million (₱6,448.2 million) and recognized goodwill amounting to ₱293.3 million.

EDC HKL
As discussed in Note 3, EDC HKL, a wholly owned subsidiary of EDC, purchased 100% interest in Hot Rock companies, namely: EDC Soluciones Sostenibles Ltd, EDC Desarollo Sostenible Ltd, EDC Energia Verde Chile SpA, EDC Energia de la Tierra SpA and EDC Energia Verde Peru SAC. The total consideration amounting to US$3.0 million (₱133.2 million) was paid in cash, which resulted to the recognition of goodwill amounting to US$2.5 million (₱134.0 million). In 2020, the Company recognized impairment of goodwill from the purchase of EDC Energia Verde Chile SpA and EDC Energia de la Tierra SpA amounting to US$1.1 million (₱54.2 million).

Breakdown of the goodwill per CGU and the details of the goodwill impairment review are shown in Note 3 to the consolidated financial statements.

Water rights
Water rights pertain to FG Hydro's right to use water from the Pantabangan reservoir to generate electricity. NPC through a certification issued to FG Hydro dated July 27, 2006, gave its consent to the transfer to FG Hydro, as the winning bidder of the PAHEP/MAHEP, of the water permit for Pantabangan river issued by the National Water Resources Council on March 15, 1997.

Water rights are amortized using the straight-line method over 25 years, which is the term of the Agreement with National Irrigation Administration (NIA). The remaining amortization period of water rights is 8.9 years and 9.9 years as of December 31, 2022 and 2021, respectively.

Other intangible assets
Other intangible assets pertain to the Parent Company's and BGI's computer software and licenses.

14. Exploration and Evaluation Assets

	2022	2021
Cost		
Balances at January 1	**₱1,974,832,245**	₱1,955,939,202
Additions	**72,159,209**	17,554,441
Adjustments (Note 18)	**(7,717,463)**	1,338,602
Balances at December 31	**₱2,039,273,991**	₱1,974,832,245

Carrying amount of exploration and evaluation assets per project are as follows:

	2022	2021
Rangas/Kayabon	**₱1,782,106,732**	₱1,736,318,433
Dauin/Bacong	**79,830,590**	80,717,903
Others	**177,336,669**	157,795,909
	₱2,039,273,991	₱1,974,832,245

Others include foreign exploration and evaluation projects amounting to ₱74.8 million and ₱73.9 million as of December 31, 2022 and 2021, respectively.

Following the DOE's approval of the surrender of the energy service contracts for Ampiro, Lakewood and Balingasag, the exploration and evaluation costs incurred for these projects totaling to ₱9.0 million and the related allowance for impairment losses were written off in 2020.

15. Other Noncurrent Assets

	2022	2021
Prepaid taxes	**₱5,205,848,802**	₱4,698,102,902
Long-term receivables (Notes 31 and 37)	**1,651,042,585**	1,780,000,346
Special deposits	**138,550,942**	135,611,964
Tax credit certificates	**104,279,271**	112,208,047
Deposits and special funds	**18,913,954**	49,347,412
Prepaid expenses - net of current portion	**10,408,203**	11,830,527
Others	**1,514,209,169**	1,380,678,191
	8,643,252,926	8,167,779,389
Less allowance for impairment	**1,385,147,280**	1,191,490,155
	₱7,258,105,646	₱6,976,289,234

Prepaid Taxes
Prepaid taxes include input VAT, real property tax (RPT) payments under protest and creditable withholding taxes (CWTs).

Input VAT
Input VAT represents VAT from purchases of goods or services that the Company can claim against any future liability to the Bureau of Internal Revenue (BIR) for output VAT from sale of goods and services. As of December 31, 2022 and 2021, this input VAT amounted to ₱2,964.7 million and ₱2,677.2 million, respectively.

Input VAT also includes the outstanding input VAT claims that were applied by the Company for refund with the BIR/Supreme Court (SC). As of December 31, 2022 and 2021, the outstanding input VAT claims which are still pending with the BIR/SC amounted to ₱799.9 million and ₱732.6 million, respectively.

RPT payments under protest
RPT payments under protest to certain local government units amounted to ₱1,320.4 million and ₱1,168.0 million as of December 31, 2022 and 2021, respectively.

The amounts paid in protest were in excess of the amounts determined using the 1.5% RPT rate stated in the Renewable Energy (RE) Law, and are pending with the Local Board of Assessment Appeals and Central Board of Assessment Appeals.

Creditable withholding taxes
The CWTs pertain to withholding tax certificates amounting to ₱120.8 million as of December 31, 2022 and 2021, respectively.

Long-term receivables
Long-term receivables include receivable from TransCo arising from FIT rate adjustments (see Note 37).

Tax Credit Certificates (TCCs)
As of December 31, 2022 and 2021, the Company classified a portion of their TCCs as current assets totaling to ₱17.4 million and ₱103.6 million, respectively, and presented under "Trade and Other Receivables" (see Note 7). These are expected to be utilized for payment of various taxes within 12 months from the end of the reporting date.

As of December 31, 2022 and 2021, the Company presented the noncurrent portion of the TCCs amounted to ₱104.3 million and ₱112.2 million, respectively, under "Other Noncurrent Assets".

Others
Others include investment in Enerco amounting to ₱1,265.3 million and ₱1,137.4 million as of December 31, 2022 and 2021, respectively, which is accounted for as an investment in joint venture (see Note 3).

As of December 31, 2022, basic surface studies as well as civil works, road rehabilitation, base camp and avalanche controls have already been completed. Additional roads, drilling pad construction, base camp expansion and water supply system have been installed and completed. Exploration drilling program is intended to resume as soon as power supply agreements have been secured, access to transmission line has been negotiated and all the relevant permits have been obtained.

As of December 31, 2022 and 2021, the total assets of Enerco amounted to ₱2,153.0 million (US$38.6 million) and ₱1,865.7 million (US$36.6 million), respectively, of which current assets amounted to ₱0.5 million (US$0.0 million) and ₱8.9 million (US$0.2 million) as of December 31, 2022 and 2021, respectively. Enerco also has current liabilities amounting to ₱205.4 million (US$3.7 million) and ₱155.6 million (US$3.1 million) as of December 31, 2022 and 2021, respectively.

In 2022, 2021 and 2020, Enerco incurred total comprehensive income (loss) amounting to (₱16.5) million (US$0.3 million), (₱53.8) million (US$1.1 million) and (₱12.9) million (US$0.3 million), respectively, which include depreciation and amortization expenses amounting to ₱20.7 million (US$0.4 million), ₱20.9 million (US$0.4 million) and ₱22.9 million (US$0.5 million) in 2022, 2021 and 2020, respectively

In 2022, 2021 and 2020, the Company recognized its share in net income (losses) amounting to (₱11.6) million (US$0.2 million), (₱37.7) million (US$0.7 million) and ₱9.0 million (US$0.2 million.

Allowance for impairment
The rollforward analysis of the allowance for impairment pertaining to prepaid taxes and long-term receivables is presented below.

	2022		
	Prepaid taxes	**Long-term receivables**	**Total**
Beginning of year	**₱1,093,062,924**	**₱98,427,231**	**₱1,191,490,155**
Provision for impairment (Note 23)	**152,210,868**	**55,497,394**	**207,708,262**
Write-off	**(14,051,137)**	–	**(14,051,137)**
End of year	**₱1,231,222,655**	**₱153,924,625**	**₱1,385,147,280**

	2021		
	Prepaid taxes	Long-term receivables	Total
Beginning of year	₱985,734,342	₱98,427,231	₱1,084,161,573
Provision for impairment (Note 23)	190,429,557	–	190,429,557
Write-off	(83,100,975)	–	(83,100,975)
End of year	₱1,093,062,924	₱98,427,231	₱1,191,490,155

Loss on direct write-off of input VAT claims amounting to ₱10.6 million, ₱77.5 million and ₱36.3 million in 2022, 2021 and 2020, respectively, were recognized as part of "Miscellaneous income - net" in the consolidated statements of income (see Note 27).

16. Trade and Other Payables

	2022	2021
Trade payables:		
Third parties	**₱9,676,331,024**	₱7,947,186,526
Related parties (Note 20)	**2,010,119,504**	1,827,628,934
	11,686,450,528	9,774,815,460
Others:		
Accrued interest on long-term debts (Notes 17 and 31)	**578,554,834**	527,170,402
Withholding and other taxes payable	**486,855,045**	449,573,490
Government share payable (Note 33)	**91,674,842**	62,394,247
SSS and other contributions payable	**29,625,340**	14,381,085
Dividends payable (Notes 19 and 20)	**11,813,526**	10,054,640
Other payables (Notes 3 and 23)	**2,576,932,310**	2,197,973,573
	3,775,455,897	3,261,547,437
	₱15,461,906,425	₱13,036,362,897

Trade payables are non-interest bearing and are normally settled on a 30 to 60 days payment term.

"Government share payable" pertains to outstanding payable to the government for its share on certain earnings of the Company generated from renewable energy.

Under the RE Law, the Parent Company shall pay government share equivalent to 1.5% of its gross income. Such fiscal incentive was applied by the Parent Company beginning February 1, 2009 (see Note 33).

On May 8, 2012, upon execution of their respective Geothermal Operating Contracts with the DOE, GCGI and BGI also became subject to government share of 1.5% of their gross income (see Note 33).

In 2014, upon receipt of COE for FIT eligibility, EBWPC became subject to government share of 1% of its gross income.

On February 22, 2017 and February 27, 2017, upon approval of FG Hydro's application for registration as an RE developer and Hydropower Operating Contracts for PAHEP and MAHEP, respectively, FG Hydro became subject to 10% statutory income tax rate and government share of 1% of its gross income.

Government share is allocated between the DOE and Local Government Units (LGUs) where the geothermal and hydro resources are located and payable within 60 days after the end of each quarter in the case of EDC, GCGI, BGI, EBWPC, and EDC Siklab (for the Gaisano La Paz Solar Rooftop Project). For FG Hydro, government share is paid to DOE (60%) and LGU (40%) within 60 days after the end of each quarter. Government share amounted to ₱360.1 million, ₱273.2 million and ₱277.0 million in 2022, 2021 and 2020, respectively (see Note 22).

"Other payables" account includes provision for shortfall generation amounting to ₱1,311.7 million and ₱1,424.4 million as of December 31, 2022 and 2021, respectively (see Note 3). Other payables also include deferred output VAT and other accruals.

17. Long-term Debts

The details of the Company's long-term debts are as follows:

Creditor/Project	Maturities	Interest Rate	2022	2021
EDC Loans				
International Finance Corporation (IFC)				
▪ IFC 1 - ₱4.1 Billion	April 15, 2023	6.367%	**₱166,812,649**	₱502,578,376
		4.78% from June 22, 2018 to April 15, 2021; and		
▪ IFC 2 - ₱3.3 Billion	October 15, 2025	4.68% from April 16, 2021 until maturity	**724,149,851**	956,263,352
▪ IFC 3 - ₱4.8 Billion	March 15, 2033	7.8048%	**3,431,796,837**	3,754,932,241
Fixed Rate Note Facility (FXCN)				
▪ ₱4.0 Billion	April 19, 2022	5.25%	–	2,940,570,285
▪ ₱3.0 Billion	April 19, 2022	5.25%	–	2,205,374,389
2013 Peso Fixed-Rate Bonds				
▪ ₱4.0 billion	May 3, 2023	4.7312%	**3,997,783,024**	3,991,476,571
DBP ₱291.2 Million Term Loan	December 17, 2030	5.50%	**178,440,900**	200,662,539
UBP ₱1.5 Billion Term Loan	December 5, 2026	5.25%	**1,107,496,407**	1,166,718,116
SBC ₱1.0 Billion Term Loan	December 5, 2031	5.5788%	**846,044,254**	905,467,993
UBP ₱2.0 Billion Term Loan	April 12, 2032	5.4382%	**1,261,440,038**	1,393,726,156
SBC ₱3.0 Billion Term Loan	May 4, 2027	5.3166%	**1,615,557,694**	1,913,552,709
SBC ₱1.0 Billion Term Loan	May 4, 2032	5.4277%	**630,673,133**	696,810,692
BPI ₱1.0 Billion Term Loan	June 1, 2027	5.2059%	**538,734,460**	638,173,636
PNB ₱500.0 Million Term Loan	June 1, 2022	4.7360%	–	49,958,686
SBC ₱500.0 Million Term Loan	May 4, 2032	5.4904%	**315,314,695**	348,379,408
US$50.0 Million Mizuho Loan	March 24, 2022	0.65% margin plus LIBOR	–	2,546,339,855
BPI				
▪ ₱3.0 Billion Term Loan	April 15, 2030	5.1323%	**2,536,714,264**	2,833,416,074
▪ ₱3.0 Billion Term Loan	April 15, 2030	3.56%	**2,536,285,755**	2,832,798,154
BDO				
		4.25% until next repricing date in September		
▪ ₱4.5 Billion Loan	September 10, 2030	2025	**3,942,554,858**	4,025,668,084
		4.25% until next repricing date in September		
▪ ₱2.0 Billion Loan	September 10, 2030	2025	**1,751,243,207**	1,787,942,862
Fixed Rate ASEAN Green Bonds				
▪ Series A	June 25, 2024	2.8565%	**2,483,127,054**	2,472,323,528
▪ Series B	June 25, 2026	3.7305%	**2,475,235,123**	2,468,807,404
		5.057245% until next repricing date in March		
US$50 Million Mizuho Loan	March 24, 2027	2023	**2,756,034,890**	–
		5.25% until next repricing		
BPI ₱2.0 Billion Term Loan	March 21, 2032	date in March 2023	**1,989,306,921**	–
		5.831567% until next repricing date in March		
UBP ₱1.0 Billion Term Loan	March 24, 2032	2027	**943,473,759**	–
		5.7829% until next repricing		
SBC ₱2.6 Billion Term Loan	April 19, 2032	date in April 2027	**2,452,845,708**	–
CTBC ₱1.5 Billion Term Loan	June 8, 2027	6.1869%	**1,410,368,722**	–
		4.0% until next repricing		
BDO ₱2.0 Billion Term Loan	September 5, 2032	date in March 2023	**1,988,681,067**	–
		4.8314% until next repricing		
CBC ₱2B Term Loan	October 5, 2032	date in April 2023	**1,988,461,738**	–

(Forward)

Creditor/Project	Maturities	Interest Rate	2022	2021
EBWPC Loans				
▪ Commercial Debt Facility US$37.5 Million	October 23, 2029	2% margin plus LIBOR	**₱1,202,105,332**	₱1,223,990,359
▪ ECA Debt Facility US$150 Million	October 23, 2029	2.35% margin plus LIBOR	**4,787,854,100**	4,871,326,612
▪ Commercial Debt Facility ₱5.6 Billion	October 23, 2029	2% + PDST-F rate	**3,243,075,178**	3,616,321,732
GCGI Loan				
₱8.5 Billion Term Loan	March 18, 2022	5.25%	–	1,529,149,985
BGI Loan				
₱5.0 Billion Term Loan	October 7, 2025	5.65%	–	1,246,356,397
Total			**53,301,611,618**	53,119,086,195
Less current portion			**8,881,483,933**	13,104,746,816
Noncurrent portion			**₱44,420,127,685**	₱40,014,339,379

The Company's foreign-currency denominated long-term debts were translated into Philippine pesos based on the prevailing foreign exchange rates as at financial reporting date (US$1= ₱55.76 on December 31, 2022 and US$1= ₱50.99 on December 31, 2021).

The long-term debts are presented net of unamortized transaction costs. A rollforward analysis of unamortized transactions costs follows:

	2022	2021
Balances at beginning of year	**₱428,662,271**	₱476,051,198
Additions	**135,037,039**	82,817,812
Amortization (Note 25)	**(135,298,829)**	(130,206,739)
Balances at end of year	**₱428,400,481**	₱428,662,271

Parent Company Loans

The Parent Company entered into unsecured long-term loan arrangements with domestic and international financial institutions for its various development projects and working capital requirements.

IFC

The Parent Company entered into a loan agreement with IFC, a shareholder of the Parent Company, on November 27, 2008 for US$100.0 million or its Peso equivalent of ₱4.1 billion.

On January 7, 2009, the Parent Company opted to draw the loan in Peso and received the proceeds amounting to ₱4,048.8 million, net of ₱51.5 million front-end fee. The loan is payable in 24 equal semi-annual installments after a three-year grace period at an interest rate of 7.4% per annum for the first five (5) years subject to repricing for another five (5) to 10 years.

On May 20, 2011, the Parent Company signed a 15-year US$75.0 million loan facility with the IFC to fund its medium-term capital expenditures program. The loan was drawn in Peso on September 30, 2011 amounting to ₱3,262.5 million. The loan is payable in 24 equal semi-annual installments after a two-year grace period at an interest rate of 6.657% per annum subject to repricing for another five (5) to 10 years.

On March 22, 2018, the Parent Company signed a 15-year US$90.0 million loan facility with IFC to fund its 2018 capital expenditures and other general corporate requirements of its existing geothermal operations. The loan was drawn in Peso on June 22, 2018 amounting to ₱4,804.0 million at an interest rate of 7.8048%.

Following the consummation of this financing agreement, EDC and IFC have agreed to amend and reduce the spread of the first two (2) loans to 1.30%. All the other terms and conditions of the loans remained the same.

In April 2021, the IFC Loan that was drawn in September 2011 was repriced at a fixed rate of 4.68% per annum for the remaining tenor of the loan until maturity.

FXCN
On April 4, 2012, EDC signed a 10-year Fixed Rate Corporate Note (FXCN) facility agreement amounting to ₱7.0 billion which is divided into two (2) tranches. The proceeds were used by EDC to prepay in full the previously issued FRCN amounting to ₱7.0 billion. The FXCN tranches 1 and 2 bears a coupon rate of 6.6173% and 6.6108% per annum, respectively.

Debt issuance costs amounting to ₱100.2 million was capitalized as part of the new FXCN.

On April 30, 2015, EDC and the Noteholders amended the FXCN loan agreement to reduce the interest rate to 5.25% per annum for both Tranche 1 and Tranche 2 as well as to effect other amendments in order to align the same with the other loan covenants of EDC. Transaction costs related to the amended FXCN amounting to ₱64.7 million were capitalized to the carrying amount of the FXCN loan. On April 19, 2022, EDC fully settled the FXCN.

2013 Peso Fixed-Rate Bonds
On May 3, 2013, EDC issued fixed-rate peso bonds with an aggregate principal amount of ₱7.0 billion. The bonds, which have been listed on the PDEx, are comprised of ₱3.0 billion 7-year bonds at 4.1583% per annum and ₱4.0 billion 10-year bonds at 4.7312% due on May 3, 2020 and May 3, 2023, respectively. Interest is payable semi-annually starting November 3, 2013. Transaction costs incurred in connection with the issuance of the 7-year bonds and 10-year bonds amounted to ₱39.1 million and ₱52.1 million, respectively. The net proceeds were used by the Parent Company to partially fund the Burgos wind project located in the municipality of Burgos, Ilocos Norte with estimated project cost of US$300.0 million.

On May 4, 2020, the Parent Company fully settled the ₱3.0 billion 7-year bonds.

₱291.2 Million Term Loan
On December 8, 2015, EDC signed a ₱291.2 million loan at 5.75% per annum maturing on December 17, 2030 with Development Bank of the Philippines. The ₱291.2 million term loan was used to finance the Burgos Solar Phase I Project. On December 17, 2017, the loan agreement was amended to reduce the interest rate to 5.50% per annum.

₱1.5 Billion Term Loan
On June 24, 2016, EDC secured a ₱1.5 billion loan at 5.25% per annum maturing on December 5, 2026 with Union Bank of the Philippines. The ₱1.5 billion term loan was used to refinance the outstanding ₱3.5 billion fixed rate bonds which matured on December 4, 2016 and to fund other general corporate purposes.

₱1.0 Billion Term Loan
On December 1, 2016, EDC secured a ₱1.0 billion loan at 5.58% per annum maturing on December 5, 2031 with Security Bank Corporation. The ₱1.0 billion term loan was used to refinance the outstanding ₱3.5 billion fixed rate bonds which matured on December 4, 2016 and to fund other general corporate purposes.

UBP ₱2.0 Billion Term Loan
On April 5, 2017, EDC secured a ₱2.0 billion loan at 5.44% per annum maturing on April 12, 2032 with Union Bank of the Philippines.

SBC ₱3.0 and ₱1.0 Billion Term Loans
On April 26, 2017, EDC secured ₱3.0 billion loan at 5.32% per annum and ₱1.0 billion loan at 5.43% with Security Bank Corporation maturing on May 4, 2027 and May 4, 2032, respectively.

BPI ₱1.0 Billion Term Loan
On May 26, 2017, EDC secured a ₱1.0 billion loan at 5.21% per annum maturing on June 1, 2027 with Bank of the Philippine Islands.

PNB ₱500.0 Million Term Loan
On May 26, 2017, EDC secured a ₱500.0 million loan at 4.74% per annum which matured on June 1, 2022 with Philippine National Bank.

SBC ₱500.0 Million Term Loan
On July 26, 2017, EDC secured a ₱500.0 million loan at 5.49% per annum maturing on May 4, 2032 with Security Bank Corporation.

BOC ₱2.0 Billion Term Loan
On July 19, 2018, EDC secured a ₱2.0 billion floating loan maturing on October 29, 2021 with Bank of Commerce. On March 28, 2019, EDC prepaid this term loan and recognized loss on prepayment amounting to ₱4.6 million which pertains to unamortized transaction cost (see Note 27).

US$50.0 Million Mizuho Loan
On March 24, 2020, EDC signed a US$50.0 million two-year loan facility with Mizuho Bank, Ltd. On April 1, 2020, EDC has fully drawn the US$50.0 million loan at an interest rate of 0.65% margin plus LIBOR. The proceeds are intended to be used to refinance maturing obligations and for general corporate purposes. On March 24, 2022, EDC fully paid its US$50.0 million loan

BPI ₱6.0 Billion Term Loan
On April 2, 2020, EDC signed a ₱6.0 billion 10-year term loan facility with Bank of the Philippine Islands. On April 15, 2020, EDC has drawn ₱3.0 billion from the loan facility at a fixed interest rate of 5.13% per annum. On July 29, 2020, EDC has drawn the remaining ₱3.0 billion at a fixed interest rate of 3.56% per annum.

BDO ₱4.5 Billion Loan
On August 28, 2020, EDC signed a ₱11.5 billion 10-year term loan facility with BDO Unibank, Inc. On September 10, 2020, EDC has drawn ₱4.5 billion from the loan facility at a fixed rate of 4.25% per annum.

BDO ₱2.0 Billion Loan
On February 18, 2021, EDC has drawn additional ₱2.0 billion from the BDO loan facility at a fixed rate of 4.25% per annum maturing on September 10, 2030.

Fixed Rate ASEAN Green Bonds
On June 25, 2021, EDC successfully listed its SEC-registered ASEAN Green Bonds with an aggregate principal amount of ₱5.0 billion. The bonds, which have been listed on the PDEx, are comprised of ₱2.5 billion 3-year bonds at 2.8565% per annum and ₱2.5 billion 5-year bonds at 3.7305% per annum due on June 25, 2024 and June 25, 2026, respectively.

BPI ₱2.0 Billion Term Loan
On March 21, 2022, EDC secured a ₱2.0 billion loan at a six (6)-month floating rate of 3.5% per annum maturing on March 21, 2032 with the Bank of the Philippine Islands. The loan has repriced and currently has a six (6)-month floating rate of 5.25% per annum until its next repricing date in March 2023.

UBP ₱1.0 Billion Term Loan
On March 24, 2022, EDC secured a ₱1.0 billion loan at 5.831567% per annum maturing on March 24, 2032 with Union Bank of the Philippines.

US$50.0 Million Mizuho Loan
On March 24, 2022, the US$50 Million Mizuho Loan was refinanced by a new term loan with Mizuho at a six (6)-month floating rate of 2.0879% per annum maturing on March 24, 2027. The loan has repriced and currently has a six (6)-month floating rate of 5.057245% per annum until its next repricing date in March 2023.

SBC ₱2.6 Billion Term Loan
On April 19, 2022, EDC secured a ₱2.6 billion loan at 5.7829% per annum maturing on April 19, 2032 with Security Bank Corporation, which partly refinanced the balance of the Fixed Rate Corporate Note (FXCN) facility which matured on the same date.

CTBC ₱1.5 Billion Term Loan
On June 8, 2022, EDC secured a ₱1.5 billion loan at 6.1869% per annum maturing on June 8, 2027 with CTBC Bank (Philippines) Corp.

BDO ₱2.0 Billion Term Loan
On September 5, 2022, EDC secured a ₱2.0 billion loan at a six (6)-month floating rate of 4.0% per annum until its next repricing date in March 2023, maturing on September 5, 2032 with BDO Unibank, Inc.

