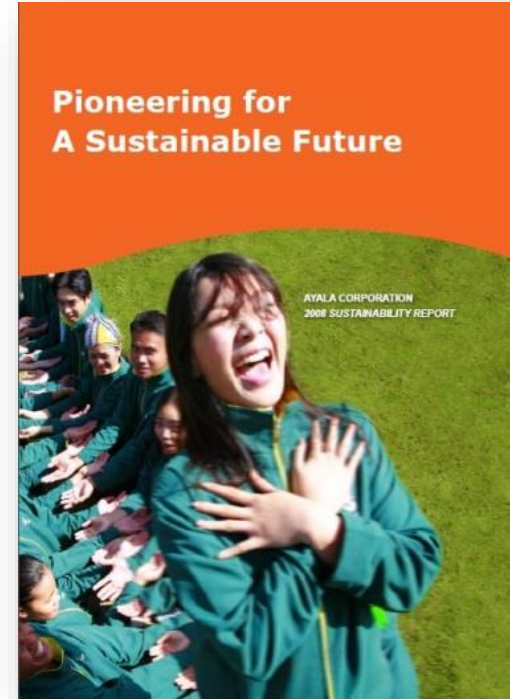
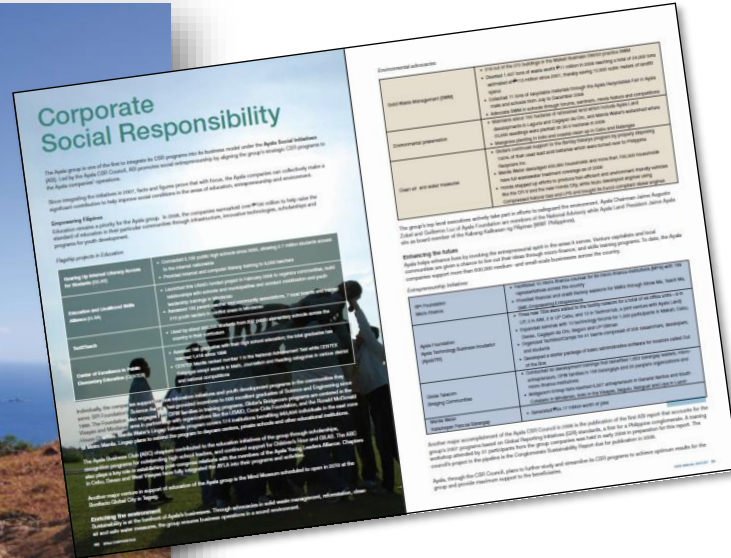




A Sustainability Reporting Journey

TG Limcaoco
CFO, Chief Risk & Sustainability Officer
Ayala Corporation

Our 2008 Annual & Sustainability Reports



Our 2008 Annual Report with our CSR section: limited to two pages at the back of the report and focusing only on education, entrepreneurship, and the environment.

We started Sustainability Reporting as a separate report in 2008 and was published in 2009 . It was aligned with GRI G3 Level C (Self-declared)

Our 2009 Annual Report



Creating Possibilities



Ayala
Ayala Corporation
2009 Annual Report

Sustainable Development at Ayala

Sustainability Programs

In 2009, the Ayala group of companies reaffirmed its commitment to sustainability by adopting it as a major part of its business operations. With its diverse portfolio of businesses, Ayala is looking at ways to use its business expertise to respond to social needs and problems. It is developing products and services for markets it has not traditionally served, catering in particular to consumers at the base of the economic pyramid. This move has opened up operational synergies among business units and opportunities to integrate corporate social responsibility (CSR) initiatives. Among these are:

- BPI Globe BankCO, a new microfinance business collaboration among Ayala Corporation, Bank of the Philippine Islands and Globe Telecom that seeks to address the needs of the untapped segments of the population, particularly at the lowest socio-economic classes.
- Project 175 KB, a group-wide campaign for 175,000 books to celebrate Ayala's 175th anniversary, which yielded 210,800 story books that were distributed to 329 schools across the country.
- *Kapit-Bisig para sa Ilog Pasig* is a joint effort of Ayala, AHS-CBM Foundation, and Habitat for Humanity Philippines to relocate squatters living along the Pasig River. With the group's #30-million commitment, this group-wide initiative will have Ayala Land plan and develop the relocation site, Manila Water provide wastewater

treatment facilities, Ayala Foundation handle the community organizing and livelihood programs, and the other group companies enroll volunteers for house-building at the relocation site in Calauan, Laguna.