CBC ₱2.0 Billion Term Loan
On October 5, 2022, EDC secured a ₱2.0 billion loan at a six (6)-month floating rate of 4.8314% per annum until its next repricing date in April 2023, maturing on October 5, 2032 with China Banking Corporation.

EBWPC Loan
On October 17, 2014, EDC has signed a secured US$315.0 million loan for Burgos Wind Project (Commercial Debt Facility US$37.5 million, ECA Debt Facility US$150 million, Commercial Debt Facility ₱5.6 billion). This is a financing facility for the construction of the 150 MW Burgos Wind Project (BWP) in Ilocos Norte. The facility, which consists of US dollar and Philippine peso tranches, will mature in 15 years. Portion of the proceeds received from the financing facility was used to settle the outstanding bridge loans in October 2014.

On June 15, 2015, EBWPC has fully drawn the US$315.0 million financing agreement in ECA Debt Facility, USD Commercial Debt Facility, and Peso Commercial Debt Facility with various banks. As of December 31, 2022 and 2021, EBWPC has seven (7) interest rate swaps (IRS) with aggregate notional amount of US$118.3 million and US$118.3 million, respectively. This is to partially hedge the interest rate risks on its ECA and USD Commercial Debt Facility (Hedged Loan) that is benchmarked against six (6) months US LIBOR (see Note 31).

Under the agreement of the EBWPC's Project Financing, EBWPC entered into Mortgage Agreement with Philippine National Bank, the Onshore Collateral Agent. The Mortgage shall cover all of the assets of EBWPC whether such assets now exist or at any time hereafter come

into existence, or are now at any time hereafter acquired, and whether any such later acquisition is by way of addition thereto or substitution of any component part thereof, together with all the rights and interests therein.

Under the agreement of the EBWPC's Project Financing, EBWPC's debt service is guaranteed by the Parent Company.

₱8.5 Billion GCGI Term Loan
On March 6, 2015, GCGI completed the execution of separate loan agreement each with Asia United Bank Corporations, Bank of the Philippine Islands, BDO Unibank Inc., Development Bank of the Philippines, Land Bank of the Philippines, Rizal Commercial Banking Corporation, Robinsons Bank Corporation and Union Bank of the Philippines for the total amount of ₱8.5 billion at 5.25% per annum maturing on March 18, 2022. BDO Capital and Investment Corporation acted as sole arranger.

On March 18, 2022, GCGI fully paid the remaining balance of this term loan.

₱5.0 Billion BGI Term Loan
On September 9, 2015, BGI completed the execution of separate loan agreements with BDO Unibank, Inc, Bank of the Philippine Islands and Security Bank Corporation for the total amount of ₱5.0 billion with maturity period of 10 years.

The initial drawdown amounting to ₱2.5 billion was made on October 7, 2015 while the remaining ₱2.5 billion was drawn on December 7, 2015.

BDO Capital and Investment Corporation acted as a structuring supervisor and sole bookrunner.

As part of the agreement, BGI has provided a DSRA for the principal and interest payment of the loan amounting to ₱193.7 million as of December 31, 2019.

On July 3, 2020, BGI entered into a surety agreement with Parent Company and the lenders whereby Parent Company, as a surety, guarantees the funding of the DSRA in accordance with the loan agreement for the benefit of BGI, in lieu of the cash deposit standing in DSRA.

On October 7, 2022, BGI fully prepaid its remaining term loan balance of ₱0.70 billion at no prepayment premiums and/or penalties on the loan's seventh-year anniversary.

Unused Credit Facilities
As of December 31, 2022 and 2021, the Company has ₱6,633.0 million and ₱8,025.4 million, respectively, of unused credit facilities from various local banks, which may be availed of for future operating activities.

Loan Covenants
The loans of the Parent Company and its subsidiaries are subject to certain financial covenants. The Parent Company is only required to maintain a certain level of debt to equity ratio in its 2013 peso bonds while EBWPC is obliged to meet an acceptable level of debt to equity ratio and debt service coverage ratio. Under the various loan agreements, the Parent Company and EBPWC are also subject to debt incurrence ratios and equity distribution restriction ratio, depending on the counterparty, in each case subject to certain exceptions and conditions.

As of December 31, 2022 and 2021, the Parent Company and EBWPC are in compliance with the loan covenants of all their respective outstanding debts. As of December 31, 2021, GCGI and BGI are in compliance with the loan covenants of their respective debts but the loan covenants are

no longer applicable as of December 31, 2022 since the loans under both entities have been fully paid.

18. Provisions and Other Long-term Liabilities

	2022	2021
Provision for rehabilitation and restoration costs (Notes 3, 12 and 14)	**₱1,422,136,054**	₱1,480,656,412
Provision for sick leave and vacation leave	**307,724,752**	311,338,584
Others (Notes 3, 25 and 32)	**1,297,939,521**	798,836,835
	₱3,027,800,327	₱2,590,831,831

Provision for rehabilitation and restoration costs

This account includes the provision for rehabilitation and restoration costs of the Company which pertain to the present value of estimated costs of legal and constructive obligations required to restore all the existing sites upon termination of the cooperation period. The nature of these restoration activities includes dismantling and removing structures, rehabilitating wells, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas. The obligation generally arises when the asset is constructed or the ground or environment at the site is disturbed. When the liability is initially recognized, the present value of the estimated costs is capitalized as part of the carrying amount of the related FCRS and production wells under "Property, plant and equipment" and "Exploration and evaluation assets" accounts (see Notes 12 and 14).

The rollforward analysis of the provision for rehabilitation and restoration costs is presented below:

	2022	2021
Balances at beginning of year	**₱1,480,656,412**	₱1,584,832,119
Effect of revision of estimate (Notes 12 and 14)	**(144,771,441)**	(163,629,365)
Accretion of interest (Note 25)	**86,251,083**	59,453,658
Balances at end of year	**₱1,422,136,054**	₱1,480,656,412

Provision for sick leave and vacation leave

This account consists of provision for vacation and sick leave entitlement of active employees which can be monetized and converted into cash. The provision pertains to the unused vacation and sick leaves at the end of the calendar year up to the maximum allowed leave credits for provision. Vacation and sick leave credits exceeding the maximum allowed are forfeited.

The calculation of the provision for vacation and sick leave entitlement is actuarially determined using assumptions such as discount rate and salary rate increase. In determining the appropriate discount rate, the Company considers the interest rates on government bonds denominated in Peso and have terms to maturity approximating the terms of related liability.

Details of provision for vacation and sick leave as of and for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Balances at beginning of year	**₱311,338,584**	₱296,060,590
Expense (reversal of expense)	**(3,613,832)**	15,277,994
Balances at end of year	**₱307,724,752**	₱311,338,584

Others

Others include provision for pending assessments from various regulatory agencies and outstanding legal cases including the corresponding interest thereon. Such estimated costs were developed in consultation with in-house and external legal counsels and are based on the thorough analysis of the potential outcomes. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings.

As of December 31, 2022 and 2021, provision for pending assessments and outstanding legal cases amounted to ₱465.8 million and ₱458.0 million, respectively. Details of provision for pending assessments are as follows:

	2022	2021
Balances at beginning of year	**₱457,994,012**	₱583,375,518
Addition	**–**	11,187,305
Accretion of interest (Notes 3 and 25)	**7,811,107**	7,811,107
Reversals	**–**	(144,379,918)
Balances at end of year	**₱465,805,119**	₱457,994,012

Others also include proceeds received from the Joint Crediting Mechanism (JCM) Program of the Ministry of Environment of Japan (MOEJ) for the 29 MW Palayan Bayan Project amounting to ₱674.5 million and ₱157.7 million as of December 31, 2022 and 2021, respectively.

The JCM Program encourages projects to use low carbon technologies and infrastructure that contribute to sustainable development in developing countries such as the Philippines. Under the JCM Program, the Japanese Government provides subsidy or financial assistance in exchange for credits corresponding to the GHG emission reductions. This allows the Japanese Government to achieve its overall emissions reduction targets.

The MOEJ can demand repayment of the amount if certain conditions are not met.

Included also in others are deposits from contestable customers pursuant to the retail supply contracts entered into by GCGI and BGI and their customers amounting to (see Note 21).

19. Equity

On May 19, 2009, the BOD and the stockholders approved an increase in EDC's authorized capital stock from ₱15.1 billion comprising of 15.0 billion common shares with a par value of ₱1.00 per share or aggregate par value of ₱15.0 billion, and 7.5 billion preferred shares with a par value of ₱0.01 per share or aggregate par value of ₱75.0 million to ₱30.1 billion divided into 30.0 billion common shares with a par value of ₱1.00 per share or aggregate par value of ₱30.0 billion, and 15.0 billion preferred shares with a par value of ₱0.01 per share or aggregate par value of ₱150.0 million. The increase in authorized capital stock of the common shares was effected by way of a 25% stock dividend, to be taken from EDC's unrestricted retained earnings as of December 31, 2008.

On October 12, 2009, the Philippine SEC approved the increase in the EDC's authorized capital stock from ₱15.1 billion to ₱30.1 billion divided into 30 billion common shares with a par value of ₱1.00 per share and 15.0 billion preferred shares with a par value of ₱0.01 per share by way of common stock dividends (totaling 3.75 billion common shares with any fractional shares being subscribed by the EDC Retirement Fund and/or Trust for the EDC Executive/Employee Stock

Ownership Plan) and the subscription by the current preferred stockholders to 1.875 billion preferred shares, representing 25% of the increase in the preferred shares at par value. The stock dividends were distributed on November 23, 2009 to stockholders as of the record date of October 27, 2009.

On February 28, 2014, the BOD approved the reclassification of EDC's 3.0 billion common shares with a par value of ₱1.00 per share or aggregate par value of ₱3.0 billion out of the unissued authorized common stock to 300.0 million non-voting preferred shares with a par value of ₱10.00 per share or aggregate par value of ₱3.0 billion thereby creating a new class of preferred shares. On November 24, 2014, the Philippine SEC approved the above reclassification from the unissued authorized common shares of the Parent Company.

On August 3, 2017, EDC received notice from PREHC that PREHC filed a Tender Offer Report with the Philippine SEC in which it indicated that it will launch a voluntary tender offer to acquire up to a maximum of 8.9 billion common shares of EDC, representing approximately 31.7% of EDC's total outstanding voting shares, at a price of ₱7.25 per share. PREHC is indirectly held by a consortium of investors comprising funds managed by Macquarie Infrastructure Management (Asia) Pty Limited, Singapore Branch, a member of MIRA, and Arran Investment Pte Ltd, an affiliate of GIC Pte Ltd. Of Singapore.

The tender offer began on August 10, 2017 and ended on September 18, 2017.

The completion of the tender offer resulted to PREHC owning 31.7% of EDC's outstanding voting shares while Red Vulcan retains the controlling interest with 60.0% ownership of EDC's outstanding voting shares.

On August 7, 2018, the BOD of EDC approved the voluntary delisting (the Delisting) of its common shares from the Main Board of the PSE and, in accordance with the PSE's delisting rules and regulations, to conduct a tender offer (the Tender Offer) for up to 2,040,006,713 common shares held collectively by all shareholders of the Company other than Red Vulcan Holdings Corporation (Red Vulcan), First Gen Corporation (First Gen), Northern Terracotta Power Corp. (NTPC) and PREHC, at a price of ₱7.25 per common share (the Tender Offer Price).

On September 19, 2018, EDC filed a petition for the Delisting with the PSE.

The Tender Offer began on September 24, 2018 and ended on October 22, 2018.

Following the completion of the Tender Offer, a total of 2,009,107,731 common shares, representing approximately 10.72% of the EDC's outstanding voting shares were tendered pursuant to the Tender Offer, accepted and thereafter purchased by EDC via a block sale through the facilities of the PSE on November 5, 2018. The shares were purchased at the Tender Offer Price with a total transaction value of ₱14,566.0 million.

On November 14, 2018, the BOD of the PSE granted the voluntary delisting filed by EDC and accordingly ordered the delisting of the EDC's common shares from the official registry of the PSE (electronic board and ticker) effective on November 29, 2018.

On December 3, 2018, the BOD of EDC approved the issuance of additional 326,250,000 non-preemption common shares to PREHC out of its existing unissued capital stock at an issue price of ₱7.25 per common share.

As of December 31, 2022 and 2021, the outstanding voting preferred and common shares are 65.0% held by Filipino citizens, with Red Vulcan holding 16.9 billion shares, or an equivalent of 44.0% economic interest.

The ownership of the Parent Company's preferred shares is limited to Filipino citizens. The voting issued and outstanding preferred shares are entitled to eight percent (8%) cumulative dividends. On April 5, 2019 and May 9, 2019, the BOD and the stockholders, respectively, approved the amendment to the Seventh Article of the Articles of Incorporation of the Parent Company, to increase the dividends of the voting preferred shares by adding a fixed annual dividends at the rate as may be determined and revised from time to time by the BOD, in addition to the current dividend rate of eight percent (8%) of the par value of the voting preferred shares.

The Amended Articles of Incorporation of the Parent Company was approved by the Philippine SEC on October 17, 2019. Red Vulcan holds the entire 9.4 billion outstanding voting preferred shares equivalent to 35.5% voting interest in EDC as of December 31, 2022 and 2021.

The combined interest of Red Vulcan entitles it to 63.9% voting interest and 44.0% economic interest in EDC as of December 31, 2022 and 2021.

The number of stockholders of the Parent Company as of December 31, 2022 and 2021 follows:

	2022	2021
Voting preferred shares	**1**	1
Common shares	**993**	987

Details of the number of non-voting preferred shares, voting preferred shares and common shares as of December 31, 2022, 2021 and 2020 are as follows:

	2022	2021	2020
Non-voting preferred shares - ₱10.00 par value per share			
Authorized	**300,000,000**	300,000,000	300,000,000
Issued and outstanding	–	–	–
Voting preferred shares - ₱0.01 par value per share			
Authorized	**15,000,000,000**	15,000,000,000	15,000,000,000
Issued and outstanding	**9,375,000,000**	9,375,000,000	9,375,000,000
Common shares - ₱1.00 per share par value			
Authorized	**27,000,000,000**	27,000,000,000	27,000,000,000
Issued	**19,076,250,000**	19,076,250,000	19,076,250,000
Outstanding (net of 2.0 billion Treasury Stock as at December 31, 2022, 2021 and 2020)	**17,041,572,772**	17,041,807,372	17,048,667,471

As of December 31, 2022 and 2021, the Parent Company's preferred stock consists of the following:

- The voting preferred shares have voting rights, entitled to cumulative dividend rate of eight percent (8.0%) per annum, and redeemable at par in the event that restrictions on foreign share ownership are lifted. On October 17, 2019, the Philippine SEC approved the

amendment in the Parent Company's Articles of Incorporation to increase the dividends of the voting preferred shares by adding a fixed annual dividends at the rate as may be determined and revised from time to time by the BOD, in addition to the current dividend rate of eight percent (8.0%) of the par value of the voting preferred shares.

- The non-voting preferred shares have non-voting rights, entitled to cumulative dividend at a rate to be determined by the BOD at the time of issuance, and redeemable at the option of the Parent Company.

Preferred shares, regardless if voting or non-voting, are non-participating and non-convertible to common shares.

Treasury Stock

On August 7, 2018, the BOD, as part of the Company's plan to voluntary delist, approved the buyback of up to 2.04 billion common shares held collectively by all shareholders of the Company other than Red Vulcan, First Gen, NTPC and PREHC at a price of ₱7.25 per common share.

As of December 31, 2022 and 2021, the details of the shares acquired are as follows:

Date of Acquisition	Number of Shares	Average price per share	Total Amount
March 11, 2022	234,600	₱7.2588	₱1,702,920
November 26, 2021	497,670	7.2500	3,608,107
July 26, 2021	6,265,779	7.2500	45,426,900
March 19, 2021	55,250	7.2500	400,562
January 19, 2021	41,400	7.2500	300,150
November 18, 2020	9,750	7.2500	70,688
September 17, 2020	1,105,726	7.2500	8,016,512
June 25, 2020	1,049,967	7.2500	7,612,261
June 23, 2020	1,368,075	7.2500	9,918,544
March 3, 2020	699,978	7.2500	5,074,840
February 26, 2020	241,425	7.2500	1,750,331
February 18, 2020	41,000	7.2500	297,250
October 16, 2019	680,000	7.2500	4,930,000
September 25, 2019	31,875	7.2500	231,094
June 6, 2019	111,670	7.2500	809,607
April 21, 2019	19,707	7.2500	142,876
April 11, 2019	5,625	7.2500	40,781
February 22, 2019	120,000	7.2500	870,000
November 5, 2018	2,009,107,731	7.2500	14,566,031,050
May 3, 2016	1,000,000	5.6350	5,650,299
May 2, 2016	390,000	5.6623	2,214,701
April 8, 2016	2,000,000	5.6370	11,303,312
January 11, 2016	900,000	5.5475	5,005,731
January 8, 2016	3,700,000	5.6394	20,921,074
December 14, 2015	2,000,000	5.5813	11,190,764
December 11, 2015	3,000,000	5.7267	17,225,627
Total	2,034,677,228		₱14,730,745,981

Cumulative Translation Adjustments

The details of cumulative translation adjustments as of December 31, 2022 and 2021 are as follows:

	2022	2021
Foreign exchange adjustments	**₱1,261,065,917**	₱292,332,879
EBWPC's change in functional currency	**417,367,032**	417,367,032
Balances at end of year	**₱1,678,432,949**	₱709,699,911

The movements in the "Foreign exchange adjustments" account in 2022 and 2021 are as follows:

	2022	2021
Balances at beginning of year	**₱292,332,879**	(₱38,170,779)
Foreign exchange adjustments	**968,733,038**	330,503,658
Balances at end of year	**₱1,261,065,917**	₱292,332,879

In 2016, EBWPC changed its functional currency to US Dollar. In accordance with PAS 21, such change in functional currency was accounted for prospectively. Balances as of January 1, 2016 were translated using the exchange rate at the date of change and the resulting translated amounts for nonmonetary items are treated as their historical cost. The change in functional currency resulted in an exchange difference amounting to ₱417.4 million which was presented as part of the "Cumulative translation adjustments" in the consolidated statements of financial position.

Equity Reserve

On October 16, 2008, EDC, First Gen and FG Hydro entered into a Share Purchase and Investment Agreement (SPIA), whereby EDC shall own 60 % of the outstanding equity of FG Hydro, which was then a wholly owned subsidiary of First Gen prior to the SPIA. FG Hydro and EDC were subsidiaries of First Gen at that time and were, therefore, under common control of First Gen. The acquisition was accounted for similar to a pooling-of-interests method since First Gen controlled FG Hydro and EDC before and after the execution of the SPIA. EDC recognized equity reserve amounting to ₱3,706.4 million pertaining to the difference between the acquisition cost and EDC's proportionate share in the paid-in capital of FG Hydro.

Retained Earnings

Dividends

Following are the dividends declared by the Parent Company:

Declaration date	Record date	Payment date	Shareholders	Description	Dividend per share	Total amount
2022:						
May 19, 2022	May 31, 2022	June 30, 2022	Common	Regular	₱0.1467	₱2,500,000,000
			Preferred	Regular	0.0313	293,500,000
November 24, 2022	December 5, 2022	December 29, 2022	Common	Special	0.1467	2,500,000,000
						₱5,293,500,000

Declaration date	Record date	Payment date	Shareholders	Description	Dividend per share	Total amount
2021:						
May 11, 2021	May 31, 2021	June 30, 2021	Common	Regular	₱0.1467	₱2,500,000,000
			Preferred	Regular	0.0313	293,500,000
November 18, 2021	December 1, 2021	December 29, 2021	Common	Special	0.1467	2,499,046,786
						₱5,292,546,786

Declaration date	Record date	Payment date	Shareholders	Description	Dividend per share	Total amount
2020:						
May 29, 2020	June 15, 2020	July 10, 2020	Common	Regular	₱0.1173	₱2,000,000,000
			Preferred	Regular	0.0313	293,500,000
November 18, 2020	December 18, 2020	January 27, 2021	Common	Special	0.2933	5,000,000,000
						₱7,293,500,000

The retained earnings balance is restricted to the extent of: (a) acquisition price of the treasury stocks amounting to ₱14,730.7 million and ₱14,729.0 million as of December 31, 2022 and 2021, respectively; and (b) the undistributed net earnings of subsidiaries amounting to ₱3,480.5 million and ₱10,987.2 million as of December 31, 2022 and 2021, respectively. Undistributed earnings of the subsidiaries are not available for dividend distribution until such time that the Parent Company receives the dividends from these subsidiaries.

Appropriation of Retained Earnings
On December 31, 2018, the BOD of the Company approved a resolution to appropriate ₱20.0 billion out of the Company's unrestricted retained earnings for its planned loan principal payment for loans maturing in 2020 to 2022. On December 31, 2020 and 2019, the BOD of the Company approved a resolution to appropriate additional ₱2.4 billion and ₱6.7 billion, respectively, out of the Company's unrestricted retained earnings for the same purpose.

On March 31, June 30, and December 31, 2021, the Company made a reversal of prior years' appropriation of retained earnings for payment of long-term debts totaling to ₱9.5 billion. On December 31, 2022, the Company made a reversal of prior years' appropriation of retained earnings for payment of long-term debts amounting to ₱6.6 billion.

On November 24, 2022, the BOD of the Parent Company approved a resolution to appropriate up to ₱40.0 billion of which ₱30.0 billion was appropriated out of the Company's unrestricted retained earnings for its capital expenditure requirements and planned loan principal payment for loans maturing in 2023 to 2032.

NCI
The non-controlling interests in the consolidated financial statements represent mainly the ownership by First Gen of 100% of preferred shares and 40% of common shares of FG Hydro.

No dividends were declared by FG Hydro in 2022, 2021 and 2020.

Following are the summarized financial information of FG Hydro as at December 31, 2022 and 2021 and for each of the three (3) years in the period ended December 31, 2022:

Statements of financial position

	2022	2021
	(In Thousand Pesos)	
Current assets	**₱2,736,521**	₱2,616,387
Noncurrent assets	**3,203,164**	3,387,876
Total Assets	**₱5,939,685**	₱6,004,263

	2022	2021
	(In Thousand Pesos)	
Current liabilities	**₱164,243**	₱622,935
Noncurrent liabilities	**54,045**	63,708
Total Liabilities	**218,288**	686,643
Total Equity	**5,721,397**	5,317,620
Total Liabilities and Equity	**₱5,939,685**	₱6,004,263

Statements of comprehensive income

	2022	2021	2020
		(In Thousand Pesos)	
Revenue	**₱4,061,354**	₱4,937,154	₱2,068,366
Cost and operating expenses	**(3,674,467)**	(4,639,526)	(1,629,900)
Other charges	**(13,128)**	6,711	(286,901)
Income before income tax	**373,759**	304,339	151,565
Provision for income tax	**(18,968)**	(33,789)	(38,812)
Net income	**354,791**	270,550	112,753
Other comprehensive income	**8,266**	8,682	(1,101)
Total comprehensive income	**₱363,057**	₱279,232	₱111,652

Statements of cash flows

	2022	2021	2020
		(In Thousand Pesos)	
Net cash flows from operating activities	**₱627,794**	₱611,417	₱594,106
Net cash flows from (used in) investing activities	**234,917**	301,836	(578,362)
Net cash flows used in financing activities	**–**	–	–
Net increase in cash and cash equivalents	**₱862,711**	₱913,253	₱15,744

20. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

Following are the amounts of transactions and outstanding balances as of and for the years ended December 31, 2022, 2021 and 2020 with entities under common control:

			Transactions for the years ended December 31			Outstanding Balances as of December 31	
Related Party	Nature of Transaction	Terms	**2022**	2021	2020	**2022**	2021
Due to related parties							
Entities under common Control							
First Gen	Interest-free advances	Unsecured and will be settled in cash	**₱22,245,966**	₱11,346,194	₱4,945,724	**₱2,018,799**	₱3,170,129
FGP Corp	- do -	- do -	**–**	–	90,000	**30,000**	–
			₱22,245,966	₱11,346,194	₱5,035,724	**2,048,799**	₱3,170,129

Related Party	Nature of Transaction	Terms	Transactions for the years ended December 31 2022	2021	2020	Outstanding Balances as of December 31 2022	2021
Dividends payable (Note 16)							
Affiliate							
Philippine Renewable Energy Holdings Corp.	Dividend	Unsecured and will be settled in cash	**₱2,706,983,074**	₱2,706,408,864	₱3,787,974,931	**₱–**	**₱–**
Entities under common Control							
Red Vulcan	- do -	- do -	**2,404,001,122**	2,493,534,348	3,372,737,238	–	–
First Gen	- do -	- do -	**43,690,380**	43,681,113	61,137,458	–	–
			₱5,244,674,576	₱5,243,624,325	₱7,221,849,627	**₱–**	**₱–**
Due from related parties							
Entities under common Control							
First GES	Other services	Unsecured and will be settled in cash	**₱14,485,644**	₱7,430,000	**₱–**	**₱27,692,440**	₱13,206,797
Thermaprime	Interest-free advances	- do -	**–**	**–**	3,928,682	**1,941,251**	1,941,251
First Gen	Other services	- do -	**–**	1,203,737	**–**	**1,203,737**	1,203,737
			₱14,485,644	₱8,633,737	₱3,928,682	**₱30,837,428**	₱16,351,785
Trade and other receivables (Note 7)							
Entities under common Control							
First GES	Sale of electricity	Unsecured and will be settled in cash	**₱440,733,477**	₱595,261,171	₱594,261,769	**₱83,668,973**	₱30,690,998
Rockwell Land Corporation	- do -	- do -	**222,442,229**	145,977,520	162,188,311	**28,708,021**	23,693,892
PI Energy Inc.	- do -	- do -	**102,399,547**	8,101,988	**–**	**13,320,326**	8,726,494
			₱765,575,253	₱749,340,679	₱756,450,080	**₱125,697,320**	₱63,111,384

Related Party	Nature of Transaction	Terms	Transactions for the years ended December 31 2022	2021	Outstanding balances as of December 31 2022	2021
Trade and other payables (Note 16)						
Entities under common Control						
First Balfour Inc.	Civil works and other services	Unsecured and will be settled in cash	**₱2,800,229,395**	₱2,669,893,392	₱1,424,890,693	**₱1,560,689,311**	₱1,168,806,086
Thermaprime	Drilling and other related services	- do -	**1,839,532,425**	1,645,681,485	1,197,191,635	**276,102,769**	514,823,062
First GES	Purchase of services and utilities	-do -	**129,166,264**	64,879,202	70,781,872	**48,486,461**	5,500,319
Powerlink Security & Investigative Services, Inc.	- do -	- do -	**80,635,862**	107,291,056	91,565,147	**38,723,404**	52,064,139
TG Services Inc	- do -	- do -	**108,920,266**	104,012,540	62,658,046	**28,415,737**	33,056,992
InfoPro Business Solutions, Inc	- do -	- do -	**150,690,010**	133,031,534	97,085,613	**26,370,300**	21,798,293
Silverlink Security & Investigative Services, Inc.	- do -	- do -	**115,891,562**	111,587,283	118,931,050	**26,149,836**	26,079,335
PI Energy Inc.	- do -	- do -	**48,187,105**	24,292,603	–	**1,544,706**	270,000
Skycable	- do -	- do -	**2,796,294**	3,331,768	–	**1,432,256**	1,936,369
First Philippine Realty Corporation	- do -	- do -	**1,245,308**	544,279	1,717,355	**689,677**	170,248
Goldlink Security & Investigative Services, Inc.	- do -	- do -	**683,193**	846,315	594,521	**532,231**	188,963
First Philippine Industrial Corporation	- do -	- do -	**–**	–	–	**496,931**	465,446
First Philec Manufacturing Technologies Corp	- do -	- do -	**–**	–	–	**328,720**	2,077,482
First Philec Inc.	- do -	- do -	**–**	210,555	–	**147,445**	358,000
Securities Transfer Services, Inc.	- do -	- do -	**–**	–	–	**6,120**	30,600

(Forward)

Related Party	Nature of Transaction	Terms	Transactions for the years ended December 31 2022	2021	Outstanding balances as of December 31 2022	2021
Trade and other payables (Note 16)						
Entities under common Control						
ABS-CBN Publishing, Inc.	Purchase of services and utilities	Unsecured and will be settled in cash	**₱–**	**₱–**	**₱–**	**₱3,600**	₱3,600
Adtel	- do -	- do -	**995,454**	891,325	259,216	**–**	–
ABS-CBN Corporation	- do -	- do -	**–**	**–**	130,621	**–**	–
First Gen	Consultancy fee	- do -	**92,891,765**	46,445,882	57,058,824	**–**	–
Other related party							
PREHC Directors	Directors' Fee	- do -	**2,074,818**	25,159,663	–	**–**	–
			₱5,373,939,721	₱4,938,098,882	₱3,122,864,593	**₱2,010,119,504**	₱1,827,628,934
Lease Liability (Note 31)							
Entities under common control							
Rockwell Land Corporation	Lease	Unsecured and will be settled in cash	**₱120,649,575**	**₱–**	₱44,747,049	**₱291,975,289**	₱200,909,495
Miscellaneous Income							
Entities under common control							
First Gen	Dividend	Unsecured and will be settled in cash	**₱–**	₱3,688,860	₱6,885,872	**₱–**	**₱–**

The amounts outstanding are unsecured and will be settled in cash. The Company did not recognize any impairment losses on receivables from related parties in 2022, 2021 and 2020. Entities under common control consists of subsidiaries (direct or indirect) of Lopez, Inc., the Company's ultimate parent.

i. First Gen

Consultancy agreement
First Gen provides financial consultancy, business development and other related services to the Parent Company under a consultancy agreement.

In 2017, the consultancy agreement was extended until December 31, 2020. In 2021, this was again extended for another two (2) years until December 31, 2022. In 2023, this was again extended for one (1) year until December 31, 2023.

The total consultancy services amounted to ₱92.9 million, ₱46.4 million and ₱57.1 million in 2022, 2021 and 2020, respectively and were included in the "Purchased services and utilities" under "General and administrative expenses" account (see Note 23).

Equity securities
EDC owns First Gen shares that were recognized in the consolidated statements of financial position as financial assets at FVOCI which were sold in 2021 (see Note 9).

Dividend income earned from the investment in First Gen shares amounted to nil, ₱3.7 million and ₱6.9 million in 2022, 2021 and 2020, respectively (see Note 9).

ii. First Balfour, Inc. (First Balfour)

Following the regular bidding process, the Company awarded to First Balfour procurement contracts for various works such as civil, structural and mechanical/piping works in the Company's geothermal, wind and solar power plants.

As of December 31, 2022 and 2021, the outstanding balance amounted to ₱1,560.7 million and ₱1,168.8 million, respectively, recorded under "Trade and other payables" account in the consolidated statements of financial position (see Note 16).

iii. Thermaprime

Thermaprime Well Services, Inc. (Thermaprime) is a subsidiary of First Balfour, a wholly owned subsidiary of First Holdings. Thermaprime provides drilling services such as, but not limited to, rig operations, rig maintenance, well design and engineering. Thermaprime provides drilling services and drilling rig preservation services to EDC.

As of December 31, 2022 and 2021, the outstanding balance payable to Thermaprime amounted to ₱276.1 million and ₱514.8 million, respectively, recorded under "Trade and other payables" account in the consolidated statements of financial position (see Note 16).

iv. Rockwell Land Corporation

In 2019, the Parent Company entered into an agreement with Rockwell Land Corporation (Rockwell) for the lease of an office space in Rockwell Business Center.

As of December 31, 2022 and 2021, the outstanding lease liability related to Rockwell amounted to ₱292.0 million and ₱201.0 million, respectively.

Intercompany Guarantees

The Parent Company issued a credit line amounting to US$80.0 million in favor of its subsidiary, EDC Chile Limitada, as evidence of the Parent Company's financial support for EDC Chile Limitada's participation in the bids for geothermal concession areas by the Chilean Government.

Also, the Parent Company issued letters of credit in favor of its subsidiaries in Peru, namely, EDC Peru S.A.C. and EDC Energia Verde Peru S.A.C. at US$0.27 million each as evidence of the Parent Company's financial support for the geothermal authorizations related to the exploration drilling activities of the said entities.

On January 22, 2020 and July 3, 2020, the Parent Company entered into a surety agreement with GCGI and BGI, respectively, and the lenders whereby the Parent Company, as a surety, guarantees the funding of the DSRA in accordance with the loan agreement for the benefit of GCGI and BGI, in lieu of the cash deposit standing in DSRA.

Remuneration of Key Management Personnel

The remuneration of the directors and other members of key management personnel by benefit type are as follows:

	2022	2021	2020
Short-term employee benefits	**₱331,142,425**	₱240,152,467	₱239,641,530
Post-employment benefits (Note 28)	**14,498,523**	14,746,390	10,480,676
	₱345,640,948	₱254,898,857	₱250,122,206

21. Revenue from Sale of Electricity

Revenue from contracts with customers

a. Power purchase agreements (PPAs)

Unified Leyte

The PPA provides, among others, that NPC shall pay the Parent Company a base price per kilowatt-hour of electricity delivered, subject to inflation adjustments. The PPA stipulates a contracted annual energy of 1,370 GWH for Leyte-Cebu (Leyte A) and 3,000 GWH for Leyte-Luzon (Leyte B) throughout the term of the PPA. It also stipulates that the Parent Company shall specify the nominated energy for every contract year. The contract is for a period of 25 years, which commenced in July 1996. The Leyte A PPA expired in July 2021 while the Leyte B PPA is expired in July 2022.

After the expiration of the Unified Leyte PPA, the Parent Company entered into various PSAs with distribution utilities, contestable customers, electric cooperatives with contract periods ranging from eight (8) months to 10 years as of December 31, 2022. Generated electricity in excess of contracted levels is sold to the WESM.

Mindanao I

The PPA provides, among others, that NPC shall pay the Parent Company a base price per kilowatt-hour of electricity delivered, subject to inflation adjustments. The PPA stipulates a minimum offtake energy of 330 GWH for the first year and 390 GWH per year for the succeeding years. The contract is for a period of 25 years, which commenced in February 1997 and expired in February 2022.

After the expiration of the Mindanao I PPA, the Parent Company has entered into short-term power supply agreements (as back up generator) and is currently joining various competitive selection processes (CSPs) to secure offtake agreements.

Mindanao II

The PPA provides, among others, that NPC shall pay the Parent Company a base price per kilowatt-hour of electricity delivered, subject to inflation adjustments. The PPA stipulates a minimum energy offtake of 398 GWH per year. The contract is for a period of 25 years, which commenced in June 1999 and will expire in June 2024.

b. Power supply agreements (PSAs)

EDC, GCGI, BGI and FG Hydro entered into various PSAs with private distribution utilities, electric cooperatives, retail electricity supplier and industrial customers with contract periods ranging from one (1) year to 26 years and one (1) year and 11 months to 26 years as of December 31, 2022 and 2021. The remaining periods of these contracts as of December 31, 2022 and 2021, ranges from three (3) months to 18 years and one (1) year to 19 years, respectively. Under these contracts, the aforementioned entities shall generate and deliver to its bilateral customers the contracted energy on a monthly basis, and are paid based on price per kilowatt-hour of electricity delivered, subject to certain adjustments such as foreign exchange and inflation.

c. Spot market sales

Electricity in excess of contracted capacity are sold to the spot market at spot market rate.

d. Feed-in-tariff (FIT)

EDC and EBWPC were issued a FIT COC by the ERC which entitles them to an applicable FIT rate, as prescribed by the ERC. EDC and EBWPC also signed agreements with National Transmission Corporation (TransCo), the FIT administrator. These agreements enumerate the rights and obligations under the FIT rules and FIT-All guidelines, in respect to the full payment of the actual energy generation of the generator, at a price equivalent to the applicable FIT rate, subject to adjustments as may be approved by the ERC, for the entire duration of its FIT eligibility period.

e. Retail supply contracts

BGI has entered into various retail supply contracts with contestable customers with contract periods ranging from one (1) month to five (5) years; and one (1) month to two (2) years as of December 31, 2022 and 2021, respectively. The remaining periods of these contracts as at December 31, 2022 and 2021 ranges from two (2) months to four (4) years and 11 months and two (2) months to two (2) years, respectively.

Under the RSCs, BGI and GCGI charge the customer both the basic energy and pass-through charges, as may be applicable.

f. GEOP supply contracts

BGI and GCGI have entered into various GEOP supply contracts with contestable customers with contract periods ranging from 11 months to two (2) years as of December 31, 2022. The remaining periods of these contracts ranges from three (3) months to two (2) years as of December 31, 2022.

g. Ancillary services procurement agreements (ASPAs)

EDC, GCGI and FG Hydro each have entered into ASPAs with NGCP which is effective for a period of five (5) years, commencing upon approval of the ERC. The ASPAs of EDC and GCGI already expired last September 2022, while the ASPA of FG Hydro is scheduled to expire in March 2023.

22. Costs of Sale of Electricity

	2022	2021	2020
Purchased services and utilities (Note 20)	**₱12,816,806,572**	₱11,496,484,700	₱5,005,740,549
Depreciation and amortization (Notes 12 and 13)	**6,482,788,430**	6,189,956,020	6,029,979,784
Rental, insurance, and taxes (Note 32)	**2,200,658,737**	2,242,272,974	2,102,864,148
Personnel costs (Notes 24 and 28)	**1,746,051,396**	1,617,868,526	1,521,265,387
Repairs and maintenance	**1,738,758,802**	1,613,191,955	1,359,130,701
Parts and supplies issued (Note 10)	**1,165,835,154**	1,100,895,604	1,047,926,909
Government share (Notes 16 and 33)	**360,139,366**	273,193,131	277,014,235
Business and related expenses	**76,461,106**	110,292,311	74,407,343
	₱26,587,499,563	₱24,644,155,221	₱17,418,329,056

Purchased services and utilities includes cost of electricity purchased from the spot market, professional and technical services, hauling and handling costs, rig mobilization charges, contractual personnel costs, and other services and utilities expense.

23. General and Administrative Expenses

	2022	2021	2020
Purchased services and utilities (Note 20)	**₱2,445,582,091**	₱2,289,833,700	₱1,804,253,992
Personnel costs (Notes 24 and 28)	**1,784,566,572**	1,657,506,686	1,574,581,661
Provisions for impairment of trade and other receivables, prepaid taxes, and others (Notes 3, 7, 15 and 16)	**688,464,769**	277,104,307	253,265,909
Rental, insurance, and taxes (Note 32)	**472,504,374**	229,859,771	438,601,894
Business and related expenses	**408,139,394**	434,921,453	525,490,037
Depreciation and amortization (Notes 12 and 13)	**324,308,542**	415,159,738	517,284,963
Parts and supplies issued (Note 10)	**186,427,229**	211,126,431	165,351,167
Repairs and maintenance	**71,862,857**	91,238,906	62,549,968
Provision for impairment of parts and supplies inventories (Notes 3, 5 and 10)	**20,721,752**	69,281,245	79,960,616
	₱6,402,577,580	₱5,676,032,237	₱5,421,340,207

Business and related expenses consists of expenses incurred by the Company for local and foreign travel, company meeting expenses and advertising, and among other business expenses.

24. Personnel Costs

	2022	2021	2020
Salaries and other benefits	**₱3,207,471,449**	₱2,946,913,916	₱2,799,524,212
Net retirement and other post-employment benefit expense (Note 28)	**282,626,512**	287,752,940	266,226,303
Social security costs	**40,520,007**	40,708,356	30,096,533
	₱3,530,617,968	₱3,275,375,212	₱3,095,847,048
Costs of sale of electricity (Note 22)	**₱1,746,051,396**	₱1,617,868,526	₱1,521,265,387
General and administrative expenses (Note 23)	**1,784,566,572**	1,657,506,686	1,574,581,661
	₱3,530,617,968	₱3,275,375,212	₱3,095,847,048

25. Interest Income and Interest Expense

Interest income consists of the following:

	2022	2021	2020
Interest income on cash and cash equivalents, debt service reserve account and other short-term investments (Notes 6, 11 and 31)	**₱200,610,594**	₱93,685,925	₱240,115,605
Others	**57,520,592**	49,965,394	6,172,530
	₱258,131,186	₱143,651,319	₱246,288,135

Others include interest income from FIT rate adjustments (see Note 37), financial assets at FVOCI, and interest income on late payments of Transco.

Interest expense consists of the following:

	2022	2021	2020
Interest on long-term debts including amortization of transaction costs (Notes 17 and 31)	**₱2,761,753,861**	₱2,864,905,052	₱3,543,355,506
Interest accretion on provision for rehabilitation and restoration costs (Notes 3, 12 and 18)	**86,251,083**	59,453,658	54,206,905
Interest on lease liability (Note 32)	**16,758,684**	14,004,741	17,373,171
Interest on liability from litigation (Notes 3 and 18)	**7,811,107**	7,811,107	7,811,107
	₱2,872,574,735	₱2,946,174,558	₱3,622,746,689

Interest on liability from litigation is related to land expropriation (see Notes 3 and 18).

26. Foreign Exchange Gains (Losses)

	2022	2021	2020
Realized foreign exchange gains (losses) - net	**₱64,384,757**	₱69,062,663	(₱142,541,631)
Unrealized foreign exchange gains (losses) - net	**(108,245,605)**	40,383,130	382,920,084
Net foreign exchange gains (losses)	**(₱43,860,848)**	₱109,445,793	₱240,378,453

This account pertains mainly to foreign exchange adjustments realized on repayment of loans and unrealized on restatement of outstanding balances of foreign currency-denominated long-term debt and trade payables, and cash and cash equivalents. The detailed information with respect to the closing foreign exchange rates used in the translation of monetary assets and liabilities of the Company as of December 31, 2022 and 2021 is presented in Note 31 to the consolidated financial statements.

27. Miscellaneous Income (Charges) - net

	2022	2021	2020
Derivative losses - net (Note 31)	**(₱242,246,733)**	**₱–**	(₱90,379,946)
Income from insurance claims (Note 32)	**194,919,990**	1,050,364,080	1,830,683,777
Realized income from redemption of financial assets at fair value through profit or loss (Note 8)	**31,259,850**	2,794,617	130,361
Loss on direct write-off of input VAT claims (Notes 3 and 15)	**(10,560,486)**	(77,519,398)	(36,292,033)
Mark-to-market gain (loss) on financial assets at FVPL (Note 8)	**(7,689,361)**	210,162	9,069,461
Gain (loss) on disposal and retirement of property, plant and equipment - net (Notes 12 and 20)	**5,165,656**	5,460,423	(1,985,806)
Provision for impairment of goodwill (Notes 3, 13 and 14)	**–**	–	(54,165,823)
Others - net (Notes 3, 8 and 15)	**(97,206,983)**	(71,577,030)	(466,388)
	(₱126,358,067)	₱909,732,854	₱1,656,593,603

Others include market charges, share in net loss from joint venture and various bank and loan related charges.

28. Retirement and Other Post-employment Benefits Plan

The Parent Company, GCGI and BGI have a funded, non-contributory, defined benefit retirement plan, while FG Hydro has unfunded, non-contributory defined benefit retirement plan. The Company also provides post-employment medical and life insurance benefits which are unfunded. The plan covers all permanent employees and is administered by trustee banks.

Generally, upon fulfillment of certain employment conditions, the retirement benefits are payable in lump sum upon retirement, which is determined on the basis of the retiree's final salary and computed at certain percentage of final monthly salary base pay for every year of service.

Under the existing regulatory framework, Republic Act 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The following tables summarize the components of net benefit expense recognized in the profit or loss and the funded status and amounts recognized in the consolidated statements of financial position:

	2022	2021	2020
Current service cost	**₱193,378,698**	₱206,070,782	₱191,781,212
Net interest	**89,247,814**	70,483,248	74,445,091
Past service cost	**–**	11,198,910	–
Retirement and other post-employment benefit expense (Note 24)	**₱282,626,512**	₱287,752,940	₱266,226,303

	2022	2021
Present value of defined benefits obligation	**₱3,596,634,261**	₱3,663,905,043
Fair value of plan assets	**(1,836,914,432)**	(1,818,888,205)
Net retirement and other post-employment benefits liability	**₱1,759,719,829**	₱1,845,016,838

Changes in the present value of the defined benefit obligation are as follows:

	2022	2021
Defined benefits obligation at beginning of year	**₱3,663,905,043**	₱3,659,802,272
Current service cost	**193,378,698**	206,070,782
Interest cost on benefits obligation	**177,264,841**	127,058,335
Benefits paid	**(161,912,971)**	(110,232,105)
Past service cost	**–**	11,198,910
Benefits paid directly by the Company	**–**	(3,214,578)
Remeasurements arising from:		
Changes in financial assumptions	**(327,915,247)**	(463,381,999)
Deviations of experience from assumptions	**51,129,706**	236,187,985
Foreign exchange adjustments	**784,191**	415,441
Defined benefits obligation at end of year	**₱3,596,634,261**	₱3,663,905,043

Changes in the fair value of plan assets are as follows:

	2022	2021
Fair value of plan assets at beginning of year	**₱1,818,888,205**	₱1,635,562,460
Interest income	**88,017,027**	56,575,087
Contributions to the plan	**185,731,820**	217,675,680
Benefits paid	**(159,906,547)**	(110,232,105)
Return on plan assets, excluding interest income	**(95,816,073)**	19,307,083
Fair value of plan assets at end of year	**₱1,836,914,432**	₱1,818,888,205
Actual return on plan assets	**(₱7,263,815)**	₱75,882,170

The retirement funds of EDC, GCGI and BGI are maintained by BDO Trust. This trustee bank is also responsible for investment of the plan assets. The investing decisions of the Plan are made by the respective retirement committees of the said companies.

Management reviews the performance of the defined benefit retirement plan on a regular basis. The overall investment policy and strategy of the Company's retirement benefit plan is guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay retirement benefits as they fall due while also mitigating the various risk of the Plan. The Company's current investment strategy is suited for an investor with a conservative investment risk profile.

The fair value of plan assets by each class at end of the reporting period follows:

	2022	2021
Investments quoted in active market		
Quoted equity investments (by industry)		
Holding firms	**₱159,206,521**	₱163,407,268
Property	**135,525,645**	153,269,018
Financials - banks	**105,689,248**	113,102,215
Industrial - electricity, energy, power and water	**48,174,915**	57,474,035
Transportation services	**42,316,000**	39,216,000
Services - telecommunications	**33,707,475**	40,105,600
Industrial - food, beverage, and tobacco	**26,016,800**	31,389,560
Retail	**10,041,922**	26,568,550
Golf and country club	**17,983,333**	9,258,333
	578,661,859	633,790,579
Quoted debt instruments		
Government securities	**829,048,962**	739,108,381
Corporate bonds	**122,473,675**	150,452,213
	951,522,637	889,560,594
Unquoted investments		
Cash and cash equivalents	**291,863,547**	268,877,470
Receivables and other assets	**14,866,389**	26,659,562
	306,729,936	295,537,032
Fair value of plan assets	**₱1,836,914,432**	₱1,818,888,205

- Quoted equity investments pertain to listed shares in PSE. The classification by industry of quoted shares presented above is based on sector classification published by the PSE. Investment in quoted equity investments include investments in the following securities as of December 31, 2022 and 2021:

Issuer	Relationship	**2022**	2021
First Gen Corp.	Under common control	**₱–**	₱20,600,000

The carrying amounts of investments in equity securities also approximate their fair values since they are marked-to-market.

Unrealized losses arising from investments in Lopez Holdings Corp. and First Gen Corp. in 2022, 2021 and 2020 amounted to as follows:

	2022	2021	2020
Lopez Holdings Corp.	**₱–**	₱–	(₱16,782,803)
First Gen Corp.	–	(1,780,000)	(220,000)
	₱–	(₱1,780,000)	(₱17,002,803)

The voting rights over these equity securities are exercised by the trustee banks.

- Investments in corporate bonds consist of both short-term and long-term corporate notes and bonds, which bear interest ranging from 3.00% to 6.36% and have maturities from 2021 to 2027.

- Investments in government securities consist of retail treasury bonds and fixed rate treasury notes that bear interest ranging from 2.52% to 8.62% and have maturities from 2022 to 2027.

- Cash and cash equivalents include regular savings and time deposits.

- Other financial assets held by these plans are primarily accrued interest income on cash deposits and debt securities held by the plans; and dividend receivable from equity securities. Liabilities of the plans pertain to trust fee payable and other accrued expenses payable.

The Company expects to contribute ₱177.4 million to its defined benefit retirement plan in 2023.

The principal actuarial assumptions used in determining retirement and other post-employment benefits as of December 31 of each year are as follows:

	2022	2021
Discount rate	**6.87%-7.15%**	4.67%-4.84%
Future salary increase rate	**4%-7.5%**	4%-6.5%
Medical costs trend rate	**6%**	6%

The assumption on the discount rate is based on the long-term government bond rates approximating the expected average remaining working life of the employees.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of December 31, 2022 and 2021, assuming all other assumptions were held constant:

	2022	
	Increase/Decrease in Percentage Point	**Increase (Decrease) in Defined Benefit Obligation**
Discount rate	+1%	**(₱310,891,141)**
	-1%	**349,476,782**
Future salary increases	+1%	**₱350,608,367**
	-1%	**(316,374,300)**
Medical costs trend	+1%	**₱2,344,857**
	-1%	**(2,840,982)**

	2021	
	Increase/Decrease in Percentage Point	Increase (Decrease) in Defined Benefit Obligation
Discount rate	+1%	(₱342,808,948)
	-1%	398,275,620
Future salary increases	+1%	₱394,267,262
	-1%	(345,634,416)
Medical costs trend	+1%	₱3,409,943
	-1%	(2,961,800)

The estimated weighted average duration of benefit payment is 10 years and 11 years in 2022 and 2021, respectively.