- Disaster relief efforts for affected areas of Typhoons *Onyiah* and *Pisipeng*. The group ensured normal business operations and mobilized almost P40 million in donations and hundreds of volunteers to distribute relief goods to evacuation centers and to employees severely affected. The group companies also set up rehabilitation and outreach programs to address flood-related damages and health issues in Taguig, Laguna, Pampanga and Pangasinan.

Last year the Ayala group published its first conglomerate-wide sustainability report, *Pioneering for a Sustainable Future*, a first by a conglomerate in the country. This provided an overview of the Ayala group's efforts in harmonizing its economic, social, and environmental commitments. Each of the companies was measured against the triple-bottom line metric of sustainable development. These metrics were based on global standards for environmental and social performance. To underpin Ayala's efforts to bring up the sustainability quotient of the group, the SustainAbility Summit was held in November 2009 with local and international resource speakers providing insight to over 300 top-level executives and line managers.

Listed companies in the Ayala Group published sustainability reports:



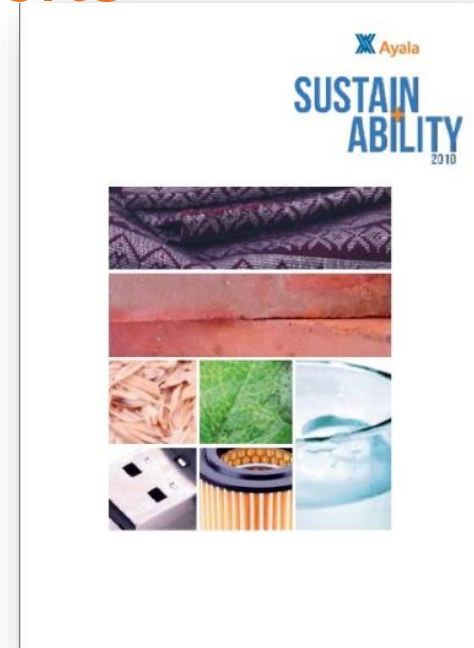
52 AYALA CORPORATION

In 2009, we began speaking of integrating Sustainability into our business model and touching the base of the pyramid.

Although no separate sustainability report was published, a discussion section was included in the annual report.



Our 2010 Annual & Sustainability Reports



In 2010, we were able to publish another separate Sustainability Report which is again compliant with GRI-G3 Level B



Our 2011 Annual & Sustainability Reports



The 2011 Annual Report started giving more importance to Sustainability and placed it in front (page 26). A separate Sustainability Report was still published and we began speaking of creating shared value – this is still GRI G3.1 compliant and was GRI checked. Our framework began taking shape: Sustaining and Sharing Value, Greening and Growing our Business, and Changing the Social Landscape

Our 2012 Annual & Sustainability Reports



In 2012, our Sustainability Report covered 42 indicators of the GRI and began moving from self-declared numbers to verified under global principles. We began having external assurance and engaged TUV Rheinland for this exercise.



Our 2013 Annual & Sustainability Reports



In 2013, we created the 360° Sustainability Framework after a groupwide materiality process was conducted. Hence, the title of the Sustainability Report was “360” in origami style. The report was also externally assured by TUV Rheinland. We also began aligning with GRI Core and obtained a GRI Materiality Check.



Our 2014 Annual and Sustainability Reports

Let's pioneer the future

2014 Annual Report



Ayala's 360° Sustainability Framework

In a span of 180 years, Ayala has built an enterprise on strong ethical principles and an unwavering commitment to national development

As one of the biggest, oldest, and most diversified Philippine corporations, we have always recognized that our robust profit margin may parallel with our responsibility to protect the country's natural resources and improve the quality of people's lives wherever we operate.

Ayala's commitment to growing shared economic, social, and environmental value remains strong and is embodied in the following areas:

Management Approach

We continue to improve our economic value while managing our impact on the environment and society. We practice good governance and remain responsive to our stakeholders' inputs and expectations on sustainability. We continuously pursue opportunities to improve our operating efficiency and further satisfy shareholder expectations.

Business Sustainability

We continue to broaden our market presence while exploring new business opportunities. We create synergies within our group and explore strategic partnerships to improve margins, reduce costs, and increase efficiency. We will continue to make value-accretive investments as seen critical to economic development.

Operations

We are committed to optimizing our energy and water consumption and controlling solid waste and greenhouse gas emissions. We improve operational performance, business operations and establish green practices in the workplace. We also apply best practices, global regulatory compliance, and adopt global industry standards on environmental and social responsibility.

Products and Services

We take innovative approaches to improve customer value and enhance customer experience across various consumers, including those with limited access to essential goods and services, and improve the quality of life of communities. We always consider environmental and social issues when developing our products and services. We design them in ways that lower their environmental impact, safeguard consumer welfare, and enhance our support for community development.

Supply Chain

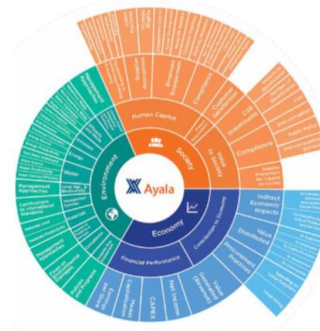
We have established social and environmental processes in sourcing supplies and parts that drive sustainable practices. We support community development by providing opportunities to community-based entrepreneurs and cooperatives with the use of our buying volume.

Human Resources

We put prime importance on our employees' well-being. We ensure that they work in safe and healthy work environments that also recognize professional and personal growth. We promote our employees' initiatives that enhance sustainable business practices.

Community Involvement

We promote quality education, peaceful micro-entrepreneurship, health consciousness, and cultural development in our communities.



Our 360° Sustainability Framework gives a comprehensive view of the material aspects, indicators, and metrics that we focus on. The Framework was first published in 2014 in our 100th-anniversary sustainability report that discussed the Ayala group's sustainability performance from January 1 to December 31, 2013.

The 2014 Sustainability Report was prepared in accordance with the Core Global Reporting Initiative G4 Guidelines as well as the AICPA Accountability Principles Standard 2008 on including materiality, and responsiveness. It received a Materiality Matters Check from GRI and external assurance from TCS (standard on 31 material aspects and 42 indicators). It may be viewed on our website at www.ayala.com.ph/sustainability.

The 2014 Sustainability Report will be published in 2015.

2014 Annual Report



Let's create shared value

2014 Sustainability Report



In 2014, the Ayala 360° Sustainability Framework was also used in the 2014 Sustainability Report which was GRI G4 Core with Materiality Check. In this report, we signified our commitment to contribute to the UN SDGs and it has a section discussing the alignment of our CSV with sustainable goals when they were launched in late 2015. This report was also externally assured by DNV-GL.

Our 2015 Annual Report

LIFE
WHAT WE MAKE OF IT



SUSTAINABILITY THAT CREATES SHARED VALUE

At Ayala, we understand that the finite resources and the societal needs we need to address require us to integrate sustainability into the core of our corporate strategies. We need to balance our impact on the environment and on society as we continue to optimize profits and seek opportunities for growth. Recognizing sustainability is a driver for innovation and growth, we have expanded the way we define sustainability by embracing the concept of shared value creation.

SUSTAINABILITY PHILOSOPHY

In 2015, we developed our 360-degree sustainability framework after an extensive materiality workshop that resulted in significant indicators relevant to us and to our stakeholders. We will continue to review the relevance of these indicators as we monitor and report our performance against these metrics.

In addition, we anchor our sustainability and shared value creation processes with the United Nations Sustainable Development Goals. These goals form a clear and concise global benchmark that will enable wider collaboration across all sectors to work for a world that is not only sustainable, but also just, equitable, and inclusive. We aim, therefore, eager to align our business and sustainability goals with these global targets, in partnership with the government and a more engaged stakeholder base.

We commit to creating shared value and improving the impact of our businesses on society and the environment in the following areas:

Management Approach
We continue to improve our economic value while managing our impact on the environment and society. We practice good governance and remain responsive to stakeholder inputs and expectations on sustainability. We continuously pursue opportunities to improve operating efficiencies and further satisfy shareholder requirements.

Business Sustainability

We continue to broaden our market presence while exploring new business opportunities. We apply synergies within our group and our strategic partnerships to improve margins, reduce costs, and increase efficiency. We will continue to make value-additive investments in sectors critical to economic development.