Following are the information about the maturity profile of the defined benefit obligation as of December 31, 2022 and 2021:

	2022	2021
Less than one (1) year	**₱237,771,056**	₱246,647,435
One (1) year up to five (5) years	**1,695,564,544**	1,337,671,798
More than five (5) years up to 10 years	**2,907,190,094**	2,604,846,708
More than 10 years up to 15 years	**1,768,769,853**	1,697,980,468
More than 15 years	**4,791,510,688**	4,196,469,465

29. Income Tax

a. The deferred income tax assets (liabilities) of the Company are presented in the consolidated statements of financial position as follows:

	2022	2021
Deferred income tax assets	**₱754,381,502**	₱743,374,944
Deferred income tax liabilities	**165,957,154**	–

The components of the Company's recognized deferred tax assets and liabilities follow:

	2022			
	Beginning of Year	Charged to Income	Charged to OCI	End of Year
Deferred tax assets on:				
Impairment loss on property, plant and equipment	₱618,728,782	₱–	₱–	₱618,728,782
Allowance for impairment loss	283,984,488	(721,622)	–	283,262,866
Accrued retirement benefits	198,809,281	462,884	(18,096,947)	181,175,218
Provision for rehabilitation and restoration costs	144,670,519	3,148,043	–	147,818,562
Revenue generated during testing period of BGI power plants	144,032,175	(6,532,939)	–	137,499,236
Unrealized foreign exchange losses	179,827,534	(104,368,527)	–	75,459,007
Provision for impairment of parts and supplies inventories	59,749,353	1,988,069	–	61,737,422
Differences in fair value versus cost of Tongonan and Palinpinon property, plant and equipment	51,908,684	(12,158,251)	–	39,750,433
Fair value changes on hedging transactions	5,166,247	–	–	5,166,247
Others	268,275,058	107,867,739	8,537,236	384,680,033
	1,955,152,121	(10,314,604)	(9,559,711)	1,935,277,806
Deferred income tax liabilities on:				
Differences between the carrying amount of nonmonetary assets and liabilities and the related tax base	(977,586,363)	(117,998,797)	–	(1,095,585,160)
Unrealized foreign exchange gains	(96,929,348)	145,331,068	(162,408,552)	(114,006,832)
Others	(137,261,466)	–	–	(137,261,466)
	(1,211,777,177)	27,332,271	(162,408,552)	(1,346,853,458)
	₱743,374,944	₱17,017,667	(₱171,968,263)	₱588,424,348

	2021			
	Beginning of Year	Charged to Income	Charged to OCI	End of Year
Deferred tax assets on:				
Impairment loss on property, plant and equipment	₱619,740,163	(₱1,011,381)	₱–	₱618,728,782
Allowance for impairment loss	269,588,741	14,395,747	–	283,984,488
Unrealized foreign exchange losses	281,499,707	(141,210,412)	39,538,239	179,827,534
Accrued retirement benefits	230,135,439	(6,676,048)	(24,650,110)	198,809,281
Provision for rehabilitation and restoration costs	170,151,655	(25,481,136)	–	144,670,519
Revenue generated during testing period of BGI power plants	150,565,114	(6,532,939)	–	144,032,175
Provision for impairment of parts and supplies inventories	50,751,536	8,997,817	–	59,749,353
Differences in fair value versus cost of Tongonan and Palinpinon property, plant and equipment	59,520,637	(7,611,953)	–	51,908,684
Fair value changes on hedging transactions	5,166,247	–	–	5,166,247
Unrealized foreign exchange losses - BOT power plants	70,900,586	(70,900,586)	–	–
Others	118,745,803	145,120,626	4,408,629	268,275,058
	2,026,765,628	(90,910,265)	19,296,758	1,955,152,121
Deferred income tax liabilities on:				
Differences between the carrying amount of nonmonetary assets and liabilities and the related tax base	(950,095,793)	(27,490,570)	–	(977,586,363)
Unrealized foreign exchange gains	(98,333,075)	1,403,727	–	(96,929,348)
Others	(136,686,909)	(574,557)	–	(137,261,466)
	(1,185,115,777)	(26,661,400)	–	(1,211,777,177)
	₱841,649,851	(₱117,571,665)	₱19,296,758	₱743,374,944

Bayanihan to Recover as One Act (Bayanihan 2)
On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4 of Bayanihan 2 which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As of December 31, 2022, the Company has incurred NOLCO in taxable years 2019 and 2022 which can be claimed as deduction against the regular taxable income for the next three (3) consecutive taxable years, as follows:

Year Incurred	Availment Period	Amount	Applied Previous Year/s	Expired	Applied Current Year	Unapplied
2019	2020-2022	₱655,966,900	₱–	₱655,966,900	₱–	₱–
2022	2023-2025	3,360,619,177	–	–	–	3,360,619,177
		₱4,016,586,077	₱–	₱655,966,900	–	₱3,360,619,177

As of December 31, 2022, the Company has NOLCO in taxable years 2020 and 2021 which can be claimed as deduction against the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover as One Act, as follows:

Year Incurred	Availment Period	Amount	Applied Previous Year/s	Expired	Applied Current Year	Unapplied
2020	2021-2025	₱1,281,803,455	₱–	₱–	₱223,797,071	₱1,058,006,384
2021	2022-2026	710,792,781	–	–	–	710,792,781
		₱1,992,596,236	₱–	₱–	₱223,797,071	₱ 1,768,799,165

Movements of the Company's NOLCO are as follows:

	2022	2021
Balances at January 1	**₱2,648,563,136**	₱2,465,175,687
Addition	**3,360,619,177**	710,792,781
Expiration	**(655,966,900)**	(527,405,332)
Application	**(223,797,071)**	–
Balances at December 31	**₱5,129,418,342**	₱2,648,563,136

As of December 31, 2022 and 2021, the Company did not recognize deferred income tax asset from its NOLCO amounting to ₱3,360.5 million and ₱1,976.2 million, respectively, which pertain to losses subject under 25% tax regime. This NOLCO with an unrecognized deferred income tax asset is part of the outstanding balances amounting to ₱5,353.2 million and ₱2,648.6 million as of December 31, 2022 and 2021, respectively.

As of December 31, 2021, no deferred income tax asset was recognized for fair value adjustments related to EBWPC's hedging activities amounting to ₱281.6 million, as management believes that there will be no sufficient future taxable income to allow all or part of the deductible temporary difference to be utilized. For 2022, deferred tax liability was recognized.

As of December 31, 2022 and 2021, the taxable temporary differences representing the excess of the carrying amount of the investments in subsidiaries over the tax base amounted to ₱14,439.0 million and ₱16,526.7 million, respectively. There is no corresponding deferred income tax liability recognized since these temporary differences pertain to investment in domestic companies and, accordingly, the reversals of these temporary differences are through regular dividend distribution not subject to income tax.

The management intends to hold the investment in subsidiaries. Moreover, the related fair value loss of the investment in BGI's preferred shares accounted for as financial asset at FVOCI amounted to ₱1,055.7 million and ₱386.5 million as of December 31, 2022 and 2021, respectively. There is no corresponding deferred income tax asset recognized since there were no capital gains to offset the said capital loss.

The 10% statutory rate applies to the relevant renewable energy operations covered by the RE Law, while the 25% applies, in general, to the other activities.

b. A numerical reconciliation between provision for income tax and the product of accounting income multiplied by the tax rates of 10% or 30%/25%, as applicable, follows:

	2022	2021	2020
Income before income tax	**₱12,925,613,157**	₱10,264,836,719	₱13,297,623,901
Income tax at statutory tax rates (10%/30%/25%)	**924,934,037**	941,088,933	1,266,884,532
Adjustments for:			
Effect of change in tax rate	**265,213,097**	(49,057,302)	272,099,081
Non-deductible provisions/ (non-taxable recovery) - net	**165,781,932**	152,062,643	206,998,945
Translation adjustment on nonmonetary assets and liabilities	**113,826,407**	77,101,814	(59,109,208)
Net movement of temporary differences reversing during income tax holiday	**(22,379,707)**	(7,564,616)	(20,530,460)
Net movement of unrecognized deferred tax asset on NOLCO	**364,151,539**	101,352,035	273,105,603d
Interest income - net of final tax	**(16,346,117)**	(10,080,706)	(23,856,592)
Income tax holiday incentives	**(5,759,517)**	(151,318,495)	(226,642,219)
Non-deductible interest expense	**3,693,000**	2,925,644	10,186,571
Non-taxable/non-deductible foreign exchange gains on ROP bonds and others	**(29,558)**	(18,206,479)	61,497,130
Provision for income tax	**₱1,793,085,113**	₱1,038,303,471	₱1,760,633,383

c. On February 14, 2013, BGI was granted with an income tax holiday (ITH) incentive by the Board of Investments (BOI) covering its 130 MW BMGPP complex. On February 17, 2015, BGI received a Legal and Compliance Service letter from BOI granting the upward amendment of registered capacity of the BMGPP complex from 130 MW to 140 MW effective for 7-year period beginning in July 2013 or date of commissioning, whichever is earlier. Subject to certain conditions, BGI is entitled to income tax holiday for seven (7) years from July 2013 or date of commissioning of the power plants, whichever is earlier. BGI does not recognize deferred tax assets and deferred tax liabilities on temporary differences for its registered activities that are expected to reverse during the ITH period. In June 2020, the ITH entitlement for the 140 MW BMGPP expired.

d. On February 12, 2014, the BOI approved the ITH registration of the Nasulo Power Plant under the Renewable Energy Act of 2008 (RA 9513) effective for 7-year period beginning in January 2016 or date of commissioning, whichever is earlier. While the Nasulo power plant has a capacity of 49.4 MW, the ITH shall be limited only to the revenues derived from the sale of 30 MW. On July 20, 2021, such ITH entitlement expired.

e. On June 29, 2011, the BOI approved the ITH registration of the 86 MW Burgos Wind Farm under the Renewable Energy Act of 2008 (RA 9513). On June 3, 2014, the Company received a legal service letter from BOI granting the upward amendment of registered capacity of the Burgos Wind Farm from 86 MW to 150 MW effective for 7-year period beginning in December 2015 or date of commissioning, whichever is earlier. On November 10, 2021, the ITH entitlement for 150 MW project expired.

f. On November 13, 2015, GCGI was granted with an ITH incentive by the BOI covering its 112.5 MW Tongonan Geothermal Power Plant, effective for 7-year period beginning in April 2015. Only revenues derived from power generated (i.e., 36.79 MW or the capacity in excess of the 75.71 MW, whichever is lower) and sold to the grid, other entities and/or communities shall be entitled to ITH. On April 9, 2022, the ITH entitlement for the entire project expired.

g. On June 16, 2015, the Parent Company was registered with the BOI covering its 4.16 MW Burgos Solar Plant - Phase 1,and was granted with an ITH incentive effective for 7-year period beginning in June 16, 2015. On March 4, 2022, the ITH entitlement for the entire project expired.

h. On December 3, 2015, the Parent Company was registered with the BOI covering its 2.66-MW Burgos Solar Plant - Phase 2, and was subsequently granted with an ITH incentive effective for 7-year period beginning January 19, 2016 and expired on January 18, 2023.

i. On December 11, 2015, GCGI was granted with an ITH incentive by the BOI covering its 192.5 MW Palinpinon Geothermal Power Plant, effective for 7-year period beginning in February 2014. Only revenues derived from power generated (i.e., 39.66 MW or the capacity in excess of the 152.84 MW, whichever is lower) and sold to the grid, other entities and/or communities shall be entitled to ITH. On February 3, 2021, the ITH entitlement for the entire project expired.

j. FG Hydro is registered with the BOI under the Omnibus Investments Code of 1987 as the new operator of the 112 MW PAHEP/MAHEP on a pioneer status. As a registered enterprise, FG Hydro was entitled to certain tax and non-tax incentives which include, among others, ITH for six (6) years commencing on April 13, 2007. On October 2, 2013, the BOI approved FG Hydro's application for an ITH extension by granting it another year or until April 12, 2014. On February 22, 2017, the DOE approved FG Hydro's application for registration as an RE Developer and signed the RE Contract with FG Hydro for PAHEP. On February 27, 2017, the RE Contract for MAHEP was also signed by FG Hydro and the DOE. As a result, FG Hydro is now subject to 10% statutory income tax rate on its RE operations as a RE Developer in 2017.

k. On February 8, 2019, EDC Siklab was granted with an ITH incentive by the BOI covering its 1.03 MW Gaisano La Paz Solar Rooftop Project in Iloilo, effective for 7-year period beginning in March 26, 2017 until March 25, 2024.

l. On June 24, 2021, the Parent Company was granted with an ITH incentive by the BOI covering its 3.6 MW Mindanao 3 (M3 Binary) Geothermal Project in North Cotabato, effective for a 7-year period beginning in March 2022 until March 2029.

30. Basic/Diluted Earnings Per Share

The basic/diluted earnings per share amounts were computed as follows:

	2022	2021	2020
Net income attributable to equity holders of the Parent Company	**₱10,979,385,739**	₱9,122,453,169	₱11,494,601,441
Less dividends on preferred shares (Note 19)	**293,500,000**	293,500,000	293,500,000
(a) Net income attributable to common shareholders of the Parent Company	**₱10,685,885,739**	₱8,828,953,169	₱11,201,101,441
(b) Weighted average number of common shares outstanding	**17,041,617,764**	17,045,824,751	17,050,790,066
Basic/diluted earnings per share (a/b)	**₱0.627**	₱0.518	₱0.657

The Parent Company does not have any dilutive potential common shares as at December 31, 2022, 2021 and 2020.

31. Financial Risk Management Objectives and Policies

The Company's financial instruments consist mainly of cash and cash equivalents, trade receivables, financial assets at FVPL and FVOCI, derivative asset and liability, trade payables, long-term debts, and lease liabilities. The main purpose of these financial instruments is to finance the Company's operations and accordingly manage its exposure to financial risks. The Company has various other financial assets and liabilities such as short-term investments, other receivables, other payables and due to/from related parties, which arise directly from operations.

Financial Risk Management Policy

The main financial risks arising from the Company's financial instruments are credit risk, foreign currency risk, interest rate risk, and liquidity risk. The Company's policies for managing the aforementioned risks are summarized hereinafter below.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables

The Company's geothermal and power generation business trades with two (2) key customers, NPC and TransCo, both a government-owned-and-controlled corporations. Any failure on the part of NPC and TransCo to pay their obligations to the Company would significantly affect the Company's business operations. As a practice, the Company monitors closely its collections from NPC and TransCo and may charge interest on delayed payments following the provision of the PPAs and REPA, respectively. Other customers include distribution utilities, electric cooperatives, industrial customers, and contestable customers. Credit risk is controlled by the application of credit approval limit and monitoring procedures. It is the Company's policy to enter into credit-worthy parties to mitigate any significant concentration of credit risk. Trade receivables balances are monitored on an ongoing basis to ensure that the Company's exposure to bad debts is not significant. The maximum exposure of trade receivable is equal to its carrying amount.

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix for the years ended December 31, 2022 and 2021:

2022

	Trade receivables						
		Days past due					
	Current	<30 days	30-60 days	61-90 days	>91 days	Credit Impaired	Total
	(In Thousand Pesos)						
Expected credit loss rate	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**2.6%**	**100.0%**	**12.3%**
Estimated total gross carrying amount at default (Note 7)	**₱5,276,038**	**₱958,662**	**₱64,149**	**₱14,532**	**₱747,749**	**₱966,063**	**₱8,027,193**
Expected credit loss	**–**	**–**	**–**	**–**	**19,793**	**966,063**	**985,856**

2021

	Trade receivables						
		Days past due					
	Current	<30 days	30-60 days	61-90 days	>91 days	Credit Impaired	Total
	(In Thousand Pesos)						
Expected credit loss rate	0.0%	10.9%	24.9%	6.6%	4.0%	100.0%	14.6%
Estimated total gross carrying amount at default (Note 7)	₱5,281,593	₱10,993	₱11,796	₱13,064	₱374,196	₱948,850	₱6,640,492
Expected credit loss	–	1,193	2,941	861	14,798	₱948,850	968,643

Financial instruments and cash deposits
With respect to the credit risk arising from other financial assets of the Company, which comprise of cash and cash equivalents excluding cash on hand, financial asset at FVPL, short-term investments, other receivables, financial assets at FVOCI, and due from related party, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Credit risk from these instruments is mitigated by the short-term and/or liquid nature of its cash investments mainly in bank deposits and placements, which are placed with financial institutions and entities of high credit standing.

Credit Quality of Financial Assets
Financial assets are classified as high grade if the counterparties are not expected to default in settling their obligations. Thus, the credit risk exposure is minimal. These counterparties normally include customers, banks and related parties who pay on or before due date. Financial assets are classified as a standard grade if the counterparties settle their obligation with the Company with tolerable delays. Low grade accounts are accounts, which have probability of impairment based on historical trend.

These accounts show propensity of default in payment despite regular follow-up actions and extended payment terms. As of December 31, 2022 and 2021, financial assets categorized as neither past due nor impaired are viewed by management as high grade, considering the collectibility of the receivables and the credit history of the counterparties. Meanwhile, past due but not impaired financial assets are classified as standard grade.

Concentration of Credit Risk
The Company's exposure to concentration of credit risk arises from the default of the counterparties, with a maximum exposure equal to the carrying amounts of the receivables from NPC and TransCo.

The table below shows the risk exposure in respect to credit concentration of the Company as of December 31, 2022 and 2021:

	2022	2021
Trade receivables from NPC	**₱148,412,005**	₱2,068,734,962
Trade receivables from TransCo (Notes 7 and 16)	**2,457,656,449**	2,727,995,978
Total credit concentration risk	**₱2,606,068,454**	₱4,796,730,940
Total receivables	**₱8,981,897,345**	₱7,578,975,751
Credit concentration percentage	**29.01%**	63.29%

Foreign Currency Risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's exposure to foreign currency risk is mainly from the financial assets and liabilities that are denominated in US dollar (US$). This primarily arises from future payments of foreign currency-denominated loans and other commercial transactions and the Company's investment in ROP Bonds.

The Company's exposure to foreign currency risk to some degree is mitigated by some provisions in the Company's GRESCs, SSAs, PPAs and REPA. The service contracts allow full cost recovery while the sales contracts include billing adjustments covering the movements in Philippine peso and the US$ rates, US Price and Consumer Indices, and other inflation factors.

To mitigate further the effects of foreign currency risk, the Company will prepay, refinance or hedge its foreign currency denominated loans, whenever deemed feasible. The Company also enters into derivative contracts to mitigate foreign currency risk.

The Company's foreign currency-denominated financial assets and liabilities (translated into Philippine peso) as of December 31, 2022 and 2021 are as follows:

	2022												
	Original Currency												
	Indonesian Rupiah (IDR)	US$	Japanese yen (JP¥)	Singapore dollar (SGD)	Sweden Kronor (SEK)	New Zealand dollar (NZD)	Euro	Hongkong dollar (HKD)	British pound (GBP)	Chilean Peso (CHP)	Peruvian Sol (PEN)	Australian dollar (AUD)	Peso Equivalent[1]
Financial Assets													
Loans and receivables													
Cash equivalents	–	33,131,869	–	–	–	–	–	–	–	–	–	–	₱1,847,267,364
Cash on hand and in banks	5,382,452,422	15,222,642	1,022,349,831	–	–	–	–	–	–	86,990,735	244,254	–	1,304,134,451
Derivative assets	–	6,648,301	–	–	–	–	–	–	–	–	–	–	370,676,037
Total financial assets	5,382,452,422	55,002,812	1,022,349,831	–	–	–	–	–	–	86,990,735	244,254	–	₱3,522,077,852
Financial Liabilities													
Liabilities at amortized cost:													
Accounts payable	–	32,279,076	397,631,642	318,076	206,405	652,299	1,156,746	5,962	25,032	–	–	468,644	₱2,090,348,583
Long-term debt	–	156,823,637	–	–		–	–	–	–	–	–	–	8,743,701,871
Accrued interest on long-term debts	–	945,338	–	–		–	–	–	–	–	–	–	52,707,319
Total financial liabilities	–	190,048,051	397,631,642	318,076	206,405	652,299	1,156,746	5,962	25,032	–	–	468,644	₱10,886,757,773

[1] *US$1 = ₱55.7550, JP¥1 = ₱0.4174, SGD1 = ₱41.5796, SEK1 = ₱5.3556, NZD1 = ₱35.4061, CHP1 = ₱0.0656, PEN1 = ₱14.6608, Euro1 = ₱59.5545, IDR1 = ₱0.0036, HKD1 = ₱7.1996, GBP1 = ₱67.4394, AUD1 = ₱37.8024 as of December 31, 2022 (see Note 26)*

	2021					
	Original Currency					
	Indonesian Rupiah (IDR)	US$	Japanese yen (JP¥)	Chilean Peso (CHP)	Peruvian Sol (PEN)	Peso Equivalent[1]
Financial Assets						
Loans and receivables						
Cash equivalents	–	42,000,226	–	–	–	₱2,141,969,504
Cash on hand and in banks	5,867,923,909	18,178,474	238,174,790	120,117,147	511,389	1,067,057,399
Other short-term investments	–	6,100,250	–	–	–	311,106,657
Derivative assets	–	801,515	–	–	–	40,876,487
Total financial assets	5,867,923,909	67,080,465	238,174,790	120,117,147	511,389	₱3,561,010,047
Financial Liabilities						
Liabilities at amortized cost:						
Accounts payable	–	6,420,618	–	–	–	₱327,445,088
Long-term debt	–	169,447,255	–	–	–	8,641,640,581
Accrued interest on long-term debts	–	406,053	–	–	–	20,708,289
Derivative liability	–	5,520,939	–	–	–	281,562,350
Total financial liabilities	–	181,794,865	–	–	–	₱9,271,356,308

[1] *US$1 = ₱50.9990, JP¥1 = ₱0.4413, CHP1 = ₱0.0599, PEN1 = ₱12.7971, IDR1 = ₱0.0036, as of December 31, 2021 (see Note 26)*

The following tables demonstrate the sensitivity to a reasonably possible change in the foreign currency exchange rates applicable to the Company, with all other variables held constant, of the Company's income (loss) before income tax and equity for the years ended December 31, 2022 and 2021. The impact on the Company's income before income tax is due to revaluation of monetary assets and monetary liabilities.

	2022		
	Foreign Currency Appreciates (Depreciates) By	**Effect on Income Before Income Tax**	**Effect on Equity**
USD	**10% or ₱5.57550**	**(₱790,012,332)**	**₱–**
	(10% or ₱5.57550)	**790,012,332**	–
JPY	**10% or ₱0.04174**	**26,075,737**	–
	(10% or ₱0.04174)	**(26,075,737)**	–
EUR	**10% or ₱5.95545**	**(6,888,943)**	–
	(10% or ₱5.95545)	**6,888,943**	–
NZD	**10% or ₱3.54061**	**(2,309,537)**	–
	(10% or ₱3.54061)	**2,309,537**	–
IDR	**10% or ₱0.00036**	**1,937,683**	–
	(10% or ₱0.00036)	**(1,937,683)**	–

	2022		
	Foreign Currency Appreciates (Depreciates) By	**Effect on Income Before Income Tax**	**Effect on Equity**
SGD	**10% or ₱4.15796**	**(1,322,547)**	–
	(10% or ₱4.15796)	**1,322,547**	–
CHP	**10% or ₱0.00656**	**570,944**	–
	(10% or ₱0.00656)	**(570,944)**	–
AUD	**10% or ₱3.78024**	**(1,771,587)**	–
	(10% or ₱3.78024)	**1,771,587**	–
PEN	**10% or ₱1.46608**	**358,096**	–
	(10% or ₱1.46608)	**(358,096)**	–
GBP	**10% or ₱6.74394**	**(168,818)**	–
	(10% or ₱6.74394)	**168,818**	–
SEK	**10% or ₱0.53556**	**(110,542)**	–
	(10% or ₱0.53556)	**110,542**	–
HKD	**10% or ₱0.71996**	**(4,293)**	–
	(10% or ₱0.71996)	**4,293**	–

	2021		
	Foreign Currency Appreciates (Depreciates) By	Effect on Income Before Income Tax	Effect on Equity
USD	10% or ₱5.09990	(₱560,963,376)	₱–
	(10% or ₱5.09990)	560,963,376	–
JPY	10% or ₱0.04413	10,510,653	–
	(10% or ₱0.04413)	(10,510,653)	–
IDR	10% or ₱0.00036	2,112,453	–
	(10% or ₱0.00036)	(2,112,453)	–
CHP	10% or ₱0.00599	719,803	–
	(10% or ₱0.00599)	(719,803)	–
PEN	10% or ₱1.27971	654,430	–
	(10% or ₱1.27971)	(654,430)	–

Interest Rate Risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates, derivative assets, derivative liabilities and debt instruments at FVOCI.