Operations

We are committed to optimizing energy and water consumption and controlling solid waste and greenhouse gas emissions. We integrate environmental parameters into business operations and establish green practices in the workplace. We aim to go beyond regulatory compliance, apply best practices, and adopt global voluntary standards on environmental and social responsibility.

Products and Services

We take innovative approaches to increase customer value and enhance customer experience among our customers, including those with limited access to essential goods and services and improve the quality of life of communities. We



Ayala's 2015 Sustainability Framework may be viewed at www.ayalaweb.com/sustainability

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fully bear in mind environmental and social factors when developing our products and services, and design these in ways that lessen their environmental impact and increase our support for community development.

Supply Chain

We shall establish social and environmental parameters in accrediting suppliers, and shall prefer suppliers that observe sustainability practices. We shall support community development by providing opportunities to community-based entrepreneurs and cooperatives with the use of our buying volume.

Human Resources

We put prime importance on employees' well-being. We ensure that they work in the safe and healthful environment, and provide a work environment that encourages professional and personal growth. We will promote employee initiatives to enhance sustainable business practices.

Creating shared value is using our businesses to find innovative and socially relevant solutions to the challenges that our country faces.

Jeanna Augusto Zobel de Ayala
Ayala Group Sustainability Summit
November 2015

Community Involvement

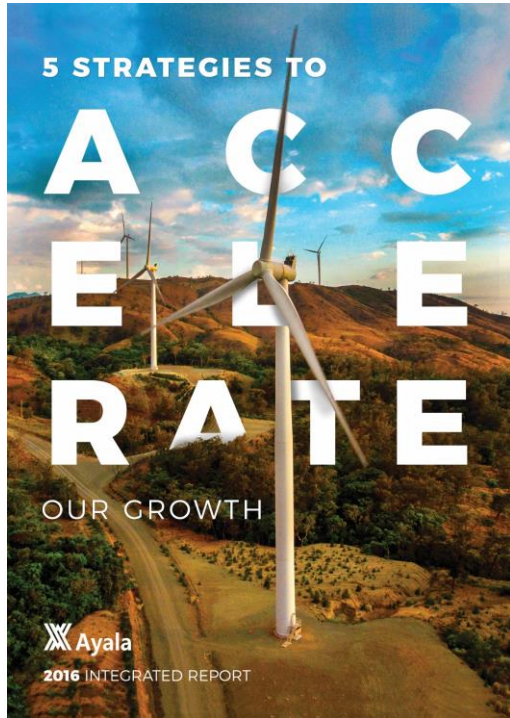
We promote quality education, grateful micro-enterprises, a healthy environment, and cultural development in our communities.



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In 2015, we did not release a separate Sustainability Report as we began preparing for an Integrated Report. However, in our Annual Report, we reiterated what we have reported in the 2014 SR and our commitment to the UN SDGs.

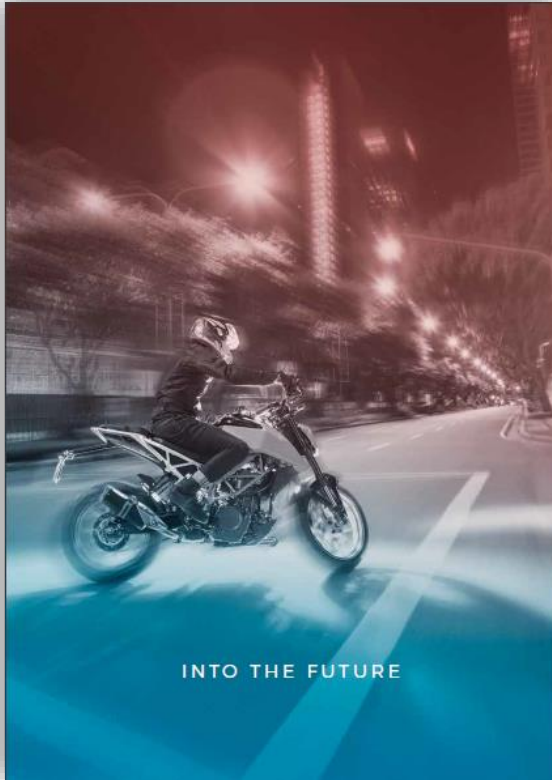
Our 2016 Integrated Report



In 2016, we published our first Integrated Report which follows the principles of the International Integrated Reporting Council (IIRC). This report was the first of its kind in the Philippines.