The interest rates of some of the Company's long-term borrowings and debt instruments at FVOCI are fixed at the inception of the loan agreement.

The Company regularly evaluates its interest rate risk by taking into account the cost of qualified borrowings being charged by its creditors. Prepayment, refinancing or hedging the risks are undertaken when deemed feasible and advantageous to the Company.

Interest Rate Risk Table

The following tables provide for the effective interest rates and interest payments by period of maturity of the Company's long-term debts:

	2022					
	Interest Rates	Within 1 Year	More than 1 year but less than 4 years	More than 4 Years but less than 5 Years	More than 5 Years	Total
			(In Thousand Pesos)			
Floating Rate						
Commercial Debt Facility US$37.5 Million	**2% margin plus LIBOR**	**37,461**	**83,077**	**16,957**	**15,580**	**153,075**
ECA Debt Facility US$150 Million	**2.35% margin plus LIBOR**	**164,930**	**365,763**	**74,658**	**68,592**	**673,943**
Commercial Debt Facility Commercial Debt Facility ₱5.6 Billion	**2% + PDST-F rate**	**203,802**	**452,004**	**92,264**	**84,773**	**832,843**
US$50 Million Mizuho Loan	**1.10% margin plus Term SOFR**	**143,452**	**323,997**	**35,693**	**–**	**503,142**

	2021					
	Interest Rates	Within 1 Year	More than 1 year but less than 4 years	More than 4 Years but less than 5 Years	More than 5 Years	Total
			(In Thousand Pesos)			
Floating Rate						
Commercial Debt Facility US$37.5 Million	2% margin plus LIBOR	37,295	87,273	20,001	28,957	173,526
ECA Debt Facility US$150 Million	2.35% margin plus LIBOR	164,644	385,281	88,299	127,836	766,060
Commercial Debt Facility Commercial Debt Facility ₱5.6 Billion	2% + PDST-F rate	228,366	534,392	122,473	177,311	1,062,542
US$50 Million Mizuho Loan	0.65% margin plus LIBOR%	11,656	–	–	–	11,656

The other financial instruments of the Company that are not included in the preceding table are not subject to interest rate repricing and are therefore not subject to interest rate volatility.

The following tables demonstrate the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's income before income tax and equity as of December 31, 2022 and 2021. The impact on the Company's equity is due to changes in the fair value of debt instruments at FVOCI, and interest rate swaps designated as cash flow hedges.

	2022		
		Effect on Equity	
Increase/Decrease in Basis Points	**Effect on Income Before Income Tax**	**Change in Fair Value of FVOCI**	**Fair value adjustments on hedging transactions**
+100	**(₱121,518,281)**	**(₱4,977,553)**	**₱213,261,724**
-100	**121,518,281**	**6,956,791**	**(213,261,724)**

	2021		
		Effect on Equity	
Increase/Decrease in Basis Points	Effect on Income Before Income Tax	Change in Fair Value of FVOCI	Fair value adjustments on hedging transactions
+100	(₱125,760,016)	(₱12,036,771)	₱267,585,885
-100	125,760,016	4,659,489	(267,585,885)

The effect of changes in interest rates in equity pertains to the fair valuation of debt instruments at FVOCI and derivatives designated as cash flow hedges, and is exclusive of the impact of the changes affecting the Company's profit or loss.

Liquidity Risk

The Company's objective is to maintain a balance between continuity of funding and sourcing flexibility through the use of available financial instruments. The Company manages its liquidity profile to meet its working and capital expenditure requirements and service debt obligations. As part of the liquidity risk management program, the Company regularly evaluates and considers the maturity of both its financial investments and financial assets (i.e., trade receivables, other financial assets) and resorts to short-term borrowings whenever its available cash or matured placements is not enough to meet its daily working capital requirements. To ensure immediate availability of short-term borrowings, the Company maintains credit lines with banks on a continuing basis.

Liquidity risk arises primarily when the Company has difficulty collecting its receivables from its key customers, NPC and TransCo. Other instances that contribute to its exposure to liquidity risk are when the Company finances long-term projects with internal cash generation and when there is credit crunch especially at times when the Company has temporary funding gaps.

The tables below show the maturity profile as of December 31, 2022 and 2021 of the Company's financial assets used for liquidity purposes based on contractual undiscounted cash flows, and financial liabilities based on contractual undiscounted payments:

	2022						
	On Demand	Less than 3 Months	3 to 6 Months	>6 to 12 Months	>1 to 5 Years	More than 5 Years	Total
				(In Thousand Pesos)			
Amortized cost:							
Cash and cash equivalents	**₱8,226,587**	**₱9,371,203**	**₱–**	**₱–**	**₱–**	**₱–**	**₱17,597,790**
Trade receivables	**2,751,155**	**5,276,038**	**–**	**–**	**–**	**–**	**8,027,193**
Due from related parties	**30,837**	**–**	**–**	**–**	**–**	**–**	**30,837**
Financial assets at FVPL	**12,729**	**–**	**–**	**–**	**–**	**–**	**12,729**
Derivative assets designated as cash flow hedges	**–**	**–**	**20,593**	**23,761**	**326,322**	**–**	**370,676**
Total	**₱11,021,308**	**₱14,647,241**	**₱20,593**	**₱23,761**	**₱326,322**	**₱–**	**₱26,039,225**
Liabilities at amortized cost:							
Accounts payable*	**₱–**	**₱11,510,865**	**₱–**	**₱–**	**₱–**	**₱–**	**₱11,510,865**
Accrued interest on long-term debts	**–**	**268,667**	**309,888**	**–**	**–**	**–**	**578,555**
Other payables**	**–**	**1,059,627**	**–**	**–**	**–**	**–**	**1,059,627**
Due to related parties	**2,049**	**–**	**–**	**–**	**–**	**–**	**2,049**
Long-term debts	**–**	**1,090,377**	**6,835,282**	**3,796,593**	**36,808,976**	**16,895,389**	**65,426,617**
Lease liabilities	**–**	**77,334**	**26,829**	**56,372**	**258,507**	**–**	**419,042**
Total	**₱2,049**	**₱14,006,870**	**₱7,171,999**	**₱3,852,965**	**₱37,067,483**	**₱16,895,389**	**₱78,996,755**

**Excluding statutory liabilities to the government.*
***Excluding non-financial liabilities.*

	2021						
	On Demand	Less than 3 Months	3 to 6 Months	>6 to 12 Months	>1 to 5 Years	More than 5 Years	Total
				(In Thousand Pesos)			
Amortized cost:							
Cash and cash equivalents	₱7,559,645	₱6,455,377	₱–	₱–	₱–	₱–	₱14,015,022
Trade receivables	1,358,899	5,281,593	–	–	–	–	6,640,492
Due from related parties	16,352	–	–	–	–	–	16,352
Financial assets at FVPL	853,132	–	–	–	–	–	853,132
Derivative assets designated as cash flow hedges	–	40,876	–	–	–	–	40,876
Total	₱9,788,028	₱11,777,846	₱–	₱–	₱–	₱–	₱21,565,874
Liabilities at amortized cost:							
Accounts payable*	₱–	₱9,650,035	₱–	₱–	₱–	₱–	₱9,650,035
Accrued interest on long-term debts	–	195,492	331,678	–	–	–	527,170
Other payables**	–	569,026	–	–	–	–	569,026
Due to related parties	3,170	–	–	–	–	–	3,170
Long-term debts	–	4,636,101	7,895,697	2,908,286	31,764,401	15,564,165	62,768,650
Lease liabilities	–	45,153	19,400	39,492	217,980	517	322,542
Derivative liabilities designated as cash flow hedges	–		14,024	15,103	252,435	–	281,562
Total	₱3,170	₱15,095,807	₱8,260,799	₱2,962,881	₱32,234,816	₱15,564,682	₱74,122,155

**Excluding statutory liabilities to the government.*
***Excluding non-financial liabilities.*

Financial Assets and Financial Liabilities

Set out below is a comparison of carrying amounts and fair values of the Company's financial instruments as of December 31, 2022 and 2021 other than those with carrying amounts that are reasonable approximations of fair values.

	2022		2021	
	Carrying Amounts	**Fair Values**	Carrying Amounts	Fair Values
Financial Assets				
Amortized cost:				
Long-term receivables	**₱1,497,117,960**	**₱1,337,598,381**	₱1,681,573,115	₱1,599,484,202
Deposits and special funds	**351,390,539**	**349,375,236**	325,735,565	323,326,585
Financial assets at FVOCI:				
Debt investments	**210,265,075**	**210,265,075**	156,307,685	156,307,685
Equity investments	**84,762,302**	**84,762,302**	69,505,874	69,505,874
Financial assets at FVPL	**12,728,592**	**12,728,592**	853,132,173	853,132,173
Derivative assets:				
Derivative assets designated as cash flow hedge	**370,676,036**	**370,676,036**	40,876,487	40,876,487
	₱2,526,940,504	**₱2,365,405,622**	₱3,127,130,899	₱3,042,633,006

	2022		2021	
	Carrying Amounts	**Fair Values**	Carrying Amounts	Fair Values
Financial Liabilities:				
Financial liabilities at amortized cost:				
Long-term debts	**₱53,301,611,617**	**₱54,724,452,101**	₱53,119,086,194	₱55,798,029,818
Lease liabilities	**401,840,188**	**270,042,667**	297,174,920	295,413,617
Customer deposits	**209,808,053**	**187,452,773**	187,202,332	178,063,725
Derivative liabilities designated as cash flow hedge	–	–	281,562,350	281,562,350
	₱53,913,259,858	**₱55,181,947,541**	₱53,885,025,796	₱56,553,069,510

Due to relatively short maturity, ranging from one to three months, carrying amounts approximate fair values for cash and cash equivalents, trade and other receivables, amounts due to related parties and trade and other payables.

The methods and assumptions used by the Company in estimating the fair value of financial instruments are:

Long-term Receivables and Deposits and Special Funds
The fair value of long-term receivables was computed by discounting the expected cash flow using the applicable rates of 5.80% and 2.53% as of December 31, 2022 and 2021, respectively.

Financial Assets at FVOCI
Fair values of quoted debt and equity securities are based on quoted market prices and other observable data.

Financial Assets at Fair Value Through Profit or Loss
The fair values of financial assets at fair value through profit or loss are based on quotations provided by the investment manager.

Derivatives Designated as Cash Flow Hedges
The fair values of derivative instruments designated as cash flow hedges are based on quotations provided by the counterparty banks.

Long-term Debts

The fair values for the Company's long-term debts are estimated using the discounted cash flow methodology with the applicable rates ranging from 2.03% to 7.80% as of December 31, 2022 and 2.86% to 3.09% as of December 31, 2021.

Lease Liabilities
The fair values for the Company's lease liabilities are estimated using the discounted cash flow methodology with the applicable rates ranging from 6.05% to 7.78% and 2.94% to 5.70% as of December 31, 2022 and 2021, respectively.

The following tables show the fair value information of financial instruments classified under loans and receivables, financial assets at FVPL, financial assets at FVOCI, long-term debts, lease liabilities and derivatives designated as cash flow hedges and analyzed by sources of inputs on fair valuation as follows:

- Quoted prices in active markets for identical assets or liabilities (Level 1);
- Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	2022			
	Total	**Level 1**	**Level 2**	**Level 3**
Financial Assets				
Loans and receivables:				
Long-term receivables	**₱1,337,598,381**	**₱–**	**₱–**	**₱1,337,598,381**
Deposits and special funds	**349,375,236**			**349,375,236**
Financial assets at FVPL	**12,728,592**	**12,728,592**	–	–
Financial assets at FVOCI:				
Debt investments	**210,265,075**	**210,265,075**	–	–
Equity investments	**84,762,302**	**6,042,302**	**78,720,000**	–
Derivative assets designated as cash flow hedges	**370,676,037**	–	**370,676,037**	–
Financial Liabilities				
Financial liabilities at amortized cost:				
Long-term debts	**54,724,452,101**	**4,809,804,688**	–	**49,914,647,413**
Lease liabilities	**270,042,667**	–	–	**270,042,667**
Customer deposits	**187,452,773**			**187,452,773**

	2021			
	Total	Level 1	Level 2	Level 3
Financial Assets				
Loans and receivables:				
Long-term receivables	₱1,599,484,202	₱–	₱–	₱1,599,484,202
Deposits and special funds	323,326,585			323,326,585
Financial assets at FVPL	853,132,173	853,132,173	–	–
Financial assets at FVOCI:				
Debt investments	156,307,685	156,307,685	–	–
Equity investments	69,505,874	4,155,874	65,350,000	–
Derivative assets designated as cash flow hedges	40,876,487	–	40,876,487	–
Financial Liabilities				
Financial liabilities at amortized cost:				
Long-term debts	55,798,029,818	5,196,399,707	–	50,601,630,111
Lease liabilities	295,413,617	–	–	295,413,617
Customer deposits	178,063,725	–	–	178,063,725
Derivative liabilities designated as cash flow hedges	281,562,350	–	281,562,350	–

For the years ended December 31, 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements.

The Company classifies its financial instruments in the following categories.

	2022				
	Amortized Cost	**Financial Assets at FVOCI**	**Financial Assets at FVPL**	**Derivatives Designated as Cash Flow Hedges**	**Total**
			(In Thousand Pesos)		
Financial Assets					
Cash and cash equivalents	**₱17,597,790**	**₱–**	**₱–**	**₱–**	**₱17,597,790**
Trade receivables	**7,041,337**	–	–	–	**7,041,337**
Non-trade receivables	**400,544**	–	–	–	**400,544**
Deposits and special funds[1]	**351,391**	–	–	–	**351,391**
Loans and notes receivables	**43,597**	–	–	–	**43,597**
Advances to employees	**33,319**	–	–	–	**33,319**
Due from related parties	**30,837**	–	–	–	**30,837**
Long-term receivables	**1,497,118**	–	–	–	**1,497,118**
Financial assets at FVOCI:					
Debt investments	–	**210,265**	–	–	**210,265**
Equity investments	–	**84,762**	–	–	**84,762**
Financial assets at FVPL	–	–	**12,729**	–	**12,729**
Derivative assets	–	–	–	**370,676**	**370,676**
Total financial assets	**₱26,995,933**	**₱295,027**	**₱12,729**	**₱370,676**	**₱27,674,365**
Financial Liabilities					
Accounts payable[2]	**₱11,510,865**	**₱–**	**₱–**	**₱–**	**₱11,510,865**
Accrued interest on long-term debts	**578,555**	–	–	–	**578,555**
Other payables[3]	**1,059,627**	–	–	–	**1,059,627**
Due to related parties	**2,049**	–	–	–	**2,049**
Long-term debts	**53,301,612**	–	–	–	**53,301,612**
Lease liabilities	**401,840**	–	–	–	**401,840**
Customer deposits	**209,808**	–	–	–	**209,808**
Total financial liabilities	**₱67,064,356**	**₱–**	**₱–**	**₱–**	**₱67,064,356**

[1]Includes current and non-current portion
[2]Excluding statutory liabilities to the Government
[3]Excluding non-financial liabilities

	2021				
	Amortized Cost	Financial Assets at FVOCI	Financial Assets at FVPL	Derivatives Designated as Cash Flow Hedges	Total
			(In Thousand Pesos)		
Financial Assets					
Cash and cash equivalents	₱14,015,022	₱–	₱–	₱–	₱14,015,022
Trade receivables	5,671,849	–	–	–	5,671,849
Non-trade receivables	308,712	–	–	–	308,712
Deposits and special funds[1]	325,736	–	–	–	325,736
Loans and notes receivables	44,579	–	–	–	44,579
Advances to employees	29,336	–	–	–	29,336
Due from related parties	16,352	–	–	–	16,352
Short-term investments	451,768	–	–	–	451,768
Long-term receivables	1,681,573	–	–	–	1,681,573
Financial assets at FVOCI:					
Debt investments	–	156,308	–	–	156,308
Equity investments	–	69,506	–	–	69,506
Financial assets at FVPL	–	–	853,132	–	853,132
Derivative assets	–	–	–	40,876	40,876
Total financial assets	₱22,544,927	₱225,814	₱853,132	₱40,876	₱23,664,749

(Forward)

	2021				
	Amortized Cost	Financial Assets at FVOCI	Financial Assets at FVPL	Derivatives Designated as Cash Flow Hedges	Total
	(In Thousand Pesos)				
Financial Liabilities					
Accounts payable[2]	₱9,650,035	₱–	₱–	₱–	₱9,650,035
Accrued interest on long-term debts	527,170	–	–	–	527,170
Other payables[3]	569,026	–	–	–	569,026
Due to related parties	3,170	–	–	–	3,170
Long-term debts	53,119,086	–	–	–	53,119,086
Lease liabilities	297,175	–	–	–	297,175
Customer deposits	187,202	–	–	–	187,202
Derivative liabilities	–	–	–	281,562	281,562
Total financial liabilities	₱64,352,864	₱–	₱–	₱281,562	₱64,634,426

[1]*Includes current and non-current portion*
[2]*Excluding statutory liabilities to the Government*
[3]*Excluding non-financial liabilities*

The table below demonstrates the income, expense, gains or losses of the Company's financial instruments for the years ended December 31, 2022, 2021 and 2020:

	2022		2021		2020	
	Effect on Profit or Loss Increase (Decrease)	**Effect on Equity Increase (Decrease)**	Effect on Profit or Loss Increase (Decrease)	Effect on Equity Increase (Decrease)	Effect on Profit or Loss Increase (Decrease)	Effect on Equity Increase (Decrease)
Amortized cost						
Interest income on:						
Cash and cash equivalents and other short-term Investments (Note 6 and 25)	**₱200,610,545**	**₱–**	₱93,685,925	₱–	₱240,115,605	₱–
Provision for expected credit losses (Note 7)	**(17,213,302)**	–	(86,772,862)	–	(3,152,717)	–
	₱183,397,243	**₱–**	₱6,913,063	₱–	₱236,962,888	₱–
Financial assets at FVOCI						
Equity investments:						
Net income (loss) recognized	**₱–**	**(₱17,592,308)**	₱–	₱40,230,248	(₱200,000)	₱52,829,725
Debt investments:						
Net loss recognized in equity	–	**20,899,368**	–	13,515,621	–	12,811,375
	₱–	**₱3,307,060**	₱–	₱53,745,869	(₱200,000)	₱65,641,100
Financial assets at FVPL						
Gain (loss) on financial asset at FVPL	**₱23,570,489**	**₱–**	₱3,004,779	₱–	₱9,199,822	₱119,487,988
Derivatives designated as cash flow hedges						
Fair value adjustments on hedging transactions	**₱–**	**₱660,623,158**	₱–	₱225,324,450	(₱90,379,946)	(₱366,922,402)
Financial liabilities at amortized cost						
Interest expense on: (Note 25):						
Long-term debts, including amortization of transaction costs	**(₱2,707,977,090)**	**₱–**	(₱2,864,905,052)	₱–	(₱3,543,355,506)	₱–
Lease liabilities	**(16,758,684)**	–	(14,004,741)	–	(17,373,171)	–
	(₱2,724,735,774)	**₱–**	(₱2,878,909,793)	₱–	(₱3,560,728,677)	₱–

Derivative Financial Instruments

The Company engages in derivative transactions, particularly foreign currency swaps, cross currency swaps, interest rate swaps and call spread swaps to manage its foreign currency risk and/or interest rate risk arising from its foreign-currency denominated loans. These derivatives are accounted for either as derivatives designated as accounting hedges or derivatives not designated as accounting hedges.

The table below shows the derivative financial instruments of the Company:

	2022		2021	
	Derivative Assets	**Derivative Liabilities**	Derivative Assets	Derivative Liabilities
Derivatives designated as accounting hedges				
Call spread swaps	**₱–**	**₱–**	₱40,876,487	₱–
Interest rate swaps	**370,676,037**	–	–	281,562,350
Total derivatives	**₱370,676,037**	**₱–**	₱40,876,487	₱281,562,350
Presented as:				
Current	**₱44,354,398**	**₱–**	₱40,876,487	₱29,127,140
Noncurrent	**326,321,639**	–	–	252,435,210
Total derivatives	**₱370,676,037**	**₱–**	₱40,876,487	₱281,562,350

Derivatives Designated as Accounting Hedges

Hedge Effectiveness Results

As of December 31, 2022 and 2021, the fair value of the outstanding NDCCS amounted to nil. Since the critical terms of the Hedged Loan and NDCCS match, the Company recognized the aggregate fair value changes on these NDCCS under "Fair Value Adjustment on Hedging Transaction" account in the consolidated statements of financial position.

A. Interest Rate Swap Contracts

In the last quarter of 2014, EBWPC entered into four (4) interest rate swaps (IRS) with aggregate notional amount of US$150 million. This is to partially hedge the interest rate risks on its ECA and Commercial Debt Facility (Foreign Facility) that is benchmarked against US LIBOR and with flexible interest reset feature that allows EBWPC to select what interest reset frequency to apply (i.e., monthly, quarterly or semi-annually) [see Note 17]. As it is EBWPC's intention to reprice the interest rate on the Foreign facility semi-annually, EBWPC utilizes IRS with semi-annual interest payments and receipts. In the first quarter of 2016, EBWPC entered into three (3) IRS with aggregate notional amount of US$30 million.

Under the IRS agreement, EBWPC will receive semi-annual interest of 6-month USD-LIBOR and will pay fixed interest. EBWPC designated the IRS as hedging instruments in cash flow hedge against the interest rate risks arising from the Foreign Facility.

Pertinent details of the IRS are as follows:

Notional amount (in million)	Trade Date	Effective Date	Maturity Date	Fixed rate	Variable rate
US$36.3	10/20/14	12/15/14	10/23/29	2.635%	6-month LIBOR
23.4	10/20/14	12/15/14	10/23/29	2.635%	6-month LIBOR
22.8	10/20/14	12/15/14	10/23/29	2.635%	6-month LIBOR
11.0	02/12/16	06/15/16	10/23/29	1.825%	6-month LIBOR
5.3	12/11/14	12/15/14	10/23/29	2.508%	6-month LIBOR
3.6	02/12/16	06/15/16	10/23/29	1.825%	6-month LIBOR
3.6	02/12/16	06/15/16	10/23/29	1.825%	6-month LIBOR

The maturity date of the seven (7) IRS coincides with the maturity date of the Foreign Facility. As of December 31, 2022 and 2021, the outstanding aggregate notional amount of EBWPC's IRS amounted to US$106.0 million and US$118.3 million, respectively. The aggregate fair value losses on these IRS amounted to ₱72.1 million and ₱469.9 million as of December 31, 2022 and 2021, respectively.

Hedge Effectiveness Results
As of December 31, 2022 and 2021, the fair value of the outstanding IRS amounted to ₱370.7 million and ₱281.6 million, respectively. Since the critical terms of the Foreign Facility and IRS match, EBWPC recognized the aggregate fair value changes on these IRS under "Fair Value Adjustment on Hedging Transactions" account in the consolidated statements of financial position.

A. Call Spread Swap Contracts
In April 2020, the Parent Company entered into five (5) CSS with an aggregate notional amount of US$50.0 million. These derivative contracts were designated to hedge possible foreign exchange loss of US$50.0 million loan with Mizuho bank which matured on March 24, 2022.

The corresponding CSS was settled in April 2022.

The aggregate fair value change of these call spread contracts amounted to nil and ₱100.2 million as of December 31, 2022 and 2021, respectively.

Hedge Effectiveness Results
As of December 31, 2022, the fair value of the outstanding CSS amounted tonil. Since the critical terms of the CSS match, EDC recognized the aggregate fair value changes on these under "Derivative gains (losses)" account in the consolidated statements of income.

The net movement of fair value changes made to "Fair value adjustments on hedging transactions" account for the Company's cash flow hedges is as follows:

	2022	2021
Balances at beginning of year	**(₱588,484,497)**	(₱813,808,947)
Changes in fair value	**577,851,523**	40,778,090
	(10,632,974)	(773,030,857)
Transferred to consolidated statements of income		
Interest expense	**53,776,390**	145,008,121
Balances before tax	**43,143,416**	(628,022,736)
Tax	**28,995,245**	39,538,239
Balances at end of year	**₱72,138,661**	(₱588,484,497)

Fair Value Changes of Derivatives
The table below summarizes the net movement in fair values of the Company's derivatives as of December 31, 2022 and 2021.

	2022	2021
Balances at beginning of year	**(₱240,685,863)**	(₱658,611,108)
Net changes in fair value of derivatives designated as accounting hedges	**557,585,510**	272,917,124
Fair value of settled instruments:		
Designated as accounting hedges	**53,776,390**	145,008,121
Balances at end of year	**₱370,676,037**	(₱240,685,863)
Presented as:		
Derivative assets	**₱370,676,037**	₱40,876,487
Derivative liabilities	–	(281,562,350)
	₱370,676,037	(₱240,685,863)

Capital Management
The primary objective of the Company's capital management is to ensure that it maintains a healthy capital ratio in order to comply with its financial loan covenants and support its business operations. Core capital includes long-term debt and equity.