Our 2017 Integrated Report



OUR OUTLOOK

Apple defines its strategy in the context of key global, regional, and local trends that we believe will impact the markets, sectors, and businesses in which we choose to invest and operate. We monitor the evolving macro-political environment and adjust our strategic posture and investment decisions to ensure we remain in the best position to leverage and mitigate the impact of these forces.

Rising Consumer Class

Challenging Regulatory Environment

Regional Economic

Exponential Pace of Disruption

Disruptive Trends in Automotive

Growing Social

OUR CONTRIBUTION TO THE UNITED NATIONS

1 NO POVERTY 100 million people lifted out of poverty	2 ZERO HUNGER 244.5 million people lifted out of hunger	3 GOOD HEALTH AND WELL-BEING 41.7 million people lifted out of poverty	4 QUALITY EDUCATION 64.7 million people lifted out of poverty	5 GENDER EQUALITY 1:1.33 gender parity ratio	6 CLEAN WATER AND SANITATION 570 million people lifted out of poverty	7 AFFORDABLE AND CLEAN ENERGY 63.4 million people lifted out of poverty	8 DECENT WORK AND ECONOMIC GROWTH 139,074 jobs created	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE \$173.5 billion invested in infrastructure	10 REDUCED INEQUALITIES \$1.1 billion invested in social infrastructure	11 SUSTAINABLE CITIES AND COMMUNITIES 25 megacities planned	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 216,816 kg of waste recycled	13 CLIMATE ACTION 450 hectares of carbon sequestered	14 LIFE BELOW WATER 9,087 tonnes of ocean plastics from land water	15 LIFE ON LAND 2,498 seedlings through reforestation	16 PEACE, JUSTICE AND STRONG INSTITUTIONS 15,800 seedlings through reforestation	17 PARTNERSHIPS FOR DEVELOPMENT \$20.8 billion invested in infrastructure
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OUR STRATEGY FIVE VISION PILLARS

STRATEGIC OBJECTIVES	2017 PERFORMANCE	KEY PERFORMANCE INDICATORS
INVEST Invest in growing and profitable markets, and invest in the development of our people.	An increased operating margin of 23.1% and a 10% increase in the number of employees.	Revenue of \$229.6 billion, up 11.2% from \$206.6 billion.
INNOVATE Invest in new products, services, and experiences that drive growth.	Strong revenue growth of 11.2% and a 10% increase in the number of employees.	Operating margin of 23.1%, up from 21.2%.
IMPROVE Invest in our people and our operations to drive growth.	Strong revenue growth of 11.2% and a 10% increase in the number of employees.	Operating margin of 23.1%, up from 21.2%.
ENGAGE Invest in our relationships with our stakeholders to drive growth.	Strong revenue growth of 11.2% and a 10% increase in the number of employees.	Operating margin of 23.1%, up from 21.2%.
EMPOWER Invest in our communities to drive growth.	Strong revenue growth of 11.2% and a 10% increase in the number of employees.	Operating margin of 23.1%, up from 21.2%.

Our 2017 Integrated Report gave more discussion on our Outlook, Strategy, and contribution to the UN SDGs.

We won the “Highly Commended Award” in the Best Integrated Report Category of the Asian Sustainability Reporting Awards by CSR Works

What to expect in our 2018 Integrated Report



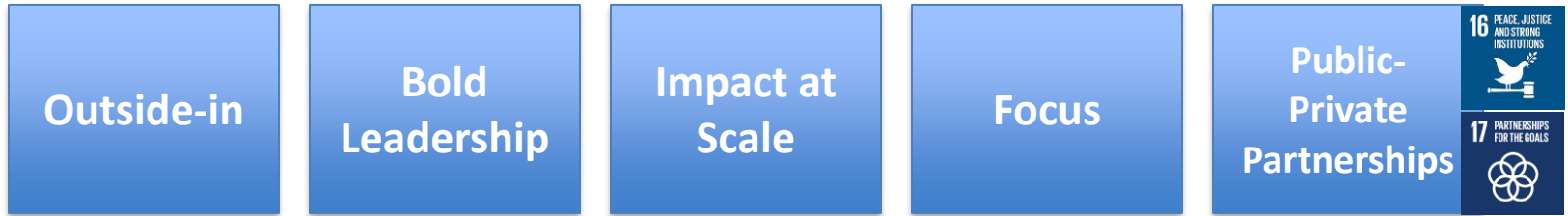


Ayala anchored our sustainability efforts with the UN Sustainable Development Goals in 2015. The UN SDGs serve as business objectives aligned with our purpose of Accelerating the Future by seeing potential, making businesses better, and improving lives.

For the past two integrated reports, we disclosed our contributions to the SDGs. Now, we are more deliberate in our contribution by setting targets and having champions for SDGs that are core to our businesses across the group.



The 5 Principles we adhere to



The Megatrends relevant to the Ayala Group



Marginalization



Untapped Potential



Irresponsible Growth



In 2030, the same year that the SDGs will be fully measured, Ayala envisions the Filipino to have a better life. We want a Filipino who is....

Healthy

Is an entrepreneur, employed, or economically secure

Has access to clean energy

Educated

Has access to financial services

Manages waste effectively

Has access to safe and affordable water

Has access to information and communication

Is a responsible global citizen

Is able to move freely and efficiently

Lives in a safe dwelling



THE SDGS AS AN ENORMOUS OPPORTUNITY FOR RELEVANCE AND NATIONBUILDING UP TO 2030

ACCESS AND INCLUSIVITY

A Philippines where everyone has access to basic human needs such as clean water, sufficient and nutritious food, shelter and sanitation, affordable healthcare, and quality education.

Even the most vulnerable, marginalized, and displaced members of society have access to social protection, ensuring that they can continue to function and contribute to society regardless of their circumstances.

PRODUCTIVITY AND COMPETITIVENESS

A Philippines where Filipinos have the safety, the stability, and the support they need in order to engage in decent, ethical, and productive work and entrepreneurial activities.

They are supported by sustainable and innovative infrastructure development that makes it possible to live and work safely and securely, and by increased access to connectivity, information technology, and financial services that enable competitiveness in a globally connected economy.