The Company manages and makes adjustment to its capital structure as it deems necessary. To maintain or adjust its capital structure, the Company may increase the levels of capital contributions from its creditors and owners/shareholders through debt and new shares issuance, respectively. No significant changes have been made in the objectives, policies and processes of the Company in 2022, 2021 and 2020.

The Company monitors capital using the debt ratio, which is long-term debt divided by long-term debt plus equity. The Company's policy is to keep the debt ratio at not more than 70%. The Company's long-term debt include both the current and long-term portions of long-term debts. Equity includes all items presented in the equity section of the consolidated statements of financial position.

The table below shows the total capital considered by the Company and its debt ratio as of December 31, 2022 and 2021.

	2022	2021
Long-term debts	**₱53,301,611,618**	₱53,119,086,195
Total equity	**75,577,494,076**	67,944,633,174
Total	**₱128,879,105,694**	₱121,063,719,369
Debt ratio	**41.36%**	43.88%

As of December 31, 2022 and 2021 the Company was able to meet its capital management objectives.

32. Commitments and Contingencies

Stored Energy
In 1996 and 1997, the Parent Company entered into Addendum Agreements to the PPA related to the Unified Leyte power plants where any excess generation above the nominated energy or take-or-pay volume will be credited against payments made by NPC for the periods it was not able to accept electricity delivered by EDC (see Note 21).

Company as a Lessee
The Company has lease contracts for office, parking spaces and warehouses.

On December 23, 2015, the Company entered into an agreement for the lease of office space with Rockwell Land Corporation for a period of five (5) years effective from July 1, 2015 to June 30, 2020. On November 25, 2020, the contract was extended for another five (5) years expiring on June 30, 2025.

On December 19, 2016, the Company renewed its lease agreement with Amberland Corporation for the lease of office and parking spaces for a period of five (5) years from December 1, 2016 to November 30, 2021. This was not renewed as of December 31, 2021.

The Company also has certain leases of assets with lease term of 12 months or less and leases of low value assets. The Company applies the short-term lease and lease of low value assets recognition exemption for these leases.

Set out below are the carrying amounts and movements of lease liabilities:

	2022	2021
As at January 1	**₱297,174,921**	₱366,713,842
Additions (Note 12)	**167,529,682**	36,137,905
Interest on lease liability (Note 25)	**16,758,684**	14,004,741
Adjustments	**(206,242)**	6,535,827
Payments	**(79,416,857)**	(126,217,394)
As at December 31	**401,840,188**	297,174,921
Current	**160,772,239**	92,906,116
Noncurrent	**₱241,067,949**	₱204,268,805

The maturity analysis of lease liabilities is discussed in Note 31.

The following amounts are recognized in profit or loss:

	2022	2021
Depreciation expense for right-of-use assets (Note 12)	**₱118,955,291**	₱138,192,962
Expense relating to short-term leases and low value assets	**222,137,776**	139,583,690
Variable lease payments	**43,216,782**	55,838,659
Interest on lease liability (Note 25)	**16,758,684**	14,004,741
Total amount recognized in profit or loss	**₱401,068,533**	₱347,620,052

The Company had total cash outflows for leases of office, parking spaces and warehouses amounting to ₱79.4 million and ₱126.2 million in 2022 and 2021, respectively.

Purchase Commitments
Total purchase commitments as of December 31, 2022 and 2021 amounted to ₱1,799 million and ₱4,415.1 million, respectively. These are expected to be settled in the succeeding financial years.

Income from Insurance Claims
Property damages
In 2022, 2021 and 2020, the Company recognized income from insurance claims totaling to ₱11.4 million, ₱169.4 million, and ₱369.3 million, respectively, relating to property damages caused by calamities such as the Leyte earthquake, and numerous typhoons which include but are not limited to Typhoon Urduja, Yolanda, Seniang, Amang, Glenda and Lawin (see Note 27).

Business interruptions and other claims
In 2022, 2021 and 2020, the Company recognized income from insurance claims totaling to ₱183.5 million, ₱881.0 million and ₱1,461.4 million, respectively, relating to business interruptions and other claims caused by calamities and various events, which include but are not limited to Leyte earthquake, Typhoon Yolanda, Typhoon Glenda and machinery breakdowns (see Note 27).

As of December 31, 2022 and 2021, outstanding insurance receivable amounted to ₱158.7 million and ₱60.9 million, respectively, which is included in "Non-trade accounts receivable" under "Trade and other receivables" (see Note 7).

Income from insurance claims are presented under "Miscellaneous income - net" in profit or loss.

Legal Claims
The Company is contingently liable for lawsuits or claims filed by third parties, including labor-related cases, which are pending decision by the courts, the outcomes of which are not presently determinable. In the opinion of management and its legal counsel, the eventual total liability from these lawsuits or claims, if any, will not have a material effect on the consolidated financial statements (see Notes 3 and 18).

33. Geothermal Service Concession Contracts

Geothermal Service Contracts
Under P.D. 1442, all geothermal resources in public and/or private lands in the Philippines, whether found in, on or under the surface of dry lands, creeks, rivers, lakes, or other submerged lands within the waters of the Philippines, belong to the State, inalienable and imprescriptible, and their exploration, development and exploitation. Furthermore, the Government may enter into service contracts for the exploration, development and exploitation of geothermal resources in the Philippines.

Pursuant to P.D. 1442, the Parent Company had entered into the following Geothermal Service Contracts (GSCs) with the Government of the Republic of the Philippines (represented by the DOE) for the exploration, development and production of geothermal fluid for commercial utilization:

a. Tongonan, Leyte, dated May 14, 1981
b. Southern Negros, dated October 16, 1981
c. Bac-Man, Sorsogon, dated October 16, 1981
d. Mt. Apo, Kidapawan, Cotabato, dated March 24, 1992
e. Northern Negros, dated March 24, 1994
f. Mt. Cabalian, Southern Leyte, dated January 13, 1997

The exploration period under the service contracts shall be five (5) years from the effective date, renewable for another two (2) years if the Parent Company has not been in default in its exploration, financial and other work commitments and obligations and has provided a work program for the extension period acceptable to the Government. Where geothermal resource in commercial quantity is discovered during the exploration period, the service contracts shall remain in force for the remainder of the exploration period or any extension thereof and for an additional period of 25 years thereafter, provided that, if the Parent Company has not been in default in its obligations under the contracts, the Government may grant an additional extension of 15 to 20 years.

Under P.D. 1442, the right granted by the Government to the Parent Company to explore, develop, and utilize the country's geothermal resource is subject to sharing of net proceeds with the Government. The net proceeds is what remains after deducting from the gross proceeds the allowable recoverable costs, which include development, production and operating costs. The allowable recoverable costs shall not exceed 90% of the gross proceeds. The Parent Company pays 60% of the net proceeds as government share and retains the remaining 40%. The 60% government share is comprised of government share and income taxes. The government share is split between the DOE (60%) and the LGUs (40%) where the project is located.

Geothermal Renewable Energy Service Contracts and Geothermal Operating Contracts

R.A. 9513, otherwise known as the Renewable Energy Act of 2008 (RE Law) and which became effective in January 2009, mandates the conversion of existing GSCs under P.D. 1442 into Geothermal Renewable Energy Service Contracts (GRESCs) so companies may avail of the incentives under the RE Law. Aside from the tax incentives, the significant terms of the service concessions under the GRESCs are similar to the GSCs except that the Parent Company has control over any significant residual interest over the steam fields, power plants and related facilities throughout the concession period and even after the concession period.

On September 10, 2009, the Parent Company was granted the Provisional Certificate of Registration as an RE Developer for the following existing projects: (1) GSC No. 01 - Tongonan, Leyte, (2) GSC No. 02 - Palinpinon, Negros Oriental, (3) GSC No. 03 - Bacon-Manito, Sorsogon/Albay, (4) GSC No. 04 - Mt. Apo, North Cotabato, and (5) GSC No. 06 - Northern Negros. With the receipt of the certificates of provisional registration as geothermal RE Developer, the fiscal incentives of the RE Law were availed of by the Parent Company retroactive from the effective date of such law on January 30, 2009. Fiscal incentives include, among others, change in the applicable corporate tax rate from 25% to 10% for RE-registered activities.

The GSCs were fully converted to GRESCs upon signing of the parties on October 23, 2009, thereby the Company is now the holder of five (5) GRESCs and the corresponding DOE Certificate Registration as an RE Developer for the following geothermal projects:

1. GRESC 2009-10-001 for Tongonan Geothermal Project
2. GRESC 2009-10-002 for Southern Negros Geothermal Project
3. GRESC 2009-10-003 for Bacon-Manito Geothermal Project
4. GRESC 2009-10-004 for Mt. Apo Geothermal Project
5. GRESC 2009-10-005 for Northern Negros Geothermal Project

The remaining service contract of the Parent Company covered by P.D. 1442 as of December 31, 2013 is the Mt. Cabalian in Southern Leyte. In 2014, after thorough assessment, the Parent Company surrendered to the Department of Energy the Geothermal Service Contract covering the Southern Leyte Geothermal Project located in Cabalian, Southern Leyte. The Parent Company has found the project not viable considering the size of the resource and the risk associated with the development and sustainability thereof.

EDC also holds geothermal resource service contracts for the following prospect areas:

1. Mt. Zion 2 Geothermal Project (currently in the process of conversion to the new RE contract template per DOE Department Circular No. DC2019-10-0013, 25-year contract period expiring in 2040, renewable for another 25 years)
2. Amacan Geothermal Project (with a five-year pre-development period expiring in 2021, 25-year contract period expiring in 2041, renewable for another 25 years)
3. Mainit-Sadanga Geothermal Project (with a seven-year pre-development period expiring in October 22, 2028, 25-year contract period expiring in 2047 , renewable for another 25 years)

Location	Project	Expiration of GSC	GSC Owner
North Cotabato/ Davao del Sur	Mt. Zion 2	2040	EDC
Compostela Valley	Amacan	2041	EDC
Sadanga and Bontoc,Mountain Province	Mainit-Sadanga	2047	EDC

Following the DOE's approval of the surrender of the energy service contracts for Ampiro, Lakewood and Balingasag, the exploration and evaluation costs incurred for these projects totaling to ₱9.0 million and the related allowance for impairment losses were written off in 2020 (see Notes 3 and 14).

Under the GRESCs, the Parent Company pays the government share equivalent to 1.5% of the gross income from the sale of geothermal steam produced and such other income incidental to and arising from generation, transmission, and sale of electric power generated from geothermal energy within the contract areas. Under the GRESCs, gross income derived from business is an amount equal to gross sales less sales returns, discounts and allowances, and cost of goods sold. Cost of goods sold includes all business expenses directly incurred to produce the steam used to generate power under a GRESC.

The RE Law also provides that the exclusive right to operate geothermal power plants shall be granted through a Renewable Energy Operating Contract with the Philippine Government through the DOE. On May 8, 2012, EDC, through its subsidiaries GCGI and BGI secured three (3) Geothermal

Operating Contracts (GOCs), each with a 25-year contract period expiring in 2037 and renewable for another 25 years, covering the following power plant operations:

1) Tongonan Geothermal Power Plant under DOE Certificate of Registration No. GOC 2012-04-038
2) Palinpinon Geothermal Power Plant under DOE Certificate of Registration No. GOC 2012-04-037
3) Bacon-Manito Geothermal Power Plant under DOE Certificate of Registration No. GOC 2012-04-039

Total outstanding government share and the related expense are shown in Notes 16 and 22 to the consolidated financial statements, respectively.

34. Wind Energy Service Contracts and Solar Energy Service Contracts

Wind Energy Service Contracts

On September 14, 2009, the Parent Company entered into WESC 2009-09-004 with the DOE granting the Parent Company the right to explore and develop the Burgos Wind Project for a period of 25 years from the effective date. The pre-development stage under the WESC shall be two (2) years extendible for another year if the Parent Company has not been in default in its exploration or work commitments and has provided a work program for the extension period upon confirmation by the DOE. Within the pre-development stage, the Parent Company shall undertake exploration, assessment and other studies of wind resources in the contract area. Upon declaration of commerciality, as confirmed by the DOE, the WESC shall remain in force for the balance of the 25-year period for the development/commercial stage.

The DOE shall approve the extension of the WESC for another 25 years under the same terms and conditions, provided the Parent Company is not in default of any material obligations under the contract and has submitted a written notice to the DOE for the extension of the contract not later than one (1) year prior to the expiration of the original 25-year period. Further, the WESC provides that all materials, equipment, plant and other installations erected or placed on the contract area by the Parent Company shall remain the property of the Parent Company throughout the term of the contract and after its termination.

On May 26, 2010, the BOD of EDC approved the assignment and transfer to EBWPC of all the contracts, assets, permits and licenses relating to the establishment and operation of the Burgos Wind Power Project under DOE Certificate of Registration No. WESC 2009-09-004. On May 16, 2013, EBWPC was granted a Certificate of Confirmation of Commerciality by the DOE.

As of December 31, 2022, the Company holds eighteen (18) Wind Energy Service Contracts ("WESC") with the DOE, each with a twenty five (25)-year contract period. The WESCs cover the following:

	Projects	DOE Certificates of Registration
1)	150 MW Wind Project in Burgos, Ilocos Norte	WESC 2009-09-004 (expiring in 2034)
2)	84 MW Wind Project in Pagudpud, Ilocos Norte	WESC 2010-02-040 (expiring in 2035)
3)	Burgos 1 Wind Project in Burgos, Ilocos Norte	WESC 2013-12-063 (expiring in 2038)
4)	Burgos 2 Wind Project in Burgos, Ilocos Norte	WESC 2013-12-064 (expiring in 2038)
5)	Matnog 1 Wind Project in Matnog and Magdalena, Sorsogon*	WESC 2014-07-075 (expiring in 2039)
6)	Matnog 2 Wind Project in Matnog, Sorsogon*	WESC 2014-07-076 (expiring in 2039)
7)	Matnog 3 Wind Project in Matnog, Sorsogon*	WESC 2014-07-077 (expiring in 2039)
8)	Iloilo 1 Wind Project in Batad and San Dionisio, Iloilo	WESC 2014-07-078 (expiring in 2039)
9)	Burgos 3 Wind Project in Burgos and Pasuquin, Ilocos Norte	WESC 2015-09-085 (expiring in 2040)
10)	Burgos 4 Wind Project in Burgos, Ilocos Norte	WESC 2015-09-086 (expiring in 2040)
11)	Ilocos Norte Wind Power Project in Burgos and Pasuquin, Ilocos Norte	WESC 2021-01-147 (expiring in 2046)
12)	Pasuquin Wind Power Project in Pasuquin Ilocos Norte	WESC 2021-01-148 (expiring in 2046)
13)	Guimaras Onshore Wind Project	WESC 2022-03-199 (expiring in 2047)
14)	Guimaras 1 Offshore Wind Project	WESC 2022-05-202 (expiring in 2047)
15)	Iloilo-Guimaras Offshore Wind Project	WESC 2022-05-203 (expiring in 2047)
16)	Guimaras-Negros Occidental Offshore Wind Project	WESC 2022-05-204 (expiring in 2047)
17)	Laguna 1 Onshore Wind Project	WESC 2022-10-224 (expiring in 2047)
18)	Negros Occidental Offshore Wind Project	WESC 2022-10-225 (expiring in 2047)

**WESCs were surrendered to the DOE in April 2022*

Solar Energy Service Contracts

As of December 31, 2022, the Parent Company holds two (2) SESCs with the DOE with a 25-year contract period. The SESCs cover the following:

	Projects	DOE Certificates of Registration
1)	6.82 MW Burgos Solar Project in Burgos, Ilocos Norte	SESC No. 2014-07-088 (expiring in 2039 and renewable for another twenty five (25) years)
2)	Gaisano Iloilo, Iloilo City Solar Rooftop Project*	SESC No. 2016-11-352 (expiring in 2042 and renewable for another twenty five (25) years)

** SESC assigned to EDC Siklab Power Corporation*

35. FG Hydro's Contracts and Agreements

Operation and Maintenance Agreement (O&M Agreement)

The FG Hydro has an O&M Agreement with NIA, with the conformity of NPC. Under the O&M Agreement, NIA will manage, operate, maintain and rehabilitate the Non-Power Components of the PAHEP/MAHEP in consideration for a service fee based on actual cubic meter of water used by the FG Hydro for power generation.

The O&M Agreement is effective for a period of 25 years commencing on November 18, 2006 and renewable for another 25 years under the terms and conditions as may be mutually agreed upon by both parties.

Total service fees incurred amounted to ₱115.9 million and ₱112.3 million in 2022 and 2021, respectively, and are included under the "Power plant operations and maintenance" account in the consolidated statements of income.

Memorandum of Agreement with Protected Area Management Board (MOA with PAMB)

PSALM entered into a MOA with PAMB on July 17, 2006. Under the MOA, PAMB granted the FG Hydro the right to use the Masiway land, where the MAHEP power plant is situated in consideration for an annual user's fee. The MOA will be effective for 25 years and renewable for a similar period subject to terms and conditions as may be mutually agreed upon by both parties.

By virtue of R.A. 7586 or the National Integrated Protected Areas System (NIPAS) Act of 1992 and as amended by RA 11038 or the Expanded NIPAS Act of 2018, Department of Environment and Natural Resources issued its implementing rules and regulations (IRR) under DENR Administrative Order 2019-05 dated May 30, 2019. The said IRR details the mandate for any existing agreements for a protected area, including the MOA for the Masiway land, to be converted to a Special Use Agreement in Protected Areas (SAPA). As of December 31, 2022, FG Hydro is coordinating with its local PAMB for the transition of its existing MOA to the prescribed SAPA.

The FG Hydro incurred annual user's fee amounting to ₱0.1 million in 2022 and 2021. The user's fee is included under the "Taxes and licenses" account in the statements of income.

Memorandum of Agreement with NGCP (MOA with NGCP)

FG Hydro entered into a MOA with NGCP on August 31, 2011 for the performance of services on the operation of the PAHEP 230 kV switchyard and its related appurtenances (Switchyard).

The MOA is effective for a period of five (5) years and renewable for another three (3) years under such terms as maybe agreed by both parties. The MOA with NGCP expired on August 31, 2016 after which the FG Hydro continued to perform services on the operation of the Switchyard until the signing of a new contract.

A new MOA, effective for a period of five (5) years upon signing by the parties, was signed with NGCP on January 20, 2020. The MOA is renewable for another three (3) years under such terms and conditions as may be agreed by the parties.

36. Vestas Operation and Maintenance Agreement

In March 2013, the Company entered into an agreement with Vestas Wind Systems (Vestas) for the construction of its 87 MW Burgos Wind Project (Phase 1), located in the Municipality of Burgos, Ilocos Norte. The project comprises three components: (i) the establishment of a wind farm facility; (ii) a 115kV transmission line; and (iii) a substation adjacent to the wind farm. On April 30, 2014, the Company and Vestas have entered into another contract for the construction and installation of an additional 21 wind turbines (Phase 2) increasing the total generating capacity from 87 MW to 150 MW.

EBWPC will operate and maintain the wind farm under a 10-year operations and maintenance agreement with Vestas. The Vestas O&M contract is a service and energy-based availability agreement based on Vestas' Active Output Management 5000 product. The agreement is a full-scope maintenance contract covering both scheduled and unscheduled maintenance with an energy-based availability on the wind turbines. The agreement covers the wind turbines, wind farm electrical balance-of-plant systems, the wind turbine yaw back-up generators and the Burgos Substation as opposed to a traditional O&M contract that provides a guarantee that the turbines in a wind power plant are operational for a defined period of time on an annual basis (referred to as time-based availability), the AOM 5000 model provides an energy-based guarantee, which encourages the contractor to ensure that the turbines are fully operational when the wind is blowing.

37. Renewable Energy Payment Agreement

Under Section 2.2 of the ERC Resolution No. 24, Series of 2013, *A Resolution Adopting the Guidelines on the Collection of the FIT Allowance (FIT-All) and the Disbursement of the FIT-All Fund* (the FIT-All Guidelines), all eligible renewable energy (RE) plant shall enter into a Renewable Energy Payment Agreement (REPA) with TransCo for the payment of the FIT.

Pursuant to the FIT-All Guidelines, EBWPC entered into a REPA with TransCo for its Burgos Wind Power Plants. The REPA became effective after all the documents enumerated in Section 3.1 of the REPA have been submitted to and certified complete by TransCo. Included in those required documents is the FIT COC issued by the ERC on April 13, 2015.

The ERC granted on April 13, 2015 the FIT COC for the Burgos Wind Project - Phase I and II, which specifies that the project is entitled to the FIT rate of ₱8.53 per kilowatt-hour (kWh), subject to adjustments as may be approved by the ERC, from November 11, 2014 to November 10, 2034.

Similarly, on April 24, 2015, the Parent Company entered into a REPA for its 4.16 MW Solar Power Plants with TransCo.

In accordance with the REPA, all actual RE generation from the commercial operations date (COD) until the effective date of the REPA (effective date) were billed to and collected from the Philippine Electricity Market Corporation (PEMC) at market price.

After the effective date of the REPA, billings for all actual RE generation have been submitted directly to and collected from TransCo at the applicable FIT rates as approved by the ERC. In addition, the actual FIT differential from the COD until the effective date were also billed to TransCo over the number of months which lapsed during that period.

FIT rate adjustments

On May 26, 2020, the ERC approved Resolution No. 06, Series of 2020 which approves and adopts FIT rate adjustments, for the years 2016, 2017, 2018, 2019 and 2020 using 2014 as the base year for the consumer price index and foreign exchange. The said resolution was published in a newspaper of general circulation on November 17, 2020 and became effective 15 days after. Accordingly, in 2020, the Company recognized additional revenue and long-term receivables computed on the FIT rate increment which will be recovered for a period of five years starting January 1, 2021.

In 2022 and 2021, while waiting for the approval of the 2022 and 2021 FIT rates, management has assessed that the lower between the ERC approved 2020 FIT rates and the TransCo forecasted FIT rates for 2022 and 2021, represent the best estimate of the transaction price the Company will be entitled to in exchange of the delivered energy.

Total FIT revenue adjustment recognized by the Company amounted to ₱265.5 million, ₱450.8 million and ₱356.5 million, in 2022, 2021 and 2020, respectively.

As of December 31, 2022 and 2021, the noncurrent portion of the receivable from TransCo included in "Long-term Receivables" under "Other Noncurrent Assets" amounted to ₱1,290.8 million and ₱1,452.4 million, respectively, while the current portion amounting to ₱57.5 million and ₱145.5 million, respectively, is included under "Trade and Other Receivables" (see Notes 7 and 15). Interest accretion on receivable from TransCo amounted to ₱36.9 million, ₱38.6 million and ₱3.2 million in 2022, 2021 and 2020, respectively (see Note 25).

38. Changes in Liabilities Arising from Financing Activities

	January 1, 2022	Cash flows	Foreign exchange movements	Others	December 31, 2022
Current and noncurrent portion of long-term debts (Note 17)	₱53,119,086,195	(₱706,932,585)	₱1,024,756,357	(₱135,298,349)	₱53,301,611,618
Accrued interest on long-term debts	449,573,490	(2,667,275,303)	–	2,718,659,735	500,957,922
Lease liability	297,174,920	(79,416,857)	–	184,082,125	401,840,188
Acquisition of treasury stock (Notes 1 and 19)	–	(1,702,920)	–	1,702,920	–
Dividends paid (Note 19)	10,054,640	(5,293,500,000)	–	5,295,258,886	11,813,526
Total liabilities from financing activities	₱53,875,889,245	(₱8,748,827,665)	₱1,024,756,357	₱8,064,405,317	₱54,216,223,254

	January 1, 2021	Cash flows	Foreign exchange movements	Others	December 31, 2021
Current and noncurrent portion of long-term debts (Note 17)	₱60,030,274,514	(₱7,568,066,306)	(₱78,061,236)	₱734,939,223	₱53,119,086,195
Accrued interest on long-term debts	806,489,990	(3,014,017,902)	–	2,657,101,402	449,573,490
Lease liability	366,713,842	(126,217,394)	–	56,678,472	297,174,920
Acquisition of treasury stock (Notes 1 and 19)	–	(49,735,720)	–	49,735,720	–
Dividends paid (Note 19)	5,007,752,699	(10,292,546,786)	–	5,294,848,727	10,054,640
Total liabilities from financing activities	₱66,211,231,045	(₱21,050,584,108)	(₱78,061,236)	₱8,793,303,544	₱53,875,889,245

Other includes effect of reclassification of noncurrent portion of long-term debts, amortization of debt issuance costs, declaration of dividends on preferred stocks that were not yet paid at the end of financial reporting date, and effect of accrued but not yet paid interest on long-term debts.

39. Event After the Financial Reporting Date

On February 22, 2023, EDC has drawn additional ₱3.0 billion from the BDO loan facility at a 6-month floating rate of 5.70% maturing on September 2032.

On February 27, 2023, the BOD of the Parent Company approved the proposed reverse stock split of the Parent Company's shares of stock, which will involve the following:

a) Amendment of the Articles of Incorporation of the Company to (i) increase the par value of each common share from ₱1.00 to ₱1,000,000.00, and (ii) increase the par value of each preferred share from ₱0.01 to ₱10,000.00, while maintaining its current authorized capital stock; and
b) Payment of the fractional shares (as treasury shares) at a price to be determined and approved by the Company's Operations Committee.

SGV
Building a better working world

SyCip Gorres Velayo & Co.
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1226 Makati City
Philippines

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Board of Directors and Stockholders
Energy Development Corporation
Rockwell Business Center Tower 3
Ortigas Avenue, Pasig City, Philippines

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Energy Development Corporation (a subsidiary of Red Vulcan Holdings Corporation) and its subsidiaries (collectively referred to as the Company) as at December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022, included in this Form 17-A and have issued our report thereon dated March 10, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Maria Veronica Andresa R. Pore
Partner
CPA Certificate No. 90349
Tax Identification No. 164-533-282
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 90349-SEC (Group A)
Valid to cover audit of 2022 to 2026 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-071-2020, December 3, 2020, valid until December 2, 2023
PTR No. 9564679, January 3, 2023, Makati City

March 10, 2023

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INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
Energy Development Corporation
Rockwell Business Center Tower 3
Ortigas Avenue, Pasig City, Philippines

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Energy Development Corporation (a subsidiary of Red Vulcan Holdings Corporation) and its subsidiaries (collectively referred to as the Company) as at December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022, and have issued our report thereon dated March 10, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Company's consolidated financial statements as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Maria Veronica Andresa R. Pore
Partner
CPA Certificate No. 90349
Tax Identification No. 164-533-282
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
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PTR No. 9564679, January 3, 2023, Makati City

March 10, 2023

A member firm of Ernst & Young Global Limited

ENERGY DEVELOPMENT CORPORATION
(A Subsidiary of Red Vulcan Holdings Corporation)
AND SUBSIDIARIES

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2022

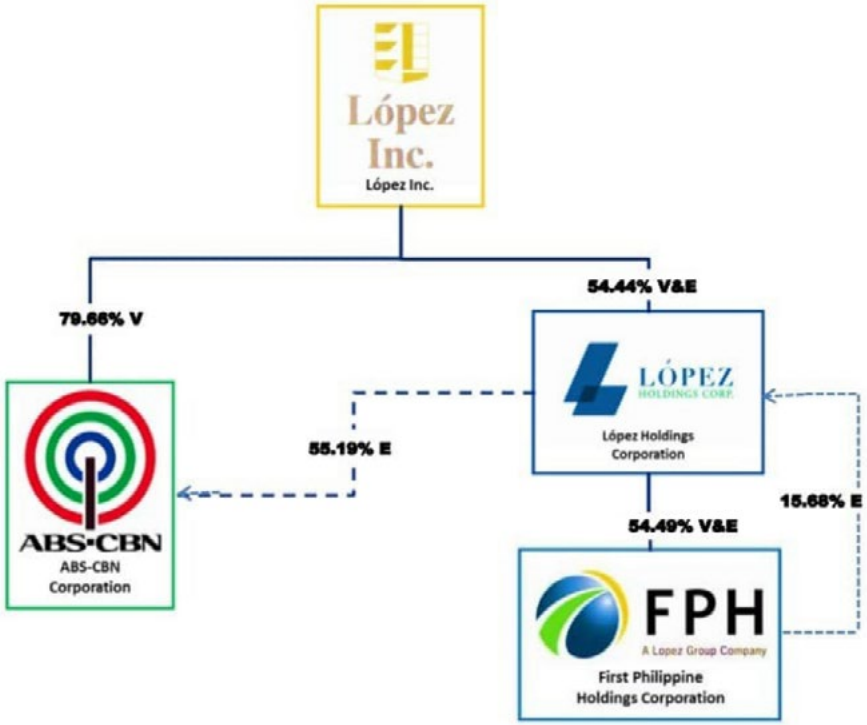
Schedule	Contents
Index to the Consolidated Financial Statements	
I	Map Showing the Relationships Between and Among the Companies in the Group, its Ultimate Parent Company and Co-subsidiaries
II	Reconciliation of Retained Earnings Available for Dividend Declaration
Supplementary Schedules by Annex 68-J	
A	Financial Assets
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related parties)
C	Amounts Receivable from Related Parties and Amounts Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements
D	Long-Term Debt
E	Indebtedness to Related Parties
F	Guarantees of Securities of Other Issuers
G	Capital Stock

ENERGY DEVELOPMENT CORPORATION
(A Subsidiary of Red Vulcan Holdings Corporation)

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2022

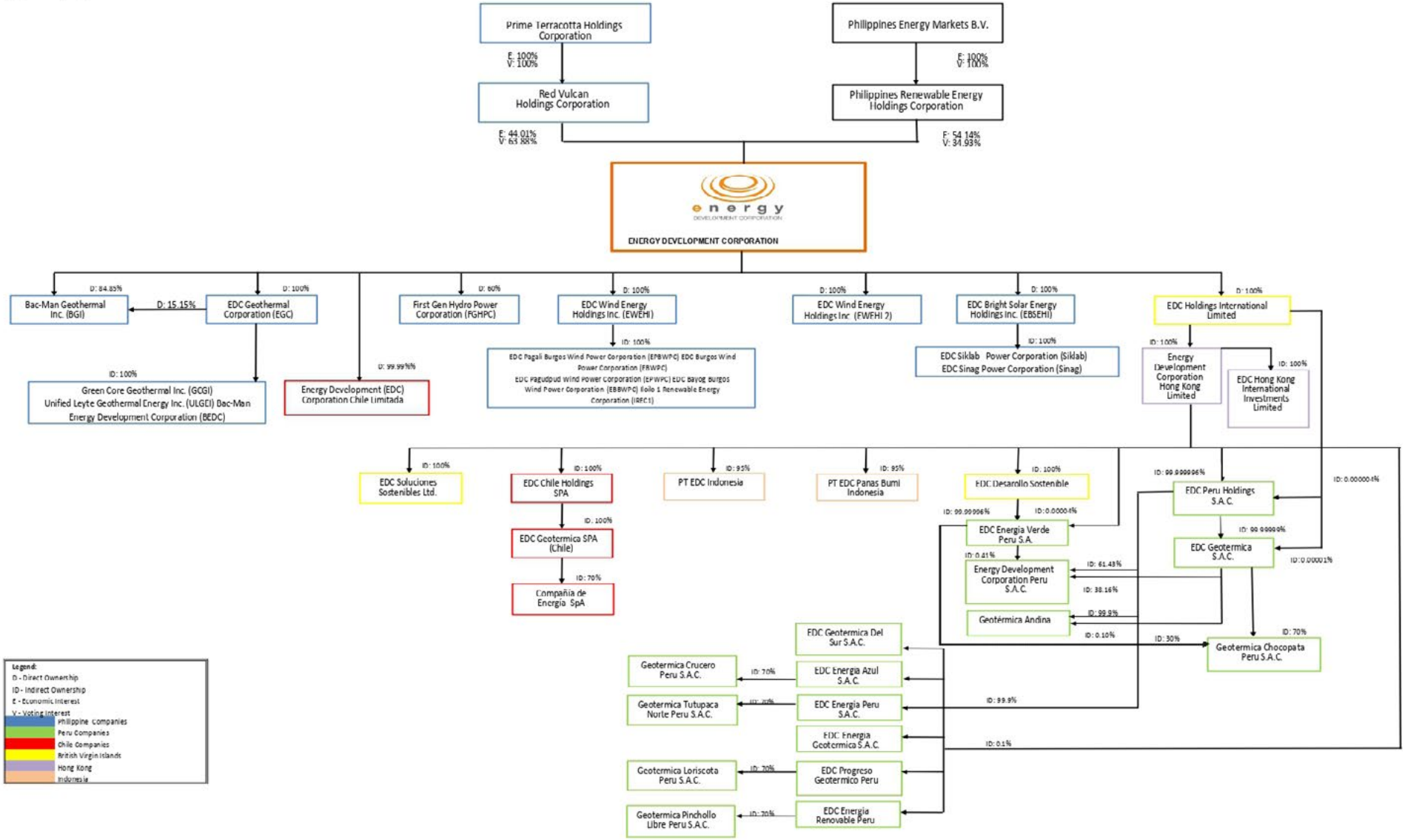
Unappropriated retained earnings, January 1, 2022		₱ 31,303,459,532
Add (Less) adjustments:		
Treasury shares	(14,729,043,061)	
Deferred tax assets	1,411,125,828	(13,317,917,233)
Unappropriated retained earnings, as adjusted to available for dividend declaration, January 1, 2022		17,985,542,299
Net income in 2022 closed to retained earnings	18,492,513,820	
Less: Non-actual/unrealized income (net of tax)		
Unrealized foreign exchange gain	(2,583,732)	
Unrealized mark-to-market gain on financial asset at FVPL	(258,668)	
Net income actually earned in 2022		18,489,671,420
Add (Less):		
Dividend declaration during the period	(5,293,500,000)	
Appropriation of retained earnings during the period	(30,000,000,000)	
Reversal of appropriation of retained earnings during the period	6,632,664,565	
Acquisition of treasury shares during the period	(1,702,920)	(28,662,538,355)
TOTAL RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION, DECEMBER 31, 2022		**₱7,812,675,364**

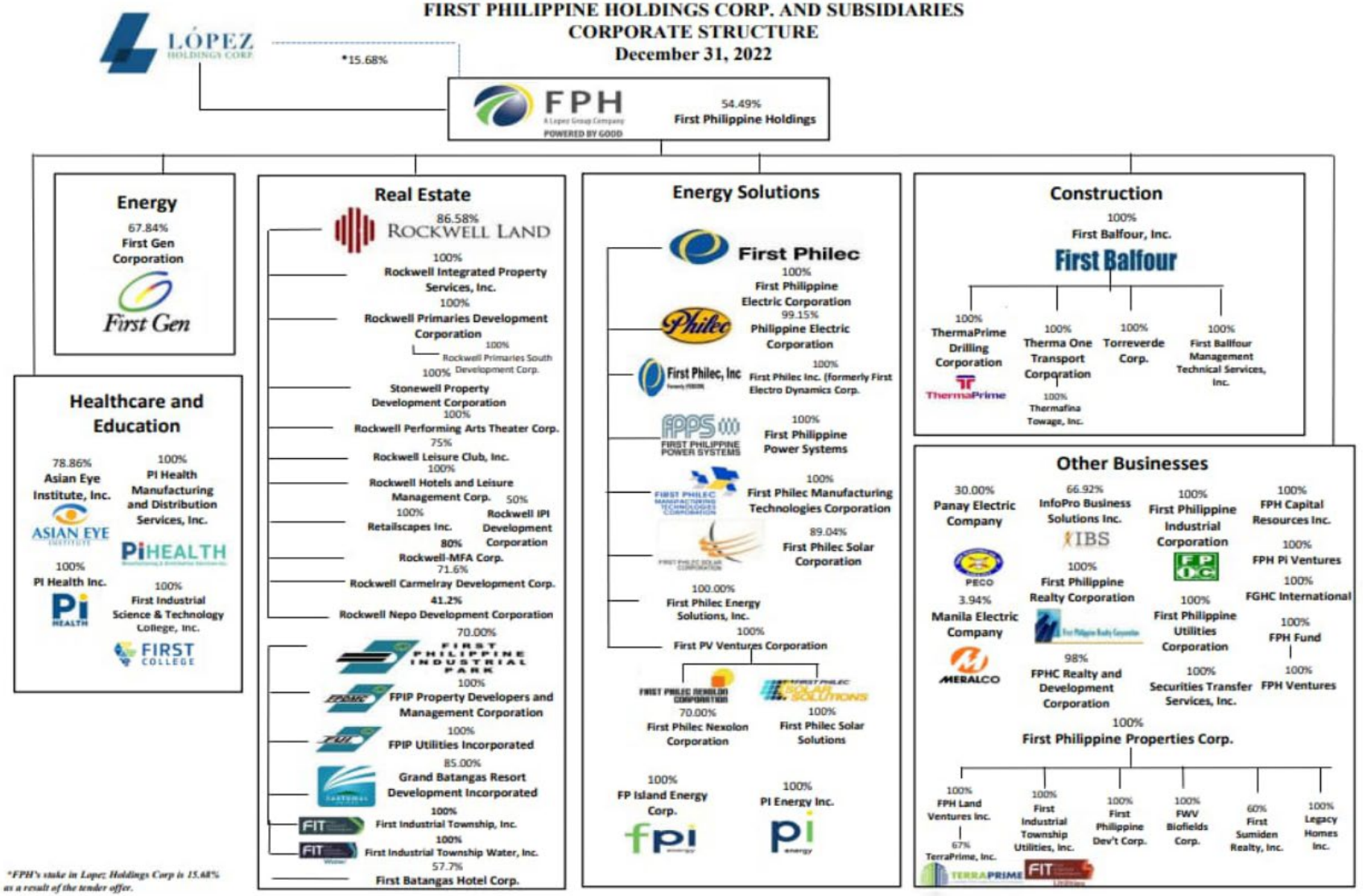
LOPEZ HOLDINGS CORPORATION AND SUBSIDIARIES
MAP OF RELATIONSHIP OF THE COMPANIES WITHIN THE GROUP
DECEMBER 31, 2022

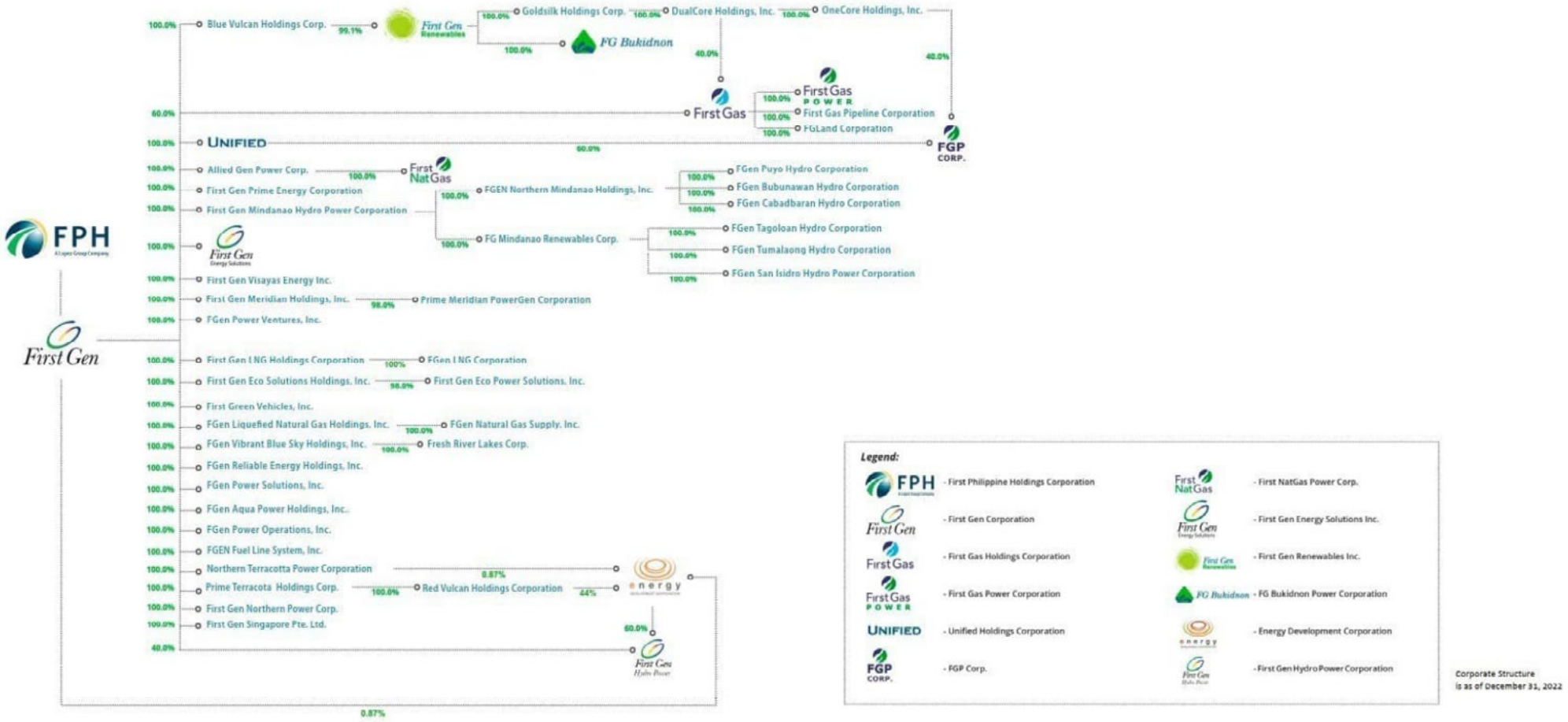


Ownership Structure of Energy Development Corporation

(As of December 31, 2022)




FIRST PHILIPPINE HOLDINGS CORP. AND SUBSIDIARIES
CORPORATE STRUCTURE
December 31, 2022
LÓPEZ HOLDINGS CORP.
*15.68%
FPH
A Lopez Group Company
POWERED BY GOOD
54.49%
First Philippine Holdings
Energy
67.84%
First Gen Corporation
First Gen
Healthcare and Education
78.86%
Asian Eye Institute, Inc.
ASIAN EYE INSTITUTE
100%
PI Health Manufacturing and Distribution Services, Inc.
PiHEALTH
100%
PI Health Inc.
Pi HEALTH
100%
First Industrial Science & Technology College, Inc.
FIRST COLLEGE
Real Estate
86.58%
ROCKWELL LAND
100%
Rockwell Integrated Property Services, Inc.
100%
Rockwell Primaries Development Corporation
100%
Rockwell Primaries South Development Corp.
100%
Stonewell Property Development Corporation
100%
Rockwell Performing Arts Theater Corp.
75%
Rockwell Leisure Club, Inc.
100%
Rockwell Hotels and Leisure Management Corp.
100%
Retailscapes Inc.
50%
Rockwell IPI Development Corporation
80%
Rockwell-MFA Corp.
71.6%
Rockwell Carmelray Development Corp.
41.2%
Rockwell Nepo Development Corporation
70.00%
FIRST PHILIPPINE INDUSTRIAL PARK
100%
FPIP Property Developers and Management Corporation
100%
FPIP Utilities Incorporated
85.00%
Grand Batangas Resort Development Incorporated
100%
First Industrial Township, Inc.
100%
First Industrial Township Water, Inc.
57.7%
First Batangas Hotel Corp.
Energy Solutions
First Philec
100%
First Philippine Electric Corporation
99.15%
Philippine Electric Corporation
First Philec, Inc
100%
First Philec Inc. (formerly First Electro Dynamics Corp.
FPPS FIRST PHILIPPINE POWER SYSTEMS
100%
First Philippine Power Systems
100%
First Philec Manufacturing Technologies Corporation
89.04%
First Philec Solar Corporation
100.00%
First Philec Energy Solutions, Inc.
100%
First PV Ventures Corporation
70.00%
First Philec Nexolon Corporation
100%
First Philec Solar Solutions
100%
FP Island Energy Corp.
fpi
100%
PI Energy Inc.
pi
Construction
100%
First Balfour, Inc.
First Balfour
100%
ThermaPrime Drilling Corporation
ThermaPrime
100%
Therma One Transport Corporation
100%
Thermafina Towage, Inc.
100%
Torreverde Corp.
100%
First Balfour Management Technical Services, Inc.
Other Businesses
30.00%
Panay Electric Company
PECO
3.94%
Manila Electric Company
MERALCO
66.92%
InfoPro Business Solutions Inc.
IBS
100%
First Philippine Realty Corporation
98%
FPHC Realty and Development Corporation
100%
First Philippine Industrial Corporation
FPIC
100%
First Philippine Utilities Corporation
100%
Securities Transfer Services, Inc.
100%
FPH Capital Resources Inc.
100%
FPH Pi Ventures
100%
FGHC International
100%
FPH Fund
100%
FPH Ventures
100%
First Philippine Properties Corp.
100%
FPH Land Ventures Inc.
67%
TerraPrime, Inc.
TERRAPRIME
100%
First Industrial Township Utilities, Inc.
100%
First Philippine Dev't Corp.
100%
FWV Biofields Corp.
60%
First Sumiden Realty, Inc.
100%
Legacy Homes Inc.
*FPH's stake in Lopez Holdings Corp is 15.68% as a result of the tender offer.



Legend:

- FPH - First Philippine Holdings Corporation
- First Gen - First Gen Corporation
- First Gas - First Gas Holdings Corporation
- First Gas POWER - First Gas Power Corporation
- UNIFIED - Unified Holdings Corporation
- FGP CORP. - FGP Corp.
- First NatGas - First NatGas Power Corp.
- First Gen Energy Solutions - First Gen Energy Solutions Inc.
- First Gen Renewables - First Gen Renewables Inc.
- FG Bukidnon - FG Bukidnon Power Corporation
- energy - Energy Development Corporation
- First Gen Hydro Power - First Gen Hydro Power Corporation

Corporate Structure is as of December 31, 2022

ENERGY DEVELOPMENT CORPORATION
AND SUBSIDIARIES

INDEX TO SUPPLEMENTARY SCHEDULES
Form 17-A, Item 7

Supplementary Schedules

A. Financial Assets

B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)

C. Amounts Receivable from Related Parties and Amounts Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements

D. Long-Term Debt

E. Indebtedness to Related Parties*

F. Guarantees of Securities of Other Issuers*

G. Capital Stock

* Not Applicable

Exhibit 3

ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS
As of December 31, 2022

FINANCIAL ASSETS	Name of Issuing Entity & association of each use	Amount shown in the balance sheet	Income received and accrued
Loans and receivables:			
Cash and cash equivalents	N/A	17,597,790,076	93,715,002
Trade Receivables	N/A	7,041,337,145	
Due from related parties	N/A	30,837,428	
Loans and notes receivables	N/A	43,597,418	
Advances to employees	N/A	33,319,232	
Non-trade Accounts Receivables	N/A	400,544,094	
Long term receivables	N/A	1,497,117,960	
Debt Service Reserve Account	N/A	-	
Financial assets at FVOCI			
Debt investments	RCBC Retail Treasury Bonds	54,231,000	
Debt investments	RCBC GT Capital Fixed Rate Bonds	35,008,855	
Debt investments	BDP Fixed Rate Treasury Note	22,992,000	
Debt investments	Retail Treasury Bond	98,033,220	
Equity Investments	Preferred Shares - BGI	5,944,324,848	
Equity Investments	Wack Wack Golf & Country Club Share	58,000,000	
Equity Investments	Alabang Country Club Share	11,000,000	
Equity Investments	Baguio Country Club Share	6,000,000	
Equity Investments	Club Filipino Share	300,000	
Equity Investments	Metropolitan Club Share	250,000	
Equity Investments	Orchard Golf & Country Club Share	3,000,000	
Equity Investments	Petron Corp.	42,302	
Equity Investments	Capitol Hills Golf & Country Club Share	170,000	
Equity Investments	Investment in proprietary club membership	6,000,000	
Financial asset at FVPL	BDO Unit Investment Trust Fund	1,091,439	49,965,394
	Investment Management Agreement	11,561,382	
	BDO SunLife	75,771	
Derivative Assets	N/A	370,676,036	
TOTAL		33,267,300,207	143,680,396

ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES

SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)

As of December 31, 2022

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Accounts Written-off	Current	Not Current	Balance at End of Period
Employees Directors	82,561,186	3,001,937			85,563,123	-	85,563,123
TOTAL							

Note: The Company keeps the information on the name & designation of employees and other details confidential. As per written agreement with the concerned employees, any outstanding balance at the time of retirement shall be deducted from the retirement benefit proceeds.

ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES
SCHEDULE C - Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
As of December 31, 2022

Name of Subsidiary	Balance at January 1, 2022	Additions	Amounts Collected	Offsetting	Reclassification	Cumulative Translation Adjustment	Current	Non- Current	Amount Eliminated
Energy Development Corporation									
Bac-Man Energy Development Corporation	159,012.81	17,590.36	-	-	-	-	176,603.17	-	176,603.17
Bac-Man Geothermal Inc.	285,114.57	13,255.00	(3,745.79)	(291,274.57)	-	-	3,349.21	-	3,349.21
EDC Burgos Wind Power Corporation	27,330.00	70,097,669.97	-	(70,124,999.97)	-	-	0.00	-	0.00
EDC Geotermica Chile S.P.A.	18,003,880.94	-	-	-	-	-	18,003,880.94	-	18,003,880.94
EDC Hong Kong International Limited	250,980.00	55,740.00	-	-	-	-	306,720.00	-	306,720.00
EDC Hong Kong Limited	59,606.48	3,183.19	-	-	-	-	62,789.67	-	62,789.67
EDC Geothermal Corp.	9,254,802.00	17,590.36	(4,604,802.00)	-	-	-	4,667,590.36	-	4,667,590.36
EDC Sinag Iloilo Power Corporation	36,619.44	0.00	(160,763.82)	1,000.00	123,144.38	-	-	-	-
EDC Pagudpud Wind Power Corporation	4,141,095.78	28,749.61	-	-	-	-	4,169,845.39	-	4,169,845.39
EDC Wind Energy Holdings Inc.	735,785,641.36	-	-	(735,785,641.36)	637,494,060.91	-	637,494,060.91	-	637,494,060.91
First Gen Hydro Power Corporation	0.00	0.00	(495,269.71)	-	495,269.71	-	0.00	-	0.00
Green Core Geothermal Inc.	554,860,451.46	775,043,620.11	-	(226,036,470.25)	(1,103,709,601.34)	-	157,999.98	-	157,999.98
EDC Siklab Iloilo Power Corporation	36,619.36	-	(156,259.30)	-	119,639.94	-	-	-	-
PT EDC Indonesia	2,801,023.62	-	-	-	-	-	2,801,023.62	-	2,801,023.62
Southern Negros Geothermal, Inc.	36,619.36	-	(156,198.52)	1,000.00	118,579.16	-	(0.00)	-	(0.00)
Unified Leyte Geothermal Energy Inc.	13,473.85	-	-	(13,473.85)	166,033.31	-	166,033.31	-	166,033.31
EDC Geotermica Peru S.A.C.	680,380.82	-	-	-	-	-	680,380.82	-	680,380.82
EDC Chile Limitada	4,856,280.36	-	-	-	-	-	4,856,280.36	-	4,856,280.36
EDC Bright Solar Energy Holdings, Inc.	684,013.38	34,291.17	-	-	-	-	718,304.55	-	718,304.55
EDC Siklab Power Corporation	2,330.00	1,197,568.03	(1,198,963.03)	(300.00)	(0.00)	-	635.00	-	635.00
EDC Cleansolar Visayas Power Corporation	52,390.39	25,720.39	-	-	(78,110.78)	-	-	-	-
EDC Bayog Burgos Wind Power Corporation	178,292.68	26,964.61	-	-	6,761.56	-	212,018.85	-	212,018.85
EDC Pagali Burgos Wind Power Corporation	179,847.48	26,964.61	-	-	6,761.56	-	213,573.65	-	213,573.65
EDC Sinag Power Corporation	182,299.99	26,912.61	-	-	7,194.67	-	216,407.27	-	216,407.27
Iloilo 1 Renewable Energy Corporation	135,740.16	26,964.61	-	-	2,761.56	-	165,466.33	-	165,466.33
Matnog 1 Renewable Energy Corporation	-	27,468.60	-	-	(27,468.60)	-	-	-	-
Matnog 2 Renewable Energy Corporation	0.00	24,291.10	-	-	(24,291.10)	-	0.00	-	0.00
Matnog 3 Renewable Energy Corporation	0.00	25,468.10	-	-	(25,468.10)	-	0.00	-	0.00
Negros 1 Renewable Energy Corporation	-	18,635.61	(103,725.66)	-	85,090.05	-	-	-	-
EDC Wind Energy Holdings Inc. 2	53,333.86	19,443.36	-	-	(55,393.86)	-	17,383.36	-	17,383.36
Burgos 3 Renewable Energy Corporation	0.00	17,374.61	(80,058.26)	-	62,683.65	-	0.00	-	0.00
Burgos 4 Renewable Energy Corporation	0.00	11,375.61	(65,439.26)	-	54,063.65	-	0.00	-	0.00
Calaca Renewable Corporation	-	19,955.61	(73,830.70)	-	53,875.09	-	-	-	-
EDC Hong Kong International Investments Limited	-	1,248,239.46	-	-	-	-	1,248,239.46	-	1,248,239.46
EDC Chile Limitada									
EDC Geotermica SPA	24,631,955.86	-	-	-	30,096.77	2,347,533.03	27,009,585.66	-	27,009,585.66
EDC Chile Holdings SPA	-	-	-	-	3,660,389.13	-	3,660,389.13	-	3,660,389.13
EDC Geothermal Corp.									
Unified Leyte Geothermal Energy Inc.	-	-	-	-	-	-	-	-	-
Bac-Man Energy Development Corporation	1,000.00	-	-	-	-	-	1,000.00	-	1,000.00
Green Core Geothermal Inc.									
Bac-Man Geothermal Inc.	0.00	295,000,000.00	-	(295,000,000.00)	-	-	-	-	-
Energy Development Corporation	(0.00)	140,532,393.83	-	(140,532,393.83)	-	-	(0.00)	-	(0.00)
EDC Burgos Wind Power Corporation	(0.00)	250,000,000.00	-	(250,000,000.00)	-	-	(0.00)	-	(0.00)
Bac-Man Geothermal Inc.									
Energy Development Corporation	(0.00)	1,483,576.89	(1,192,302.32)	(291,274.57)	-	-	(0.00)	-	(0.00)
Green Core Geothermal Inc.	0.00	302,408,114.04	(271,840.00)	(295,000,000.00)	-	-	7,136,274.04	-	7,136,274.04
Unified Leyte Geothermal Energy Inc.									
Energy Development Corporation	-	20,000,000.00	-	(20,000,000.00)	-	-	-	-	-

(forward)

Name of Subsidiary	Balance at January 1, 2022	Additions	Amounts Collected	Offsetting	Reclassification	Cumulative Translation Adjustment	Current	Non- Current	Amount Eliminated
EDC Burgos Wind Power Corporation									
Energy Development Corporation	0.00	124,999.97	-	(124,999.97)	-	-	0.00	-	0.00
EDC Wind Energy Holdings Inc.	4,389,005.30	-	(4,389,005.30)	-	-	-	0.00	-	0.00
EDC Pagudpud Wind Power Corporation	44,750.00	-	-	-	-	-	44,750.00	-	44,750.00
EDC Bright Solar Energy Holdings, Inc.									
EDC Sinag Power Corporation	11,000.00	-	-	-	-	-	11,000.00	-	11,000.00
EDC Hong Kong Limited									
EDC Chile Limitada	105,961,380.00	-	-	-	-	-	105,961,380.00	-	105,961,380.00
EDC Geotermica SPA	26,864,500.00	-	-	-	-	-	26,864,500.00	-	26,864,500.00
PT EDC Indonesia	211,907,779.14	73,491,200.00	-	-	-	-	285,398,979.14	-	285,398,979.14
PT EDC Panas Bumi	4,984,713.58	4,559,520.00	-	-	-	-	9,544,233.58	-	9,544,233.58
PT EDC Indonesia									
PT EDC Panas Bumi	699,904.12	4,860.00	-	-	-	1,620.00	706,384.12	-	706,384.12
PT EDC Panas Bumi									
PT EDC Indonesia	1,143,377.11	-	-	-	-	-	1,143,377.11	-	1,143,377.11
EDC Chile Holdings SPA									
EDC Chile Limitada	530,708,703.98	25,146,126.66	-	-	-	50,578,858.62	606,433,689.26	-	606,433,689.26
EDC Geotermica SPA	1,486,424,879.86	31,184,415.56	-	-	-	141,662,786.55	1,659,272,081.97	-	1,659,272,081.97
EDC Geotermica SpA									
EDC Chile Limitada	33,463,094.89	1,131,317.77	-	-	-	3,189,179.17	37,783,591.84	-	37,783,591.84
EDC Peru Holdings									
EDC Energia Verde Peru S.A.C.	88,919,468.59	23,863,301.09	-	-	-	12,949,725.70	125,732,495.39	-	125,732,495.39
EDC Peru SAC	24,314.49	39,452.34	-	-	-	3,541.02	67,307.85	-	67,307.85
EDC Geotermica Del Sur	39,543.93	-	-	-	-	5,758.95	45,302.88	-	45,302.88
EDC Energia Azul	44,969.90	-	-	-	-	6,549.16	51,519.06	-	51,519.06
EDC Energia Peru	48,693.85	-	-	-	-	7,091.50	55,785.35	-	55,785.35
EDC Energia Geothermica	38,456.17	-	-	-	-	5,600.54	44,056.71	-	44,056.71
EDC Progreso Geotermico Peru SAC	45,161.85	-	-	-	-	6,577.12	51,738.97	-	51,738.97
EDC Energia Renovable	39,671.90	-	-	-	-	5,777.59	45,449.49	-	45,449.49
Geothermica Crucero	4,204,610.52	-	-	-	-	612,335.56	4,816,946.08	-	4,816,946.08
Geotermica Tutupaca	9,775,943.37	-	-	-	-	1,423,712.79	11,199,656.16	-	11,199,656.16
Geothermica Loriscota	241,404.96	-	-	-	-	35,156.85	276,561.80	-	276,561.80
EDC Energia Verde Peru S.A.C.									
EDC Energia Verde Peru S.A.C.	-	630,596.08	-	-	-	-	630,596.08	-	630,596.08
Energy Development Corporation Peru SAC									
EDC Energia Verde Peru S.A.C.	174,962,632.38	75,112,408.55	-	-	-	25,480,562.73	275,555,603.66	-	275,555,603.66
TOTAL	4,042,378,095.88	2,092,767,349.48	(12,952,203.67)	(2,033,198,828.37)	(464,433,928.68)	238,322,366.89	3,865,882,821.53	-	3,865,882,821.53

ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES
SCHEDULE D - LONG-TERM DEBT
As of December 31, 2022

Title of Issue and Type of Obligation	Amount Authorized by Indenture			Balance at December 31, 2022		Current Portion of Long-Term Debt		Long-Term Debt (Net of Current Portion)		Interest Rate	Amount and Number of Periodic Payments				Maturity Date
	(In original currency)	(In PhP)		(In original currency)	(In PhP)	(In original currency)	(In PhP)	(In original currency)	(In PhP)		(In original currency)		(Approx in PhP)	Periodic Payments	
Foreign Loans:															
Commercial Debt Facility US$37.5 Million	$ 37,502,193	1,680,378,192	44.81	$ 21,560,494	1,202,105,332	$ 2,541,972	141,727,638	$ 19,018,522	1,060,377,694	2% margin plus LIBOR	various	44.720	various	30 semi annual payments	October 23, 2029
ECA Debt Facility US$150 Million	$ 150,008,771	6,721,820,705	44.81	$ 85,873,089	4,787,854,100	$ 10,062,810	561,051,972	$ 75,810,279	4,226,802,129	2.35% margin plus LIBOR	various	44.720	various	30 semi annual payments	October 23, 2029
US$50 Million Mizuho Loan	$ 50,000,000	2,616,500,000	52.33	$ 49,390,047	2,756,034,890	$ -	-	$ 49,390,047	2,756,034,890	1.10% margin plus Term SOFR	$ 50,000,000	50.770	2,538,479,882	60 semi annual payments	March 24, 2027
Domestic Loans:															
Fixed Rate Bond-P4.0 Billion	₱ 4,000,000,000	4,000,000,000		₱ 3,997,783,024	3,997,783,024	₱ 3,997,783,024	3,997,783,024	₱ -	-	4.7312%		4,000,000,000		4,000,000,000	bullet payment	May 3, 2023
IFC 1 - P4.1 Billion	₱ 4,100,000,000	4,100,000,000		₱ 166,812,649	166,812,649	₱ 166,812,649	166,812,649	₱ -	-	6.3679%	(ave)	₱ 170,833,333	170,970,000	24 semi-annual payments	2012 - 2033
IFC 2 - P3.3 Billion	₱ 3,262,500,000	3,262,500,000		₱ 724,149,851	724,149,851	₱ 237,096,196	237,096,196	₱ 487,053,655	487,053,655	4.78% from June 22, 2018 to April 15, 2021; and 4.68% from April 16, 2021 until maturity	(ave)	₱ 125,480,769	125,606,250	24 semi-annual payments	2013 - 2025
IFC 3 - P4.8 Billion	₱ 4,800,000,000	4,800,000,000		₱ 3,431,796,837	3,431,796,837	₱ 323,619,781	323,619,781	₱ 3,108,177,056	3,108,177,056	7.8048%	(ave)	₱ 200,000,000	200,000,000	24 semi-annual payments	March 15, 2033
DBP PHP291.2M Term Loan	291,200,000	291,200,000		₱ 178,440,900	178,440,900	₱ 22,236,496	22,236,496	₱ 156,204,404	156,204,404	5.50%		₱ 291,200,000	291,200,000	bullet payment	December 17, 2030
UBP PHP1.5B Term Loan	₱ 1,500,000,000	1,500,000,000		₱ 1,107,496,407	1,107,496,407	₱ 59,229,478	59,229,478	₱ 1,048,266,929	1,048,266,929	5.25%		₱ 1,500,000,000	1,500,000,000	bullet payment	December 5, 2026
SBC PHP1B Term Loan	₱ 1,000,000,000	1,000,000,000		₱ 846,044,254	846,044,254	₱ 59,446,742	59,446,742	₱ 786,597,512	786,597,512	5.5788%		₱ 1,000,000,000	1,000,000,000	bullet payment	December 5, 2031
UBP PHP2B Term Loan	₱ 2,000,000,000	2,000,000,000		₱ 1,261,440,038	1,261,440,038	₱ 132,366,454	132,366,454	₱ 1,129,073,584	1,129,073,584	5.4382%		₱ 2,000,000,000	2,000,000,000	bullet payment	April 10, 2032
SBC PHP3B Term Loan	₱ 3,000,000,000	3,000,000,000		₱ 1,615,557,694	1,615,557,694	₱ 358,325,054	358,325,054	₱ 1,257,232,640	1,257,232,640	5.3166%		₱ 3,000,000,000	3,000,000,000	bullet payment	May 4, 2027
BPI PHP1B Term Loan	₱ 1,000,000,000	1,000,000,000		₱ 538,734,460	538,734,460	₱ 119,528,967	119,528,967	₱ 419,205,493	419,205,493	5.2059%		₱ 1,000,000,000	1,000,000,000	bullet payment	June 1, 2027
SBC PHP1B Term Loan	₱ 1,000,000,000	1,000,000,000		₱ 630,673,133	630,673,133	₱ 66,177,831	66,177,831	₱ 564,495,302	564,495,302	5.4277%		₱ 1,000,000,000	1,000,000,000	bullet payment	May 4, 2032
SBC PHP500M Term Loan	₱ 500,000,000	500,000,000		₱ 315,314,695	315,314,695	₱ 33,085,093	33,085,093	₱ 282,229,602	282,229,602	5.4904%		₱ 500,000,000	500,000,000	bullet payment	May 4, 2027
BPI P3.0 Billion Term Loan	₱ 3,000,000,000	3,000,000,000		₱ 2,536,714,264	2,536,714,264	₱ 296,987,119	296,987,119	₱ 2,239,727,145	2,239,727,145	5.1323%		₱ 3,000,000,000	3,000,000,000	bullet payment	April 15, 2030
BPI P3.0 Billion Term Loan	₱ 3,000,000,000	3,000,000,000		₱ 2,536,285,755	2,536,285,755	₱ 297,467,182	297,467,182	₱ 2,238,818,573	2,238,818,573	3.56%		₱ 3,000,000,000	3,000,000,000	bullet payment	April 15, 2030
BDO P4.5 Billion Loan	₱ 4,500,000,000	4,500,000,000		₱ 3,942,554,858	3,942,554,858	₱ 443,297,725	443,297,725	₱ 3,499,257,133	3,499,257,133	4.25% until next repricing date in 2025		₱ 4,500,000,000	4,500,000,000	bullet payment	September 10, 2030
BDO P2.5 Billion Loan	₱ 2,000,000,000	2,000,000,000		₱ 1,751,243,207	1,751,243,207	₱ 196,788,957	196,788,957	₱ 1,554,454,250	1,554,454,250	4.25% until next repricing date in 2026		₱ 2,000,000,000	2,000,000,000	bullet payment	September 10, 2030
Fixed Rate ASEAN Green Bonds Series A	₱ 2,500,000,000	2,500,000,000		₱ 2,483,127,054	2,483,127,054	₱ -	-	₱ 2,483,127,054	2,483,127,054	2.8565%		₱ 2,500,000,000	2,500,000,000	bullet payment	June 25, 2024
Fixed Rate ASEAN Green Bonds Series B	₱ 2,500,000,000	2,500,000,000		₱ 2,475,235,123	2,475,235,123	₱ -	-	₱ 2,475,235,123	2,475,235,123	3.7305%		₱ 2,500,000,000	2,500,000,000	bullet payment	June 25, 2026
BPI P2.0 Billion Term Loan	₱ 2,000,000,000	2,000,000,000		₱ 1,989,306,921	1,989,306,921	₱ 96,369,899	96,369,899	₱ 1,892,937,022	1,892,937,022	5.25% until next repricing date in March 2023		₱ 2,000,000,000	2,000,000,000	bullet payment	March 21, 2032
UBP P1.0 Billion Term Loan	₱ 1,000,000,000	1,000,000,000		₱ 943,473,759	943,473,759	₱ 98,792,513	98,792,513	₱ 844,681,246	844,681,246	5.8315675% until next repricing date in March 2027		₱ 1,000,000,000	1,000,000,000	bullet payment	March 24, 2032
SBC P2.6 Billion Term Loan	₱ 2,600,000,000	2,600,000,000		₱ 2,452,845,708	2,452,845,708	₱ 256,843,443	256,843,443	₱ 2,196,002,265	2,196,002,265	5.7829% until next repricing date in April 2027		₱ 2,600,000,000	2,600,000,000	bullet payment	April 19, 2032
CTBC P1.5 Billion Term Loan	₱ 1,500,000,000	1,500,000,000		₱ 1,410,368,722	1,410,368,722	₱ 146,224,352	146,224,352	₱ 1,264,144,370	1,264,144,370	6.1869%		₱ 1,500,000,000	1,500,000,000	bullet payment	June 8, 2027
BDO P2.0 Billion Term Loan	₱ 2,000,000,000	2,000,000,000		₱ 1,988,681,067	1,988,681,067	₱ 196,585,141	196,585,141	₱ 1,792,095,926	1,792,095,926	4.0% until next repricing date in March 2023		₱ 2,000,000,000	2,000,000,000	bullet payment	September 5, 2032
CBC P2.0 Billion Term Loan	₱ 2,000,000,000	2,000,000,000		₱ 1,988,461,738	1,988,461,738	₱ 195,162,729	195,162,729	₱ 1,793,299,009	1,793,299,009	4.8314% until next repricing date in April 2023		₱ 2,000,000,000	2,000,000,000	bullet payment	October 5, 2032
PHP 5.6 Billion Commercial Debt Facility	₱ 5,610,429,890	5,610,429,890		₱ 3,243,075,178	3,243,075,178	₱ 378,477,499	378,477,499	₱ 2,864,597,679	2,864,597,679	2% + PDST-F rate	(ave)	₱ 187,014,330	various	30 semi annual payments	October 23, 2029
TOTAL		71,682,528,787			53,301,611,618		8,881,483,933		44,420,127,685						

ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES
SCHEDULE E - INDEBTEDNESS TO RELATED PARTIES
As of December 31, 2022

Name of Related Parties	Balance at beginning of period	Balance at end of period
	NOT APPLICABLE	

ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES
SCHEDULE F - GUARANTEES OF SECURITIES OF OTHER ISSUERS
As of December 31, 2022

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
		NOT APPLICABLE		

ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES
SCHEDULE G - CAPITAL STOCK
As of December 31, 2022

Title of Issue	Number of shares authorized	Number of shares outstanding	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Number of shares held by Directors and key executive officers
Common Stock	27,000,000,000	17,041,572,772		7,500,000,000 (44.010%) 9,226,249,810 (54.140%) 148,910,559 (0.8738%) 148,092,918 (0.8690%)	9,585 (0.000%)
Preferred Stock (Voting)	15,000,000,000	9,375,000,000		9,375,000,000 (100%)	
Preferred Stock (Non-voting)	300,000,000	0			

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

Energy Development Corporation and Subsidiaries

Ratio	Formula	December 2022	December 2021
Current ratio	Dividing total current assets over total current liabilities	1.40	1.11
Solvency ratio	Dividing net income excluding depreciation and non-cash provisions over total debt obligations	0.35	0.30
Debt-to-equity ratio	Dividing total interest-bearing debts over stockholders' equity	0.71	0.78
Asset-to-equity ratio	Dividing total assets over total stockholders' equity	1.98	2.05
Interest rate coverage ratio	Dividing earnings before interest and taxes of one period over interest expense of the same period	5.70	4.60
Net debt-to-equity Ratio	Dividing total interest-bearing debts less cash and cash equivalents over total stockholders' equity	0.47	0.58
Return on equity (%)	Dividing the net income (annual basis) by total stockholders' equity (average)	15.51%	14.07%
Return on assets (%)	Dividing the net income (annual basis) by the total assets (average)	7.70%	6.46%

ACKNOWLEDGMENTS

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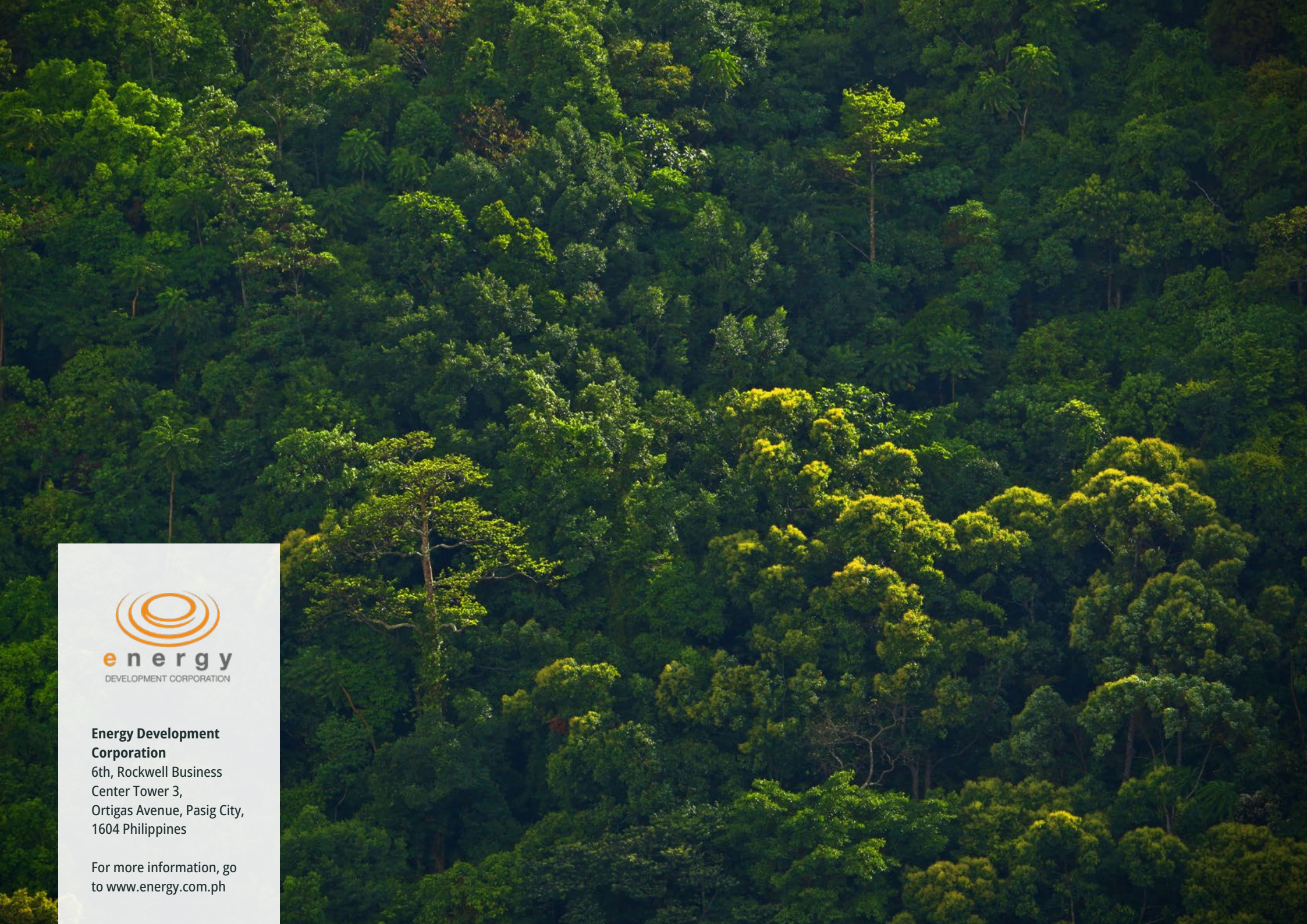
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