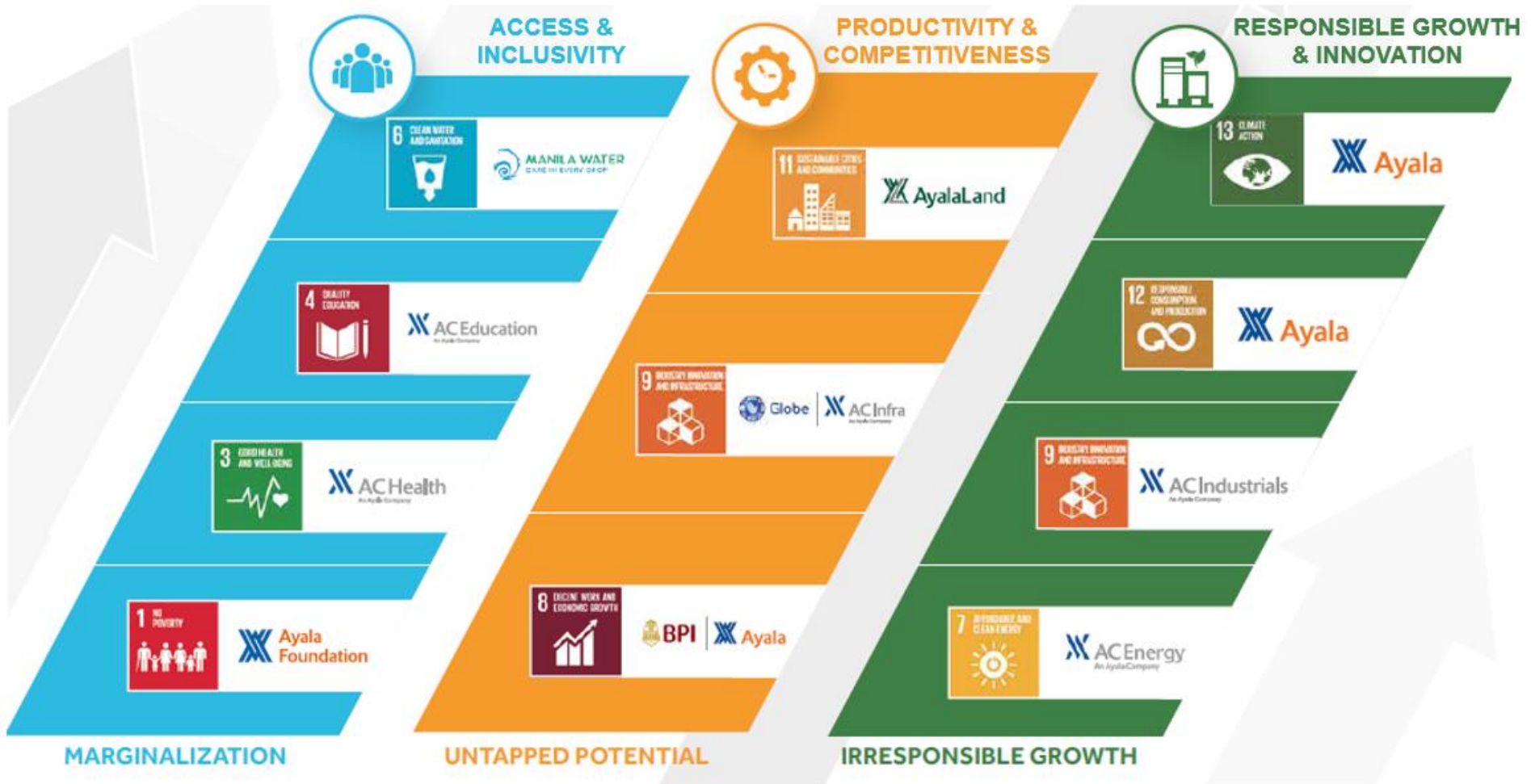
RESPONSIBLE GROWTH AND INNOVATION

A Philippines that addresses its vulnerability to climate hazards through the development of affordable and clean energy, responsible production and consumption, and proactive climate action.

Here, the business community leads innovation to reduce our dependence on fossil fuels and to drive consumer and customer demand for more sustainable alternatives and lifestyles. It boldly challenges the status quo to engage in climate action, recognizing its role as a driver of consumer behavior and sustainable development.

Ayala SDG Champions

Maximizing relevance and impact through focus



AYALA'S ACCESS & INCLUSIVITY CHAMPIONS:



Ayala Foundation will support anti-poverty frameworks resulting in 50% reduction of extreme poverty in AFI project areas



AC Health will champion Universal Health Coverage in the country by providing the largest primary care network, expanding access to quality and affordable medicines, and improving essential hospital and specialty services, touching the lives of 1 in 5 Filipinos



AC Education will help ensure equal access for all women and men for 85% (1,258,095) of non-working population (aged 15 to 24) to affordable and quality secondary and tertiary education, including university, through our own schools and helping other institutions.



Manila Water will provide equitable, reliable and safe water access in all its concession, and continuously increase access to new markets.

AYALA'S PRODUCTIVITY & COMPETITIVENESS CHAMPIONS:

8 DECENT WORK AND ECONOMIC GROWTH



Ayala will support full and productive employment and decent work for all and equal pay for work of equal value by ensuring employment remuneration is within 10-20% above the industry average.



BPI will expand access to banking and financial services to 25% of the unbanked population (addressable C and D market) of the Philippines



Globe will lead the country's digital transformation by significantly increasing access to information and communications technology (ICT) for consumers and businesses, providing universal and affordable internet access in the Philippines for 90 percent of the population.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



AC Infrastructure will upgrade infrastructure to make them sustainable, with increased resource efficiency and greater adoption of clean and environmentally sound technologies and industrial processes with 36,135 tons CO2e equivalent avoided.

11 SUSTAINABLE CITIES AND COMMUNITIES



Ayala Land will enhance inclusive and sustainable urbanization by increasing sevenfold the number of launched affordable housing units.



AYALA'S RESPONSIBLE GROWTH & INNOVATION CHAMPIONS:



AC Energy will increase its renewable energy portfolio to 5GW in Philippine and foreign markets.



AC Industrials will enable the first Philippine-manufactured, commercially viable, and market-accepted electric vehicle, resulting in reduced emissions. On the demand side, its distribution and retail group, AC Automotive, will promote low emission vehicles to the market, ensuring that each brand offering has a minimum of one model not fully dependent on a combustion engine powertrain. Globally and on the manufacturing side, IMI will promote inclusive and sustainable industrialization by demonstrating manufacturing value add of US\$1 billion dollars across all developing countries where it has operations.



Ayala will achieve an ambitious material footprint that demonstrates the sustainable management and efficient use of natural resources.



Ayala will strengthen resilience and adaptive capacity to climate related hazards to natural disasters across all its sites resulting in minimal casualties.



